KERRY

# SCIENCE-BACKED SUSTAINABLE NUTRITION

**Kerry Group**
Annual Report 2023

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## FUSING SCIENCE AND CULINARY EXPERTISE TO PIONEER SUSTAINABLE NUTRITION SOLUTIONS THAT WILL NOURISH GENERATIONS TO COME

KERRY

# OUR PERFORMANCE IN 2023

## SOLVING OUR CUSTOMERS' COMPLEX CHALLENGES WITH DIFFERENTIATED SOLUTIONS

# PERFORMANCE MEASURES

## Financial

**Group Revenue**

**€8.0bn**

2022: €8.8bn

**Volume Growth[1]**

**-0.9%**

2022: +6.1%

**Group EBITDA[1]**

**€1.2bn**

2022: €1.2bn

**Group EBITDA Margin[1]**

**14.5%**

2022: 13.9%

**Net Cash from Operating Activities**

**€1,038m**

2022: €722m

**Free Cash Flow[1] (cash conversion %)**

**€701m**

**92%**

2022: €640m 82%

**Basic EPS**

**410.4c**

**+20%**

2022: 341.9c (20.6%)

**Constant Currency Adjusted EPS[1]**

**430.1c**

**+1.2%**

2022: 440.6c +7.3%

**Total Dividend Per Share**

**115.4c**

**+10.1%**

2022: 104.8c +10.1%

**Return on Average Capital Employed[1]**

**10.0%**

2022: 10.3%

## Non-Financial

**Consumers reached with Positive and Balanced Nutritional Solutions[2]**

**1.25bn**

2022: 1.2bn

**Scope 1 & 2 Carbon Reduction[2]**

**48%**

2022: 45%

**Reduction in Food Waste[2]**

**39%**

2022: 41%

[1] See Key Performance Indicators section pages 34-35 and the Supplementary Information section page 269 for definitions, calculations and reconciliations of Alternative Performance Measures

[2] See Sustainability Review pages 46-69 for further information on non-financial metrics

# AT A GLANCE

Kerry is a world leader in sustainable taste and nutrition solutions. Using our unique capabilities, we partner with customers to create healthier, tastier, and more sustainable products that are enjoyed by over 1 billion people around the world.

## OUR PEOPLE

**21,000+**
**Employees**

**1,100+**
**R&D Scientists**

## OUR GLOBAL FOOTPRINT

**137**
**Manufacturing Locations**

**70+**
**Technology and Innovation Centres**

## OUR PROVEN TRACK RECORD[1]

**+9%**
**Revenue CAGR**

**+12%**
**EBITDA CAGR**

**+12%**
**Adjusted EPS CAGR**

**+13%**
**Share Price CAGR**

**+16%**
**Dividend per share CAGR**

[1] CAGR = Compound Average Growth Rate (1986 - 2023)

# OUR BUSINESSES

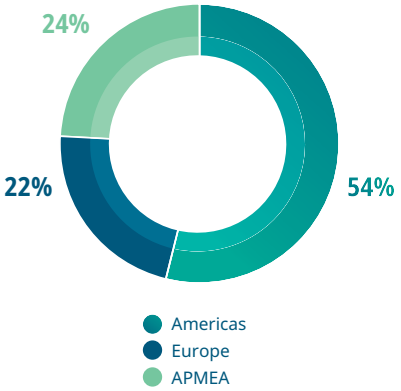
## Taste & Nutrition

### A world-leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets.

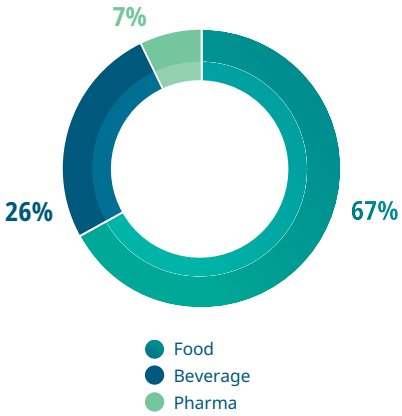
We use our broad range of ingredient solutions to innovate with our customers to create great tasting products, with improved nutrition and functionality, while ensuring a better impact for the planet.

Our leading consumer insights, R&D team of over 1,100 food scientists and extensive global footprint enable us to solve our customers' most complex challenges with differentiated solutions. At Kerry, we are driven to be our customers' most valued partner, creating a world of sustainable nutrition.

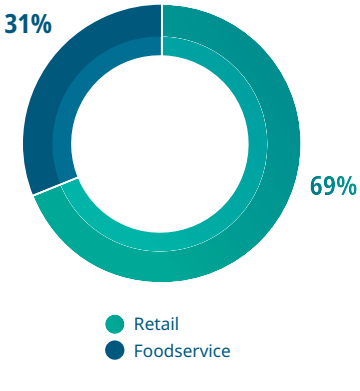
**Geography**

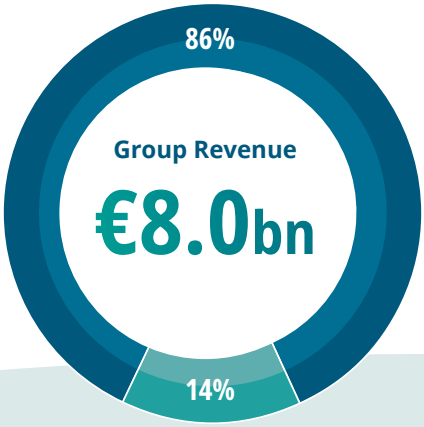


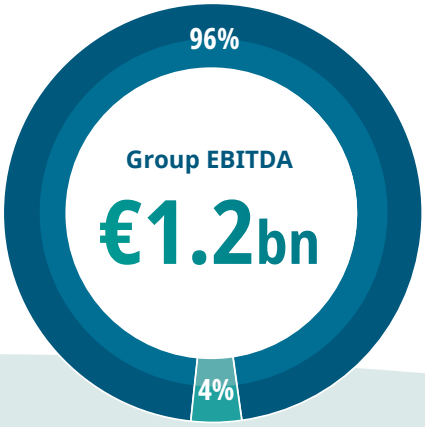

**End Use Market**




**Channel**




Taste & Nutrition  Dairy Ireland

## Dairy Ireland

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

# CHAIRMAN'S STATEMENT

**KERRY DELIVERED A RESILIENT PERFORMANCE IN 2023 AGAINST A CHALLENGING BACKDROP, WHILE DEMONSTRATING AGILE CAPITAL DEPLOYMENT**

## Overview

I am pleased to report a solid performance against the backdrop of significant macroeconomic challenges and geopolitical issues. During 2023, the Group's Taste and Nutrition segment delivered volume growth which represented a good market outperformance. This exemplifies the resilience of the organisation and our collective drive to deliver long-term sustainable results through the execution of our strategy.

The Group continues to evolve its portfolio to enable long-term growth and solidify our position as a market leader in the industry, meeting our customers' needs to enhance the nutrition, wellness and functionality of their products in a way that protects people and the environment, without compromising on taste.

## Strategic Update

2023 is the second year of Kerry's refreshed strategic plan and the management team has continued to make progress in implementing the Group's strategy, supported by agile capital deployment.

Through targeted capital investments and strategic M&A activity, the Group continues to evolve its footprint and technology portfolio to strengthen Kerry's position as a world-leading taste and nutrition company and to enable sustainable long-term growth. To support our growth ambitions, the Group is investing in a range of digital initiatives which will make it easier and faster for our customers to do business with us.

The Group will remain disciplined and flexible in terms of assessing the various capital allocation options available and will prioritise those that will generate sustained value over the longer-term taking account of prevailing market conditions.

## Sustainability

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

The Group's standalone Sustainability Committee was established in 2023 to enhance Board oversight of the implementation of the Group's sustainability strategy as we help our customers create healthier, more nutritious products that taste great in a way that protects people and the environment around us.

Details regarding the Group's sustainability strategy, targets, performance, policies and programmes are outlined in the Sustainability Committee Report on pages 148-149, in the Sustainability Review on pages 46-91 and in the 2023 Sustainability Report, which is available on kerry.com.

## Corporate Governance

The Board is committed to maintaining the highest standards of corporate governance. During 2023, the Board reviewed the Company's corporate governance policies and procedures to monitor compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex (together the Code) alongside the latest developments in best practice. We also engaged with our stakeholders during the year as we believe listening to their views and needs

is fundamental to building a sustainable business. Further details of our stakeholder engagement activities are outlined on pages 123-127.

Each year, the Board undertakes a formal evaluation of its own effectiveness and that of its Committees. In 2023, the evaluation was an internal self-assessment and the outcome of this review is that both the Board and its Committees are operating effectively.

## Board Changes

We are delighted to have further strengthened our Board in 2023 with the addition of three new non-Executive Directors, Mr. Patrick Rohan, Dr. Genevieve Berger and Professor Catherine Godson. We also announced recently that Ms. Liz Hewitt will join the Board with effect from 1 March 2024. They each bring a wealth of experience and expertise which will complement our growth strategies and I look forward to each of them making significant contributions to the Board in the years ahead.

As part of the ongoing Board refreshment process, the Governance and Nomination Committee will continue its search for suitable candidates to join the Board in the context of the skillsets required, the Group's diversity commitments, as well as enhanced stakeholder expectations and regulatory requirements in relation to Board diversity.

## Purpose and Values

Our Purpose, *Inspiring Food, Nourishing Life*, and our Values of Courage, Enterprising Spirit, Inclusiveness, Open-mindedness and Ownership guide our actions and behaviours, keeping us on the right path toward achieving a world of sustainable nutrition.

During 2023, the Board continued to ensure that management promotes our purpose and values to unite the organisation across diverse cultures and geographies. Staying true to Kerry's purpose, the organisation has responded to the economic challenges arising from the inflationary and uncertain macroeconomic environment, demonstrating the significant agility, passion and resilience of our people while operating in difficult circumstances and doing the right thing for customers, shareholders, communities and the environment.

## People and Engagement

The hard work and commitment of all our employees is central to Kerry's success. As the cost-of-living crisis took hold in 2023, the Board oversaw how the Group actively supported employees, especially those in lower-paid positions, during this period of significantly higher inflation and increased interest rates.

The Board also recognises the importance of employee engagement and continues to enhance our employee engagement activities. During 2023, Dr. Karin Dorrepaal, the designated Workforce Engagement Director, participated in a programme of activities where she had the opportunity to assess the engagement levels of our people, both in-person within our offices and manufacturing sites as well as remotely. Details of these activities are outlined in the Corporate Governance Report on pages 118-134.

## Operational Visits

In 2023, the Board travelled to Indonesia to hold the June Board meeting. The visit afforded Board members the opportunity to meet and engage with key leaders and emerging talent from the region. The Board attended the official opening of the Group's new Taste manufacturing facility situated just outside Jakarta, to see first-hand how the region has benefitted from significant capital investment approved by the Board. The Board also participated in customer immersion experiences that showcased the Group's capabilities in helping customers to solve industry challenges with differentiated solutions.

During 2023, I also visited Group facilities in Ireland, the US, China and most recently, Colombia. During those visits, I had the opportunity to meet and engage with the local management teams and in the case of my visit to Colombia, to welcome those employees who joined the Group following the acquisition of Proexcar S.A.S. in May.

## Dividend and Share Buyback Programme

The Board recommends a final dividend of 80.8 cent per share, (an increase of 10.1% on the 2023 final dividend) payable on 10 May 2024 to shareholders registered on the record date of 12 April 2024.

Together with the interim dividend of 34.6 cent per share paid in November 2023, this brings the total dividend for the year to 115.4 cent, an increase of 10.1% on 2022.

In October, the Board approved a share buyback programme which will return up to €300 million in cash to shareholders. The buyback programme commenced on 1 November and is expected to be completed by the end of April 2024. The buyback programme is underpinned by the Group's strong balance sheet and cash flow and is aligned to the Company's Capital Allocation Framework.

## Prospects

The Board remains confident that the Group's business model, strategic priorities and capital allocation decision making will continue to deliver growth, enhance shareholder value and benefit our stakeholders in the years to come. In this regard the Group's balance sheet is well placed to support our objectives. The view of management regarding the business outlook for 2024 is presented in the Chief Executive Officer's Review.

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

**Tom Moran**
Chairman
14 February 2024

# CHIEF EXECUTIVE OFFICER'S REVIEW

## IN 2023 WE NAVIGATED DYNAMIC MARKET CONDITIONS, WHILE CONTINUING TO DEVELOP OUR FOOTPRINT AND EVOLVE OUR PORTFOLIO FOR FUTURE SUCCESS

Dear fellow shareholders and all stakeholders,

Over the past number of years our industry has had to navigate significant disruption, which continued into 2023 including the impact from the inflationary environment, customer inventory management and more cautious consumer behaviour in places. Despite these dynamics, we achieved Group revenue of €8.0bn and EBITDA of €1.2bn in the year, while extending our nutritional reach of positive and balanced solutions to 1.25 billion consumers globally.

Our Taste & Nutrition business delivered volume growth, which importantly represented an outperformance of our markets, while also recognising it followed two very strong years of growth. This was driven by continued strong performance in our foodservice channel, where we are uniquely positioned. 2023 represented a turbulent year for Dairy Ireland given the significant change in market conditions.

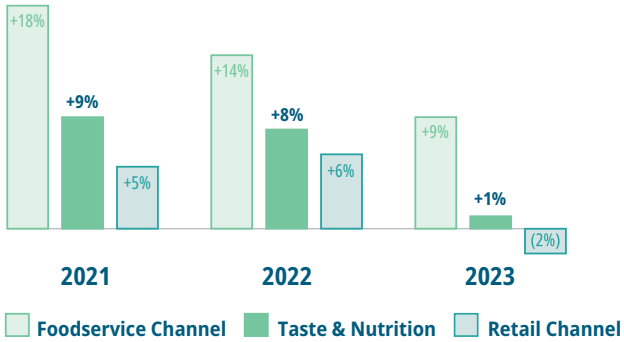
From a capital allocation perspective, we continued to make good strategic progress in 2023 through a number of capital investments and acquisitions, building on our significant portfolio developments and geographical expansion in recent years. We continued to grow our dividend at a double-digit rate, and recognising the change in cost of financing and lower sector share prices, we initiated a share buyback programme, given our strong balance sheet and good cash flow generation.

Creating value for all stakeholders has been central to the Group's success over the years. I am confident this will continue to be an important part of Kerry's story, with our recent strategic and operational progress better positioning the Group for sustainable long-term success.

I would like to recognise the contribution of our people globally, who bring our purpose to life every day by *Inspiring Food, Nourishing Life*. I am truly inspired by your commitment to our Vision of being our customers' most valued partner, creating a world of sustainable nutrition.

## Taste & Nutrition Volume Growth Driven by Continued Strength in Foodservice

While overall volume growth achieved in 2023 in Taste & Nutrition was lower than recent years, this represented a strong market outperformance thanks to continued strong growth in our foodservice channel across all regions. This was driven by ongoing innovation with quick service restaurants, fast casuals and coffee chains on menu enhancement, seasonal products and back-of-house efficiency solutions.




## Continued Strategic Development

We continued to build on our significant recent strategic portfolio developments and geographical expansion through a combination of capital investment and complementary strategic acquisitions. These developments helped expand our taste capabilities and footprint across our regions, enhance our nutrition portfolio and extend our foodservice offering.

The acquisition of Proexcar in Colombia strengthens Kerry's capabilities and position in the Latin American meat market, while also providing a platform for further strategic growth within the ANDEAN region.

The acquisition of Greatang strongly complements Kerry's authentic taste capabilities in China, while expanding into new foodservice channels and with local and international customers in the meals and snacks markets.

At the end of the year, we entered into a definitive agreement to acquire part of the global lactase enzyme business of Chr. Hansen and Novozymes. This is strongly aligned to our recent strategic progress in developing our biotechnology capabilities through the acquisitions of Enmex and c-LEcta's enzyme innovation capabilities in particular. These important strategic developments extend Kerry's enzymes manufacturing footprint across three continents with our focus on food, beverage and pharma applications.

The Group's Sweet Ingredients Portfolio was also sold during the year, as we continue to refine and develop our Taste & Nutrition portfolio in the areas where we can create the most value.

We continued to invest in our business with a number of capital projects completed in the year, including the opening of our new authentic taste facility in Karawang, Indonesia.

### Portfolio Evolution

**SWEET INGREDIENTS PORTFOLIO DISPOSAL**

This important development adds to Kerry's extensive local manufacturing footprint and in-market development application centres across Southeast Asia, as we continue to support our customers across key end use markets.

We also continued to invest in our digital initiatives across the year, with a particular focus on leveraging digital value streams across customer excellence, data & analytics and process automation. We will continue to focus our investment on digital priorities aligned to strategy that make it easier and more valuable for customers to do business with Kerry.

* *See Acquisitions History on Kerry.com for further detail on acquisitions*

## Our Markets and Performance

The overall demand environment in the year was characterised by a number of noteworthy market dynamics including customer destocking, shrinkflation and the impact of recent broad-based inflation on consumers' spending habits. Despite these factors, customer innovation activity remained strong, with a focus on adding new taste profiles, improving products' nutritional and sustainability characteristics, and also providing more relative value options for consumers.

Group reported revenue for the year was €8.0bn and EBITDA was €1.2bn. Group EBITDA margin increased by 60bps to 14.5% and Taste & Nutrition EBITDA margin increased to 17.0%. Adjusted earnings per share increased by 1.2% on a constant currency basis and strong free cash flow of €701m was achieved in the year.

We made good progress against our *Beyond the Horizon* sustainability strategy and commitments. Under Better for People, we increased our nutritional reach of positive and balanced nutrition solutions to 1.25 billion people, as we continue to support our customers in improving the nutritional profile of their products.

Under Better for Society, we made further progress towards our diversity commitments including the launch of our Women in Leadership programme, aimed at accelerating female talent within our organisation. We also launched our Global All Employee Share Plan 'OurShare' in eight countries, with the next phase of the plan to commence in 2024. This programme provides employees the opportunity to become shareholders and participate in the success of the company.

Under Better for the Planet, we delivered an overall 48% reduction in carbon and reduced food waste in our operations by 39%. We continue to intensify our efforts across our sustainability commitments, as we aim to support our customers in producing more nutritious, sustainable food and beverage products that deliver a better impact for people, society and the planet.

**€8.0bn**
**Group Revenue**

**€1.2bn**
**EBITDA**

**€701m**
**Free Cash Flow**

## Regional Performance

Within the Americas, reported revenue was €3.8bn, with lower volumes of 1.8% reflective of softer market conditions and strong comparatives. Performance in the retail channel was particularly impacted in the Beverage, Bakery and Meat markets, while growth in foodservice was driven by continued menu enhancement and back-of-house efficiency solutions. In North America, Snacks and Dairy achieved good growth driven by authentic taste-led innovations with global leaders, emerging brands and private label. LATAM achieved overall growth led by Mexico, with good performances in Snacks and Meat, while Brazil experienced softer market conditions in the second half of the year.

In Europe, reported revenue was €1.5bn, with volume growth of 2.9% driven by strong performances in the UK and Ireland in particular. Overall growth was led by Dairy, Snacks and Meals markets. Strong growth was achieved across the foodservice channel driven by menu enhancement activity, seasonal products and ongoing nutritional profile improvements. Performance in the retail channel softened through the year as expected, reflective of constrained market demand given the recent inflationary environment.

In APMEA, reported revenue was €1.6bn, with volume growth of 6.2% primarily driven by a strong performance in the foodservice channel. Within the region, strong growth was achieved in the Middle East across the year. China delivered good growth considering local market dynamics, while performance in Southeast Asia was impacted by challenging market conditions through the second half of the year. Overall growth in the region was led by Bakery, Meat and Meals markets with good launch activity across global and regional leaders.

Within Dairy Ireland, overall performance reflected the sharp reduction in dairy market prices. Overall volumes were lower through the year due to supply conditions and elevated input costs impacting overall market demand dynamics, particularly within Dairy Ingredients across the middle part of the year. Dairy Consumer Products performed well, given the market context, led by good growth in branded cheese.

## Forward Looking Statement

In 2023, Kerry delivered a solid overall business performance recognising the challenging market conditions and strong comparisons, with Taste & Nutrition achieving volume growth ahead of the market, good margin expansion, strong cash generation and continued progress against the Group's *Beyond the Horizon* sustainability commitments.

At the outset of 2024, while consumer market volumes remain relatively muted, Kerry has a good innovation pipeline and remains strongly positioned for market volume outperformance and good margin expansion.

**Edmond Scanlon**
Chief Executive Officer
14 February 2024

# OUR PEOPLE

## Our Purpose and Culture

At Kerry, our Purpose *Inspiring Food, Nourishing Life* is central to everything we do.

The impact of our purpose is evidenced through the passion and commitment of our people to building a better future. It represents the collective voice of our people, bringing to life and reinforcing our strategy. It underpins our culture and is deeply embedded across our business. It is reflected in the decisions we make, in how we innovate and grow, how we nurture and develop our people and in how we leverage our deep science and technical expertise and our industry-leading taste and nutrition capabilities to enhance the lives of others - solving our customers' complex challenges with differentiated solutions whilst upholding our commitments to protecting the planet.

**INSPIRING EACH OTHER TO BE AT OUR BEST**

Our purpose and our Values of Courage, Enterprising Spirit, Inclusiveness, Open-mindedness and Ownership guide our actions and behaviours, inspiring us to build the future we want to experience, connecting our 21,000+ people across the world through a shared vision to be our customers' most valued partner, creating a world of sustainable nutrition.

Our people represent 119 nationalities, and work across 200+ locations in more than 55 countries globally. We believe that every individual at Kerry can be a powerful force for change and is inspired to make a positive difference to the world by collaborating with colleagues and customers to reach over 2 billion people with sustainable nutrition solutions by 2030. To enable this, we are committed to nurturing a highly-inclusive workplace where all our people can be at their best, contribute to our success and excel personally and professionally. Our people practices reinforce our purpose, vision, and values, from attracting high quality, diverse talent, to how we build future skills and capabilities, reward individual and team performance and support our local communities through volunteering and other charitable activities.

Engaging and empowering our teams is fundamental to our group-wide approach to people leadership. We encourage our leaders to focus on promoting a positive environment, providing our people with meaningful work that is connected to our purpose and enables them to clearly see how their efforts contribute to our shared success. Ensuring that the diversity of our leadership teams reflects and celebrates the broad mix of capabilities and cultural diversity within our organisation and the communities in which we operate continues to be a key imperative for us. In 2023, we further enhanced the cultural and gender diversity of our leadership talent pipelines through internal promotions and strategic hires, and we continue to be encouraged by the progression of local talent into our regional leadership teams.

We seek to differentiate ourselves as an organisation through the quality, dedication and integrity of our people. We think and act with a Safety First, Quality Always mindset and remain focused on delivering value to our customers. We hold ourselves accountable for meeting the highest standards of business and ethical behaviour in everything we do and continue to reinforce this through our global standards and policies.

**WE ARE COMMITTED TO NURTURING A HIGHLY INCLUSIVE WORKPLACE**

**119**
**Nationalities**

**200+**
**Locations**

**55+**
**Countries globally**

## Our Values

Our values, which underpin our culture, translate into behaviours which reflect how our people interact and collaborate with each other to achieve our vision. In living our values, our people **bring stability, authenticity, and success to our business, by being fully aligned with who we are and what we stand for, reinforcing our purpose and why we exist in the world.**

# COURAGE

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

# ENTERPRISING SPIRIT

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

# INCLUSIVENESS

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

# OPEN-MINDEDNESS

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

# OWNERSHIP

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

Our values unite us across our diverse cultures and geographies, providing a guiding framework and explaining the alignment between our purpose and strategy in a meaningful way, enabling us to build trust and mutual respect with our people, our customers and our communities. They represent strengths from our heritage as well as new capabilities which we want to collectively embed across our expanding global footprint. Our leaders continue to prioritise how they role model our values in action in all aspects of their roles, across all areas of Kerry and we regularly recognise and celebrate our people through our Global Recognition Programme, Inspiring People, for demonstrating our values in their day-to-day activities.

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

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

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

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

We act as owners, we embrace accountability, and we never compromise on doing the right thing for our business, our people and our customers.

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

## Enhancing our Employee Experience

### Driven by our aspiration to be first choice for the best talent in our industry, we maintain focus on engaging our workforce consistently throughout the year.

Through providing growth and development opportunities for our people, and empowering them to reach their full potential, we ensure that our business is well positioned for continued and sustainable business growth. We view the engagement of our people as a lead indicator of our future sustainable business growth and performance and invest our collective energy in nurturing and enhancing the engagement of all teams across the globe.

Becoming a top quartile employer for employee engagement remains an ambition for us. We will achieve this through our regular engagement action planning, where all regions, functions and plants across our business set and track actionable goals. These goals are designed to make things easier, better and clearer for our employees and focus on improving the working experience for our people. Throughout the year, we celebrate progress on these goals, both individually and as teams, which is key to helping make Kerry a better and more successful business for the future. We look forward to running our next employee engagement survey in 2024.

During 2023, our designated Workforce Engagement Director, Dr. Karin Dorrepaal, participated in several employee engagement activities throughout the year, prioritising focus on gender equity and our foundational technologies. This is an important role, ensuring the employee's voice is considered and represented at the Board when making decisions impacting our people.

Key activities this year included participating in the panel discussion on International Day of Women and Girls in Science, discussing how women in science are driving change and disruption in the food industry; introducing our International Women's Day global webinar, giving her perspective on the global years' theme 'Embracing Equity'; a site visit to our Customer Co-Creation Centre, in Barcelona, to see first-hand how we are bringing our sustainable nutrition solutions to life for our customers, and how we are integrating talent from our acquisitions through a visit to Tiel in the Netherlands. Highlights from the year included joining our CEO and Executive Leadership Team for our Inspiring People awards, our key employee recognition event of the year and attending the graduation of participants in our first Women in Leadership programme, successfully launched in Europe this year, recently extended to Latin America, and due to be rolled out globally in 2024. Karin also met with Kerry's third-party employee engagement survey provider, to understand our progress on employee engagement, as compared to our peers and external industry benchmarks, along with our key focus areas for 2024.

For further details on key activities supported by our Workforce Engagement Director during 2023, please see our Corporate Governance section on page 118.

Kerry celebrates culture week in Kenya

## Fostering Diversity, Inclusion and Belonging

At Kerry, we are proud of our rich diversity and strive to ensure that we reflect the communities in which we operate, across the globe.

We harness and celebrate our differences, seeking to foster an inclusive and supportive environment that encourages full participation and contribution from our people. We continue to promote and drive positive change within our organisation through which our people can flourish, and we strive to always provide equal access to opportunities for development and career advancement.

Our Group's Code of Conduct sets out our commitments to fair and equal treatment of all our people and this is reflected in several dedicated policies within the Code, including our Diversity, Inclusion and Belonging (DI&B) Policy. This policy, reviewed in 2023, requires that employees treat fellow workers with dignity and respect and never engage in any form of unlawful discrimination.

During 2023, we continued to accelerate our journey, engaging in an independent review of our progress to date, involving representation from our people across the organisation, alongside access to external best practices, to inform our focus moving forward. The outputs were shared with the Global DI&B Council which is accountable on behalf of the Executive Leadership Team for continuing to evolve our DI&B ambition and ensure achievement of agreed organisational commitments.

Kerry remains committed to achieving equal gender representation among senior management roles by 2030, with women representing 35% of senior leadership roles by 2025. In 2023, we became a signatory of the Women's Empowerment Principles (WEPs), established by the United Nations (UN) Global Compact and UN Women, as we seek to embrace a broader view of diversity within the organisation. At the end of 2023, we achieved 37% representation of women in senior management roles and 34% in senior leadership roles. We will review our goals in 2024 and focus on targeted strategies to maintain and accelerate our progress.

**37% OF WOMEN IN SENIOR MANAGEMENT ROLES**

Examples include building on our Women in Leadership programme, having extended this beyond Europe to Latin America in 2023, with plans to roll out to all regions in 2024, as well as our Regional Women@Kerry networks, continuing to promote opportunities to improve workplace policies and practices for women across Kerry.

Our broader areas of focus include supporting LGBTQI+ colleagues, raising awareness on issues relating to race, ethnicity and cultural belonging, increasing dialogue on disability and managing multiple generations within the workplace. This is enabled by our passionate colleagues and the role they play in actively contributing to our DI&B agenda through our global employee networks, such as PRYSM, which has continued to promote LGBTQI+ rights not only internally, but also in collaboration with Kerry customers and with the broader international community. Through Kerry's membership of the Partnership for Global LGBTIQ+ Equality (PGLE) we are contributing to the work of the United Nations in assessing the gaps in the inclusion of LGBTIQ+ workers in business. In 2023, to celebrate World Day for Cultural Diversity for Dialogue and Development, our global employee network group, SEEN, together with our regional DI&B teams organised an engaging and educational Culture Week celebrating cultural diversity, including the launch of a Cultural Awareness eLearning module and toolkit.

In 2024, guided by our Global Director of DI&B, appointed in 2023, we will focus on strengthening inclusive leadership behaviours, promoting equitable experiences and improving education and awareness across all aspects of diversity within Kerry. This will be supported by a strong governance structure that brings together our Global DI&B Council and Regional DI&B Committees to drive alignment and focus, resulting in measurable progress and business impact.

**WE HARNESS AND CELEBRATE OUR DIFFERENCES, SEEKING TO FOSTER AN INCLUSIVE AND SUPPORTIVE ENVIRONMENT THAT ENCOURAGES FULL PARTICIPATION AND CONTRIBUTION FROM OUR PEOPLE**

## Investing in Learning, Leadership and Talent to Fuel our Growth

At Kerry, we are passionate about unlocking the full potential of our people, enabling them to perform at their best, through a focus on continuous learning, encouraging self-growth and building new capabilities for the future.

We are investing in new digital tools within our learning eco-system to create personalised learning experiences, ensuring our people can access what they need, when they need it, to further grow, develop new skills and progress their careers within the organisation.

Our leaders are committed to ensuring the core capabilities to achieve growth are in place. Our Leadership Academy offers learning experiences at all levels, designed to grow our leaders' competencies and confidence to deliver on our organisational commitments. During 2023, we accelerated our focus on building leadership expertise across our manufacturing facilities, further embedding our targeted Plant Leader Development Programme. With a combination of internal and external expertise, plus peer-to-peer support, this programme aims to build the plant leader skills and behaviours needed for current and future success. All our plant leader population are now fully participating in the programme and this will continue into 2024, with a focus on following up on results and sustaining behavioural change which will be monitored through our employee engagement survey.

We continued our focus on the role of the people leader, recognising the unique role they play in the ongoing performance and engagement of our people. Our Managing People@Kerry programme has now been deployed across all regions, through a combination of eLearning and live online sessions delivered by internal experts. We have also introduced 'watch parties', where people leaders come together in person to watch an eLearning or live online session and then share their experiences, helping to reinforce our Kerry Leadership Competencies in action, and build greater confidence across all aspects of people leader responsibilities. All newly-promoted people leaders are automatically enrolled into the programme to support the first step in their leadership career.

Our Learning Academies across Commercial and Science and Technologies support our growth, by enabling the development and application of our foundational technologies, fostering a customer-centric approach and enhancing commercial effectiveness in line with business priorities.

They provide learning solutions to specific target audiences across the group, which match best-in-class practices in the industry, such as negotiation skills and customer care and leverage our subject matter specialists to develop internal expertise, for example around our proprietary technologies, within our Research, Development and Applications function. The Integrated Operations Academy is focused on delivering operational excellence across our global footprint. It offers a wealth of learning solutions to all employees in Manufacturing, Engineering, Safety and Quality, Supply Chain and Procurement, founded on the core skills required for each role and a structured process to assess individual learning needs. The learning opportunities are provided either by our dedicated learning platform, that offers training on several topics relevant to operations, such as Workplace Safety, Food Safety, Warehouse and Transportation, or through face-to-face sessions delivered in the plant, in line with specific site needs. The overall aim of our learning academies has been to build confidence and competence and encourage great cross-functional collaboration to maximise value to customers whilst solidifying foundations for the long-term career development of our people.

We continue to support the development of enterprise initiatives across the group to build core capabilities aligned to our strategic objectives. One such example is our Sustainability Essentials programme, designed to foster a sustainability mindset in all our people, which was externally recognised with an Excellence Award for Best Organisational Development & Transformation Initiative in 2023.

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

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

## Rewarding and Recognising our People

Total Reward at Kerry is about more than just pay and financial rewards. It encompasses career development, personal growth and access to opportunities where all our people can excel, both personally and professionally.

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

During 2023, we implemented the next phase of our Total Rewards roadmap which will continue into 2024. Our aim is to ensure that our reward programmes are positioned as one of the key levers of business performance, are appropriately aligned with the external market, and are delivered in a way which makes them more easily understood and appreciated by our people.

Some examples of enhancements made during 2023, and actions planned for 2024, include:

- The launch of Kerry's first Global All Employee Share Plan, 'OurShare', in September which provides employees the opportunity to become shareholders and allows them to share in the success of the company. The Board and Executive Leadership Team believe that share ownership is a powerful and important way of creating an ownership culture and mindset. Since its launch 'OurShare' has been recognised with several nominations for external awards.

  1 in 5 of our colleagues chose to join the programme, representing 21% of our eligible population within Phase 1 (8 countries) and a total of 1,173 colleagues who have become shareholders and now own part of Kerry. We experienced a huge level of engagement from all our people, across both Phase 1 countries and from countries that will be part of future phases.

  Plans are well underway in preparation for our Phase 2 roll out. By end of 2024, we will have made the plan available to the majority of countries with headcount of over 100 employees and will include many of our largest markets across all regions, representing another significant milestone for Kerry.

- From 1st April 2023, we became an accredited UK Living Wage employer. Since then, we have formed a formal partnership with the Fair Wage Network and have been preparing ourselves for the expansion of our living wage commitment across our wider global footprint. We will begin securing accreditation on a country-by-country basis from 2024 onwards and integrate this enhanced standard into our wider pay infrastructure, ensuring fair pay permeates all our pay practices.

- We continued to promote and embed our Global Recognition Programme, Inspiring People, which was launched in 2021. We held our second global Inspiring People awards in June, recognising our people for their active engagement and commitment to living our Kerry values.

In addition to our global programmes, we made further enhancements to local in-country benefit plans, in accordance with our regional and country specific reward roadmaps. We are committed to gender pay equity and continue to proactively monitor the pay of male and female colleagues engaging in similar roles to ensure it is comparable. We appoint and promote based on merit and will continue to encourage the career development of all our people, paying attention to our promotion and recruitment practices with regards to gender, and supporting greater representation of women at all senior management levels in line with our commitments.

**SHARE OWNERSHIP IS A POWERFUL AND IMPORTANT WAY OF CREATING AN OWNERSHIP CULTURE AND MINDSET**

education and hobbies, or travel and ultimately return to Kerry feeling refreshed and recharged, which directly aligns with our commitment to supporting the wellbeing of our people.

- To acknowledge World Mental Health Day, which aims to foster a mentally-healthy workplace, we announced our plan to engage with a leading global partner in Emotional Health and Wellbeing training. Starting with our People Leaders, we are developing the competence and confidence of our employees to navigate and manage signs of ill-being in the workplace and at home.

World Safety and Wellbeing Day and World Mental Health Awareness Day provide regular opportunities for Kerry to promote the range of resources now in place to support our people and their families through various life stages, reinforcing our commitment to supporting the wellbeing of our people.

## Promoting Health and Wellbeing

At Kerry, we put our people first by fostering a healthy, positive work environment and providing our people with the physical, emotional, nutritional and financial resources to support them through the various life stages.

Our Health and Wellbeing framework is underpinned by a balanced set of programmes, all enabled by a wellbeing centre and toolkit which provides a suite of relevant, educational material designed to empower our people to best manage their wellbeing.

The global reach and relevance of our Health and Wellbeing programmes is paramount.

- Every Kerry employee has access to our global Employee Assistance Programme (EAP). The EAP is a complimentary, confidential service run by a team of counsellors, psychologists and work-life consultants who provide expert guidance and support in the areas of finance, legal, family, work, health and wellbeing. Details of the EAP are visible and accessible for all employees via our internal intranet.

- Kerry's Global Sabbatical Leave Policy was launched as part of a wider campaign to promote the importance of flexibility and time away from work for all employees, at every level of the organisation. The programme is designed to enable our people to take an extended period of leave to be with family, pursue further

# OUR BUSINESS MODEL

## INPUTS

### What We Depend On

**Financial**

Funding available to the Group

**Manufacturing**

137 manufacturing locations and global supply chain infrastructure

**Intellectual**

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

**Human**

21,000+ talented employees across 50+ countries

**Social and Relationships**

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

**Natural**

A global network of raw material suppliers across almost 80 countries

## What We Do

Kerry is a world leader in sustainable taste and nutrition solutions. Using our unique capabilities, we partner with customers to create healthier, tastier, and more sustainable products that are enjoyed by over 1 billion people around the world.

## Why We Do It

**Our Purpose**
Inspiring Food, Nourishing Life

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

## How We Do It

Our unique business model comprises our broad range of taste and nutrition foundational technologies, product process technologies, culinary and insights expertise, and development and application teams.

**SOLVING OUR CUSTOMERS' CHALLENGES** → KERRY → **WITH DIFFERENTIATED SOLUTIONS**

- Elevated Nutrition
- Clinical Health Benefits
- Speed to Market
- Extended Shelf Life
- Operational Efficiencies
- Channel Diversification
- Cleaner Labels

- Improved Taste
- Process Improvement
- Enhanced Sustainability
- New Innovation Platforms
- Novel Taste Experiences
- Local Cooking Taste
- Regulatory Support

## What We Focus On

**Food + Beverage + Pharma Markets**

Strategic Priorities:

Taste | Nutrition | Emerging Markets

# OUTPUTS

## The Value We Create

### Financial

Growth in revenue, profit and cash flow

### Manufacturing

A broad portfolio of products with 80%+ delivering positive and balanced nutrition

### Intellectual

Customer-specific innovation combined with differentiated new technologies and solutions

### Human

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

### Social and Relationships

Concern Worldwide, Global LGBTIQ+ Equality (PGLE), the UN World Food Programme and Women's Empowerment Principles (WEPs)

### Natural

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

## The Impact We Deliver

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

## Who We Benefit

## How We Contribute

### Core SDGs

### Linked SDGs

# OUR MARKETS

## Value-Add Ingredient Solutions

Kerry's strategic focus is on the value-add ingredient solutions market across food, beverage and pharma. This market has strong fundamentals due to macro trends and evolving consumer demands and as a result, is more dynamic then ever. These increased customer and consumer demands need innovation support. Kerry's unique capabilities help to solve our customers' challenges with differentiated solutions.

**INNOVATING FOR A DYNAMIC AND EVOLVING CONSUMER**

## MACRO TRENDS

### GROWING WORLD POPULATION

World population is expected to reach 9 billion within the next 15 years, led by emerging markets[1]. This trend will drive growth in global food consumption and will also further necessitate sustainability throughout the value chain.

### RISING GLOBAL INCOMES

A further 1 billion people are expected to enter the 'consumer class' over the next 8 years, the fastest pace ever[2]. We expect that these new consumers will add significant dynamism, particularly in emerging markets.

## KEY CONSUMER DEMANDS

| | |
|---|---|
| **HEALTH & WELLBEING** | All consumers want health & wellbeing through food. This area is vast in opportunity, including salt, sugar, fat reduction and added science-backed health benefits. It has been one of the defining trends of our industry over the past decade and this will continue over the coming decades. |
| **SUSTAINABLE NUTRITION** | Consumers are becoming increasingly purpose-driven and for them, sustainability is a key priority. They want to know that the food they consume has been sustainably sourced and ethically processed, and that the producer brings benefits to wider society. |
| **AUTHENTIC, LOCAL TASTE** | Consumers want novel twists on familiar local taste profiles, exciting multi-sensorial taste experiences and guilt-free indulgence. The key challenge and opportunity is that they want this delivered through authentic taste methods and practices, with a story behind the flavour. |
| **CLEANER INGREDIENT DECLARATIONS** | Consumers today want their food to be free of artificial additives and made from a short list of sustainably sourced ingredients. Clean label preferences are shaped by location, culture, age and other factors, can shift rapidly, and present many unique challenges and opportunities. |
| **VALUE EQUATION** | In a challenging environment, consumers have become more conscious of their spending. They want the same great products as before but at a more affordable price, with no compromise to taste, quality or innovation. |

[1] United Nations
[2] The Brookings Institution and World Data Lab

# OUR STRATEGY

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

## Food + Beverage + Pharma Markets

## TASTE

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

### STRATEGY IN ACTION

#### Key Achievements in 2023

- Strong performance of our taste technologies across dairy, salt modulation and barbeque.
- Good business development in the low / no-alcohol space, driven by our citrus, sweet modulation and botanicals portfolio.
- Successful launch of Tastesense™ Advanced, which delivers 50-100% sugar reduction.

## NUTRITION

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

### STRATEGY IN ACTION

#### Key Achievements in 2023

- Strong growth in Kerry Accel™, our solution providing a natural cure for meat.
- Launched world's first probiotic-fortified UHT Lactose Free Milk with BC30™.
- Kerry Health and Nutrition Institute® (KHNI) achieves the number one organic Google search ranking for 'nutrition trends', with almost 100,000 engaged website sessions across the year.

# A CLEAR, CONSISTENT STRATEGY

## EMERGING MARKETS

Our local knowledge and focus, combined with our global expertise and capabilities have been key to our excellent track record of growth in emerging markets. Our target is to achieve average annual volume growth in emerging markets of 10%+.

### STRATEGY IN ACTION

#### Key Achievements in 2023

- Continued strong growth and business development across the Middle East, building on recent investments and footprint expansion in the region.
- Inauguration of our state-of-the-art Taste facility in Karawang, Indonesia, further enhancing our capability to work with customers to develop locally inspired, authentic taste solutions to serve the Southeast Asia market.
- Continued expansion of our presence in emerging markets with the acquisitions of Proexcar, Colombia, and Greatang, China.

## DAIRY IRELAND

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

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

### STRATEGY IN ACTION

#### Key Achievements in 2023

- Expanded Cheestrings capacity to serve kids cheese snacking market.
- Continued good progress in the deployment of the *Evolve* Dairy Sustainability Programme, assisting our Irish dairy suppliers accelerate the adoption of science-based sustainable actions and best practice on their farms.

# SCIENCE-BACKED SUSTAINABLE NUTRITION SOLUTIONS

**1,100+**
**Scientists**

**22**
**Core Technologies**

**33**
**End Use Market Development and Application Centres**

**60+**
**University Partnerships**

**1,200+**
**Patents and Patents Pending**

**350+**
**Clinical Studies**

**70+**
**Technology and Innovation Centres Globally**

Our unique global infrastructure is supported by partnerships and collaboration and a broad technology ecosystem connecting academia, start-ups, suppliers and research bodies.

- Global Innovation Centre
- Regional Technology & Innovation Centre
- Customer Co-Creation Centre
- Technology Centre
- Technical and Commercialisation Support
- Biotechnology Centre

# OUR SCIENCE AND TECHNOLOGY STRATEGY

# STRATEGY & TARGETS

Kerry's key performance measures include a combination of growth, return and sustainability metrics.

# Our Performance Measures

## GROWTH

**Volume Growth**

4-6%

Average Target

**EBITDA Margin**

18%+

## RETURN

**Cash**

80%+

Cash Conversion

**Return**

10-12%

ROACE

## SUSTAINABILITY

**Nutritional Reach**

Reach over 2 billion people with sustainable nutrition solutions

**Carbon**

55% reduction in Scope 1 & 2 carbon emissions

**Food Waste**

50% reduction in food waste

Note 1: Financial targets are for the period 2022-2026

Note 2: Volume growth target assumes 2% above market growth rates

Note 3: EBITDA Margin 18%+ by 2026

Note 4: Sustainability targets to be achieved by 2030. Carbon reduction targets include 30% intensity reduction in Scope 3 emissions by 2030. For more detail on Kerry's science-based targets, see Sustainability Review on pages 46-69.

Full definitions can be found on pages 269-272.

# KEY PERFORMANCE INDICATORS

Kerry's key performance measures include a combination of growth, return and sustainability metrics, which have helped the Group achieve its track record of long-term value creation.

## GROWTH

| Metric | Volume Growth (0.9%) | EBITDA Margin +60bps |
|---|---|---|
| Performance | 2023 (0.9%)<br>2022 +6.1%<br>2021 +8.0% | 2023 €1,165m 14.5%<br>2022 €1,216m 13.9%<br>2021 €1,077m 14.7% |
| Commentary | Group volumes decreased in the year as solid overall growth in Taste & Nutrition against strong comparatives was more than offset by the impact of challenging market dynamics in dairy. | Group EBITDA margin increased as benefits from our Accelerate Operational Excellence programme and portfolio developments were partially offset by the net effect from pricing. |
| Strategic Importance / Link to Remuneration | Volume growth is an important metric as it is a key driver of organic top line business improvement. It is a metric in the short-term incentive plan and is a key driver of adjusted EPS growth, which is a metric for the long-term incentive plan. | EBITDA margin expansion is a key measure of profitability. It is a metric in the short-term incentive plan and is a key driver of adjusted EPS growth on a constant currency basis, which is a metric for the long-term incentive plan. |
| Comparable IFRS measure | Reported revenue growth: -8.6% (2022: +19.3%). | Operating profit: €874.8m +14.3% (2022: €765.6m -13.6%). |

For more information see the Supplementary Information section – Financial Definitions on pages 269-272.

## SUSTAINABILITY

| Metric | Nutritional Reach 1.25 billion | Carbon Reduction 48% |
|---|---|---|
| Performance | 2023 1.25 billion<br>2022 1.2 billion | 2023 48%<br>2022 45% |
| Commentary | Nutritional Reach is a measure of the global population who consume our positive and balanced nutrition solutions as we strive to be Better for People. | Scope 1 & 2 Carbon Reduction is a measure of progress towards Kerry's environmental targets, as part of its Better for Planet ambition. |
| Strategic Importance / Link to Remuneration | As consumers seek healthier more sustainable diets, Kerry is ideally placed to support customers in the development of products that deliver sustainable nutrition. This is a sustainability performance metric within the long-term incentive plan. | At Kerry, we are addressing our operational emissions as part of our total carbon footprint and are committed to achieving Net Zero before 2050. This is a sustainability performance metric within the long-term incentive plan. |

Further definitions, calculations and detail for these are set out above and within the Sustainability Review on pages 46-69.

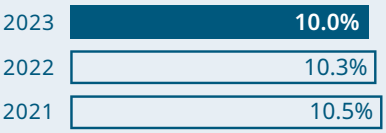
We use a number of financial and non-financial key performance indicators (KPIs) to measure performance across our business.

These KPIs help inform decision making, assist effective goal setting and track progress in achieving our strategic objectives.

## RETURN

### Return on Average Capital Employed

10.0%



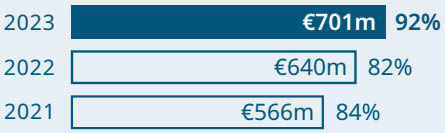

Group ROACE decreased in the year reflecting a greater adverse translation currency impact on profits than on average capital employed.

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

There is no IFRS measure comparable to ROACE.

### Free Cash Flow Conversion

92%




Free cash flow and cash conversion increased in the year due to a strong improvement in working capital.

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

Net cash from operating activities: €1,037.8m (2022: €721.8m).

### Reduction in Food Waste

39%

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

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

### Long-term Value Creation

Total shareholder return (TSR) for the year decreased by 5% in line with the median performance of Kerry's peer group, which saw mixed share price performances across the year, driven by a number of macroeconomic and sector dynamics. Kerry's TSR has grown at a compound annual growth rate of 9% over the past 20 years.

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

# FINANCIAL REVIEW

## A YEAR OF STRONG CASH DELIVERY, GOOD MARGIN PROGRESSION AND COMMENCEMENT OF A €300M SHARE BUYBACK PROGRAMME

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2023 and the Group's financial position at that date.

The group had a solid performance through 2023 with good margin growth and strong cash conversion. Good strategic progress was made with the completion of the Sweet Ingredients Portfolio divestment and strategic acquisitions which expand our offering in the foodservice channel and further builds on our biotechnology capabilities. The Group's consolidated balance sheet and cash flow remain strong which will support the continued strategic development of the business. A share buyback programme was initiated, which is underpinned by the strong balance sheet position and aligned to Kerry's Capital Allocation Framework.

The Key Financial Performance Indicators outlined below are used to track business and operational performance and help the Group drive value creation. The Group has a good, long-term track record of delivery and a disciplined financial approach of targeting continued growth while meeting return on investment objectives.

# Key Financial Indicators

| GROWTH | | | RETURN | | SUSTAINABILITY |
|---|---|---|---|---|---|
| Group Revenue | Group EBITDA Margin | Constant Currency Adjusted EPS | Return on Average Capital Employed | Free Cash Flow | Scope 1 & 2 Carbon Reduction |
| **€8.0bn** | **14.5%** | **430.1c** | **10.0%** | **92%** | **48%** |
| 2022: €8.8bn | **+60bps**<br>2022: 13.9% | **+1.2%**<br>2022: 440.6c +7.3% | 2022: 10.3% | 2022: 82% | 2022: 45% |

Further detail is set out within the Key Performance Indicators section on pages 34-35 and within supplementary information section – Financial Definitions on pages 269-272.

## Growth

| | % change | 2023 €'m | 2022 €'m |
|---|---|---|---|
| Revenue | (8.6%) | **8,020.3** | 8,771.9 |
| **EBITDA** | (4.2%) | **1,165.1** | 1,216.1 |
| *EBITDA margin* | | **14.5%** | 13.9% |
| Depreciation (net) | | **(219.6)** | (221.6) |
| Computer software amortisation | | **(27.2)** | (31.8) |
| Finance costs (net) | | **(50.3)** | (66.2) |
| Share of joint ventures' results after taxation | | **(1.9)** | (0.4) |
| **Adjusted earnings before taxation** | | **866.1** | 896.1 |
| Income taxes (excluding non-trading items) | | **(103.1)** | (114.5) |
| **Adjusted earnings after taxation** | | **763.0** | 781.6 |
| Brand-related intangible asset amortisation | | **(52.3)** | (50.9) |
| Non-trading items (net of related tax) | | **17.4** | (124.2) |
| **Profit after taxation** | | **728.1** | 606.5 |
| | | **EPS Cent** | EPS Cent |
| Basic EPS | 20.0% | **410.4** | 341.9 |
| Brand-related intangible asset amortisation | | **29.5** | 28.7 |
| Non-trading items (net of related tax) | | **(9.8)** | 70.0 |
| Adjusted EPS | (2.4%) | **430.1** | 440.6 |
| Impact of exchange rate translation | 3.6% | | |
| **Adjusted EPS growth in constant currency** | **1.2%** | | |

### Revenue

Reported Revenue of **€8,020.3m** (2022: €8,771.9m) was 8.6% lower than the previous year mainly driven by the adverse impact of the disposals and foreign currency in the year.

### EBITDA & Margin %

Reported EBITDA of **€1,165.1m** (2022: €1,216.1m) with organic growth more than offset by the impact of disposals and adverse currency translation. Reported EBITDA margin of **14.5%** (2022: 13.9%), representing an increase of **60bps**, primarily reflecting benefits from our Accelerate operational excellence programme and portfolio developments.

### Computer Software Amortisation

Computer software amortisation decreased by €4.6m to **€27.2m** (2022: €31.8m) reflecting the timing of spend.

### Brand-Related Intangible Asset Amortisation

Brand-related intangible asset amortisation increased to **€52.3m** (2022: €50.9m), which is reflective of recent acquisition activity.

### Finance Costs

Net finance costs for the year decreased by €15.9m to **€50.3m** (2022: €66.2m) primarily due to deposit interest earned on cash generated and reflecting the interest receivable on the third-party vendor loan note arising on the divestment of the Sweet Ingredients Portfolio. The Group's average cost of finance for the year was **2.4%** (2022: 2.3%).

### Taxation

The tax charge for the year before non-trading items was **€103.1m** (2022: €114.5m) representing an effective tax rate of **12.7%** (2022: 13.5%) and the timing of in-year recognition of deferred tax assets.

### Non-Trading Items

During the year, the Group incurred an overall non-trading credit of **€17.4m** (2022: €124.2m charge) net of tax. This was made up of a charge of **€61.7m** net of tax, and offset by a credit of **€79.1m** net of tax. The charge primarily relates to investments in the previously announced Accelerate Operational Excellence transformation programme, which predominantly reflects costs of streamlining operations, project management costs, and consultancy fees, while we work to enhance our continuous improvement in manufacturing processes and deliver step-change manufacturing and supply chain excellence across the organisation. The credit of **€79.1m** in the year relates to the profit on sale of the business/assets mainly related to the Sweet Ingredients Portfolio divestment net of transaction costs.

The charge in the prior year, is primarily related to the divestment of the Group's Russia and Belarus entity and the first year of the Accelerate Operational Excellence transformation programme.

### Foreign Exchange

Group results are impacted by year-on-year fluctuations in exchange rates versus the Euro. The primary rates driving the currency impact in the figures above were USD and GBP which had average rates of 1.09 (2022: 1.05) and 0.87 (2022: 0.85) respectively.

## Cash & Returns

### Free Cash Flow

In 2023, the Group achieved a strong free cash flow of **€701.3m** (2022: €640.4m) reflecting **92%** cash conversion in the year.

| Free Cash Flow | 2023 €'m | 2022 €'m |
|---|---|---|
| EBITDA | **1,165.1** | 1,216.1 |
| Movement in average working capital | **38.4** | (201.4) |
| Pension contributions paid less pension expense | **(13.5)** | (15.7) |
| Finance costs paid (net) | **(65.8)** | (62.0) |
| Income taxes paid | **(119.5)** | (80.0) |
| Purchase of non-current assets | **(315.0)** | (254.7) |
| Sales proceeds on disposal of non-current assets | **11.6** | 38.1 |
| Free cash flow | **701.3** | 640.4 |
| Cash conversion[1] | **92%** | 82% |

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

The main drivers of the strong Cash Conversion is the improvement in average working capital. The decrease in working capital levels is attributable to the positive effects of our Accelerate supply chain excellence program on overall inventory management, the efficient management of receivables enabled by our Global Business Services centres and the easing of the inflationary environment through the year. The Group's capital investment aligned to our strategic priorities and tax payments have increased year-on-year. Capital expenditure was lower in the prior year due to timing of projects.

## Returns

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Adjusted profit | **813.5** | 847.7 |
| Average capital employed | **8,172.8** | 8,236.5 |
| **Return on average capital employed (ROACE)** | **10.0%** | 10.3% |

Further detail is set out within the Supplementary Information section - Financial Definitions on pages 269-272.

The movement in ROACE is primarily due to the translation impact on underlying assets and timing of M&A activity.

## Share Buyback

In October, the Board approved a share buyback programme which will return up to €300 million in cash to shareholders. The buyback programme commenced on 1 November and is expected to be completed by the end of April 2024. The buyback programme is underpinned by the Group's strong balance sheet and cash flow and is aligned to the Company's Capital Allocation Framework.

In the period from 1 November 2023 to 31 December 2023 the Company purchased 1,373,261 shares returning a total of €101.7m to shareholders. Since the year end, and up to 31st of January 2024, the Company has purchased an additional 749,081 shares returning an additional €58.9m to shareholders.

## Maturity Profile of 2023 Net Debt

**Net Debt = €1,604m**

The weighted average maturity of debt in years is **4.8**.

### Key Financial Ratios

Our credit metrics are strong with a net debt to EBITDA ratio of **1.5 times** and we have a strong balance sheet which will continue to support the further strategic development of our business.

| | 2023 | 2022 |
|---|---|---|
| Net debt: EBITDA | **1.5** | 1.8 |
| EBITDA: Net interest | **21.8** | 18.1 |

## Net Debt

Net debt at the end of the year was **€1,604.1** (2022: €2,217.4 m). The decrease during the year reflects strong business cash generation and divestment proceeds, offset by acquisition spend and the share buyback programme.

| Movement in Total Net Debt | 2023 €'m | 2022 €'m |
|---|---|---|
| **Free cash flow** | **701.3** | 640.4 |
| Disposal proceeds (net of acquisitions including payments relating to previous acquisitions) | **175.6** | (391.2) |
| Purchase of financial asset investments | **(3.0)** | (10.4) |
| Difference between average working capital and year end working capital | **147.1** | (22.6) |
| Share of results from joint ventures | **-** | - |
| Non-trading items | **(99.8)** | (85.4) |
| Dividends paid | **(191.3)** | (173.6) |
| Purchase of own shares | **(101.7)** | - |
| Exchange translation adjustment | **(14.2)** | (27.2) |
| Decrease (Increase) in net debt resulting from cash flows | **614.0** | (70.0) |
| Fair value movement on interest rate swaps | **1.0** | 1.4 |
| Exchange translation adjustment on net debt | **(2.3)** | (29.7) |
| Decrease (Increase) in net debt in the year | **612.7** | (98.3) |
| Net debt at beginning of year | **(2,148.2)** | (2,049.9) |
| **Net debt at the end of the year – pre-lease liabilities** | **(1,535.5)** | (2,148.2) |
| Lease liabilities | **(68.6)** | (69.2) |
| **Net debt at end of year** | **(1,604.1)** | (2,217.4) |

## Financing

Undrawn committed facilities at the end of the year were €1,500m (2022: €1,100m) while undrawn standby facilities were €335m (2022: €343m). In June 2023, the Group increased its revolving credit facility from €1,100m to €1,500m with a new maturity date of June 2028. The facility contains two one-year extension options, exercisable on the 1st and 2nd anniversaries of the facility and which, if exercised, would extend the maturity date of the facility to June 2030.

Full details of the Group's financial liabilities, cash at bank and in hand and credit facilities are disclosed in notes 23 and 24 to the Consolidated Financial Statements. Of the cash at bank and in hand at year end, €50.8m (2022: €70.7m) was on short term deposit under a Sustainable Deposits programme.

## Sustainability-Linked Bond Progress Report

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

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

KPI 1: 55% Absolute reduction in Scope 1 & 2 greenhouse gas emissions

KPI 2: 50% Food waste reduction across our operations

### 2023 Performance

In 2023, our performance has continued to trend positively, delivering a 48% (2022[2]:45%) reduction in our absolute Scope 1 & 2 emissions and a 39% (2022[2]:41%) reduction in our food waste volumes, versus a 2017 baseline for both KPIs.

| Emissions (CO2e) | 2023 | 2017[1] | Food Waste | 2023 | 2017[1] |
|---|---|---|---|---|---|
| Scope 1 & 2 (Tonnes) | **469,770** | 910,229 | Tonnes | **8,048** | 13,230 |
| % reduction | **48%** | | % reduction | **39%** | |

1 The 2017 KPI baseline has been adjusted in accordance with our November 2021 Sustainability-Linked Bond Framework Recalculation Policy, to take into account structural changes including acquisitions and divestitures.
2 The prior year movements have also been restated in line with the November 2021 Sustainability-Linked Bond Framework, to take into account structural changes including acquisitions and divestitures.

For more details on our progress in reducing emissions and food waste, see our Sustainability Review on page 46 and also our 2023 Sustainability Report at kerry.com.

## Financial Risk Management

Within the Group risk management framework as described in the Risk Management Report on page 93, the Group has a Financial Risk Management Programme, which is approved by the Board of Directors and is subject to regular monitoring by the Finance Committee and Group Internal Audit. The Group does not engage in speculative trading.

Further details relating to the Group's financial and compliance risks and their associated mitigation processes are discussed in the Risk Management Report on pages 92-105 and in note 24 to the Consolidated Financial Statements.

## Dividend and Annual General Meeting

During the year, the Group paid an interim dividend of 34.6 cent per A ordinary share, which was an increase of 10.2%. The Board has proposed a final dividend of 80.8 cent per A ordinary share, payable on 10 May 2024 to shareholders registered on the record date of 12 April 2024. When combined with the interim dividend, the total dividend for the year amounts to 115.4 cent per share (2022: 104.8 cent per share}, which is an increase of 10.1% over last year's dividend. The Group's aim is to have double-digit dividend growth each year. Over 35 years as a listed company, the Group has grown its dividend at a compound rate of 16%.

Kerry's Annual General Meeting is scheduled to take place on 2 May 2024.

# BUSINESS REVIEW

## TASTE & NUTRITION

- Volume growth of 1.1% reflecting strong comparatives and challenging market conditions
- Growth led by Food EUM across Dairy, Snacks and Meat
- Pricing +1.1% with inflation in H1 turning to deflation in H2
- EBITDA margin 17.0% with +50bps expansion driven by cost efficiency initiatives and portfolio developments

Taste & Nutrition reported revenue of €6,975m reflected volume growth of 1.1% and positive pricing of 1.1%, more than offset by adverse translation currency of 3.4% and the effect of disposals net of acquisitions of 4.8%.

The division achieved solid overall volume growth against the backdrop of industry destocking and pricing dynamics. Foodservice achieved strong volume growth of 9.3% supported by innovation with quick service restaurants, fast casuals and coffee chains in particular, while lower volumes in the retail channel of 2.2% reflected customer inventory management and softer market dynamics.

From an end use market (EUM) perspective, Food achieved good growth led by Dairy, Snacks and Meat. This was supported by strong performances in savoury and culinary taste solutions, as well as Tastesense® salt and sugar-reduction technologies. Business volumes in emerging markets increased by 4.1% with strong growth in the Middle East.

Within the global Pharma EUM, volume growth was led by good performances in cell nutrition and in Kerry's clinically-backed branded botanical extracts.

**VOLUME GROWTH DRIVEN BY STRONG FOODSERVICE PERFORMANCE**

## Americas Region

- Overall volumes -1.8% reflected challenging market conditions
- Retail channel saw softer market conditions while foodservice performed well
- Within the Food EUM, good volume growth was achieved in Snacks and Dairy
- LATAM delivered overall growth despite softer H2 market conditions

Reported revenue in the Americas region of €3,772m reflecting volume and pricing reductions of 1.8% and 0.1% respectively, adverse foreign currency of 2.6% and the effect from disposals net of acquisitions of 4.9%.

Performance in the region reflected strong comparatives, customer inventory reductions and softer than expected market conditions, which continued to be a feature through to the end of the year. Performance in the retail channel was particularly impacted within the Beverage, Bakery and Meats markets, while growth in foodservice was supported by continued menu enhancement and back-of-house efficiency solutions. In North America, Snacks and Dairy achieved good growth driven by authentic taste-led innovations with global leaders, emerging brands and private label, while performance in Meat included a number of successful new launches incorporating Kerry's clean label preservation systems.

LATAM achieved overall volume growth led by Mexico with good performances in the Snacks and Meat EUMs, while Brazil experienced softer market conditions in the second half of the year.

**AMERICAS PERFORMANCE REFLECTED STRONG COMPARATIVES AND CUSTOMER INVENTORY MANAGEMENT**

## Europe Region

- Overall volume growth of 2.9%
- Dairy, Snacks and Meals performed very well
- Foodservice delivered strong growth

Reported revenue in the Europe region of €1,517m reflected volume growth of 2.9% and positive pricing of 6.4%, more than offset by adverse foreign currency of 1.4% and the effect from disposals of 10.0%.

Growth within the region was led by strong performances in the UK and Ireland. Dairy achieved good growth led by performances in dairy applications for the foodservice channel. Snacks delivered strong growth through savoury taste and Tastesense® salt reduction technologies, while Meals performance was supported by nutritional enhancements and authentic taste solutions in stocks and broths. Beverage also performed well, with good business development in the low and no alcohol category with our citrus range, sugar reduction technologies and botanicals portfolio.

The region achieved very strong growth in the foodservice channel driven by menu enhancement activity, seasonal products and ongoing nutritional profile improvements. As expected, performance in the retail channel softened through the year, reflective of constrained market demand given the recent inflationary environment.

# APMEA Region

- Volume growth of 6.2%
- Growth led by Bakery, Meat and Meals
- Foodservice delivered very strong growth

Reported revenue in the APMEA region of €1,647m reflected volume growth of 6.2%, lower pricing of 1.0%, favourable transaction currency of 0.1%, adverse translation currency of 6.6% and the effect from disposals net of acquisitions of 0.2%.

Overall growth in the region was led by a strong performance in the Middle East across the year. China delivered good growth considering local market dynamics, while performance in Southeast Asia was impacted by challenging market conditions through the second half of the year.

Strong growth was achieved in the foodservice channel through the year. This was led by Bakery with a number of new taste and texture innovations. Meat achieved strong growth, driven by local authentic taste launches with global and regional leaders, while Meals performed well through culinary taste systems and Tastesense® salt reduction technologies. Growth in the retail channel was supported by strong local authentic taste and probiotic innovations across Kerry's Food end use markets.

During the year, good progress was made in enhancing the Group's presence within the region. This included the expansion of Kerry's footprint in East Africa and the opening of its new authentic taste facility in Karawang, Indonesia to further support customers in key end use markets across Southeast Asia.

**OVERALL GROWTH IN THE REGION WAS LED BY A STRONG PERFORMANCE IN THE MIDDLE EAST**

# BUSINESS REVIEW

## DAIRY IRELAND

- Volumes -6.5% reflected challenging market environment and constrained supply conditions
- Pricing -9.3% with reduced pricing reflective of dairy markets
- EBITDA of €53m with margin reduction driven by the significant impact of changes in dairy market prices

Reported revenue of €1,283m and overall EBITDA of €53m in Dairy Ireland were lower in the year due to constrained supply conditions as well as elevated input costs impacting market demand dynamics.

Within Dairy Ingredients, overall performance was impacted by the sharp fall in dairy market sales prices particularly across the middle part of the year. Dairy Consumer Products performed well given the market context, supported by good growth in branded cheese.

**PERFORMANCE REFLECTED SIGNIFICANT REDUCTION IN DAIRY MARKET PRICES**

# SUSTAINABILITY REVIEW

## Delivering Sustainability Impact

In an era characterised by increasing environmental awareness and a pressing need for sustainable practices, the food industry is facing significant challenges.

With issues such as obesity and malnutrition, climate change, deforestation, food waste and plastic pollution among the most prevalent, we continue to play our part to bring about positive social and environmental outcomes that contribute to a more resilient food system.

Kerry has a pivotal role to play in enabling change. We are uniquely placed to influence the impact of food and beverage products and we partner with customers to co-create solutions that provide positive and balanced nutrition to consumers, while reducing their environmental impact. This is sustainable nutrition.

**CREATING SCIENCE-BACKED SUSTAINABLE NUTRITION THAT DELIVERS GLOBAL IMPACT**

Our *Beyond the Horizon* strategy is built on the framework of three pillars; Better for People, Better for Society and Better for Planet, and sets out our commitment to deliver better nutrition for consumers, manage our business and source our materials responsibly, whilst reducing our environmental footprint and that of our customers. We look to a future of sustainable nutrition; where consumers are offered sustainable choices, without compromise on taste or quality; a future where farmers are supported to produce in harmony with nature, employing practices that are regenerative; a future where all companies produce and consume while respecting the principles of the circular economy.

Core to our strategy is our ambition to reach over two billion people with sustainable nutrition solutions by the end of 2030. We will achieve this by innovating to create products and solutions that maintain good health, while protecting people and the planet.

## Sustainable Nutrition Spectrum

The first aspect of sustainable nutrition is about creating food that supports good health. Kerry has been working with customers for decades, to enhance the nutritional profile of their products, including the reduction of fat, salt and sugar, but more recently there is a growing emphasis on the positive wellbeing that can be derived from food products and a growing demand for products that offer health benefits beyond basic nutrition.

As a world leader in Taste and Nutrition, we create solutions that help our customers to respond to these evolving consumer demands. Across our own portfolio, we have made significant progress profiling our nutritional impact, as outlined in our Better for People section.

The second aspect of sustainable nutrition is producing food in a way that minimises negative impacts on people, society and the planet. This includes upholding the rights of workers, reducing carbon emissions, reducing food waste, water usage and more.

For Kerry, this means a holistic approach to health and wellbeing, with sustainable nutrition choices that are designed to enhance health whilst also fostering a more balanced relationship with the planet.

This sustainable nutrition strategy is made possible by partnering with our customers to guide, inform and support them on their journey along the spectrum of sustainable nutrition. As a trusted partner to the world's leading food and beverage brands, we are helping create a more balanced food system that produces better food for consumers with a lower impact on the planet.

## Sustainable Nutrition Spectrum

Kerry's *Beyond the Horizon* strategy is focused on enabling our customers overcome key challenges as they move across the sustainable nutrition spectrum.

## Supporting the UN Sustainable Development Goals

Kerry supports the UN Sustainable Development Goals. In particular, our business is focused on making the greatest contribution to goals 2, 3 and 12.

**GOAL 2:**
Zero Hunger

An example of our efforts in supporting this goal is our partnership with Concern Worldwide to help alleviate hunger and provide greater access to nutrition to people in parts of Kenya. Through our partnership, we help farmers adapt to the impacts of climate change and provide increased food security in the region. For more information, see page 60.

**GOAL 3:**
Good Health & Well-being

An example of our efforts in supporting this goal is our investment in Kerry's clinically-backed Sensoril® ashwagandha root-and-leaf extract which has become a preferred ingredient in the North American supplement market. It offers one of the lowest clinically substantiated doses of ashwagandha at 125mg per day, which has been shown to manage symptoms of everyday stress.

**GOAL 12:**
Responsible Consumption and Production

An example of our support towards this goal is the opening of Kerry's new Food Protection and Preservation Technology Hub in Wageningen University, Netherlands, to provide accelerated and differentiated solutions and food safety validation studies to address food loss and reduce food waste across the entire supply chain.

## Power of Partnership

Kerry recognises the need to intensify our collective efforts and we consider there to be power in partnerships. We support the United Nations' Sustainable Development Goals (SDGs), which unites us on a common path to more sustainable development by 2030 with governments, like-minded businesses and communities. We continue to invest significant effort and resources to increase our positive impact across multiple SDGs, and in particular, Kerry's business is focused on making the greatest contribution to goals 2, 3 and 12.

## Materiality Assessment

Our materiality assessment process enables us to identify and prioritise the most relevant sustainability topics for Kerry and thus to direct action and resources, through our policies and programmes appropriately. Our material topics are defined through a structured process that assesses impacts, risks and opportunities across our value chain. We typically complete a comprehensive review of material topics every three years, with an annual update in interim years. The last detailed assessment was conducted in 2021.

During 2023, we initiated a detailed assessment; enhanced for the European Sustainability Reporting Standards' double materiality requirements, in preparation for disclosure under the Corporate Sustainability Reporting Directive (CSRD). Double materiality has two dimensions, namely: impact materiality and financial materiality. Impact materiality relates to the impact Kerry has on Environmental, Social and Governance (ESG) issues (inside-out), while financial materiality relates to the impact that ESG issues have on Kerry (outside-in).

The outputs from this assessment will determine the materiality of a range of relevant topics for Kerry helping to inform the continued evolution of our *Beyond the Horizon* strategy, as well as providing the basis for future sustainability-related disclosures.

As part of our updated approach, we conducted contextual research to inform our material topics. We have consulted on these topics with functional leadership and subject matter experts to establish a long list for assessment. Using surveys, in-depth interviews and workshops, we have garnered insight from stakeholders including employees, investors, customers, suppliers, NGOs, and others

### Our Materiality Process:

| UNDERSTAND THE CONTEXT | TOPIC SELECTION | STAKEHOLDER ENGAGEMENT | MATERIALITY ASSESSMENT | REVIEW & REPORT |
|---|---|---|---|---|
| Assessment of the external environment to determine universe of topics | Refined topic list developed with reference to ESRS and definitions agreed | Detailed feedback received across stakeholder groups | Qualitative and quantitative inputs assessed to determine material topics | Topics validated through internal governance process and disclosed |

across key stakeholder groups. These insights are helping to inform the materiality of specific impacts, risks and opportunities using thresholds which have been aligned with our enterprise risk management framework. This process is supported by a core group of senior leaders and overseen by an Executive-led steering committee.

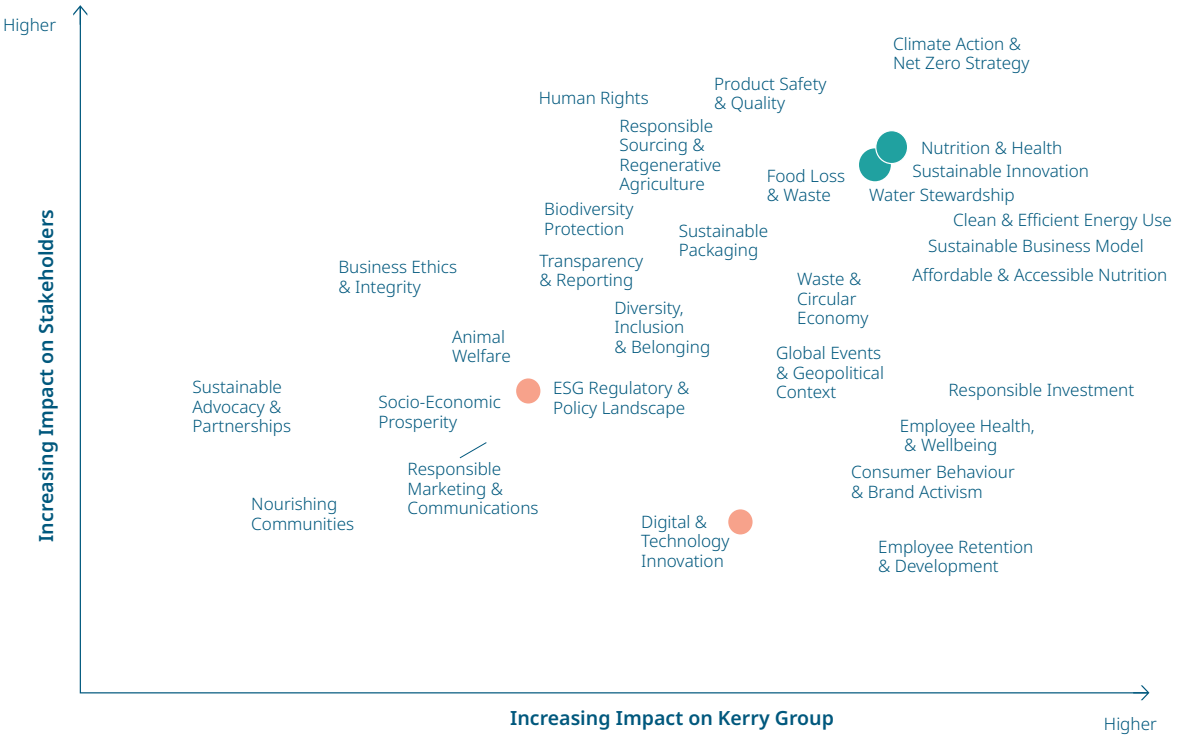
The provisional outputs from the double materiality process indicate broad alignment with topics in the following matrix, which were identified under our previous assessment. We will finalise our approach to double materiality in 2024, incorporating any additional insights within the final implementation guidance from the European Financial Reporting Advisory Group (EFRAG), as necessary.

Our material topics are incorporated as part of the broader risk assessment process, and further details of Kerry's principal risks are outlined in the Risk Management Report on pages 92-105. We respond to these issues through our *Beyond the Horizon* strategy and have a comprehensive governance framework in place to support our efforts, as outlined on page 119.

## Materiality Matrix

Identifying the material topics for Kerry

● Better for People  Better for Society  Better for Planet  Other
(Scale denotes Kerry's potential impact)



## External Recognition

We are pleased with continued external recognition of our efforts by independent observers, particularly the World Benchmarking Alliance's ranking of Kerry among the top ten most influential companies taking action on food systems transformation. Other notable achievements are outlined below.

### World Benchmarking Alliance:

Kerry is proud to be recognised by the World Benchmarking Alliance, in their 2023 Food and Agriculture Benchmark, as one of the world's top 10 organisations, for demonstrating a leading role across multiple sustainability areas and for our contribution towards the UN Sustainable Development Goals.

### ISS:

Kerry has achieved 'Prime' status according to the ISS ESG rating methodology, following an assessment in October 2023. Our rating places us in the top decile relative to our industry group. Kerry's ISS QualityScore also attributes the lowest risk score (1 out of 10) to Kerry in the areas of Social and Environment, as of their latest assessment for December 2023.

### FTSE4GOOD:

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

### MSCI:

Kerry has maintained its MSCI ESG Rating of AAA for its performance on Environmental, Social and Governance issues in 2023.

### Origin Green:

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

### Assurance:

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

### KPI Definitions and Scope:

For details of definition, scope and calculation methodologies for sustainability KPIs, see our 2023 Sustainability Report at kerry.com.

# BETTER FOR PEOPLE

Reaching more people with sustainable nutrition is not just a goal; it is a global imperative to ensure a thriving and healthy world.

## Creating a World of Sustainable Nutrition

At the heart of our *Beyond the Horizon* strategy is our goal to reach over two billion people with sustainable nutrition solutions by the end of 2030. We understand that this is not a journey we can undertake alone and we are committed to working with our customers to co-create and innovate for more sustainable consumer diets. Supporting our customers in discovering new and innovative formulations, is a pivotal way for Kerry to contribute to the achievement of several UN Sustainable Development Goals and most notably Goal 3 'Good Health and Well-being.'

## Nutritional Impact

Nutritional concerns from customers and their consumers have evolved from food safety and security to the increasing desire for more clean-label, proactive nutrition. Governments worldwide continue to introduce legislation that encourages healthier diets, which is expediting the pace of change within the food industry to produce healthier products. These regulations vary by region and include a tax on added sugar in beverages, a UK ban on marketing of foods high in saturated fat, salt or sugar (HFSS), along with the introduction of easy-to-read, front of pack labelling.

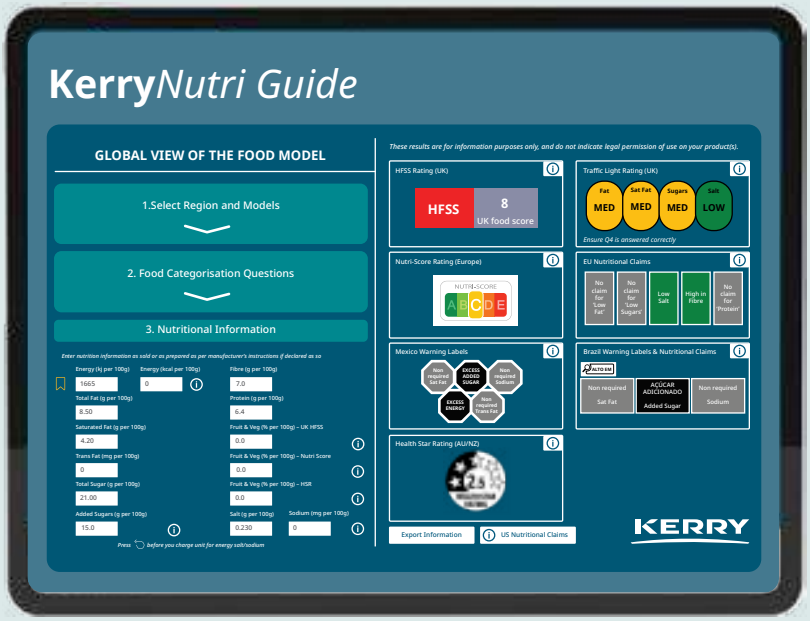
Equally the World Health Organisation continues to call on businesses and governments to reduce the risk of non-communicable diseases, malnutrition and obesity, including a reduction in consumption of salt and a reduction of saturated fats, sugars, and calories.

At Kerry, we utilise our expertise in nutritional profiling to support our customers in reaching their own sustainable nutrition goals leveraging the **Kerry***Nutri Guide* tool which was developed and launched in 2022. The tool measures the nutritional impact of our customers' products across 11 different, Government-endorsed, front-of-pack nutrition labelling systems and national legislation requirements representing Europe, UK, Australia, New Zealand, USA, Singapore, Brazil and Mexico.

## Measuring the Impact of our Portfolio

In the absence of an existing measurement framework to evaluate the nutritional profile of food ingredients, we have developed and published a methodology to assess our portfolio. Our industry-leading approach assesses the nutritional contribution of our ingredients to a final consumer product. As an industry leader, we have documented this methodology in a whitepaper, making it easier for others in the industry to assess and report upon their own impacts. For more, see Kerry's nutrition profiling methodology whitepaper at kerry.com.

**OVER THE COURSE OF 2023, KERRY*NUTRI GUIDE* HAS BEEN WIDELY UTILISED BY OUR RD&A SCIENTISTS AS A TOOL TO SUPPORT NUTRITION SIGNPOSTING FOR BRANDS COMMITTED TO PUBLIC NUTRITION TARGETS AND THOSE CARRYING FRONT-OF-PACK NUTRITION LABELLING IDENTIFYING OPPORTUNITIES FOR PRODUCT REFORMULATION**



## Expanding our Nutritional Reach

Our Sustainable Nutrition Spectrum, see page 47, integrates nutritional, environmental, and social measures, enabling us to act in key impact areas and strategically evolve our portfolio to support our customers in reaching their own sustainable nutrition goals. In 2023, we expanded our reach with positive and balanced nutrition solutions to 1.25 billion people, via geographical expansion into new markets and developing regions, through acquisitions, customer partnerships and the availability of new technologies within our portfolio. We also continue to maintain a Taste and Nutrition portfolio of more than 80% positive and balanced nutrition solutions.

Our 'nutritional reach' is a measure of the global population who consume our positive and balanced nutrition solutions and the calculation is based on a model that tracks and monitors performance at a product category and geography level. The calculation involves applying our nutritional profiling framework to our portfolio, to identify all solutions with a positive or balanced nutritional rating. Kerry's revenue associated with positive or balanced nutrition is then translated into the amount of people reached using data by country and end use market. Finally, statistical methods eliminate double counting.

**1.25 BILLION PEOPLE REACHED WITH POSITIVE AND BALANCED NUTRITION SOLUTIONS**

## Environmental Impact

The proliferation of eco-labelling and increased regulatory scrutiny of green claims, alongside a significant momentum from Net Zero carbon commitments, has led to the requirement for robust environmental data at product level. In 2023, we embarked on the development of a digitally-enabled approach to product carbon footprinting (PCF), which will calculate a carbon value for products within the Kerry portfolio. The methodology has been developed in partnership with an independent third-party, aligning with internationally recognised standards (ISO 14040/44) and industry best practice. Alongside this development, we have been piloting third-party life-cycle assessment platforms, which offer the potential to look at a greater range of environmental impact categories, beyond climate. This work will accelerate our innovation on lower-carbon products, support our customers on reformulation and provide them with enhanced Scope 3 data, enabling them to deliver on their own Net Zero commitments. Ahead of deployment, several independent Product Carbon Footprints have also been conducted on strategic categories within the portfolio.

Another proprietary tool and enabler that Kerry offers our customers, to progress their journey along the sustainable nutrition spectrum includes the **Kerry***Food Waste Estimator*, which allows consumers and manufacturers to quantify and understand the financial and environmental impact of reducing food waste either in the food chain or in the home.

## Science, Technology and Innovation

Science, technology and innovation is a critical enabler for the urgent transformation of our food system. Innovation comes in the form of new product launches, reformulations, menu and product labelling, improved food safety as well as smarter production and commercialisation techniques.

Our capabilities in this area are among the most advanced in the industry, with an innovation ecosystem spanning over 70 Technology and Innovation Centres globally, more than 1,100 scientists and 200 PhDs and Masters, as well as our independent Scientific Advisory Council, Kerry Health and Nutrition Institute®, Kerry's Insights Team and over 60 University and external partnerships, designed to pioneer sustainable solutions and bring cutting-edge innovation to our customers. During 2023, we invested €301.3m in RD&A (2022: €303.2m). For more on the breadth of our science ecosystem, and technology portfolio and expertise, see Our Technologies on page 30.

## Science Inspiring Sustainable Impact

### A PROBIOTIC ISOLATED FROM HUMAN BREAST MILK TO SUPPORT LACTATING MOTHERS

**Kerry has a leading portfolio of science-backed ingredients from natural origin to support women's health. This portfolio addresses unique, women's health concerns across various life stages and need states; maternal health, hormonal balance, fertility, menopausal symptoms, digestive health and skin health to name a few. Kerry's patented LC40® Breastcare is a natural probiotic, derived from breast milk which supports women who are breastfeeding.**

## HYDRATION WITH FUNCTIONAL HEALTH BENEFITS

**During the year Kerry partnered with a customer to create a unique, functional beverage to support long-term health and wellbeing for an ageing world population. With the benefit from Kerry's proprietary circadian and functional research and a co-manufacturing partnership, the result was a powdered beverage product line, featuring functional benefits from Ayuflex® and Capros®. Kerry's patented Ayuflex extract provides healthy joint support whilst Capros is the only natural botanical extract, derived from edible fruits of Amla, which has scientific backing in cardiovascular health, and is recognised as a super antioxidant that supports heart health.**

### Food Safety

The quality of the food we produce is a priority and a prerequisite for Kerry achieving our vision of becoming our customers' most valued partner, creating a world of sustainable nutrition.

Safety First, Quality Always reflects our collective and company-wide commitment to never compromise on the safety of our people as well as the safety and quality of our products. Food safety and quality are embedded in Kerry's culture and are a cornerstone of our shared values. Our customers and consumers trust that we ensure food safety throughout our supply chain from the ingredients we source, the processes we follow to the products we manufacture and distribute.

We approach food safety holistically, recognising its impact on supporting reliable food systems, ensuring more people have greater access to nutritious, sustainably-made food. In 2023, we had zero recall notifications (2022: two).

For information on our food safety standards, please see our 2023 Sustainability Report.

## PRESERVING FOOD SAFETY WHILST REDUCING WASTE

**Kerry's IsoAge patented antimicrobial technologies recently supported a customer by extending their fresh chicken shelf life by three additional days, while also protecting against pathogenic microorganisms. The clean label extract and vinegar-based antimicrobial technologies provide natural solutions for food safety and preservation, while maintaining a balanced sensory profile and reducing food waste.**

# BETTER FOR SOCIETY

Our work supports the broader sustainable development agenda, ensuring no one is left behind.

## Strengthening Communities

Access to the right nutrition is a foundational element for all communities, helping to improve outcomes for healthcare, education and equality. Beyond nutrition, we know we have an impact on society through the way in which we operate our business and the values we display in our daily interactions.

At Kerry, we deliver on our commitment to society by conducting business with integrity. We are dedicated to upholding our values and enhancing the lives of all those we work with, including employees, those in our extended value chain, and the communities in which we operate.

Our partnerships with Non-Governmental Organisations (NGOs) serve as an important means to broaden our reach and positively impact on some of the world's most vulnerable communities. Furthermore, our partnerships with farmers are central to the creation of positive long-term impacts, namely improving yields and providing greater economic security for these rural communities.

In this section, we outline some of the important areas where Kerry is making a positive contribution to the societies we operate in.

## Operating Responsibly

Kerry's Code of Conduct is intended to embody our purpose and act as a guide to help us live our values, obey the law and behave in an ethical manner. It defines the expectations of all Kerry colleagues, outlining the standards that must be upheld in important areas including human rights, business integrity and environmental compliance. It is based on the principles of protecting our people, working with integrity, safeguarding our information and our assets while caring for our communities. The Code of Conduct is available in 26 languages, ensuring every employee regardless of role, seniority or location can understand and adhere to the code. By the end of 2023, over 80% of required colleagues had completed this training (2022: >88%).

We make it clear to colleagues that any breach or suspected breach of our Code of Conduct should be raised through the available grievance channels. Our Speak Up Policy provides guidance for individuals on how to raise a concern, and our dedicated Speak Up facility is available via our website to colleagues and external parties who wish to do so anonymously. Any data related to such breaches is reviewed by the Business Integrity Committee, who provide oversight on all areas of ethical compliance across the Group. For more on our approach to business ethics and reporting of potential issues, see our 2023 Sustainability Report.

Kerry works directly at farm level supporting programmes that ensure better community outcomes.

## Protecting Human Rights

Kerry is committed to upholding internationally recognised human rights and we set clear expectations for all colleagues in our Code of Conduct and Human Rights Policy.

Kerry plants register with Sedex (Supplier ethical data exchange) which helps us understand potential risks and performance within our operations. Additionally, many plants undergo an independent Sedex Members Ethical Trade Audit (SMETA), or equivalent (based on customer requirements), which provides an independent assessment of our sites and the systems they have in place to control any risks identified. In 2023, 11 (2022: 38) of our sites underwent a SMETA audit.

Across our supply chain, our Supplier Code of Conduct is explicit in setting out our expectations of suppliers. We continue to monitor supplier compliance, taking a risk-based approach to this evaluation. In 2023, we conducted supplier seminars in APMEA and LATAM to highlight our requirements on social compliance and the benefits of Sedex and SMETA. We completed an annual high-risk country assessment to identify any changes to countries in scope for 2024. 88% (2022: 71%) of our suppliers in high-risk countries[1] were enrolled on Sedex and 65% (2022: more than half) of these have undergone a Sedex Members Ethical Trade Audit (SMETA).

At Group level, we carried out an independent Human Rights Assessment with an expert third-party, to evaluate our policies and processes and identify further opportunities for improvement both within our own operations and across our value chain.

Through this process, we identified several opportunities to strengthen Kerry's operational engagement and facilitate an improved escalation and risk management process. An immediate action resulting from this work has been the prioritisation of human rights within the established Social Sustainability Council.

## Safety at Work

At Kerry, we reinforce a culture of safety at work and we strive for zero safety incidents. We believe our employees are our most important asset, and their wellbeing is our top priority.

During 2023, we sadly lost a Kerry colleague to a workplace fatality at one of our manufacturing facilities. We extend our deepest sympathy to their family, friends and colleagues. A full and comprehensive investigation was immediately initiated following the accident. This investigation involved Kerry teams working in close partnership with all relevant third-party authorities and external experts. Learnings from this investigation have been shared across our manufacturing network.

Our determination to uphold a safe and secure working environment has been further reinforced. In recent years, we have transformed our approach and our enhanced safety programmes are a critical enabler as we strive to become an industry leader. We foster a Safety First, Quality Always culture within the organisation, and through targeted communication, workshops, and various leadership initiatives, we have seen a step change within our safety performance in 2023.

We continue to strengthen our safety programme focusing more on proactive activities, leading indicators, elevated safety standards, stronger audits, and focused risk reduction. As part of our transformation, we continue to engage our people and empower them to share the responsibility for their personal safety, as evidenced by the launch of our inaugural Environmental, Health and Safety and Food Safety Quality Learning Academy, an initiative that helps identify learning and development opportunities for employees and supports them to grow their career in this area.

Regular townhalls continue to reinforce the importance of safety in the workplace and recognise employees who exemplify the highest health and safety standards, which helps make our employees feel engaged and enthusiastic about safety and participate proactively.

**Safety**First
**Quality**Always

[1] This is measured as a percentage of total direct raw material spend.

In 2023, we have focused heavily on items such as employee risk assessments, hazard recognition, training and education and leadership commitment. As we grow our employee engagement, we continue to encourage transparency and create an environment for continuous improvement.

At year end, our total incident rate has reduced to 0.91 (2022: 1.26), representing continued progress in the reduction of injury. For more detail on our health and safety performance, see our 2023 Sustainability Report.

## Sustainability Essentials

Every employee at Kerry has a role to play in creating a world of sustainable nutrition. To support them in understanding our commitments and the role they can play, we launched an award-winning development programme in 2023 called 'Sustainability Essentials'.

This voluntary online training is designed to elevate company-wide knowledge, confidence, capability and engagement in this crucial area, as we work towards our common goals. The programme includes modules on Nutrition and Health, Climate Change, Responsible Sourcing, Circular Economy and Social Impact, which were launched on a phased basis from April 2023 onwards and received an industry award from the Irish Institute for Learning and Development.

Employee feedback has been extremely positive with almost 90% of participants confirming they understand the role they can play in supporting Kerry's vision for a world of sustainable nutrition. In 2024, we will launch the next phase of the programme to a more targeted audience, providing them with deeper and more practical insight on specific topics directly related to their roles, to ensure adoption of best practice and improve decision-making.

## Diversity, Inclusion and Belonging

Our people are central to co-creating a world of sustainable nutrition with our customers, so ensuring the workplace is a safe environment, where they can bring their full self to work, is paramount. Kerry's global footprint and access to local markets gives us incredible exposure to diverse thinking, cultural perspectives and different experiences. Today we have a presence in over 55 countries with 119 different nationalities in our global workforce.

Our Diversity, Inclusion and Belonging team, employee network groups and our leaders across the business continue to champion and celebrate the many different attributes among Kerry's employee community, fostering an inclusive environment that enables our people to be at their best and continue to drive positive change.

In 2023, to elevate our strategic focus across the Group, we appointed a Global Director of Diversity, Inclusion and Belonging. We engaged an independent partner to review our overall progress to date and the results were shared with the Global Diversity, Inclusion and Belonging Council, which is accountable, on behalf of the Executive Leadership Team, for continuing to evolve our ambition in this space and ensure achievement of agreed organisational commitments. As a result of this review, we will focus on strengthening inclusive leadership behaviours, promoting equitable experiences and improving education and awareness across all aspects of diversity within Kerry in 2024.

We continue to see positive momentum towards our goal of building a diverse organisation. We now have 34% (2022: 33%) of women represented in our senior leadership roles[2], and 37% (2022: 36%) represented in our senior management roles[3]. In 2023, 83% of senior management at our significant locations were hired from within the local community (2022: 84%).

This year, Kerry became a signatory of the Women's Empowerment Principles (WEPs), established by the United Nations (UN) Global Compact and UN Women, and we will continue to maintain and further accelerate our progress on improving gender diversity in 2024. For more detail, see our 2023 Sustainability Report.

For more details on our strategy and performance, see our People section on page 14 and our 2023 Sustainability Report.

Kerry's Sustainability Essentials team accepting their Learning & Development Excellence award.

[2] Senior leadership is defined as approximately the top 450 employees.
[3] Senior management is defined as approximately the top 1,500 employees.

Children receiving UHT milk as part of WFP school feeding programme in Gitega, Burundi.
Photo: © WFP/Irenee Nduwayezu

## Increasing Access to Nutrition for Vulnerable Communities

To support vulnerable communities, we collaborate with respected international NGOs, to establish sustainable initiatives which aim to enhance their long-term health and wellbeing.

### Improving dairy farming and access to dairy in Burundi

In 2023, Kerry's Project Amata continued to assist the Gitega community in Burundi with food security, productive and stable dairy farming and processing practices, improving access to nutrition in a country that remains vulnerable to rising international food prices and drought. With Kerry's expertise and financial support, the programme enrolled over 150 additional farmers onto the programme in 2023, helping to provide practical support and best agricultural practices to make their farms successful. To improve performance, the project has launched an animal identification system and a breeding programme involving almost 500 cows, with calves due to be born in early 2024. Kerry also shares its expertise with the local milk processor, Modern Dairy Burundi, to improve efficiencies and reduce waste at a milk processing level.

One of the primary objectives of Project Amata is to raise awareness of the nutritional value of dairy within communities to support an overall increase in milk consumption and help alleviate malnutrition. To deliver on this objective in 2023, theatrical community plays were produced across three different project locations, attended by over 1,000 adults and children. Following this, community discussion sessions were held on the topic, facilitated by Vétérinaires Sans Frontières (VSF), our local implementation partner whom Kerry have trained on dairy's nutritional components.

### Improving Food Security

Kerry's Agricultural Livelihoods Improving Value Chains and the Environment (ALIVE) Programme with Concern Worldwide aims to improve access to nutrition and food security and is aligned to SDG 2: Zero Hunger. The programme's core objective is to help farmers adapt to the impacts of climate change and provide increased food security in the region. The programme is creating a regional value chain for mango production, establishing a new income stream for families, with a more resilient crop that is better suited to the regions' changing climate.

Significant progress has already been made in the programme's first year, with over 3,500 farmers trained in climate resilience and agronomics, and over 22,600 mothers and young children reached with nutrition education, malnutrition screening and self-referral via newly-trained, community health volunteers. The cumulative agricultural subsidy has enabled production of over 456,000 kgs of diversified food crops.

**THE CUMULATIVE AGRICULTURAL SUBSIDY HAS ENABLED PRODUCTION OF OVER 456,000 KGS OF DIVERSIFIED FOOD CROPS**

Mwanaesha Haluwa Haji tends to a plot of maize in Makere village in Kenya's Tana River County. Photo: Lisa Murray/ Concern Worldwide, 2023

Coffee grower in Peru, within Kerry's Café Femenino programme.

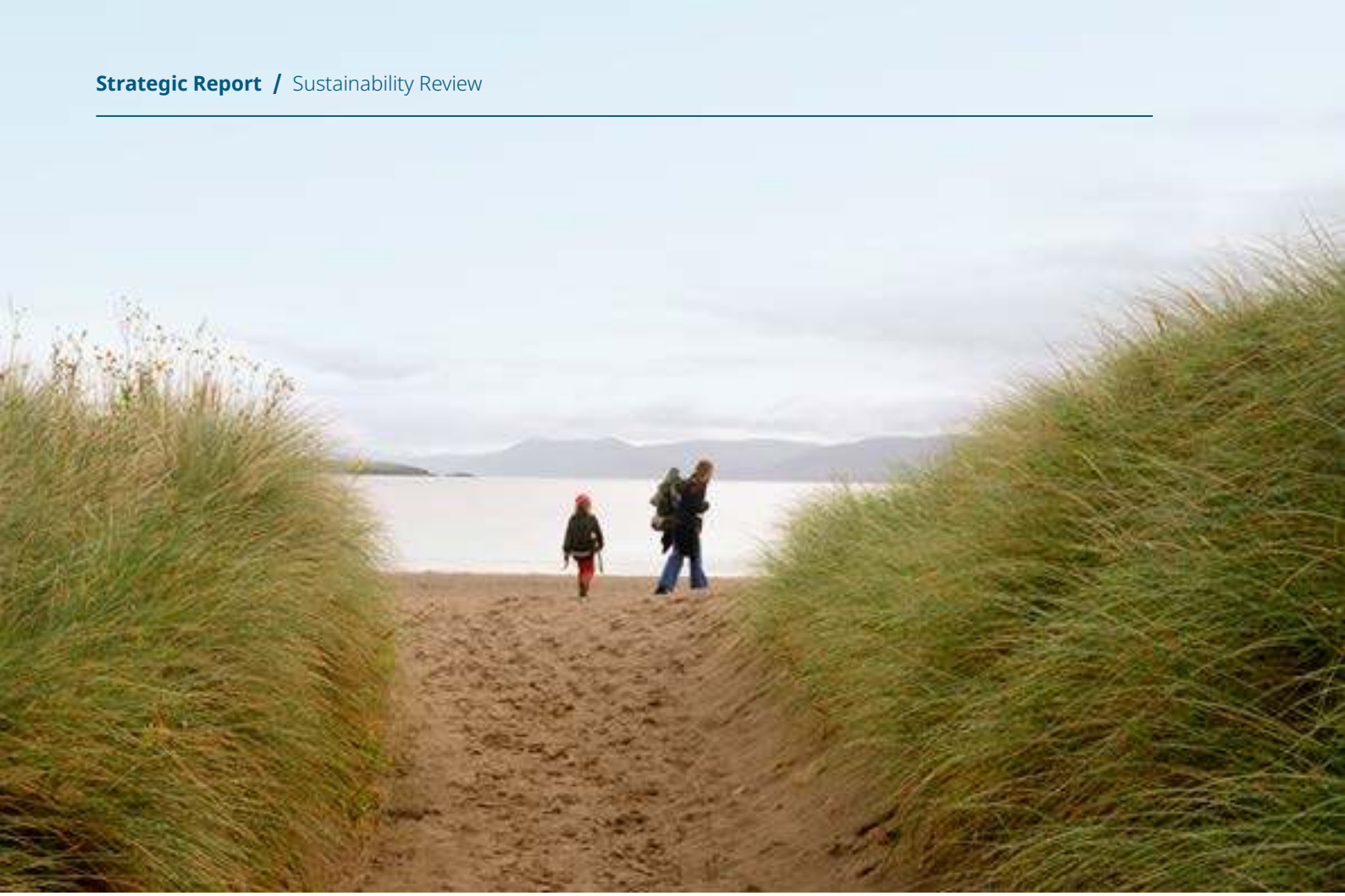
## Future-proofing coffee farming in Peru

In 2023, Kerry continued to support communities in Peru, through our Café Femenino advocacy programme. Several weather-related events, including a cyclone and heavier than normal rainfall, affected the coffee producers and their communities in the region during the year. Kerry's financial support provided emergency food relief for almost 1,000 families who found themselves isolated for months due to landslides and helped cover other costs to recover damaged irrigation systems, replace coffee trees and provide coffee seedlings to help the producers get back on their feet. We also continue to support education and training with a particular emphasis on women growers via special coffee programmes and workshops, to end the cycle of poverty affecting women coffee farmers, and ensure coffee farming is future-proofed in the region.

## MyCommunity

Kerry is proud to support local communities where we operate, via our unique MyCommunity programme, which offers each employee a paid volunteer day, and gives our sites the freedom to support community initiatives that matter most to them.

MyCommunity activities in 2023 included financial aid to those organisations carrying out disaster relief efforts in Turkey and Syria; supporting the Selo Amor Espresso programme in Campinas, Brazil, which empowers women in vulnerable situations by providing work opportunities through barista training; providing funding and volunteering to support the local community in Mozzo, Italy, who were affected by deadly floods; packing almost 800,000 meals by over 100 volunteers from our site in Beloit, US, for children in Zambia, Dominican Republic and Ecuador; and providing volunteers and monetary support to Eat Up, a charity in Murrarie, Australia, that makes and delivers lunches directly to schools for vulnerable children.



# BETTER FOR PLANET

Through innovation, sustainable practices and a commitment to a greener future, we are actively contributing to building a brighter future for generations to follow.

The third and final pillar within our sustainability strategy is focused on the impact we can have in addressing some of the world's most pressing environmental concerns.

Food security plays a pivotal role in achieving global sustainable development objectives. However, the food and beverage industry, with its significant environmental impact, requires urgent transformation.

Addressing these environmental challenges requires a collective effort from all parts of the value chain amid growing scrutiny from stakeholders and a heightened awareness of the interconnected challenges of climate, water, waste, and biodiversity.

Embedded within our *Beyond the Horizon* strategy are our environmental objectives spanning key impact areas such as climate, water, and waste extending beyond our operations into our value chain. These objectives not only support the UN SDGs but also reflect our vision for a world of sustainable nutrition.

## ACCELERATING OUR IMPACT

In partnership with other industry leaders, Kerry is sponsoring a new and ambitious programme that aims to make Ireland a leading global platform for innovation in sustainability. The 2050 Accelerator brings industry leaders together with start-ups to achieve our common goal of decarbonisation across various industries. Through the programme, Kerry identified viable projects from innovative start-ups that address animal health and soil nutrition, which will be piloted in 2024, with the intention to scale up, where successful, and provide a feasible route to market.

### Advancing Climate Solutions: Our Commitment in Action

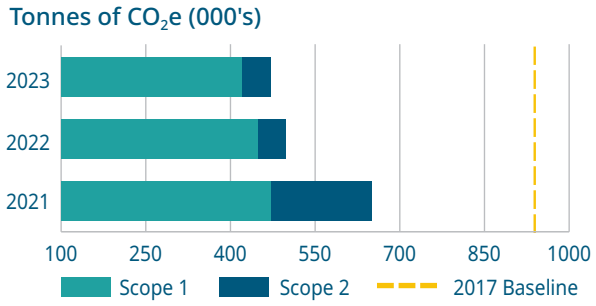
The global response to the climate crisis has been too slow, contributing to changes in ecosystems which we are highly dependent on. Nevertheless, stakeholders' increasing awareness of the impacts of climate change and a growing consensus on the need to act, provides an opportunity for collective effort across society.

Kerry's holistic view of the industry, from family farms to consumer demand and every stage in between, means we are uniquely positioned to identify and support our customers in addressing some of these global challenges. Through our support for better agricultural practices, developing products that allow our customers to prevent food waste and improving processing efficiencies, we directly contribute to the reduction of our industry's environmental impact.

We have set a target to reduce our Scope 1 and 2 emissions by 55% by the end of 2030, compared to our 2017 base year, and this target has been validated by the Science Based Targets initiative (SBTi) as aligned with the reductions required to limit global average temperature increases to 1.5°C by the close of this century. To help us achieve this goal, 94% of our electricity purchases across the Group were from renewable sources or backed by renewable energy certificates in 2023 (2022: 95%), which makes a significant contribution to the reduction in the carbon emissions from our operations. As part of our commitment to the use of renewable electricity, we are exploring greater use of direct contractual arrangements and Power Purchase Agreements (PPAs).

**AS PART OF OUR COMMITMENT TO RENEWABLE ENERGY, WE COMPLETED AN ON-SITE SOLAR GENERATION PROJECT AT A SITE IN THE UK AND CONCLUDED A PARTNERSHIP WITH ONE OF AUSTRALIA'S GREENEST ELECTRICITY PROVIDERS, CONTRACTING WITH THEM TO ENSURE ALL OUR AUSTRALIAN SITES' ELECTRICITY IS NOW LINKED TO 100% RENEWABLE SOURCES**

## Carbon Performance (Scope 1 & 2)




Notes:
Our waste data reflects waste produced across our manufacturing facilities.
Landfill volumes include waste sent for incineration without energy recovery.
For more information on our reported performance, including boundary and scope, see our 2023 Sustainability Report at kerry.com.

## OIL TO GAS CONVERSION

During the year, Kerry invested €1m at one of our sites in Brazil, to convert the use of Heavy Fuel Oil (HFO) to liquified natural gas, a fuel with 30% less carbon intensity, compared to HFO.

For our Scope 1 emissions, we have driven reductions over the last decade, through a sustained focus on carbon efficient production, energy efficiency and conversion to lower-carbon fuels. These elements continue to be the primary levers in our reduction strategy and the means by which we will make progress towards our 2030 target and longer-term Net Zero ambition. Examples of projects completed during 2023 include a shift to cleaner fuel, 30% less carbon intense than the fuel which was replaced, at a site in LATAM, while other projects have included energy efficiency measures in APMEA and a heat recovery project at a site in Ireland.

By year end we achieved a 48% reduction in Scope 1 and 2 emissions, compared to our 2017 base year (2022: 45%).

Notwithstanding the progress made towards our 2030 target and longer-term Net Zero ambition, we are focused on maintaining our efforts for long-term impact. During 2023, we continued to build a pipeline of future projects and explore the potential pathways that will deliver our Net Zero goal. The scale and speed of implementation will vary as we continue to learn about which solutions offer the greatest potential, but each will contribute to the achievement of our goals. In addition, we have identified key enablers of our vision, from training and capability building to enhancing decision making for capital investment and continuously refining our carbon measurement.

**48% REDUCTION IN SCOPE 1 & 2 GHG EMISSIONS SINCE 2017**

## Our Value Chain

Given our from-food-for-food heritage, the most significant proportion of our carbon footprint derives from indirect Scope 3 emissions, accounting for approximately 95% of our total emissions. Kerry has an approved science-based target of 30% reduction in Scope 3 emissions intensity by the end of 2030, compared to our 2017 base year.

Identifying the source of our emissions in more detail is a crucial step to help us prioritise areas of improvement, and develop targeted, mitigation strategies to address the highest-emitting sectors effectively, as well as helping us to allocate resources more efficiently.

In 2023, we continued to invest in the development of our Scope 3 reporting, bringing greater standardisation to our approach and aligning with the latest Intergovernmental Panel on Climate Change (IPCC) guidance. We have also taken actions, which will continue into 2024, to align our Scope 3 inventory with Forest, Land and Agriculture (FLAG) guidance under SBTi, which is applicable for our sector.

Given that dairy is the largest contributor to our Scope 3 emissions, it is a focus area for engagement, both in terms of mitigation but also for the sourcing of more accurate emissions data.

Engagement with our suppliers is key to making continued progress towards our Scope 3 target and was a key focus during 2023, enabling identification of farm-level interventions, areas for collaboration and improved data access. These activities, along with lower emissions from dairy and changes in our product portfolio contributed to the reduction in our Scope 3 emission intensity of 9% in 2023, compared to our 2017 base year. (2022: 8%). For more details on Scope 3 see our 2023 Sustainability Report.

### CDP

We engage with our stakeholders on key environmental impact areas through CDP, aiming to continuously enhance our disclosures. In 2023, Kerry achieved a CDP Climate score of B.

### SBTi

Kerry's Scope 1, 2 and 3 carbon targets are approved by the Science Based Targets initiative (SBTi). Our Scope 1 and 2 targets are aligned with a 1.5$^{0}$C pathway and we continue to engage with SBTi on changes to Scope 3, considering their recent guidance on emissions relating to Forest, Land and Agriculture (FLAG), which is applicable for our business.

## HARNESSING WASTED HEAT

In 2023, Kerry made a number of investments in economisers, which capture otherwise wasted heat from the exhaust gases of boilers and use this to pre-heat water to the boiler. These projects will contribute to energy and carbon reduction.

## Adopting a More Circular Economy

Humanity is using the earth's resources 1.7 times faster than our planet's ability to regenerate. That's the equivalent of using the resource of 1.75 earths[1].

At Kerry, we seek to make the most efficient use of resources and to minimise all waste. Globally, we are committed to zero waste to landfill by the end of 2025, across our sites. We find new, innovative ways to prevent or reduce the generation of waste, to recover surplus materials for re-use and we make a concerted effort to keep materials in productive use for longer and capture additional value from what were previously considered waste streams. We seek to ensure our own waste streams are put to productive uses and encourage our teams to consider how they approach waste, with a principle of Reduce, Reuse, Repurpose and Recycle.

In 2023, 93% of our waste volumes went towards recycling or recovery (2022: 93%) and 96% of all waste volumes were diverted from landfill (2022: 95%).

## 2023 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 on our reported performance, including boundary and scope, see our 2023 Sustainability Report at kerry.com.

[1] LPR_2022_Full-Report.pdf (footprintnetwork.org)
[2] Landfill volumes include waste sent for incineration without energy recovery

## Minimising Food Loss and Waste, Maximising Impact

Addressing food loss and waste not only provides a means to lessen the environmental impact of food production, it also presents a substantial business opportunity through extended shelf life, which translates to lower production costs and higher profitability for customers.

Our commitment to minimising food waste aims to contribute to a more efficient and sustainable food chain. We are committed to a 50% reduction in food waste across our operations by the end of 2030, aligning with the food waste target under SDG 12.3. We maintained a strong performance on this issue in 2023, achieving a reduction of 39%, compared to our 2017 base year (2022: 41%). The divestment of our Sweet Ingredients Portfolio, during 2023, has contributed to the reduction in food waste reported in prior periods.

Our efforts involve working across sites to understand the key drivers of food waste locally and implementing the most appropriate actions to deliver on our target. For example, some waste streams can be recovered as an input to other processes, others can be turned into biofertilisers or animal feed, and some finished products can be distributed to local charities and food banks.

## Food Protection and Preservation

Our industry-leading portfolio of clean label and conventional food protection and preservation technologies is uniquely positioned to reduce food waste in the value chain, particularly downstream. The bakery and meat end use markets represent the most significant categories where food is lost or wasted by volume and value and Kerry's technology portfolio provides an opportunity to make a positive impact.

To help our customers understand the impact of food loss and waste on their business and the environment, we developed and launched the **Kerry***Food Waste Estimator* to simulate the prospective advantages of minimising food waste through shelf-life extension. For more information, see page 53.

The opening of our new Technology Hub for Food Protection and Preservation in Wageningen University, in the Netherlands, enables us to provide accelerated and differentiated solutions and food safety validation studies to regional customers to help combat food loss and reduce food waste across the entire supply chain.

**39% REDUCTION IN FOOD WASTE SINCE 2017**

## Addressing Plastic Waste

We support the transition to a more circular economy for plastics and have set a target to make all our plastic packaging reusable, recyclable or compostable by the end of 2025. Through innovative design and a targeted effort to reduce volumes of plastic used, while maintaining product safety, we continue to make progress towards our 2025 target. At the end of the year, 85% of our plastic packaging was reusable, recyclable or compostable (2022: 74%).

We are also finding ways to use less virgin plastic. Our sites in Europe now use 100% recycled plastic pallets and our team in North America achieved a significant reduction in the volume of plastic wrap used through the implementation of new stretch film technology.

## Protecting Water Resources

Water plays a crucial role in sustaining our business operations. As a shared resource, we acknowledge the importance of responsible water management and are committed to reducing water withdrawal intensity, safeguarding water sources, and ensuring equitable access for other stakeholders.

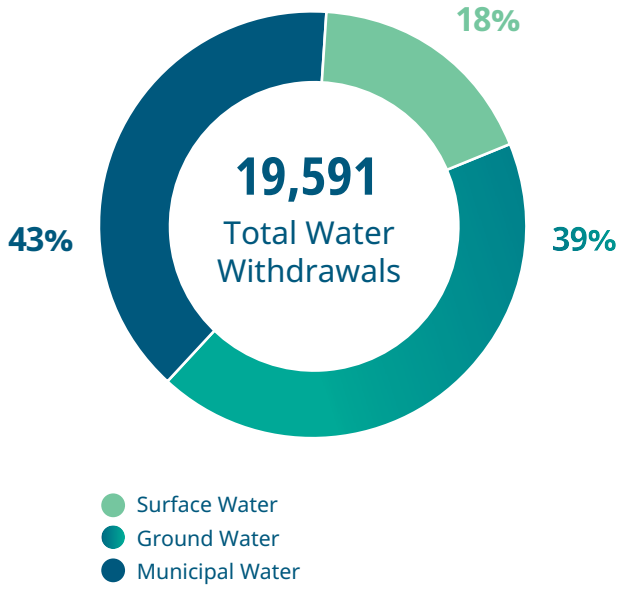
Across our operations, we are targeting a 15% reduction in water withdrawal intensity by the end of 2025. To achieve this goal, we are focusing on water efficiencies across our sites and investing in capital projects at key locations. At our site in Plant City, Florida, a capital investment is supporting the transition of our cooling system with an opportunity to save over one million cubic metres of water per annum, while an ongoing investment in Montgomery, Alabama, will be completed in 2024 and is expected to deliver a similar water reduction impact. Once completed, these projects will contribute to our overall 15% reduction target by the end of 2025. In 2023, changes in our product mix had an impact on performance and we recorded a reduction of 3% in the Group's overall water efficiency, compared to our 2017 baseline (2022: 4%), however, with the projects underway and our broader focus on continuous improvement we are confident of delivering against our 2025 target.

We also understand that water discharges from our sites can have an impact on local water quality and we have measures in place across our sites to ensure we protect local water sources. We track and monitor compliance with relevant water standards on an ongoing basis. When we become aware of issues at a site, we take appropriate actions to prevent any further impacts and may include remediation where relevant. For more details on our water use, see our 2023 Sustainability Report.

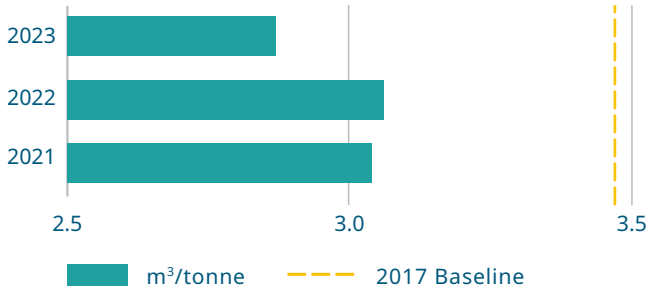
## Water Risk

Using the World Resources Institute's Aqueduct Tool, we identify manufacturing facilities that may be more vulnerable to water risk. In these areas, our focus lies on water availability and/or water quality and across these locations we are building on a programme of water audits to identify water reduction opportunities.

### 2023 Water Withdrawal by Source (Megalitres)




### Water Withdrawal Intensity at Higher Risk Sites




Notes:

Water withdrawal intensity is a relative measure of metres cubed ($m^3$) divided by tonnes of finished product produced.

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

For more information on our reported performance, including boundary and scope, see our 2023 Sustainability Report at kerry.com.

## Protecting Biodiversity

Biodiversity loss is an increasingly material topic for Kerry and we continue to explore a holistic approach to preserving the world's natural resources while continuing to implement related initiatives through our operational commitments, deforestation strategy and dairy accelerator programme. Among our key initiatives we are committed to eliminating deforestation and conversion across targeted supply chains by the end of 2025, focusing on those that are the leading drivers of forest loss, including palm, soy, pulp & paper, cocoa and coffee. We are members of several multi-stakeholder initiatives focused on this area including the Roundtable on Sustainable Palm Oil (RSPO), SAI Platform (including their deforestation workstream within the Sustainable Dairy Partnership (SDP) and others. For more on our evolving approach to preserving biodiversity, see our 2023 Sustainability Report.

## Responsible Sourcing[1]

At Kerry, we are committed to ensuring that 100% of our priority raw materials are responsibly sourced by the end of 2030. 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 where necessary, direct programmes at farm level to influence change.

Our responsible sourcing strategy emphasises transparency, environmental stewardship and ethical considerations throughout our supply chain, and we strive to support suppliers who share our values. Throughout 2023, we continued our engagement with suppliers to better understand the challenges and emphasise our criteria related to our responsible sourcing commitments as outlined in the examples below:

### Palm Oil

Kerry purchases processed palm oil and derivatives from refiners and other processors who in turn purchase crude palm oils from mills, which limits our direct interaction with plantations and smallholders in the supply chain. Therefore, supplier engagement is of paramount importance to understand their action plans and progress towards our DCF objective.

Kerry's memberships and partnerships with representatives from across the industry, strengthen our contribution to sustainable practices in the palm oil industry and open opportunities for us to make a more positive impact.

Throughout 2023 Kerry was actively engaged in the Palm Oil Collaboration Group (POCG). The POCG has developed the Implementation Reporting Framework (IRF) which provides a shared and consistent view throughout the supply chain of progress towards No Deforestation, No Peat and No Exploitation (NDPE) commitments.

In 2023, 24% of our palm volume was certified RSPO Segregated (SG) or Identity Preserved (IP) (2022: 19%), with an additional 24% DCF compliant through third-party verified NDPE IRF profiles[2].

In addition to multi-stakeholder collaboration within POCG and RSPO, we have had strong engagement in the form of meetings and workshops with suppliers to further increase transparency in our supply chain.

[1] For more information on our reported performance, including boundary and scope, see our 2023 Sustainability Report at kerry.com.
[2] Calculation uses 2023 volumes with 2022 IRF third-party verified profiles, which are the most up to date profiles available at 31st January 2024.

## Soy

The size and scale of Kerry, the complexity of our supply chain and our diverse portfolio means traceability of our soy volumes right back to field level is challenging.

There is a shortage of readily-available DCF certified soy in the market, which is a challenge the industry needs to address with urgency. Consequently, we see industry collaboration and partnerships as a key enabler to improve traceability of soy and provide verification that the volumes in our supply chain are not linked to DCF practices.

In 2023, we continued to make progress in collecting traceability data, with 31% of the soy products we purchased identified as originating from countries with a low risk of deforestation and conversion (2022: 12%).

During the year Kerry partnered with the World Wildlife Fund (WWF) to explore the development of pathways towards a DCF supply chain, to better understand the challenges we face when sourcing soybean products, and to identify best practice solutions to address them. The collaboration reinforced Kerry's need for robust supplier engagement, with the players involved in farming, transportation and processing to the aggregators, in particular, whom have the greatest influence in creating solid traceability systems. In addition, the collaboration highlighted the importance of taking an integrated approach to carbon, land conversion and biodiversity to accelerate DCF progress, given emissions from land use change represent a significant proportion of the carbon footprint of soy products.

## Dairy

As a global dairy buyer, we play an important role in creating value and demand for dairy ingredients that are produced with a lower environmental impact. In 2023, 30% of our volumes came from dairy processors who are members of the SDP, up from 15% in 2022, with 7% fully meeting the requirements of SDP stage three. As a relatively new platform, we continue to engage our suppliers to overcome challenges and detail the benefits provided by SDP membership.

Kerry's *Evolve* Dairy Sustainability Programme, launched in 2022, is designed to support the accelerated adoption of sustainable science-based actions and best practice within our dairy supply chain in the Southwest of Ireland. The programme is underpinned by the Teagasc Marginal Abatement Cost Curve (MACC), for Irish Agriculture, which sets out proven, science-based actions that farmers can take to reduce on-farm carbon emissions.

We support almost 3,000 farmers in the southwest of Ireland, by sharing techniques to help reduce carbon and ammonia production and improve water quality. These include better grazing and water management practices, innovations in animal health and welfare and insights into the benefits of biodiversity.

## Non-Financial Reporting Statement

We comply with regulations on non-financial reporting and provide information on required topics across this report and within our 2023 Sustainability Report. For environmental metrics, prior years are restated to provide a like-for-like comparison. 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 92.

| Reporting Requirements | Our Policies | Page Reference |
|---|---|---|
| Environmental Matters | Environmental Policy | Page 62-69 |
| Social and Employee Matters | Health & Safety Policy; Group Code of Conduct; Diversity, Inclusion & Belonging Policy; Speak Up Policy | Pages 14-23, pages 56-59, and 120 |
| Respect for Human Rights | Human Rights Policy | Page 58 |
| Anti-Bribery and Corruption | Anti-Bribery Policy; Group Code of Conduct | Pages 57-58 |
| Business Model | | Page 24 |
| Non-financial KPIs | | Pages 34-35 and 46-69 |

# CLIMATE-RELATED RISK AND OPPORTUNITY

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

According to the World Meteorological Organisation (WMO)[1], the planet is not on track to meet its climate objectives and scientific findings indicate that we will not meet the UN Sustainable Development Goals (UN SDGs). With limited progress in reducing the emissions required to achieve the temperature goal of the Paris Agreement, the world needs urgent, ambitious mitigation measures and large-scale, systemic transformations.

[1] The United in Science 2023 report is a multi-agency report coordinated by the Meteorological Organisation. United in Science 2023 (wmo.int) strategic decision-making process.

At Kerry, our *Beyond the Horizon* strategy is aligned to the ambitions set out by the UN SDGs, to address economic growth, social inclusion and environmental protection and we continue to act, to secure a sustainable future. Sustainability is embedded in our strategy and vision and we can play an important role to help transform global food production through innovation, our technology portfolio and the integration of climate-change mitigation strategies into our everyday operations.

The following statement sets out our climate-related financial disclosures and is consistent with all four recommendations and 11 disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) per the requirements set out in the UK Financial Conduct Authority's Listing Rule 9.8.6R(8).

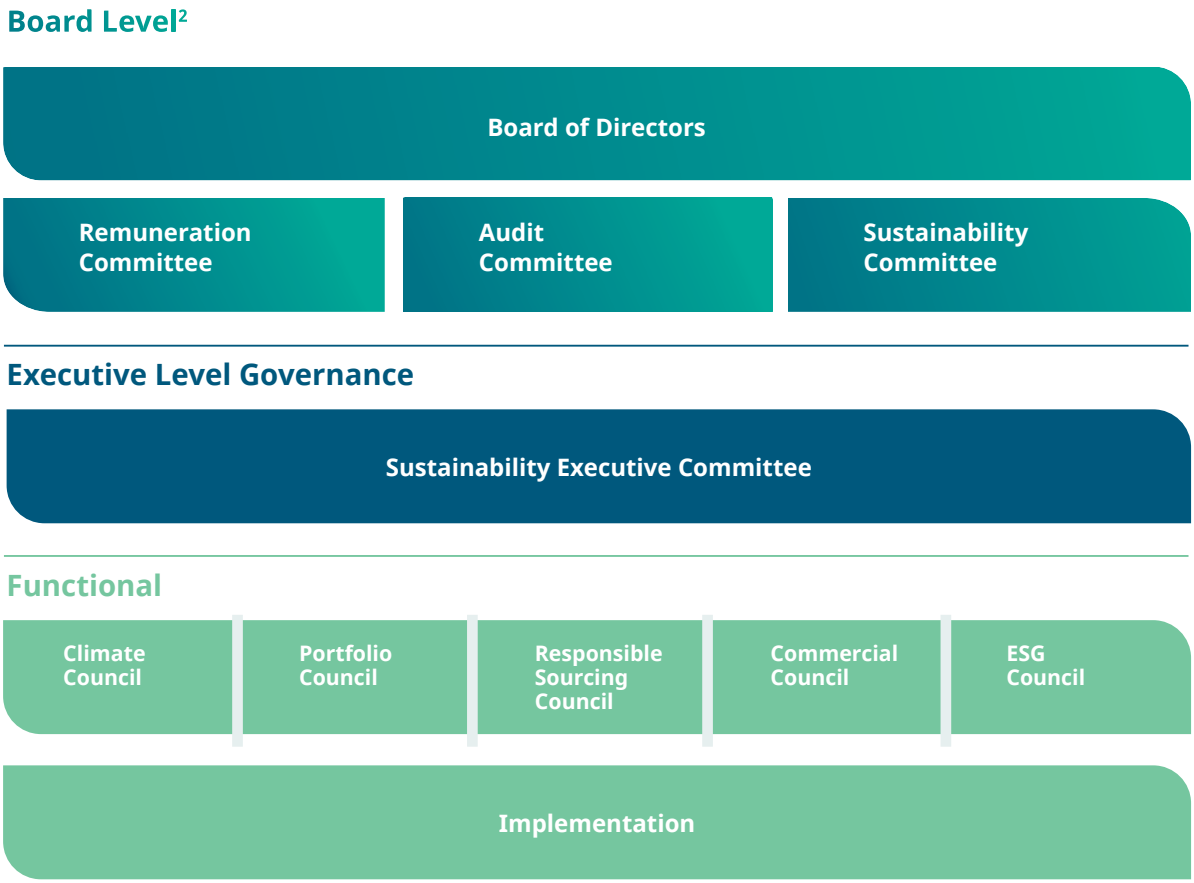
## Governance

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

The Governance, Nomination and Sustainability Committee (GNS) was established in 2021 and was led by the Group's Chairman. During 2023 we established a standalone Sustainability Committee which was established to ensure appropriate emphasis is given to this important and evolving area. This Committee takes a lead role in Board guidance and oversight of the Group's actions on climate change, as part of its role in governing Kerry's broader sustainability strategy. Membership of this Committee includes Board members with deep experience across food and beverage. For additional information, refer to the Sustainability Committee Report on page 148. Further details of Board members experience can be found on pages 108-111.

### Board Oversight of Climate Change Impact

The Board and/or its relevant Committees received eight dedicated updates from senior executives including the Group Head of Sustainability, the Chief Corporate Affairs and Brand Officer and the sustainability reporting team on matters including the Group's performance on its climate goals and strategy, climate-related risks and opportunities and our climate-related disclosures. In addition, details relating to climate change are provided by other




[2] Represents Climate Governance as at 31st December 2023.

leaders as part of their functional updates, ensuring that it is increasingly integrated into the broader strategic decision-making process.

In 2023, potential climate impacts were considered by the Board across a range of areas including decisions on major capital expenditure and business acquisitions. The Board also considered climate-related metrics as part of the Group's financial and business planning cycle, with climate-related metrics incorporated within the budget review process, alongside indicators on growth, financial performance and returns. The Sustainability Committee engaged with Executive Leadership on climate-related risks and assessed how these have been reviewed and reported on as part of the overall risk management process in 2023.

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

The Board is supported by the Sustainability Executive Committee. This committee replaces the Global Sustainability Council and is chaired by the Chief Corporate Affairs & Brand Officer and was formed to steer the company's investment and progress towards our 2030 commitments across people, society and planet, as outlined in our *Beyond the Horizon* strategy. The Committee includes Kerry's CEO, CFO and other members of our Executive Leadership Team, who met four times in the year to align our strategy, review progress and prioritise activities. This Committee is also the Executive forum where climate-related risks and opportunities impacting the Group are discussed.

Given the interdependent nature of climate-related risks and opportunities, to support the work of the Sustainability Executive Committee, additional governance councils are in place at functional and regional levels throughout the business, including dedicated fora for our operations, responsible sourcing, product portfolio and circular economy. Each council is led by a senior Kerry executive, and meets at least quarterly to assess progress and address any challenges in reaching the targets we have set out for 2030 and in advance of 2050 along with the associated risks and opportunities facing our business. For example, the Climate Council is led by the Chief Operating Officer (COO) and meets on a bi-monthly basis to review the Group's performance versus our operational targets, identify specific challenges or opportunities across our regions, including process improvements, potential capital requirements and reviewing the implementation of approved projects. These projects are implemented by cross-functional teams, working collaboratively to ensure we maximise the sustainability impact with no disruption to our business. Each functional council provides an update on progress for their area and escalates issues as required to the Sustainability Executive Committee throughout the year.

### Linking Climate and Remuneration

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

The incentive plan considers core sustainability metrics linked to our *Beyond the Horizon* sustainability strategy. The metrics used include food waste and carbon reduction, specifically the progress towards our science-based targets on Scope 1 and 2 emissions. More details on this can be found in the Remuneration Committee Report on pages 161-163.

For further details on Group Governance, see our Corporate Governance Report on pages 118-134.

## Strategy

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

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

We keep our climate commitments under ongoing review, aligning with a science-based approach and responding to evolving best practice. The importance of our role as an enabler of sustainable nutrition for our customers is clearly reflected in our medium-term plan, with a focus on sustainable nutrition offerings that support a transition to healthier, lower impact diets. Some examples of these offerings include:

- **Authentic Taste**, which recognises that taste is a critical driver of purchase behaviour and a fundamental requirement for any sustainable food and beverage innovation
- **Plant-based** offerings, which provide lower-carbon food and beverage alternatives. Kerry has a portfolio that supports our customers in their innovation journey across all end use markets
- **Food Waste** solutions, such as food protection and preservation, which help our customers and consumers lessen their impact in this critical area, and
- **Health & Bio-Pharma**, which supports our customers in delivering better nutrition and wellbeing for consumers at all life stages.

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

We have also embedded our *Beyond the Horizon* commitments into our financing strategy, by including sustainability performance indicators as part of our Sustainability-Linked Bond (SLB) and Revolving Credit Facility (RCF). For further information, refer to the Financial Review page 36.

### Identifying Climate-Related Risks and Opportunities

To establish the climate-related impacts that are most material for the organisation, we convened a dedicated working group to evolve our existing climate risk assessment and conducted a detailed qualitative and quantitative assessment of potential climate-related risks and opportunities. This work was guided by an Executive-led steering committee and through a process of stakeholder engagement, regulatory guidance, risk management and expert judgement, we have defined an extensive list of potential climate impacts for our business.

This longlist was subsequently refined based on an appraisal of risk severity and likelihood, a method aligned with our overall risk management framework, and this has provided us with a focused set of risks and opportunities for more detailed analysis. During 2023, we updated our quantitative assessment for acquisitions and disposals and also reviewed key inputs, which confirmed no material change to the final analysis.

### Assessing Climate-Related Risk

Modelling the potential impacts of climate-related risk to our business is complex. As the climate crisis unfolds, climate-related impacts and policy responses will manifest in different ways and over different time-horizons. We typically consider business risk over a period of up to five years. In doing so, we consider how climate-related impacts may contribute to other key risk areas in that timeframe, however, the physical impacts of climate risk require a longer-term view. As a result, our approach to assessing climate as a discrete risk uses an extended time horizon. To account for the more gradual impacts of certain physical climate-related events, we have chosen to examine the potential impact of climate change on our business using 2030 (medium-term) and 2050 (long-term) as our reference timeframes. For more on how we integrate climate-related risks into our broader risk management framework, see page 79-80.

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

### Physical Risk

Our physical risk assessment was conducted using the help of external partners, with a detailed assessment in 2021, with annual updates carried out to incorporate any changes in the Group structure. Our assessment will continue to evolve as scientific understanding and climate models improve, and as we build our internal knowledge and expertise. In line with TCFD guidance, we consider two types of physical risk:

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

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

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

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

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

### Transition Risk

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

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

Finally, for market-based risk, we looked at how consumer sentiment may drive a shift towards lower-carbon alternatives across food and beverage. From our own proprietary research, *Sustainability in Motion*, we understand that consumers are seeking out healthier products that have a lower environmental impact. Using external data sources[2] and demographic insights, we have looked at how this consumer sentiment may shift over time and the potential implications for our product portfolio.

We realise that climate change also represents a significant reputational risk for organisations. Kerry works with the world's leading food and beverage brands, many of whom have made their own commitments on climate change.

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

[2] GreenPrint Business of Sustainability Index

They increasingly seek out partners that are aligned with their own objectives and who can support them in achieving their targets. This presents an opportunity for Kerry as we deliver on our *Beyond the Horizon* commitments. Conversely, failure to take adequate action on climate change could impact our reputation and damage commercial and other important stakeholder relationships. Given the difficulty in quantifying reputational risk, we have not modelled a quantitative assessment of impact.

### Climate-Related Opportunities

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

**THE RISK OF CURRENT AND EMERGING REGULATION IS A KEY CLIMATE CONSIDERATION FOR THE GROUP**

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

## Scenario Analysis

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

## Methodology

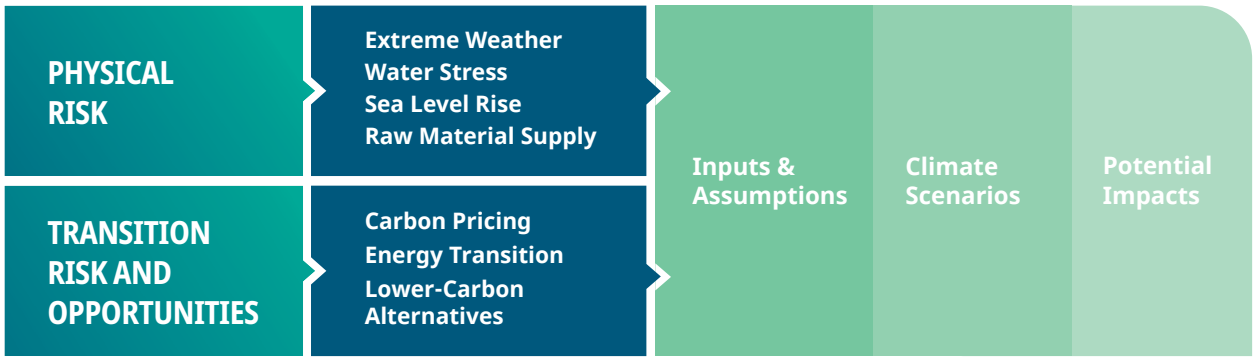
We assess the most material physical and transition risks identified for Kerry under two climate pathways. The first pathway looks at changes which may occur if global average temperature increases are kept below two degrees Celsius by 2100[1]. The second assumes that emissions continue to increase so that global average temperature increases exceed four degrees Celsius by the end of the century[2].

[1] Aligns with Representative Concentration Pathway (RCP) 2.6
[2] Aligns with Representative Concentration Pathway (RCP) 8.5

| <2⁰ Celsius (RCP 2.6) | >4⁰ Celsius (RCP 8.5) |
|---|---|
| In this scenario, planned intervention limits global average temperature increase to below 2⁰ Celsius by 2100, which heightens transition risk and opportunity. | In this scenario global average temperatures increase to over 4⁰ Celsius by 2100, representing a 'worst case' outcome and a higher degree of physical risk. |

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

## Summary of Modelling Approach




### Impact of Climate-Related Issues on Financial Performance

While there have been some climate-related impacts on supply chains and operations in 2023, these did not have a significant impact on revenue or costs in the year. As previously noted, three of our manufacturing sites are subject to EU and UK emissions trading schemes. We continue to focus on reducing emissions at these locations as part of our broader decarbonisation strategy. Extreme weather events in 2023 have had an impact on some raw material prices, however, this is just one of a number of factors, including input cost inflation and geopolitical events.

We see the potential for growth within lower-carbon alternative products as these continue to offer opportunities. Customers are increasingly seeking to understand the climate impact of their products and how this can be lowered in response to both consumer demand and their public commitments relating to emissions reduction.

Energy prices also make capital projects relating to efficiency and the use of cleaner fuels more financially attractive, which will support our ongoing plans for emissions reduction across the Group.

### Potential Future Impact of Climate-Related Risks and Opportunities

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

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

| Inputs and Assumptions | |
|---|---|
| **Growth** | It is assumed that Kerry will achieve its medium-term growth targets and a global average growth rate determined by third-parties and aligned to the two temperature pathways is used thereafter. |
| **Manufacturing Footprint** | It is assumed that the current footprint remains static until 2050 with no impact from future acquisitions or other portfolio changes included. |
| **Emissions** | It is assumed that the Group will achieve its 2030 emissions reduction targets and reach Net Zero before 2050. |
| **Climate Data** | We use climate and economic data provided by expert third-parties to model potential physical and transition impacts. |
| **Carbon Price** | Assumed future changes in carbon prices broadly align with International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) projections to 2030. Low or no further policy intervention is assumed under a >4˚C scenario. |

## Physical Risks

| Risk | Risk Drivers | Impact Area | Cumulative Impact to 2030 | | Cumulative Impact to 2050 | | Details |
|---|---|---|---|---|---|---|---|
| | | | <2ºC | >4ºC | <2ºC | >4ºC | |
| **Physical - Acute** | The potential impact of acute climate hazards such as extreme wind, flooding, etc. on manufacturing sites and distribution channels. | Assets | Low | Low | Low | Low | Our assessment has highlighted a very small number of sites globally which have higher levels of physical risk, specifically flooding. Similarly, our distribution network also has some exposure to acute hazards. A conservative approach has been adopted to model risk to this network and a more detailed analysis is expected to evolve the assessment and improve the quantification. While financial impact is estimated to be low, the level of risks does increase with time and is greater under a >4ºC scenario. |
| | | Revenue | Low | Low | Low | Low | |
| **Physical - Chronic** | The potential impact of chronic climate hazards such as sea level rise and water stress on manufacturing sites. | Assets | Medium | Medium | Low | Low | Our assessment of water stress shows limited levels of risk across our operations for both temperature trajectories. The sites identified are within the Group's priority locations for water risk with efforts already underway to manage water use at these sites. Two locations globally were identified that could be at increased risk of flooding given projected sea level rise. The potential financial impact to our assets is estimated to be medium to 2030 and low to 2050 given the thresholds for this extended period, albeit the level of risk increases over time and under the higher temperature scenario. |
| | | Revenue | Low | Low | Low | Low | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Physical - Chronic** | The potential impact of chronic climate hazards on the availability of key raw materials. | Cost | Low | Low | N/A | N/A | Our assessment shows that while there may be impacts to yields, overall land suitability for selected raw material does not present a significant challenge by 2050. However, the projected demand for these commodities coupled with climate-related impacts is anticipated to result in upward price pressure over this period. The availability of data inhibits us in making a consistent assessment over the period from 2030 to 2050. |

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

## Transition Risks and Opportunities

| Risk / Opportunity | Risk Drivers | Impact Area | Cumulative Impact to 2030 | | Details |
|---|---|---|---|---|---|
| | | | **<2ºC** | **>4ºC** | |
| **Policy** | Introduction of carbon pricing to constrain emissions intensive activities. | Cost | Low | N/A | The increased use of carbon pricing by regulators has the potential to significantly increase operational costs. We modelled a carbon price of €130 per tonne taking effect across all our operations by 2030 under the <2ºC scenario (assuming no such intervention in a >4ºC world). The impact of this cost is modest compared to the potential for much greater cost increases in the event that a higher carbon price is subsequently required to achieve Net Zero by 2050. |
| **Technology** | Adoption of new technology to support our transition to a low-carbon business. | Cost | Medium | Medium | Increased regulatory and stakeholder pressure creates widespread adoption of clean energy technology. The achievement of Kerry's 2030 Scope 1 & 2 targets adequately meets these stakeholder demands, with deep decarbonisation of sites commencing after this date and capital expenditure requirements rising accordingly. The model assumes a falling cost of renewables while prices increase for fossil-based energy. The rates for this fossil energy rise more substantially under a <2ºC scenario. |
| **Market** | The opportunity presented by shifting consumer demand. | Revenue Growth | High | High | Increased consumer awareness and changing demographics leads to a sustained shift towards environmentally-friendly food and beverage choices. This leads to reduced demand in some markets for carbon intensive products such as meat but provides significant opportunity for lower-carbon alternatives and solutions that help to lower product footprints. This trend is assumed to grow over time and become more significant under a <2ºC scenario. For the quantification of this opportunity, we have modelled a limited number of proven lower-carbon solutions aligned with our technologies. |

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

### The Impact of Climate Change on Our Financial Statements

We considered the potential impacts of climate change risks when preparing our Consolidated Financial Statements and have determined that there is no material impact on the financial reporting judgements and estimates and as a result there is no impact on the valuations of the Group's assets and liabilities from these risks as at 31 December 2023.

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

The useful lives of assets are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology or the location of the asset and its climate-related risk. Financial commitments for sustainability-related projects at 31 December for which no provision has been made in the accounts is €9.0m (2022: €12.5m).

### Resilience of Kerry's Strategy

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

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

In addition, we have accelerated our response to climate change with a 48% reduction in operational emissions since our 2017 base year and while water risk is deemed low impact, we continue to drive efficiencies across our operations. We also place a specific focus on sites in areas of water stress and look at additional ways to reduce water withdrawals at these locations. For more see page 67 of our Sustainability Review.

For our raw materials, our global sourcing strategy and responsible sourcing commitments will be important to help manage potential future risks to availability of key commodities as regional climatic impacts take effect.

While overall land suitability for production is expected to be maintained, we do acknowledge the potential for extreme events that could impact on availability. As part of our responsible sourcing programme, we will continue to work with our suppliers, helping to ensure that carbon reduction plans are in place alongside programmes that can help improve the overall resilience of farmers and their communities.

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

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

## Risk Management

The identification, assessment and management of climate-related risks follow the Group's existing risk management framework, however, the time horizons have been extended to allow for the longer-term impacts of climate change. This work has been supported by an Executive-led steering committee, which has helped to define a focused set of risks for detailed analysis, as outlined on page 73.

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 co-ordinated bottom-up and top-down group-wide approach that facilitates the identification and evaluation of risks, as well as assessing how the risks are monitored, managed and mitigated. This process is facilitated by our Internal Audit function and overseen by the Risk Oversight Committee. For more on our principal risks and the risk assessment process see our Risk Management Report on pages 92-105.

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

- We include 'Climate Change and Environmental' risk as a standalone principal risk for our business, considering the longer-term systemic nature of the risk and the requirements for shorter-term action to mitigate and plan for this.
- We also consider how discrete climate-related impacts can affect other risk areas and integrate climate considerations within additional principal risks, for example, the potential impacts of extreme weather on raw material availability.

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

The Group's risk appetite is agreed annually with the Board and as a result we seek to minimise climate-related risks while ensuring the ongoing success of our business. The management of these climate-related risks is undertaken within the function where the risk may occur. For example, raw material risks are managed by procurement. Any actions taken must be sufficient to bring climate risks within the agreed appetite for the Group and the Chief Operating Officer has executive responsibility for these mitigations on climate change. He is supported in this work by the Council structure outlined on page 71.

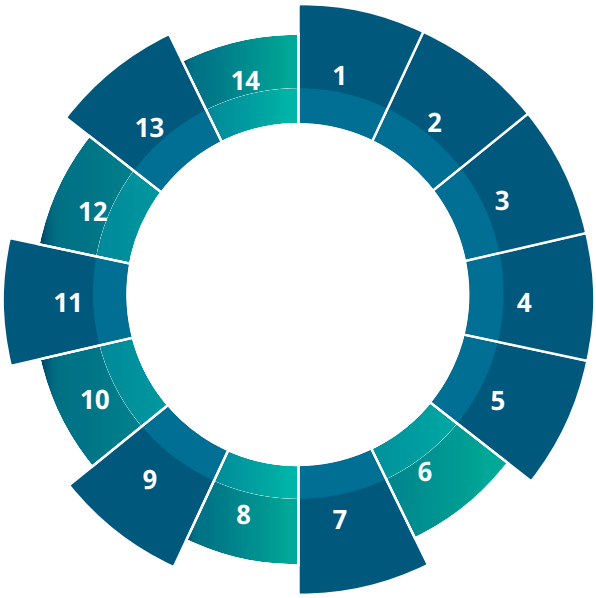
In 2023, climate considerations, particularly our key climate risks, were also a critical area of focus during dedicated risk reviews with the business. This allowed us to explore how climate-related issues can impact on strategies within regions and key functional teams and further assess the controls which are in place. Prioritisation of any additional action is based on materiality and defined by potential severity and likelihood of the impact.

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

## Metrics and Targets

Our *Beyond the Horizon* sustainability strategy sets out several important target areas related to climate action. Key among these, is our science-based target for emissions reduction across all scopes by the end of 2030 and our ambition to achieve Net Zero before 2050. As part of our transition plan, we have made strong progress against this goal with a 48% reduction in absolute Scope 1 and 2 emissions in 2023 and 94% of our purchased electricity coming from renewable sources or backed by renewable energy certificates.

## Climate Change Integration across our Principal Risks




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

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

We continue to evolve our decarbonisation roadmap and progress towards our Net Zero ambition. We report on climate metrics to multiple platforms, including CDP, and in 2023, we achieved a CDP Climate score of B. We have completed further work in 2023 to help identify and quantify our Scope 3 emissions and we engage with our value chain and expert partners on improving both the accuracy and transparency of our data.

In line with TCFD Guidance, we disclose the following climate-related metrics which are relevant for our business, outlining how these relate to specific areas of climate-related risk and opportunity which have been identified. For more information on our metrics and targets, including Scope 3 breakdown, boundaries and calculation approach, see our 2023 Sustainability Report on kerry.com.

## Carbon Performance[1]

| | | | | |
|---|---|---|---|---|
| **Key Target Area** | We have set a science-based goal for emissions reduction, targeting a 55% absolute reduction in Scope 1 and 2 emissions and a 30% reduction in Scope 3 intensity by the end of 2030, versus our 2017 base year. We are also committed to achieving Net Zero before 2050. We continue to make progress across all scopes in line with our targets. These reductions will ensure we play our part in mitigating the key contributor to the risks which have been identified for our business. For more on our efforts to reduce emissions see pages 63-64. | | | |
| **Area of Risk/Opportunity** | Physical and Transition Risks (1-7, 9) | | | |
| Impact Area | Units | 2023 | 2022 | Change vs 2017 Base Year |
| **Scope 1** | Tonnes of $CO_2e$ (000's) | 420 | 449 | -15% |
| **Scope 2** | Tonnes of $CO_2e$ (000's) | 50 | 49 | -88% |
| **Scope 1 & 2** | Tonnes of $CO_2e$ (000's) | 470 | 498 | -48% |
| **Scope 3** | Tonnes of $CO_2e$ (000's) | 8,871 | 9,866 | -15% |

## Energy[1]

| | | | | |
|---|---|---|---|---|
| **Key Target Area** | We have an ongoing focus on energy and increasing the proportion of renewables within our energy mix. We are members of RE100 under which we set an objective to have 100% of our electricity to come from renewable sources by the end of 2025. This shift to cleaner sources of energy supports our decarbonisation pathway and helps mitigate potential impacts associated with carbon prices and the shift towards cleaner technology. For more details on our progress towards clean energy see our 2023 Sustainability Report. | | | |
| **Area of Risk/Opportunity** | Transition Risk (6-7) | | | |
| **Impact Area** | Units | 2023 | 2022 | Change vs 2017 Base Year |
| **Total Energy Consumed** | GWh | 3,235 | 3,487 | -8% |
| **Total Renewable Energy** | GWh | 919 | 986 | 270% |
| **Purchased Renewable Electricity** | % | 94% | 95% | N/A |

[1] For more information on our reported performance, including scope, see our 2023 Sustainability Report at kerry.com

| **Water Stewardship**[1] | | | | |
|---|---|---|---|---|
| **Key Target Area** | We are focused on increasing water efficiency across our business and are targeting a 15% improvement in water withdrawal intensity by the end of 2025, versus our 2017 baseline. We take account of water context in our target setting process and have identified priority water sites for specific action. Our focus on water management across these sites helps us to better prepare for potential water risks at these locations. While we do not have a separate target across these sites, our average water withdrawal intensity at these locations was 17% lower versus our 2017 baseline. For more on water use across our operations, see our 2023 Sustainability Report. | | | |
| **Area of Risk/Opportunity** | Physical Risk (4) | | | |
| Impact Area | Units | 2023 | 2022 | Change vs 2017 Base Year |
| **Water Withdrawals** | Megalitres (ML) | 19,591 | 21,566 | -10% |
| **Water Withdrawal Intensity** | ML/tonne product | 6.56 | 6.51 | -3% |
| **Water Withdrawal Intensity at higher-risk sites** | ML/tonne product | 2.87 | 3.06 | -17% |

| **Responsible Sourcing**[1] | | | | |
|---|---|---|---|---|
| **Key Target Area** | In addition to certification and independent carbon footprinting across all Irish milk volumes, we have launched the *Evolve* programme to incentivise carbon reduction at farm level and improve the resilience of farm enterprises. Targeting a 30% reduction in carbon intensity by the end of 2030, *Evolve* helps to address risk in the region where it is deployed, provides an industry-leading template for supplier engagement in other regions and delivers less carbon intensive inputs that can meet consumer demand for more sustainable products. For more on Kerry's *Evolve* Programme see our 2023 Sustainability Report at kerry.com. | | | |
| **Area of Risk/Opportunity** | Physical and Transition (5, 8, 9) | | | |
| Impact Area | Units | 2023 | 2022 | Change vs 2017 Base Year |
| **Responsible Sourcing: Dairy (Liquid Milk)** | Certified Volumes | 100% | 100% | N/A |

| **Revenue Opportunity** | | | | |
|---|---|---|---|---|
| Key Target Area | Our Taste & Nutrition volumes have increased significantly in recent years, supported by our technologies, which include a range of lower-carbon solutions within our portfolio. | | | |
| Area of Risk/Opportunity | Transition Opportunity (3) | | | |
| Impact Area | Units | 2023 | 2022 | Change vs 2017 Base Year |
| Taste & Nutrition Revenue Growth | % | -6.0% | 29.4% | N/A |

| **Remuneration Policy** | | | | |
|---|---|---|---|---|
| Key Target Area | 20% of executive variable remuneration is tied to the achievement of core sustainability objectives, including the achievement of the Group's climate-related targets. | | | |
| Area of Risk/Opportunity | Physical and Transition Risk (1-6) | | | |
| Impact Area | Units | 2023 | 2022 | Change vs 2017 Base Year |
| Remuneration | % | 20% | 20% | N/A |

[1] For more information on our reported performance, including scope, see our 2023 Sustainability Report at kerry.com

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

Further details in relation to our climate-related targets can be found in the Group's 2023 Sustainability Review on page 63.

## Conclusion

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

## Table of Concordance

| Pillar | TCFD Recommendation | Kerry Disclosure (page ref) |
|---|---|---|
| **Governance** | Describe the Board's oversight of climate-related risks and opportunities | 70-71 |
| | Describe management's role in assessing and managing climate-related risks and opportunities | 71-72 |
| **Strategy** | Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term | 73-75 |
| | Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning | 75-79 |
| | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | 79 |
| **Risk** | Describe the organisation's processes for identifying and assessing climate-related risks | 73,79-80 |
| | Describe the organisation's processes for managing climate-related risks | 79-80 |
| | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management | 79-80 |
| **Metrics and Targets** | Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process | 80-82 |
| | Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | 81 |
| | Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets | 81-82 |

# EU TAXONOMY

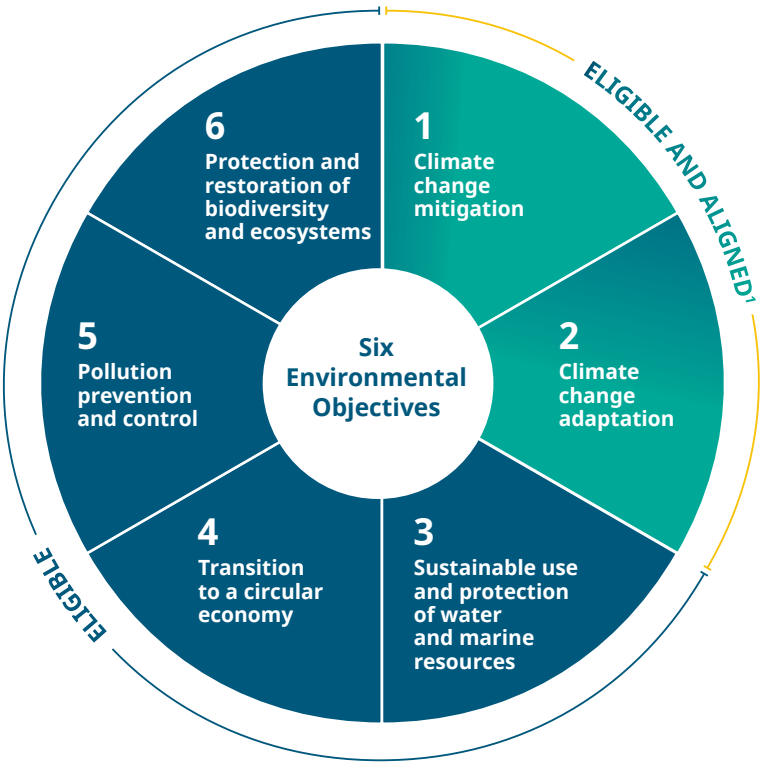
## Background

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

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

At present, the EU Taxonomy does not cover all industries and its sustainable classification criteria is not yet applicable to Kerry's ongoing core business activities. In the following section, the Group has outlined the extent to which some limited activities are Taxonomy-Eligible (eligible) and Taxonomy-Aligned (aligned) under the six environmental objectives.

## EU Taxonomy




1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In 2022, only the first two climate change objectives; climate change mitigation (CCM) and climate change adaptation (CCA), were in scope for eligibility and alignment. An expansion in the scope of the EU Taxonomy was introduced in 2023 as set out in Delegated Regulation (EU) 2023/2486, bringing the remaining four environmental objectives into scope (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems).

In accordance with the requirements for the financial year 2023, the Group has outlined the extent to which the Group's activities are eligible and aligned under the EU Taxonomy for the first two objectives as set out in Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2022/1214 and Delegated Regulation (EU) 2023/2485 (Climate Delegated Acts), and eligible only for all new activities under the six environmental objectives adopted in 2023 as set out in Delegated Regulation (EU) 2023/2486 and Delegated Regulation (EU) 2023/2485.

### Economic Activities

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

In 2023, we assessed our activities for eligibility to see whether the Group's turnover, or Capital Expenditure (CapEx) corresponded to an economic activity that is described in the EU Taxonomy and supplementary Delegated Regulations. Our assessment determined that our eligible activities are predominantly related to the climate change mitigation objective, reflecting activities being taken in line with our *Beyond the Horizon* strategy. Under the EU Taxonomy, the only activity we have reported aligned spend is under the climate change mitigation objective. As a result, we avoided double counting under the six objectives that are in scope. The Group Operating Expenditure (OpEx) was not assessed for eligibility or alignment, in accordance with the exemption allowed per Delegated Regulation (EU) 2021/2178.

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

[1] Eligible only for all new activities adopted in 2023, under climate change mitigation and climate change adaptation.

across the Group and included a review of Kerry's human rights due diligence process, our anti-bribery/corruption and fair competition procedures and other elements necessary to confirm the Group satisfies the requirements of minimum safeguards.

We assessed all our eligible projects against the specific technical screening criteria for each activity to assess for alignment and identified three activities with aligned activities (CCM 7.3, CCM 7.4 and CCM 7.5). For the three aligned activities, we assessed them under their respective substantial contribution criteria under climate change mitigation objective. For do no significant harm (DNSH) for climate change adaptation, we assessed against the criteria outlined in Appendix A to the Annex[1] including a climate risk and vulnerability assessment of our sites. For activity CCM 7.3, we also considered DNSH under pollution prevention and control, we assessed against the criteria in Appendix C to the Annex[1], including consideration of the use and presence of chemicals in the activity.

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

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

- Taxonomy-aligned (aligned): Activity that is described in the Climate Delegated Acts and meets all of the technical screening criteria (substantial contribution and DNSH) as well as complying with minimum safeguards.
- Taxonomy-eligible but not Taxonomy-aligned (eligible but not aligned): Activity that is described in the Climate Delegated Acts and does not meet the technical screening criteria or does not comply with minimum safeguards. Also, all new activities, adopted in 2023, under the six environmental objectives which were only assessed for eligibility.
- Taxonomy-non-eligible (non-eligible): An activity that is not described in the EU Taxonomy and supplementary Delegated Regulations.

We have not completed templates 1 to 5 within Delegated Regulation (EU) 2022/1214, as following review, we confirmed the activities listed are not applicable to Kerry.

## Turnover

The denominator used for the turnover KPI is based on the total revenue recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82 (a), as reported in the Consolidated Income Statement on page 192. For further details on Kerry's revenue accounting policy, see Note 1 of the Financial Statements. In determining the KPIs for turnover, the share that is aligned (numerator) and eligible but not aligned (numerator) is each divided by the denominator.

The manufacture of food and beverage products was deemed non-eligible as these activities are currently not in scope under the EU Taxonomy. We conducted a deeper review of our turnover with cross-functional support and input from the Group's Chief Science and Technology Officer against the economic activities included in the EU Taxonomy. The review showed a negligible amount of eligible turnover, 0.2%, in 2023 (2022: 0.2%), which is associated with activities which do not relate to, nor are inputs to, the food and beverage industry; these being the manufacture of chlorine (CCM 3.13) and manufacture of organic basic chemicals (CCM 3.14).

For those activities which were identified as being eligible, turnover was then assessed for alignment against the technical screening criteria and minimum safeguards and no activity was found to be aligned.

| EU Taxonomy - Turnover | Reference to Financial Statements | 2023 €m | 2022 €m |
|---|---|---|---|
| Revenue | Consolidated Income Statement | 8,020.3 | 8,771.9 |
| **Turnover denominator** | | **8,020.3** | **8,771.9** |

[1] Delegated Regulation (EU) 2021/2139 and Delegated Regulation (EU) 2023/2485

## Operating Expenditure

Our core business is the manufacture of food and beverage products, which is not currently in scope of the EU Taxonomy classification system. The EU Taxonomy[1] allows for an exemption from disclosure of the OpEx KPI. Following assessment of our OpEx denominator, as defined in the EU Taxonomy, we have determined that the exemption under Delegated Regulation (EU) 2021/2178 is applicable.

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

| EU Taxonomy – Operating Expenditure | 2023 €m | 2022 €m |
|---|---|---|
| Research and development costs | 301.3 | 303.2 |
| Short-term leases | 3.7 | 3.7 |
| Maintenance and repairs[2] | 157.9 | 161.5 |
| Other direct expenditures[2] | 128.6 | 138.2 |
| **Operating expenditure denominator** | **591.5** | **606.6** |

[1] Delegated Regulation (EU) 2021/2178

[2] In 2023, the method for identifying activity to be included in "Maintenance and repairs" and "Other direct expenditures" has been refined, to provide figures more aligned to the definition within the EU Taxonomy; comparative has also been re-presented, reported in 2022 as €170.3m Maintenance and repairs and €170.0m Other direct expenditures.

## Capital Expenditure

The denominator used for the CapEx KPIs in 2023 is calculated as additions and businesses acquired for property, plant and equipment (IAS 16), leases (IFRS 16) and intangible assets (IAS 38) as reported in Notes to the Financial Statements 11 (i), 11 (ii) and 12 on pages 219-226. The denominator does not include any investment property (IAS 40) or agriculture (IAS 41) assets as they are not applicable for Kerry. As defined in the taxonomy, goodwill is not included in the CapEx KPI. In determining the KPIs for CapEx, the share that is aligned (numerator) and eligible but not aligned (numerator) is each divided by the denominator.

In 2023, the aligned and eligible but not aligned numerator includes CapEx related to Taxonomy activities as set out in the CapEx KPI table including:

- production of heat/cool using waste heat (CCM 4.25),
- transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5),
- construction of new buildings (CCM 7.1 / CE 3.1),
- renovation of existing buildings (CCM 7.2 / CE 3.2),
- installation, maintenance and repair of energy efficiency equipment (CCM 7.3),
- installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings (CCM 7.4),
- installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (CCM 7.5), and
- acquisition and ownership of buildings (CCM 7.7).

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

Comparing the aligned and eligible but not aligned capital additions (numerator) to our additions and businesses acquired, property, plant and equipment, right of use assets and intangible assets (denominator) in 2023, the proportion of aligned activities is 3.1% (2022: 2.7%), eligible but not aligned is 18.5% (2022: 21.2%). The small increase in the proportion of aligned activities in 2023 is due to a lower amount of businesses acquired included in 2023 denominator, compared to 2022 denominator.

| EU Taxonomy - Capital Expenditure | Reference to Financial Statements | 2023 €m | 2022 €m |
|---|---|---|---|
| Property, plant and equipment - Additions | Note 11 i | 273.1 | 213.8 |
| Property, plant and equipment - Businesses acquired | Note 11 i | 7.1 | 46.1 |
| Right of use assets - Additions | Note 11 ii | 36.4 | 43.0 |
| Right of use assets - Businesses acquired | Note 11 ii | 2.6 | 0.3 |
| Intangible assets - Additions | Note 12 | 15.9 | 12.2 |
| Intangible assets - Businesses acquired - Brand-related intangibles | Note 12 | 41.6 | 122.8 |
| Intangible assets - Businesses acquired - Computer software | Note 12 | - | 0.5 |
| **Capital expenditure denominator** | | **376.7** | **438.7** |

*Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023 (year N)*

| Financial year N | | Year | | Substantial contribution criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities (1) | Code (2) | Turnover (3) | Proportion of Turnover, year N (4) | **Climate Change Mitigation (5)** | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) turnover, year N-1 (18) | Category enabling activity (19) | Category transitional activity (20) |
| Text | | €m | % | **Y; N; N/EL** | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| **Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)** | | 0.0 | 0.0% | | | | | | | | | | | | | | 0.0% | | |
| **Of which enabling** | | 0.0 | 0.0% | | | | | | | | | | | | | | 0.0% | E | |
| **Of which transitional** | | 0.0 | 0.0% | | | | | | | | | | | | | | 0.0% | | T |
| **A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)** | | | | | | | | | | | | | | | | | | | |
| | | | | **EL; N/EL** | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | | | | | | | | | | |
| **Manufacture of chlorine[1]** | CCM 3.13 | 7.5 | 0.1% | **EL** | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.1% | | |
| **Manufacture of organic basic chemicals[1]** | CCM 3.14 | 10.3 | 0.1% | **EL** | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.1% | | |
| **Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | 17.8 | 0.2% | **0.2%** | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | | | | | | | 0.2% | | |
| **A. Turnover of Taxonomy-eligible activities (A.1+A.2)** | | 17.8 | **0.2%** | **0.2%** | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | | | | | | | 0.2% | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **Turnover of Taxonomy-non-eligible activities** | | 8,002.5 | 99.8% | | | | | | | | | | | | | | | | |
| **TOTAL** | | 8,020.3 | 100% | | | | | | | | | | | | | | | | |

[1] Comparative for turnover re-presented for activity identified and reported in 2023, reported as nil in 2022 EU Taxonomy disclosure.

*Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023 (year N)*

| Financial year N | | | | Substantial contribution criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities (1) | Code (2) | OpEx (3) | Proportion of OpEx, year N (4) | Climate Change Mitigation (5) | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) OpEx, year N-1 (18) | Category enabling activity (19) | Category transitional activity (20) |
| Text | | €m | % | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| **Installation, maintenance and repair of energy-efficiency equipment** | CCM 7.3 | | | | | | | | | | | | | | | | 0.1% | E | |
| **OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)** | | 0.0 | 0.0% | | | | | | | | | | | | | | 0.1% | | |
| **Of which enabling** | | 0.0 | 0.0% | | | | | | | | | | | | | | 0.1% | E | |
| **Of which transitional** | | 0.0 | 0.0% | | | | | | | | | | | | | | 0.0% | | T |
| **A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | |
| | | | | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | EL; N/EL | | | | | | | | | | |
| **Transport by motorbikes, passenger cars and light commercial vehicles** | CCM 6.5 | | | | | | | | | | | | | | | | 0.2% | | |
| **Installation, maintenance and repair of energy-efficiency equipment[1]** | CCM 7.3 | | | | | | | | | | | | | | | | 1.2% | | |
| **OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | 0.0 | 0.0% | | | | | | | | | | | | | | 1.4% | | |
| **A. OpEx of Taxonomy-eligible activities (A.1+A.2)** | | 0.0 | 0.0% | | | | | | | | | | | | | | 1.5% | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **OpEx of Taxonomy-non-eligible activities** | | 591.5 | 100% | | | | | | | | | | | | | | | | |
| **TOTAL** | | 591.5 | 100% | | | | | | | | | | | | | | | | |

[1] Comparative for CCM 7.3 re-presented, reported as 1.1% in 2022 EU Taxonomy disclosure. Re-presented due to change in the denominator explained on page 87, there was no change in the numerator.

*Proportion of capital expenditure from products or services associated with Taxonomy-aligned economic activities – disclosure covering 2023 (year N)*

| Financial year N | Year | | | Substantial contribution criteria | | | | | | DNSH criteria ("Does Not Significantly Harm") | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities (1) | Code (a) (2) | CapEx (3) | Proportion of CapEx, year N (4) | **Climate Change Mitigation (5)** | Climate Change Adaptation (6) | Water (7) | Pollution (8) | Circular Economy (9) | Biodiversity (10) | Climate Change Mitigation (11) | Climate Change Adaptation (12) | Water (13) | Pollution (14) | Circular Economy (15) | Biodiversity (16) | Minimum Safeguards (17) | Proportion of Taxonomy-aligned (A.1.) or-eligible (A.2.) CapEx, year N-1 (18) | Category enabling activity (19) | Category transitional activity (20) |
| Text | | €m | % | **Y; N; N/EL** | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y; N; N/EL | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | E | T |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (Taxonomy-aligned)** | | | | | | | | | | | | | | | | | | | |
| Renovation of existing buildings | CCM 7.2 | 0.0 | 0.0% | **N** | N/EL | N/EL | N/EL | N/EL | N/EL | N | N | N | N | N | N | N | 0.4% | | T |
| Installation, maintenance and repair of energy efficiency equipment | CCM 7.3 | 11.5 | 3.1% | **Y** | N/EL | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 2.3% | E | |
| Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) | CCM 7.4 | 0.1 | 0.0% | **Y** | N/EL | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.0% | E | |
| Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings | CCM 7.5 | 0.1 | 0.0% | **Y** | N/EL | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | Y | Y | Y | Y | 0.0% | E | |
| CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | 11.7 | 3.1% | **3.1%** | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | Y | Y | Y | Y | Y | Y | Y | 2.7% | | |
| Of which enabling | | | 3.1% | **3.1%** | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | Y | Y | Y | Y | Y | Y | Y | 2.3% | E | |
| Of which transitional | | | 0.0% | **0.0%** | | | | | | Y | Y | Y | Y | Y | Y | Y | 0.4% | | T |
| **A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)** | | | | | | | | | | | | | | | | | | | |
| | | | | **EL; N/EL (t)** | EL; N/EL (t) | EL; N/EL (t) | EL; N/EL (t) | EL; N/EL (t) | EL; N/EL (t) | | | | | | | | | | |
| Production of heat/cool using waste heat | CCM 4.25 | 1.1 | 0.3% | **EL** | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.0% | | |
| Transport by motorbikes, passenger cars and light commercial vehicles | CCM 6.5 | 4.4 | 1.2% | **EL** | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 0.8% | | |
| Construction of new buildings | CCM 7.1 / CE 3.1 | 37.3 | 9.9% | **EL** | N/EL | N/EL | N/EL | EL | N/EL | | | | | | | | 2.9% | | |
| Renovation of existing buildings | CCM 7.2 / CE 3.2 | 2.9 | 0.8% | **EL** | N/EL | N/EL | N/EL | EL | N/EL | | | | | | | | 1.5% | | |
| Installation, maintenance and repair of energy efficiency equipment | CCM 7.3 | 8.9 | 2.4% | **EL** | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 4.4% | | |
| Acquisition and ownership of buildings[1] | CCM 7.7 | 14.7 | 3.9% | **EL** | N/EL | N/EL | N/EL | N/EL | N/EL | | | | | | | | 11.6% | | |
| **CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)** | | 69.3 | 18.5% | **18.5%** | 0.0% | 0.0% | 0.0% | 10.7% | 0.0% | | | | | | | | 21.2% | | |
| **A. CapEx of Taxonomy-eligible activities (A.1+A.2)** | | **81.0** | **21.6%** | **21.6%** | 0.0% | 0.0% | 0.0% | 10.7% | 0.0% | | | | | | | | 23.9% | | |
| **B. TAXONOMY-NON-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | |
| CapEx of Taxonomy-non-eligible activities | | 295.7 | 78.4% | | | | | | | | | | | | | | | | |
| **TOTAL** | | 376.7 | 100% | | | | | | | | | | | | | | | | |

[1] Comparative for CCM 7.7 acquisition and ownership of buildings re-presented to remove cost of land included in acquisitions and ownership of buildings, report as 12.4% (€54.4m) in 2022 EU Taxonomy disclosure.

# RISK MANAGEMENT REPORT

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

## Risk Management Approach and Governance

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

We regularly face business uncertainties, and it is through a structured approach to risk management that we are able to proactively respond to, mitigate and manage these risks and embrace opportunities as they arise.

Despite ongoing challenges, such as increased geopolitical uncertainty and a turbulent macroeconomic environment, our performance continues to highlight the resilience of our people, our business model and our proven track record of delivering through uncertainty.

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

The Board is ultimately responsible for the management of risk and for aligning with management on the Group's risk appetite. On an annual basis, the Board agrees the principal

and emerging risks facing the Group and a robust risk management governance framework is in place which enables the Group to effectively prioritise and manage risk to within our risk appetite levels. The Board carries out a review of the effectiveness of the Group's risk management and internal control systems at least annually.

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

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

## Our Risk Management Governance Framework

### Board of Directors

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

### Audit Committee

Responsibility has been delegated to the Audit Committee by the Board to provide structured and systematic oversight of the Group's risk management and internal control systems. It reviews and monitors the effectiveness of the Group's risk management and internal control systems throughout the year. The Chairman of the Audit Committee reports to the Board on its activities regarding audit matters and risk management. See pages 135-140 for a description of the risk management activities conducted by the Audit Committee in 2023.

### Risk Oversight Committee (ROC)

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

### Executive Leadership Team

The Executive Leadership Team is responsible for the effective operation of internal controls, designed to manage and mitigate the Group's principal risks and uncertainties. The 3LOD model ensures accountability for risk management is embedded into global processes and procedures. Key management committees support risk management including the Group Finance Committee, the ICT Security Steering Committee, the Business Integrity Committee, the Sustainability Executive Committee and the Food Safety & Quality (FSQ) and Environmental, Health and Safety (EHS) Leadership Teams.

#### 1st LINE OF DEFENCE:

Operational Management is responsible for risk identification, managing the internal control environment and monitoring changes in the risk profile of the Group.

#### 2nd LINE OF DEFENCE:

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

#### 3rd LINE OF DEFENCE:

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

## Enterprise Risk Management (ERM) Process

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

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

During the year the ROC and the Board considered the Group's principal risks in the context of our risk appetite. While our appetite for risk will vary over time, in general we maintain a balanced approach to risk, considering our risk appetite across a five-point scale varying from risk averse to risk seeking. Our approach is to minimise exposure to reputational, financial and operational risk, while accepting and recognising a risk and reward trade-off in pursuit of our strategic and commercial objectives.

As a world-leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets, the integrity of our business is critical and cannot be put at risk. Consequently, we have a zero tolerance for risks that could harm our people, impact food safety or result in non-compliance with laws and regulations. Conversely, we operate in a challenging and highly competitive market place and as a result, recognise that strategic, commercial and investment risks will be required to seize opportunities and deliver business results. We are therefore prepared to make certain financial and operational investments in pursuit of growth objectives, accepting the risk that the anticipated benefits from these investments may not always be fully realised. Our acceptance of risk is subject to ensuring that potential benefits and risks are fully understood and appropriate measures to mitigate those risks are established.

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

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

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

The Audit Committee and Board formally approved the principal risks and associated risk appetites and have confirmed in the Corporate Governance Report on page 133 that a robust assessment of the Group's principal and emerging risks was completed, including those risks that could threaten the business model, future performance, solvency or liquidity of the Group.

## Principal and Emerging Risks

The table on pages 97-103 describes the principal risks and uncertainties, which the Board has determined could impact the achievement of strategic objectives and have been identified through the risk assessment process, as well as the mitigating actions in place and an update on any change in the profile of each risk during the year. Additionally, each risk has been linked to our Value Creation Framework as outlined in the Strategic Report on pages 28-31. These risks form the basis of Board and Audit Committee communications and discussions.

This table presents the Board's view of the Group's principal risks and uncertainties and is not an exhaustive list of all the risks which may impact the Group. There are additional risks which are not yet considered material, or which are not yet known to the Board, which could become significant in the future. Likewise, some of the current risks may reduce in importance as management actions are implemented or changes in the operating environment occur.

### Climate-Related Risks and Opportunities

The Board recognises the significant risks and opportunities posed by climate change and the significant influence that they may have on the delivery of the Group's business strategy. During 2023, a standalone Sustainability Committee was established, to play a lead role in supporting the Board's oversight of the Group's actions on climate change, as well as its role in governing the Group's broader sustainability strategy. Prior to this, Board oversight of sustainability matters fell under the remit of the Governance, Nomination and Sustainability (GNS) Committee. The Audit Committee also plays a role in assessing how climate-related risks have been reviewed and accounted for as part of the risk management and financial reporting process, in addition to reviewing and approving the Group's climate-related disclosures.

In line with the Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements, the Group has considered climate-related impacts over a number of time horizons and different temperature pathways as outlined on pages 77-78.

A significant programme of work has been completed, guided by an Executive-led steering committee, to assess the impact of climate risk for the Group. This assessment focused on both physical risks, associated with either acute or chronic climate driven events, and transition risks associated with the shift to a lower carbon economy. Modelling the potential impacts of climate-related risks is a complex process given that impacts and policy responses will manifest in different ways and over different time-horizons. Our ERM process typically considers risk over a period of up to five years and in doing so we consider how climate-related impacts may contribute to other key risk areas in that timeframe. However, by its nature the physical impacts of climate risk also requires a longer-term view and therefore when assessing climate as a discrete risk we have applied an extended time horizon using 2030 (medium-term) and 2050 (long-term) as our reference timeframes. The approach is integrated with the overall Group ERM process and is aligned on common definitions of likelihood, impact and velocity for the assessment of risk.

An expert external partner was engaged who, in partnership with senior executives, used various models and scenario analysis to identify the potential financial impacts to our business. During 2023, we updated our quantitative assessment for acquisitions and disposals and reviewed key inputs, which confirmed no material change to the final analysis. Further detail with regard to the process and scenarios examined as part of the assessment are outlined in the TCFD section on pages 70-83.

In 2023, climate risk was considered by the Board across a range of areas including capital expenditure, business divestment and acquisition investment decisions. Climate-related metrics were also incorporated into the Board's budget review process, in conjunction with growth, financial performance and returns. The need to respond to climate change is a fundamental component of the Group's *Beyond the Horizon* strategy and progress against key metrics is outlined in the Sustainability Review on pages 46-69.

### Changes to Our Principal Risks

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

Ongoing conflicts around the world continue to highlight the impact of geopolitical instability on areas such as supply chains, raw material costs and energy pricing and security. In addition, macroeconomic uncertainty continues as consumers and governments adapt to higher interest rates. Whilst the unprecedented inflationary environment of the previous two years has eased somewhat, there has been ongoing volatility in input costs which the Group has continued to manage through its pricing mechanisms. Our management teams continue to closely monitor the situation and demonstrate agility and an ability to take appropriate mitigating actions to secure raw materials, maintain production and provide a reliable supply to our customers.

An increasingly-dynamic marketplace and evolving consumer trends in response to factors such as an increased focus on health and wellbeing, sustainability concerns and cost-of-living challenges remain a focus as the Group's portfolio continues to evolve. Business management teams work closely with our customers to support them in developing their offerings to meet the needs of a rapidly changing marketplace.

Changes within the legal and regulatory environment in which the Group operates are continuing at pace. This is particularly evident in areas such as sustainability, consumer health and food safety. Examples of these changes include the requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and UK restrictions on the marketing of foods high in saturated fat, salt or sugar (HFSS). As in the case for all global food companies, the rapid evolution of regulatory requirements, combined with a lack of harmony in global regulations, create challenges for the Group. As a result, we have evolved our Business Ethics and Social Responsibility risk to encompass these challenges and have updated this risk to Legal, Regulatory and Ethical Compliance.

### Emerging Risks

Emerging risks are considered as part of the risk assessment process and are identified through horizon scanning, continual dialogue with the business and keeping abreast of market and industry changes. Due to the inherent nature of such risks, they can be difficult to quantify given the lack of data or longer time horizons. A summary of emerging risks which are identified through this process is presented to the Audit Committee and the Board for consideration and these risks continue to be monitored as part of our ongoing risk management processes. Emerging risks being monitored include the impact of artificial intelligence and associated threats, business continuity risks associated with Cloud concentration and the market effects from higher borrowing costs. We also continue to monitor the impact of the current media attention on ultra-processed foods and the rising popularity of anti-obesity drugs and how these might influence consumer behaviours in the markets in which we operate and the risks and opportunities that this might present.

**AN INCREASINGLY DYNAMIC MARKETPLACE AND EVOLVING CONSUMER TRENDS, IN RESPONSE TO FACTORS SUCH AS AN INCREASED FOCUS ON HEALTH AND WELLBEING, SUSTAINABILITY CONCERNS AND COST-OF-LIVING CHALLENGES REMAIN A FOCUS AS THE GROUP'S PORTFOLIO CONTINUES TO EVOLVE**

| Link to Value Creation Framework as per the Strategic Report | Risk Trend |
|---|---|
| Growth | Risk is unchanged |
| Return | Risk has increased |
| Sustainability | Risk has decreased |

## Principal Risks and Uncertainties – Strategic

### Portfolio Management

**Description**

The Group's future growth and profitability is determined by how its portfolio of technologies, end use markets, geographies, channels and customers evolve over time.

The Group's ability to anticipate key market trends and evolving consumer demands and ensure the ongoing relevance of its portfolio is critical to its long-term performance.

**Risk Trend**

**Impact**

A failure to respond to changing market dynamics and make optimal portfolio management decisions may impact on the Group's profitability and long-term growth.

**How We Manage the Risk**

- The Group's strategic planning process is designed to ensure that investment decisions consider both our financial ambitions and our *Beyond the Horizon* sustainability commitments. A robust portfolio management toolkit is in place to support this process which uses multiple perspectives and data.
- During the year, the Group continued to make good strategic progress through footprint expansion and portfolio evolution with the sale of the trade and assets of its Sweet Ingredients Portfolio, further enhancing its business in areas where it can add most value.
- Post completion reviews are undertaken for all major investment projects to measure returns and inform future investment decisions.
- Our integrated business model is differentiated in the marketplace through its ability to provide integrated solutions underpinned by its portfolio of foundational technologies. This is supported by a significant investment in market insight tools that help to translate global trends into actionable ideas for innovation.

### Geopolitical, Emerging Markets and Macroeconomic Environment

**Description**

The Group's global footprint and acquisitive growth strategy, exposes it to global market forces, fluctuations in national economies, societal unrest, geopolitical uncertainty and an increasingly complex legal and regulatory environment.

Ongoing conflicts around the world continue to highlight the potential impact of geopolitical instability on areas such as supply chains, raw material costs and energy pricing and security.

**Risk Trend**

**Impact**

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

**How We Manage the Risk**

- The Board and Group Executive Leadership Team closely monitor political and economic developments to inform decision making and implement appropriate responses if required.
- Rigorous due diligence is undertaken when entering or commencing business activities in new markets.
- Central and local legal, regulatory and compliance teams ensure adherence to applicable laws and regulations - see Legal, Regulatory and Ethical Compliance risk for further detail.
- The breadth of the Group's portfolio and well-diversified geographic reach help to mitigate exposure to localised risk. The Group has appropriate crisis management and business continuity plans in place to deal with issues as they arise.

## Principal Risks and Uncertainties – Strategic (continued)

### Business Acquisition and Divestiture

**Description**

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

**Risk Trend**

**Impact**

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

**How We Manage the Risk**

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

### Climate Change and Environmental

**Description**

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

Physical climate impacts may disrupt our operations while transitioning to a low carbon economy may influence costs and/or demand for our products.

The geographical footprint of the Group coupled with an escalation in the pace of change in the ESG and environmental regulatory landscape has increased the risk of non-compliance.

**Risk Trend**

**Impact**

Environmental risks including extreme weather events, biodiversity loss and water scarcity may result in operational disruption and increased volatility in the supply of raw materials which may increase costs and have a negative impact on the Group's assets, revenue and profitability.

Transition risks such as changes in consumer demand, carbon pricing or a failure to remain compliant with the continuously-evolving, regulatory landscape may have a negative impact on the Group's revenue and profitability and may damage the reputation of the Group.

The failure of the business to meet our climate and environmental targets could result in reputational damage amongst customers, investors and other stakeholders and negatively impact our ability to raise finance.

**How We Manage the Risk**

- The Group's cross-functional Sustainability Executive Committee oversees progress in delivering against the Group's *Beyond the Horizon* sustainability strategy. Regular updates are provided to the Sustainability Committee, the Audit Committee and the Board. For further detail in relation to sustainability risk governance please see page 71-72 of our TCFD Report.
- Performance versus targets is monitored through a suite of global KPIs. In addition, sustainability and climate-related metrics are included as part of the Long-Term Incentive Plan (LTIP) for Executive Directors and senior management. A detailed review of the Group's sustainability performance is included in the Sustainability Review on pages 64-67.
- Consideration of climate-related matters is embedded in key investment decisions including capital, innovation and mergers and acquisitions.
- During 2023, the Group has continued to progress its understanding of sustainability-related risks and opportunities through the double materiality approach. Further details are outlined in the Sustainability Review on pages 48-49.
- During 2023, significant work was completed to update data systems and processes to meet upcoming EU CSRD disclosure requirements.
- Appropriate business continuity and crisis management plans are in place to deal with events that arise.

## Principal Risks and Uncertainties – Operational

### People

#### Description

The ability to attract, develop, engage and retain a diverse, talented and skilled workforce in an increasingly competitive labour market is critical if the Group is to continue to compete and grow effectively.

Ongoing geopolitical and economic uncertainty as well as competition for key skills and talent continues to impact both the supply and cost of labour in a number of markets in which the Group operates.

**Risk Trend**

#### Impact

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

#### How We Manage the Risk

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

### Food Safety and Quality

#### Description

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

**Risk Trend**

#### Impact

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

#### How We Manage the Risk

- Industry-leading food safety and traceability systems are in place and all manufacturing sites comply with international food safety and quality management standards. This is supported by a strong quality culture through the Group's Safety First, Quality Always approach.
- Comprehensive food safety training programmes are in place for all relevant employees.
- Regular audits of manufacturing sites against recognised global food safety standards are conducted by Corporate Quality, Group Internal Audit, customers and other independent agencies.
- Stringent controls operate across our supply chain including due diligence and audits of suppliers supported by rigorous quality checking of all high-risk ingredients.
- A dedicated regulatory function closely monitors the external environment and engages industry organisations to identify and understand emerging issues and address increasing compliance requirements.

## Principal Risks and Uncertainties – Operational (continued)

### Health and Safety

**Description**

The nature of the Group's operations can expose employees, sub-contractors, customers and other individuals to potential health and safety risks.
The Group is also subject to local safety regulations in multiple jurisdictions, compliance with which is paramount.

**Risk Trend**

**Impact**

A significant safety incident or failure to comply with laws and regulations could expose the Group to legal liability, and/or significant costs and damage the Group's reputation.

**How We Manage the Risk**

- A strong health and safety culture has been driven by management and employees at all levels supported by our Safety First, Quality Always mindset. All employees are empowered to challenge unsafe work conditions or practices.
- A robust health and safety management system is in place across all sites requiring employees to complete formal health and safety training (relevant to their role) at regular intervals. All sites are also subject to regular health and safety audits by Corporate Health and Safety, Group Internal Audit and external assurance providers.
- The health and wellbeing of employees is a core priority for the Group and a global Employee Assistance Programme (EAP) is in place to support both employees and their families in this regard.

### Margin Management

**Description**

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

While the unprecedented inflationary environment of the previous two years has eased somewhat, there has been ongoing volatility in input costs, which the Group must manage through its pricing mechanisms.

**Risk Trend**

**Impact**

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

**How We Manage the Risk**

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

## Principal Risks and Uncertainties – Operational (continued)

### Cyber and Information Systems Security

| Description | Impact | How We Manage the Risk |
|---|---|---|
| The Group depends on a reliable and secure ICT infrastructure (both within our network and in partnership with third-party service providers) for its daily business operations, internal communications, controls, reporting and communications with customers and suppliers.<br><br>Ongoing geopolitical tensions and technological advancements such as digital enablement and AI mean that the Group, similar to other large global companies is increasingly susceptible to sophisticated cyber-attacks or other information security breaches.<br><br>**Risk Trend** | A successful cyber-attack, internal breach or other systems failure, either within the Group or at a third-party service provider, could result in theft, misappropriation of critical assets and/or personal data and disruption to core business operations including manufacturing and supply chain. This could result in a significant customer, financial, reputational and/or regulatory impact for the Group. | » An appropriate governance structure is in place including an Executive Information Security Management Committee and the ROC. Cybersecurity is a major focus area for the Board and Audit Committee who this year received two formal updates from the Chief Information Security Officer.<br>» A dedicated ICT Security team is in place who, in conjunction with selected external technical specialists, use industry-leading tools, technology and processes aligned to global best practice cybersecurity frameworks. These include a 24/7 security monitoring service, a vulnerability management programme, a software review process, supply chain partner audits, a data loss prevention programme and identity governance controls amongst other initiatives.<br>» The Group continues to invest significantly to strengthen its ICT security posture and ensure it is compliant with all regulatory obligations such as the EU NIS2 Directive.<br>» Business continuity, disaster recovery and crisis management plans are in place and are tested on a regular basis.<br>» Cybersecurity training is mandatory for all employees. In addition, the Group continues to invest in simulated phishing and cybersecurity awareness campaigns to ensure vigilance is maintained.<br>» Cybersecurity reviews are conducted by a team of internal ICT auditors in addition to the engagement of external experts on a biennial basis to conduct a cyber resilience assessment against the National Institute of Standards and Technology (NIST) framework.<br>» The Group maintains a cyber insurance policy and there were no material information or cybersecurity breaches noted over the last three years. |

## Principal Risks and Uncertainties – Operational (continued)

### Operational and Supply Chain Resilience

**Description**

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

A turbulent, geopolitical environment, an increase in the number of extreme weather events and learnings from the COVID-19 pandemic, have highlighted the need to continue to focus on building a resilient supply chain which is responsive to changing internal and external pressures.

**Risk Trend**

**Impact**

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

**How We Manage the Risk**

- Crisis management and business continuity plans are in place to enable effective recovery from a major disruption. The diversified nature of the Group's manufacturing footprint facilitates the transfer of production if required.
- Robust inventory management processes are in place including the maintenance of appropriate safety stock levels.
- Sourcing model includes dual supply for critical raw materials.
- The Group continues to improve its end-to-end supply chain planning programme to support improved cross-functional decision making.
- All facilities have insurance cover to mitigate the impact of significant disruption.
- The Group continues to work with third-party experts to understand climate-related risks and opportunities. For details on the scenario analysis, transition plans and our risk management and materiality assessment refer to the TCFD Report on pages 70-83.
- Experienced customer service teams enable a responsive and agile operation.

### Intellectual Property

**Description**

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

**Risk Trend**

**Impact**

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

**How We Manage the Risk**

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

## Principal Risks and Uncertainties – Financial and Compliance

### Legal, Regulatory and Ethical Compliance

**Description**

The Group must comply with a complex and constantly evolving framework of local and international laws and regulations in such diverse areas as product safety and labelling, the environment, health and safety, employment law, human rights, data privacy, ESG, international sanctions, anti-bribery and corruption, competition law, company law, taxation, corporate governance and stock exchange listing rules. Acting in a legal, ethical and socially responsible manner, consistent with our purpose, the expectations of customers, consumers and other stakeholders, is essential for the protection of the reputation of the Group.

**Risk Trend**

**Impact**

A material failure to comply with applicable legal, regulatory and ethical standards or best practices could result in litigation or investigations, the imposition of significant fines, sanctions, adverse operational impact and reputational damage.

Changes to laws and regulations could have a material impact on the cost of doing business.

**How We Manage the Risk**

- Dedicated legal and regulatory teams, supported by specialised functions and external advisors, ensure compliance with applicable laws and regulations and provide support and advice on upcoming changes.
- A Code of Conduct is in place underpinned by policies, processes and controls in relevant areas.
- A Supplier Code of Conduct is in place which outlines the standards we expect from those we do business with and our responsible sourcing programme focuses on key impact areas such as deforestation and human rights.
- The legal function manage the Group's Ethics and Compliance programme incorporating a global Speak Up channel with robust mechanisms in place to ensure issues are properly investigated and remedial actions taken. The Business Integrity Committee oversee this work with regular updates provided to the Audit Committee.
- A Group-wide mandatory compliance training programme is in place supplemented with regular, targeted training and awareness sessions.

### Taxation

**Description**

Given the Group's global network, it is exposed to an increasingly complex and evolving international tax environment.

**Risk Trend**

**Impact**

The Group's tax liability or reporting requirements may be negatively impacted by local or international legislative changes, evolving legal interpretations, tax audits or transfer pricing judgements.

**How We Manage the Risk**

- A team of dedicated tax experts responsible for ensuring compliance with all taxation matters globally are employed. A programme of continuous professional development ensures that the team is up to date on tax law changes e.g., OECD Pillar Two – Global Minimum Tax.
- In house expertise is supplemented by external taxation advisors where required.

### Treasury

**Description**

The international nature of the Group's operations means that it has transactions and activities across many jurisdictions which expose it to liquidity, foreign exchange, interest rate and counterparty risks.

**Risk Trend**

**Impact**

Failure to manage these risks could negatively impact on the financial performance of the Group.

**How We Manage the Risk**

- The Group Finance Committee monitors treasury risk on an ongoing basis.
- The Group has a strong investment grade credit rating and maintains access to global debt markets. Significant cash balances and long-dated debt facilities are in place to ensure the Group's liquidity requirements are met.
- The Treasury function actively manages treasury risks through cashflow forecasts, monitoring funding requirements, foreign currency exposure netting and hedging, interest rate hedging and management of counterparty risk.

## Going Concern and Viability Assessment

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

### Going Concern

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

The Directors considered the Group's business activities and how it generates value, together with the main trends and factors likely to affect future development, business performance and position of the Group, including the potential impact of climate-related risks on profitability and liquidity, as described in the Business Reviews on pages 42-45.

The Group's 2024 budget was reviewed and approved at the December Board meeting. The Directors have also examined the financial position of the Group, including cash flows, liquidity position, borrowing facilities, financial instruments and financial risk management, as described on pages 36-41 and additionally as described in note 24 to the financial statements.

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

## Viability Assessment

### Assessment of Prospects

In line with Provision 31 of the 2018 UK Corporate Governance Code, the Directors have carried out a rigorous review of the prospects of the Group over the medium term. In assessing the prospects of the Group and its ability to meet its liabilities as they fall due, the Board has taken account of the Group's medium-term, strategic planning cycle, capital investment plans, the business model, its diverse portfolio and the innovation pipeline. The Directors have also considered the Group's strong cash generation and debt maturity profile in addition to the principal risks and uncertainties detailed on pages 97-103. This included a consideration of the potential impact of climate-related risks on profitability and liquidity. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are outlined in the Financial Review on pages 36-41.

## Viability Assessment Scenarios

| Scenario Modelled | |
|---|---|
| **Scenario 1:** External and Macroeconomic Risks<br>Depressed economic performance, ongoing inflationary and interest rate increases, supply chain disruption, political unrest | – Climate Change and Environmental<br>– Business Acquisition and Divestiture<br>– Geopolitical, Emerging Markets & Macroeconomic Environment<br>– Operational and Supply Chain Resilience<br>– Legal, Regulatory and Ethical Compliance<br>– Margin Management<br>– Portfolio Management<br>– People<br>– Intellectual Property<br>– Treasury |
| **Scenario 2:** Climate Change and Environmental Risk*<br>Impacts of extreme weather events, water stress or other climate-related physical or transition risks | – Climate Change and Environmental<br>– Portfolio Management<br>– Operational and Supply Chain Resilience<br>– Margin Management |
| **Scenario 3:** One-off Expense<br>Impact of a catastrophic event such as a large-scale cyber-attack, significant product contamination or disruption to operations | – Climate Change and Environmental<br>– Cyber and Information Systems Security<br>– Operational and Supply Chain Resilience<br>– Food Safety, Quality and Regulatory<br>– Legal, Regulatory and Ethical Compliance<br>– Portfolio Management<br>– Intellectual Property<br>– Taxation<br>– Treasury |

* This scenario was modelled based on a three-year time horizon.
For a longer-term assessment of climate risk please see the TCFD section of this report on pages 70-83.

### Period of Viability Assessment

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

### Assessment of Viability

The viability of the Group has been assessed, considering the Group's current financial position, including external funding in place over the assessment period, and after modelling the impact of certain scenarios arising from the Group's principal risks and uncertainties as outlined on pages 97-103.

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

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

### Viability Statement

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

**ACTING IN A LEGAL, ETHICAL AND SOCIALLY-RESPONSIBLE MANNER, CONSISTENT WITH OUR PURPOSE, THE EXPECTATIONS OF CUSTOMERS, CONSUMERS AND OTHER STAKEHOLDERS, IS ESSENTIAL FOR THE PROTECTION OF THE REPUTATION OF THE GROUP**

# DIRECTORS' REPORT

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# BOARD OF DIRECTORS

## Chairman & Executive Directors

**MR. TOM MORAN**
(68)(M)
**Chairman of the Board**

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

Tom had a long and distinguished career within the Irish Public Sector where he served for 10 years as Secretary General of the Irish Department of Agriculture, Food and the Marine and also held a number of international policy and trade negotiation leadership roles.

Tom is currently a Vice Chair of the Origin Green Global Sustainability Council. He is also Chairman of the Irish Government Public Appointments Service. Tom is a registered Chartered Director.

Tom was a Board member of Bord Bia, the Irish Dairy Board, for 8 years and chaired its Dairy Subsidiary Board.

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

**Appointed:**
29 September 2015 and as Chairman 28 April 2022

**Committee Membership**
G

**MR. EDMOND SCANLON**
(50)(M)
Executive Director
**Chief Executive Officer**

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

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

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

**Appointed:**
1 October 2017

**MS. MARGUERITE LARKIN**
(52)(F)
Executive Director
**Chief Financial Officer**

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

Marguerite has almost 30 years' international experience having served as lead client partner at Deloitte Ireland for a number of multinationals operating in a broad range of industries including food and beverage, pharma and technology.

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

Marguerite is a Fellow of Chartered Accountants Ireland and holds a Bachelor of Commerce degree and a Masters degree in Accountancy.

Marguerite was appointed Executive Director and Group Chief Financial Officer in September 2018.

**Appointed:**
30 September 2018

**MR. GERRY BEHAN**
(59)(M)
Executive Director
**President and CEO Kerry Taste & Nutrition**

**Experience:**
Gerry has over 35 years' experience in the Group and has extensive knowledge of the global food and beverage industry.

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

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

He was appointed President and Chief Executive Officer of Kerry's Global Taste & Nutrition business in 2011.

Gerry has served as an Executive Director on the Board since 2008.

**Appointed:**
13 May 2008

**Committee Membership Key**

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

# Non-Executive Directors

**DR. HUGH BRADY**
(64)(M)

**Senior Independent Non-Executive Director**

**Experience:**

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

He is President of Imperial College London, a role he took up on 1 August 2022.

Hugh had a successful career as a physician and biomedical research scientist in the US where he served on the faculty of Harvard Medical School for almost a decade prior to returning to his alma mater as Professor of Medicine and Therapeutics in University College Dublin (UCD).

He was previously President and Vice Chancellor of the University of Bristol in the UK from 2015 to 2022 and was President of UCD from 2004 to 2013.

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

**Appointed:**
24 February 2014

**Committee Membership**
G A

**DR. GENEVIEVE BERGER**
(69)(F)

**Independent Non-Executive Director**

**Experience:**

Genevieve is a global science leader having served as Director General of the Centre National de la Recherche Scientifique, one of the world's largest research organisations, and who during her executive career held roles as the Chief Science Officer at Firmenich International SA as well as the Chief Research & Development Officer and Chief Science Officer at Unilever plc. In addition to being a medical doctor, she holds two other doctorates, a PhD in Physics and one in Human Biology.

Genevieve brings to the Board expertise in the areas of human health, nutrition and food ingredients.

Genevieve is currently a non-Executive Director of Dassault Systèmes SE and previously served on the boards of Air Liquide SA, AstraZeneca plc and Smith & Nephew plc.

Genevieve joined the Board on 1 November 2023.

**Appointed:**
1 November 2023

**MS. FIONA DAWSON**
(57)(F)

**Independent Non-Executive Director**

**Experience:**

Fiona has over 30 years of experience in the consumer food and beverage sector having retired after a long and successful career with Mars Inc. culminating in her final role as Global President Food, Customers and Multisales Markets.

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

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

Fiona is currently a non-Executive director of Lego Group A/S and Marks and Spencer Group plc where she sits on the Remuneration and Nomination Committee. She is on a number of advisory Boards including Trinity Business School in Dublin, and The Social Mobility Foundation.

Fiona joined the Board in January 2022 and was appointed to the Remuneration Committee in February 2022.

Fiona was appointed as a member and Chairperson of the Sustainability Committee on 1 August 2023.

**Appointed:**
4 January 2022

**Committee Membership**
R S

**DR. KARIN DORREPAAL**
(62)(F)

**Independent Non-Executive Director**

**Experience:**

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

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

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

Karin joined the Board and both the Remuneration and Governance and Nomination Committees in 2015. She was appointed the designated Workforce Engagement Director in April 2022 and to the Sustainability Committee on 1 August 2023.

**Appointed:**
1 January 2015

**Committee Membership**
G R S

# Non-Executive Directors

**MS. EMER GILVARRY**
(66)(F)
**Independent Non-Executive Director**

**Experience:**
Emer is a highly experienced professional who brings legal, business, governance and climate expertise to the Board.

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

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

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

Emer brings experience on climate impact through her patronage of Chapter Zero Ireland, the Irish Chapter of the Climate Governance Initiative, developed in collaboration with the World Economic Forum.

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

**Appointed:**
1 November 2020
**Committee Membership**
A R

**PROF. CATHERINE GODSON**
(62)(F)
**Independent Non-Executive Director**

**Experience:**
Catherine has an international reputation in scientific research gained through a long and successful academic career in the US, Switzerland and at University College Dublin (UCD).

She brings to the Board knowledge across human health and is a global expert on diabetes as well as inflammation, cardiovascular and kidney diseases.

Catherine is the Associate Dean, Research and Innovation at UCD's School of Medicine as well as being Director of the Diabetes Complications Research Centre at the UCD Conway Institute and the UCD School of Medicine. During her time with UCD she held a variety of senior management roles including Vice President, Innovation. She currently serves on the board of the Irish Research Council and as a Trustee of Barts Charity, London.

Catherine was appointed to the Board on 1 November 2023.

**Appointed:**
1 November 2023

**MR. MICHAEL KERR**
(64)(M)
**Independent Non-Executive Director**

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

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

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

Michael joined the Board in May 2021 and was appointed to the Audit Committee in November 2021 and to the Governance and Nomination Committee in August 2022.

**Appointed:**
3 May 2021
**Committee Membership**
A G

# Non-Executive Directors

**MR. CHRISTOPHER ROGERS**
(63)(M)
**Independent Non-Executive Director**

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

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

Christopher is currently Chairman of Wickes plc and a non-Executive Director at Sanderson Design Group plc.

Christopher is a Fellow of Chartered Accountants England and Wales.

Christopher joined the Board and was appointed Chairman of the Audit Committee in May 2018. He joined the Remuneration Committee in April 2020 and was appointed to the Sustainability Committee on 1 August 2023.

**Appointed:**
8 May 2018
**Committee Membership**
A R S

**MR. PATRICK ROHAN**
(49)(M)
**Independent Non-Executive Director**

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

Patrick joined the Board in January 2023 and was appointed to the Sustainability Committee on 1 August 2023.

**Appointed:**
16 January 2023
**Committee Membership**
S

**MR. JINLONG WANG**
(66)(M)
**Independent Non-Executive Director**

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

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

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

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

Jinlong joined the Board in January 2021 and was appointed to the Audit Committee in May 2021.

**Appointed:**
5 January 2021
**Committee Membership**
A

# REPORT OF THE DIRECTORS
Directors and Other Information

## Directors

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

*Executive Director

## Secretary and Registered Office

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

## Registrar and Share Transfer Office

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

## Website

kerry.com

The Directors submit their Annual Report together with the audited Consolidated Financial Statements for the year ended 31 December 2023.

## Principal Activities

Kerry is a world-leading taste and nutrition partner for the food, beverage and pharmaceutical markets and a leading Irish provider of value-add dairy ingredients and consumer products. Kerry innovates with its customers to create great tasting products, with improved nutrition and functionality, while ensuring better impact for the planet. At Kerry, we are driven to be our customers' most valued partner, creating a world of sustainable nutrition.

Listed on the Euronext Dublin and London Stock Exchanges, Kerry has an international presence with 137 manufacturing facilities across the world.

## Results and Review of the Business

The Directors are pleased to report a good performance across our financial metrics and non-financial measures for 2023.

Group reported revenue was **€8.0bn** (2022: €8.8bn) and EBITDA was **€1.2bn** (2022: €1.2bn) reflecting an EBITDA margin of **14.5%** (2022: 13.9%). This resulted in growth in adjusted EPS on a constant currency basis of **1.2%** (2022: 7.3%). The Basic EPS at **410.4c** (2022: 341.9c) has increased year on year as the Basic EPS in 2023 benefited from the profit earned on the sale of the Sweet Ingredients Portfolio. The free cash flow generated was **€701m** (2022: €640m) and from a balance sheet perspective Shareholders equity increased to **€6.5bn** (2022: €6.2bn) and Return on Average Capital Employed (ROACE) was **10.0%** (2022: 10.3%). Our main non-financial measures showed our nutritional reach increased to **1.25bn** (2022: 1.2bn). The absolute carbon reduction was **48%** (2022: 45%) and the food waste reduction was **39%** (2022: 41%).

Further details of the financial results for the year are set out in the Consolidated Financial Statements and further details of the non-financial results are set out in the Sustainability Review on pages 46-91. The Group's financial and non-financial key performance indicators are discussed on pages 34-35.

The Chairman's Statement, the Chief Executive Officer's Review, the Business Reviews and the Financial Review, which are included in the Strategic Report on pages 8-45, report on the assets and liabilities and financial position as well as the performance of the Group's business, including M&A activity during the year and on future developments.

## Dividends

On 14 February 2024, the Directors recommended a final dividend totaling 80.8 cent per share in respect of the year ended 31 December 2023 (see note 10 to the financial statements). This final dividend per share is an increase of 10.1% over the final 2022 dividend per share paid on 12 May 2023. This dividend is in addition to the interim dividend of 34.6 cent per share paid to shareholders on 10 November 2023.

The payment date for the final dividend is 10 May 2024 to shareholders registered on the record date of 12 April 2024.

## Principal Risks and Uncertainties

In accordance with Section 327(1)(b) of the Companies Act 2014 and the Central Bank (Investment Market Conduct) Rules, a description of the principal risks and uncertainties facing the Group are outlined in the Risk Management Report on pages 92-105.

## Research and Development

The Group is fully committed to ongoing technological innovation in all sectors of its business, providing technology and integrated customer-focused product development and application support by leveraging our global technology capabilities and expertise. To facilitate this, the Group has invested in leading research, development and application centres of excellence with a strategically located Global Innovation Centre, based in Naas, Ireland, which is supported by Regional Technology & Innovation Centres and a global knowledge management infrastructure. Expenditure on research and development applications and technical support amounted to **€301.3m** in 2023 (2022: €303.2m).

## Sustainability

The Group's *Beyond the Horizon* sustainability strategy underpins Kerry's future growth as we continue to partner with our customers across the globe to create a world of sustainable nutrition. As part of our *Beyond the Horizon* sustainability strategy Kerry works with customers to promote healthier and more sustainable diets aiming to reach over two billion people by 2030. The strategy also includes ambitions to deliver for people, society and the planet with targets across material topics including climate change, circular economy and responsible sourcing. The Board, through the newly constituted Sustainability Committee, is responsible for governance and oversight of the Group's sustainability strategy and its implementation. Details regarding the Group's sustainability strategy, targets, performance, policies and programmes are outlined in the Sustainability Review on pages 46-69.

Details of our climate-related risks, opportunities and other climate-related disclosures relating to the Task Force on Climate-related Financial Disclosures (TCFD) are outlined on pages 70-83.

The 2023 Sustainability Report details the Group's progress against its sustainability strategy and targets with reference to Global Reporting Initiative (GRI) standards and is available for review on the Group's website kerry.com.

## Share Capital

Details of the share capital are shown in note 27 of the financial statements. The authorised share capital of the Company is €35,000,000 divided into 280,000,000 A ordinary shares of 12.5 cent each, of which 175,792,661 shares were in issue as at 31 December 2023.

The A ordinary shares rank equally in all respects. There are no limitations on the holding of securities in the Company.

There are no restrictions on the transfer of fully paid shares in the Company, but the Directors have the power to refuse the transfer of shares that are not fully paid. There are no deadlines for exercising voting rights other than proxy votes, which must be received by the Company at least 48 hours before the time of the meeting at which a vote will take place. There are no restrictions on voting rights except:

- where the holder or holders of shares have failed to pay any call or instalment in the manner and at the time appointed for payment; or
- the failure of any shareholder to comply with the terms of Article 14 of the Company's Articles of Association (disclosure of beneficial interest).

The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities or on voting rights.

The Directors have the authority to issue new shares in the Company up to a maximum aggregate nominal value of €7,300,785 (representing approximately 33% of the A Ordinary Shares in issue as at the date of the 2023 Annual General Meeting). This authority will expire on the earlier of the conclusion of the 2024 Annual General Meeting (AGM) and close of business on 26 July 2024 and it is intended to seek shareholder approval to renew the authority at the AGM to be held on 2 May 2024.

Shareholders approved the authority for the Directors to allot shares for cash on a non-pro rata basis up to an aggregate nominal amount of €1,106,179 (representing approximately 5% of the A Ordinary Shares in issue) at the AGM held on 27 April 2023. Shareholders also approved an authority to allot additional shares up to an aggregate nominal amount of €1,106,179 (representing approximately 5% of the A Ordinary Shares in issue) for cash on a non-pro rata basis provided the additional authority will only be used for the purpose of an acquisition or specified capital investment announced contemporaneously with the issue or which has taken place in the preceding six-month period and is disclosed with the announcement of the issue. Neither authority has been exercised to date and both authorities will expire on the earlier of the conclusion of the 2024 AGM and close of business on 26 July 2024. It is intended to seek shareholder approval for their renewal at the 2024 AGM.

During 2023, 179,441 shares were allotted pursuant to the Company's Short and Long-Term Incentive Plans as a result of shares which vested and options which were exercised. Further details are shown in note 28 to the financial statements.

The Company may purchase its own shares in accordance with the Companies Act 2014 and the Company's Articles of Association. At the 2023 AGM, shareholders passed a resolution authorising the Company to purchase up to 10% of its own issued share capital as at the date of the AGM. On 26 October 2023, the Company announced its intention to launch a share buyback programme of up to €300m representing approximately 2.3% of its shares in issue at that date. The buyback programme is underpinned by the Company's strong balance sheet and cashflow and is aligned to its capital allocation policy. The buyback programme commenced on 1 November 2023 and is expected to be completed by the end of April 2024. In the period from 1 November 2023 to 31 December 2023 the Company purchased 1,373,261 shares returning a total of €101.7m to shareholders. Since the year end, and up to 31 January 2024, the Company has purchased an additional 749,081 shares returning an additional €58.9m to shareholders. All shares purchased under the buyback programme are cancelled immediately. This authority is due to expire on the earlier of the conclusion of the 2024 AGM and close of business on 26 July 2024 and it is intended to seek shareholder approval for its renewal at the 2024 AGM.

## Substantial Interests

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

| Shareholder | Number Held | % |
|---|---|---|
| Kerry Co-operative Creameries Limited | 19,701,211 | 11.3% |
| Blackrock Investment Management | 8,833,317 | 5.0% |

Apart from the aforementioned, the Company has not been notified of any interest of 3% or more in the issued share capital of the Company.

## Directors

The Board, at the date of this report, consists of a Chairman, three Executive and ten independent non-Executive Directors. The names and biographical details of the Directors are set out on pages 108-111. In accordance with the Company's Articles of Association and Provision 18 of the Code, each of the Directors individually retire at the AGM of the Company and, where appropriate, submit themselves for re-election.

No reappointment is automatic and all Directors who intend to submit themselves for re-election are subject to a full and rigorous evaluation. One of the main purposes of the evaluation is to assess each Director's suitability for re-election. If a Director is not deemed to be effective in carrying out his or her required duties, the Board will not recommend that Director for re-election. Following the individual performance evaluation of all Directors, as outlined in the Corporate Governance Report on page 132, the Board recommends the election and re-election of all Directors seeking election and re-election.

The Directors' and Company Secretary's interests in shares and debentures are included in the Remuneration Report on page 178.

## Board and Committee Changes

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

Dr. Genevieve Berger and Professor Catherine Godson joined the Board on 1 November 2023.

Ms. Liz Hewitt will join the Board and the Audit Committee with effect from 1 March 2024.

A standalone Sustainability Committee was established on 1 August 2023. Four independent non-Executive Directors; Ms. Fiona Dawson (Chairperson), Dr. Karin Dorrepaal, Mr. Christopher Rogers and Mr. Patrick Rohan were appointed to the Committee on the same date.

Following the establishment of the Sustainability Committee, the Governance, Nomination and Sustainability Committee was renamed the Governance and Nomination Committee.

The Articles of Association empower the Board to appoint Directors, but also require such Directors to retire and submit themselves for re-election at the next AGM following their appointment. For the purposes of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 specific rules regarding the appointment and re-election of Directors are referred to in the Governance and Nomination Committee Report.

## Corporate Governance

The Corporate Governance Report on pages 118-134 sets out the Company's application of the Principles, and compliance with the Provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex (the Code).

## Non-Financial Information

Pursuant to the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, the Group is required to report on certain non-financial information to provide an understanding of its development, performance, position and the impact of its activities, relating to, at least, environmental matters, social matters, employee matters, respect for human rights and anti-bribery & corruption. Information on these matters can be found in the following sections of the Annual Report, which are deemed to form part of this Report: Sustainability Review on pages 46-91, Our Business Model on pages 24-25, the Risk Management Report on pages 92-105. Information on diversity can be found in the Governance and Nomination Committee Report on pages 141-147, Our People on pages 14-23 and the Sustainability Review on page 59.

## Going Concern and Long-Term Viability Statements

The going concern and longer-term viability statements in the Risk Management Report on pages 104-105 set out the Company's basis for the adoption of the going concern basis of accounting in preparing the Consolidated Financial Statements and the basis for the Directors' conclusion that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years.

## Directors' Responsibility Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Irish Company Law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the assets, liabilities and financial position of the Company and the Group, and of the profit or loss of the Group for that period. Under that law the Directors have elected to prepare Group financial statements in accordance with International Financial Reporting Standards as issued by the IASB ('IFRS Accounting Standards') and International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRS Accounting Standards and IFRS as adopted by the European Union. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS Accounting Standards and IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for ensuring that the Company keeps adequate accounting records which correctly explain and record the transactions of the Company, enabling at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy and ensuring that the financial statements are prepared in accordance with IFRS Accounting Standards and IFRS as adopted by the European Union, comply with the Companies Act 2014 and as regards to the Group financial statements, Article 4 of the IAS Regulation and enable the financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website kerry.com. Irish legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with the Central Bank (Investment Market Conduct) Rules, the Directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group. The Directors are also required by applicable law and the Listing Rules issued by Euronext Dublin and the UK Listing Authority to prepare a Directors' Report and reports relating to Directors' remuneration and corporate governance.

Each of the Directors, whose names and functions are listed on page 112, confirms that, to the best of their knowledge and belief:

- the Consolidated Financial Statements for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards and IFRS as adopted by the European Union and as applied in accordance with the Companies Act 2014. They give a true and fair view of the assets, liabilities, and financial position of the Group and the undertakings included in the consolidation, taken as a whole, as at that date and its profit for the year then ended;
- the Company financial statements, prepared in accordance with IFRS Accounting Standards and IFRS as adopted by the European Union and as applied in accordance with the Companies Act 2014, give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023;
- the Financial and Business Reviews on pages 36-45 include a fair review of the development and performance of the business for the year ended 31 December 2023 and the position of the Company and the Group at the year end;
- the Risk Management Report provides a description of the principal risks and uncertainties which may impact the future performance of the Company and the Group at the year end; and
- the Annual Report and Consolidated Financial Statements, taken as a whole, provides the information necessary for shareholders to assess the Company's and Group's position and performance, business model and strategy and is fair, balanced and understandable.

## Directors' Compliance Policy Statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors have drawn up a compliance policy statement (as defined in section 225(3)(a) of the Companies Act 2014) and arrangements and structures are in place that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. The Directors confirm that these arrangements and structures were reviewed during the financial year. As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under Section 225, the Directors relied on the advice both of persons employed by the Company and of third parties who the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

## Accounting Records

To ensure that proper accounting records are kept for the Company in accordance with sections 281 to 285 of the Companies Act 2014, the Directors employ appropriately qualified accounting personnel and maintain appropriate accounting policies and systems. The accounting records of the Company are maintained at the Company's registered office.

## Accountability and External Audit

A statement relating to the Directors' responsibilities in respect of the preparation of the financial statements is set out on pages 115-116 with the responsibilities of the Company's external Auditors outlined on pages 184-191.

The Financial Statements on pages 192-268 have been audited by PricewaterhouseCoopers (PwC), Chartered Accountants.

The external Auditors, PwC who were appointed in March 2016, will continue in office in accordance with Section 383(2) of the Companies Act 2014. A resolution authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

## Disclosure of Information to the External Auditors

Each of the Directors, who were members of the Board at the date of approval of this Report of the Directors, confirms that:

- so far as they are aware there is no relevant audit information of which the Company's external auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's external auditors are aware of that information.

## Memorandum and Articles of Association

The Company's Memorandum and Articles of Association set out the objects and powers of the Company. The Articles of Association of the Company may only be amended by way of special resolution approved by shareholders in a general meeting.

A copy of the Memorandum and Articles of Association can be obtained from the Company's website kerry.com.

## Change of Control Provisions

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

Public senior bond notes issued by the Group contain a provision that may require the Group to repurchase the notes in the event that a change of control occurs which leads to a downgrading of the credit rating assigned to the notes to below investment grade.

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

## Events After the Balance Sheet Date

Since the financial year end, the Group has:

- entered into a definitive agreement to acquire part of the global lactase enzyme business of Chr. Hansen Holding A/S and Novozymes A/S on a carve out basis. See note 34 in the financial statements for further details;
- repurchased 749,081 shares at a cost of €58.9m up to 31 January 2024; and
- proposed a final dividend of 80.80 cent per A Ordinary Share.

## Political Donations

During the year, the Company made no political contributions which require disclosure under the Electoral Act, 1997.

## Group Entities

The principal subsidiaries and associated undertakings are listed in note 36 to the financial statements.

## Financial Instruments

The financial risk management objectives and policies, along with a description of the use of financial instruments are set out in note 24 to the financial statements.

## Information Required to be Disclosed by Listing Rule 6.1.77, Republic of Ireland Listing Authority

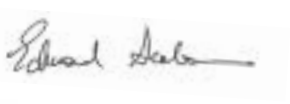
For the purposes of Listing Rule 6.1.77, the information required to be disclosed can be found in the following locations:

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

## Cross References

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

Signed on behalf of the Board:



**Tom Moran**
Chairman
14 February 2024

**Edmond Scanlon**
Chief Executive Officer
14 February 2024

# GOVERNANCE REPORT
## Corporate Governance Report

Dear Shareholder,

I am pleased to present the Kerry Group Corporate Governance Report for the year ended 31 December 2023.

The Corporate Governance Report describes how we apply the main Principles of good governance as set out in the UK Corporate Governance Code and the Irish Corporate Governance Annex (together the Code). On behalf of the Board, I can confirm that for the year under review, the Group has complied with all Provisions of the Code. For further information refer to the Compliance Statement on page 122.

The Board sets the tone and shared values for the way in which the Group operates and recognises the importance of culture to the success of the business model. During 2023, the Board continued to assess and monitor the Group's culture to ensure that it is aligned with the Group's strategy and values and is adequately embedded across the Group.

As a Board, we recognise the benefits of understanding the views of all our stakeholders and we ensure that their interests are taken into account in Board discussions and decision making. Details of stakeholder engagement activities during the year, including the work of the designated Workforce Engagement Director, are outlined on pages 123-128.

The Board, in conjunction with the Governance and Nomination Committee, ensures that there are robust plans in place to facilitate Board, Executive and senior management succession. During 2023, following the appointment of Mr. Patrick Rohan in January, the Board appointed two additional non-Executive Directors in November; Dr. Genevieve Berger and Professor Catherine Godson, who bring skills and experience that are reflective of the Group's strategic priorities. Details of the non-Executive Director and Committee changes that occurred during the year, are set out in the Governance and Nomination Committee Report on page 146.

The Board recognises its role in providing guidance and strategic oversight in relation to the implementation of the Group's *Beyond the Horizon* sustainability strategy. During the year, a separate Sustainability Committee was constituted. This Committee monitored how the implementation of the *Beyond the Horizon* sustainability strategy is progressing, reviewed performance achieved versus agreed sustainability-related commitments and targets, and together with the Audit Committee, approved the sustainability-related reporting disclosures included in the 2023 Annual Report as well as the 2023 Sustainability Report, which is available for review on kerry.com. The Committee also considered the increasing stakeholder expectations and enhanced reporting requirements relating to ESG matters that need to be addressed now and into the future.

Diversity at Board level has been a focus for the Governance and Nomination Committee for a number of years and also continues to be a key factor when considering Board and Committee refreshment. During 2023, the Committee also monitored the progress made against the diversity targets at senior management level to ensure the appropriate level of skills and diversity exist, to support the delivery of the Group's strategy and financial targets. Diversity at Board level, in terms of gender, nationality and ethnic background have all improved in recent years. I am pleased to say that the Board now has 43% female representation and plans to maintain female representation at a minimum level of 40% going forward.

The Group has committed to achieving equal gender representation across all senior management roles by 2030. Improving and monitoring diversity beyond gender, and below Board level will continue to be a key area of focus for the Board and the Executive Leadership Team in 2024.

Each year, the Board undertakes a formal evaluation of its effectiveness and that of its Committees. In 2023, the evaluation was an internal self-assessment and the outcome of this review is that the Board and its Committees consider that they are performing effectively. Details of the process and the resulting actions from this review are outlined on page 132.

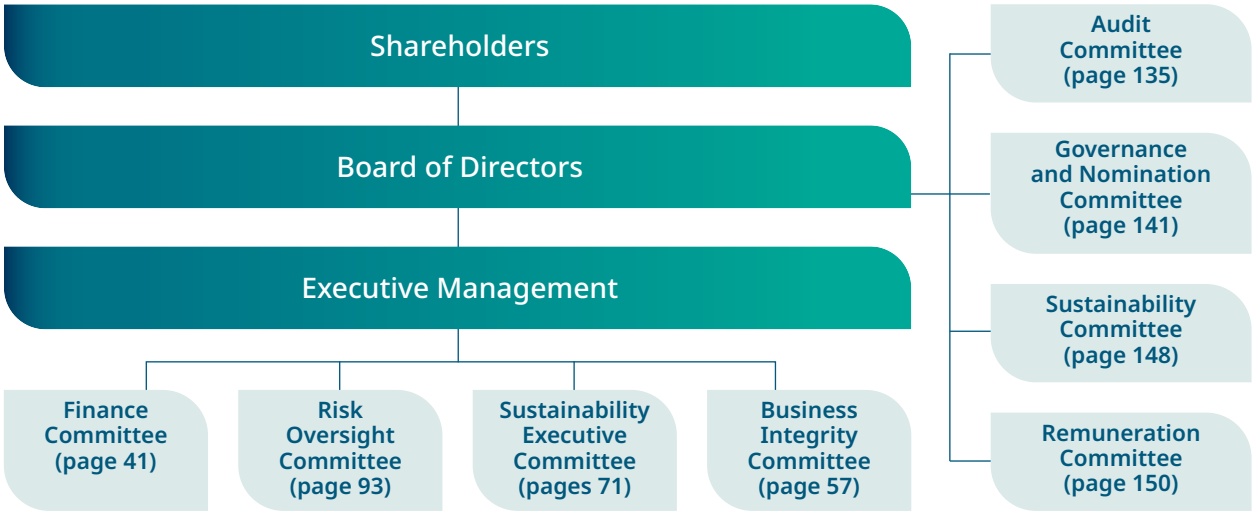
Details of the Group's activities and the operations of the Board, contained in the following report, outline the manner in which the Group has achieved compliance with the Code through the activities and operations of the Board and its Committees during the year.

**Tom Moran**
Chairman of the Board

## Board Leadership and Company Purpose

### Kerry Group Governance Framework

Kerry Group has a clear Governance Framework with defined responsibilities and accountabilities as outlined in the diagram below. This Governance Framework is designed to safeguard long-term shareholder value and ensure that the Group contributes to wider society.




## Board Role and Operations

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

The Directors are of the opinion that the composition of the Board provides the extensive, relevant business experience needed to oversee the effective operation of the Group's activities and that the individual Directors bring a diverse range of skills, knowledge and experience, including financial as well as industry, scientific and international experience necessary to provide effective governance and oversight of the Group.

The Board's role is to promote the long-term sustainable success of the Company, generating value for all its stakeholders, including shareholders, employees, customers, suppliers and the communities in which it operates, while developing and monitoring strategy, and ensuring that the risks that face the organisation are appropriately managed. It is also responsible for embedding the Company's purpose, instilling the appropriate values and behaviours and monitoring and assessing culture across the organisation.

## Schedule of Matters Reserved for the Board

- Appointments to the Board;
- Ensuring compliance with corporate governance, legal, statutory and regulatory requirements;
- Approval of the overall Group strategic and operating plans;
- Monitoring and reviewing risk management and internal control systems;
- Monitoring and assessing culture;
- Reviewing and assessing the adequacy of the Group's whistleblowing arrangements;
- Approval of acquisitions and divestitures;
- Approval of significant capital expenditure;
- Approval of Treasury policy including changes to the Group's capital structure;
- Approval of dividend policy and dividends;
- Approval of annual budgets;
- Approval of preliminary results, interim management statements and interim financial statements;
- Assessment of the long-term viability of the Group and the going concern assumption; and
- The preparation of, and confirmation that the annual report and financial statements present a fair, balanced and understandable assessment of the Company's position, performance and prospects.

## Information Flow

The Chairman ensures that all Directors have full and timely access to the information they require to discharge their responsibilities fully and effectively. Board papers are issued to each Director at least one week in advance of Board meetings and include the meeting agenda, minutes of the previous Board meeting and all papers relevant to the agenda. The Chairman, in conjunction with the Company Secretary, has primary responsibility for setting the agenda for each meeting. All Directors continually receive comprehensive reports and documentation on all matters for which they have responsibility to enable them to fulfil their duties as a Director. All Directors participate in strategy discussions, trading updates, financial performance, significant risks and operational activities, in addition to discussions on the Group's purpose, vision, values and culture. Board meetings are of sufficient duration to ensure that all agenda items and any other material non-agenda items that may arise are adequately addressed. In addition to formal meetings, the Chairman and Chief Executive Officer maintain regular contact with all Directors. The Chairman also holds informal meetings and calls with non-Executive Directors without the Executive Directors present to discuss issues affecting the Group.

All Directors have access to the advice and services of the Company Secretary, who is responsible for advising the Board on governance matters. In accordance with an agreed procedure, in the furtherance of their duties, each Director has the authority to engage independent professional advice at the Company's expense.

## Strategy

The Board collaborated with Executive Management in the development of the Group's updated strategy and associated mid-term financial targets which were published in late 2021. During 2023, the Board monitored progress, implementing the strategies for volume growth, margin expansion and return on investment that underpin the strategic plan.

The Board also oversaw and approved the strategic M&A transactions completed during the year. M&A transactions have been a significant factor in recent years as the Group evolves its technology portfolio, investing in businesses more aligned with the Group's strategic growth priorities and exiting non-strategic businesses. As a result of this M&A activity, the Group has further strengthened its sustainable nutrition capabilities and has better positioned itself for long-term organic growth.

Presentations were received from the Company's advisors throughout the year on matters such as digital risks and opportunities, geopolitical, macroeconomic and emerging markets updates, corporate governance developments, the general M&A landscape as well as corporate defence and shareholder activism. Through these reviews and ongoing discussions on strategy, the Board is confident that Kerry's strategic priorities will continue to be the key drivers of growth and investment in the future.

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

During the year, the Board also reviewed the business model and how it is executed. The Board is satisfied that the business model is both sustainable in the long-term and optimally structured to enable delivery of the Group's strategy. Details of the Group's strategy are outlined in Strategy and Financial Targets on pages 28-33.

## Purpose, Values and Culture

Our Purpose, *Inspiring Food, Nourishing Life* underpins our culture and is reflected in our values.
The Group's purpose is guided by the Group's Vision to be our customers' most valued partner, creating a world of sustainable nutrition. The Board is satisfied that the current strategy is aligned to the Group's purpose which is also guided by our Values of Courage, Enterprising Spirit, Inclusiveness, Open-mindedness and Ownership. The Board is led by the Group's purpose during its discussions and when making decisions on the matters that are reserved for its consideration. The Group's values, and in particular the values of Ownership, Inclusiveness and Enterprising Spirit, were very much in mind when we made the decision to seek shareholder approval to launch an All Employee Share Plan. Our Purpose of *Inspiring Food, Nourishing Life* guided our actions as we approved acquisitions and divestitures, further focusing our portfolio and capabilities behind our sustainable nutrition ambitions. Our purpose also guided our capital allocation decisions to expand our Taste capability in Asia and Africa. Further details of the Group's purpose and values are outlined on pages 14-23.

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

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

The Board monitors and assesses the culture of the Group through a number of mechanisms including compliance with Group policies, internal audit, formal and informal channels for employees wishing to raise concerns, including Leader Pulse Checks, town halls, the OurVoice employee engagement survey, the Group's Speak Up arrangements and feedback from the designated Workforce Engagement Director. Arising from the assessments, the Board agreed to the establishment of an executive Business Integrity Committee which now oversees compliance with expected ethical standards including those set out in the Group's Code of Conduct. The Board also determined that the enhanced Speak Up procedures and channel, introduced in 2021 continue to operate effectively.

## Board Activities

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

### Strategy

- monitored progress against the Group's strategic plan and the mid-term financial targets;
- reviewed and approved the Group's digital strategy as well as receiving updates on cybersecurity risks and on the risks and opportunities associated with Generative AI initiatives;
- reviewed and approved the Group's strategy relating to mergers, acquisitions and divestitures; and
- monitored the implementation of the Group's *Beyond the Horizon* sustainability strategy.

### Operational/Commercial

- received regular updates from the Executive Directors on the mitigating actions taken to counter ongoing input cost inflation and the impacts of the uncertain and challenging macro-economic environment;
- received updates from the Chief Operations Officer and FSQ and EHS teams on the structures, processes and controls in place to ensure that Kerry operates to the highest standards from a food safety as well as a health and safety perspective;
- received an update from the Chief Operations Officer and Head of Supply Chain on process improvements implemented in response to global supply chain challenges;
- approved M&A transactions and considered the learnings from completed acquisitions; and
- approved significant capital expenditure projects, considering impacts on financial and sustainability performance criteria.

### Financial/Non-Financial

- received reports from the Chief Financial Officer at each meeting in respect of the Group's financial performance including how the Group was navigating through the uncertain and challenging macroeconomic environment;
- monitored the progress against the targets included in the *Beyond the Horizon* sustainability strategy;
- received updates on the progress being made under the Group's Accelerate Operational Excellence programme;
- received regular reports from the Chief Financial Officer on Investor Relations activities and share price performance;
- approved the Group's Preliminary Results, Annual Report and Accounts, Interim Financial Statements and Interim Management Statements;
- approved the payment of an interim dividend and recommended the payment of a final dividend;
- approved a share buyback programme of up to €300m;
- approved the going concern basis of accounting and the long-term viability statement; and
- approved the Group Budget for the 2024 financial year including both financial and non-financial targets.

### Internal Controls and Risk Management

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

### Governance and Stakeholders

- received regular reports from the Chairman of the Governance and Nomination Committee on its activities;
- approved the appointment of a new Senior Independent Director and a new designated Workforce Engagement Director;
- approved the appointment of Mr. Patrick Rohan, Dr. Genevieve Berger and Professor Catherine Godson as non-Executive Directors;
- approved the establishment of a new, dedicated Sustainability Committee as well as changes to the composition of other Board Committees;
- conducted an internal self-assessment Board evaluation and considered its outcome;
- considered compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex;
- reviewed and approved the Corporate Governance Policy and the Board Diversity Policy;
- confirmed that appropriate arrangements and structures are in place to ensure material compliance with the relevant obligations under Section 225 of the Companies Act 2014;
- confirmed that appropriate structures are in place for the proportionate and independent investigation and follow-up of matters raised through the Group's whistleblowing arrangements; and
- received updates and training on a range of corporate governance and regulatory matters from external advisors.

### People and Culture

- received regular reports from the Chairperson of the Remuneration Committee on its activities;
- approved the changes to the new Remuneration Policy to be put to an advisory vote at the 2024 AGM;
- approved the terms of an All-Employee Share Plan which was adopted by shareholders at the 2023 AGM;
- received and considered reports from the designated Workforce Engagement Director on her activities during the year. Details are outlined in Governance in Action on page 128;
- received and considered presentations from the Chief Executive Officer and the Chief Human Resources Officer on talent and succession planning;
- received regular updates on the actions taken to support lower-paid employees through the cost-of-living crisis; and
- monitored and assessed the culture of the Group to ensure it promotes integrity and openness, values diversity and is responsive to the views of shareholders and wider stakeholders.

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

Kerry applied the main Principles of the UK Corporate Governance Code and the Irish Corporate Governance Annex (together the "Code") and complied with all the Provisions throughout FY23.

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

| Main Principles | Pages |
|---|---|
| Board leadership and company purpose | 119-122 |
| Division of responsibilities | 108-111 and 129-130 |
| Composition, succession and evaluation | 131-133 and 141-147 |
| Audit, risk and internal control | 133-140 |
| Remuneration | 150-181 |

# Stakeholder Engagement

The Board acknowledges the importance of considering the interests of all stakeholders in their discussions and decision making. Enhanced engagement with stakeholders enables better, informed decision making, thereby increasing the likelihood of long-term sustainable success for the Group. The Board also recognises the need to maintain high standards of business conduct in its actions and decisions. Details of our stakeholder engagement are set out below.

## Shareholders

### Why We Engage

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

### How We Engage

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

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

During 2023, meetings were held with over 1,000 investors. Kerry's Investor Relations team and Executives participated at 17 investor conferences and external investor events as well as hosting five investor events at Kerry facilities. Shareholders were also invited to participate in Kerry's updated materiality assessment, helping to determine sustainability areas of priority for the Group and supporting our preparation for disclosures under the Corporate Sustainability Reporting Directive (CSRD).

In addition, a significant amount of published material including results releases, presentations, share price information and news releases are accessible to all shareholders on the Group's website kerry.com.

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

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

### Key Outputs from the Engagement

Key topics for shareholders included progress on the execution of the Group's strategic plan and related portfolio developments, Group performance and outlook, managing the elevated inflationary environment, capital allocation decision making in light of higher interest rates, share price performance, marketplace dynamics and industry consolidation, in addition to sustainability strategy and ESG matters.

### Our Actions and their Impacts

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

The Chairman engaged with various institutional shareholders across the year to discuss governance-related matters. When necessary, Committee Chairs engage with shareholders on specific topics. During the year, the Remuneration Committee Chairperson engaged with a number of large institutional shareholders in relation to Executive Director remuneration policy. Arising from the matters discussed, feedback is provided to the Directors to inform decision making.

The 2023 AGM was held in Tralee Co. Kerry. All Committee Chairs attended the AGM. At the meeting shareholders were able to engage with the Directors in person, ask questions, provide feedback and raise matters of interest.

The ongoing investor engagement programme is reviewed throughout the year by the Board. The programme this year included the hosting of five tailored investor events at the Group's Global Innovation Centre in Naas and Regional Technology and Innovation Centre in Beloit. These immersive customer-type experiences facilitate investors gaining a deeper understanding of Kerry's business model, as well as its unique positioning within the industry.

The Board continues to monitor the industry landscape and the Group's positioning within the industry. The Board also monitors the progress made in the execution of the Group's strategy. All capital allocation decisions made by the Board are aligned to strategy and the Group's strategic priorities of Taste, Nutrition and Emerging Markets. The Board approved acquisitions aligned to these priorities during the year, while overseeing the disposal of the Sweet Ingredients Portfolio. The Board also approved the share buyback programme, which commenced in November. Successful delivery of the Group's strategy promotes the long-term success of the Group and also benefits shareholders, employees and the communities in which it operates.

# Employees

## Why We Engage

**Consistently connecting with employees is crucial for attracting, nurturing, and retaining a skilled, committed, inspired and diverse workforce. This, in turn, guarantees the effective execution of our strategy and the fulfillment of our purpose.**

## How We Engage

Dr. Karin Dorrepaal, the designated Workforce Engagement Director, directly interacted with employees through a variety of channels, including participation in Kerry employee events and site visits. Details of these activities are outlined on page 128.

Each year, the Group conducts routine two-way communication initiatives with our 21,000+ employees, such as Townhall meetings and discussions on career development. This included several CEO specific engagements, fostering a transparent and communicative culture that extends across all levels of our organisation. The primary purpose of our CEO engagements is to align our people with Kerry's vision, purpose and values and ensure our people feel part of our journey towards creating a world of sustainable nutrition. Furthermore, CEO engagements provide a platform for our colleagues to voice their ideas, perspectives and provide feedback. This sets the tone for a collaborative and inclusive workplace environment where innovation and continuous improvement can thrive. Ultimately, these engagements contribute to a more motivated and connected workforce, working together to drive the success of Kerry.

Examples of some of these events included sharing Group results, Inspiring People awards, and strategy updates. In addition, our CEO takes the opportunity to meet with a range of employees in-person, when travelling to sites across our regions.

Kerry's Speak Up channel enables employees and other stakeholders to report concerns confidentially and safely, allowing for timely and suitable actions to be taken.

In line with our engagement strategy, we completed a Plant Leader Pulse survey to understand key areas of focus for this population and continued to provide ongoing support for people leaders and employees through our Learning and Leadership Academies.

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

In 2023, the Group continued to build improved communication channels with employees through our dedicated, digital employee communication platform. In addition, employees provided input on areas of sustainability impact, risk and opportunities for our business as part of our materiality assessment process.

## Key Outputs from the Engagement

Key topics for employees included Diversity, Inclusion and Belonging (DI&B) and understanding how employees' roles contribute to the Group's success, helping to make Kerry a better place to work for employees at all levels.

## Our Actions and their Impacts

Continuing in her tenure as designated Workforce Engagement Director, Dr. Karin Dorrepaal visited two foundational technology sites to meet with employees and management, and to get a closer insight into how our strategy and values come to life as well as receiving feedback on the onboarding process for employees who join the Group by way of an acquisition. Karin consistently shared feedback with the Board regarding employee engagement initiatives and overall employee sentiment, contributing valuable insights to inform decision making.

The Board also received regular updates from the Chief Executive Officer, Chief Human Resources Officer and Chief Operations Officer on the health, safety and wellbeing of employees. In line with our Safety First, Quality Always ethos, the Board ensured that appropriate structures, processes and controls are in place to reinforce a culture of safety at work particularly given the loss of a colleague to a workplace fatality during the year. The Board monitored the level of workplace incidents that occurred during 2023, and noted the reduction of the Total Incident Rate to below 1.

The Board again requested and received feedback on how the Group is supporting employees, in particular those in lower-paid positions or based in inflationary economies, through the cost-of-living crisis and took this into account when approving the 2024 budget.

The Board continues to prioritise DI&B which is a key imperative, and in 2023, it was pleased to see positive momentum towards the Group's commitment to nurturing a highly-inclusive workplace where all our people can be at their best, contribute to our success and excel personally and professionally. The Board monitors gender representation across leadership levels and gender pay equity at all levels across the organisation. It also reviews progress on improving the number of leaders from diverse backgrounds in leadership roles. If sufficient progress is not being made to achieve the agreed DI&B goals, the Board ensures that corrective action is taken.

During the year, the Board received updates on the Women in Leadership programme, launched initially in Europe in 2023, in line with its objective of ensuring that the Group accelerates the development of female talent to build a more balanced succession and future talent pipeline. The Board also approved Kerry becoming a signatory of the Women's Empowerment Principles established by the United Nations (UN) Global Compact and UN Women.

Finally, the Board also ensured that appropriate resources were available for training and development, internal communications and initiatives that help to simplify the Group's ways of working.

Details of employee engagement activities are outlined in Our People on pages 14-23, the Sustainability Review on pages 46-91 and the separate Sustainability Report which can be found on the Group's website.

# Customers and Consumers

## Why We Engage

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

## How We Engage

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

The Group interacts with customers on a daily basis, at multiple levels, from dedicated relationship and account managers, custom-designed digital interfaces, customer and industry conferences as well as tailored innovation forums and customer engagement sessions at the Group's Technology and Innovation Centres. Kerry also engages with customers through the annual Voice of Customer Survey, a personal and anonymous request to customers to indicate their loyalty (NPS – Net Promotor Score) and provide constructive feedback, which enables Kerry to identify opportunities to improve our products, solutions, service and overall customer experience.

Our market research and consumer insight teams study consumer behaviours and perceptions and share these insights with our customers. By way of example, Kerry's *Left on the Shelf* research concluded that 87% of global consumers are actively trying to reduce waste, a concern that has intensified over the past two years, prompting a pressing call to action for the food and beverage industry.

In 2023, customers across different regions and channels were invited to share their views on the most material sustainability topics for Kerry, helping to inform priority areas within our updated materiality assessment.

The Kerry Health and Nutrition Institute® shares Kerry's scientific expertise with those within the sector as they explore challenges in the food and beverage industry.

## Key Outputs from the Engagement

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

Key topics for customers and consumers included the management of the elevated inflationary cost environment, the ongoing impact of global end-to-end supply chain challenges, changing consumer needs and preferences as well as regulatory changes, particularly in relation to sustainable nutrition and food systems.

Our customers want innovative sustainable nutrition solutions that enhance health and wellbeing while reducing the impact that their production activities have on the planet and in particular on climate change and food waste. These topics were reinforced through input received during our materiality assessment process.

## Our Actions and their Impacts

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

The Board approved the Group's expenditure of €301m on research and development and technical support. Together with the management team, the Board ensures that this resource is focused on those projects that can best meet customers' needs and thereby enable the Group to achieve its purpose and strategic objectives in relation to revenue growth, margin expansion and return on investment. A strategically-resourced Kerry R&D team helps customers to create healthier more nutritious products that taste great, assists them to navigate through periods of heightened inflation and enables them to produce food products in a more environmentally-sustainable manner.

The Board also approved investment in the Group's digital strategy, various supply chain function initiatives and employee training programmes to improve the overall customer experience through real time information sharing, automation, reduced product development and delivery lead times as well as enhanced service levels. By way of example, the Board approved an investment in a global customer care portal which provides real-time visibility of customer information to safeguard against potential issues and empower Customer Care Teams to be more proactive and responsive to deliver customer service excellence.

As a result of these investments, the Group has improved its fulfillment reliability (as measured by OTIF - On Time in Full) and has seen an increase in NPS.

During 2023, the Board approved acquisitions with a total cost of €210m and gross capital expenditure of €310m. All of these decisions are aligned to the Group's strategic priorities and support the development of our business to best meet our customer's needs.

The Board received regular updates on the divestment process for the Sweet Ingredients Portfolio and was satisfied that the transfer of the customer base was completed smoothly and successfully thereby helping to ensure a successful transition of the business to its new owner.

With the increasing importance of environmental and social issues for our customers, the Board ensures that the Group's sustainability strategy is appropriately funded, resourced and integrated into our value proposition.

Further details are outlined in Our Business Model on pages 24-25, Strategy and Financial Targets on pages 32-33, the Sustainability Review on pages 46-91 and the 2023 Sustainability Report on the Group's website.

# Suppliers

## Why We Engage

**By engaging with suppliers, we can ensure they continue to meet Kerry's high standards in product safety, quality, and business ethics, whilst respecting human rights and the environment.**

## How We Engage

Kerry engages with suppliers on a daily basis to manage commercial and operational activities through a dedicated procurement and supply chain function, two-way communication, supplier meetings, multistakeholder forums and participation at industry conferences. Suppliers can also raise matters of concern via the Group's Speak Up whistleblowing service.

In 2023, selected suppliers were also invited to share their views on the importance of key sustainability topics, as part of the Group's updated materiality assessment.

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

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

## Key Outputs from the Engagement

Key topics for suppliers included human rights, quality and food safety, service levels, business continuity, capacity, cost, innovation and responsible sourcing requirements.

## Our Actions and their Impacts

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

Through the Group's *Beyond the Horizon* sustainability strategy, the Board directs that the organisation works with suppliers who provide raw materials to the required safety and quality standards, produced on a sustainable basis and with proper consideration of the fair treatment of workers across the supply chain. In 2023, this included training for suppliers in our APMEA and LATAM regions relating to the Group's requirements on social compliance and focused engagement in multi-stakeholder platforms, to understand supplier challenges and develop collaborative solutions to deliver on our climate objectives.

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

Throughout the year the Board received updates on compliance with the Group's Code of Conduct thus ensuring sound decision making in line with the highest ethical standards including in relation to responsible sourcing.

Further details on our responsible sourcing strategy are outlined in the Sustainability Review on pages 46-91 and the 2023 Sustainability Report on the Group's website.

# Community

## Why We Engage

**By fostering strong relationships with the communities in which we operate, we can help support livelihoods and create a better society whilst protecting the environment.**

## How We Engage

Kerry engages with community representative bodies, charities and leading non-governmental organisations in all regions in which it operates.

In 2023, a number of these organisations participated in our materiality assessment, providing expert input and representing the views of community stakeholders on important social and environmental topics.

The Group directly supports a range of community projects through its MyCommunity programme and encourages employees to participate in local initiatives through paid volunteer hours.

## Key Outputs from the Engagement

Outputs include employment and local economic development, social inclusion, access to nutrition, food security and sustainable food production, as well as the opportunity for organisations like Kerry to play a lead role in environmental protection and community support.

## Our Actions and their Impacts

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

As a leader in the food and beverage industry, the Board ensures that the Group is in a position to play a vital role in the global supply chain, providing positive and balanced nutrition solutions for over a billion consumers in a way that protects people and the environment around us. The Board also prioritises the approval of capital expenditure projects that have a positive environmental impact.

During 2023, the Board approved the 2023 MyCommunity programme which provided financial aid to those carrying out disaster relief efforts in Turkey and Syria; supported the Selo Amor Espresso programme in Campinas, Brazil, which empowers women in vulnerable situations by providing work opportunities through barista training; provided funding and volunteering to support the local community in Mozzo, Italy, that were affected by deadly floods; packed almost 800,000 meals by over 100 volunteers from our site in Beloit, US, for children in Zambia, Dominican Republic and Equador; and provided volunteers and monetary support to Eat Up, a charity in Australia that makes and delivers lunches directly to schools for vulnerable children.

The Board also approved funding for Kerry's Project Amata in Burundi and Kerry's ALIVE Programme with Concern Worldwide.

Further details of these engagements and the Group's MyCommunity programme are outlined in the Sustainability Review on pages 46-91.

## Consideration of Stakeholder Views in the Decision-Making Process

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

## Governance in Action

### Designated Workforce Engagement Director – Activities in 2023

Dr. Karin Dorrepaal continued in the role of designated Workforce Engagement Director in 2023. Following on the success of her 2022 tenure, Karin continued her focus on employee-related matters. In order to assess employee sentiment at various employee levels, Karin participated in numerous Kerry employee events and visited manufacturing plants as follows:

- Attendance and involvement in regional and global events focused on equality, including joining the panel for the International Day of Women & Girls in Science, sharing her perspective on the 'Embracing Equity' theme during the International Women's Day webinar and participating in the graduation of Kerry's first Women in Leadership programme;
- Plant visits to Barcelona, Spain and Tiel, the Netherlands, continuing Karin's focus on "Engagement through the lens of a Kerry Manufacturing Plant". During these visits, Karin had the opportunity to meet employees, understand how the plant is executing Kerry's strategy and making progress against their employee engagement actions for the year;
- Joining the annual Inspiring People awards, which celebrated a diverse representation of both nominees and winners across functions and regions; and
- Meeting with Kerry's third-party employee engagement survey provider, to better understand Kerry's progress in the space and to identify key focus areas ahead of kicking off engagement activities for 2024.

### Global Priorities for Employee Engagement in 2023

This year we continued to make progress against our three engagement pillars: 'Making it Better, Making it Clearer and Making it Easier'. These pillars set the foundation for action plans across Kerry to continue to make Kerry a great place to work.

Making it Better encompasses the actions that impact the working life of everyone at Kerry. Learning and development opportunities, our Diversity, Inclusion and Belonging agenda, as well as wellbeing, reward and recognition initiatives all fall under this pillar. Through our global and regional talent agendas, we have made marked progress against this pillar in 2023.

Making it Clearer focuses on Kerry's vision, brand and strategy. Through our continued efforts to drive awareness and clarity on our strategy, we ensure Kerry's vision and purpose are at the heart of all decision making.

Our final pillar, Making it Easier, focuses on our ambition to simplify and optimise our ways of working. Following the success of our business transformation activities and focus on digital, we continue to improve at all levels.

Dr. Karin Dorrepaal held regular meetings with the Chief Human Resources Officer and the Group Human Resources Team. The Board received two scheduled updates from the designated Workforce Engagement Director during the year on the activities conducted and the feedback received from employees. In addition, the Workforce Engagement Director provided input from an employee perspective during all Board discussions and when the Board made key decisions.

### Annual General Meeting

All Directors attend the AGM and are available to meet with shareholders and answer questions as required. Notice of the AGM, Form of Proxy and the Annual Report and financial statements are sent to shareholders at least 20 working days before the meeting. A separate resolution is proposed at the AGM on each substantially separate matter including a particular resolution relating to the adoption of the Directors' and Auditors' reports and the financial statements. Details of the proxy votes received for and against each resolution, together with details of votes withheld are announced after the result of the votes by hand. These details are published on the Group's website following the conclusion of the AGM. At the AGM held on 27 April 2023, there were no material votes cast against any resolutions.

### Whistleblowing Arrangement

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

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

In 2023, the Audit Committee reviewed the whistleblowing incidents and outcomes and provided updates to the Board which enabled the Board to assess the adequacy of the whistleblowing arrangements and to review the reports arising from its operation. The Board is satisfied that the Group's whistleblowing arrangements are operating effectively.

## Division of Responsibilities

### Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate and the division of duties between them is formally established, set out in writing and agreed by the Board. The Chairman is responsible for leadership of the Board and ensuring its effectiveness in all respects. The Executive Directors, led by the Chief Executive Officer, are responsible for the management of the Group's business and the implementation of Group strategy and policy.

### Senior Independent Director

The principal role of the Senior Independent Director (SID) is to provide a sounding board for the Chairman and to act as an intermediary for other Directors as required. The SID is responsible for the appraisal of the Chairman's performance throughout the year. The SID is also responsible for leading a formal succession process for the role of Chairman. The SID is available to meet shareholders upon request, in particular if they have concerns that cannot be resolved through the Chairman or the Chief Executive Officer.

### Non-Executive Directors

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

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

### Company Secretary

Each Director has access to the advice and services of the Company Secretary, whose responsibilities include ensuring that Board procedures are followed, assisting the Chairman in relation to corporate governance matters, ensuring the Company complies with its legal and regulatory obligations and facilitating appropriate information flows between the business and the Board.

### Commitments

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

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

### Independence

The Board, as a whole, has assessed the non-Executive Directors' independence and confirmed that, in its opinion, all non-Executive Directors are independent in judgement and character.

Dr. Hugh Brady has served in excess of nine years as a Director with effect from 23 February 2023. Having conducted a rigorous review, the Board unanimously agreed that Dr. Brady should remain on the Board until the conclusion of the AGM in May 2024. His re-election as a non-Executive Director was strongly supported by shareholders at the 2023 AGM. Dr. Karin Dorrepaal has served on the Board for nine years with effect from 31 December 2023. Having conducted a rigorous review, the Board unanimously agreed that Dr. Dorrepaal should also remain on the Board until the conclusion of the AGM in May 2024. The Board is satisfied that Dr. Brady and Dr. Dorrepaal, given their personal attributes and the challenges they bring to Board discussions, continue to apply objective and independent judgement to act in the best interest of the Company.

As disclosed in note 33 to the Financial Statements, Mr. Patrick Rohan, in the ordinary course of business as a farmer, trades on standard commercial terms with the Group's Dairy Ireland business. Given the small quantum involved, the fact that all trading is on standard commercial terms and Mr. Rohan's personal attributes, the Board, having conducted a rigorous review, is satisfied that Mr. Rohan applies objective and independent judgement to act in the best interest of the Company.

### Conflicts of Interest

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

### Board Committees

The Board has four Committees, the Audit Committee, the Governance and Nomination Committee, the Sustainability Committee and the Remuneration Committee, which support the operation of the Board through their focus on specific areas of governance.

Each Committee is governed by its Terms of Reference, available from the Group's website kerry.com or upon request, which sets out how it should operate including its role, membership, authority and duties. Reports on the activities of the individual Committees are presented to the Board by the respective Committee Chairs.

Further details on the duties, operation and activities of all Board Committees can be found in their respective reports on pages 135-181 and these reports form part of the Governance Report.

### Meetings and Attendance

The Board meets regularly to ensure that all its duties are discharged effectively. All Directors are expected to prepare for and attend meetings of the Board, the Committees of which they are members and the AGM.

In the event that a Board member cannot attend or participate in the meeting, the Director may discuss and share opinions on agenda items with the Chairman, Chief Executive Officer, Senior Independent Director or Company Secretary in advance of the meeting.

A total of 14 Board meetings were held in 2023. Individual attendance at the Board and Committee meetings is set out in the following table.

| Directors | Board | Audit Committee | Governance and Nomination Committee | Sustainability Committee | Remuneration Committee |
|---|---|---|---|---|---|
| Tom Moran | 14/14 | – | 6/6 | – | – |
| Edmond Scanlon[1] | 14/14 | – | – | – | – |
| Marguerite Larkin[1] | 14/14 | – | – | – | – |
| Gerry Behan[1] | 14/14 | – | – | – | – |
| Hugh Brady | 14/14 | 6/6 | 6/6 | – | – |
| Genevieve Berger[2] | 1/1 | | | | |
| Fiona Dawson | 14/14 | – | – | 2/2 | 5/5 |
| Karin Dorrepaal[3] | 13/14 | – | 6/6 | 2/2 | 5/5 |
| Emer Gilvarry | 14/14 | 6/6 | – | – | 5/5 |
| Catherine Godson[2] | 1/1 | | | | |
| Michael Kerr[3] | 13/14 | 6/6 | 6/6 | – | – |
| Christopher Rogers | 14/14 | 6/6 | – | 2/2 | 5/5 |
| Patrick Rohan | 14/14 | – | – | 2/2 | – |
| Jinlong Wang[3,4] | 13/14 | 5/6 | – | – | – |

1 Executive Directors.
2 Genevieve Berger and Catherine Godson were appointed on 1 November 2023.
3 Karin Dorrepaal, Michael Kerr and Jinlong Wang were each unable to attend one Board meeting due to diary conflicts.
4 Jinlong Wang missed one Audit Committee meeting due to a diary conflict.

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

## Composition, Succession and Evaluation

### Board Induction and Development

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

### Governance in Action (Example):

#### New Director Induction

Mr. Patrick Rohan was appointed to the Board on 16 January 2023. Following his appointment, Mr. Rohan underwent a formal induction programme which was tailored to his individual requirements and included the following induction activities.

#### Induction Activities

- provision of a detailed information pack including key corporate governance policies, Board papers, financial and strategic documents and information on directors' duties and responsibilities;
- meetings with the Executive Directors;
- meetings with the Chairman, the Senior Independent Director, Remuneration Committee Chairperson, and the Audit Committee Chairman;
- meetings with functional leaders on matters such as Board and corporate governance, internal audit, strategy, investor relations, human resources and sustainability; and
- meetings with business leaders of the Taste & Nutrition and the Dairy Ireland businesses to obtain an overview of each business.

#### Future Induction Activities

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

Dr. Genevieve Berger and Professor Catherine Godson, who were appointed to the Board on 1 November 2023, are in the process of completing a full, formal, induction programme tailored to their individual needs.

Throughout the year, the Board engages in development through a series of consultations with subject matter experts on a range of topics including corporate governance and strategy. Presentations are also made by Executive Directors and senior management on various topics throughout the year in relation to their areas of responsibility.

On an annual basis, an 'off-site' Board meeting is scheduled at a Group location and is combined with a comprehensive schedule of activities over a week-long period, to enable non-Executive Directors to further develop their understanding of the Group's activities and to meet with local senior management and emerging talent. In June 2023, the 'off-site' Board meeting took place in Indonesia. During the visit the Board had the opportunity to meet and engage with the Asia Pacific Middle East & Africa (APMEA) Leadership team and emerging talent in both formal and informal settings. The Board attended the official opening of the newly built, state of the art taste manufacturing facility just outside Jakarta, during which the Board members saw first-hand the positive impact of the capital investment they had approved. During the visit, the Board also received presentations on the dynamics and priorities of the APMEA market and participated in a customer immersion experience which showcased the Group's capabilities in helping customers to solve industry challenges with differentiated solutions.

As part of their personal development plans, individual non-Executive Directors are also afforded the opportunity to visit a number of the Group's international facilities and operations. Individual Board members training requirements are reviewed with the Chairman and Company Secretary and training is provided to address these needs.

## Board Performance Evaluation

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually and facilitated externally every third year. In 2023, the Board conducted an internal self-evaluation of the performance of the Board, Board Committees, the Chairman and Individual Directors against a set of pre-defined key criteria. The review was led by the Chairman of the Board and the Senior Independent Director and was facilitated by the Company Secretary. The review was undertaken using Thinking Board, Independent Audit Limited's governance self-assessment process. Independent Audit Limited, based in the UK, is recognised as a leading firm of board reviewers, and has no other connections to the Group.

Topics covered during the Board Performance Evaluation included development and implementation of strategy, Board composition, succession planning at Board and senior management level, financial oversight, risk management, people and culture, Board meetings and papers, Board training, Committee performance and stakeholder engagement.

The Chairman met each of the non-Executive Directors individually and appraised their performance. The key areas reviewed were independence, contribution and attendance at Board meetings, interaction with Executive Directors and other non-Executive Directors, the Company Secretary and senior management, ability to communicate issues of importance and concern, their knowledge and effectiveness at meetings and the overall time and commitment to their role on the Board.

In addition, the Senior Independent Director formally appraised the performance of the Chairman. This appraisal was similar to the non-Executive Director evaluation process and included feedback from all Directors on the Chairman's performance during the year.

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

Overall, the Board concluded that the outcomes of the evaluation process have been positive and have confirmed to the Chairman that the Board and its Committees operate effectively and that each Director contributes to the overall effectiveness and success of the Group. The actions identified from the 2023 performance evaluation included recommendations relating to Board training, Board and executive succession planning, stakeholder engagement and the appropriate time allocation between strategic priorities and other matters at Board meetings.

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

The Chairman, along with the Company Secretary, will ensure that areas for improvement identified from the 2023 evaluation report, and areas for consideration arising from the Directors' appraisal where identified, will be considered during 2024.

In line with the requirements of the Code, the next externally-facilitated performance evaluation of the Board will occur in 2025, three years after the last externally-facilitated evaluation in 2022.

# Audit, Risk and Internal Control

## Risk Management and Internal Controls

The internal control framework in the Group encompasses the policies, processes, tasks and behaviours, which together facilitate the Group's effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve its business objectives.

The systems which operate in Kerry Group provide reasonable, but not absolute, assurance on:

- the safeguarding of assets against unauthorised use or disposition; and
- the maintenance of proper accounting records and the reliability of the financial information produced.

The Board has delegated certain duties to the Audit Committee in relation to the ongoing monitoring and review of risk management and internal control systems. The work performed by the Audit Committee is described in its report on pages 135-140.

Full details of the risk management systems are described in the Risk Management Report on pages 92-105.

The principal risks and uncertainties facing the Group, including those that could threaten the business model, future performance, solvency or liquidity are described on pages 97-103. Emerging risks are also identified, analysed and managed as part of the same process as the Group's other principal risks as described on pages 95-96. The Directors confirm that they have carried out a robust assessment of these risks and the actions that are in place to mitigate them.

The Directors confirm that they have also reviewed the effectiveness of the systems of risk management and internal control which operated during the period covered by these financial statements and up to the date of this report. Based on the review performed, the Directors concluded that for the year ended 31 December 2023, the Group's systems of risk management and internal control were effective. The procedures adopted comply with the guidance contained in Guidance on Risk Management, Internal Control and Related Financial and Business Reporting as published by the Financial Reporting Council in the UK.

## Features of Internal Control in Relation to the Financial Reporting Process

The main features of the internal control and risk management systems of the Group in relation to the financial reporting process include:

- the Board review and approve a detailed annual budget and monitor performance against the budget through periodic Board reporting;
- prior to submission to the Board with a recommendation to approve, the Audit Committee review the Interim Management Statements, the Interim and Annual Consolidated Financial Statements and all formal announcements relating to these statements;
- adherence to the Group Code of Conduct and Group policies published on the Group's intranet ensures the key controls in the internal control system are complied with;
- monthly reporting and financial review meetings are held to review performance at business level ensuring that significant variances between the budget and detailed management accounts are investigated and that remedial action is taken as necessary;
- the Group has a Financial Compliance function to establish compliance policies and monitor compliance across the countries in which the Group operates;
- the Group operates an internal control self-assessment process covering material finance, operational and compliance controls across the Group;
- a well-resourced and appropriately skilled Finance function is in place throughout the Group;
- completion of key account reconciliations at reporting unit and Group level;
- centralised Taxation and Treasury functions and two Global Shared Service Centres established to facilitate appropriate segregation of duties;
- the Group Finance Committee has responsibility for raising finance, reviewing foreign currency risk, making decisions on foreign currency and interest rate hedging and managing the Group's relationship with its finance providers;
- the Board, through the Audit Committee, completes an annual review of the effectiveness of risk management and control systems;
- appropriate ICT security environment; and
- the Internal Audit function continually reviews the internal controls and systems and makes recommendations for improvement which are reported to the Audit Committee.

## Fair, Balanced and Understandable

The Directors have concluded that the Annual Report and Consolidated Financial Statements, taken as a whole, provide the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy and is fair, balanced and understandable. This assessment was completed by the Audit Committee and the activities undertaken in reaching this conclusion are outlined on page 137.

# GOVERNANCE REPORT
## Audit Committee Report

Dear Shareholder,

On behalf of the Audit Committee, I am pleased to present our report for the year ended 31 December 2023. The purpose of the report is to summarise the work of the Committee during the year and set out our priorities for the year ahead.

The Committee supports the Board in meeting a number of its corporate governance responsibilities including oversight of the Group's external reporting, reviewing and monitoring the effectiveness of the Group's risk management and internal control processes, overseeing the relationship with the Group's external auditor and monitoring, reviewing and assessing the effectiveness of the Group's internal audit function.

During the year, the Committee supported the Board in monitoring and assessing the principal and emerging risks facing the Group. This included consideration of the impact of climate-related risks on the Group's accounting judgements, disclosures and financial statements. The Committee also considered an assessment of the Group's risk management and internal control systems including financial, operational and compliance controls and concluded that the Group's internal control environment continues to be effective. Each regular meeting included deep-dive updates on risk and compliance related activities and further details with regard to these matters are set out on page 136.

A key area of responsibility and focus for the Committee each year is to monitor the integrity of the Group's Financial Statements and announcements relating to the Group's financial and non-financial performance.

The Committee reviewed the work completed by management in respect of the Going Concern and Viability Statements, including a consideration of ongoing uncertainty in the geopolitical and macroeconomic environment, as well as the potential impact of climate-related risks and concluded that there was no threat to the Group's prospects or viability. The Committee, in conjunction with the Sustainability Committee, also considered the Group's readiness to meet more extensive sustainability reporting obligations, including the Corporate Sustainability Reporting Directive (CSRD), which will come into effect from 2024 onwards. The significant matters that the Committee considered in relation to the financial statements and how these were addressed are set out on page 137.

The Committee has satisfied itself, and advised the Board accordingly, that the Annual Report and Consolidated Financial Statements, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's position, performance, business model and strategy.

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

Following a detailed planning process, PwC conducted a hybrid working model for the 2023 external audit, working both on site and virtually, and the Committee reviewed the scope and results of the audit and the effectiveness of the process. The work completed in this regard is outlined on page 139.

As outlined on page 140, the Committee considered the requirements of the Companies Act 2014 in relation to the Directors' Compliance Statement and is satisfied that appropriate steps have been undertaken by the Company to ensure that it is materially compliant with its relevant obligations.

Looking ahead to 2024, the Committee's primary focus will remain consistent with those for the year under review: providing effective oversight of the Group's risk management and internal control processes, monitoring the Group's external financial and non-financial reporting and supporting the work of the Group's internal and external auditors. The Committee will also take a proactive approach in anticipating and preparing for upcoming legislative and regulatory changes, particularly in the area of climate change and sustainability.

I trust you will find this report useful and informative, and, as ever, I welcome any feedback from shareholders on the report.

**Christopher Rogers**
Chairman of the Audit Committee

## Roles and Responsibilities

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

## Committee Membership

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

The Committee Chairman, Mr. Christopher Rogers, is a Fellow of Chartered Accountants England and Wales and has significant financial experience in several sectors. Both he and Mr. Michael Kerr are considered to meet the specific requirements for recent and relevant financial experience as set out in the Code.

The Board is also satisfied that together, the members of the Committee, as set out in their biographical details on pages 108-111, bring a broad range of relevant skills, experience and expertise, from a wide variety of industries and backgrounds, and as a whole have competence relevant to the sectors in which the Group operates. The Company Secretary is the Secretary of the Committee.

## Committee Meetings

The Committee met six times during the year and attendance at these meetings is outlined on page 131. Typically, the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the Company Secretary and the Head of Internal Audit, as well as representatives of the external auditor are invited to attend meetings of the Committee. In addition, the Chairman of the Board attends meetings at the invitation of the Committee. When required, other key executives and senior management are invited to attend, to present and provide deeper insight on various topics as are required by the Committee to discharge its duties.

The external auditor and the Head of Internal Audit have direct access to the Committee Chairman at all times and meet with the Committee, without other Executive Management being present, on a formal basis at least annually in order to provide an additional opportunity for open dialogue and feedback.

Meetings are scheduled to align with the Group's reporting cycle and after each Committee meeting, the Chairman of the Committee reports to the Board on the key matters which have been discussed.

## Committee Evaluation

As outlined in detail on page 132, an internal evaluation of Board effectiveness included a review by the Committee of its own effectiveness. The output was discussed by the Committee and it was concluded that the Committee continued to operate effectively throughout the year as well as identifying ongoing areas of focus for the 2024 financial year.

## Financial Reporting and Significant Areas of Focus

The Audit Committee reviewed the Interim Management Statements, the Interim and Annual Consolidated Financial Statements and all formal announcements relating to these statements before submitting them to the Board of Directors with a recommendation to approve. These reviews focused on, but were not limited to:

- the appropriateness and consistency of accounting policies and practices;
- the going concern assumption;
- compliance with applicable financial reporting standards and corporate governance requirements as well as the clarity and completeness of disclosures; and
- considering the significant areas of complexity, management judgement and estimation that had been applied in the preparation of the Consolidated Financial Statements in accordance with the accounting policies.

The Committee considered the impact of climate change on the Group's Consolidated Financial Statements and agreed that the disclosures outlined on pages 70-83 made in response to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the EU Taxonomy are appropriate and that the assumptions used in the financial statements as outlined in note 1 are consistent with these disclosures.

The Committee has, with the support of PwC as external auditor, reviewed the suitability of the accounting policies which have been adopted and whether management have made appropriate judgements and disclosures. The table below sets out the significant matters considered by the Committee in relation to the Consolidated Financial Statements for the year ended 31 December 2023.

## SIGNIFICANT AREAS OF FOCUS

| | |
|---|---|
| **Impairment of Goodwill and Indefinite Life Intangible Assets** | Goodwill and indefinite life intangible assets, as disclosed in note 12 to the Consolidated Financial Statements, represents the largest number on the Group balance sheet at €5.0 billion. The Committee considered the process to complete the annual impairment review of the Group's goodwill and indefinite life intangible assets and specifically the assumptions used for the future cash flows, discount rates, terminal values and growth rates. This included consideration of the impact of climate change and other external and macroeconomic risks on such assessments and a consideration of the sensitivity analysis run by management. Following discussions with senior management and the external auditor, the Committee found that the methodology used for the above valuation and annual impairment review is appropriate and no impairment was identified. |
| **Going Concern and Viability Statement** | The Committee assessed the effectiveness of the process undertaken by management to evaluate going concern and longer-term viability, which included reviewing and challenging management's assumptions and modelling of projected cash flows and in particular, those related to climate-related risks and their potential impact on future profitability and liquidity. The Committee also considered the Group's financing facilities and future funding plans. Based on this, the Committee confirmed there were no material uncertainties that cast a significant doubt on the Group or the Company's ability to continue as a going concern and therefore the application of the going concern basis for the preparation of the financial statements continued to be appropriate and recommended the approval of the viability statement. |
| **Taxation** | Significant judgement and a high degree of estimation is required when arriving at the Group's tax charge and liability. The Committee, in conjunction with tax professionals, reviewed and discussed the basis for the judgments in relation to uncertain tax positions and challenged management on their assertions and also considered the outcome of the external auditors' review of the tax charge and liability. As a result, the Committee believes the impact of uncertain tax positions has been appropriately reflected in the tax charge and liability. |

### Fair, Balanced and Understandable

As in previous years, at the request of the Board, the Audit Committee undertook a review of the content of the Annual Report and Consolidated Financial Statements to ensure that it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's and the Company's position, performance, business model and strategy.

In fulfilling this responsibility, the Committee considered the following:

- the timetable for the co-ordination and preparation of the Annual Report and Consolidated Financial Statements, including key milestones as presented at the December Audit Committee meeting;
- the governance structure and systematic approach to review and sign-off carried out by senior management with a focus on consistency and balance; and
- a detailed report from senior finance management outlining the process through which they assessed the narrative and financial sections of the 2023 Annual Report to ensure that the criteria of fair, balanced and understandable has been achieved.

Management ensured that the draft Annual Report and Consolidated Financial Statements were available to the Audit Committee in sufficient time for review in advance of the Committee meeting to facilitate adequate discussion at the meeting. The Committee also received confirmation that the other Board Committees had signed off on each of its respective Committee reports and reviewed other sections for which it has responsibility under its Terms of Reference.

Having considered the above, in conjunction with the consistency of the various elements of the reports, the narrative reporting and the language used, the Committee provided assurance to the Board to assist it in making the fair, balanced and understandable statement required of it under the Code, which is set out on page 116.

## Internal Control and Risk Management

The Audit Committee supports the Board in its duties to review and monitor, on an ongoing basis, the effectiveness of the Group's risk management and internal control systems. A detailed overview of the Group's risk management framework is set out in the Risk Management Report on pages 92-93.

Throughout the year, the Committee:

- reviewed and approved the assessment of the principal risks and uncertainties, including climate change and other emerging risks, that could impact the achievement of the Group's strategic objectives as described on pages 97-103;
- reviewed and approved the risk appetite for each of the Group's principal risks and recommended the risk appetites as outlined for approval by the Board;
- received presentations from senior executives on a selection of principal risks, which included updates on cyber and information systems security, portfolio management and supply chain resilience;
- reviewed quarterly reports from the Head of Internal Audit based on internal audits completed outlining non-compliances with Group controls and managements' action plans to address them;
- considered reports from the Head of Internal Audit and the Group Financial Controller on fraud investigations or other significant control matters which occurred during the year and approved plans to address and remediate the issues identified;
- received updates from the Ethics and Compliance team in relation to the operation of the Group's whistleblowing arrangements;
- received updates regarding upcoming regulatory changes in sustainability reporting and the Group's readiness to meet more extensive reporting obligations, including the CSRD, which will come into effect in the coming years;
- considered the results of the Kerry Control Self-Assessment (the internal control self-assessment review of material finance, operational and compliance controls) and concluded that the controls are operating effectively;
- received a detailed report from the Head of Internal Audit outlining the Group's risk management and internal control framework in line with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and incorporating all material financial, operational and compliance controls; and
- reviewed the report from the external auditor in respect of significant financial accounting and reporting issues, together with internal control weakness observations.

In addition to the above, the Board also received an update from ICT management with regard to the Group's ICT governance and information security programme and its ability to address cybersecurity risks particularly in the context of the criticality of ICT to the business and the ever-evolving nature of cybersecurity threats. Further detail with regard to the Group's information systems and cybersecurity controls are outlined on page 101 of the Risk Report.

The Audit Committee, having assessed the above information, is satisfied that the internal control and risk management framework is operating effectively and has reported this opinion to the Board.

## Internal Audit

The Audit Committee is responsible for monitoring and reviewing the operation and effectiveness of the Group Internal Audit function including its focus, plans, activities and resources. To fulfil these duties the Committee:

- reviewed and approved the Group Internal Audit function's charter and annual plan;
- considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- received quarterly updates from the Head of Internal Audit on the delivery of the 2023 plan and on the principal findings from the work of Internal Audit and the status of management's actions to remediate issues identified;
- received updates on the nature and extent of non-audit activity performed by Internal Audit;
- ensured that the Head of Internal Audit had regular meetings with the Chairman of the Audit Committee and the Committee met with the Head of Internal Audit without the presence of Executive Management;
- ensured that the Head of Internal Audit had access to the Chairman of the Board if required; and
- ensured co-ordination between Group Internal Audit and the external auditor to maximise the benefits from clear communication and co-ordinated activities.

In order to comply with the Chartered Institute of Internal Auditors (CIIA) requirements, an External Quality Assessment (EQA) by an independent body is conducted at least every five years to confirm conformance with the International Standards for the Professional Practice Framework (IPPF) of the CIIA. The most recent EQA was performed in 2022 and the next review will be completed in 2027. On an annual basis, to ensure ongoing compliance with the IPPF, the Group Internal Audit function has an internal Quality Assurance and Improvement Program (QAIP) in place, the results of which are reported to the Audit Committee on a quarterly basis.

On the basis of the above, the Committee concluded that for 2023 the Group Internal Audit function operated effectively and is satisfied that the quality, experience and expertise of the function is appropriate for the Group.

## External Auditor

On behalf of the Board, the Audit Committee has primary responsibility for overseeing the relationship with, and performance of, the external auditor. This includes making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, assessing their independence and effectiveness and approving the audit fee.

During the year, the Committee met with the external auditor without management present to discuss any issues that may have arisen during the audit of the Group's Consolidated Financial Statements. In addition to this, the Committee Chairman meets with the external auditor quarterly and additional meetings or private sessions are available upon request.

### Independence and Provision of Non-Audit Services

The Committee is responsible for ensuring that the external auditor is independent and for implementing appropriate safeguards where the external auditor also provides non-audit services to the Group.

PwC confirmed to the Audit Committee that they are independent from the Group under the requirements of the Irish Auditing and Accounting Supervisory Authority's Ethical Standards for Auditors. PwC were appointed as the Group's external auditor in 2016 and the Committee will ensure that in accordance with EU legislation in relation to Audit Reform as adopted in Irish legislation, the external auditor is rotated at least once every ten years. The audit lead engagement partner is rotated every five years and for the financial year ended 31 December 2023 is Paul Barrie who was appointed in July 2023 following the appointment of the previous partner, Enda McDonagh, to the role of Managing Partner, PwC Ireland. Enda was appointed as audit lead engagement partner in 2021 following the transition of the previous lead who had completed his five-year term.

In accordance with the Group's policy on the hiring of former employees of the current external auditor, the Committee reviews and approves any appointment of an individual, within three years of having previously been employed by the current external auditor, to a senior managerial position in the Group.

A formal policy governing the provision of non-audit services by the external auditor is in place and is reviewed and approved by the Audit Committee annually. This policy is in accordance with applicable laws and takes into account the relevant ethical guidance for auditors. This policy is designed to safeguard the objectivity and independence of the external auditor and to prevent the provision of services which could result in a potential conflict of auditor independence.

The policy outlines the services which can be provided by the external auditor, the relevant approval process for these services, and those services which the external auditor is prohibited from providing.

In 2023, all non-audit services and fees were approved by the Audit Committee in line with policy. The Committee is satisfied that the non-audit fees paid to PwC, which were minimal, did not compromise their independence or objectivity. Full details of the fees paid to the external auditor during the year for non-audit services are outlined in note 3 to the financial statements. Having considered all of the above, the Committee concluded that the Group's external auditor is independent.

### Effectiveness

The Committee is committed to ensuring that the Group receives a high-quality and effective external audit. Post completion of the 2022 audit, in conjunction with PwC, review meetings were held with senior finance management across all regions and it was confirmed by both parties that no issues had arisen during the audit process. This review considered the process and technology changes which were implemented to support conducting a hybrid working model for the audit and they were satisfied that it did not compromise the quality of the audit.

At the October Audit Committee meeting, PwC outlined to the Committee in detail the 2023 external audit plan, which would be conducted on a hybrid basis with a blend of staff working both on site and virtually. The Committee discussed the significant audit risks and key audit matters, audit scope and materiality amongst other matters. The Audit Committee agreed that the plan and the materiality at which any misstatements should be reported by PwC to the Committee was appropriate.

Prior to the finalisation of the 2023 Consolidated Financial Statements, the Audit Committee received a detailed presentation and final report from PwC. The Committee also considered feedback from the lead partner and senior executives in concluding that PwC effectively delivered against the objectives of the agreed audit plan.

In assessing the effectiveness of the external auditor, the Audit Committee also considered the following:

- the quality of presentations to the Board and Audit Committee;
- the technical insights provided, relevant to the Group;
- key audit findings, including their robustness and perceptiveness in handling of key accounting and audit judgements; and
- their demonstration of a clear understanding of the Group's business and key risks.

On the basis of the above the Committee is satisfied with the effectiveness of the external auditors.

### Appointment

Following a comprehensive tender process overseen by the Audit Committee, PwC were appointed as external auditor in March 2016 and commenced as statutory auditors for the Group for the financial year ended 31 December 2016. On an annual basis, the Committee reviews the appointment of the external auditor, taking into account the auditor's effectiveness and independence. On that basis, the Committee recommended to the Board that PwC should continue in office as the auditor to the Group in respect of the year ending 31 December 2024.

The Audit Committee also approved the remuneration of the external auditor, details of which are set out in note 3 to the Consolidated Financial Statements.

## Directors' Compliance Statement

During the year, the Audit Committee reviewed the appropriateness of the Directors' Compliance Policy Statement and also received a report from senior management on the review undertaken during the financial year of the compliance structures and arrangements in place to ensure the Company's material compliance with its relevant obligations. On the basis of this review, the Committee confirmed to the Board that in its opinion the Company is in material compliance with its relevant obligations.

## Whistleblowing and Fraud Arrangements

In accordance with the Provisions of the Code, the responsibility for overseeing whistleblowing is within the remit of the Board. During 2023, at the request of the Board, the Committee considered the Group's whistleblowing arrangements and assisted the Board in its assessment of the adequacy of these arrangements. Details of the Group's whistleblowing arrangements are outlined in the Corporate Governance Report on page 129 and are also described in our Code of Conduct, which is available from the Group's website kerry.com.

The Committee also considered the Group's procedures for fraud prevention and detection to ensure that these arrangements allow for the proportionate and independent investigation of such matters and appropriate follow up action. Following this review, the Audit Committee confirmed to the Board that it was satisfied that the Group's fraud prevention procedures were adequate.

# GOVERNANCE REPORT

## Governance and Nomination Committee Report

Dear Shareholder,

On behalf of the Governance and Nomination Committee, I am pleased to present our report for the year ended 31 December 2023. This report sets out the Committee's main areas of focus over the past financial year.

The Committee is responsible for evaluating the structure, size, composition and successional needs of the Board and its Committees. Additionally, the Committee is responsible for monitoring corporate governance developments.

During the year under review, the Committee continued to lead the Board refreshment process ensuring that the composition of the Board and its Committees has the appropriate balance of skills, knowledge, experience, diversity and independence. Mr. Patrick Rohan joined the Board on 16 January 2023, and he brings a detailed knowledge of the dairy and agribusiness industry reflective of the Group's heritage. To further progress Board diversity and to enhance the non-Executive Directors' skills in the areas of food ingredients, food nutrition, scientific research and finance, we engaged with an executive recruitment consulting firm to conduct a search for new independent non-Executive Directors with profiles that match the needs identified. This culminated in the appointment of Dr. Genevieve Berger and Professor Catherine Godson to the Board on 1 November 2023 and the announcement that Ms. Liz Hewitt will join the Board on 1 March 2024. Collectively these new Board members will bring relevant skills and experience to Board discussions particularly in relation to the Group's strategic growth priorities.

Dr. Hugh Brady and Dr. Karin Dorrepaal, each having served in excess of nine years, will not seek re-election and will retire from the Board at the conclusion of the AGM on 2 May 2024. Hugh will be succeeded as Senior Independent Director (SID) by Mr. Christopher Rogers, and Karin will be succeeded as designated Workforce Engagement Director by Ms. Emer Gilvarry. On behalf of the Board, I would like to thank Hugh and Karin for their significant contribution and service to the organisation over many years.

I will have served nine years as a Director, including less than three years as Chairman, on 28 September 2024. The Committee is aware of the Provisions of the Code in respect of Chairman tenure and a formal succession process will be led by Christopher as the incoming SID. Having conducted a rigorous review, the Committee and the Board have agreed, subject to shareholder approval, that I continue as Chairman until the AGM in 2026 to allow appropriate time for the new SID to identify a successor and to enable an orderly transition to the role. The Committee also noted the need for stability given the high level of Board refreshment that occurred in 2023 and the additional appointments/retirements that will occur in 2024.

On the recommendation of the Committee, the Board established a standalone Sustainability Committee in 2023 which is chaired by Ms. Fiona Dawson. Other changes to the composition of the Board Committees are outlined on page 146.

During 2023 the Committee reviewed senior leadership development and succession plans with regard to business growth, geographic expansion and diversity goals below Board level. In addition, the Committee also reviewed the Company's corporate governance policy and processes and monitored developments in corporate governance best practice.

An externally facilitated self-assessment review of the effectiveness of the Board and its Committees was conducted during 2023 and the outcome of this review is that the Board and its Committees are operating effectively.

The Committee's priorities for 2024 will continue to focus on Board and Committee refreshment, including Chair succession, as well as senior leadership development and succession planning. Finally, the Committee will also keep up to date with evolving corporate governance requirements including upcoming changes to the UK Corporate Governance Code and to the Listing Rules.

**Tom Moran**
Chairman of the Governance and Nomination Committee

## Roles and Responsibilities

The main roles and responsibilities of the Committee, which were reviewed and updated during 2023, are set out in written terms of reference, which are available in the governance section of the Group's website kerry.com or upon request. The Committee reviews and refers any proposed amendments to its Terms of Reference to the Board for approval annually.

## Committee Membership

The Governance and Nomination Committee currently comprises four independent non-Executive Directors; Dr. Hugh Brady, Dr. Karin Dorrepaal, Mr. Michael Kerr and is chaired by Mr. Tom Moran. Biographical details for the members of the Committee are outlined on pages 108-111.

The quorum for Committee meetings is two and only Committee members are entitled to attend. No Director attends discussions relating to their own appointment. The Governance and Nomination Committee may extend an invitation to other persons to attend meetings or to be present for specific agenda items as required. The Company Secretary acts as Secretary of the Committee.

During 2023, the Committee continued to work with Korn Ferry, an executive recruitment consulting firm, to assist with Board refreshment. Korn Ferry acted as the advisor to the Remuneration Committee until April 2023 and has also provided leadership and talent consulting services to the Group during the year through a separate part of their business.

## Committee Meetings

The Committee met six times during the year and attendance at these meetings is outlined on page 131.

## Board Refreshment Policy

On an ongoing basis, the Governance and Nomination Committee reviews and assesses the structure, size, composition, diversity and overall balance of the Board and makes recommendations to the Board regarding refreshment.

Appointments to the Board are for an initial three-year term, subject to shareholder approval and annual re-election, after consideration of annual performance evaluation and statutory provisions relating to the removal of a Director. The Board may appoint such Directors for a further term not exceeding three years and may consider an additional term if deemed appropriate.

During the year, the Chairman conducted a rigorous review of all other non-Executive Directors as part of the Board evaluation process, considering the need for progressive refreshment of the Board. The Board explains to shareholders, in the papers accompanying the resolutions to elect and re-elect the non-Executive Directors, why it believes each individual Director should be re-elected based on the results of the formal performance evaluation. Details of Board refreshment activities during the year are outlined on pages 146-147.

## Nomination Process

There is a formal, rigorous and transparent procedure in appointing new Directors to the Board. Details of this process are outlined in the Governance in Action table.

The Committee also makes recommendations to the Board concerning the re-appointment of any non-Executive Director at the conclusion of their specified term and the re-election of all Directors at the AGM. The terms and conditions of appointment of non-Executive Directors are set out in formal letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the AGM.

## Governance in Action (example)

### Non-Executive Director Appointment

Dr Genevieve Berger and Professor Catherine Godson were appointed to the Board with effect from 1 November 2023. The key stages of the nomination process are outlined below.

**1. Assessment**

The Committee assessed the skill set, experience and diversity on the Board, the requirements to meet the Group's future growth plans, together with the planned retirements from the Board over the coming years.

**2. Requirement**

The Committee prepared a detailed role profile; identifying the need for new non-Executive Directors with food ingredients, food nutrition and scientific research skills and experience, and the capabilities to align with the Group's purpose, values and culture. The Committee also considered the Board's commitment to enhance the gender profile of the Board in line with developing best practice and new regulatory requirements.

**3. Search**

The Committee instructed Korn Ferry to conduct a search for appropriate candidates for appointment to the Board based on the profile and skillset agreed by the Committee

**4. Screening**

The Committee assessed a long list of candidates identified by Korn Ferry as having met the criteria.

**5. Interview**

A shortlist of potential candidates was interviewed by Korn Ferry, the Chairman, the Committee and the Chief Executive Officer.

**6. Approval**

A formal recommendation was made by the Committee to the Board proposing the appointment of Dr. Genevieve Berger and Professor Catherine Godson as non-Executive Directors. The Board approved the appointment of Dr. Genevieve Berger and Professor Catherine Godson noting that they had a balance of skills, knowledge and experience that matched the requirements set. Appointment terms were drafted and agreed with them.

## Succession Planning

The Governance and Nomination Committee reviews the succession plans for the Board and its Committees on an ongoing basis to ensure an orderly refreshment of membership, taking into account Group strategy, challenges and opportunities facing the Group and the skills, knowledge and experience required of Board members.

The Committee also reviews succession plans for senior leadership, which form part of the Group's overall annual approach to succession planning and agrees these with the Chief Executive Officer before being presented to the Board. The succession planning process includes defining success criteria for key roles, identifying and evaluating candidate pools and aligning successor development activities with individual and business needs to ensure leadership continuity and to strengthen the quality of the leadership succession pipeline.

This process is fully documented and monitored throughout the year in conjunction with the Committee. Details of succession planning activities during the year are outlined in Our People on page 20.

## Sustainability

During 2023, the Committee provided guidance and oversight on the implementation of the Group's *Beyond the Horizon* sustainability strategy until the standalone Sustainability Committee was established on 1 August 2023 and took over this responsibility from that date.

Details of the Group's sustainability strategy, targets and performance, policies and programmes are outlined in the Sustainability Committee Report on pages 148-149, the Sustainability Review on pages 46-91 and in the 2023 Sustainability Report that has been published alongside the Annual Report and is available for review on the Group's website kerry.com.

## Corporate Governance Developments

During 2023, the Committee also continued to keep up to date with existing and evolving corporate governance requirements and ensured that Board and Committee agendas were appropriately drafted to include same.

## Diversity, Inclusion and Belonging Policy

We are proud of our rich diversity at Kerry and strive to ensure that we reflect the communities in which we operate, across the globe. We embrace, celebrate and harness our differences, seeking to foster an inclusive and supportive work environment which is positive and productive, and respectful of everyone. We recognise the value that different perspectives and cultures bring to Kerry and encourage individuals to fully participate and contribute meaningfully to the overall success of the Group.

The Group's Diversity, Inclusion and Belonging Policy is an integral part of the Group's Code of Conduct ensuring that diversity and inclusion are embedded in Kerry Group's core values.

Within this, the Group seeks to recruit and retain the best talent from diverse backgrounds who bring the skills and experience necessary to drive innovative thinking to enable Kerry to maintain a sustained competitive advantage.

The Board believes in the benefits of having a diverse Board and the value that it can bring to its effective operation. In accordance with the Board Diversity Policy, which was updated during the year to include reference to the Board Committees, differences in background, gender, skills, experiences, nationality, ethnicity and other attributes are considered in determining the optimum composition of the Board and its Committees with the aim being to balance it appropriately with different views and perspectives. All Board appointments are made on merit, with due regard to diversity. The Board currently has a 43% female representation, and this will increase to 46% post announced appointments and planned retirements following the conclusion of the 2024 AGM. Diversity at Board level in terms of gender, nationality and ethnic background have all improved in recent years. In line with its diversity policy, and recommended best practice, the Board is committed to maintaining a minimum of 40% female representation on the Board. It has an ambition to increase the representation of members with diverse backgrounds such as nationality, ethnicity and other attributes and to have an appropriate diverse representation on each of its Committees. As at 31 December 2023 and the date of this report, the Company has met the UK Listing Rule requirements in relation to Board diversity, as at least 40% of the Board members are women, at least one of the senior Board positions is held by a woman and at least one Board member is from an ethnic minority background.

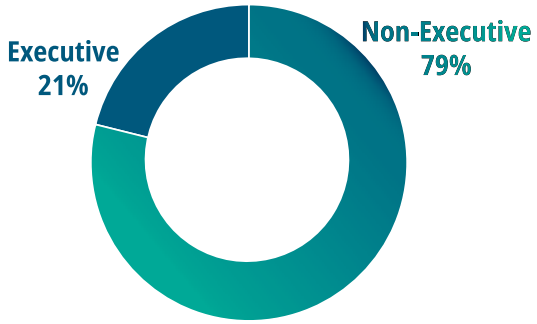
In reviewing Board composition and agreeing a job specification for new non-Executive Director appointments, the Committee considers the benefits of all aspects of diversity including, but not limited to, those described above, to make appointments that complement the range and balance of skills, knowledge and experience on the Board. As part of the identification process, executive recruitment consultants present a list of potential candidates who meet the stated specification and diversity requirements, for consideration by the Committee.

In 2021, diversity goals were agreed for senior leadership succession pools with the Executive Directors and approved by the Board to improve the diversity profile of senior leadership teams and ensure internal candidate pools better reflect the broader mix of capabilities and cultural diversity within the Group. The Group is committed to achieving the highest levels of inclusion, diversity, engagement and belonging and has a stated ambition to achieve equal gender representation in senior management roles by 2030. The Committee reviews progress against these diversity goals each year, whilst taking account of business growth and geographic expansion within the organisation.

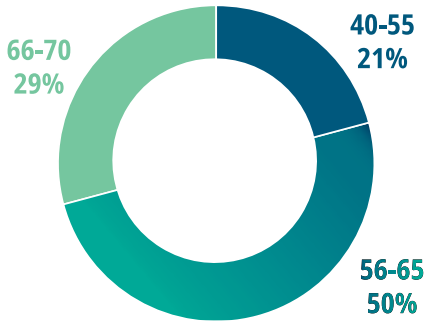
Further details of the Group's approach to Diversity, Inclusion and Belonging, including our broader organisational goals focused on building an inclusive and diverse workplace are outlined in our Sustainability Report and in Our People on page 19.

A summary of the Group's current position relating to Board and Executive Management diversity, in line with the new listing requirements, is provided in the table overleaf:

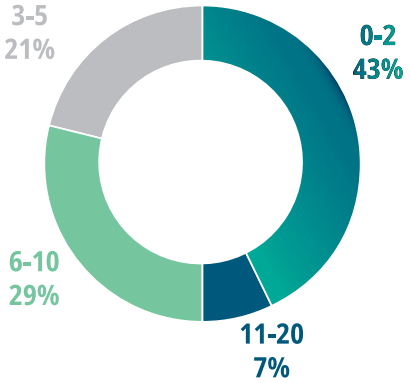
## Executive/non-Executive Split




## Board Age Profile (years)




## Board Tenure Years



### Disclosure Table in the Format Prescribed by the UK Listing Rules

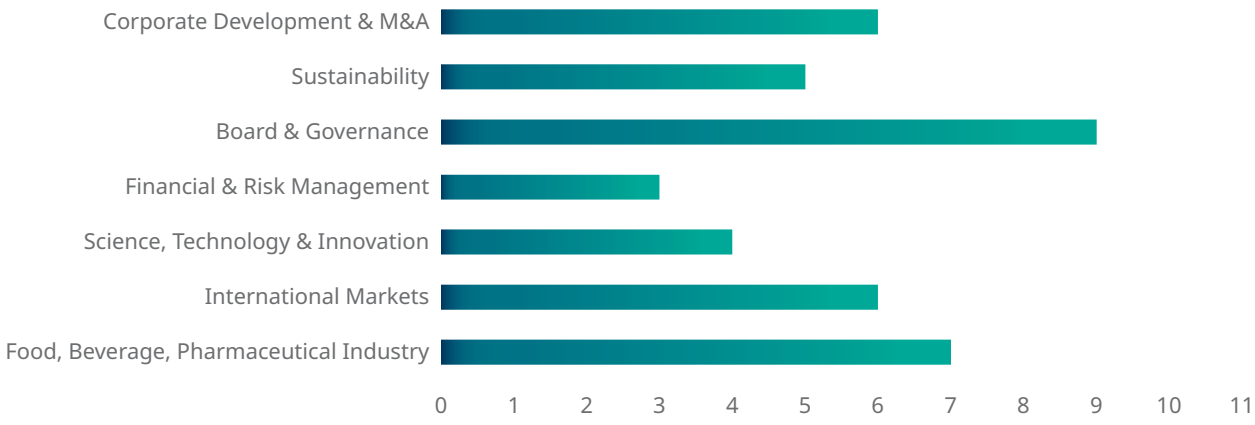
| Gender identity of sex | Number of Board Members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in Executive Management | Percentage of Executive Management |
|---|---|---|---|---|---|
| Men | 8 | 57% | 3 | 13 | 76% |
| Women | 6 | 43% | 1 | 4 | 24% |
| Not Specified/prefer not to say | - | - | - | - | - |

| | Number of Board Members | Percentage of the Board | Number of senior positions on the Board (CEO, CFO, SID and Chair) | Number in Executive Management | Percentage of Executive Management |
|---|---|---|---|---|---|
| White British or other White (Including minority-white Groups) | 13 | 93% | 4 | 17 | 100% |
| Mixed/Multiple Ethnic Groups | - | - | - | - | - |
| Asian/Asian British | 1 | 7% | - | - | - |
| Black/African/Caribbean/ Black British | - | - | - | - | - |
| Other Ethnic group, including Arab | - | - | - | - | - |
| Not Specified/prefer not to say | - | - | - | - | - |

1. The reference date for the disclosures in this table is 31 December 2023. There has been no change in the data disclosed since that date.
2. For the purpose of this disclosure Executive Management represents the Executive Leadership Team plus the Company Secretary.
3. The data in the table above was collected on the basis of self-reporting by the individuals concerned. When providing the data, the individuals were asked to select the gender and ethnicity background applicable to them by selecting from the list in the table above.

A summary of the non-Executive Directors skills and experiences is provided below:

### Non-Executive Directors' Skills & Experience



## Changes to the composition of the Board and its Committees for the year ended 31 December 2023

**Mr. Patrick Rohan**
Appointed to the Board on 16 January 2023 and the Sustainability Committee on 1 August 2023.

**Ms. Fiona Dawson**
Appointed as Chairperson of the Sustainability Committee on 1 August 2023.

**Dr. Karin Dorrepaal**
Appointed to the Sustainability Committee on 1 August 2023.

**Mr. Christopher Rogers**
Appointed to the Sustainability Committee on 1 August 2023.

**Dr. Genevieve Berger**
Appointed to the Board on 1 November 2023.

**Professor Catherine Godson**
Appointed to the Board on 1 November 2023.

**Ms. Liz Hewitt**
To be appointed to the Board and the Audit Committee with effect from 1 March 2024.

## Key Activities

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

| Subject | Committee Activity |
|---|---|
| **Board Size and Composition** | In 2023, as part of its remit, the Committee considered the size and composition of the Board. On 31 December 2023, the Board comprised 14 members following the appointment of Dr. Genevieve Berger and Professor Catherine Godson on 1 November 2023. The Board size will increase to 15 on 1 March 2024 with the appointment of Ms. Liz Hewitt and it will reduce to 13 members following the planned retirements at the conclusion of the 2024 AGM.<br><br>The Committee will continue to consider both Board size and composition during 2024. |
| **Chairman Succession** | During 2023, the Committee, chaired by Dr. Hugh Brady in his role as Senior Independent Director, recommended to the Board that Mr. Tom Moran continue as Chairman until the Annual General Meeting in 2026 and this was formally approved by the Board.<br><br>The Committee will undertake a formal succession process that will be led by Mr. Christopher Rogers when he assumes the Senior Independent Director role post the AGM on 2 May 2024. |
| **Senior Independent Director** | Dr. Hugh Brady will retire as Senior Independent Director and from the Board at the conclusion of the AGM to be held on 2 May 2024. The Committee has completed a formal process and has recommended to the Board the appointment of Mr. Christopher Rogers as Senior Independent Director at the conclusion of the 2024 AGM. |
| **Board Refreshment** | Dr. Genevieve Berger and Professor Catherine Godson were appointed to the Board as non-Executive Directors on 1 November 2023, following searches conducted by the Committee in conjunction with an executive recruitment consulting firm.<br><br>The Committee and the Board agreed that both had a balance of skills, knowledge and experience that matched the requirements set. |
| **Committee Refreshment** | On 1 August 2023, on the recommendation of the Committee, the Board agreed to establish a standalone Sustainability Committee to assume responsibility for overseeing the implementation of the Group's Sustainability Strategy. The composition of the Committee is outlined overleaf.<br><br>There were no other changes to the composition of the Board Committees during the year.<br><br>Following the planned retirements of Dr. Hugh Brady and Dr. Karin Dorrepaal as Directors at the conclusion of the AGM to be held on 2 May 2024, the Board, on the recommendation of the Committee, has agreed to the following changes in Committee composition, all of which will take effect at the conclusion of the 2024 AGM:<br><br>Mr. Christopher Rogers and Ms. Emer Gilvarry will join the Governance and Nomination Committee; Mr. Michael Kerr will join the Remuneration Committee; Ms. Fiona Dawson will join the Audit Committee and Dr. Genevieve Berger and Professor Catherine Godson will join the Sustainability Committee. Mr. Christopher Rogers will resign from the Sustainability Committee and Ms. Emer Gilvarry will resign from the Audit Committee.<br><br>The Committee will continue to consider Committee refreshment in 2024. |

| Subject | Committee Activity |
|---|---|
| **Designated Workforce Engagement Director** | Dr. Karin Dorrepaal will retire from the Board and as the designated Workforce Engagement Director at the conclusion of the AGM on 2 May 2024.<br><br>The Committee completed a formal process and recommended to the Board the appointment of Ms. Emer Gilvarry as the designated Workforce Engagement Director effective from the conclusion of the 2024 AGM. |
| **Re-appointment of non-Executive Directors** | During the year, Mr. Tom Moran, Dr. Hugh Brady, Dr. Karin Dorrepaal and Ms. Emer Gilvarry each completed terms as non-Executive Directors. Following a rigorous review of their skills, knowledge, experience and independence, the Board on the recommendation of the Committee, agreed that they continue to be effective and independent and make a valuable contribution to the Board, and re-appointed them to serve additional terms. |
| **Board and Committees Effectiveness** | As outlined in detail on page 132, an internal evaluation of the Board and its Committees took place in 2023 in line with the provisions of the UK Corporate Governance Code.<br><br>The Committee considered the outcome of this review. Each recommendation was assessed, and an action plan was developed to address areas for potential improvement. These recommendations will be reviewed and considered by the Committee in 2024. The conclusion from the evaluation process is that the Board and its Committees are operating effectively. |
| **Senior Leadership Development and Succession** | During the year, the Committee reviewed senior leadership development and succession plans having regard to agreed diversity goals to ensure the appropriate level of skills and diversity will exist to support the delivery of the Group's strategy. |
| **Corporate Governance Review** | During 2023, the Committee reviewed and updated the Company's corporate governance related policies. In addition, the Committee monitored the Company's compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex and also reviewed developments in corporate governance best practice. |
| **Sustainability Strategy** | Prior to the establishment of the standalone Sustainability Committee on 1 August 2023, the Committee provided guidance and oversight on the implementation of the Group's *Beyond the Horizon* sustainability strategy and monitored performance against targets. |
| **Terms of Reference** | During the year, the Committee reviewed and updated its Terms of Reference. A copy of these terms is available on the Group's website kerry.com |

# GOVERNANCE REPORT
## Sustainability Committee Report

**THE COMMITTEE THANKS ALL OUR PEOPLE FOR THEIR COMMITMENT TO OUR SUSTAINABILITY STRATEGY**

Dear Shareholder,

On behalf of the Sustainability Committee, I am pleased to present Kerry's first standalone Sustainability Committee Report.

The Sustainability Committee was established in August 2023 and is responsible for overseeing the Group's sustainability objectives and performance, including the delivery of the Group's *Beyond the Horizon* sustainability strategy as well as providing progress updates on sustainability matters to the Board. The governance of sustainability had been within the remit of the Governance, Nomination and Sustainability Committee in previous years. This standalone Committee was established to ensure enhanced emphasis is given to this important and evolving area. Membership of the Committee includes Board members with deep experience across food and beverage, as well as other sectors heavily impacted by climate change.

The Group, through portfolio evolution coupled with scientific research and strategic capital investments, has evolved its leadership position in Taste & Nutrition and continues to invest in its vision of creating a world of sustainable nutrition.

During 2023 we made further progress versus the commitments included in our *Beyond the Horizon* sustainability strategy. Kerry now reaches 1.25bn people with positive and balanced nutrition solutions. Our Scope 1 and Scope 2 carbon emissions have decreased by 48% and we reduced food waste across our operations by 39% versus our base year.

As Chairperson of the Sustainability Committee, I have been impressed with the passion that all Kerry employees have shown to enable Kerry to be a leader in sustainability by promoting more sustainable practices internally and by helping our customers to address their sustainability needs through our innovative solutions. In addition, I am pleased with the continued external recognition of our efforts by independent observers, particularly the World Benchmarking Alliance's ranking of Kerry amongst the top ten most influential companies taking action on food systems transformation. Please see the Sustainability Review for more detail on how Kerry has been recognised externally for its sustainability-related achievements.

This report sets out how the Sustainability Committee discharged its responsibilities during 2023. Further details in relation to the Group's sustainability strategy, targets and performance are available in the Sustainability Review on pages 46 to 91 and in the Sustainability Report available on the Group's website kerry.com.

On behalf of the Committee, I wish to thank all Kerry employees for their commitment to our sustainability strategy. I look forward to further candid and constructive meetings with my fellow Committee members in 2024.

**Fiona Dawson**
Chairperson of the Sustainability Committee

## Roles and Responsibilities

The main roles and responsibilities of the Committee are set out in written terms of reference which were approved by the Board during 2023. The Terms of Reference are available in the governance section of the Group's website kerry.com or upon request.

## Committee Membership

The Sustainability Committee currently comprises four independent non-Executive Directors; Dr. Karin Dorrepaal, Mr. Christopher Rogers. Mr. Patrick Rohan and is chaired by Ms. Fiona Dawson. Biographical details for the members of the Committee are outlined on pages 108-111.

The quorum for Committee meetings is two and only Committee members are entitled to attend. The Committee may extend an invitation to other persons to attend meetings or to be present for specific agenda items. The Company Secretary acts as secretary of the Committee.

## Committee Meetings

The newly formed Committee met twice during the period and attendance at these meetings is outlined on page 131.

## Key Activities

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

| Subject | Committee Activity |
|---|---|
| **Oversight of the Group's Sustainability Strategy** | The Committee provided guidance and oversight on the continued implementation of the Group's *Beyond the Horizon* sustainability strategy. The Committee was supported in this work by the Sustainability Executive Committee, whose members are invited to Committee meetings to share their expertise on key sustainability topics and to update the Committee on the implementation of the sustainability strategy. |
| **Performance Versus Sustainability Commitments** | The Committee monitored progress against all the commitments included in the Group's *Beyond the Horizon* sustainability strategy and provided insight and feedback as appropriate. |
| **Sustainability Reporting** | The Committee, in conjunction with the Audit Committee, considered and approved the sustainability-related reporting in the 2023 Annual Report and in the 2023 Sustainability Report. |
| **CSRD Readiness** | The Committee reviewed the Group's preparations for reporting under the Corporate Sustainability Reporting Directive (CSRD) framework which will be applicable for accounting periods beginning on or after 1 January 2024. The Committee worked with management to ensure that an appropriate and adequately resourced action plan is in place. |
| **Climate Related Risks and the Path to Net Zero** | The Committee reviewed and approved the material climate related risks and opportunities facing the Group. The Committee also considered the Group's Roadmap to Net Zero which continues to evolve. |
| **Committee Training** | Since the establishment of the Committee, training materials have been shared with the Committee including the Group's Sustainability Essentials education modules for their general update on sustainability matters as relevant to Kerry. A training programme for 2024 is in development. |
| **Committee Evaluation** | As outlined in detail on page 132, an internal evaluation of the Board and its Committees took place in 2023.<br><br>The outcome of the review is that the Sustainability Committee is considered to be operating effectively. |
| **Terms of Reference and Ways of Working** | The Committee agreed its Terms of Reference before they were formally approved by the Board. The Committee also agreed priorities and ways of working, including cadence of meetings and how it will interact with other Board Committees. It also designed roadmaps and agreed delivery plans. |

# GOVERNANCE REPORT
## Remuneration Committee Report

## Section A
### Chairperson's Annual Statement

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee Report for the year ended 31 December 2023 which contains:

- The proposed Directors' Remuneration Policy, to be put to an advisory vote at the 2024 AGM; and
- The annual Directors' Remuneration Report, describing how the new policy will be implemented in 2024 and how our existing policy has been put into practice during 2023.

During 2023, and through the course of our current Remuneration Policy, our Executive Directors have continued to shape and lead the execution of our strategy, delivering a significant evolution of our sustainable nutrition portfolio, combined with strong organic growth in an exceptionally challenging macroeconomic, geopolitical and sectoral environment.

We could not have achieved this without the continued and excellent leadership of our Executive Directors, our leadership teams and our entire global workforce who continue to demonstrate tremendous commitment and agility.

### Remuneration Policy Review

During 2023, consistent with our three-year review cycle, the Committee completed a comprehensive review of the Group's Directors' Remuneration Policy in conjunction with our external advisors, Ellason. Arising from this review a new policy will be put to an advisory vote at the 2024 AGM. Our current policy was submitted for shareholder approval in 2021 and received a high level of support from shareholders, with a 96% vote in favour.

**OUR EXECUTIVE DIRECTORS HAVE CONTINUED TO SHAPE AND LEAD THE EXECUTION OF OUR STRATEGY... COMBINED WITH STRONG ORGANIC GROWTH**

### Proposed Remuneration Policy

As we look forward to the next three years, this year's policy review provided the Committee with the opportunity to ensure our 2024 Directors' Remuneration Policy continues to:

- incentivise our Executive Directors to deliver our growth strategy;
- preserve the current strong alignment between our incentive metrics and the key drivers of shareholder return; and
- be competitive in attracting and retaining the best executive talent across the sector.

Consistent with our approach in previous policy reviews, our proposals were also framed by the context of our approach to remuneration across the wider workforce, shareholders' expectations and governance requirements.

The Committee also reviewed its proposals through a lens of ensuring an appropriate level of competitiveness for relevant talent markets, primarily against FTSE 100 listed companies of comparable scale and complexity, and also against US and European sector peer companies (as secondary sources) given the markets in which we compete for leadership talent. The Committee concluded from this assessment that its proposals were appropriate; the changes we are proposing bring our variable pay opportunity levels into line with current median levels in the FTSE 50 (as of 31 December 2023, Kerry's market capitalisation would have ranked 35th in the constituents of the FTSE 100 index).

## Kerry's Remuneration Principles

**Delivery of Group Purpose, Values and Strategy**
The Group's Executive Director short and long-term remuneration philosophy is to ensure that Executive remuneration is aligned to the Group's purpose, values and culture, supports strategy and promotes the long-term success of the Group.

**Creating Sustainable, Long-Term Performance**
Remuneration includes performance-related elements designed to align Directors' interests with those of shareholders and to promote long-term sustainable growth and performance at the highest levels, in line with the Group's strategy.

**Attract, Motivate and Retain Talent**
Market-competitive total remuneration is structured to attract, motivate and retain individuals of the highest quality on an international basis.

**Stakeholder Interests**
By linking a high proportion of Executive Directors' potential remuneration to short-term and long-term performance metrics with robust share ownership requirements, the Remuneration Committee believes that the interests and risk appetite of the Executive Directors are properly aligned with the interests of shareholders and other stakeholders.

**Pay For Performance**
The Committee ensures alignment with shareholders' long-term interests by aligning remuneration metrics with the Group's business model and strategic objectives.

During our review, the Committee examined all aspects of the Remuneration Policy and considered several alternative iterations of package design and policy changes, including whether there was a role for restricted shares, either instead of, or alongside the existing Long-Term Incentive Plan (LTIP). Ultimately, we concluded that currently there is no compelling rationale to depart from the core substance of our existing policy and package structure, which continues to be strongly aligned with our business strategy, key drivers of shareholder return, our remuneration principles and corporate governance requirements. Whilst there are no substantive changes proposed to the pay model approved in 2021, we are proposing some carefully considered adjustments to policy limits with effect from 2024, to ensure our new policy continues to incentivise the delivery of our growth strategy whilst keeping pace with evolving competitive practices.

Full details of the proposed changes to our Remuneration Policy are provided on page 160, with the key proposals summarised as follows:

- Retain the overall structure of the current Remuneration Policy, which is strongly aligned to our strategy and remuneration principles;
- Retain the current performance measures in our incentive plans to preserve strong alignment to the key drivers of shareholder return;
- Adjust variable pay opportunity levels to deliver competitive reward, consistent with our pay-for-performance culture:
  - LTIP: Adjust the maximum opportunity on a phased basis over two years to 375% of basic salary by 2025 for the CEO (currently 300%), and 300% of basic salary by 2025 for the CFO and CEO T&N (currently 250%);
  - STIP: No change to the CEO at 200% of basic salary. Harmonise the STIP opportunity across all Executive Directors by adjusting the maximum opportunity for the CFO and CEO T&N to 200% of basic salary (currently 175%).
- Increase the shareholding requirement for all three Executive Directors to align with the new LTIP opportunity; and
- Continue with our strong record of rigour and discipline in target-setting across our incentive plans.

The Committee believes the proposed changes to the Remuneration Policy are required and justified for the following reasons:

- **We have a well-established and highly effective Executive Team, driving industry leading volume growth.**
  Since the CEO's appointment in 2017, the Executive Team has effectively navigated the Group through unprecedented global market challenges, including the impact and aftermath of COVID-19, heightened geo-political tensions and the resulting macroeconomic uncertainty. Since the last policy review was completed in 2020, Group revenues have increased by €1.1bn (+15%) and Group EBITDA has increased by €167m (+17%).

  The Executive Team, has in parallel, delivered significant progress against Kerry's sustainability commitments by reducing our scope 1 and 2 carbon emissions by 48%, reducing food waste by 39% versus our base year and increasing Kerry's nutritional reach of positive and balanced solutions to 1.25 billion consumers globally.

» **Our Executive Team has led significant transformation of the Group's portfolio, fully aligned with our strategic priorities of taste, nutrition and emerging markets.**
Since 2017, we have rotated over €2.5bn of Group revenues, or approximately 40% of our corporate portfolio, while at the same time growing revenues organically by €2bn to €8bn in 2023. This portfolio rotation reflects the successful execution of strategic acquisitions (35 in total), with revenues of €1.1bn, and the divestment of non-strategic businesses (notably Consumer Foods Meat & Meals and the Sweet Ingredients Portfolio) with revenues of €1.4bn.

In executing on this extensive portfolio rotation, the Executive Team has better positioned the Group for future growth, margin expansion and delivery of enhanced shareholder return, which is reflected in the incentive targets we continue to set. The Executive Team has broadened and deepened Kerry's science, technology and innovation capabilities for positive and meaningful impact on our rapidly-evolving food and beverage markets; enabling customers to improve the nutritional profile of their products, without compromising on taste, whilst at the same time reducing the environmental impact of food production. Kerry is now creating science-backed sustainable nutrition that delivers global impact.

» **Our Executive Team has allocated capital in a disciplined and agile way to support growth, future development and shareholder value creation.**
Through targeted and strategically aligned capital investment, the Executive Team has strengthened Kerry's global manufacturing footprint and capability to deliver on future growth and business development. Since the last policy review in 2020 the Group has, for example, invested in new and expanded manufacturing facilities in the USA, Indonesia, South Africa, East Africa, the Middle East and China. The Group now has a presence in over 55 countries globally with manufacturing capability in 34 countries (versus 31 in 2020), including 7 countries in Africa where Kerry has established a foothold from which to grow in this strategically important continent. This increase in scale also brings increased complexity which the Executive Team is successfully managing.

In 2023 the Executive Team commenced a Share Buyback Programme with the objective of returning €300m of cash to shareholders, reflecting the Group's strong balance sheet and cash flows.

We are confident that our proposed changes, which are wholly focused on incentives that will be conditional on achievement of stretching targets, further incentivise delivery of our growth strategy and creation of long-term value for our shareholders. They are reflective of the calibre, experience, and sustained performance of our Executive Team, and ensure we are competitively positioned to attract, incentivise and retain the very best talent across the sector. As mentioned earlier, the proposed changes, when fully implemented, will bring the variable pay opportunity for our Executive Directors in line with the current median opportunity available to Executive Directors in the FTSE 50.

### Shareholder Consultation

On behalf of the Remuneration Committee, during the year I had the opportunity to consult with our major shareholders and proxy voting advisors, as we developed our proposals for the 2024 Directors' Remuneration Policy. I would like to take this opportunity to thank all those who met with me for the valuable comments, perspectives, and specific feedback provided. This has been very helpful and constructive in shaping the final policy approved by the Committee and which is now being submitted for shareholder approval.

The Committee is conscious of the need to apply restraint in executive remuneration at all times and recognises the particular sensitivity at the current time, given recent shareholder experience. The Committee notes that many factors affecting business valuation, including challenging macro, market and sector dynamics, have weighed on Kerry's share price and that of many of its closest sector peers in recent times. The Committee is also mindful that during this same timeframe Kerry has delivered a robust operational performance with volume growth ahead of its peers, while also making significant strategic progress to better position the Group for long-term success.

Having considered all of these factors in the round, and having listened to the feedback from shareholders during our consultation meetings, the Committee decided to phase the proposed adjustments to the LTIP opportunity over a two-year period.

We have also taken on board shareholder feedback on the importance of demonstrating the discipline and rigour we continue to apply to target setting and performance assessment across our incentive plans. Therefore, the Committee recently back-tested its approach to target setting to assess if the EPS and ROACE performance ranges set for recent LTIP cycles were sufficiently stretching. Further details are included in the Pay for Performance section on page 154. Based on this empirical analysis, the Committee concluded that Kerry's targets have represented an appropriately stretching level of required performance for the opportunity offered. The Committee will maintain its approach and strong record of rigour and discipline going forward, to ensure the targets it sets across our incentive plans remain appropriately stretching and representative of outperformance.

## Supporting our Colleagues

Throughout 2023, the Committee continued to monitor the impact of the ongoing volatile economic environment, global inflationary challenges, and higher interest rates on our people. In the 2022 Remuneration Report we shared a summary of the targeted actions taken to support our people. We have continued to build on these actions in 2023 with the additional measures and benefits highlighted below:

- We were delighted that 99% of our shareholders, who voted at last year's AGM, voted in favour of our intention to launch Kerry's first All Employee Share Plan, supporting us in our long-held ambition of making share ownership possible for all Kerry employees. In September 2023 we proudly and successfully launched this plan, now called OurShare, to colleagues in eight Phase 1 countries across two regions. I am very happy to inform you that more than one in five eligible employees (21%) chose to join OurShare in its inaugural year to become proud Kerry shareholders. In 2024 we will extend OurShare to all regions, and the vast majority of countries, with all Kerry employees across all geographies being eligible to participate by 2025;
- We were formally accredited as a Real Living Wage employer in the UK in 2023, and have established a partnership with the global Fair Wage Network to actively expand our accreditation to major markets globally in 2024; and
- We further strengthened our employee wellbeing measures during 2023 with the development of a structured, emotional wellbeing training program for all people leaders at Kerry, coupled with the launch of our global sabbatical leave policy for all employees.

Salary increases for the wider workforce in 2024 will again be aligned to market movements on a country-by-country basis. We will continue to have flexibility in our pay review process to facilitate higher increases for lower-paid positions and to allow for more frequent reviews in inflationary economies.

## Remuneration Outturn 2023

In determining the Executive Directors' remuneration outturns for the financial year, the Committee maintained a clear and rigorous focus on aligning pay with performance in the context of difficult market conditions globally.

### 2023 Short-Term Incentive Plan Outturn

For Executive Directors, the 2023 STIP was based on financial metrics aligned to the Group's strategy with 30% based on Volume Growth, 25% on EBITDA Margin Expansion and 25% on Cash Conversion. Performance against key Strategic Objectives formed the remaining 20% of the overall STIP weighting.

The calculated outturn on the STIP for 2023 was 71% of the maximum available opportunity as outlined in further detail on page 170.

The Committee reviewed the formulaic outcome of the quantitative metrics, and its assessment of the strategic component, and is satisfied that the overall outturn is reflective of the Group's and the Executives' performance during the year. In line with the Directors' Remuneration Policy, one-third of the STIP payout will be deferred into shares/options to be held for two years.

### Long-Term Incentive Plan 2021-2023 Outturn

The three-year performance period in respect of the 2021-2023 LTIP award ended on 31 December 2023. The 2021 LTIP award was subject to growth in Adjusted Earnings per Share (EPS), Total Shareholder Return (TSR), Return on Average Capital Employed (ROACE) and Sustainability Measures; with weightings of 40%, 25%, 15% and 20% respectively. This is the first award to include three sustainability metrics, as introduced following our last policy review in 2021.

The final outturn of the 2021-2023 LTIP award was 61% of maximum opportunity as outlined in further detail on pages 174-176.

The Committee reviewed the formulaic outcome of the LTIP metrics and is satisfied that the overall outturn is reflective of the Group's underlying performance during the three-year performance period. In line with the Directors' Remuneration Policy, 100% of the vested award will be deferred into shares/options to be held for two years.

## Remuneration Policy Implementation 2024

### Basic Salary

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

For 2024 the basic salaries of the Executive Directors will be increased by 3.5% (Ireland based) and 3.75% (US based). In line with the approach taken last year, the increases for the Executive Directors are again below the 2024 average increases available for the wider workforce population in Ireland (3.75%) and the US (4.0%), with higher increases available for lower-paid employees or where market adjustments are required to maintain appropriate competitive positioning.

### Pension

Executive Directors' pension contributions will remain aligned to those of Kerry's wider workforce in Ireland.

### Incentive Plans

We have consistently ensured there is a very strong alignment between our short-term and long-term incentive metrics and the Group's business strategy and financial targets. During 2023 the Remuneration Committee reviewed the incentive plan metrics and weightings to ensure full alignment with the Group's purpose, values, culture, strategy and mid-term targets.

### 2024 Short-Term Incentive Plan

A review of the STIP design and metrics was completed to ensure they are aligned to strategy, consistent with best practice, and the targets are appropriately stretching. The 2024 STIP will continue to operate on a similar basis to 2023 with no change to the metrics or weightings.

No change in STIP opportunity is proposed for the CEO which will remain at 200% of basic salary. As previously outlined, to better balance the focus on shorter-term drivers of success and to harmonise the STIP opportunity across the Executive Directors, a proposed increase to STIP opportunity will, subject to shareholder approval, be implemented in 2024 for the CFO and CEO T&N, whereby their maximum STIP opportunity will be increased from 175% to 200% of basic salary.

### 2024 Long-Term Incentive Plan

A review of the LTIP design, metrics, weightings and targets was also completed in 2023. The Committee concluded that the current metrics and weightings continue to be closely aligned with key value drivers for the Group (see page 163) and will therefore remain unchanged for 2024. Consistent with the Committee's proven track record of demonstrating rigour and discipline when setting targets, and in light of the increased opportunity available under the proposed new policy, the Committee decided to add additional stretch by increasing the targets for the EPS and ROACE metrics, and to adjust the target range for the sustainability metrics as the Group moves another year closer to the targets included in the *Beyond the Horizon* sustainability strategy. The threshold and maximum levels for TSR remain as per 2023, with minor revisions to the TSR peer group for 2024 to improve overall relevance.

In consideration of shareholder feedback, we are phasing the proposed increase to the LTIP opportunity over two years. Therefore, the maximum LTIP opportunity for 2024 will, subject to shareholder approval, be increased from 300% to 340% of basic salary for the CEO, and from 250% to 275% of basic salary for the CFO and CEO T&N.

### Pay for Performance

Kerry has a strong track record of demonstrating appropriate rigour and discipline when setting stretching targets as described earlier.

To back-test its approach to target setting, the Committee determined the equivalent percentile rank of the EPS and ROACE performance ranges set for recent LTIP cycles in the context of actual outcomes delivered over the relevant three-year period by Kerry's TSR peers.

This analysis indicated that the targets set by the Committee for Kerry have represented stretching performance, with the top end of the performance ranges consistently representing market outperformance, particularly in the context of award opportunities that are currently below FTSE 50 competitive norms. Our disciplined approach to target setting is further demonstrated by the levels of STIP and LTIP outturns achieved historically (See Table 10 on page 179). We will maintain our approach of setting targets that are stretching in the context of our strategic plan and external market conditions, and appropriate in the context of the award opportunities on offer. Our proposed adjustments to award opportunities for 2024 onward seek to keep pace with competitive market norms, rather than being set materially ahead of market.

The Committee is satisfied that the targets set for the 2024 STIP and LTIP awards are appropriately stretching given the current challenging environment, overall market growth rates, the level of capital expenditure required to support future growth ambitions and the Group's medium-term targets.

### Non-Executive Director Fees for 2024

The Chairman and non-Executive Directors' fees were reviewed as part of the overall policy review, and it was determined that the existing policy is working well; therefore no material changes are proposed. For 2024, in line with the Remuneration Policy, an annual increase of 3.5% will be applied to the base fee paid to the Chairman and non-Executive Directors. This increase is lower than the increase available to the wider workforce in Ireland. No increases will be applied to Committee membership fees, Committee Chair fees or any other fees.

## Other Matters

### Appointment of Remuneration Committee Advisors

During 2023, the Committee completed a formal tender process for the appointment of its independent advisors which included a number of leading specialist remuneration advisory firms. Following the conclusion of this process, the Committee selected Ellason as its Remuneration Advisors and they assumed the role with effect from 4 April 2023. Ellason reports directly to me in my capacity as Chairperson of the Remuneration Committee.

### Amendment of LTIP Rules

Arising from the policy review, the 2021 LTIP rules, as approved by shareholders at the 2021 AGM, will be resubmitted for approval at the 2024 AGM. The only change will be to update clause 9 of Part A of the rules as it pertains to the maximum individual limit which is to be increased to 375% in line with the proposal for the CEO LTIP award opportunity from 2025. All other terms remain unchanged.

### Committee Performance

An internal review of the Remuneration Committee's performance was undertaken by the Committee during 2023 and the outcome of this review is that the Committee is operating effectively.

## Conclusion

As noted earlier, the new Remuneration Policy for the period 2024 to 2026, and the report detailing how the existing policy was implemented in 2023 (and how the new Policy is proposed to be implemented in 2024), will be put to two separate advisory votes at this year's AGM. Last year 95% of our shareholders who voted, voted in favour of the Directors' Remuneration Report.

I would like to express again my appreciation to those shareholders who engaged with us as part of the policy review. I believe that what we have proposed, and refined based on shareholder feedback, reflects a continuation and improvement of the policy implemented in 2021 as well as the calibre, experience and sustained performance of our Executive Directors. We are confident they will continue to deliver significant long-term value for our shareholders through the course of the new policy.

Finally, I would like to take this opportunity to thank the members of the Remuneration Committee for their commitment, input and support during the year.

**Emer Gilvarry**
Chairperson of the Remuneration Committee

# Section B

## Remuneration Committee and Key Activities

### Committee Membership

During 2023, the Remuneration Committee comprised four independent non-Executive Directors; Ms. Fiona Dawson, Dr. Karin Dorrepaal, Mr. Christopher Rogers and Ms. Emer Gilvarry, who chaired the Committee. Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 108-111.

#### Role and Responsibilities

On behalf of the Board, the Remuneration Committee is responsible for determining the Remuneration Policy for the CEO, other Executive Directors and senior management on an annual basis. The CEO is invited to attend Remuneration Committee meetings but does not attend Committee meetings when his own remuneration is discussed. The Committee also has access to internal and external professional advice as required. The Committee follows an annual and tri-annual calendar with matters scheduled and planned well in advance. Decisions are made within agreed reference terms, with additional meetings held as required. In considering the agenda, the Committee gives due regard to overall business strategy, the interests of shareholders, employees, other stakeholders and the performance of the Group. The main responsibilities of the Committee, which were reviewed during 2023, are set out in written terms of reference which are available from the Group's website Kerry.com or upon request.

### Remuneration Committee Meetings and Activities 2023

The Committee held five meetings during 2023. Attendance at these meetings is outlined on page 131.

The key activities undertaken by the Committee in discharging its duties during 2023 are set out below:

| Subject | Remuneration Committee Activity |
|---|---|
| **Remuneration Report** | A review of best practice remuneration reporting was completed during 2023 to ensure ongoing compliance with relevant legislation and reporting requirements. |
| **Remuneration Policy Review** | In line with the normal three-year cycle the Committee completed a review of the existing Remuneration Policy during 2023. Arising from this review a new policy will be put to an advisory vote at the 2024 AGM. See Remuneration Policy Review and Implementation sections for proposed changes. |
| **Basic Salary** | The Committee continued to monitor the level of basic salaries of the CEO and Executive Directors in line with market practice. |
| **STIP** | The STIP was reviewed during 2023 to ensure that the metrics are aligned with Group strategy, purpose and values, the weightings are appropriate, and the associated targets are appropriately stretching. |
| **LTIP** | The Committee considered the overall effectiveness of the LTIP in 2023 to ensure that it is structured appropriately to incentivise Executive Directors and senior managers across the Group. The Committee also assessed the vesting values under the 2021 LTIP for windfall gains due to share price movements since the date of grant in 2021. |
| **Chairman & non-Executive Directors Fees** | A detailed benchmark review of the Chairman and non-Executive Directors' fees was undertaken during 2023 with the assistance of Ellason. Following that review no material changes to fees are proposed. As provided in the Remuneration Policy, the base fees for the Chairman and non-Executive Directors are reviewed annually. |
| **Senior Management** | In accordance with the terms of the Code, the Committee set the remuneration arrangements for senior management and the Company Secretary. |
| **Appointment of the Remuneration Committee Advisor** | During 2023, the Committee conducted a formal tender process for the appointment of its principal advisor. The process involved a request for proposal, submissions by a number of leading remuneration advisory firms and presentations to the Committee Chair. Following the conclusion of this process, the Committee selected Ellason as its Remuneration Advisor and they assumed the role with effect from 4 April 2023, replacing Korn Ferry. |
| **Workforce Remuneration and Related Policies** | During the year, the Committee was provided with regular updates on pay policies and procedures for the wider workforce to ensure alignment with the Executive Directors' Remuneration Policy. Updates included an overview of the approach for the annual pay reviews in all the countries in which the Group operates including measures taken in response to the cost-of-living crisis. Other agenda items included updates on gender pay gap reporting, the timeline for global living wage accreditation, the launch of a global sabbatical leave policy and updates on employee wellbeing and recognition programmes. |

| Subject | Remuneration Committee Activity |
|---|---|
| **All Employee Share Plan** | The Committee received regular updates on Kerry's first All Employee Share Plan ('OurShare') ahead of and following its launch in September 2023. |
| **Workforce Engagement Activity** | The Committee was updated by the Chief Human Resources Officer and the designated Workforce Engagement Director (who is also a member of the Committee) in relation to the dialogue with the workforce concerning executive and workforce remuneration policies. The feedback received informed the Committee's decision making in relation to the 2024 Remuneration Policy, executive remuneration outcomes for 2023, as well as the level of salary increases for Executive Directors and fee increase for non-Executive Directors applicable in 2024. |
| **Shareholder Consultation** | The Committee reviewed the results of the shareholder vote on the Remuneration Report at the 2023 AGM, noting that 95% of shareholders who voted supported the Report. The Committee also reviewed the additional feedback received from the proxy voting advisors.<br><br>In late 2023, the Chairperson of the Committee consulted with a number of the Group's major institutional shareholders and with proxy voting advisors regarding the proposed 2024 Remuneration Policy. The Committee welcomed the engagement and the shareholders consulted provided important input and commentary which was considered by the Committee. These inputs, together with inputs from shareholder representative bodies and governance groups, informed the final Remuneration Policy, including the proposal to phase the adjustments in LTIP opportunity over 2 years. |
| **Committee Evaluation** | As outlined on page 132 an internal review of the Board and its Committees was conducted during 2023. The outcome of the review is that the Remuneration Committee is operating effectively. |
| **Terms of Reference** | During the year, the Committee reviewed and updated its Terms of Reference. A copy of these terms is available on the Group website Kerry.com. |

## Work of the Committee in Determining Executive Director Remuneration

The Committee considers the appropriateness of the Executive Directors' remuneration not only in the context of overall business performance and environmental, social and governance (ESG) matters but also in the context of wider workforce pay conditions (taking into account workforce policies and practices) and external market data to ensure that it is fair and appropriate for the role, experience of the individual, responsibilities and performance delivered.

### Remuneration Committee Advisors

The Remuneration Committee is authorised by the Board to appoint external advisors. Following a formal tender process, Ellason were appointed as Remuneration Committee Advisor in 2023.

The fees incurred with Ellason and Korn Ferry for advising the Committee in 2023 were €197,556 (2022: €nil) and €22,979 (2022: €62,588) respectively.

### Statement on Shareholder Voting

Below is an overview of the voting which took place at the most recent AGM to approve the Directors' Remuneration Policy and the Directors' Remuneration Report.

### Votes on Remuneration

| Total Votes Cast | Votes For | Votes Against | Votes Withheld/ Abstained |
|---|---|---|---|
| *Directors' Remuneration Policy (2021 AGM)* | | | |
| 108,924,838 | 105,041,472 | 3,883,366 | 1,242,809 |
| | 96.4% | 3.6% | |
| *Directors' Remuneration Report (2023 AGM)* | | | |
| 108,273,820 | 103,195,158 | 5,078,662 | 94,472 |
| | 95.3% | 4.7% | |

The Committee appreciates the level of support shown by the shareholders for the Remuneration Policy and the Remuneration Reports since the policy was approved and is committed to continued consultation with shareholders on this subject matter.

# Section C

## Remuneration Policy

### Remuneration Principles

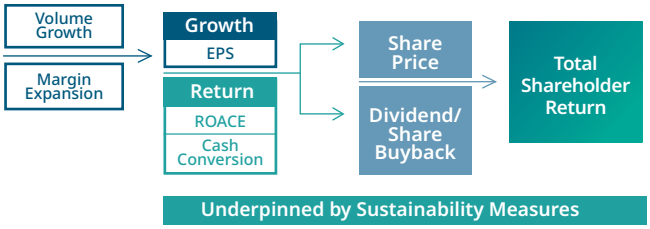
The Group's Executive Director remuneration philosophy is to ensure that executive remuneration is: aligned to the Group's purpose, values and culture; supports strategy; promotes the long-term success of the Group; properly reflects the duties and responsibilities of the Executives; and is structured to attract, retain and motivate individuals of the highest quality from its international talent market. Remuneration includes performance-related elements designed to align Directors' interests with those of shareholders and to promote long-term sustainable growth and performance at the highest levels in line with the Group's strategy.

A significant proportion of Executive Directors' potential remuneration is based on short-term and long-term performance-related incentive programmes. By incorporating these elements, the Remuneration Committee believes that the interests and risk appetite of the Executive Directors are properly aligned with the interests of the shareholders and other stakeholders. When approving remuneration outturns, the Committee exercises independent judgement and discretion, taking account of Group and individual performance as well as the shareholder experience, environmental, governance and social matters and wider workforce pay conditions to ensure that it is fair and appropriate for the role, experience of the individual, responsibilities and performance delivered.

### Drivers of Shareholder Return

As outlined in the Strategic Report on page 33, Volume Growth and Margin Expansion are the main drivers of Adjusted Earnings Per Share (EPS) which is the key performance metric for measuring growth. Return on Average Capital Employed (ROACE) is a key measure of how efficiently the Group employs its available capital. Cash Conversion is an important indicator of the cash the Group generates for reinvestment or for return to shareholders.

### Drivers of Shareholder Return




These are the main Group metrics included in the Executive Directors' Short-Term Incentive Plan (STIP) and Long-Term Incentive Plan (LTIP) underpinned by the Group's sustainability metrics. Together these metrics drive positive Total Shareholder Return which aligns the interests of the Executive Directors with those of shareholders. Our remuneration philosophy also supports our long-term approach by deferring a significant part of short and long-term variable remuneration into share awards, which provides clear alignment with the long-term interests of shareholders, together with requiring Executive Directors to acquire and maintain significant shareholdings in the Group.

In line with best practice, malus and clawback provisions apply to the Executive Directors' STIP and LTIP awards.

### Remuneration Policy Review

Under the Shareholders' Rights Directive, which was transposed into Irish Law in March 2020, Kerry is not obliged to submit its Remuneration Policy to shareholders for a non-binding advisory vote until the 2025 Annual General Meeting. As an Irish incorporated company Kerry is not obliged to comply with the UK legislation which requires UK companies to submit their remuneration policies to a binding shareholder vote every three years or earlier if changes are required prior to this. However, consistent with the Group's commitment to comply with best corporate governance practice and our existing three year cycle, a new policy will be brought to shareholders at the 2024 AGM and be submitted to a non-binding advisory vote.

Similarly, Kerry is not required to comply with the remuneration reporting regulation contained in the UK Companies (Miscellaneous Reporting) Regulations 2018 but follows the requirements as a matter of best practice unless they conflict with Irish or other legal requirements or there are other reasons where it is considered not practical to do so.

In designing the Remuneration Policy, the Committee considered the best practice features detailed in the UK Corporate Governance Code as follows:

| Matters | Examples |
|---|---|
| **Clarity** | The Committee is committed to having a transparent approach to pay, by engaging regularly with Executives, shareholders and their representative bodies in order to explain the approach to executive pay and how it links to the Kerry strategy. We are also committed to clear and transparent disclosure on all aspects of executive remuneration.<br><br>The Committee is informed of the feedback from the workforce in relation to executive and workforce remuneration matters through regular updates provided by the Chief Human Resources Officer and the designated Workforce Engagement Director. |
| **Simplicity** | The Committee considers that the proposed Remuneration Policy is simple and easy to understand.<br><br>The Remuneration Policy is aligned with the strategy and business model of the Group. The Committee has purposefully avoided any complex structures which have the potential to be misunderstood and deliver unintended outturns. |
| **Risk** | The Remuneration Policy is designed to discourage inappropriate risk taking and ensure that this is not rewarded. This is achieved by (i) the balanced use of both short-term and long-term incentive plans which employ a blend of financial, non-financial and shareholder return targets (ii) the significant role played by equity in our incentive plans together with shareholding requirements (iii) malus and clawback provisions and (iv) the ability of the Committee to utilise discretion to adjust formulaic outturns to ensure outturns are aligned to, and are reflective of, the underlying business performance of the Group. |
| **Predictability** | Executive Directors' remuneration is subject to individual participation caps, with our share-based plans also subject to market standard dilution limits. The scenario charts on page 166 illustrate how the rewards potentially receivable by our Executive Directors vary based on performance delivered and share price growth. |
| **Proportionality** | There is a clear link between individual rewards, delivery of strategy and long-term performance. In addition, the significant role played by 'at risk' pay delivered through the STIP and LTIP, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded. |
| **Alignment to Culture** | Kerry has a relentless focus on delivering for our shareholders and other stakeholders and this is fully aligned with our Remuneration Policy in that employee personal success is directly linked to the success of the Group through the short-term and long-term incentive plans and targets we operate.<br><br>The Committee is satisfied the Remuneration Policy is fully aligned with the Group's diverse, entrepreneurial and results focused culture which is underpinned by our Values of Courage, Enterprising Spirit, Inclusiveness, Open-mindedness and Ownership. |

The overall design of the new policy was informed by a combination of reviewing the current policy against best practice features as noted above, the evolution of the Group's strategy, relevant talent markets, wider workforce remuneration policy and practices, shareholder expectations, and taking into account feedback from our shareholders during the review process.

Following consideration of these factors, the Committee concluded on the policy changes detailed overleaf.

## Remuneration Policy – Summary of Proposed Changes

Following a detailed review, the Remuneration Committee agreed to retain the overall structure of the current Remuneration Policy as it is aligned to our strategy, remuneration principles and corporate governance requirements. In addition, the current performance measures in our incentive plans will be retained to preserve the strong alignment with the key drivers of shareholder return.

The table below summarises the key changes arising from the policy review conducted during the year. These changes, as described earlier in the Chairperson's Annual Statement, have been embedded in the Remuneration Policy that is proposed to apply for the three years 2024 to 2026.

| Element | Current Policy | Proposed Policy |
|---|---|---|
| **Short-Term Incentive Plan (STIP)** | | |
| Maximum Opportunity (% of basic salary) | CEO: 200% (target: 100%)<br><br>CFO and CEO T&N: 175% (target: 87.5%) | CEO: 200% (target: 100%) - No change<br><br>Increase maximum STIP opportunity as follows:<br><br>CFO and CEO T&N: 200% (target: 100%) |
| **Long-Term Incentive Plan (LTIP)** | | |
| Maximum Opportunity (% of basic salary) | CEO: 300%<br><br>CFO and CEO T&N: 250% | Increase maximum LTIP opportunity on a phased basis over two years as follows:<br><br>CEO: 340% in 2024, 375% in 2025<br>CFO and CEO T&N: 275% in 2024, 300% in 2025 |
| **Other** | | |
| Share Ownership Requirements (% of basic salary) | CEO: 300%<br><br>CFO and CEO T&N: 250% | Increase in-service shareholding requirement as follows:<br><br>CEO: 375%<br>CFO and CEO T&N: 300% |

## Remuneration Policy Table

The following table details the proposed Remuneration Policy for the Executive Directors for the period 2024 to 2026:

| Purpose and Link to Strategy | Operation | Opportunity | Performance Metrics |
|---|---|---|---|
| **Basic Salary** | | | |
| Reflects the value of the individual, their skills and experience<br><br>Competitive salaries are set to promote the long-term success of the Group and attract, retain and motivate Executive Directors to deliver strong performance for the Group in line with the Group's strategic objectives | » Remuneration Committee sets the basic salary and benefits of each Executive Director<br>» Determined after taking into account a number of elements including the Executive Directors' performance, experience and level of responsibility<br>» Paid monthly in Ireland and bi-weekly in the US<br>» Salary is referenced to job responsibility and internal/external market data | » Set at a level to attract, retain and motivate Executive Directors<br>» Typically reviewed annually with increases normally set by reference to the wider workforce in the relevant market<br>» Full review undertaken every three years | » Not applicable |
| **Benefits** | | | |
| To provide a competitive benefit package aligned with the role and responsibilities of Executive Directors | » These benefits primarily relate to the use of a company car or a car allowance | » Not applicable | » Not applicable |
| **Pension** | | | |
| To provide competitive retirement benefits to attract and retain Executive Directors | » Pension arrangements may vary based on the Executive Director's location<br>» Irish resident Executive Directors participate in the general employee defined contribution pension scheme or receive a contribution to an after-tax savings scheme (where the lifetime earnings cap has been reached) or receive a taxable cash alternative based on a percentage of basic salary<br>» The existing Executive Director in the US participates in the Group's defined benefit and defined contribution pension schemes | » The pension contribution rates for incumbent Executive Directors are set at 10% of basic salary, in line with Kerry's Irish wider workforce rate<br>» The maximum company pension contribution rate for new Executive Director appointments is aligned to that of the wider workforce rate | » Not applicable |

| Purpose and Link to Strategy | Operation | Opportunity | Performance Metrics |
|---|---|---|---|
| **Short-term Incentive Plan (STIP)** | | | |
| To incentivise the achievement, on an annual basis, of key performance metrics and short- term goals beneficial to the Group, the delivery of the Group's strategy and value creation for all stakeholders<br><br>One third of the award is deferred in shares/ options providing a two-year retention element and aligns Executive Directors interests with shareholders' interests | » Achievement of predetermined performance targets set by the Remuneration Committee<br>» Performance targets aligned to the Group's published strategic goals with the targets and weightings for financial and non-financial metrics subject to annual review<br>» Two thirds of the award is payable in cash<br>» One third of the award is awarded by way of shares/options to be issued two years after vesting following a deferral period<br>» Malus and clawback provisions are in place for awards under the STIP (see page 164) | » Maximum opportunity is 200% of basic salary<br>» Target opportunity is 50% of maximum opportunity for on-target performance<br>» Threshold performance results in a STIP payable at 0% of maximum | For FY 2024<br>» Volume Growth<br>» Margin Expansion<br>» Cash Conversion<br>» Strategic Objectives |
| **Long-term Incentive Plan (LTIP)** | | | |
| Retention of key personnel and incentivisation of sustained performance against key Group strategic metrics over a longer period of time<br><br>Share-based to provide alignment with shareholder interests<br><br>A two-year post vesting deferral requirement aligns Executive Directors' interests with shareholders' interests | » Conditional awards over shares or share options<br>» The awards vest depending on a number of performance metrics being met over a performance period of at least three years<br>» Following vesting, 100% of the earned award is deferred for a period of up to two years (i.e. to ensure a combined performance period and deferral period of five years)<br>» Malus and clawback provisions are in place for awards under LTIP (see page 164) | » Maximum opportunity is up to 375% of basic salary | For FY 2024<br>» Adjusted Earnings Per Share "EPS"<br>» Total Shareholder Return "TSR"<br>» Return on Average Capital Employed "ROACE"<br>» Sustainability Metrics |
| **Shareholding Requirement** | | | |
| Maintain alignment of the interests of the shareholders and the Executive Directors, and demonstrate commitment over the long-term | » Executive Directors are required to build and to hold shares in the Company to a minimum level set in relation to the LTIP opportunity and expressed as a percentage of their basic salary<br>» Shareholding requirement to be satisfied through retention of a minimum of 50% of vested STIP and LTIP shares (excluding the sale of shares to cover tax on vesting), until the shareholding requirement is met<br>» A post-employment shareholding requirement obliges Executive Directors to hold the lower of (i) their actual shareholding and (ii) their in-service shareholding requirement for two years post-employment. Applies to shares acquired from awards granted after 2021 and does not apply to own purchased shares | » 300% - 375% of basic salary | » Not applicable |

## Selection of performance targets

**STIP**

Financial performance targets under the STIP are set by the Remuneration Committee with reference to the prior year, current year budget, prevailing market conditions and medium-term financial targets. They align with the Group's strategic objectives while also ensuring the long-term operational and financial stability of the Group. Targets are set at appropriately stretching levels to achieve threshold, target and maximum payout levels. Performance targets are based predominately on the financial metrics of Volume Growth, Margin Expansion and Cash Conversion (amounting to 80% of maximum opportunity).

Volume Growth and Margin Expansion are key performance metrics as they are the main drivers of Adjusted EPS Growth. Cash Conversion is key to ensuring there are sufficient funds available for reinvestment or for return to shareholders.

Strategic objectives (amounting to 20% of maximum opportunity) are relevant to each Executive Director's specific area of responsibility and are key in ensuring focus on the strategic and functional priorities of the business including relevant sustainability priorities.

Due to commercial sensitivity, the Committee believes it would be detrimental to the Company to disclose targets in advance of or during the relevant performance period. The Committee will disclose the targets and performance against them in the Remuneration Report following the end of the performance year.

**LTIP**

The performance targets under the LTIP are set to reflect the Group's longer-term growth objectives and at a level where maximum vesting represents genuine outperformance. The performance measures are currently based on Adjusted EPS Growth, TSR, ROACE and Sustainability metrics.

Adjusted EPS Growth is a key performance metric encompassing all the components of growth important to the Group's stakeholders. EPS Growth is driven by the STIP metrics, Volume Growth and Margin Expansion. TSR is an important indicator of how successful the Group has been in terms of shareholder value creation. ROACE represents a good perspective on the Group's internal rate of return and financial added value for shareholders. ROACE supports the strategic focus on growth and margins through ensuring cash is reinvested to generate appropriate returns. Sustainability metrics are core to maintaining our strategy and long-term sustainable performance and are reviewed at the time of each award.

## How Remuneration Links with Strategy

| Performance Measure | Strategic Priority | Incentive Scheme |
|---|---|---|
| Volume Growth | Key driver of revenue growth | STIP |
| Margin Expansion | Key driver of profit growth | STIP |
| Cash Conversion | Cash generation for reinvestment or return to shareholders | STIP |
| Strategic Objectives | Development and execution of business strategies | STIP |
| Adjusted EPS Growth | Delivery of the Group's long-term growth strategy | LTIP |
| TSR | Delivery of shareholder value | LTIP |
| ROACE | Balance growth and return | LTIP |
| Sustainability | Core to our strategy and long-term sustainable performance | LTIP |

## Malus/Clawback

The Committee has the discretion to reduce or impose further conditions on the STIP and LTIP awards prior to vesting (malus). The Committee further has the discretion to recover incentives paid within a period of two years from vesting (clawback).

The key trigger events for the use of malus and clawback provisions include material misstatement of the Group's audited financial results, serious wrongdoing, payment made on the basis of erroneous data, gross misconduct, serious reputational damage and corporate failure.

Any recalculation of the award shall be effected in such manner and subject to such procedures as the Group determines to be measured and appropriate, including repayment of any excess incentive or offset against any amounts due or potentially due to the participant under any vested or unvested incentive awards.

The Company retains the right to apply the malus and clawback provisions to STIP and LTIP awards held or vested to former directors. Other elements of remuneration are not subject to malus or clawback provisions.

## Committee Discretion

The Committee has discretion to adjust the formulaic outturns under STIP and LTIP, both upwards and downwards, to ensure outturns are aligned to and are reflective of the underlying business performance of the Group.

In line with plan rules, the Committee may, at its discretion, amend or vary the performance metrics of the STIP and LTIP, the calculation methodology for those performance metrics and the composition of the TSR peer group when appropriate, in the interest of alignment and fairness.

## Service Contracts

The CEO and Executive Directors have service contracts in place which can be terminated by either party giving 12 months' notice. In addition, all service contracts include pay in lieu of notice, non-compete and non-solicitation provisions of up to 12 months post departure, accompanied by such payments as are considered necessary or appropriate to sustain such provisions, in order to protect the Group's customer base, employees and intellectual property.

No ex-gratia severance payments are provided for in respect of the CEO or Executive Directors.

## Payments for Loss of Office

In the event of a Director's departure, the Group's policy on termination is as follows:

- the Group will pay any amounts it is required to make in accordance with or in settlement of a Director's statutory employment rights and in line with their employment agreement;
- the Group will seek to ensure that no more is paid than is warranted in each individual case;
- STIP and LTIP awards will be paid out in line with plan rules on exit (i.e. for good leavers as defined in the LTIP rules), with awards normally prorated to reflect the proportion of the performance period that has elapsed on the date of cessation, and subject to performance and a two year deferral requirement; and
- other payments, such as legal or other professional fees, repatriation or relocation costs and/or outplacement fees, may be paid if it is considered appropriate and at the discretion of the Committee.

A Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

## Remuneration Policy for Recruitment of New Executive Directors

The Remuneration Committee will determine the contractual terms for new Executive Directors, subject to appropriate professional advice to ensure that these reflect best practice and are subject to the limits specified in the Group's approved Policy as set out in this report.

Salary levels for new Executive Directors will take into account the experience and calibre of the individual. Where it is appropriate to offer a lower salary initially, a series of increases to the desired salary positioning may be made over subsequent years (even if higher than the average increase awarded to the wider workforce), subject to individual performance and development in the role.

Pension and benefits will be provided in line with the approved policy, with relocation, travel or other expenses provided if necessary.

The structure of the variable pay element will be in accordance with and subject to the limits set out in the Group's approved Policy detailed above. Different performance metrics may be set initially for STIP in the year an Executive Director joins the Group taking into account the responsibilities of the individual and the point in the financial year they join the Board. Subject to the rules of the scheme, an LTIP award may be granted after joining the Group.

If it is necessary to buyout incentive or benefit arrangements (which would be forfeited on leaving the previous employer) in the case of an external appointment, this would be provided for taking into account the payment vehicle (cash or shares), as well as the timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. The general policy is that payment should be no more than the Committee considers is required to provide reasonable compensation for remuneration being forfeited. The Group's policy is that the period of notice for new Executive Directors should not exceed 12 months and should include pay in lieu of notice, non-compete and non-solicitation provisions to protect the Group.

The Committee will ensure that any arrangements agreed will be in the best interests of the Group and shareholders.

## Change of Control

Outstanding STIP and LTIP shares/options would normally vest and become exercisable on a change of control, subject to plan rules, including the satisfaction of any performance conditions and pro-rating. The Committee may exercise its discretion to vary the level of vesting having regard to the circumstances and reasons for the events giving rise to the change of control.

## Alignment with Workforce Pay and Policies

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

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

The Remuneration Policy provides an overview of the structure that operates for the Group's Executive Directors and senior management. Differences in quantum will depend on size of the role and responsibility, the location of the role and local market practice. Senior management are invited to participate in both the STIP and LTIP to incentivise performance through the achievement of short-term and long-term objectives and through the holding of shares in the Group.

To further strengthen the alignment between Executive Directors and the wider workforce, employees can participate in an All Employee Share Plan ('OurShare') which was launched in 2023 and is being rolled out across the Group. The Committee and the Board believe that share ownership is a powerful and important way of creating an ownership culture and mindset. OurShare will be extended to all regions and the vast majority of countries in 2024, with all employees eligible by 2025. See page 22 for further details on the OurShare All Employee Share Plan.

## Consultation with Employees

Our approach to employee engagement is set out in detail on page 124 including the approach to understanding the views of our wider workforce. Dr. Karin Dorrepaal, a member of the Remuneration Committee, is our current designated Workforce Engagement Director, and she works closely with our Chief Human Resources Officer (CHRO) to provide the Committee with regular updates on engagement with, and feedback from, employees. When setting remuneration for Executive Directors the Committee takes into account the remuneration structures, policies and practices in the Group as a whole, the feedback from employee engagement activities and the information provided by our external advisors. The Group has a number of different channels for engagement including an engagement survey, targeted pulse checks with specific employee groups, regular town halls, a dedicated digital employee communication platform and our Speak Up facility. The Committee continually reviews and enhances these channels to enable the Committee to engage more effectively with the workforce to explain the alignment between Executive Directors' Remuneration Policy and the pay policy and practices applicable to the wider workforce. In addition, through OurShare employees are able to become shareholders in Kerry and exercise their voting rights as shareholders on all resolutions submitted for approval at the Annual General Meeting.

## Consultation with Shareholders

The Committee considers the guidelines issued by the major institutional shareholders and the bodies representing them, the guidelines and feedback provided by proxy voting advisors and direct feedback from shareholders, when completing its annual and triennial review of the Group's Executive Remuneration policies and practices.

The Committee is committed to continued consultation with shareholders regarding the Remuneration Policy and its implementation.

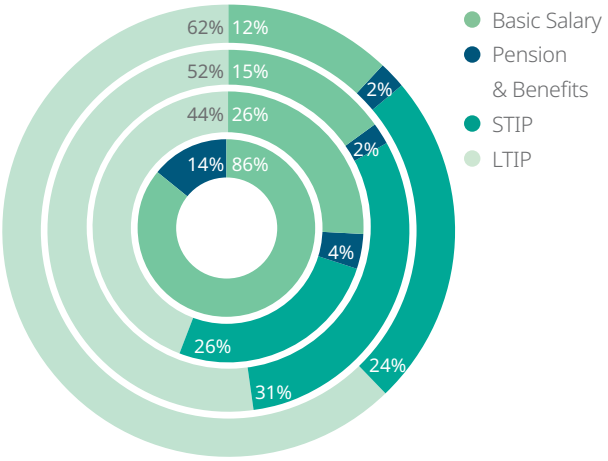
## Non-Executive Directors' Remuneration Policy

Non-Executive Directors' fees, (other than the Board Chair's fee, which is determined by the Committee), are determined by the Executive Directors to fairly reflect the responsibilities and time spent by the non-Executive Directors on the Group's affairs. In determining the fees, which are set within the limits approved by shareholders, consideration is given to both the complexity of the Group and the level of fees paid to non-Executive Directors in comparable companies. Fees are reviewed on an annual basis and the base fee is usually increased in line with the increase available to the wider workforce in Ireland. A detailed benchmark review is carried out on a three-year basis and any recommendations are presented to the Executive Directors for approval. Non-Executive Directors do not participate in the Group's incentive plans, pension arrangements or other elements of remuneration provided to the Executive Directors. Non-Executive Directors are reimbursed for travel and accommodation expenses (and any personal tax that may be due on those expenses). Non-Executive Directors are encouraged to build up a shareholding in the Company.

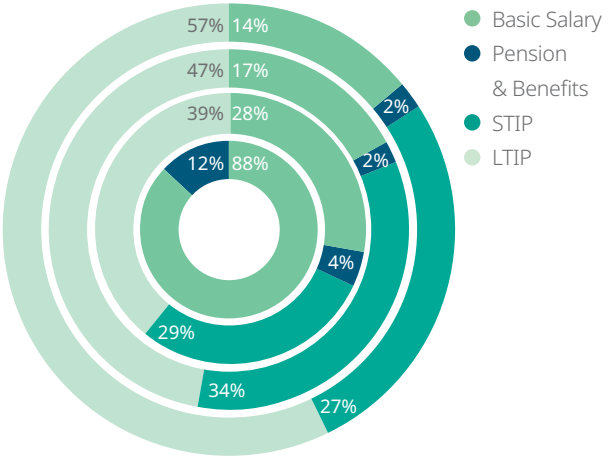
## Illustration of Remuneration Policy

The following diagrams show the minimum, target, maximum and maximum +50% share appreciation, composition balance between the fixed and variable remuneration components for each Executive Director, effective for 2024. For illustration purposes, target performance for LTIP is reflected as 50% of maximum opportunity. The inner most circle represents the minimum potential scenario for remuneration, with the second circle representing target, the third circle representing maximum potential and the outer circle representing maximum potential plus 50% increase in the LTIP share value.

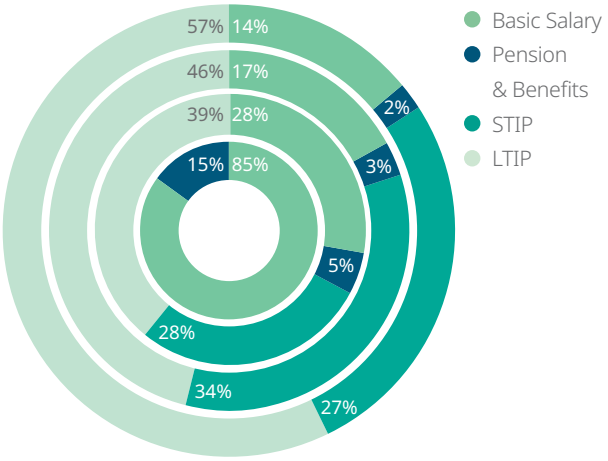
### Edmond Scanlon




### Marguerite Larkin




### Gerry Behan




The charts above exclude the effect of any Company share price appreciation except in the 'maximum +50%' scenario.

# Section D

# Remuneration Policy Implementation

## Part I: Remuneration Policy Implementation 2024

This part of the report sets out how the proposed Remuneration Policy as described on pages 158-166 will operate in 2024.

## Basic Salary and Benefits

The salaries of the Executive Directors effective for the year commencing on 1 March 2024, together with the comparative figures for 2023, are as follows:

| Directors | 2024 €'000* | 2023 €'000* | % Increase |
|---|---|---|---|
| Edmond Scanlon | 1,335 | 1,289 | 3.5% |
| Marguerite Larkin | 825 | 797 | 3.5% |
| | $'000* | $'000* | % Increase |
| Gerry Behan | 1,100 | 1,060 | 3.75% |

* The numbers above reflect rounding.

For 2024 the basic salaries of the Executive Directors will be increased by 3.5% (Ireland based) and 3.75% (US based). In line with the approach taken last year, the increases for the Executive Directors are again below the 2024 average increases available for the wider workforce population in Ireland (3.75%) and the US (4.0%), with higher increases available for lower-paid employees or where market adjustments are required to maintain appropriate competitive positioning.

Benefits relate primarily to the use of a company car/car allowance. Any travel arrangements or travel costs required for business purposes will also be met by the Group, on a net of tax basis.

## Pensions

The CEO participates in the general employee Irish defined contribution scheme and the CFO receives a taxable cash allowance based on a percentage of basic salary, in lieu of pension. The CEO T&N participates in a US-defined contribution scheme and a US-defined benefit pension scheme.

The pension contribution rate for Executive Directors has been aligned to that of Kerry's wider workforce in Ireland (currently a rate of 10%) with effect from 1 January 2023.

## Short-Term Incentive Plan (STIP)

A review of the STIP metrics was completed in 2023 to ensure that they remain appropriate, are linked to strategy, consistent with best practice and that the targets are appropriately calibrated.

The Committee concluded that no changes are required to the metrics and weightings for 2024. To better balance the focus on shorter-term drivers of success it is proposed to harmonise the STIP opportunity across the Executive Directors (while continuing to differentiate the LTIP opportunity).

The maximum STIP opportunity remains unchanged for the CEO at 200% of basic salary. The maximum STIP opportunity for the CFO and CEO T&N will, subject to shareholder approval, be increased from 175% to 200% of basic salary for 2024.

**2024 STIP – Performance Metrics and Weightings**

| | % of award | |
|---|---|---|
| Performance Metrics | Target | Max |
| Volume Growth | 15% | 30% |
| Margin Expansion | 12.5% | 25% |
| Cash Conversion | 12.5% | 25% |
| Strategic Objectives | 10% | 20% |
| Total | 50% | 100% |

The Committee is of the view that a 50% of maximum award payout for on target performance is appropriate, taking into account the level of stretch in the targets set. Due to the commercial sensitivity of the financial metrics and strategic objectives, the Committee believes it would be detrimental to the Company to disclose the targets in advance of, or during, the relevant performance period. The Committee will disclose the targets and performance against them in next year's Remuneration Report.

## Long-Term Incentive Plan (LTIP)

A review of the LTIP metrics was completed in 2023 to ensure that they remain appropriate, linked to strategy and that targets are appropriately stretching. The Committee concluded that no changes are required to the metrics and weightings for 2024.

The maximum LTIP opportunity for 2024 will, subject to shareholder approval, be increased from 300% to 340% of basic salary for the CEO. For the CFO and CEO T&N, the maximum LTIP opportunity will, subject to shareholder approval, be increased from 250% to 275% of basic salary for 2024.

| LTIP Award Year | 2024 | |
|---|---|---|
| Performance Metrics | Threshold | Maximum |
| EPS (40% weighting)[1] | | |
| Kerry's EPS growth per annum | 5% | 11% |
| % of award which vests | 25% | 100% |
| ROACE (15% weighting) | | |
| ROACE achieved | 9% | 13% |
| % of award which vests | 25% | 100% |
| Relative TSR (25% weighting) | | |
| Position of Kerry in peer group[2] | Median | Above 75th percentile |
| % of award which vests | 25% | 100% |
| Sustainability (20% weighting)[3] | | |
| Nutrition Reach Goal | 1.25bn | 1.5bn |
| Carbon Reduction | 48% | 51% |
| Food Waste Reduction | 39% | 42% |
| % of award which vests | 25% | 100% |

**Note 1:** Adjusted EPS growth is measured on a constant currency basis.
**Note 2:** The TSR Peer Group companies are listed on page 174.
**Note 3:** Please see pages 34-35 for further details in relation to sustainability metrics.

Consistent with the Committee's proven track record of demonstrating rigour and discipline when setting targets, and in light of the increased opportunity levels in the 2024 award, the Committee decided to add additional stretch by increasing the target ranges for the EPS and ROACE metrics versus those applicable for the 2023 award. The top end of the target range set for the ROACE metric is now higher than the upper end of the Group's medium-term target of 10% - 12%. This is considered to be appropriately stretching recognising the Committee's intention, by including ROACE in the LTIP, is to incentivise a consistently good level of returns rather than maximising performance over the short-term at the expense of sustainable value creation longer-term.

The Committee also increased the target ranges for the sustainability metrics as the Group moves another year closer to the targets included in the *Beyond the Horizon* sustainability strategy. The threshold and maximum levels for the TSR metric remains as per 2023 with minor revisions to the TSR peer group for awards granted in 2024 to improve overall relevance.

The Committee is satisfied that the target ranges above are appropriately stretching particularly given the current uncertain macroeconomic environment and challenging trading conditions which are constraining overall market growth rates. When setting the targets, the Committee also considered market expectations for future performance, the impact of historically high M&A multiples on return-on-investment outcomes, the level of capital expenditure required to support future growth ambitions, performance achieved against the previous targets set and the medium-term targets included in the latest strategic plan (see pages 32-33).

See Group Key Performance Indicators (KPIs) on pages 34-35 for more information on the link between the performance metrics used for incentive purposes and the Group's Strategic Plan.

### Non-Executive Director Remuneration Review

Following a detailed review completed in 2023 there will be no material changes to non-Executive Director fees. In line with the Remuneration Policy, an annual increase of 3.5% will be applied to the base fee paid to the Chairman and non-Executive Directors. This increase is lower than the increase available to the wider workforce in Ireland (3.75%).

The following increases will be applied effective 1 March 2024:

| Fee Type[1] | 2024 Fees €'000 | 2023 Fees €'000 |
|---|---|---|
| Chairman's fee | 422 | 407 |
| Non-Executive Director Base fee | 92 | 89 |

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

## Part II: Remuneration Policy Outturn 2023

Disclosures regarding Directors' remuneration have been drawn up on an individual Director basis in accordance with the requirements of the 2014 Irish Companies Act, the EU Shareholders' Rights Directive, the UK Corporate Governance Code, the Irish Corporate Governance Annex, the Euronext Dublin Stock Exchange and the UK Listing Authority.

The information in the tables 1, 4, 5, 6 and 7 below including relevant footnotes (identified as audited) forms an integral part of the audited consolidated financial statements, as described in the basis of preparation on page 200. All other information in the Remuneration Report is additional disclosure and does not form an integral part of the audited consolidated financial statements.

## Executive Directors' Remuneration

### Table 1: Individual Remuneration for the year ended 31 December 2023 (Audited)

| | Irish Based Directors Euros | | | | US Based Director US Dollars | |
|---|---|---|---|---|---|---|
| | Edmond Scanlon CEO | | Marguerite Larkin CFO | | Gerry Behan[6] CEO T&N | |
| | **2023 €'000** | 2022 €'000 | **2023 €'000** | 2022 €'000 | **2023 $'000** | 2022 $'000 |
| Basic Salary[1] | **1,283** | 1,244 | **793** | 770 | **1,053** | 1,014 |
| Benefits[2] | **74** | 74 | **35** | 35 | **80** | 81 |
| Pensions[3] | **128** | 224 | **79** | 139 | **103** | 226 |
| *Total Fixed Remuneration* | **1,485** | 1,542 | **907** | 944 | **1,236** | 1,321 |
| *% Fixed v Total* | ***32%*** | *40%* | ***35%*** | *42%* | ***36%*** | *44%* |
| STIP[4] | **1,822** | 1,941 | **986** | 1,050 | **1,308** | 1,384 |
| LTIP[5] | **1,287** | 416 | **716** | 231 | **848** | 307 |
| Total Variable Remuneration | **3,109** | 2,357 | **1,702** | 1,281 | **2,156** | 1,691 |
| *% Variable v Total* | ***68%*** | *60%* | ***65%*** | *58%* | ***64%*** | *56%* |
| Total Remuneration | **4,594** | 3,899 | **2,609** | 2,225 | **3,392** | 3,012 |
| | | | | | **€'000** | €'000 |
| | | | | | **3,112** | 2,869 |

**Note 1:** Annual pay increases are effective from 1st March each year.
**Note 2:** These benefits primarily relate to the use of a company car or a car allowance.
**Note 3:** The pension figure for Edmond Scanlon relates to Irish defined contribution pension benefits. Marguerite Larkin received a taxable cash payment in lieu of pension benefits. The employer pension contribution in 2023 for all Executive Directors was 10% of their basic salaries. The pension figure for Gerry Behan includes both defined benefit and defined contribution retirement benefits.
**Note 4:** The 2023 STIP amount represents two thirds delivered in cash with one third delivered by way of shares/share options which are deferred for two years.
**Note 5:** The share price used to calculate the value of the LTIP is the average share price for the three months up to the end of the year being reported. The negative share price movement versus that applicable at the date the conditional awards were granted has decreased the valuation of the awards (that will vest in 2024) over the three years by (€572k) for Edmond Scanlon, (€318k) for Marguerite Larkin and by (€346k) for Gerry Behan. The LTIP included in this table for 2023 was awarded in 2021.
**Note 6:** The table shows the Executive Director's pay in the currency of payment to ensure clarity in reflecting the year-on-year payment comparisons.
**Note 7:** The total remuneration for Executive Directors was €10,315k (2022: €8,993k) using a US dollar exchange rate of 1.09 (2022: 1.05).

## Basic Salary Increases

Edmond Scanlon's basic salary as CEO was increased by 3.2% and the basic salaries of Marguerite Larkin and Gerry Behan were increased by 3.2% and 4% respectively, effective from 1 March 2023, which were below the increases for the wider workforce in Ireland (3.5%) and the US (4.5%) respectively.

## Annual Incentive Outturns (STIP)

**Table 2: STIP Achievement Against Targets**
**Financial Metrics (CEO, CFO, and CEO T&N – 80% weighting)**

| Metric | | 1. Volume Growth[1] (30% weighting) | 2. Margin Expansion[2] (25% weighting) | 3. Cash Conversion (25% weighting) |
|---|---|---|---|---|
| | | Taste & Nutrition | Group | Group |
| Targets | Threshold | 0% | 0 bps | 70% |
| | Target | 1.5% | +40 bps | 80% |
| | Max | 3.5% | +60 bps | 85% |
| Actual performance | | 1.1% | +50 bps | 92% |
| Bonus outturn | | 11% | 19% | 25% |
| Link to strategy | | Volume Growth is a key performance metric as it is one of the main drivers of Adjusted EPS Growth | EBITDA Margin Expansion is a key performance metric as it is also a main driver of Adjusted EPS Growth | Cash Conversion is key to ensuring there are sufficient funds available for reinvestment or for return to shareholders |

**Note 1:** The 2023 target for the Volume Growth metric was set at the Taste & Nutrition segment level which accounts for 86% of Group revenues. The target excludes volume performance in the Dairy Ireland segment as the key performance measure for this business segment is EBITDA, given the impact of raw material supply variability on volumes each year.
**Note 2:** The targets and actual performance for the EBITDA Margin Expansion metric excludes the mathematical effect of implementing selling price increases/decreases to maintain cash margin in light of input cost inflation/deflation (+10 bps).

When setting the targets above, the Committee considered them to be appropriately stretching and, if achieved, reflective of a good underlying performance.

The target level set for the volume metric took account of an anticipated flat to declining market volume growth rate in 2023 (versus a historical growth rate of ~2%) due to customer inventory management dynamics, as well as the impact of the inflationary environment and higher interest rates on consumer demand. The actual volume growth rate achieved of 1.1%, in the Committee's opinion, represents a good market outperformance.

The targets also took account of the targets in the medium-term plan, planned investments (both capital and operational) that the Group is making to enable revenue growth and margin expansion, as well as necessary working capital investments to mitigate ongoing global supply chain challenges.

## Strategic Objectives – 20% weighting

The Executive Directors are also measured against strategic objectives. Performance against these objectives is determined by the Committee by reference to key targets agreed with the Executives at the start of the year. The table below sets out the performance outturn for the strategic element of the STIP.

| Metric | | 4. Strategic Objectives (All – 20% weighting) | | |
|---|---|---|---|---|
| | | CEO | CFO | CEO T&N |
| Targets | Threshold | 0 | 0 | 0 |
| | Target | 10 | 10 | 10 |
| | Max | 20 | 20 | 20 |
| Actual performance | | 16 | 16 | 16 |
| Metric outturn | | 16% | 16% | 16% |
| Link to strategy | | Specific to the Executive Directors' responsibility, linked to strategic plan implementation and talent management. | | |

## Details of Strategic Objectives

The Committee reviewed progress against these objectives and concluded that strong progress was made by the Executive Directors against the objectives outlined below,which resulted in an above target award.

| Strategic Objective | Performance Assessment |
|---|---|
| **CEO** | **Achievement: 16% (80%)** |
| **Portfolio & Strategy** | Significant strategic portfolio, technology and footprint evolution and expansion:<br>» Divestment of Kerry's Sweet Ingredients Portfolio in further refinement of Taste & Nutrition portfolio;<br>» Definitive agreement to acquire part of the global lactase enzyme business of Chr. Hansen and Novozymes on a carve out basis, to further enhance Kerry's biotechnology solutions capability;<br>» Further enhancement of Emerging Market capability through acquisitions and investments across APMEA and LATAM, including Shanghai Greatang Orchard Food Co., Ltd in China and Proexcar S.A.S. in Colombia; and<br>» Taste & Nutrition capability further enhanced through investment in new and expanded facilities:<br>– Customer Co-Creation Centre opened in Barcelona, Spain;<br>– New state-of-the-art Taste manufacturing facility in Karawang, Indonesia; Kerry's largest greenfield investment in South-East Asia;<br>– East Africa manufacturing capability expanded; first manufacturing facility in Tanzania;<br>– New facilities in South Africa and the Middle East. |
| **Operating Model & Digital Enablement** | Strong progress in driving further alignment of Kerry's Operating Model to embed capability for strategy execution:<br>» Focused uplift in manufacturing and process capability, coupled with enhanced supply-chain agility and plant leadership capability building;<br>» Significant progress on digitisation and automation for enhanced customer experience and operational effectiveness. Chief Digital Officer appointed, Digital Transformation office established; and<br>» Commercial capability further strengthened in priority areas of focus, including customer innovation partnerships, enhanced commercial insights and reporting, targeted sales team development. |
| **Stakeholder Engagement** | Strong programme of stakeholder engagement during 2023:<br>» Extensive shareholder and customer engagement;<br>» Kerry All-Employee Share Plan launched in eight phase 1 countries, achieving above-industry engagement rates;<br>» Award-winning Sustainability Essentials programme launched and completed by 7,000 employees; and<br>» Ongoing focus on MyCommunity programme and global partnerships including Concern Worldwide and World Food Programme. |
| **Leadership Team and Succession Planning** | Strong progress in building strength, depth and diversity of the leadership team and talent pipeline:<br>» Group General Counsel appointed;<br>» Senior leadership capability further strengthened through rigorous succession planning, targeted development, and strategic sourcing; and<br>» Senior leadership gender diversity further enhanced (now 34% v 2025 ambition of 35%). Gender equity commitments strengthened through signature to UN Women's Empowerment Principles (WEPs). Women in Leadership programme successfully piloted for global roll-out. |

| Strategic Objective | Performance Assessment |
|---|---|
| **CFO** | **Achievement: 16% (80%)** |
| **Portfolio & Strategy** | Significant strategic portfolio, technology and footprint evolution and expansion:<br>» Divestment of Kerry's Sweet Ingredients Portfolio in further refinement of Taste & Nutrition portfolio;<br>» Definitive agreement to acquire part of the global lactase enzyme business of Chr. Hansen and Novozymes on a carve out basis, to further enhance Kerry's biotechnology solutions capability;<br>» Further enhancement of Emerging Market capability through acquisitions and investments across APMEA and LATAM, including Shanghai Greatang Orchard Food Co., Ltd in China and Proexcar S.A.S. in Colombia; and<br>» Taste & Nutrition capability further enhanced through investment in new and expanded facilities across South-East Asia, Southern Europe, East Africa, South Africa and the Middle East. |
| **Operating Model & Digital Enablement** | Strong progress in driving further alignment of Kerry's Operating Model to embed capability for strategy execution:<br>» Global Business Services (GBS) organisation further expanded and strengthened with improvements in all service levels and delivery of enterprise savings and efficiencies;<br>» Further optimisation of Finance function leveraging GBS and digital enablement; and<br>» Significant progress in enhancing and embedding digital tools to drive consistency, efficiency and transparency e.g., predictive pipeline analytics, enhanced commercial reporting tool, procure-to-pay process and solutions. |
| **Stakeholder Engagement** | Strong programme of engagement with all key stakeholders during 2023:<br>» Extensive engagement with shareholders, financial institutions and business schools;<br>» Share Buyback programme commenced with objective of returning €300m of cash to shareholders;<br>» Kerry All-Employee Share Plan launched in eight phase 1 countries, achieving above-industry engagement rates; and<br>» Strong progress on sustainability performance management and reporting (including GRI and CSRD). |
| **Leadership Team and Succession planning** | Strong progress in building strength, depth and diversity of the leadership team and talent pipeline:<br>» Strength and diversity of global Finance Leadership Team further strengthened through rigorous succession planning, targeted development and strategic sourcing;<br>» Executive sponsor of a range of key global people initiatives including: SEEN employee network group (supporting Race, Ethnicity and Cultural Belonging); International Women's Day; All-Employee Share Plan; and<br>» Strong progress in gender diversity in senior leadership (now 34% v 2025 ambition of 35%). |

| Strategic Objective | Performance Assessment |
|---|---|
| CEO T&N | Achievement: 16% (80%) |
| **Portfolio & Strategy** | Significant strategic portfolio, technology and footprint evolution and expansion:<br>» Divestment of Kerry's Sweet Ingredients Portfolio in further refinement of Taste & Nutrition portfolio;<br>» Definitive agreement to acquire part of the global lactase enzyme business of Chr. Hansen and Novozymes on a carve out basis, to further enhance Kerry's biotechnology solutions capability;<br>» Further enhancement of Emerging Market capability through acquisitions and investments across APMEA and LATAM, including Shanghai Greatang Orchard Food Co., Ltd in China and Proexcar S.A.S. in Colombia; and<br>» Taste & Nutrition capability further enhanced through investment in new and expanded facilities across South-East Asia, Southern Europe, East Africa, South Africa and the Middle East. |
| **Operating Model & Digital Enablement** | Strong progress in driving further alignment of Kerry's Operating Model to embed capability for strategy execution:<br>» Technology portfolio effectively leveraged for customer innovation partnerships;<br>» ProActive Health technology portfolio aligned to consumer need states for meaningful customer engagement and focused commercial execution;<br>» Significant progress on digitisation and automation for enhanced customer experience and operational effectiveness; and<br>» Strong progress in building further process technology expertise. |
| **Stakeholder Engagement** | Strong programme of engagement with all key stakeholders during 2023:<br>» Kerry's trade and external Board presence further enhanced, with a focus on technology leadership and specialism in key growth platforms;<br>» Academic partnerships and collaboration in food research further built out; and<br>» Targeted internal learning agenda to enhance depth of expertise of commercial leadership. |
| **Leadership Team and Succession Planning** | Strong progress in building strength, depth and diversity of leadership team and talent pipeline:<br>» Technology leadership further strengthened through rigorous succession planning, targeted development and strategic sourcing;<br>» Taste leadership development programme launched; and<br>» Strong progress in gender diversity in senior leadership (now 34% v 2025 ambition of 35%). Strong Technology leadership representation in Kerry Women in Leadership programme. |

### Discretion

The Committee concluded that there was no requirement to exercise discretion as the 2023 STIP outturns reflected the underlying performance of the business, the broader stakeholder experience and the strong performance of the Executive Directors against strategic objectives.

### Final Outturn for 2023

The targets for the Executive Directors, which were set by the Remuneration Committee, were challenging and stretching in the context of the uncertain and volatile economic and inflationary environment. For 2023 a pay-out of 71% of maximum opportunity was achieved by each Director.

Under the Remuneration Policy, two thirds of the award is payable in cash and one third is awarded by way of shares/options to be issued two years after vesting following a deferral period.

## Long-Term Incentive Plan (LTIP)

### LTIP Approved in 2021 (LTIP 2021)

The terms and conditions of the plan were approved by shareholders at the 2021 AGM. The Remuneration Committee approves the terms, conditions and allocation of conditional awards under the Group's LTIP to Executive Directors and senior management. Under this plan, Executive Directors and senior management are invited to participate in conditional awards over shares or share options in the Company.

The first conditional awards under this scheme were made to Executive Directors in 2021. Subject to performance metrics being met over a three-year performance period, the LTIP award will vest in March of 2024, 100% of which will be subject to a two year deferral period. This provides for a combined performance period and deferral period of five years for the full award that vests.

An award may lapse if a participant ceases to be employed within the Group before the vesting date. The market price of the shares on the date of each award is disclosed in note 28 to the financial statements.

The proportion of each conditional award which vests will depend on the Adjusted EPS Growth, TSR, ROACE and Sustainability performance during the relevant three-year performance period.

### 2021 LTIP Awards

Set out below is the performance against targets for the 2021 LTIP award where the three-year performance period ended on 31 December 2023 and the award vests in March 2024.

### EPS Performance Test

40% of the award vests according to the Group's average adjusted EPS growth ('EPS metric') over the performance period. This measurement is determined by reference to the Group's adjusted EPS growth calculated on a constant currency basis in each of the three financial years in the performance period in accordance with the vesting schedule outlined in the following table:

| | Average Adjusted EPS Growth | Percentage of the Award Which Vests |
|---|---|---|
| Threshold | 6% | 25% |
| Maximum | 12% | 100% |

Below 6% none of the award vests. Vesting between threshold and maximum points is on a straight line basis.

### Vesting Level for EPS Metric

The outturn of the EPS performance test is an average adjusted EPS growth of 11.5% which results in an award outcome of 37% out of a possible maximum of 40%. When calculating the outturn for this metric, the adjusted EPS growth % achieved used for 2021, 2022 and 2023 excludes the dilutive effect which the significant business disposals (Consumer Foods Meat and Meals, the Russian business and the Sweet Ingredients Portfolio) completed during those years had on the reported result for the adjusted EPS growth metric as the disposals were not anticipated when the targets were originally set three years ago. The reported adjusted EPS growth for 2021 at 12.1%, 2022 at 7.3% and 2023 at 1.2% recognised a dilution impact of these disposals of 3.2%, 7.6% and 3.0% respectively.

### TSR Performance Test

25% of the award vests according to the Group's TSR performance over the period measured against the TSR performance of a peer group of listed companies over the same three-year performance period. The peer group consists of Kerry and the following companies:

| | |
|---|---|
| Chr. Hansen* | Givaudan |
| Kellogg's | Sensient Technologies |
| Barry Callebaut | Glanbia |
| McCormick & Co. | Symrise |
| Corbion | Greencore* |
| Nestlé | Tate & Lyle |
| Ingredion | Danone |
| Novozymes* | Unilever |
| General Mills | IFF |
| Premier Foods* | |

* For awards granted in 2024 the following companies will be removed from the peer group: Chr. Hansen, Novozymes, Greencore and Premier Foods. DSM-Firmenich and Novonesis (formerly Novozymes/Chr. Hansen) will be added.

The awards vest in line with the following table:

| Position of Kerry in the Peer Group | Percentage of the Award Which Vests |
|---|---|
| Below median | 0% |
| Median | 25% |
| Greater than 75th percentile | 100% |

Below Median none of the award vests. Vesting between median and 75th percentile is on a straight line basis.

### Vesting Level for TSR Metric

The outturn of the measurement of the TSR metric in relation to the 2021 awards is below median, resulting in an award outturn of 0% out of a possible maximum of 25% as the threshold performance level for this metric was not achieved.

### ROACE Performance Test

15% of the award vests according to the Group's ROACE over the performance period. ROACE represents a good perspective on the Group's internal rate of return and financial added value for shareholders. ROACE supports the strategic focus on growth and margins through ensuring cash is reinvested to generate appropriate returns. This measurement is determined by reference to the ROACE in each of the three financial years included in the performance period:

| | Return on Average Capital Employed | Percentage of the Award Which Vests |
|---|---|---|
| Threshold | 10% | 25% |
| Maximum | 14% | 100% |

Below 10% none of the award vests. Vesting between threshold and maximum points is on a straight line basis.

### Vesting Level for ROACE Metric

The outturn of the measurement of the ROACE metric in relation to the 2021 award is a ROACE of 10.3% resulting in an award outturn of 5% out of a maximum of 15%.

### Sustainability Performance Test

The 2021-2023 LTIP is the first award to include sustainability measures following the approval of the 2021 Remuneration Policy at the 2021 AGM.

20% of the award vests according to the Group's performance versus the commitments set out in its *Beyond the Horizon* sustainability strategy. This measurement is determined by reference to three key sustainability metrics over the three-year performance period:

| | | Sustainability Metrics | Percentage of the Award Which Vests |
|---|---|---|---|
| Nutrition Reach | Threshold | 1.11 bn | 25% |
| | Maximum | 1.27 bn | 100% |
| Carbon Reduction | Threshold | 19% | 25% |
| | Maximum | 23% | 100% |
| Food Waste Reduction | Threshold | 14% | 25% |
| | Maximum | 22% | 100% |

Below threshold none of the award vests. Vesting between threshold and maximum points is on a straight line basis.

### Vesting Level for Sustainability Metrics

The outturn of the measurement of the sustainability metrics over the three year period period is an award outturn of 19% out of a maximum of 20%. This was achieved through above maximum performance for Carbon Reduction (48%) and Food Waste Reduction (39%) and achieving an above target performance on our Nutrition Reach measure (1.25bn).

The targets for the Sustainability metrics in the 2021 LTIP award were aligned to the Group's original *Beyond the Horizon* sustainability commitments which were set in 2020. Since then, the Group has accelerated its commitments on emissions reduction, aligning its Scope 1 and 2 target with the 1.5 degree pathway under the Paris Accord. The Group also fast-tracked certain activities, including transition to renewable electricity, all of which improved the Group's performance in relation to Carbon Reduction versus the target set. In addition, the targeted deployment of our Reduce, Reuse, Repurpose, Recycle strategy improved our performance in relation to Food Waste versus the anticipated progress in 2020.

The strong outcomes achieved reflects the significant progress being made against our *Beyond the Horizon* sustainability commitments.

### Table 3: Overall Outturn of the 2021 LTIP Award Vesting in 2024

| LTIP Metric | Weighting % | Actual Vesting % |
|---|---|---|
| EPS | 40% | 37% |
| TSR | 25% | 0% |
| ROACE | 15% | 5% |
| Sustainability | 20% | 19% |
| Total | 100% | 61% |

The Committee was satisfied that the Executive Directors did not benefit from a windfall gain taking into account the share price at grant and share price performance over the performance period.

### Discretion

The Committee concluded that there was no requirement to exercise discretion as the 2021-23 LTIP outturn reflected the underlying business performance and the broader stakeholder experience during the three year performance period.

## Summary of outstanding LTIP awards

The following table shows the Executive Directors' and Company Secretary's interests under the LTIP. Conditional awards at 1 January 2023 relate to awards made in 2020, 2021 and 2022 which have a three-year performance period. The 2020 awards vested in 2023. The 2021 and 2022 awards will potentially vest in 2024 and 2025 respectively. The market price of the shares on the date of each award is disclosed in note 28 to the financial statements.

## Executive Directors' and Company Secretary's Interests in Long-Term Incentive Plan

**Table 4: Individual Interest in LTIP (Audited)**

**LTIP Vesting and Conditional Awards**

| | LTIP Schemes | Conditional Awards at 1 January 2023 | Share Awards Vested During the Year | Share Option Awards Vested During the Year | Share/ Option Awards Lapsed During the Year | Conditional Awards Made During the Year | Conditional Awards at 31 December 2023 | Share Price at Date of Conditional Award Made During the Year |
|---|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | | |
| Edmond Scanlon[1] | 2013/21 | 93,604 | – | (9,422) | (17,173) | 42,388 | 109,397 | €91.26 |
| Marguerite Larkin | 2013/21 | 47,843 | – | (2,587) | (9,558) | 21,844 | 57,542 | €91.26 |
| Gerry Behan | 2013/21 | 56,011 | (3,270) | – | (12,084) | 27,391 | 68,048 | €91.26 |
| **Company Secretary** | | | | | | | | |
| Ronan Deasy | 2013/21 | 12,237 | – | (3,855) | (2,068) | 3,740 | 10,054 | €91.26 |

**Note 1:** In the case of Edmond Scanlon the share options vested includes 4,774 Career Share options granted prior to his appointment as an Executive Director. These options had a combined seven year performance and deferral period.

Conditional LTIP awards made on 8 March 2023, under the 2021 LTIP Plan, have a three-year performance period and will potentially vest in March 2026. Under the 2021 LTIP Plan, 100% of the shares/share options which potentially vest under the LTIP are issued to participants following a two-year deferral period in March 2028.

For awards made prior to 2021, 50% of the shares/share options which potentially vest under the LTIP, are issued immediately upon vesting with the remaining 50% of the award issued to participants following a two-year deferral period.

The following table shows the share options which are held by the Executive Directors and the Company Secretary under the STIP and LTIP:

**Table 5: Share Options Held Under the STIP and LTIP (Audited)**

| | Share Options Outstanding at 1 January 2023 | Share Options Exercised During the Year | Share Options Vested During the Year[1] | Share Options Outstanding at 31 December 2023 | Exercise Price Per Share |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Edmond Scanlon | 54,380 | (20,195) | 16,513 | 50,698 | €0.125 |
| Marguerite Larkin | 10,752 | – | 6,424 | 17,176 | €0.125 |
| **Company Secretary** | | | | | |
| Ronan Deasy | 3,593 | – | 3,855 | 7,448 | €0.125 |

**Note 1:** Share Options which vested in March 2023 related to 2020 LTIP awards and 33% of the 2022 STIP (paid in March 2023). 50% of share options vested under the LTIP are subject to a two-year deferral period and 33% of the STIP payments which are delivered in share options are subject to a two-year deferral period.

Once vested, share options under the LTIP can be exercised for up to seven years before they lapse. For share options subject to the two-year deferral period, they can be exercised for up to five years following the end of the two-year deferral period, before they lapse i.e., seven years following the vest date.

## Executive Directors' Pensions

The pension benefits under defined benefit pension plan for Gerry Behan during the year are outlined in the following table.

**Table 6: Defined Benefit – Pensions Individual Summary (Audited)**

| | Accrued Benefits on Leaving Service at End of Year | | |
|---|---|---|---|
| | Annual Pension Accrued During the Year (Excluding Inflation) $'000 | Total Annual Accrued Pension at End of Year $'000 | Transfer Value of Increase in Accrued Pension $'000 |
| **Gerry Behan** | | | |
| **2023** | **134** | **851** | **2,130** |
| 2022 | 117 | 717 | 1,752 |

**Note:** The table shows the Executive Director's pension in the currency of payment to ensure clarity in reflecting the year-on-year payment comparisons.

**Note:** Contributions were made to an Irish defined contribution plan in respect of Edmond Scanlon. Marguerite Larkin receives a taxable cash payment in lieu of pension benefits. These contributions are reflected in the single figure table (table 1) on page 169.

## Payments to Former Directors

No payments were made to former Directors during 2023 (2022: €nil) in respect of their duties as Directors.

Vested 2018 LTIP awards which were subject to a two-year deferral period and delivered in 2023 in respect of former Executive Directors, were disclosed in previous annual reports when earned and therefore are not disclosed separately.

## Payment for Loss of Office

There were no payments for loss of office in 2023 (2022: €nil).

## Non-Executive Director Remuneration and Shareholdings

### Table 7: Remuneration paid to non-Executive Directors in 2023 and Shareholdings (Audited)

| | **Fees 2023 €'000[1]** | Fees 2022 €'000[1] | **31 Dec 2023 Ordinary Shares Number[1]** | 31 Dec 2022 Ordinary Shares Number |
|---|---|---|---|---|
| Tom Moran | **405** | 307 | 1,029 | 1,029 |
| Hugh Brady | **123** | 121 | 6,850 | 6,850 |
| Genevieve Berger | **15** | - | | |
| Gerard Culligan | **-** | 28 | - | - |
| Fiona Dawson | **109** | 95 | 167 | 167 |
| Karin Dorrepaal | **125** | 114 | - | - |
| Emer Gilvarry | **123** | 116 | 850 | 850 |
| Catherine Godson | **15** | - | | |
| Michael Kerr | **138** | 130 | 10,000 | 10,000 |
| Con Murphy | **-** | 28 | - | 7,728 |
| Christopher Rogers | **128** | 121 | 1,640 | 1,640 |
| Patrick Rohan | **93** | - | 3,289 | - |
| Philip Toomey | **-** | 130 | - | 9,000 |
| Jinlong Wang | **128** | 126 | - | - |
| | **1,402** | 1,316 | | |

**Note 1:** Non-Executive Directors fees are reflective of when the individuals were appointed to or retired from the Board (see page 146). Year-on-year fee level variances arise due to annual fee increases in line with the wider workforce and additional fees paid for appointment to different Committees/Chair roles. Shareholdings for retired non-Executive Directors are reflected as of their date of retirement.

Non-Executive Directors are reimbursed for travel and accommodation expenses and any personal tax that may be due on those expenses. The gross amount of these expenses that were deemed to be taxable is €27,000.

### Directors' and Company Secretary's Interests

There have been no contracts or arrangements with the Company or any subsidiary during the year, in which a Director of the Company was materially interested and which were significant in relation to the Group's business. The interests of the Executive Directors and the Company Secretary of the Company and their spouses and minor children in the share capital of the Company, all of which were beneficial unless otherwise indicated, are shown below:

### Table 8: Executive Directors and Company Secretary Shareholdings

| | **31 December 2023 Ordinary Shares Number** | **31 December 2023 Share Options Number** | **31 December 2023 Total Number** | 31 December 2022 Ordinary Shares Number | 31 December 2022 Share Options Number | 31 December 2022 Total Number |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| Edmond Scanlon | **39,806** | **32,633** | **72,439** | 19,611 | 41,566 | 61,177 |
| *- Deferred[1]* | **–** | ***18,065*** | ***18,065*** | – | *12,814* | *12,814* |
| Marguerite Larkin | **4,335** | **7,324** | **11,659** | 4,335 | 4,887 | 9,222 |
| *- Deferred[1]* | **–** | ***9,852*** | ***9,852*** | – | *5,865* | *5,865* |
| Gerry Behan | **65,644** | **–** | **65,644** | 69,147 | – | 69,147 |
| *- Deferred[1]* | ***12,098*** | **–** | ***12,098*** | *8,604* | – | *8,604* |
| **Company Secretary** | | | | | | |
| Ronan Deasy | **3,230** | **6,849** | **10,079** | 3,230 | 2,518 | 5,748 |
| *- Deferred[1]* | **–** | ***599*** | ***599*** | – | *1,075* | *1,075* |

**Note 1:** The deferred shares and share options above, relate to 33% of the awarded amount of the Executive Directors 2021 and 2022 STIP awards and 50% of the 2019 and 2020 LTIP award (vested in March 2022 and 2023 respectively). These awards are subject to a two year deferral period and will be delivered in shares/share options in March 2024 and March 2025 respectively,

## Shareholding Guidelines

The table below sets out the Executive Directors' shareholding at 31 December 2023 shown as a multiple of basic salary. Refer to the Remuneration Policy Table on page 162 in Section C for details of the Executive Director shareholding requirements.

### Table 9: Individual Shareholding as a Multiple of Basic Salary

| Executive Director | As a Multiple of Basic Salary[1] |
|---|---|
| Edmond Scanlon | 5x |
| Marguerite Larkin[2] | 2x |
| Gerry Behan | 6x |

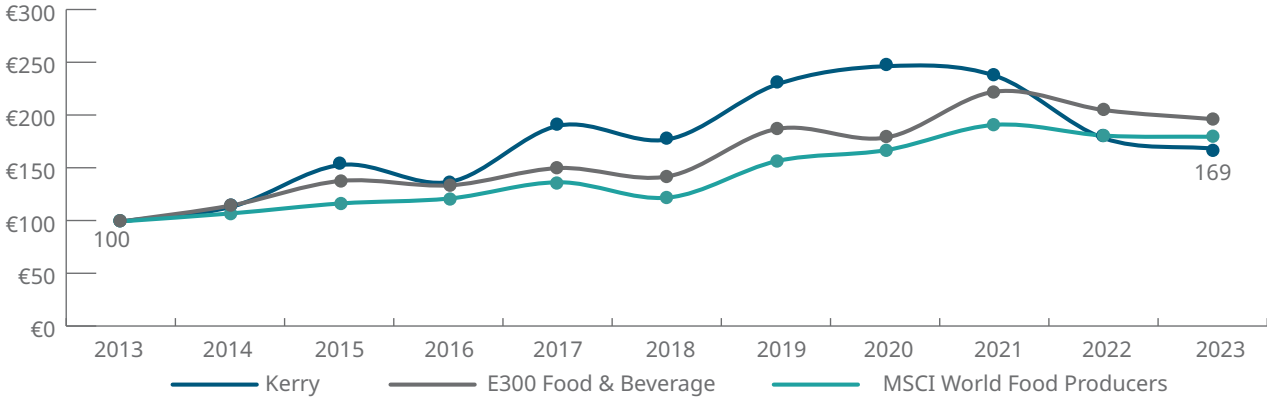
**Note 1:** The share price used to calculate the above is the share price as at 31 December 2023 and the shareholding is based on all shares held and vested option awards (including deferred) reflected in table 8.
**Note 2:** Marguerite Larkin, in line with the current policy, will increase her shareholding to at least the minimum 3x basic salary through the retention of 50% of vested annual STIP and LTIP shares/options (after sales to meet taxes).

## TSR Performance and Chief Executive Officer Remuneration

The graph below illustrates the TSR performance of the Group over the past ten years showing the increase in value of €100 invested in Group's shares from 31 December 2013 to 31 December 2023. Also outlined in the table on page 180, the remuneration of the Chief Executive Officer is calculated in line with the methodology captured under legislation which was enacted for UK incorporated companies.

The indices below have been selected as appropriate indices as they comprise other companies within the same broad sector as Kerry.

### 10 Year Total Shareholder Return (Value of €100 Invested on 31/12/2013)




### Table 10: Remuneration Paid to the CEO 2014 – 2023

The Committee believes that the Policy and the supporting reward structure provide a clear alignment with the strategic objectives and performance of the Group. To maintain this relationship, the Committee regularly reviews the business priorities and the environment in which the Group operates. The table below shows the CEO's total remuneration over the last 10 years and the achieved annual variable and long-term incentive pay awards as a percentage of the plan maximum.

| | Total remuneration €'000 | Annual incentive achieved as a % of maximum | LTIP achieved as a % of maximum |
|---|---|---|---|
| **CEO – Stan McCarthy** | | | |
| 2014 | 3,283 | 57% | 91.9% |
| 2015 | 4,161 | 58% | 61.8% |
| 2016 | 3,625 | 62% | 29.4% |
| 2017 | 5,285 | 75% | 62.3% |
| **CEO – Edmond Scanlon** | | | |
| 2017[1] | 808 | 75% | 62.3% |
| 2018 | 2,577 | 60% | 63.7% |
| 2019 | 3,991 | 76% | 62.8% |
| 2020 | 2,323 | 0% | 32.5% |
| 2021 | 3,855 | 72% | 22.0% |
| 2022 | 3,899 | 78% | 21.3% |
| 2023 | 4,594 | 71% | 61.0% |

**Note 1:** Edmond Scanlon was appointed CEO and to the Board on 1 October 2017 and his remuneration reflected in the table above relates to remuneration from that date.

### Table 11: Annual change in pay for Directors and all Employees

In line with the implementation of Articles 9a and 9b of European Directive 2017/828/EC1 (commonly known as the Revised Shareholder Rights Directive or SRDII) into the Irish Companies Act 2014, the table below shows the percentage change in each Director's total remuneration and the global average total remuneration of an employee from the year ended 31 December 2022 to the year ended 31 December 2023.

**Year-on-year change in pay for Directors compared to the global average employee**

| Executive Directors | 2023 €'000 | 2022 €'000 | 2022 to 2023 Change % | 2021 to 2022 Change % | 2020 to 2021 Change % | 2019 to 2020 Change % |
|---|---|---|---|---|---|---|
| Edmond Scanlon* | 4,594 | 3,899 | 18% | 1% | 66% | (42%) |
| Marguerite Larkin* | 2,609 | 2,225 | 17% | 1% | 98% | (28%) |
| | $,000 | $,000 | | | | |
| Gerry Behan * | 3,392 | 3,012 | 13% | (0.1%) | 44% | (47%) |
| **Non-Executive Directors[1]** | €,000 | €,000 | | | | |
| Hugh Brady | 123 | 121 | 2% | 6% | 24% | (6%) |
| Genevieve Berger | 15 | - | 100% | | | - |
| Gerard Culligan | - | 28 | (100%) | (67%) | 15% | (6%) |
| Fiona Dawson | 109 | 95 | 15% | 100% | - | - |
| Karin Dorrepaal | 125 | 114 | 10% | 10% | 13% | (6%) |
| Joan Garahy | | | | | | (6%) |
| Emer Gilvarry | 123 | 116 | 6% | 16% | 581% | 100% |
| Catherine Godson | 15 | - | 100% | | | - |
| Michael Kerr | 138 | 130 | 6% | 67% | - | - |
| Tom Moran | 405 | 307 | 32% | 144% | 22% | (2%) |
| Con Murphy | - | 28 | (100%) | (67%) | 15% | (6%) |
| Christopher Rogers | 128 | 121 | 6% | 2% | 17% | (1%) |
| Patrick Rohan | 93 | - | 100% | - | - | - |
| Philip Toomey | - | 130 | (100%) | (66%) | 15% | (6%) |
| Jinlong Wang | 128 | 126 | 2% | 5% | - | - |
| **All Group Employees[2]** | 55 | 54 | 2% | 19% | 2% | 1.2% |

* The table shows the Executive Director's pay in the currency of payment to ensure clarity in reflecting the year-on-year payment comparisons.

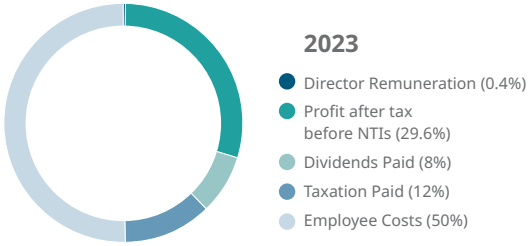
**Note 1:** Non-Executive Directors' fees are reflective of when the individuals were appointed to or retired from the Board (see page 146). Year-on-year fee level variances arise due to annual increases in line with the wider workforce and additional fees paid for appointment to different Committees/Chair roles.

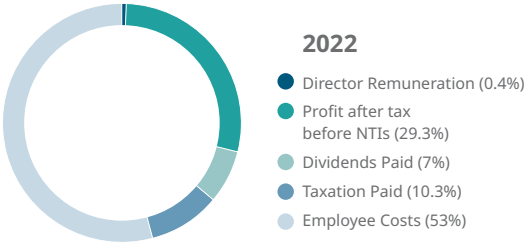
**Note 2:** Calculated by dividing the aggregate payroll costs of employees in 2023 (excluding social welfare costs and costs related to Executive Directors) by the average number of employees in 2023, as disclosed in note 4 to the consolidated financial statements. The value disclosed for 2022 has been represented on a constant currency basis.

**Note 3:** The Company performance can be seen in the 10 Year Total Shareholder Return graph on page 179.

## Relative Importance of Spend on Pay

The total amount spent on Executive Director remuneration (including Long-Term Incentive Plan) and overall employee pay is outlined below in relation to retained profit, dividends paid and taxation paid.




## Dilution

The Group offers Executive Directors and senior management the opportunity to participate in share-based schemes as part of the Group's Remuneration Policy. In line with best practice guidelines, the Company ensures that the level of share awards granted under all share schemes does not exceed 10% of the Group's share capital over a rolling ten-year period, with a further limitation of 5% in any ten-year period in respect of discretionary schemes. The dilution resulting from all vested share awards/share options for the ten-year period to 31 December 2023 is 1.1%. This level of dilution is well below the maximum dilution level recommended for executive share-based incentive plans.

The potential future dilution level from unvested share awards/share options as a result of these schemes is a further 0.9%.

### Table 12: CEO Ratio

The UK Companies (Miscellaneous Reporting) Regulations 2018 require certain UK incorporated companies to publish the ratio of CEO remuneration to UK staff pay. Although not a requirement for Irish incorporated companies, the ratio of the CEO's total remuneration to that of the median Irish employee is disclosed in the table below, in line with the Group's commitment to ensure that its remuneration policies, practices and reporting reflect best corporate governance practices.

In providing the CEO ratio we have used Method C as set out in the regulations but have applied the principles of Method A.

| | **2023 €'000*** | 2022 €'000* |
|---|---|---|
| Chief Executive Officer's: Total remuneration | **€4,594** | €3,899 |
| Median Irish employee: Total remuneration | **€55** | €50 |
| Median Irish employee: Salary only | **€51** | €47 |
| Median pay ratio – Total remuneration | **84x** | 77x |
| Median pay ratio – excluding all variable short and long-term incentive | **27x** | 31x |

* The numbers above reflect rounding.

The Committee believes that our senior executives should have a significant proportion of their pay directly linked to Group performance in order to drive alignment with shareholders. A significant portion of the Chief Executive Officer's remuneration is therefore delivered through the Group's short-term and long-term incentive plans where awards are linked to Group performance and share price movements over time. This means that ratios will depend significantly on short-term and long-term incentive outturns and may fluctuate from year to year as a result.

The CEO pay ratio based on total remuneration for 2023 is higher than 2022 which is primarily due to the combined performance outturn under the short-term and long-term incentive plans being higher than the previous year.

As the median Irish employee does not participate in the Group's short-term or long-term performance-related incentive plans, the Committee has provided the median pay ratio excluding these variable pay elements again in 2023. This ratio has decreased year on year which is due to both an increase in the remuneration for the median employee and also reflects the reduction in pension for the CEO to the wider workforce rate with effect from 1 January 2023.

# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of Kerry Group plc

## Report on the audit of the financial statements

### Opinion

In our opinion, Kerry Group plc's Consolidated financial statements and Company financial statements (the 'financial statements'):

- give a true and fair view of the Group's and the Company's assets, liabilities and financial position as at 31 December 2023 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Consolidated financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report 2023 ('Annual Report'), which comprise:

- the Consolidated and Company Balance Sheets as at 31 December 2023;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Statements of Cash Flows for the year then ended;
- the Consolidated and Company Statements of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

Our opinion is consistent with our reporting to the Audit Committee.

### Separate opinion in relation to IFRS Accounting Standards as issued by the International Accounting Standards Board

As explained in note 1 to the financial statements, the Group, in addition to applying IFRSs as adopted by the European Union, has also applied IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

In our opinion, the Consolidated financial statements comply with IFRS Accounting Standards as issued by the IASB.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

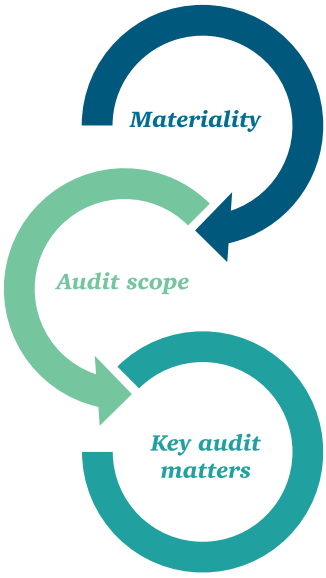
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 January 2023 to 31 December 2023.

## Our audit approach

### Overview




**Overall materiality**
- €40.0 million (2022: €42.0 million) - Consolidated financial statements.
- Based on approximately 5% of profit before taxation and non-trading items.
- €14.4 million (2022: €10.6 million) - Company financial statements.
- Based on approximately 1% of net assets.

**Performance materiality**
- €30.0 million (2022: €31.5 million) - Consolidated financial statements.
- €10.8 million (2022: €7.9 million) - Company financial statements.

**Audit scope**
- We conducted audit work in 35 reporting components. We selected these components due to their size or characteristics and to ensure appropriate audit coverage. An audit of the complete financial information of 24 components was performed. Specific audit procedures on certain balances and transactions were also performed at a further 11 components. We also performed audit work at each of the Group's principal shared service centres.
- The reporting components where an audit of the complete financial information was performed accounted for in excess of 80% of Consolidated revenue and in excess of 80% of Consolidated profit before taxation and non-trading items.

**Key audit matters**
- Goodwill and indefinite life intangible assets impairment assessment (Group).
- Income taxes (Group).
- Recoverability of Investments in Subsidiaries (Company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Goodwill and indefinite life intangible assets impairment assessment (Group)**<br><br>Refer to note 1 'Statement of accounting policies' - 'Intangible assets', 'Impairment of non-financial assets', 'Critical accounting estimates and judgements' and note 12 'Intangible assets'.<br><br>The Group has goodwill and indefinite life intangible assets of €4,986.4 million at 31 December 2023 representing approximately 43% of the Group's total assets at year end. | Our audit team, assisted by our in-house valuation experts, considered the Group's impairment models and evaluated the methodology followed and key assumptions used. We tested the mathematical accuracy of the underlying calculations in the models.<br><br>We assessed management's future cash flow forecasts, and the process by which they were drawn up, including comparing them to the latest board approved budgets. In evaluating these forecasts we considered the Group's historic performance and its past record of achieving strategic objectives, and management's assessment of the likely impact the current macro-economic environment and climate related risks may have on financial performance. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Goodwill and indefinite life intangible assets impairment assessment (Group) (continued)**<br><br>Goodwill and indefinite life intangible assets are subject to impairment testing on an annual basis or more frequently if there are indicators of impairment. Management carried out an impairment test as at 31 December 2023 and concluded there was no impairment.<br><br>We determined this to be a key audit matter given the scale of the assets and because the determination of whether an impairment charge for goodwill or indefinite life intangible assets was necessary involves significant judgement in estimating the future results of the business, which includes the cash flows (including revenue growth rates and EBITDA margin percentages) and long term growth rate assumptions, and determining the appropriate discount rate to use. | We assessed the appropriateness of the Group's forecast growth rate assumptions used to calculate terminal values at year five, by comparing them to independent sources (for example OECD statistics) of projected growth rates for each region.<br><br>We used our in-house valuation experts in assessing management's calculation of the discount rates. Our experts developed a range of discount rates (adjusted to reflect risks associated with each group of CGUs) using observable inputs from independent external sources.<br><br>We also considered management's sensitivity analysis which included the potential impact of the current macro-economic environment and climate related events and performed our own sensitivity analysis on the impact of changes in key assumptions on the impairment assessment, for example the cash flows (including revenue growth rates and EBITDA margin percentages), discount rates and the long term rates of growth assumed by management.<br><br>Based on our procedures we determined that management's conclusion that there was no goodwill or indefinite life intangible assets impairment was reasonable.<br><br>We assessed the appropriateness of the related disclosures within the financial statements and consider the disclosures, including the assessed impact of climate change on the impairment assessment to be reasonable. |
| **Income taxes (Group)**<br><br>Refer to note 1 'Statement of accounting policies' - 'Income taxes' and 'Critical accounting estimates and judgements', note 7 'Income taxes' and note 17 'Deferred tax assets and liabilities'.<br><br>The global nature of the Group means that it operates across many jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. Tax legislation is open to different interpretations and the tax treatments of many items are uncertain. Tax audits can require several years to conclude, and transfer pricing judgements by tax authorities may impact the Group's tax liabilities. Management judgement and estimation is required in the measurement of uncertain tax positions in the context of the recognition of current and deferred tax assets/ liabilities.<br><br>We determined this to be a key audit matter due to its inherent complexity and the estimation and judgement involved in the measurement of uncertain tax positions in the context of the recognition of current and deferred tax assets/liabilities. | We obtained an understanding of the Group tax strategy through discussions with management and the Group's in-house tax specialists.<br><br>The team, assisted by PwC International and Irish taxation specialists, challenged judgements used and estimates made by management to measure uncertain tax positions in the context of the recognition of current and deferred tax assets/ liabilities. This included obtaining explanations regarding the tax treatment applied to material transactions and evidence to corroborate management's explanations. Such evidence, where appropriate, included management's communications with local tax authorities and copies of the tax advice obtained by management from its external tax advisors including transfer pricing studies. We also considered any tax developments during the financial year, including outcomes of concluded tax authority audits.<br><br>Based on the evidence obtained, while noting the inherent uncertainty with such tax matters, we determined the measurement of uncertain tax positions in the context of the recognition of current and deferred tax assets/liabilities as at 31 December 2023 to be within an acceptable range of reasonable estimates. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Recoverability of Investments in Subsidiaries (Company)**<br><br>Refer to note 1 'Statement of accounting policies' - 'Investments in subsidiaries' and note 15 'Investments in subsidiaries'.<br><br>The Company has investments in subsidiaries of €1,058.5 million at 31 December 2023. The carrying value of the investments in subsidiaries needs to be considered for impairment where any indicators arise that suggest that the carrying value of these investments would not be recoverable.<br><br>We determined this to be a key audit matter as investments in subsidiaries are the principal assets held by the Company. | We considered management's assessment as to whether there were any indicators of impairment at year end taking into account the market capitalisation of the Company and the procedures performed on the future cash flow forecasts prepared for the purposes of the impairment assessment as described in the 'Goodwill and indefinite life intangible assets impairment assessment' key audit matter above.<br><br>Based on our procedures we determined that management's conclusion that there are no impairment indicators was reasonable. |

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, including those performed at the Group's shared service centres and the industry in which the Group operates.

The Group is structured along two operating segments: Taste & Nutrition and Dairy Ireland. The majority of the Group's components are supported by one of either of the Group's principal shared service centres in Malaysia and Mexico.

We determined that an audit of the complete financial information (a 'full scope' audit) should be performed at 24 components due to their size or risk characteristics and to ensure appropriate coverage. These 24 components included components that control central Group functions such as Treasury and Employee Benefits. Specific audit procedures on certain balances and transactions were also performed at a further 11 components. The reporting components where an audit of the complete financial information was performed accounted for in excess of 80% of Consolidated revenues and in excess of 80% of Consolidated profit before taxation and non-trading items.

The Group team performed the audit of certain central functions. These procedures included, amongst others, procedures over IT systems, treasury, post-retirement benefits, the consolidation process and key audit matters including uncertain tax positions and impairment testing of goodwill and indefinite life intangible assets. Component auditors within PwC ROI and from other PwC network firms, operating under our instruction, performed the audit on all other in scope components and the required supporting audit work at each of the Group's principal shared service centres.

The Group team was responsible for the scope and direction of the audit. Where the work was performed by component auditors, we determined the level of involvement the Group team needed to have to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

In the current year, the Group team continued a programme of site visits which are designed so that senior team members visit the full scope audit locations regularly on a rotational basis. During 2023, the Group team visited component locations in Ireland, the Netherlands, the United States, Mexico and Malaysia. In addition to site visits, senior members of the Group engagement team used video conferencing to facilitate our oversight of the component auditor work and had video meetings and discussions with certain management and component audit teams in locations that we did not visit in the current year.

The meetings, both physical and virtual, with our component teams confirmed their audit approach. The meetings also involved discussing and understanding the significant audit risk areas and obtaining updates on local laws and regulations and other relevant matters. In addition to the meetings noted above, the Group team interacted regularly with the component teams during all stages of the audit. We received a detailed memorandum of examination on work performed and relevant findings in addition to an audit report that supplemented our understanding of the individual components. The Group engagement team also reviewed certain audit working papers in component audit files. Conference calls were held with all full scope audit teams to discuss their audit findings.

This, together with audit procedures performed by the Group team gave us the evidence we needed for our opinion on the consolidated financial statements as a whole.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | Consolidated financial statements | Company financial statements |
|---|---|---|
| **Overall materiality** | €40.0 million (2022: €42.0 million). | €14.4 million (2022: €10.6 million). |
| **How we determined it** | Approximately 5% of profit before taxation and non-trading items. | Approximately 1% of net assets. |
| **Rationale for benchmark applied** | We applied this benchmark because in our view this is a metric against which the recurring performance of the Group is commonly measured by its stakeholders and it results in using a materiality level that excludes the impact of non-recurring items which are not reflective of the Group's ongoing trading activity. | The entity is a holding Company whose main activity is the management of investments in subsidiaries. |

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €30.0 million (Group audit) and €10.8 million (Company audit).

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €1.9 million (Group audit) (2022: €1.9 million) and €720,000 (Company audit) (2022: €532,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' going concern assessment (being the period of 12 months from the date on which the financial statements are authorised for issue) and challenging the key assumptions. In evaluating these forecasts, we considered the Group's historic performance and its past record of achieving strategic objectives. Additionally we have considered management's assessment of the likely impact which the current macroeconomic environment and climate related risks may have on financial performance and liquidity for a period of 12 months from the date on which the financial statements are authorised for issue;
- testing the mathematical integrity of the forecasts and the models and reconciling these to board approved budgets;
- considering whether the assumptions underlying the base case were consistent with related assumptions used in other areas of the entity's business activities, for example in testing for non-financial asset impairment;
- performing our own independent sensitivity analysis to assess further appropriate downside scenarios; and
- considering the Group's available liquidity, financing and maturity profile to assess liquidity through the going concern assessment period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's or the Company's ability to continue as a going concern.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

We are required to report if the directors' statement relating to going concern in accordance with Rule 6.1.82 (3) (a) of the Listing Rules for Euronext Dublin and Rule 9.8.6R(3) of the Listing Rules of the UK Financial Conduct Authority is materially inconsistent with our knowledge obtained in the audit. We have nothing to report in respect of this responsibility.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the 'Non Financial Statement' as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below.

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the 'Non Financial Statement' on which we are not required to report) for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report (excluding the information included in the 'Non Financial Statement' on which we are not required to report).
- In our opinion, based on the work undertaken in the course of the audit of the financial statements,
  - the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Report; and
  - the information required by Section 1373(2)(d) of the Companies Act 2014 included in the Report of the Directors;

  is consistent with the financial statements and has been prepared in accordance with section 1373(2) of the Companies Act 2014.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required by section 1373(2)(d) of the Companies Act 2014 included in the Corporate Governance Report and the Report of the Directors.
- In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 and regulation 6 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 is contained in the Corporate Governance Statement.

## Corporate Governance Statement

The Listing Rules and ISAs (Ireland) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex (the 'Code') specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it

appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on pages 115-116, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations, food safety and hygiene regulations and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as tax legislation and the Irish Companies Act 2014. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, management, legal and internal audit including any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading the meeting minutes of the Board of Directors, Audit, Risk Oversight, Governance and Nomination, Sustainability and Remuneration Committees;

- Considered the results of the audit procedures performed by component teams relating to compliance with applicable laws and regulations and to address assessed fraud risk;
- Considered the Group's assessment of matters reported on the Group's whistleblowing service referred to as the 'Speak Up Programme' and the results of the Ethics and Compliance Team's investigation of matters raised in so far as they are related to the financial statements;
- Inspection of internal audit reports in so far as they related to the financial statements;
- Evaluating whether there was evidence of management bias that represents a risk of material misstatement due to fraud;
- Identifying and testing journal entries, including manual revenue entries, unusual account combinations and consolidation journals based on our risk assessment; and
- Designing audit procedures to incorporate elements of unpredictability around the nature and extent of audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the Company financial statements to be readily and properly audited.
- The Company Balance Sheet is in agreement with the accounting records.

### Other exception reporting

#### Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

We are required by the Listing Rules to review the six specified elements of disclosures in the report to shareholders by the Board on directors' remuneration. We have no exceptions to report arising from this responsibility.

#### Prior financial year Non Financial Statement

We are required to report if the Company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

#### Prior financial year Remuneration Report

We are required to report if the Company has not provided the information required by Section 1110N of the Companies Act 2014 in respect of the prior financial year. We have nothing to report arising from this responsibility.

### Appointment

We were appointed by the members on 28 April 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 31 December 2016 to 31 December 2023.

**Paul Barrie**
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
14 February 2024

# CONSOLIDATED INCOME STATEMENT
## for the financial year ended 31 December 2023

| | Notes | Before Non-Trading Items 2023 €'m | Non-Trading Items 2023 €'m | Total 2023 €'m | Before Non-Trading Items 2022 €'m | Non-Trading Items 2022 €'m | Total 2022 €'m |
|---|---|---|---|---|---|---|---|
| Continuing operations | | | | | | | |
| **Revenue** | 2 | **8,020.3** | **-** | **8,020.3** | 8,771.9 | - | 8,771.9 |
| **Earnings before interest, tax, depreciation and amortisation** | 1/2/3 | **1,165.1** | **-** | **1,165.1** | 1,216.1 | - | 1,216.1 |
| Depreciation (net) and intangible asset amortisation | 3 | **(299.1)** | **-** | **(299.1)** | (304.3) | - | (304.3) |
| Non-trading items | 5 | **-** | **8.8** | **8.8** | - | (146.2) | (146.2) |
| **Operating profit** | 3 | **866.0** | **8.8** | **874.8** | 911.8 | (146.2) | 765.6 |
| Finance income | 6 | **21.8** | **-** | **21.8** | 6.6 | - | 6.6 |
| Finance costs | 6 | **(72.1)** | **-** | **(72.1)** | (72.8) | - | (72.8) |
| Share of joint ventures' results after taxation | 14 | **(1.9)** | **-** | **(1.9)** | (0.4) | - | (0.4) |
| **Profit before taxation** | | **813.8** | **8.8** | **822.6** | 845.2 | (146.2) | 699.0 |
| Income taxes | 7 | **(103.1)** | **8.6** | **(94.5)** | (114.5) | 22.0 | (92.5) |
| **Profit after taxation** | | **710.7** | **17.4** | **728.1** | 730.7 | (124.2) | 606.5 |
| Attributable to: | | | | | | | |
| Equity holders of the parent | | | | **728.3** | | | 606.4 |
| Non-controlling interests | | | | **(0.2)** | | | 0.1 |
| | | | | **728.1** | | | 606.5 |
| **Earnings per A ordinary share** | | | | **Cent** | | | Cent |
| - basic | 9 | | | **410.4** | | | 341.9 |
| - diluted | 9 | | | **409.7** | | | 341.3 |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
## for the financial year ended 31 December 2023

| | Notes | 2023 €'m | 2022 €'m |
|---|---|---|---|
| Profit after taxation | | **728.1** | 606.5 |
| | | | |
| **Other comprehensive income:** | | | |
| **Items that are or may be reclassified subsequently to profit or loss:** | | | |
| Fair value movements on cash flow hedges | | **(1.6)** | 5.9 |
| Cash flow hedges - reclassified to profit or loss from equity | 24 | **1.3** | (2.8) |
| Net change in cost of hedging | 24 | **0.1** | 0.8 |
| Deferred tax effect of fair value movements on cash flow hedges | 17 | **(0.4)** | (0.2) |
| Exchange difference on translation of foreign operations | | **(129.0)** | 152.2 |
| Cumulative exchange difference on translation recycled on disposal | 5 | **(1.5)** | 14.9 |
| **Items that will not be reclassified subsequently to profit or loss:** | | | |
| Re-measurement on retirement benefits obligation | 26 | **(33.5)** | (13.4) |
| Deferred tax effect of re-measurement on retirement benefits obligation | 17 | **7.1** | 7.6 |
| **Net (expense)/income recognised directly in total other comprehensive income** | | **(157.5)** | 165.0 |
| **Total comprehensive income** | | **570.6** | 771.5 |
| | | | |
| Attributable to: | | | |
| Equity holders of the parent | | **570.8** | 771.4 |
| Non-controlling interests | | **(0.2)** | 0.1 |
| | | **570.6** | 771.5 |

# CONSOLIDATED BALANCE SHEET
as at 31 December 2023

| | Notes | 31 December 2023 €'m | 31 December 2022 €'m |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | **2,133.0** | 2,099.3 |
| Intangible assets | 12 | **5,826.3** | 5,720.0 |
| Financial asset investments | 13 | **52.0** | 58.9 |
| Investments in joint ventures | 14 | **39.8** | 41.7 |
| Other non-current financial instruments | 23 | **125.0** | 0.3 |
| Retirement benefits asset | 26 | **98.0** | 95.6 |
| Deferred tax assets | 17 | **80.2** | 71.9 |
| | | **8,354.3** | 8,087.7 |
| **Current assets** | | | |
| Inventories | 16 | **1,100.2** | 1,354.4 |
| Trade and other receivables | 19 | **1,279.0** | 1,423.8 |
| Cash at bank and in hand | 23 | **943.7** | 970.0 |
| Other current financial instruments | 23 | **13.7** | 59.5 |
| Assets classified as held for sale | 18 | **1.5** | 388.0 |
| | | **3,338.1** | 4,195.7 |
| **Total assets** | | **11,692.4** | 12,283.4 |
| **Current liabilities** | | | |
| Trade and other payables | 20 | **1,773.1** | 1,966.5 |
| Borrowings and overdrafts | 23/24 | **37.1** | 701.1 |
| Other current financial instruments | 23/24 | **7.5** | 18.4 |
| Tax liabilities | | **173.0** | 190.9 |
| Provisions | 25 | **18.3** | 15.3 |
| Deferred income | 21 | **4.5** | 3.4 |
| Total liabilities directly associated with assets classified as held for sale | 18 | **-** | 19.7 |
| | | **2,013.5** | 2,915.3 |
| **Non-current liabilities** | | | |
| Borrowings | 23/24 | **2,432.6** | 2,432.6 |
| Other non-current financial instruments | 23/24 | **9.7** | 20.3 |
| Retirement benefits obligation | 26 | **49.7** | 30.2 |
| Other non-current liabilities | 22 | **207.5** | 142.6 |
| Deferred tax liabilities | 17 | **395.6** | 452.3 |
| Provisions | 25 | **46.4** | 50.5 |
| Deferred income | 21 | **14.6** | 16.0 |
| | | **3,156.1** | 3,144.5 |
| **Total liabilities** | | **5,169.6** | 6,059.8 |
| **Net assets** | | **6,522.8** | 6,223.6 |
| **Equity** | | | |
| Share capital | 27 | **21.9** | 22.1 |
| Share premium | | **398.7** | 398.7 |
| Other reserves | | **(44.6)** | 64.3 |
| Retained earnings | | **6,145.3** | 5,736.8 |
| Equity attributable to equity holders of the parent | | **6,521.3** | 6,221.9 |
| Non-controlling interests | | **1.5** | 1.7 |
| **Total equity** | | **6,522.8** | 6,223.6 |

The financial statements were approved by the Board of Directors on 14 February 2024 and signed on its behalf by:

Tom Moran, Chairman Edmond Scanlon, Chief Executive Officer

# COMPANY BALANCE SHEET
as at 31 December 2023

| | Notes | 31 December 2023 €'m | 31 December 2022 €'m |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 11 | - | 0.1 |
| Investments in subsidiaries | 15 | **1,058.5** | 843.5 |
| | | **1,058.5** | 843.6 |
| **Current assets** | | | |
| Cash at bank and in hand | 23 | - | - |
| Trade and other receivables | 19 | **394.2** | 231.0 |
| | | **394.2** | 231.0 |
| **Total assets** | | **1,452.7** | 1,074.6 |
| **Current liabilities** | | | |
| Trade and other payables | 20 | **5.1** | 5.9 |
| | | **5.1** | 5.9 |
| **Non-current liabilities** | | | |
| Deferred income | 21 | - | 0.1 |
| | | - | 0.1 |
| **Total liabilities** | | **5.1** | 6.0 |
| **Net assets** | | **1,447.6** | 1,068.6 |
| **Issued capital and reserves** | | | |
| Share capital | 27 | **21.9** | 22.1 |
| Share premium | | **398.7** | 398.7 |
| Other reserves | | **154.1** | 132.3 |
| Retained earnings | | **872.9** | 515.5 |
| **Shareholders' equity** | | **1,447.6** | 1,068.6 |

The Company earned a profit after taxation of **€650.4m** for the financial year ended 31 December 2023 (2022: €166.7m).

The financial statements were approved by the Board of Directors on 14 February 2024 and signed on its behalf by:

Tom Moran, Chairman Edmond Scanlon, Chief Executive Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## for the financial year ended 31 December 2023

| | | Attributable to equity holders of the parent | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Notes | Share Capital €'m | Share Premium €'m | Other Reserves €'m | Retained Earnings €'m | Total €'m | Non-controlling interests €'m | Total equity €'m |
| **Group:** | | | | | | | | |
| At 1 January 2022 | | 22.1 | 398.7 | (129.6) | 5,310.0 | 5,601.2 | - | 5,601.2 |
| Profit after taxation | | - | - | - | 606.4 | 606.4 | 0.1 | 606.5 |
| Other comprehensive income/ (expense) | | - | - | 171.0 | (6.0) | 165.0 | - | 165.0 |
| Total comprehensive income | | - | - | 171.0 | 600.4 | 771.4 | 0.1 | 771.5 |
| Shares issued during the financial year | 27 | - | - | - | - | - | - | - |
| Dividends paid | 10 | - | - | - | (173.6) | (173.6) | - | (173.6) |
| Share-based payment expense | 28 | - | - | 22.9 | - | 22.9 | - | 22.9 |
| Non-controlling interests arising on acquisition | | - | - | - | - | - | 1.6 | 1.6 |
| At 31 December 2022 | | 22.1 | 398.7 | 64.3 | 5,736.8 | 6,221.9 | 1.7 | 6,223.6 |
| Profit after taxation | | **-** | **-** | **-** | **728.3** | **728.3** | **(0.2)** | **728.1** |
| Other comprehensive expense | | **-** | **-** | **(130.7)** | **(26.8)** | **(157.5)** | **-** | **(157.5)** |
| Total comprehensive (expense)/ income | | **-** | **-** | **(130.7)** | **701.5** | **570.8** | **(0.2)** | **570.6** |
| Shares issued during the financial year | 27 | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Shares (purchased)/cancelled during the financial year | 27 | **(0.2)** | **-** | **0.2** | **(101.7)** | **(101.7)** | **-** | **(101.7)** |
| Dividends paid | 10 | **-** | **-** | **-** | **(191.3)** | **(191.3)** | **-** | **(191.3)** |
| Share-based payment expense | 28 | **-** | **-** | **21.6** | **-** | **21.6** | **-** | **21.6** |
| **At 31 December 2023** | | **21.9** | **398.7** | **(44.6)** | **6,145.3** | **6,521.3** | **1.5** | **6,522.8** |

**Other Reserves comprise the following:**

| | Note | Capital Redemption Reserve €'m | Other Undenominated Capital €'m | Share-Based Payment Reserve €'m | Translation Reserve €'m | Hedging Reserve €'m | Cost of Hedging Reserve €'m | Total €'m |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2022 | | 1.7 | 0.3 | 107.4 | (238.1) | 1.4 | (2.3) | (129.6) |
| Other comprehensive income | | - | - | - | 167.1 | 3.1 | 0.8 | 171.0 |
| Share-based payment expense | 28 | - | - | 22.9 | - | - | - | 22.9 |
| At 31 December 2022 | | 1.7 | 0.3 | 130.3 | (71.0) | 4.5 | (1.5) | 64.3 |
| Other comprehensive (expense)/income | | **-** | **-** | **-** | **(130.5)** | **(0.3)** | **0.1** | **(130.7)** |
| Shares cancelled during the financial year | | **0.2** | **-** | **-** | **-** | **-** | **-** | **0.2** |
| Share-based payment expense | 28 | **-** | **-** | **21.6** | **-** | **-** | **-** | **21.6** |
| **At 31 December 2023** | | **1.9** | **0.3** | **151.9** | **(201.5)** | **4.2** | **(1.4)** | **(44.6)** |

The nature and purpose of each reserve within shareholders' equity are described in note 35.

# COMPANY STATEMENT OF CHANGES IN EQUITY
## for the financial year ended 31 December 2023

| | Notes | Share Capital €'m | Share Premium €'m | Other Reserves €'m | Retained Earnings €'m | Total €'m |
|---|---|---|---|---|---|---|
| **Company:** | | | | | | |
| At 1 January 2022 | | 22.1 | 398.7 | 109.4 | 522.4 | 1,052.6 |
| Profit after taxation | 8 | - | - | - | 166.7 | 166.7 |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive income | | - | - | - | 166.7 | 166.7 |
| Shares issued during the financial year | 27 | - | - | - | - | - |
| Dividends paid | 10 | - | - | - | (173.6) | (173.6) |
| Share-based payment expense | 28 | - | - | 22.9 | - | 22.9 |
| At 31 December 2022 | | 22.1 | 398.7 | 132.3 | 515.5 | 1,068.6 |
| Profit after taxation | 8 | - | - | - | **650.4** | **650.4** |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive income | | - | - | - | **650.4** | **650.4** |
| Shares issued during the financial year | 27 | - | - | - | - | - |
| Shares (purchased)/cancelled during the financial year | 27 | **(0.2)** | - | **0.2** | **(101.7)** | **(101.7)** |
| Dividends paid | 10 | - | - | - | **(191.3)** | **(191.3)** |
| Share-based payment expense | 28 | - | - | **21.6** | - | **21.6** |
| **At 31 December 2023** | | **21.9** | **398.7** | **154.1** | **872.9** | **1,447.6** |

**Other Reserves comprise the following:**

| | Note | Capital Redemption Reserve €'m | Other Undenominated Capital €'m | Share-Based Payment Reserve €'m | Total €'m |
|---|---|---|---|---|---|
| At 1 January 2022 | | 1.7 | 0.3 | 107.4 | 109.4 |
| Share-based payment expense | 28 | - | - | 22.9 | 22.9 |
| At 31 December 2022 | | 1.7 | 0.3 | 130.3 | 132.3 |
| Other comprehensive income | | - | - | - | - |
| Shares cancelled during the financial year | | **0.2** | - | - | **0.2** |
| Share-based payment expense | 28 | - | - | **21.6** | **21.6** |
| **At 31 December 2023** | | **1.9** | **0.3** | **151.9** | **154.1** |

The nature and purpose of each reserve within shareholders' equity are described in note 35.

# CONSOLIDATED STATEMENT OF CASH FLOWS
## for the financial year ended 31 December 2023

| | Notes | 2023 €'m | 2022 €'m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | **822.6** | 699.0 |
| *Adjustments for:* | | | |
| Depreciation (net) | | **219.6** | 221.6 |
| Intangible asset amortisation | | **79.5** | 82.7 |
| Share of joint ventures' results after taxation | 14 | **1.9** | 0.4 |
| Non-trading items income statement charge | 5 | **(8.8)** | 146.2 |
| Finance costs (net) | 6 | **50.3** | 66.2 |
| Change in working capital | 29 | **185.5** | (224.0) |
| Pension contributions paid less pension expense | | **(13.5)** | (15.7) |
| Payments on non-trading items | | **(99.8)** | (85.4) |
| Exchange translation adjustment | | **(14.2)** | (27.2) |
| **Cash generated from operations** | | **1,223.1** | 863.8 |
| Income taxes paid | | **(119.5)** | (80.0) |
| Finance income received | | **13.9** | 5.4 |
| Finance costs paid | | **(79.7)** | (67.4) |
| **Net cash from operating activities** | | **1,037.8** | 721.8 |
| **Investing activities** | | | |
| Purchase of assets | 29 | **(281.9)** | (221.0) |
| Proceeds from the sale of assets (net of disposal expenses) | 5 | **11.6** | 38.1 |
| Capital grants received | | **3.3** | 1.4 |
| Purchase of businesses (net of cash acquired) | 30 | **(131.1)** | (353.8) |
| Payments relating to previous acquisitions | | **(9.7)** | (1.8) |
| Purchase of investments | 13 | **(3.0)** | (10.4) |
| Purchase of share in joint ventures | 14 | **-** | (20.4) |
| Disposal of businesses (net of disposal expenses) | 5 | **316.4** | (15.2) |
| **Net cash used in investing activities** | | **(94.4)** | (583.1) |
| **Financing activities** | | | |
| Dividends paid | 10 | **(191.3)** | (173.6) |
| Purchase of own shares | | **(101.7)** | - |
| Payment of lease liabilities | 29 | **(36.4)** | (35.1) |
| Issue of share capital | 27 | **-** | - |
| Repayment of borrowings | 29 | **(695.9)** | (3.0) |
| Cash inflow from interest rate swaps on repayment of borrowings | 29 | **34.4** | - |
| Proceeds from borrowings | | **4.1** | 2.0 |
| **Net cash movement due to financing activities** | | **(986.8)** | (209.7) |
| **Net decrease in cash and cash equivalents** | | **(43.4)** | (71.0) |
| Cash and cash equivalents at beginning of the financial year | | 969.8 | 1,033.8 |
| Exchange translation adjustment on cash and cash equivalents | | **(17.4)** | 7.0 |
| **Cash and cash equivalents at end of the financial year** | 29 | **909.0** | 969.8 |
| | | | |
| **Reconciliation of Net Cash Flow to Movement in Net Debt** | | | |
| Net decrease in cash and cash equivalents | | **(43.4)** | (71.0) |
| Cash flow from debt financing | | **657.4** | 1.0 |
| Changes in net debt resulting from cash flows | | **614.0** | (70.0) |
| Fair value movement on interest rate swaps (net of adjustment to borrowings) | 29 | **1.0** | 1.4 |
| Exchange translation adjustment on net debt | 29 | **(2.3)** | (29.7) |
| Movement in net debt in the financial year | | **612.7** | (98.3) |
| Net debt at beginning of the financial year - pre lease liabilities | | (2,148.2) | (2,049.9) |
| **Net debt at end of the financial year - pre lease liabilities** | 23 | **(1,535.5)** | (2,148.2) |
| Lease liabilities | 11/29 | **(68.6)** | (69.2) |
| **Net debt at end of the financial year** | 23/29 | **(1,604.1)** | (2,217.4) |

# COMPANY STATEMENT OF CASH FLOWS
## for the financial year ended 31 December 2023

| | Notes | 2023 €'m | 2022 €'m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | **645.9** | 162.1 |
| *Adjustments for:* | | | |
| Depreciation (net) | | **0.1** | 0.1 |
| Finance income | | **(4.2)** | (0.6) |
| Change in working capital | 29 | **(138.0)** | 11.3 |
| **Cash generated from operations** | | **503.8** | 172.9 |
| Finance income received | | **4.2** | 0.6 |
| **Net cash from operating activities** | | **508.0** | 173.5 |
| **Investing activities** | | | |
| Investments in subsidiary undertakings | 15 | **(215.0)** | - |
| **Net cash from investing activities** | | **(215.0)** | - |
| **Financing activities** | | | |
| Dividends paid | 10 | **(191.3)** | (173.6) |
| Issue of share capital | 27 | **-** | - |
| Purchase of own shares | | **(101.7)** | - |
| **Net cash movement due to financing activities** | | **(293.0)** | (173.6) |
| **Net decrease in cash and cash equivalents** | | **-** | (0.1) |
| Cash and cash equivalents at beginning of the financial year | | **-** | 0.1 |
| **Cash and cash equivalents at end of the financial year** | 29 | **-** | - |

# NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 December 2023

## 1. Statement of accounting policies

### General information

Kerry Group plc is a public limited company incorporated in the Republic of Ireland. The registered number is 111471 and registered office address is Prince's Street, Tralee, Co. Kerry, V92 EH11, Ireland. The principal activities of the Company and its subsidiaries are described in the Business Reviews and note 36 'Group entities'.

### Basis of preparation

The consolidated financial statements of Kerry Group plc have been prepared in accordance with International Financial Reporting Standards as issued by the IASB ('IFRS Accounting Standards'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and those parts of the Companies Act, 2014 applicable to companies reporting under IFRS Accounting Standards. The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the notes to the financial statements. The financial statements include the information in the remuneration report described as being an integral part of the financial statements. Both the Parent Company and Group financial statements have also been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted by the European Union ('EU') which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'). The Group financial statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS Accounting Standards issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

The Parent Company's financial statements are prepared using accounting policies consistent with the accounting policies applied to the consolidated financial statements by the Group.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments) and financial asset investments which are held at fair value. Assets and liabilities classified as held for sale are stated at the lower of carrying value and fair value less costs to sell. The investments in joint ventures are accounted for using the equity method.

The consolidated financial statements contained herein are presented in euro, which is the functional currency of the Parent Company, Kerry Group plc. The functional currencies of the Group's main subsidiaries are euro, US dollar and sterling.

In the 2023 consolidated financial statements, the Group has re-presented corresponding 2022 balances to align with current year presentation in note 23 'Analysis of financial instruments by category' and note 24 'Financial instruments' to reflect the disclosure of deferred contingent consideration as a level 3 financial instrument recorded at fair value through profit or loss.

Certain income statement headings and other financial measures included in the consolidated financial statements are not defined by IFRS such as earnings before interest, tax, depreciation and amortisation ('EBITDA'), non-trading items and net debt. The Group makes this distinction to enhance the understanding of the financial performance of the business as outlined in the Supplementary Information section on pages 269-272.

The consolidated and company financial statements have been prepared on the going concern basis of accounting. The Directors have considered the Group's business activities and how it generates value, together with the main trends and factors likely to affect future development, business performance and position of the Group including liquidity and access to financing as outlined in note 24 and the potential impacts of climate, geopolitical and macroeconomic environment related risks on profitability. The going concern of the Group was also assessed by considering the potential impact of climate related risks on profitability and liquidity, continuing inflationary cost pressures, customer inventory management and rising interest rates during the period. There are no material uncertainties that cast significant doubt on the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of these financial statements.

The Directors report that they have satisfied themselves that the Group is a going concern, having adequate resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have reviewed the Group's forecast for a period not less than 12 months, the medium term plan, and have taken into account the cash flow implications of the plans, including proposed capital expenditure, and compared these with the Group's committed borrowing facilities and projected gearing ratios.

### Basis of consolidation

*Subsidiaries*

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries), all of which prepare financial statements up to 31 December. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Control is achieved where the Company has the power over the investee, has exposure or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the financial year are included in the Consolidated Income Statement from the date the Company gained control until the date the Company ceased to control the subsidiary. All inter-group transactions and balances are eliminated on consolidation.

## 1. Statement of accounting policies (continued)

### Basis of consolidation (continued)

*Non-controlling interests*

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Group and are presented separately in the Consolidated Income Statement and within equity in the Consolidated Balance Sheet, distinguished from the Group's shareholders' equity. Where not all of the equity of a subsidiary is acquired, the non-controlling interests are recognised at the non-controlling interest's share of the acquiree's net identifiable assets.

*Joint ventures*

Joint ventures are all entities over which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. On acquisition of the investment in joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying value of the investment.

The Group's share of its joint ventures post-acquisition profits or losses is recognised in 'Share of joint ventures' results after taxation' in the Consolidated Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves until the date on which joint control ceases. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, less any impairment in value. Where indicators of impairment arise, the carrying amount of the joint venture is tested for impairment by comparing its recoverable amount with its carrying amount.

Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated to the extent that they do not provide evidence of impairment. The accounting policies of joint ventures are amended where necessary to ensure consistency of accounting treatment at Group level.

### Revenue

Revenue represents the value of the consideration received or receivable, for both segments from third party customers. Revenue is recorded at invoice value, net of discounts, allowances, volume and promotional rebates and excludes VAT. Revenue is recognised when control of the products has transferred, which is usually upon shipment, or in line with terms agreed with individual customers. Revenue is recorded when there is no unfulfilled obligation on the part of the Group. An estimate is made on the basis of historical sales returns and is recorded to allocate these returns to the same period as the original revenue is recorded. Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience using the expected value method. Any unutilised accrual is released after assessment that the likelihood of such a claim being made is highly improbable. Under IFRS 15 'Revenue from Contracts with Customers' revenue is primarily recognised at a point in time. Revenue recorded over time during the year was not material to the Group.

The Group disaggregates revenue by End Use Market (EUM) and primary geographic market. An EUM is defined as the market in which the end consumer or customer of Kerry's product operates. The economic factors within the EUMs of Food, Beverage and Pharma & other which affect the nature, amount, timing and uncertainty of revenue and cash flows are similar.

### Segmental analysis

Operating segments are reported in a manner consistent with the internal management structure of the Group and the internal financial information provided to the Group's Chief Operating Decision Maker (the Executive Directors) who is responsible for making strategic decisions, allocating resources, monitoring and assessing the performance of each segment. EBITDA as reported internally by segment is the key measure utilised in assessing the performance of operating segments within the Group. Other Corporate activities, such as the cost of corporate stewardship, are reported along with the elimination of inter-group activities under the heading 'Group Eliminations and Unallocated'. Non-trading items, net finance costs and income taxes are managed on a centralised basis and therefore, these items are not allocated between operating segments and are not reported per segment in note 2. Given that borrowings, deferred tax balances and certain intangible assets are managed on a centralised basis, these items are not allocated between operating segments for the purposes of the information presented in note 2.

The Group has determined it has two operating segments: Taste & Nutrition and Dairy Ireland. The Taste & Nutrition segment is a world leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets. Utilising a broad range of ingredient solutions to innovate with our customers to create great tasting products, with improved nutrition and functionality, while ensuring a better impact for the planet. Kerry is driven to be our customers' most valued partner, creating a world of sustainable nutrition through solving our customers' most complex challenges with differentiated solutions. The Taste & Nutrition segment supplies industries across Europe, Americas and APMEA (Asia Pacific, Middle East and Africa). The Dairy Ireland segment is a leading Irish provider of value-add dairy ingredients and consumer products. Our dairy ingredients product portfolio includes functional proteins while our dairy consumer brands can be found predominantly in chilled cabinets in retailers across Ireland and the UK.

### Property, plant and equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price and other directly attributable costs. Freehold land is stated at cost and is not depreciated. Depreciation on the remaining property, plant and equipment is calculated by charging equal annual instalments to the Consolidated Income Statement at the following annual rates:

| | | |
|---|---|---|
| - | Buildings | 2% - 5% |
| - | Plant, machinery and equipment | 7% - 25% |
| - | Motor vehicles | 20% |

## 1. Statement of accounting policies (continued)

**Property, plant and equipment** (continued)

The charge in respect of periodic depreciation is calculated after establishing an estimate of the asset's useful economic life and the expected residual value at the end of its useful economic life. Increasing/(decreasing) an asset's expected useful economic life or its residual value would result in a (decreased)/increased depreciation charge to the Consolidated Income Statement as well as an increase/(decrease) in the carrying value of the asset.

The useful economic lives of Group assets are determined by management at the time the assets are acquired and reviewed annually for appropriateness. These useful economic lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their useful economic life, such as changes in technology or the location of the asset and its climate related risk. Historically, changes in useful economic lives or residual values have not resulted in material changes to the Group's depreciation charge.

Assets in the course of construction for production or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and other directly attributable costs. Depreciation of these assets commences when the assets are ready for their intended use, on the same basis as other property assets.

**Leasing**

At the commencement date of the lease, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which consists of the initial measurement of the lease liability, any initial direct costs incurred by the Group in setting up/entering into the lease, an estimate of any costs to dismantle and remove the asset at the end of the lease and any payments made in advance of the lease commencement date (net of any incentive received).

The Group depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful economic life or the end of the lease term. The carrying amounts of right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

The Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the applicable incremental borrowing rate. Lease payments included in the measurement of the lease liability comprises of fixed or variable payments (based on an index or rate), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to the initial measurement, the liability will be reduced for payments made and increased for the interest applied and is remeasured to reflect any reassessment or contract modifications. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or in the Consolidated Income Statement if the right-of-use asset is already reduced to nil.

The Group has elected to record short-term leases of less than 12 months and leases of low-value assets as defined in IFRS 16 as an operating expense in the Consolidated Income Statement on a straight-line basis over the lease term.

The Group has also elected not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component, further increasing the lease liability.

**Assets and liabilities classified as held for sale**

Assets and related liabilities are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met if, at the financial year end, the sale is highly probable, the assets and related liabilities are available for immediate sale in their present condition, management is committed to the sale and the sale is expected to be completed within one year from the date of classification.

Assets and related liabilities classified as held for sale are measured at the lower of carrying value or fair value less costs to sell.

**Intangible assets**

*Goodwill*

Goodwill arises on business combinations and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities acquired.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous Irish/UK GAAP amounts subject to impairment testing. Goodwill written off to reserves under Irish/UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

At the date control is achieved, goodwill is allocated for the purpose of impairment testing to groups of cash generating units (CGUs) provided they represent the lowest level at which management monitor goodwill for impairment purposes. Goodwill is not amortised but is reviewed for indications of impairment at least annually and is carried at cost less accumulated impairment losses, where identified. Impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill (not previously written off to reserves) is included in the determination of the profit or loss on disposal.

*Brand related intangibles*

Brand related intangibles acquired as part of a business combination are valued at their fair value at the date control is achieved. Intangible assets determined to have an indefinite useful economic life are not amortised and are tested for impairment at least annually. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful economic life. In arriving at the conclusion that these brand related intangibles have an indefinite useful economic life, management considers the nature and type of the intangible asset, the absence of any legal or other limits on the assets' use, the fact the business and products have a track record of stability, the high barriers to market entry and the Group's commitment to continue to invest for the long-term to extend the period over which the intangible asset is expected to continue to provide economic benefits.

## 1. Statement of accounting policies (continued)

**Intangible assets** (continued)

*Brand related intangibles (continued)*

The classification of intangible assets as indefinite is reviewed annually. The future expectation of potential market disruption due to changing consumer preferences or changes in supply chain of raw materials linked to sustainability and climate change were assessed as part of this review and were deemed to have no material impact.

Finite life brand related intangible assets are amortised over the period of their expected useful economic lives, which predominantly range from 2 to 20 years, by charging equal annual instalments to the Consolidated Income Statement. The useful economic life used to amortise finite intangible assets relates to the future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. Historically, changes in useful economic lives have not resulted in material changes to the Group's amortisation charge.

*Computer software*

Computer software separately acquired, including computer software which is not an integral part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises purchase price and other directly attributable costs.

Costs relating to the development of computer software for internal use are capitalised once the following recognition criteria outlined are met:

- an asset can be separately identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity;
- the cost of the asset can be measured reliably; and
- the Group controls the asset.

Computer software is amortised over its expected useful economic life, which ranges from 3 to 7 years, by charging equal annual instalments to the Consolidated Income Statement. Amortisation commences when the assets are ready for use.

### Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful economic life are not subject to amortisation. They are tested annually for impairment or when indications exist that the asset may be impaired. For the purpose of assessing impairment, these assets are allocated to groups of cash generating units (CGUs) using a reasonable and consistent basis. An impairment loss is recognised immediately in the Consolidated Income Statement for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Value in use is determined as the discounted future cash flows of the CGU. The key assumptions during the financial year for the value in use calculations are discount rates, cash flows (including revenue growth rates and EBITDA margin percentages) and long-term growth rates.

When an impairment loss (other than on goodwill) subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not exceeding its carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Impairment is reviewed by assessing the asset's value in use when compared to its carrying value.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

### Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes raw materials, direct labour and all other expenditure incurred in the normal course of business in bringing the products to their present location and condition. Cost is calculated at the weighted average cost incurred in acquiring inventories. Net realisable value is the estimated selling price of inventory on hand less all further costs to completion and all costs expected to be incurred in distribution and selling. Write-downs of inventories are primarily recognised under 'Raw materials and consumables' in the Consolidated Income Statement.

### Income taxes

Income taxes include both current and deferred taxes. Income taxes are charged or credited to the Consolidated Income Statement except when they relate to items charged or credited directly in other comprehensive income or shareholders' equity. In this instance the income taxes are also charged or credited to other comprehensive income or shareholders' equity.

The current tax charge is calculated as the amount payable based on taxable profit and the tax rates applying to those profits in the financial year together with adjustments relating to prior years. Deferred taxes are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The Group is subject to uncertainties, including tax audits, in any of the jurisdictions in which it operates. The Group accounts for uncertain tax positions in line with IFRIC 23 'Uncertainty over Income Tax Treatments'. The Group considers each uncertain tax treatment separately or together with one or more uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. If the Group concludes that it is not probable that a taxation authority will accept an uncertain tax treatment the Group reflects the effect of the uncertainty in determining the related taxable profit, tax bases, unused tax losses, unused tax credits or tax rate.

## 1. Statement of accounting policies (continued)

**Income taxes** (continued)

The Group reflects the effect of uncertainty for each uncertain tax treatment using an expected value approach or a most likely approach depending on which method the Group expects to better predict the resolution of the uncertainty. The unit of account for recognition purposes is the income tax/deferred tax assets or liabilities and the Group does not provide separately for uncertain tax positions. When the final tax outcome for these items is different from amounts recorded, such differences will impact the income tax and deferred tax in the period in which such a determination is made, as well as the Group's cash position.

Deferred taxes are calculated based on the temporary differences arising between the tax base of the asset or liability and its carrying value in the Consolidated Balance Sheet. Deferred taxes are recognised on all temporary differences in existence at the balance sheet date except for:

- temporary differences which arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss, or on the initial recognition of goodwill for which a tax deduction is not available; and
- temporary differences which arise on investments in subsidiaries where the timing of the reversal is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The recognition of a deferred tax asset is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Deferred tax assets are reviewed at each reporting date.

Current income tax assets and current income tax liabilities are offset where there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis. Deferred income tax assets and deferred income tax liabilities are offset where there is a legally enforceable right to offset the recognised amounts, the deferred tax assets and deferred tax liabilities relate to taxes levied by the same taxation authority and the Group intends to settle on a net basis.

**Retirement benefits obligation**

Payments to defined contribution schemes are recognised in the Consolidated Income Statement as they fall due and any contributions outstanding at the financial year end are included as an accrual in the Consolidated Balance Sheet.

Actuarial valuations for accounting purposes are carried out at each balance sheet date in relation to defined benefit schemes, using the projected unit credit method, to determine the schemes' liabilities and the related cost of providing benefits. Scheme assets are accounted for at fair value using bid prices.

Current service cost is recognised as it arises within staff costs in the Consolidated Income Statement. Net interest which is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets is recognised in interest costs in the Consolidated Income Statement. Gains or losses on the curtailment or settlement of a scheme are recognised in the Consolidated Income Statement when the curtailment or settlement occurs. Re-measurement of retirement benefits obligation, comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest cost) are recognised in full in the period in which they occur in the Consolidated Statement of Comprehensive Income.

The defined benefit liability recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation less the fair value of any scheme assets. Defined benefit assets are also recognised in the Consolidated Balance Sheet but are limited to the present value of available refunds from, and reductions in future contributions to, the scheme.

**Provisions**

Provisions can be distinguished from other types of liability by considering the events that give rise to the obligation and the degree of uncertainty as to the amount or timing of the liability. These are recognised in the Consolidated Balance Sheet when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the amount required to settle the present obligation at the balance sheet date, after taking account of the risks and uncertainties surrounding the obligation.

The outcome depends on future events which are by their nature uncertain. In assessing the likely outcome, management bases its assessment on historical experience and other factors that are believed to be reasonable in the circumstances. Provisions are disclosed in note 25 to the consolidated financial statements.

**Non-trading items**

Certain items, by virtue of their nature and/or amount, are disclosed separately in order for the user to obtain a proper understanding of the financial information. These items relate to events or circumstances that are not related to normal trading activities and are labelled collectively as 'non-trading items'.

Non-trading items predominantly include gains or losses on the disposal of businesses, disposal of assets (non-current assets and assets classified as held for sale), costs in preparation of disposal of assets, impairment of goodwill and intangible assets, costs relating to material restructuring or material transformation plans and material transaction, integration and restructuring costs associated with acquisitions. Non-trading items are disclosed in note 5 to the consolidated financial statements and are presented separately in the Consolidated Income Statement.

## 1. Statement of accounting policies (continued)

### Research and development expenditure

Expenditure on research activities is recognised as an expense in the financial year it is incurred.

Development expenditure is assessed and capitalised as an internally generated intangible asset only if it meets all of the following criteria:

- it is technically feasible to complete the asset for use or sale;
- it is intended to complete the asset for use or sale;
- the Group has the ability to use or sell the intangible asset;
- it is probable that the asset created will generate future economic benefits;
- adequate resources are available to complete the asset for sale or use; and
- the development cost of the asset can be measured reliably.

Capitalised development costs are amortised over their expected economic lives. Where no internally generated intangible asset can be recognised, product development expenditure is recognised as an expense in the financial year it is incurred. Accordingly, the Group has not capitalised product development expenditure to date.

### Grants

Grants of a capital nature are accounted for as deferred income in the Consolidated Balance Sheet and are released to the Consolidated Income Statement at the same rates as the related assets are depreciated. Grants of a revenue nature are credited to the Consolidated Income Statement to offset the matching expenditure.

### Dividends

Dividends are accounted for when they are approved, through the retained earnings reserve. Dividends proposed do not meet the definition of a liability until such time as they have been approved. Dividends are disclosed in note 10 to the consolidated financial statements.

### Share-based payments

*Long-Term and Short-Term Incentive Plan:*
The Group has granted share-based payments to Executive Directors and senior executives under a long-term incentive plan and to Executive Directors under a short-term incentive plan.

The equity-settled share-based awards granted under these plans are measured at the fair value of the equity instrument at the date of grant. The cost of the award is charged to the Consolidated Income Statement over the vesting period of the awards based on the probable number of awards that will eventually vest, with a corresponding credit to shareholders' equity.

For the purposes of the long-term incentive plan, the fair value of the award is measured using the Monte Carlo Pricing Model. For the short-term incentive plan, the fair value of the expense equates directly to the cash value of the portion of the short-term incentive plan that will be settled by way of shares/share options.

At the balance sheet date, the estimate of the level of vesting for all share-based payments is reviewed and any adjustment necessary is recognised in the Consolidated Income Statement and in the Statement of Changes in Equity. Share-based payments are disclosed in note 28 to the consolidated financial statements.

*All Employee Share Plan:*
The Group grants share-based payments to participating employees under its All Employee Share Plan (AESP). The equity-settled share-based awards granted under the plan are measured at the fair value of the equity instrument at the date of grant. The cost of the award is charged to the Consolidated Income Statement over the vesting period of the awards based on the probable number of awards that will eventually vest, with a corresponding credit to shareholders' equity. The fair value of the award is measured using the Monte Carlo option pricing model.

At the balance sheet date, the estimate of the level of vesting for this plan is reviewed and any adjustment necessary is recognised in the Consolidated Income Statement and in the Statement of Changes in Equity. Share-based payments are disclosed in note 28 to the consolidated financial statements.

### Foreign currency

Foreign currency transactions are translated into functional currency at the rate of exchange ruling at the date of the transaction. Exchange differences arising from either the retranslation of the resulting monetary assets or liabilities at the exchange rate at the balance sheet date or from the settlement of the balance at a different rate are recognised in the Consolidated Income Statement when they occur.

On consolidation, the income statements of foreign currency subsidiaries are translated monthly into euro at the average exchange rate. If this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, a weighted average rate is used. The balance sheets of such subsidiaries are translated at the rate of exchange at the balance sheet date. Resulting exchange differences arising on the translation of foreign currency subsidiaries are taken directly to a separate component of shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are treated as assets and liabilities of the foreign subsidiaries and are translated at the closing rate.

On disposal of a foreign currency subsidiary, the cumulative translation difference for that foreign subsidiary is recycled to the Consolidated Income Statement as part of the profit or loss on disposal.

### Borrowing costs

Borrowing costs incurred for qualifying assets, which take a substantial period of time to construct, are added to the cost of the asset during the period of time required to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the Consolidated Income Statement in the period in which they are incurred.

## 1. Statement of accounting policies (continued)

### Business combinations

The acquisition method of accounting is used for the acquisition of businesses. The cost of the acquisition is measured at the aggregate fair value of the consideration given. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at their fair value at the date the Group assumes control of the acquiree. Acquisition related costs are recognised in the Consolidated Income Statement as incurred. If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held investment in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Certain assets and liabilities are not recognised at their fair value at the date control was achieved as they are accounted for using other applicable IFRSs. These include deferred tax assets/liabilities and also any assets related to employee benefit arrangements.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the valuation of the fair value of assets and liabilities acquired is still in progress. Those provisional amounts are adjusted during the measurement period of one year from the date control is achieved when additional information is obtained about facts and circumstances which would have affected the amounts recognised as of that date.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement measured at fair value at the date control is achieved. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs.

Any fair value adjustments in relation to acquisitions completed prior to 1 January 2010 have been accounted for under IFRS 3 'Business Combinations (2004)'.

### Investments in subsidiaries

Investments in subsidiaries held by the Parent Company are carried at cost less accumulated impairment losses.

### Investments in joint ventures

Investments in joint ventures held by the Group are accounted for using the equity method, after initially being recognised at cost in the Consolidated Balance Sheet.

### Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Balance Sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value plus transaction costs, except for those classified as fair value through profit or loss, which are initially measured at fair value.

All financial assets are recognised and derecognised on a trade date basis, where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe of the market concerned.

Financial assets and liabilities are offset and presented on a net basis in the Consolidated Balance Sheet, only if the Group holds an enforceable legal right of set off for such amounts and there is an intention to settle on a net basis or to realise an asset and settle the liability simultaneously. In all other instances they are presented gross in the Consolidated Balance Sheet.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ('FVOCI').

*Debt instruments:*
Subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in the Consolidated Income Statement. Impairment losses are presented in the Consolidated Income Statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group have no debt instruments measured at FVOCI.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss ('FVPL'). In addition, assets that are irrevocably designated as FVPL at origination to eliminate or significantly reduce an accounting mismatch are also measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Consolidated Income Statement.

## 1. Statement of accounting policies (continued)

**Financial instruments** (continued)

*Equity instruments:*
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the Consolidated Income Statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the Consolidated Income Statement when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVPL (Rabbi Trust assets) are recognised in the Consolidated Income Statement. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

*Trade and other receivables:*
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components. The amount of consideration that is unconditional approximates to fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

*Cash and cash equivalents:*
Cash and cash equivalents carried at amortised cost consists of cash at bank and in hand, bank overdrafts held by the Group and short-term bank deposits with a maturity of three months or less from the date of placement. Cash at bank and in hand and short-term bank deposits are shown under current assets on the Consolidated Balance Sheet under the heading 'Cash at bank and in hand'. Bank overdrafts are shown within 'Borrowings and overdrafts' in current liabilities on the Consolidated Balance Sheet but are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows. The carrying amount of these assets and liabilities approximates to their fair value.

*Financial liabilities measured at amortised cost*
Other non-derivative financial liabilities consist primarily of trade and other payables and borrowings. Trade and other payables are stated at amortised cost, which approximates to their fair value given the short-term nature of these liabilities. Trade and other payables are non-interest bearing.

Debt instruments are initially recorded at fair value, net of transaction costs. Subsequently they are reported at amortised cost, except for hedged debt. To the extent that debt instruments are hedged under qualifying fair value hedges, the carrying value of the debt instrument is adjusted for changes in the fair value of the hedged risk, with changes arising recognised in the Consolidated Income Statement. The fair value of the hedged item is primarily determined using the discounted cash flow basis.

*Financial liabilities at fair value through profit or loss (FVPL)*
Financial liabilities at FVPL arise when the financial liabilities are either derivative liabilities held for trading or they are designated upon initial recognition as FVPL.

The Group classifies as held for trading certain derivatives that are not designated and effective as a hedging instrument. The Group does not have any other financial liabilities classified as held for trading.

*Impairment of financial assets*
The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables. Further detail is provided in note 19.

*Derecognition of financial liabilities*
The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or expired.

*Derivative financial instruments and hedge accounting*
Derivatives are carried at fair value. The Group's activities expose it to risks of changes in foreign currency exchange rates and interest rates in relation to international trading and long-term debt. The Group uses foreign exchange forward contracts, interest rate swaps and forward rate agreements to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. When cross currency interest rate swaps are used to hedge interest rates and foreign exchange rates, the change in the foreign currency basis spreads element of the contract, that relates to the hedged item, is recognised within other reserves under the cost of hedging reserve.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

*Fair value of financial instrument derivatives*
The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available a discounted cash flow analysis is used based on the applicable yield curve adjusted for counterparty risk for the duration and currency of the instrument, which are observable:

- foreign exchange forward contracts are measured using quoted forward exchange rates to match the maturities of these contracts; and
- interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves adjusted for counterparty credit risk.

## 1. Statement of accounting policies (continued)

### Financial instruments (continued)

*Cash flow hedges*

Where derivatives, including forward foreign exchange contracts and floating to fixed interest rate swaps or cross currency swaps are used, they are primarily treated as cash flow hedges. The gain or loss relating to the effective portion of the interest rate swaps and cross currency interest rate swaps is recognised in OCI and is reclassified to profit or loss in the period when the hedged item is recognised through profit or loss. All effective amounts are directly offset against movements in the underlying hedged item. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. The gain or loss relating to the effective portion of forward foreign exchange contracts is recognised in OCI and is reclassified to profit or loss in the period the hedged item is recognised through profit or loss. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. When the hedged firm commitment or forecasted transaction occurs and results in the recognition of an asset or liability, the amounts previously recognised in the hedge reserve, within OCI are reclassified through profit or loss in the periods when the hedged item is impacting the Consolidated Income Statement.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred cost of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset, such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to profit or loss.

Cash flow hedge accounting is applied to foreign exchange forward contracts which are expected to offset the changes in fair value of expected future cash flows. In order to achieve and maintain cash flow hedge accounting, it is necessary for management to determine, at inception and on an ongoing basis, whether a forecast transaction is highly probable.

*Fair value hedges*

Where fixed to floating interest rate swaps are used, they are treated as fair value hedges when the qualifying conditions are met. Changes in the fair value of derivatives that are designated as fair value hedges are recognised directly in the Consolidated Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is derecognised when the hedging relationship ceases to exist. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised over the remaining maturity of the hedged item through the Consolidated Income Statement from that date.

*Trading derivatives*

Certain derivatives which comply with the Group's financial risk management policies are not accounted for using hedge accounting. This arises where the derivatives; (a) provide a hedge against foreign currency borrowings without having to apply hedge accounting; or (b) where management have decided not to apply hedge accounting. In these cases the instrument is reported independently at fair value with any changes recognised in the Consolidated Income Statement. In all other instances, cash flow or fair value hedge accounting is applied.

### Critical accounting estimates and judgements

The preparation of the Group consolidated financial statements requires management to make certain estimations, assumptions and judgements that affect the reported profits, assets and liabilities.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised.

In particular, information about significant areas of estimation and judgement that have the most significant effect on the amounts recognised in the consolidated financial statements are described below and in the respective notes to the consolidated financial statements.

*Impairment of goodwill and intangible assets (Estimation)*

Determining whether goodwill and intangible assets are impaired or whether a reversal of an impairment of intangible assets (other than on goodwill) should be recorded requires comparison of the value in use for the relevant groups of cash generating units (CGUs) to the net assets attributable to those CGUs. The value in use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. The tests are dependent on management's estimates, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows, the expected long-term growth rate of the applicable businesses and terminal values. Such estimates are subject to change as a result of changing economic conditions. As forecasting future cash flows is dependent upon the Group successfully leveraging its base of intangible assets over the long-term, estimates are required in relation to future cash flows which will support the asset value. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change. The impact of climate change has also been considered, specifically on the timing and the extent of costs and cash outflows and is based on a critical evaluation of the facts currently available to the Group taking into account factors such as, existing technology, currently enacted laws and regulations and knowledge and expertise within the Group. Changes to legislation and government policy relating to climate change have been considered in the assessment of the impact of climate change.

## 1. Statement of accounting policies (continued)

### Critical accounting estimates and judgements (continued)

*Impairment of goodwill and intangible assets (Estimation) (continued)*

The measurement of the impact of climate change is based on reasonable and supportable assumptions that represent management's current best estimate of the range of conditions that will exist in the foreseeable future. The potential impact of climate related events considered as part of the sensitivity analysis had no impact on our conclusions. Details of the assumptions used and key sources of estimation involved are outlined in note 12 to these consolidated financial statements.

The Group continues to monitor its assessment of the economic environment particularly due to industry inflation and customer inventory management. The long-term outlook for our businesses currently remains positive, supports our CGU valuations and no impairment was identified as a result of the impairment testing review carried out. There is significant headroom in the recoverable amount of the related CGUs as compared to their carrying value and the likelihood of impairment is not considered likely to occur in the next financial year.

*Business combinations (Estimation)*

When acquiring a business, the Group is required to bring acquired assets and liabilities on to the Consolidated Balance Sheet at their fair value, the determination of which requires a significant degree of estimation.

Acquisitions may also result in intangible benefits being brought into the Group, some of which qualify for recognition as intangible assets while other such benefits do not meet the recognition requirements of IFRS and therefore form part of goodwill. Estimation is required in the assessment and valuation of these intangible assets. For intangible assets acquired, the Group bases valuations on expected future cash flows taking into consideration the impact of climate related risk and macroeconomic conditions where applicable.

This method employs a discounted cash flow analysis using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates, revenue forecasts and estimated customer attrition as appropriate. The period of expected cash flows is based on the expected useful economic life of the intangible asset acquired.

Depending on the nature of the assets and liabilities acquired, determined provisional fair values may possibly be adjusted within the measurement period as allowed by IFRS 3 'Business Combinations'.

The useful economic lives of intangible assets are determined by management at the time the assets are acquired and reviewed annually for appropriateness, including assessment as finite or indefinite. These useful economic lives are based on historical experience with similar assets as well as anticipation of future events, such as changes in technology, the location of the asset and its climate related risk.

Intangible assets are disclosed in note 12 and business combinations in note 30 to the consolidated financial statements.

*Non-trading items (Judgement)*

The Group considers certain items, by virtue of their nature and amount, are disclosed separately in order for the user to obtain a proper understanding of the financial information. These items relate to events or circumstances that are not related to normal trading activities and are labelled collectively as 'non-trading items'. Determining which transactions are to be disclosed separately is often a subjective matter. Circumstances that the Group believes would give rise to non-trading items for separate disclosure are outlined in the accounting policy on non-trading items. For clarity, separate disclosure is made of all items in one column on the face of the Group Consolidated Income Statement.

*Income tax charge and income/deferred tax assets and liabilities (Estimation and Judgement)*

Significant judgement and a high degree of estimation is required in determining the income tax charge as the Group operates in many jurisdictions and the tax treatment of many items is uncertain with tax legislation being open to different interpretation. Furthermore, the Group can also be subject to uncertainties, including tax audits in any of the jurisdictions in which it operates, which by their nature are often complex and can require several years to conclude. The Group considers these uncertain tax positions in the recognition of its income tax/deferred tax assets or liabilities. In line with its accounting policy, the Group bases its assessment on the probability of a tax authority accepting its general treatment having regard to all information available on the tax matter and when it is not probable reflects the uncertainty in income tax/deferred tax assets or liabilities. When applying its accounting policy at the year end the Group generally considered each uncertain tax treatment separately and reflected the effect of the uncertainty in the income tax/deferred tax assets or liabilities using an expected value approach as this better predicts the resolution of the uncertainty. Such estimates are determined based on management judgement, interpretation of the relevant tax laws, correspondence with the relevant tax authorities and external tax advisors and past practices of the tax authorities. Where the final outcome of these tax matters is different from the amounts that were recorded, such differences will impact the income tax and deferred tax charge in the period in which such determination is made.

Income taxes and deferred tax assets and liabilities are disclosed in notes 7 and 17 to the consolidated financial statements, respectively.

## 1. Statement of accounting policies (continued)

### New standards and interpretations

Certain new and revised accounting standards and new International Financial Reporting Interpretations Committee ('IFRIC') interpretations have been issued. The Group intends to adopt the relevant new and revised standards when they become effective and endorsed by the EU. The Group's assessment of the impact of these standards and interpretations is set out below.

| *The following Standards and Interpretations are effective for the Group in 2023 but do not have a material effect on the results or financial position of the Group:* | | *Effective Date* |
|---|---|---|
| - IAS 1 (Amendments) | Presentation of Financial Statements | 1 January 2023 |
| - IAS 8 (Amendments) | Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2023 |
| - IAS 12 (Amendments) | Income Taxes | 1 January 2023 |

| *The following Standards and Interpretations are not yet effective for the Group and are not expected to have a material effect on the results or financial position of the Group:* | | *Effective Date* |
|---|---|---|
| - IAS 1 (Amendments) | Presentation of Financial Statements | 1 January 2024 |
| - IFRS 16 (Amendments) | Leases | 1 January 2024 |
| - IAS 7 & IFRS 7 (Amendments) | Supplier Finance Arrangements | 1 January 2024 |
| - IAS 21 (Amendments) | The Effects of Changes in Foreign Exchange Rates | 1 January 2025 |

## 2. Analysis of results

The Group has determined it has two operating segments: Taste & Nutrition and Dairy Ireland. The Taste & Nutrition segment is a world leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets. Utilising a broad range of ingredient solutions to innovate with our customers to create great tasting products, with improved nutrition and functionality, while ensuring a better impact for the planet. Kerry is driven to be our customers' most valued partner, creating a world of sustainable nutrition through solving our customers' most complex challenges with differentiated solutions. The Taste & Nutrition segment supplies industries across Europe, Americas and APMEA (Asia Pacific, Middle East and Africa). The Dairy Ireland segment is a leading Irish provider of value-add dairy ingredients and consumer products. Our dairy ingredients product portfolio includes functional proteins, while our dairy consumer brands can be found predominantly in chilled cabinets in retailers across Ireland and the UK.

| | Taste & Nutrition 2023 €'m | Dairy Ireland 2023 €'m | Group Eliminations and Unallocated 2023 €'m | Total 2023 €'m | Taste & Nutrition 2022 €'m | Dairy Ireland 2022 €'m | Group Eliminations and Unallocated 2022 €'m | Total 2022 €'m |
|---|---|---|---|---|---|---|---|---|
| External revenue | 6,936.7 | 1,083.6 | - | 8,020.3 | 7,387.0 | 1,384.9 | - | 8,771.9 |
| Inter-segment revenue | 38.2 | 199.8 | (238.0) | - | 29.6 | 154.0 | (183.6) | - |
| **Revenue** | 6,974.9 | 1,283.4 | (238.0) | 8,020.3 | 7,416.6 | 1,538.9 | (183.6) | 8,771.9 |
| **EBITDA*** | 1,185.9 | 53.4 | (74.2) | 1,165.1 | 1,220.1 | 70.7 | (74.7) | 1,216.1 |
| Depreciation (net) | | | | (219.6) | | | | (221.6) |
| Intangible asset amortisation | | | | (79.5) | | | | (82.7) |
| Non-trading items | | | | 8.8 | | | | (146.2) |
| **Operating profit** | | | | 874.8 | | | | 765.6 |
| Finance income | | | | 21.8 | | | | 6.6 |
| Finance costs | | | | (72.1) | | | | (72.8) |
| Share of joint ventures' results after taxation | | | | (1.9) | | | | (0.4) |
| **Profit before taxation** | | | | 822.6 | | | | 699.0 |
| Income taxes | | | | (94.5) | | | | (92.5) |
| **Profit after taxation** | | | | 728.1 | | | | 606.5 |
| Attributable to: | | | | | | | | |
| Equity holders of the parent | | | | 728.3 | | | | 606.4 |
| Non-controlling interests | | | | (0.2) | | | | 0.1 |
| | | | | 728.1 | | | | 606.5 |

* EBITDA represents profit before finance income and costs, income taxes, depreciation (net of capital grant amortisation), intangible asset amortisation, non-trading items and share of joint ventures' results after taxation.

**Segment assets and liabilities**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Assets | 8,165.4 | 683.4 | 2,843.6 | 11,692.4 | 8,583.1 | 766.2 | 2,934.1 | 12,283.4 |
| Liabilities | (1,734.1) | (247.7) | (3,187.8) | (5,169.6) | (1,897.0) | (289.4) | (3,873.4) | (6,059.8) |
| **Net assets** | 6,431.3 | 435.7 | (344.2) | 6,522.8 | 6,686.1 | 476.8 | (939.3) | 6,223.6 |

**Other segmental information**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Property, plant and equipment additions | 271.0 | 37.6 | 0.9 | 309.5 | 238.9 | 17.6 | 0.3 | 256.8 |
| Depreciation (net) | 197.7 | 21.4 | 0.5 | 219.6 | 200.1 | 20.5 | 1.0 | 221.6 |
| Intangible asset additions | 1.6 | - | 14.3 | 15.9 | 0.4 | 0.1 | 11.7 | 12.2 |
| Intangible asset amortisation | 39.0 | 0.2 | 40.3 | 79.5 | 43.0 | 0.2 | 39.5 | 82.7 |
| Share of joint ventures' results after taxation | 1.9 | - | - | 1.9 | 0.4 | - | - | 0.4 |

## 2. Analysis of results (continued)

### Revenue analysis

Disaggregation of revenue from external customers is analysed by End Use Market (EUM), which is the primary market in which Kerry's products are consumed and primary geographic market. An EUM is defined as the market in which the end consumer or customer of Kerry's product operates. The economic factors within the EUMs of Food, Beverage and Pharma & other and within the primary geographic markets which affect the nature, amount, timing and uncertainty of revenue and cash flows are similar.

***Analysis by EUM***

| | Taste & Nutrition 2023 €'m | Dairy Ireland 2023 €'m | Total 2023 €'m | Taste & Nutrition 2022 €'m | Dairy Ireland 2022 €'m | Total 2022 €'m |
|---|---|---|---|---|---|---|
| Food | **4,637.3** | **1,051.9** | **5,689.2** | 4,925.2 | 1,286.2 | 6,211.4 |
| Beverage | **1,798.6** | **31.7** | **1,830.3** | 1,959.1 | 98.7 | 2,057.8 |
| Pharma & other | **500.8** | **-** | **500.8** | 502.7 | - | 502.7 |
| **External revenue** | **6,936.7** | **1,083.6** | **8,020.3** | 7,387.0 | 1,384.9 | 8,771.9 |

***Analysis by primary geographic market***

Disaggregation of revenue from external customers is analysed by geographical split:

| | Taste & Nutrition 2023 €'m | Dairy Ireland 2023 €'m | Total 2023 €'m | Taste & Nutrition 2022 €'m | Dairy Ireland 2022 €'m | Total 2022 €'m |
|---|---|---|---|---|---|---|
| Republic of Ireland | **134.7** | **405.3** | **540.0** | 82.2 | 458.2 | 540.4 |
| Rest of Europe | **1,382.5** | **600.3** | **1,982.8** | 1,459.8 | 768.8 | 2,228.6 |
| Americas | **3,772.5** | **32.5** | **3,805.0** | 4,172.2 | 84.0 | 4,256.2 |
| APMEA | **1,647.0** | **45.5** | **1,692.5** | 1,672.8 | 73.9 | 1,746.7 |
| **External revenue** | **6,936.7** | **1,083.6** | **8,020.3** | 7,387.0 | 1,384.9 | 8,771.9 |

***Information about geographical areas***

| | Europe 2023 €'m | Americas 2023 €'m | APMEA 2023 €'m | Total 2023 €'m | Europe 2022 €'m | Americas 2022 €'m | APMEA 2022 €'m | Total 2022 €'m |
|---|---|---|---|---|---|---|---|---|
| Assets by location | **5,177.2** | **4,941.4** | **1,573.8** | **11,692.4** | 5,357.9 | 5,486.3 | 1,439.2 | 12,283.4 |
| Property, plant and equipment additions | **92.1** | **161.9** | **55.5** | **309.5** | 55.8 | 147.4 | 53.6 | 256.8 |
| Intangible asset additions | **14.3** | **1.6** | **-** | **15.9** | 12.1 | 0.1 | - | 12.2 |

The revenue and non-current assets (as defined in IFRS 8 'Operating Segments') attributable to the country of domicile and all foreign countries of operation, for which revenue exceeds 10% of total external Group revenue, are set out below.

Kerry Group plc is domiciled in the Republic of Ireland and the revenues from external customers in the Republic of Ireland were **€540.0m** (2022: €540.4m). The non-current assets located in the Republic of Ireland are **€1,285.7m** (2022: €1,503.6m).

Revenues from external customers include **€939.9m** (2022: €958.9m) in the UK and **€2,972.1m** (2022: €3,399.8m) in the USA. The non-current assets in the UK are **€352.1m** (2022: €353.3m) and in the USA are **€3,112.1m** (2022: €3,267.1m). For clarity the UK is included within Europe in the tables above.

Taste & Nutrition external revenues consists of **€2,186.4m** (2022: €2,218.5m) in emerging markets and **€4,750.3m** (2022: €5,168.6m) in developed markets. Third party revenues in Taste & Nutrition in the foodservice channel was **€2,138.0m** (2022: €2,055.6m) and **€4,798.7m** (2022: €5,331.5m) in the non-foodservice channels.

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8 'Operating Segments'. The accounting policies of the operating segments are the same as the Group's accounting policies as outlined in the Statement of Accounting Policies. Under IFRS 15 'Revenue from Contracts with Customers' revenue is primarily recognised at a point in time. Revenue recorded over time during the year was not material to the Group.

## 3. Operating profit

### (i) Analysis of costs by nature

| | Notes | Continuing Operations 2023 €'m | Continuing Operations 2022 €'m |
|---|---|---|---|
| **Revenue** | | **8,020.3** | 8,771.9 |
| *Less operating costs:* | | | |
| Raw materials and consumables | | **4,148.6** | 4,940.0 |
| Other general overheads | | **1,173.2** | 1,186.1 |
| Staff costs | 4 | **1,367.5** | 1,495.0 |
| Loss allowances on trade receivables | 19 | **0.9** | 11.4 |
| Foreign exchange gains | | **(11.2)** | (0.9) |
| Change in inventories of finished goods | 16 | **176.2** | (75.8) |
| **Earnings before interest, tax, depreciation and amortisation** | | **1,165.1** | 1,216.1 |
| Depreciation (net): | | | |
| - property, plant and equipment | 11(i) | **186.6** | 190.9 |
| - right-of-use assets | 11(ii) | **34.9** | 32.7 |
| - capital grants amortisation | 21 | **(1.9)** | (2.0) |
| Intangible asset amortisation | 12 | **79.5** | 82.7 |
| Non-trading items | 5 | **(8.8)** | 146.2 |
| **Operating profit** | | **874.8** | 765.6 |
| *And is stated after charging:* | | | |
| Research and development costs | | **301.3** | 303.2 |

### (ii) Auditors' remuneration

| | PwC Ireland 2023 €'m | PwC Other 2023 €'m | PwC Worldwide 2023 €'m | PwC Ireland 2022 €'m | PwC Other 2022 €'m | PwC Worldwide 2022 €'m |
|---|---|---|---|---|---|---|
| *Statutory disclosure:* | | | | | | |
| Group audit | **1.4** | **2.4** | **3.8** | 1.4 | 2.1 | 3.5 |
| Other assurance services | **-** | **-** | **-** | 0.1 | - | 0.1 |
| **Total assurance services** | **1.4** | **2.4** | **3.8** | 1.5 | 2.1 | 3.6 |
| Tax advisory services | **-** | **-** | **-** | - | - | - |
| Other non-audit services | **-** | **0.1** | **0.1** | - | 0.2 | 0.2 |
| **Total non-audit services** | **-** | **0.1** | **0.1** | - | 0.2 | 0.2 |
| **Total auditors' remuneration** | **1.4** | **2.5** | **3.9** | 1.5 | 2.3 | 3.8 |

| | | |
|---|---|---|
| Assurance services | **97%** | 95% |
| Non-audit services | **3%** | 5% |
| **Total** | **100%** | 100% |

Group audit consists of fees payable for the consolidated and statutory audits of the Group and its subsidiaries. Included in Group audit are total fees of **€5,056** (2022: €4,838) which are due to the Group's auditor in respect of the Parent Company. Reimbursement of auditors' expenses amounted to **€0.1m** (2022: €0.2m).

## 4. Total staff numbers and costs

The average number of people employed by the Group was:

| | **Taste & Nutrition 2023 Number** | **Dairy Ireland 2023 Number** | **Total 2023 Number** | Taste & Nutrition 2022 Number | Dairy Ireland 2022 Number | Total 2022 Number |
|---|---|---|---|---|---|---|
| Europe | **4,004** | **1,645** | **5,649** | 4,688 | 1,628 | 6,316 |
| Americas | **9,917** | **-** | **9,917** | 11,037 | - | 11,037 |
| APMEA | **6,226** | **-** | **6,226** | 5,998 | - | 5,998 |
| | **20,147** | **1,645** | **21,792** | 21,723 | 1,628 | 23,351 |

The aggregate payroll costs of employees (including Executive Directors) was:

| | **Taste & Nutrition 2023 €'m** | **Dairy Ireland 2023 €'m** | **Total 2023 €'m** | Taste & Nutrition 2022 €'m | Dairy Ireland 2022 €'m | Total 2022 €'m |
|---|---|---|---|---|---|---|
| Europe | **288.7** | **113.6** | **402.3** | 337.3 | 108.1 | 445.4 |
| Americas | **721.7** | **-** | **721.7** | 806.3 | - | 806.3 |
| APMEA | **243.5** | **-** | **243.5** | 243.3 | - | 243.3 |
| | **1,253.9** | **113.6** | **1,367.5** | 1,386.9 | 108.1 | 1,495.0 |

Social welfare costs of **€168.2m** (2022: €175.9m) and share-based payment expense of **€21.6m** (2022: €22.9m) are included in payroll costs. Pension costs included in the payroll costs are disclosed in note 26.

## 5. Non-trading items

| | Notes | 2023 €'m | 2022 €'m |
|---|---|---|---|
| Global Business Services expansion | (ii) | (4.1) | (13.6) |
| Acquisition integration costs | (iii) | (16.5) | (20.3) |
| Accelerate Operational Excellence | (iv) | (53.5) | (49.2) |
| | | (74.1) | (83.1) |
| Profit/(loss) on disposal of businesses and assets | (i) | 82.9 | (63.1) |
| Non-trading items (before tax) | | 8.8 | (146.2) |
| Tax on above | 7 | 8.6 | 22.0 |
| **Non-trading items (net of related tax)** | | 17.4 | (124.2) |

***(i) Profit/(loss) on disposal of businesses and assets***

| | Notes | Businesses 2023 €'m | *Assets 2023 €'m | Total 2023 €'m |
|---|---|---|---|---|
| Property, plant and equipment - disposed | 11 | (1.7) | (11.3) | (13.0) |
| Goodwill | 12 | (0.7) | - | (0.7) |
| Brand related intangible assets | 12 | (0.5) | - | (0.5) |
| Inventories | | (1.6) | - | (1.6) |
| Assets classified as held for sale - disposed | | (349.8) | (3.9) | (353.7) |
| Assets classified as held for sale - impaired | 18 | - | (15.3) | (15.3) |
| Trade and other receivables | | (0.4) | - | (0.4) |
| Deferred tax liabilities | | 26.7 | - | 26.7 |
| Trade and other payables | | 0.7 | - | 0.7 |
| | | (327.3) | (30.5) | (357.8) |
| **Consideration** | | | | |
| Cash received | | 356.8 | 13.9 | 370.7 |
| Vendor loan note | | 125.0 | - | 125.0 |
| | | 481.8 | 13.9 | 495.7 |
| Disposal related costs | | (43.0) | (13.5) | (56.5) |
| | | 438.8 | 0.4 | 439.2 |
| Cumulative exchange difference on translation recycled on disposal | | 1.5 | - | 1.5 |
| **Profit/(loss) on disposal of businesses and assets** | | 113.0 | (30.1) | 82.9 |

| **Net cash inflow on disposal:** | Businesses 2023 €'m | *Assets 2023 €'m | Total 2023 €'m |
|---|---|---|---|
| Consideration | 481.8 | 13.9 | 495.7 |
| Less: cash disposed | - | - | - |
| Less: disposal related costs paid | (40.4) | (2.3) | (42.7) |
| Less: vendor loan note | (125.0) | - | (125.0) |
| | 316.4 | 11.6 | 328.0 |

* Assets represent non-current assets and assets classified as held for sale.

## 5. Non-trading items (continued)

***(i) Profit/(loss) on disposal of businesses and assets*** (continued)

*Profit/(loss) on disposal of businesses*

As previously announced, the Group completed the sale of the trade and assets of its Sweet Ingredients Portfolio during the period for a final consideration of €475.5m comprising of a cash consideration of **€350.5m** (following routine closing adjustments) plus a **€125.0m** interest bearing vendor loan note. The operational footprint disposed consisted of four manufacturing facilities in the US (in Illinois, Kansas, Missouri, and California), and six facilities across the UK, the Netherlands, Germany and France. These businesses were not deemed to be discontinued operations and goodwill was allocated to these disposed businesses using an appropriate allocation methodology aligned with IAS 36 'Impairment of Assets'. As part of the ongoing portfolio review during the year the Group also disposed of small operations in South Africa, UK and South Korea for a consideration of **€6.3m**. The profit on disposal of these businesses was **€113.0m**, with the related tax charge of **€9.8m**. The profit on disposal of these businesses includes the associated costs in relation to these divestments.

In 2022 the Group divested of its subsidaries in Russia and Belarus and sold a small cereal operation in North America. These businesses were not deemed to be discontinued operations and goodwill was allocated to these disposed businesses using an appropriate allocation methodology aligned with IAS 36 'Impairment of Assets'. The loss on disposal of these businesses for the year end 31 December 2022 was €63.0m and the related tax credit was €4.3m.

*(Loss)/profit on disposal of assets*

The Group disposed of property, plant and equipment primarily in North America and Europe for a consideration of **€13.9m** resulting in a profit of **€2.6m**. This profit on disposal of property, plant and equipment was offset by an impairment charge of **€15.3m** in the US and a **€13.5m** charge with respect to related disposal costs. In addition to these charges, a number of additional assets were disposed across the group and a **€3.9m** loss on disposal was recognised. A tax credit of **€6.0m** arose on the disposal of assets for the period.

During 2022, the Group disposed of property, plant and equipment primarily in North America and APMEA for a combined consideration of €51.7m resulting in a gain of €6.2m. A tax charge of €1.9m arose on the disposal of assets. In 2022, certain assets classified as held for sale based in the USA and APMEA were impaired to their fair value less costs to sell by €5.6m, consisting of €1.2m of property, plant and equipment impairment, €2.7m of goodwill impairment, €1.7m of brand related intangibles impairment and €nil of estimated costs to sell including marketing, legal, site rectification, environmental and other related expenses necessary to complete the disposals in 2023. The related tax credit was €0.5m. In addition, in 2022 there was a specific impairment charge of €0.3m and €0.4m in relation to goodwill and brand related intangibles respectively recorded in intangible assets.

***(ii) Global Business Services expansion***

In 2020, the Group commenced a programme to evolve, migrate and expand its Global Business Services model to better enable the business and support further growth. The Group incurred costs of **€4.1m** (2022: €13.6m), to conclude the three year programme, reflecting relocation of resources, advisory fees, redundancies and the streamlining of operations. The associated tax credit was **€0.5m** (2022: €3.0m).

***(iii) Acquisition integration costs***

These costs of **€16.5m** (2022: €20.3m) reflect the relocation of resources, the restructuring of operations in order to integrate the acquired businesses into the existing Kerry operating model and external costs associated with deal preparation, integration planning and due diligence. A tax credit of **€2.8m** (2022: €4.5m) arose due to tax deductions available on acquisition related costs.

***(iv) Accelerate Operational Excellence***

These costs of **€53.5m** (2022: €49.2m) predominantly reflect costs of streamlining operations, project management costs and consultancy fees incurred in the period relating to our Accelerate Operational Excellence transformation programme, which will run until 2024. This material transformation project deploying next generation manufacturing processes, including advanced process controls, is combined with building capabilities within the Group to enhance continuous improvement in manufacturing processes which will deliver step change manufacturing excellence across the organisation. This project will also focus on supply chain excellence, optimising the Group's warehousing and distribution network. A tax credit of **€9.1m** (2022: €11.6m) arose due to tax deductions available on accelerated operational excellence costs.

## 6. Finance income and costs

| | Notes | 2023 €'m | 2022 €'m |
|---|---|---|---|
| **Finance income:** | | | |
| Interest income on deposits | | **14.5** | 6.6 |
| Interest income on vendor loan note | 24 | **7.3** | - |
| **Finance income** | | **21.8** | 6.6 |
| | | | |
| **Finance costs:** | | | |
| Interest payable and finance charges | | **(72.8)** | (70.9) |
| Interest on lease liabilities | 11(iii.i) | **(2.6)** | (3.4) |
| Interest rate derivative | | **0.2** | 0.4 |
| | | **(75.2)** | (73.9) |
| Net interest income on retirement benefits obligation | 26 | **3.1** | 1.1 |
| **Finance costs** | | **(72.1)** | (72.8) |
| **Net finance costs** | | **(50.3)** | (66.2) |

## 7. Income taxes

| | Notes | 2023 €'m | 2022 €'m |
|---|---|---|---|
| **Recognition in the Consolidated Income Statement (before credit on non-trading items)** | | | |
| Current tax expense in the financial year | | **126.5** | 125.4 |
| Adjustments in respect of prior years | | **1.9** | (1.3) |
| | | **128.4** | 124.1 |
| Deferred tax in the financial year | | **(25.3)** | (9.6) |
| **Income tax expense (before credit on non-trading items)** | | **103.1** | 114.5 |
| On non-trading items: | | | |
| Current tax | | **(0.8)** | 0.2 |
| Deferred tax | | **(7.8)** | (22.2) |
| | 5 | **(8.6)** | (22.0) |
| **Recognition in the Consolidated Income Statement (after credit on non-trading items)** | | | |
| Current tax expense in the financial year | | **125.7** | 125.6 |
| Adjustments in respect of prior years | | **1.9** | (1.3) |
| | | **127.6** | 124.3 |
| Deferred tax in the financial year | 17 | **(33.1)** | (31.8) |
| **Income tax expense (after credit on non-trading items)** | | **94.5** | 92.5 |

The tax on the Group's profit before taxation differs from the amount that would arise applying the standard corporation tax rate in Ireland as follows:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Profit before taxation** | **822.6** | 699.0 |
| Taxed at Irish Standard Rate of Tax (12.5%) | **102.8** | 87.4 |
| Adjustments to current tax and deferred tax in respect of prior years | **1.4** | 0.3 |
| Net effect of differing tax rates | **3.6** | 9.6 |
| Changes in standard rates of taxes | **(2.8)** | 0.6 |
| Income not subject to tax | **(4.8)** | (3.6) |
| Recognition of unprovided deferred tax assets | **(5.6)** | - |
| Other adjusting items | **(0.1)** | (1.8) |
| **Income tax expense** | **94.5** | 92.5 |

An increase in the Group's applicable tax rate of 1% would reduce profit after taxation by €8.2m (2022: €7.0m).

Factors that may affect the Group's future tax charge include the effects of restructuring, acquisitions and disposals, changes in tax legislation and rates and the use of brought forward losses.

The Government of Ireland, the jurisdiction in which Kerry Group plc is incorporated, transposed the Global Minimum Tax Pillar Two rules into domestic legislation as part of the Finance (No. 2) Act 2023 (the 'Finance Act'). The Finance Act closely follows the EU Minimum Tax Directive and OECD Guidance released to date. The Pillar Two rules applies a 15% effective tax rate on profits and the Group is within the scope of these rules from 1 January 2024. The Pillar Two legislation sets out a detailed and highly complex set of rules on how to calculate the 15% effective tax rate. As a result of these complexities, the accounting effective tax rate is not always indicative of the effective tax rate as calculated under Pillar Two.

As the Pillar Two legislation was not effective for Kerry Group plc in respect of the year ended 31 December 2023, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. Pillar Two legislation is not expected to have a material impact on the financial statements of the Group. The Group continue to monitor changes in law and guidance as they apply to Kerry Group plc.

## 8. Profit attributable to Kerry Group plc

In accordance with section 304(2) of the Companies Act, 2014, the Company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit after taxation for the financial year is **€650.4m** (2022: €166.7m).

## 9. Earnings per A ordinary share

| | EPS cent | 2023 €'m | EPS cent | 2022 €'m |
|---|---|---|---|---|
| **Basic earnings per share** | | | | |
| Profit after taxation attributable to equity holders of the parent | **410.4** | **728.3** | 341.9 | 606.4 |
| **Diluted earnings per share** | | | | |
| Profit after taxation attributable to equity holders of the parent | **409.7** | **728.3** | 341.3 | 606.4 |

| Number of Shares | Note | 2023 m's | 2022 m's |
|---|---|---|---|
| Basic weighted average number of shares | | **177.4** | 177.4 |
| Impact of share options outstanding | | **0.3** | 0.3 |
| **Diluted weighted average number of shares** | | **177.7** | 177.7 |
| **Actual number of shares in issue as at 31 December** | 27 | **175.8** | 177.0 |

## 10. Dividends

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Group and Company:** | | |
| **Amounts recognised as distributions to equity shareholders in the financial year** | | |
| Final 2022 dividend of **73.40 cent** per A ordinary share paid 12 May 2023<br>(Final 2021 dividend of 66.70 cent per A ordinary share paid 6 May 2022) | **130.0** | 118.0 |
| Interim 2023 dividend of **34.60 cent** per A ordinary share paid 10 November 2023<br>(Interim 2022 dividend of 31.40 cent per A ordinary share paid 11 November 2022) | **61.3** | 55.6 |
| | **191.3** | 173.6 |

Since the financial year end the Board has proposed a final 2023 dividend of **80.80 cent** per A ordinary share which amounts to €142.0m based on ordinary shares in issue at 31 December 2023. The payment date for the final dividend will be 10 May 2024 to shareholders registered on the record date as at 12 April 2024. The consolidated financial statements do not reflect this dividend.

## 11. Property, plant and equipment

| | Notes | 2023 €'m | 2022 €'m |
|---|---|---|---|
| **Group:** | | | |
| Property, plant and equipment | (i) | **2,070.3** | 2,037.2 |
| Right-of-use assets | (ii) | **62.7** | 62.1 |
| | | **2,133.0** | 2,099.3 |

## 11. Property, plant and equipment (continued)

### (i) Property, plant and equipment analysis

| | Notes | Land and Buildings €'m | Plant, Machinery and Equipment €'m | Construction in Progress €'m | Motor Vehicles €'m | Total €'m |
|---|---|---|---|---|---|---|
| **Group:** | | | | | | |
| **Cost** | | | | | | |
| At 1 January 2022 | | 1,308.3 | 2,212.8 | 240.6 | 13.8 | 3,775.5 |
| Businesses acquired | | 21.0 | 22.1 | 3.0 | - | 46.1 |
| Additions | | 34.9 | 41.3 | 136.3 | 1.3 | 213.8 |
| Purchase adjustments | | 5.8 | 3.2 | - | - | 9.0 |
| Transfer from construction in progress | | 43.8 | 126.9 | (170.7) | - | - |
| Businesses disposed | | (9.5) | (16.4) | (0.6) | (0.1) | (26.6) |
| Disposals | | (16.9) | (100.9) | (0.8) | (1.1) | (119.7) |
| Transfer to held for sale | | (65.1) | (189.0) | (4.7) | - | (258.8) |
| Exchange translation adjustment | | 29.0 | 52.6 | 6.2 | 0.5 | 88.3 |
| At 31 December 2022 | | 1,351.3 | 2,152.6 | 209.3 | 14.4 | 3,727.6 |
| **Businesses acquired** | 30 | **0.5** | **2.0** | **4.6** | **-** | **7.1** |
| **Additions** | | **23.8** | **37.7** | **209.0** | **2.6** | **273.1** |
| **Purchase adjustments** | | **(3.6)** | **-** | **-** | **-** | **(3.6)** |
| **Transfer from construction in progress** | | **55.0** | **153.6** | **(208.6)** | **-** | **-** |
| **Businesses disposed** | 5 | **(1.0)** | **(2.2)** | **-** | **-** | **(3.2)** |
| **Disposals** | 5 | **(32.0)** | **(155.7)** | **(0.8)** | **(2.1)** | **(190.6)** |
| **Transfer from/(to) held for sale** | 18 | **1.1** | **(6.6)** | **0.1** | **-** | **(5.4)** |
| **Exchange translation adjustment** | | **(46.6)** | **(34.3)** | **(5.0)** | **(0.2)** | **(86.1)** |
| **At 31 December 2023** | | **1,348.5** | **2,147.1** | **208.6** | **14.7** | **3,718.9** |
| **Accumulated depreciation and impairment** | | | | | | |
| At 1 January 2022 | | 420.3 | 1,317.8 | - | 11.3 | 1,749.4 |
| Charge during the financial year | | 43.0 | 146.9 | - | 1.0 | 190.9 |
| Businesses acquired | | (4.7) | (7.2) | - | (0.1) | (12.0) |
| Businesses disposed | | (8.1) | (82.2) | - | (0.8) | (91.1) |
| Transfer to held for sale | | (28.5) | (153.1) | - | - | (181.6) |
| Exchange translation adjustment | | 8.0 | 26.4 | - | 0.4 | 34.8 |
| At 31 December 2022 | | 430.0 | 1,248.6 | - | 11.8 | 1,690.4 |
| **Charge during the financial year** | 3 | **42.3** | **143.1** | **-** | **1.2** | **186.6** |
| **Businesses disposed** | 5 | **-** | **(1.5)** | **-** | **-** | **(1.5)** |
| **Disposals** | 5 | **(24.3)** | **(153.2)** | **-** | **(1.8)** | **(179.3)** |
| **Transfer from/(to) held for sale** | 18 | **0.5** | **(3.3)** | **-** | **-** | **(2.8)** |
| **Exchange translation adjustment** | | **(10.4)** | **(34.1)** | **-** | **(0.3)** | **(44.8)** |
| **At 31 December 2023** | | **438.1** | **1,199.6** | **-** | **10.9** | **1,648.6** |
| **Carrying value** | | | | | | |
| At 31 December 2022 | | 921.3 | 904.0 | 209.3 | 2.6 | 2,037.2 |
| **At 31 December 2023** | | **910.4** | **947.5** | **208.6** | **3.8** | **2,070.3** |

## 11. Property, plant and equipment (continued)

### (i) Property, plant and equipment analysis (continued)

| | Land and Buildings Total €'m |
|---|---|
| **Company:** | |
| **Cost** | |
| At 1 January 2022 | 4.7 |
| At 31 December 2022 and 2023 | **4.7** |
| **Accumulated depreciation** | |
| At 1 January 2022 | 4.5 |
| Charge during the financial year | 0.1 |
| At 31 December 2022 | 4.6 |
| Charge during the financial year | **0.1** |
| **At 31 December 2023** | **4.7** |
| **Carrying value** | |
| At 31 December 2022 | 0.1 |
| **At 31 December 2023** | **-** |

## 11. Property, plant and equipment (continued)

### (ii) Right-of-use assets analysis

| | Notes | Land and Buildings €'m | Plant, Machinery and Equipment €'m | Motor Vehicles €'m | Total €'m |
|---|---|---|---|---|---|
| **Group:** | | | | | |
| **Cost** | | | | | |
| At 1 January 2022 | | 92.2 | 23.1 | 16.8 | 132.1 |
| Businesses acquired | | 0.2 | 0.1 | - | 0.3 |
| Additions | | 34.9 | 5.2 | 2.9 | 43.0 |
| Businesses disposed | | (3.9) | (0.1) | (1.3) | (5.3) |
| Terminations | | (9.4) | (4.2) | (4.5) | (18.1) |
| Transfer to held for sale | | (10.8) | (2.4) | (1.0) | (14.2) |
| Exchange translation adjustment | | 1.5 | - | 0.8 | 2.3 |
| At 31 December 2022 | | 104.7 | 21.7 | 13.7 | 140.1 |
| **Businesses acquired** | 30 | **2.6** | **-** | **-** | **2.6** |
| **Additions** | | **19.4** | **13.0** | **4.0** | **36.4** |
| **Businesses disposed** | 5 | **-** | **-** | **-** | **-** |
| **Terminations** | | **(18.5)** | **(1.8)** | **(3.0)** | **(23.3)** |
| **Transfer to held for sale** | 18 | **(0.6)** | **(0.1)** | **(0.1)** | **(0.8)** |
| **Exchange translation adjustment** | | **(2.8)** | **(0.4)** | **(0.2)** | **(3.4)** |
| **At 31 December 2023** | | **104.8** | **32.4** | **14.4** | **151.6** |
| **Accumulated depreciation** | | | | | |
| At 1 January 2022 | | 43.8 | 11.7 | 11.4 | 66.9 |
| Charge during the financial year | | 23.6 | 5.8 | 3.3 | 32.7 |
| Businesses disposed | | (2.8) | (0.1) | (1.0) | (3.9) |
| Terminations | | (7.6) | (2.7) | (4.3) | (14.6) |
| Transfer to held for sale | | (4.0) | (1.1) | (0.6) | (5.7) |
| Exchange translation adjustment | | 1.9 | (0.1) | 0.8 | 2.6 |
| At 31 December 2022 | | 54.9 | 13.5 | 9.6 | 78.0 |
| **Charge during the financial year** | 3 | **25.1** | **7.0** | **2.8** | **34.9** |
| **Businesses disposed** | 5 | **-** | **-** | **-** | **-** |
| **Terminations** | | **(16.8)** | **(1.6)** | **(2.9)** | **(21.3)** |
| **Transfer to held for sale** | 18 | **(0.4)** | **-** | **-** | **(0.4)** |
| **Exchange translation adjustment** | | **(2.0)** | **(0.2)** | **(0.1)** | **(2.3)** |
| **At 31 December 2023** | | **60.8** | **18.7** | **9.4** | **88.9** |
| **Carrying value** | | | | | |
| At 31 December 2022 | | 49.8 | 8.2 | 4.1 | 62.1 |
| **At 31 December 2023** | | **44.0** | **13.7** | **5.0** | **62.7** |

The right-of-use assets consist of:

- land and buildings for warehouse space, offices and manufacturing facilities. The lease terms vary and range from 1 to 90 years for buildings and range from 1 to 87 years for land;
- machinery, equipment, tools, furniture and other equipment when combined are insignificant to the total leased assets portfolio and have an average remaining lease term of 2 years; and
- motor vehicles for management and sales functions and trucks for distribution in specific businesses. The lease terms for motor vehicles range from 1 to 4 years with an average remaining term of 2 years.

## 11. Property, plant and equipment (continued)

### (iii) Lease disclosures

**(iii.i) Amounts recognised in the Consolidated Income Statement:**

| | Note | 2023 €'m | 2022 €'m |
|---|---|---|---|
| Depreciation charged during the financial year | | **34.9** | 32.7 |
| Expenses relating to short-term leases | | **3.7** | 3.7 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | | **0.2** | 0.2 |
| Interest on lease liabilities charged during the financial year | 6 | **2.6** | 3.4 |

| **(iii.ii) Amounts recognised in the Consolidated Statement of Cash Flows:** | 2023 €'m | 2022 €'m |
|---|---|---|
| Total cash outflow for leases during the year* | **42.9** | 42.4 |

* Includes interest expense and principal repayments of lease liabilities and short-term and low-value lease expenses.

| **(iii.iii) Lease liabilities** | 2023 €'m | 2022 €'m |
|---|---|---|
| At beginning of the financial year | 69.2 | 74.2 |
| Additions | **39.0** | 43.9 |
| Terminations | **(1.9)** | (4.2) |
| Remeasurements | **-** | - |
| Payments | **(36.4)** | (35.1) |
| Transfer to held for sale | **-** | (8.2) |
| Businesses disposed | **-** | (4.0) |
| Exchange translation adjustment | **(1.3)** | 2.6 |
| **At end of the financial year** | **68.6** | 69.2 |

| **Analysed as:** | 2023 €'m | 2022 €'m |
|---|---|---|
| Current liabilities | **26.2** | 26.9 |
| Non-current liabilities | **42.4** | 42.3 |
| **At end of the financial year** | **68.6** | 69.2 |

**(iii.iv) At the balance sheet date the Group had commitments under non-cancellable leases which fall due as follows:**

| | Discounted 2023 €'m | Undiscounted 2023 €'m | Discounted 2022 €'m | Undiscounted 2022 €'m |
|---|---|---|---|---|
| Within 1 year | **26.2** | **31.0** | 26.9 | 32.0 |
| Between 1 and 2 years | **16.9** | **18.5** | 15.6 | 19.5 |
| Between 2 and 5 years | **18.2** | **24.1** | 21.6 | 24.3 |
| After 5 years | **7.3** | **10.7** | 5.1 | 6.4 |
| | **68.6** | **84.3** | 69.2 | 82.2 |

## 12. Intangible assets

| | Notes | Goodwill €'m | Brand Related Intangibles €'m | Computer Software €'m | Total €'m |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2022 | | 3,135.5 | 2,633.2 | 398.2 | 6,166.9 |
| Businesses acquired | | 197.8 | 122.8 | 0.5 | 321.1 |
| Additions | | - | - | 12.2 | 12.2 |
| Purchase adjustment | | (0.9) | 3.0 | (0.4) | 1.7 |
| Businesses disposed | | (9.6) | (6.6) | (0.3) | (16.5) |
| Disposals | | - | - | (1.2) | (1.2) |
| Transfer to held for sale | | (193.8) | (77.8) | - | (271.6) |
| Exchange translation adjustment | | 96.1 | 51.4 | 0.8 | 148.3 |
| At 31 December 2022 | | 3,225.1 | 2,726.0 | 409.8 | 6,360.9 |
| **Businesses acquired** | 30 | **176.9** | **41.6** | **-** | **218.5** |
| **Additions** | | **-** | **-** | **15.9** | **15.9** |
| **Purchase adjustment** | | **8.2** | **3.2** | **-** | **11.4** |
| **Businesses disposed** | 5 | **(0.7)** | **(0.5)** | **-** | **(1.2)** |
| **Disposals** | 5 | **-** | **(7.2)** | **(7.5)** | **(14.7)** |
| **Transfer (to)/from held for sale** | 18 | **(10.3)** | **20.2** | **(2.7)** | **7.2** |
| **Exchange translation adjustment** | | **(42.2)** | **(30.3)** | **0.4** | **(72.1)** |
| **At 31 December 2023** | | **3,357.0** | **2,753.0** | **415.9** | **6,525.9** |
| **Accumulated amortisation and impairment** | | | | | |
| At 1 January 2022 | | 14.2 | 314.4 | 257.6 | 586.2 |
| Charge during the financial year | | - | 50.9 | 31.8 | 82.7 |
| Businesses disposed | | - | (4.5) | (0.1) | (4.6) |
| Disposals | | - | - | (0.9) | (0.9) |
| Impairment | | 0.3 | 0.4 | - | 0.7 |
| Transfer to held for sale | | - | (33.8) | - | (33.8) |
| Exchange translation adjustment | | (0.1) | 10.2 | 0.5 | 10.6 |
| At 31 December 2022 | | 14.4 | 337.6 | 288.9 | 640.9 |
| **Charge during the financial year** | 3 | **-** | **52.3** | **27.2** | **79.5** |
| **Businesses disposed** | 5 | **-** | **-** | **-** | **-** |
| **Disposals** | 5 | **-** | **(7.2)** | **(7.5)** | **(14.7)** |
| **Impairment** | | **-** | **-** | **-** | **-** |
| **Transfer (to)/from held for sale** | 18 | **(11.0)** | **19.4** | **(2.6)** | **5.8** |
| **Exchange translation adjustment** | | **(2.9)** | **(8.4)** | **(0.6)** | **(11.9)** |
| **At 31 December 2023** | | **0.5** | **393.7** | **305.4** | **699.6** |
| **Carrying value** | | | | | |
| At 31 December 2022 | | 3,210.7 | 2,388.4 | 120.9 | 5,720.0 |
| **At 31 December 2023** | | **3,356.5** | **2,359.3** | **110.5** | **5,826.3** |

Allocation of the purchase price in a business combination affects the results of the Group as finite life intangible assets are amortised, whereas indefinite life intangible assets, including goodwill, are not amortised. This could result in differing amortisation charges based on the allocation to finite life and indefinite life intangible assets.

Included in the cost of brand related intangibles are intangibles of **€1,629.9m** (2022: €1,689.6m) which have indefinite lives.

Approximately **€4.4m** (2022: €3.8m) of computer software additions during the year were internally generated, included in this are payroll costs of **€3.9m** (2022: €2.9m). The Group has not capitalised product development expenditure in 2023 (2022: €nil).

The Group has no separate individual intangible asset that is material, as all intangibles acquired are integrated and developed within the existing business.

## 12. Intangible assets (continued)

### Impairment testing

Goodwill and indefinite life intangibles are subject to impairment testing on an annual basis, or more frequently if there are indicators of impairment. These assets are allocated to groups of cash generating units (CGUs). The recoverable amount of each of the four CGUs is determined on value in use calculations. Intangible assets acquired in a business combination are allocated to CGUs that are expected to benefit from the business acquisition, rather than where the assets are owned.

Cash flow forecasts employed for the value in use calculations are for a five year period approved by management and a terminal value which is applied to the year five cash flows. The terminal value reflects the discounted value of the cash flows beyond year five which is based on the weighted average long-term growth rates for each CGU.

No impairment was recognised in 2023 or 2022 as a result of the impairment testing which identified significant headroom in the recoverable amount of the related CGUs as compared to their carrying value. In 2023, there has been no specific impairment charge, in 2022 there was a specific impairment charge of €0.3 and €0.4m in relation to goodwill and brand related intangibles respectively recorded in non-trading items (note 5) in the Consolidated Income Statement.

A summary of the allocation of the carrying value of goodwill and indefinite life intangible assets by CGU, is as follows:

| | **Goodwill 2023 €'m** | Goodwill 2022 €'m | **Indefinite Life Intangibles 2023 €'m** | Indefinite Life Intangibles 2022 €'m |
|---|---|---|---|---|
| **Taste & Nutrition** | | | | |
| Europe | **644.0** | 634.7 | **166.4** | 168.2 |
| Americas | **2,181.5** | 2,157.1 | **1,398.3** | 1,450.8 |
| APMEA | **404.0** | 279.5 | **41.1** | 46.9 |
| **Dairy Ireland** | | | | |
| Europe | **127.0** | 139.4 | **24.1** | 23.7 |
| | **3,356.5** | 3,210.7 | **1,629.9** | 1,689.6 |

*Key assumptions*

Forecasts are generally derived from a combination of internal and external factors based on historical experience and take account of expected growth in the relevant region. The key assumptions for calculating value in use calculations are those relating to the discount rate, growth rate and cash flows (including revenue growth rates and EBITDA margin percentages). The table below outlines the weighted average discount rates and weighted average long-term growth rates used in the terminal value for each CGU:

| | **Discount Rates 2023** | Discount Rates 2022 | **Growth Rates 2023** | Growth Rates 2022 |
|---|---|---|---|---|
| **Taste & Nutrition** | | | | |
| Europe | **8.8%** | 8.1% | **1.3%** | 1.3% |
| Americas | **8.8%** | 8.1% | **1.1%** | 1.1% |
| APMEA | **9.8%** | 9.4% | **3.7%** | 3.6% |
| **Dairy Ireland** | | | | |
| Europe | **8.5%** | 7.9% | **2.0%** | 2.0% |

Management estimate discount rates using pre-tax rates consistent with the Group's weighted average cost of capital and the risks specific to the CGUs. A higher discount rate is applied to higher risk markets, while a lower rate is applied to more stable markets.

Long-term growth rates are based on external market data, are broadly in line with long-term industry growth rates and are conservative in nature. Generally, lower growth rates are used in mature markets while higher growth rates are used in emerging markets.

The assumptions used by management in estimating cash flows for each CGU include future profitability and capital expenditure requirements. The cash flows included in the value in use calculations are generally determined based on historical performance, management's past experience, management's expectation of future trends affecting the industry and other developments and initiatives in the business including the Group's strategic plans. Management also considered the impact of the economic environment particularly industry inflation, rising interest rates and customer inventory management on the Group which has been reflected in the cash flow forecasts employed in the value in use calculations. Capital expenditure requirements to maintain the CGUs performance and profitability are based on the Group's strategic plans, excluding future development activity, and broadly assume that historic investment patterns will be maintained.

## 12. Intangible assets (continued)

**Impairment testing** (continued)

*Sensitivity analysis*

Sensitivity analysis has been performed across the four CGUs. If the discount rate was 1% higher than management's estimates, there would have been no requirement for the Group to recognise any impairment charge in 2023 or 2022. Further, a 5% increase in the discount rate would not have resulted in an impairment charge in 2023 or 2022 as there is headroom in the discounted cash flows. If the estimated growth rate was 1% lower than management's estimates, there would have been no requirement for the Group to recognise any impairment charge in 2023 or 2022. If the estimated cash flows were 5% lower than management's estimates, again there would have been no requirement for the Group to recognise any impairment charge in 2023 or 2022. Management believes that no reasonable change, in normal circumstances, in any of the key assumptions would cause the carrying value of any CGU to exceed its recoverable amount. The potential impact of climate related events and the estimated capital expenditure required to achieve the Group's sustainability objectives in reducing carbon emissions and achieving the ambition to become net zero before 2050 was also considered as part of the sensitivity analysis and had no impact on our conclusions.

## 13. Financial asset investments

| | FVOCI Investments €'m | Other Investments €'m | Total €'m |
|---|---|---|---|
| At 1 January 2022 | 4.4 | 45.5 | 49.9 |
| Additions | 10.4 | 2.7 | 13.1 |
| Disposals | - | (3.3) | (3.3) |
| Fair value movements | - | (3.8) | (3.8) |
| Exchange translation adjustment | 0.3 | 2.7 | 3.0 |
| At 31 December 2022 | 15.1 | 43.8 | 58.9 |
| Additions | **3.0** | **2.9** | **5.9** |
| Disposals | **(5.7)** | **(6.7)** | **(12.4)** |
| Fair value movements | **-** | **1.4** | **1.4** |
| Exchange translation adjustment | **(0.3)** | **(1.5)** | **(1.8)** |
| **At 31 December 2023** | **12.1** | **39.9** | **52.0** |

**Investments held at fair value through other comprehensive income**

During 2023, the Group increased its investments by **€3.0m** (2022: €10.4m), which was offset by a disposal of **€5.7m** (2022: €nil). These investments have no fixed maturity or coupon rate. A fair value assessment was performed at 31 December 2023 and at 31 December 2022 which did not result in a change to the carrying value of these assets.

**Other investments**

The Group maintains Rabbi Trusts in the USA. The assets of these trusts primarily consist of equities, bonds and cash which are restricted for use. These assets are fair valued through profit or loss at each financial year end using quoted market prices. The corresponding liabilities are recognised within other non-current liabilities (note 22).

## 14. Investments in joint ventures

| | 2023 €'m | 2022 €'m |
|---|---|---|
| At 1 January | 41.7 | 21.7 |
| Additions | - | 20.4 |
| Share of results after taxation during the financial year | **(1.9)** | (0.4) |
| **At 31 December** | **39.8** | 41.7 |

The Group's investments in joint ventures represents the shareholding in Proparent B.V. (see note 36). The amounts included in these Group consolidated financial statements in respect of the post acquisition profits or losses of this joint venture are taken from their latest financial statements prepared up to their financial year end together with management accounts for the intervening period to the Group's year end.

In 2022, the Group increased its investments in joint ventures through an increase in its shareholding in Proparent B.V. from 55% to 75% for an incremental consideration of €20.4m. Proparent B.V. owns 100% of Ojah B.V., a Dutch manufacturer of texturised plant based proteins. Management performed a review of the contractual arrangements and determined it remains a joint venture.

## 15. Investments in subsidiaries

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Company:** | | |
| At 1 January | 843.5 | 843.5 |
| Additions | **215.0** | - |
| **At 31 December** | **1,058.5** | 843.5 |

In 2023, the Company increased its investment in its subsidiaries in order to fund acquisitions.

## 16. Inventories

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Raw materials and consumables | **509.4** | 598.7 |
| Finished goods and goods for resale | **514.4** | 690.6 |
| Expense inventories | **76.4** | 65.1 |
| **At 31 December** | **1,100.2** | 1,354.4 |

These inventory balances are valued at the lower of cost and net realisable value. Write-downs of inventories recognised as an expense approximates to **1.6%** (2022: 1.4%) of raw materials and consumables in the Consolidated Income Statement.

## 17. Deferred tax assets and liabilities

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group:

| | Note | Property, Plant and Equipment €'m | Intangible Assets €'m | Tax Credits and NOLs €'m | Retirement Benefits Obligation €'m | Short-Term Temporary Differences and Other Differences €'m | Total €'m |
|---|---|---|---|---|---|---|---|
| At 1 January 2022 | | 93.6 | 362.2 | (27.4) | 8.4 | (57.3) | 379.5 |
| Consolidated Income Statement movement | 7 | 4.1 | (5.6) | 1.2 | 3.4 | (34.9) | (31.8) |
| Recognised in OCI during the financial year | | - | - | - | (7.6) | 0.2 | (7.4) |
| Related to businesses acquired/(disposed) | | 1.6 | 23.4 | (2.1) | - | (0.5) | 22.4 |
| Exchange translation adjustment | | 3.7 | 17.8 | (1.0) | (0.7) | (2.1) | 17.7 |
| At 31 December 2022 | | 103.0 | 397.8 | (29.3) | 3.5 | (94.6) | 380.4 |
| Consolidated Income Statement movement | 7 | **2.8** | **(10.9)** | **(11.2)** | **3.1** | **(16.9)** | **(33.1)** |
| Recognised in OCI during the financial year | | **-** | **-** | **-** | **(7.1)** | **0.4** | **(6.7)** |
| Related to businesses acquired/(disposed) | | **-** | **(20.7)** | **-** | **-** | **0.5** | **(20.2)** |
| Exchange translation adjustment | | **(2.6)** | **(6.0)** | **0.5** | **0.2** | **2.9** | **(5.0)** |
| **At 31 December 2023** | | **103.2** | **360.2** | **(40.0)** | **(0.3)** | **(107.7)** | **315.4** |

The short-term temporary differences and other temporary differences recognised in other comprehensive income comprise fair value movements on cash flow hedges of **€0.4m** (2022: €0.2m). In the above table, NOLs refers to Net Operating Losses.

The following is an analysis of the deferred tax balances (after offset) for balance sheet purposes:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Deferred tax assets | **(80.2)** | (71.9) |
| Deferred tax liabilities | **395.6** | 452.3 |
| | **315.4** | 380.4 |

The total deductible temporary differences and unused tax losses for which deferred tax assets have not been recognised is **€12.0m** (2022: €24.8m). The Group does not have any unrecognised losses which have an expiry date.

Deferred tax has not been recognised in respect of withholding taxes and other taxes that would be payable on the unremitted earnings of foreign subsidiaries, as the Group is in a position to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The deferred tax liabilities which have not been recognised in respect of these temporary differences are not material as the Group can rely on the availability of participation exemptions and tax credits in the context of the Group's investments in subsidiaries.

An increase of 1% in the tax rates at which deferred tax is calculated would increase the net deferred tax balance of the Group by €14.7m (2022: €17.2m).

## 18. Assets and liabilities classified as held for sale

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Assets classified as held for sale | | |
| Property, plant and equipment | **1.5** | 100.8 |
| Goodwill | **-** | 191.1 |
| Brand related intangible assets | **-** | 42.3 |
| Inventories | **-** | 53.1 |
| Trade and other receivables | **-** | 0.7 |
| **Total assets classified as held for sale** | **1.5** | 388.0 |
| Trade and other payables | **-** | (19.7) |
| **Total liabilities directly associated with assets classified as held for sale** | **-** | (19.7) |
| **Net assets classified as held for sale** | **1.5** | 368.3 |

Non-current assets are transferred to assets and liabilities classified as held for sale when it is expected that their carrying amounts will be recovered principally through disposal and a sale is considered highly probable. They are held at the lower of carrying amount and fair value less costs to sell.

During the year, the Group held certain property, plant and equipment classified as held for sale in the Taste & Nutrition segment in North America. These assets have been impaired by **€15.3m** representing their fair value less costs to sell (note 5).

At 31 December 2022, the Group had net assets classified as held for sale of €368.3m. In March 2023, the Group disposed of its Sweet Ingredients Portfolio from the Taste & Nutrition segment, for a final consideration of €475.5m comprising of a cash consideration of €350.5m (following routine closing adjustments, see note 5) plus a €125.0m interest bearing vendor loan note. These businesses were not deemed to be discontinued operations and goodwill was allocated to these disposed businesses using an appropriate allocation methodology aligned with IAS 36 'Impairment of Assets'.

In 2022, the Group also reached agreement to sell a non-core business and its related assets in the APMEA Taste & Nutrition segment. The assets of these businesses have been impaired to their fair value less costs to sell by €2.7m of goodwill impairment and by €1.7m of brand related intangibles impairment following their transfer to assets held for sale. The fair value less costs to sell of these assets are based on offers received for this business.

## 19. Trade and other receivables

| | Group 2023 €'m | Group 2022 €'m | Company 2023 €'m | Company 2022 €'m |
|---|---|---|---|---|
| Trade receivables | **1,228.8** | 1,369.3 | **-** | - |
| Loss allowances | **(40.3)** | (46.3) | **-** | - |
| Trade receivables due within 1 year | **1,188.5** | 1,323.0 | **-** | - |
| | | | | |
| Other receivables and prepayments | **47.5** | 51.5 | **-** | - |
| Amounts due from subsidiaries | **-** | - | **394.2** | 231.0 |
| VAT receivable | **41.3** | 44.5 | **-** | - |
| Receivables due after 1 year | **1.7** | 4.8 | **-** | - |
| | **1,279.0** | 1,423.8 | **394.2** | 231.0 |

All receivable balances are due within 1 year except for **€1.7m** (2022: €4.8m) outlined above. All receivable balances are within terms with the exception of certain trade receivables which are past due and are detailed on the next page.

## 19. Trade and other receivables (continued)

The following table shows an analysis of trade receivables split between past due and within terms accounts, where past due is deemed to be when an account exceeds the agreed terms of trade:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Within terms | **1,050.6** | 1,105.9 |
| Past due not more than 1 month | **89.9** | 141.5 |
| Past due more than 1 month but less than 2 months | **27.1** | 33.6 |
| Past due more than 2 months but less than 3 months | **12.3** | 22.8 |
| Past due more than 3 months | **8.6** | 19.2 |
| **Trade receivables (net)** | **1,188.5** | 1,323.0 |

The following table summarises the movement in loss allowances:

| | Note | 2023 €'m | 2022 €'m |
|---|---|---|---|
| At beginning of financial year | | 46.3 | 42.1 |
| Increase in loss allowance charged to the Consolidated Income Statement | 3 | **0.9** | 11.4 |
| Written off during the financial year | | **(6.2)** | (8.4) |
| Exchange translation adjustment | | **(0.7)** | 1.2 |
| **At end of the financial year** | | **40.3** | 46.3 |

Trade and other receivables are stated at amortised cost less loss allowances. The fair value of these receivables approximates their carrying value as these are short-term in nature; hence, the maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

The Group applies the IFRS 9 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors, including the GDP of the countries in which the Group sells its goods and services, that affect the ability of customers to settle receivables.

Before accepting any new customer, the Group uses a credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. These credit limits are reviewed regularly throughout the financial year. The Group does not typically require collateral in respect of trade receivables.

There is no significant concentration of credit risk or transaction currency risk with respect to trade receivables, as the Group has a large number of internationally dispersed customers. Further disclosures on currency risk are provided in note 24 to the financial statements.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor;
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when a debtor has been placed under liquidation or has entered into bankruptcy proceedings.

## 20. Trade and other payables

| | Group 2023 €'m | Group 2022 €'m | Company 2023 €'m | Company 2022 €'m |
|---|---|---|---|---|
| Trade payables | **1,535.4** | 1,705.7 | **4.5** | 5.3 |
| Other payables and accruals | **190.6** | 206.0 | **-** | - |
| Lease liabilities | **26.2** | 26.9 | **-** | - |
| Deferred payments on acquisition of businesses | **2.1** | 5.6 | **0.6** | 0.6 |
| PAYE | **11.6** | 15.1 | **-** | - |
| Social security costs | **7.2** | 7.2 | **-** | - |
| | **1,773.1** | 1,966.5 | **5.1** | 5.9 |

Trade and other payables are stated at amortised cost, which approximates to fair value given the short-term nature of these liabilities. The above balances are all due within 1 year.

## 21. Deferred income

| | Note | Group 2023 €'m | Group 2022 €'m | Company 2023 €'m | Company 2022 €'m |
|---|---|---|---|---|---|
| **Grants & other** | | | | | |
| At beginning of the financial year | | 19.4 | 20.9 | 0.1 | 0.1 |
| Grants received during the financial year | | **3.3** | 0.8 | **-** | - |
| Amortised during the financial year | 3 | **(1.9)** | (2.0) | **(0.1)** | - |
| Utilised during the financial year | | **(1.6)** | - | **-** | - |
| Exchange translation adjustment | | **(0.1)** | (0.3) | **-** | - |
| **At end of the financial year** | | **19.1** | 19.4 | **-** | 0.1 |
| | | | | | |
| **Analysed as:** | | | | | |
| Current liabilities | | **4.5** | 3.4 | **-** | - |
| Non-current liabilities | | **14.6** | 16.0 | **-** | 0.1 |
| | | **19.1** | 19.4 | **-** | 0.1 |

There are no material unfulfilled conditions or other contingencies attaching to any government grants received and other deferred income received.

## 22. Other non-current liabilities

| | Group 2023 €'m | Group 2022 €'m | Company 2023 €'m | Company 2022 €'m |
|---|---|---|---|---|
| Other payables and accruals | **66.5** | 78.9 | **-** | - |
| Lease liabilities | **42.4** | 42.3 | **-** | - |
| Deferred payments on acquisition of businesses | **98.6** | 21.4 | **-** | - |
| | **207.5** | 142.6 | **-** | - |

All of the above balances are payable within 2 to 5 years except for **€7.3m** (2022: €5.5m) which is not due to be paid until after 5 years.

## 23. Analysis of financial instruments by category

The following table outlines the financial assets and liabilities held by the Group at the balance sheet date:

| | Notes | Financial Assets/ (Liabilities) at Amortised Cost 2023 €'m | Assets/ (Liabilities) at Fair Value through Profit or Loss 2023 €'m | Derivatives Designated as Hedging Instruments 2023 €'m | Assets/ (Liabilities) at FVOCI 2023 €'m | Total 2023 €'m |
|---|---|---|---|---|---|---|
| **Group:** | | | | | | |
| Financial asset investments | 13 | - | 39.9 | - | 12.1 | 52.0 |
| Forward foreign exchange contracts | 24 (i.i) | - | - | 14.4 | - | 14.4 |
| Interest rate swaps | 24 (ii.ii) | - | - | - | - | - |
| Vendor loan note | 24 | 124.3 | - | - | - | 124.3 |
| Trade and other receivables | 19 | 1,279.0 | - | - | - | 1,279.0 |
| Cash at bank and in hand | 24 (iii.i) | 943.7 | - | - | - | 943.7 |
| **Total financial assets** | | 2,347.0 | 39.9 | 14.4 | 12.1 | 2,413.4 |
| Current assets | | 2,222.7 | - | 13.7 | - | 2,236.4 |
| Non-current assets - Other non-current financial instruments | | 124.3 | - | 0.7 | - | 125.0 |
| Non-current assets - Financial asset investments | | - | 39.9 | - | 12.1 | 52.0 |
| | | 2,347.0 | 39.9 | 14.4 | 12.1 | 2,413.4 |
| Borrowings and overdrafts | 24 (iii.i) | (2,476.3) | 6.6 | - | - | (2,469.7) |
| Forward foreign exchange contracts | 24 (i.i) | - | - | (7.7) | - | (7.7) |
| Interest rate swaps | 24 (ii.ii) | - | - | (9.5) | - | (9.5) |
| Trade and other payables | 20/22 | (1,879.9) | (100.7) | - | - | (1,980.6) |
| **Total financial liabilities** | | (4,356.2) | (94.1) | (17.2) | - | (4,467.5) |
| Current liabilities | | (1,808.1) | (2.1) | (7.5) | - | (1,817.7) |
| Non-current liabilities | | (2,548.1) | (92.0) | (9.7) | - | (2,649.8) |
| | | (4,356.2) | (94.1) | (17.2) | - | (4,467.5) |
| **Total net financial (liabilities)/assets** | | (2,009.2) | (54.2) | (2.8) | 12.1 | (2,054.1) |

Included in the previous table are the following components of net debt:

| | | | | | | |
|---|---|---|---|---|---|---|
| **Analysis of net debt by category** | | | | | | |
| Bank overdrafts | | (34.7) | - | - | - | (34.7) |
| Bank loans | | 0.2 | - | - | - | 0.2 |
| Senior Notes | | (2,441.8) | 6.6 | - | - | (2,435.2) |
| **Borrowings and overdrafts** | | (2,476.3) | 6.6 | - | - | (2,469.7) |
| Interest rate swaps | | - | - | (9.5) | - | (9.5) |
| Cash at bank and in hand | | 943.7 | - | - | - | 943.7 |
| Net debt - pre lease liabilities | | (1,532.6) | 6.6 | (9.5) | - | (1,535.5) |
| Lease liabilities | 20/22 | (68.6) | - | - | - | (68.6) |
| **Net debt** | | (1,601.2) | 6.6 | (9.5) | - | (1,604.1) |

## 23. Analysis of financial instruments by category (continued)

All Group borrowings and overdrafts and interest rate swaps are guaranteed by Kerry Group plc. No assets of the Group have been pledged to secure these items.

As at 31 December 2023, the Group's debt portfolio included:

- €750m of Senior Notes issued in 2015 and €200m issued in April 2020 as a tap onto the original issuance (2025 Senior Notes). €175m of the issuance in 2015 were swapped, using cross currency swaps, to US dollar;
- €750m of Senior Notes issued in 2019 (2029 Senior Notes). No interest rate derivatives were entered into for this issuance; and
- €750m of sustainability-linked bond notes issued in 2021 (2031 SLB Senior Notes) and no interest rate derivatives were entered into for this issuance.
- €375m of a forward starting interest rate swap, with a trade date of December 2023. Effective from H1 2025, the Group will pay an annual fixed rate of 2.43% and receive 6 month EURIBOR up until the termination date in H1 2035. The swap is accounted for as a cashflow hedge of a highly probable future debt issuance replacing the 2025 Senior Notes (details of which are set out above).

The adjustment to Senior Notes classified under fair value through profit or loss of **€6.6m** of an asset (2022: €12.5m) represents the part adjustment to the carrying value of debt from applying fair value hedge accounting for interest rate risk. This amount is primarily offset by the fair value adjustment on the corresponding hedge items being the underlying cross currency interest rate swaps.

| | Notes | Financial Assets/ (Liabilities) at Amortised Cost 2022 €'m | Assets/ (Liabilities) at Fair Value through Profit or Loss 2022 €'m | Derivatives Designated as Hedging Instruments 2022 €'m | Assets/ (Liabilities) at FVOCI 2022 €'m | Total 2022 €'m |
|---|---|---|---|---|---|---|
| Group: | | | | | | |
| Financial asset investments | 13 | - | 43.8 | - | 15.1 | 58.9 |
| Forward foreign exchange contracts | 24 (i.i) | - | - | 22.8 | - | 22.8 |
| Interest rate swaps | 24 (ii.ii) | - | - | 37.0 | - | 37.0 |
| Vendor loan note | 24 | - | - | - | - | - |
| Trade and other receivables | 19 | 1,423.8 | - | - | - | 1,423.8 |
| Cash at bank and in hand | 24 (iii.i) | 970.0 | - | - | - | 970.0 |
| Total financial assets | | 2,393.8 | 43.8 | 59.8 | 15.1 | 2,512.5 |
| Current assets | | 2,393.8 | - | 59.5 | - | 2,453.3 |
| Non-current assets - Other non-current financial instruments | | - | - | 0.3 | - | 0.3 |
| Non-current assets - Financial asset investments | | - | 43.8 | - | 15.1 | 58.9 |
| | | 2,393.8 | 43.8 | 59.8 | 15.1 | 2,512.5 |
| Borrowings and overdrafts | 24 (iii.i) | (3,146.2) | 12.5 | - | - | (3,133.7) |
| Forward foreign exchange contracts | 24 (i.i) | - | - | (17.2) | - | (17.2) |
| Interest rate swaps | 24 (ii.ii) | - | - | (21.5) | - | (21.5) |
| Trade and other payables | 20/22 | (2,082.1) | (27.0) | - | - | (2,109.1) |
| Total financial liabilities | | (5,228.3) | (14.5) | (38.7) | - | (5,281.5) |
| Current liabilities | | (2,663.5) | (4.1) | (18.4) | - | (2,686.0) |
| Non-current liabilities | | (2,564.8) | (10.4) | (20.3) | - | (2,595.5) |
| | | (5,228.3) | (14.5) | (38.7) | - | (5,281.5) |
| Total net financial (liabilities)/assets | | (2,834.5) | 29.3 | 21.1 | 15.1 | (2,769.0) |

## 23. Analysis of financial instruments by category (continued)

Included in the previous table are the following components of net debt:

| | Notes | Financial Assets/ (Liabilities) at Amortised Cost 2022 €'m | Assets/ (Liabilities) at Fair Value through Profit or Loss 2022 €'m | Derivatives Designated as Hedging Instruments 2022 €'m | Assets/ (Liabilities) at FVOCI 2022 €'m | Total 2022 €'m |
|---|---|---|---|---|---|---|
| Analysis of net debt by category | | | | | | |
| Bank overdrafts | | (0.2) | - | - | - | (0.2) |
| Bank loans | | (1.7) | - | - | - | (1.7) |
| Senior Notes | | (3,144.3) | 12.5 | - | - | (3,131.8) |
| Borrowings and overdrafts | | (3,146.2) | 12.5 | - | - | (3,133.7) |
| Interest rate swaps | | - | - | 15.5 | - | 15.5 |
| Cash at bank and in hand | | 970.0 | - | - | - | 970.0 |
| Net debt - pre lease liabilities | | (2,176.2) | 12.5 | 15.5 | - | (2,148.2) |
| Lease liabilities | 20/22 | (69.2) | - | - | - | (69.2) |
| Net debt | | (2,245.4) | 12.5 | 15.5 | - | (2,217.4) |

The following table outlines the financial assets and liabilities held by the Company at the balance sheet date:

| | Notes | **2023 €'m** | 2022 €'m |
|---|---|---|---|
| **Company:** | | | |
| ***Financial assets at amortised cost*** | | | |
| Cash at bank and in hand | | **-** | - |
| Trade and other receivables | 19 | **394.2** | 231.0 |
| **Total financial assets - all current** | | **394.2** | 231.0 |
| ***Financial liabilities at amortised cost*** | | | |
| Borrowings and overdrafts | | **-** | - |
| Trade and other payables | 20 | **(5.1)** | (5.9) |
| **Total financial liabilities - all current** | | **(5.1)** | (5.9) |
| **Total net financial assets** | | **389.1** | 225.1 |

## 24. Financial instruments

### Capital management

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

The capital structure of the Group consists of debt related financial liabilities, cash and cash equivalents, deferred payments on acquisitions of businesses and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. These items are disclosed in the Consolidated Statement of Changes in Equity, as represented in the table below:

| | Notes | 2023 €'m | 2022 €'m |
|---|---|---|---|
| Equity attributable to equity holders of the parent | | **6,521.3** | 6,221.9 |
| Net debt - pre lease liabilities | 23 | **1,535.5** | 2,148.2 |
| Lease liabilities | 20/22 | **68.6** | 69.2 |
| Deferred payments on acquisition of businesses | 20/22 | **100.7** | 27.0 |
| | | **8,226.1** | 8,466.3 |

In April 2023 the Group repaid in full US$750m of its 2023 US$ Senior Notes issued in 2013. US$250m of these public notes were swapped from US dollar fixed to Euro fixed rate using cross currency interest rate swaps which were closed out at the time of the repayment. The repayment was funded from existing cash resources of the Group.

In June 2023 the Group amended and restated it's revolving credit facility increasing from €1,100m to €1,500m with a new maturity date of June 2028. The facility contains two 1-year extension options, exercisable on the 1st and 2nd anniversaries of the facility and which, if exercised, would extend the maturity date of the facility to June 2030.

In December 2023 the Group entered into a €375m forward starting interest rate swap as a cashflow hedge for a highly probable debt issuance replacing the 2025 Senior Notes.

The Group has no borrowings that carry financial covenants.

There were no notable debt financing events in 2022.

All Senior Notes issued by the Group are rated by S&P (BBB+) and Moody's (Baa1).

Net debt is subject to seasonal fluctuations that can be up to 25% above year end debt levels, before allowance for acquisition activity undertaken during the financial year.

Capital is managed by setting net debt to earnings before finance income and costs, income taxes, depreciation (net), intangible asset amortisation and non-trading items (EBITDA) targets while allowing flexibility to accommodate significant acquisition opportunities. Any expected variation from these targets should be reversible in a period of time that retains our strong investment grade credit rating, otherwise consideration would be given to issuing additional equity in the Group.

| | 2023 Times | 2022 Times |
|---|---|---|
| Net debt:EBITDA | **1.5** | 1.8 |
| EBITDA:Net interest | **21.8** | 18.1 |

The Net debt:EBITDA and EBITDA:Net interest ratios disclosed are calculated using an adjusted EBITDA, adjusted finance costs (net of finance income) and an adjusted net debt value to adjust for the impact of non-trading items, acquisitions net of disposals and deferred payments in relation to acquisitions.

## 24. Financial instruments (continued)

### Financial risk management objectives

The Group has a clearly defined Financial Risk Management Programme, which is approved by the Board of Directors and is subject to regular monitoring by the Finance Committee and Group Internal Audit. The Group operates a centralised treasury function, which manages the principal financial risks of the Group and Company.

The principal objectives of the Group's Financial Risk Management Programme are:

- to manage the Group's exposure to foreign exchange rate risk;
- to manage the Group's exposure to interest rate risk;
- to ensure that the Group has sufficient credit facilities available to fund the Group and manage liquidity risk; and
- to ensure that counterparty credit risk is monitored and managed.

Residual exposures not managed commercially are hedged using approved financial instruments. The use of financial derivatives is governed by the Group's policies and procedures. The Group does not engage in speculative trading.

The principal objectives of the Group's Financial Risk Management Programme are further discussed across the following categories:

(i) Foreign exchange rate risk management - key foreign exchange exposure of the Group and the disclosures on forward foreign exchange contracts.
(ii) Interest rate risk management - key interest rate exposures of the Group and the disclosures on interest rate derivatives.
(iii) Liquidity risk management - key banking facilities available to the Group and the maturity profile of the Group's debt.
(iv) Credit risk management - details in relation to the management of credit risk within the Group.
(v) Fair value of financial instruments - disclosures in relation to the fair value of financial instruments.
(vi) Offsetting financial instruments - disclosures in relation to the potential offsetting values in financial instruments.

**(i) Foreign exchange rate risk management**

The Group is exposed to transactional foreign currency risk on trading activities conducted by subsidiaries in currencies other than their functional currency. Group policy is to manage foreign currency exposures commercially and through netting of exposures wherever possible. Any residual exposures arising on foreign exchange transactions are hedged in accordance with Group policy using approved financial instruments, which consist primarily of spot and forward exchange contracts and currency swaps.

As at 31 December, the Group had an exposure to a US dollar asset of **€27.9m** (2022: €6.8m asset) and a sterling liability of **€28.5m** (2022: €21.7m asset). Based on these net positions, as at 31 December 2023, a weakening of 5% of the US dollar and sterling against all other key operational currencies, and holding all other items constant, would have impacted the profit after taxation of the Group for the financial year by a decrease of €nil (2022: €1.2m).

The Group's gain or loss on the retranslation of the net assets of foreign currency subsidiaries is taken directly to the translation reserve. As at 31 December 2023 a 5% strengthening of the euro against the US dollar and sterling, holding all other items constant, would have resulted in an additional translation reserve loss of €99.4m (2022: €35.1m) and €25.5m (2022: €30.2m), respectively.

**(i.i) Forward foreign exchange contracts**

The Group's activities expose it to risks of changes in foreign currency exchange rates in relation to international trading, primarily sales in US dollar and sterling out of the Eurozone and sales and purchases in US dollar in APMEA. The Group uses forward foreign exchange contracts to hedge these exposures. All such exposures are highly probable. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair value.

The following table details the portfolio of forward foreign exchange contracts* at the balance sheet date:

| | 2023 €'m Asset | 2023 €'m Liability | 2023 €'m Total | 2022 €'m Asset | 2022 €'m Liability | 2022 €'m Total |
|---|---|---|---|---|---|---|
| **Designated in a hedging relationship:** | | | | | | |
| - current[1] | **13.7** | **(7.5)** | **6.2** | 22.5 | (16.8) | 5.7 |
| - non-current[2] | **0.7** | **(0.2)** | **0.5** | 0.3 | (0.4) | (0.1) |
| **Forward foreign exchange contracts** | **14.4** | **(7.7)** | **6.7** | 22.8 | (17.2) | 5.6 |

* Location of line item in the Consolidated Balance Sheet
[1] Other current financial instruments
[2] Other non-current financial instruments

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(i) Foreign exchange rate risk management** (continued)

**(i.i) Forward foreign exchange contracts** (continued)

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months.

The Group adopted the hedge accounting requirements of IFRS 9 'Financial Instruments'. The Group enters into hedge relationships when there is an economic relationship between the underlying highly probable forecasted transactions (hedged item) and the forward foreign exchange contracts (hedged instruments). As the critical terms match for the prospective assessment of effectiveness, a qualitative assessment is performed. The Group has established a 1:1 hedge ratio as the underlying risks in the forward foreign currency exchange contract are identical to the hedged risk components. Hedge effectiveness is determined at the origination of the hedging relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the Group uses the hedgeted derivative method to assess effectiveness.

The Group does not hold any forward foreign exchange contracts classified as fair value hedges.

The following table details the foreign exchange contracts classified as cash flow hedges at 31 December:

| | Fair Value Asset/(Liability) | | Notional Principal | |
|---|---|---|---|---|
| | **2023 €'m** | 2022 €'m | **2023 €'m** | 2022 €'m |
| **Forward foreign exchange contracts** | | | | |
| less than 1 year | **6.2** | 5.7 | **1,408.8** | 1,835.6 |
| 1 - 2 years | **0.5** | (0.1) | **52.9** | 38.2 |
| **Forward foreign exchange contracts - cash flow hedges** | **6.7** | 5.6 | **1,461.7** | 1,873.8 |

The following table details the impact of forward foreign exchange contracts - cash flow hedges on the Consolidated Balance Sheet as at 31 December:

| | **2023 €'m** | 2022 €'m |
|---|---|---|
| Forward foreign exchange contracts - cash flow hedges | **6.7** | 5.6 |
| **Retained earnings and other reserves:** | | |
| Cash flow hedging reserve | **(4.3)** | (6.1) |
| Amount reclassified from OCI to profit or loss | **(2.4)** | 0.5 |
| | **(6.7)** | (5.6) |

The fair value included in the hedging reserve will primarily be released to the Consolidated Income Statement within **9 months** (2022: 11 months) of the balance sheet date. All forward contracts relate to sales revenue and purchases made in their respective currencies and forward foreign exchange contracts that provide a hedge against foreign currency receivables from 'within Group' lending.

The following table details the impact of forward foreign exchange contracts* - cash flow hedges on the Consolidated Income Statement and Consolidated Statement of Comprehensive Income during the financial year:

| | **2023 €'m** | 2022 €'m |
|---|---|---|
| **Movements recognised in the Consolidated Statement of Comprehensive Income** | | |
| Total hedging gain recognised in OCI in the financial year | **(3.8)** | 5.1 |
| Amount reclassified from OCI to profit or loss | **2.0** | (2.2) |
| | **(1.8)** | 2.9 |
| **Movements recognised in the Consolidated Income Statement** | | |
| Amount reclassified from OCI to profit or loss[1] | **(2.0)** | 2.2 |
| Ineffectiveness recognised in profit or loss[1] | **-** | - |
| | **(2.0)** | 2.2 |

* Location of line item in the Consolidated Income Statement

[1] Other general overheads

There were no transactions during 2023 or 2022 which were designated as hedges that did not occur, nor are there hedges on forecast transactions that are no longer expected to occur.

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(ii) Interest rate risk management**

The Group is exposed to interest rate risk as the Group holds borrowings on both a fixed and floating basis. This exposure to interest rate risk is managed by optimising the mix of fixed and floating rate borrowings and by using interest rate swaps, cross currency swaps and forward rate agreements to hedge these exposures, in accordance with Group policy as approved by the Board of Directors. The Group reviews the mix of fixed and floating rate borrowings on an ongoing basis and adjusts where necessary to comply with Group policy. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair value.

**(ii.i) Interest rate profile of financial liabilities excluding related derivatives fair value**

The Group's exposure to interest rates on financial assets and liabilities are detailed in the table below including the impact of cross currency swaps (CCS) on the currency profile of net debt (including cash at bank and lease liabilities):

| | Total Pre CCS €'m | Impact of CCS €'m | Total after CCS €'m | Floating Rate Net Debt €'m | Fixed Rate Debt €'m |
|---|---|---|---|---|---|
| Euro | **(2,214.0)** | **175.0** | **(2,039.0)** | **236.0** | **(2,275.0)** |
| Sterling | **93.0** | **-** | **93.0** | **93.0** | **-** |
| US Dollar | **314.3** | **(175.0)** | **139.3** | **139.3** | **-** |
| Others | **205.5** | **-** | **205.5** | **205.5** | **-** |
| **At 31 December 2023** | **(1,601.2)** | **-** | **(1,601.2)** | **673.8** | **(2,275.0)** |
| Euro | (2,166.6) | (59.1) | (2,225.7) | 283.4 | (2,509.1) |
| Sterling | 59.1 | - | 59.1 | 59.1 | - |
| US Dollar | (318.4) | 59.1 | (259.3) | (25.2) | (234.1) |
| Others | 180.5 | - | 180.5 | 180.5 | - |
| At 31 December 2022 | (2,245.4) | - | (2,245.4) | 497.8 | (2,743.2) |

The Group holds €950m of 2025 Senior Notes of which €750m were issued in 2015 and €200m were issued in 2020. €175m of the 2025 Senior Notes from 2015 were swapped, using cross currency swaps, from euro fixed to US dollar floating and are accounted for as fair value hedges of the related debt. The fair value of the related derivative includes a liability of **€1.4m** (2022: €7.5m liability) for movement in exchange rates since the date of execution which is directly offset by a gain of **€1.4m** (2022: €7.5m gain) on the application of hedge accounting on the cross currency swaps.

The floating rate financial liabilities are at rates which fluctuate mainly based upon SOFR. SONIA and EURIBOR and comprise of bank borrowings and other financial liabilities bearing interest rates fixed in advance for periods ranging from 1 to 6 months. At the financial year end approximately 10% (2022: 15%) of gross debt was held at floating rates.

The floating rate net debt as set out above, includes cash at bank, which attracts interest at market rates. If the interest rates applicable were to rise by 1% holding all other items constant, the profit of the Group before taxation and non-trading items in the Consolidated Income Statement could increase by 0.8% (2022: 0.6%).

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(ii) Interest rate risk management** (continued)

**(ii.ii) Interest rate swap contracts**

The Group's activities expose it to risks of changes in interest rates in relation to long-term debt. The Group uses interest rate swaps, cross currency swaps and forward rate agreements to hedge these exposures. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair values.

The Group adopts an 'exit price' approach to valuing interest rate derivatives to allow for credit risk.

The following table details the portfolio of interest rate derivative contracts* at the balance sheet date:

| | Notes | 2023 €'m Asset | 2023 €'m Liability | 2023 €'m Total | 2022 €'m Asset | 2022 €'m Liability | 2022 €'m Total |
|---|---|---|---|---|---|---|---|
| **Designated in a hedging relationship:** | | | | | | | |
| Interest rate swap contracts - cash flow hedges | (a) | **-** | **(0.1)** | **(0.1)** | 37.0 | - | 37.0 |
| - current[1] | | **-** | **-** | **-** | 37.0 | - | 37.0 |
| - non-current[2] | | **-** | **(0.1)** | **(0.1)** | - | - | - |
| Interest rate swap contracts - fair value hedges | (b) | **-** | **(9.4)** | **(9.4)** | - | (21.5) | (21.5) |
| - current[1] | | **-** | **-** | **-** | - | (1.6) | (1.6) |
| - non-current[2] | | **-** | **(9.4)** | **(9.4)** | - | (19.9) | (19.9) |
| **Interest rate swap contracts** | | **-** | **(9.5)** | **(9.5)** | 37.0 | (21.5) | 15.5 |

* Location of line item in the Consolidated Balance Sheet

[1] Other current financial instruments

[2] Other non-current financial instruments

The Group adopted the hedge accounting requirements of IFRS 9 'Financial Instruments'. The Group enters into hedge relationships when there is an economic relationship between the identified notional amount of the underlying debt instrument (hedged item) and the interest rate swap contract (hedged instrument).

*Interest rate swap*

As the critical terms match for the prospective assessment of effectiveness, a qualitative assessment is performed. The Group has established a 1:1 hedge ratio as the underlying risks in the interest rate swap contracts are identical to the hedged risk components. Hedge effectiveness is determined at the origination of the hedging relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the Group uses the hypothetical derivative method to assess effectiveness. Hedge ineffectiveness may occur due to the credit/debit value adjustment on the interest rate swaps which is not matched by the loan.

*Cross currency interest rate swap*

The Group uses the hypothetical derivative method to assess effectiveness for such swaps as while the critical terms match, both qualitative and quantitative assessments are required to be performed as there remains characteristics in cross currency interest rate swap contracts that are not present in the hedged item, being basis risks. The Group has established a 1:1 hedge ratio as the underlying risks in the cross currency interest rate swap contracts are identical to the hedged risk components. Hedge effectiveness is determined at the origination of the hedging relationship and at each reporting date.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months. The classification of the maturity profile of the interest rate derivative contracts are set out in the following tables (a) and (b).

The tables as set out reflect the hedging relationships affected by interest rate benchmark reform (IBOR reform) as financial instruments transition to risk free rates which has now been completed.

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(ii) Interest rate risk management** (continued)

**(ii.ii) Interest rate swap contracts** (continued)

**(a) Interest rate swap contracts - cash flow hedges**

Under interest rate swap contracts, including cross currency interest rate swaps, the Group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on the agreed notional principal amounts.

The following table details the notional principal amounts and remaining terms of the cash flow hedges, where the Group receives a floating or a fixed interest rate and pays fixed interest rate on swaps as at 31 December:

| | Average Contracted Fixed Interest Rate | | Fair Value Asset/ (Liability) | | Notional Principal | |
|---|---|---|---|---|---|---|
| | **2023 %** | 2022 % | **2023 €'m** | 2022 €'m | **2023 €'m** | 2022 €'m |
| **Interest rate swap contracts** | | | | | | |
| less than 1 year | **-** | 2.58 | **-** | 37.0 | **-** | 234.1 |
| > 5 years | **2.43** | - | **(0.1)** | - | **375.0** | - |
| **Interest rate swap contracts - cash flow hedges** | | | **(0.1)** | 37.0 | **375.0** | 234.1 |

The following table details the impact of interest rate swap contracts* - cash flow hedges on the Consolidated Balance Sheet as at 31 December:

| | **2023 €'m** | 2022 €'m |
|---|---|---|
| Interest rate swap contracts - cash flow hedges | **(0.1)** | 37.0 |
| **Fixed rate borrowings:** | | |
| Amount reclassified from hedge reserve to profit or loss re: foreign exchange rate fluctuations[1] | **-** | (38.8) |
| **Retained earnings and other reserves:** | | |
| Cash flow hedging reserve | **0.1** | 1.6 |
| Cost of hedging reserve | **-** | 0.1 |
| Accumulated hedge ineffectiveness | **-** | 0.1 |
| | **0.1** | (37.0) |

* Location of line item in the Consolidated Balance Sheet

[1] Borrowings & overdrafts

The following table details the impact of interest rate swap contracts - cash flow hedges on the Consolidated Statement of Comprehensive Income during the financial year:

| | **2023 €'m** | 2022 €'m |
|---|---|---|
| Amount recognised in cash flow hedging reserve | **(5.0)** | 13.8 |
| Amount recognised in cost of hedging reserve | **(0.1)** | 0.4 |
| Amount reclassified from hedge reserve to profit or loss re: foreign exchange rate fluctuations | **4.3** | (13.3) |
| Amount reclassified from OCI to profit or loss re: interest rate fluctuations | **(0.7)** | (0.6) |
| Ineffectiveness recognised in profit or loss | **(0.1)** | (0.1) |
| **Net impact** | **(1.6)** | 0.2 |

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(ii) Interest rate risk management** (continued)

**(ii.ii) Interest rate swap contracts** (continued)

**(a) Interest rate swap contracts - cash flow hedges** (continued)

The following table details the income/(expense) impact of interest rate swap contracts* - cash flow hedges and the hedged item on the Consolidated Income Statement during the financial year:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Interest rate swap contracts - cash flow hedges:** | | |
| Foreign exchange rate fluctuations [1] | **(4.3)** | 13.3 |
| Amount reclassified from OCI to profit or loss re: interest rate fluctuations [2] | **0.7** | 0.6 |
| Ineffectiveness recognised in profit or loss [2] | **0.1** | 0.1 |
| **Fixed rate borrowings:** | | |
| Foreign exchange rate fluctuations [1] | **4.3** | (13.3) |
| **Net impact** | **0.8** | 0.7 |

* Location of line item in the Consolidated Income Statement
[1] Other general overheads
[2] Finance costs

The interest rate swaps settle on a 6 monthly basis, the difference between the floating rate or fixed rate due to be received and the fixed rate to be paid are settled on a net basis.

**(b) Interest rate swap contracts - fair value hedges**

Under interest rate swap contracts including cross currency interest rate swaps, the Group agrees to exchange the difference between the floating and fixed interest amounts calculated on the agreed notional principal amounts.

The following table details the notional principal amounts and remaining terms of the fair value hedges, where the Group receives a fixed interest rate and pays a floating interest rate on swaps as at 31 December:

| | Average Contracted Fixed Interest Rate | | Fair Value Asset/ (Liability) | | Notional Principal | |
|---|---|---|---|---|---|---|
| | 2023 % | 2022 % | 2023 €'m | 2022 €'m | 2023 €'m | 2022 €'m |
| **Interest rate swap contracts** | | | | | | |
| less than 1 year | - | 3.20 | - | (1.6) | - | 234.1 |
| 1 - 2 years | **2.38** | - | **(9.4)** | - | **175.0** | - |
| 2 - 5 years | - | 2.38 | - | (19.9) | - | 175.0 |
| **Interest rate swap contracts - fair value hedges** | | | **(9.4)** | (21.5) | **175.0** | 409.1 |

The interest rate swaps settle on a 6 monthly or annual basis. The floating interest rate paid by the Group is based on 6 month market interest rates for the underlying swap currency. All hedges are highly effective on a prospective and retrospective basis.

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(ii) Interest rate risk management** (continued)

**(ii.ii) Interest rate swap contracts** (continued)

**(b) Interest rate swap contracts - fair value hedges** (continued)

The following table details the impact of interest rate swap contracts* - fair value hedges and the hedged items on the Consolidated Balance Sheet as at 31 December:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Interest rate swap contracts - fair value hedges | **(9.4)** | (21.5) |
| **Fixed rate borrowings:** | | |
| Interest rate movements[1] | **6.6** | 12.5 |
| **Receivables:** | | |
| Foreign exchange rate fluctuations[2] | **1.4** | 7.5 |
| **Retained earnings and other reserves:** | | |
| Hedge ineffectiveness | **-** | 0.1 |
| Cost of hedging reserve | **1.4** | 1.4 |
| | **9.4** | 21.5 |

* Location of line item in the Consolidated Balance Sheet

[1] Borrowings and overdrafts

[2] Receivables: €175m of the 2015 Senior Notes issuance were swapped from Euro to US dollars and subsequently on-lent from a Euro entity to a US dollar entity

The following table details the impact of interest rate swap contracts - fair value hedges on the Consolidated Statement of Comprehensive Income during the financial year:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Amounts recognised in the cost of hedging reserve | **-** | (1.2) |

The following table details the (expense)/income impact of interest rate swap contracts*/** - fair value hedges and the hedged items on the Consolidated Income Statement during the financial year:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Interest rate swap contracts - fair value hedges:** | | |
| Foreign exchange rate fluctuations[1] | **6.1** | (10.4) |
| Interest rate movements[2] | **5.9** | (22.2) |
| Ineffectiveness recognised in profit or loss[2] | **(0.1)** | (1.5) |
| **Fixed rate borrowings:** | | |
| Foreign exchange rate fluctuations[1] | **-** | - |
| Interest rate movements[2] | **(5.9)** | 22.2 |
| **Receivables:** | | |
| Foreign exchange rate fluctuations[3] | **(6.1)** | 10.4 |
| **Net impact** | **(0.1)** | (1.5) |

* Location of line item in the Consolidated Income Statement

** Location of line item in the Consolidated Balance Sheet

[1] Other general overheads

[2] Finance costs

[3] Receivables: €175m of the 2015 Senior Notes issuance were swapped from Euro to US dollars and subsequently on-lent from a Euro entity to a US dollar entity within the Group.

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(iii) Liquidity risk management**

Liquidity risk considers the risk that the Group could encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. There is no significant concentration of liquidity risk.

The Group entered 2023 with significant available liquidity and at the balance sheet date no significant loan maturities arise until September 2025. During 2023 the Group amended and restated it's revolving credit facility, the facility has increased from €1,100m to €1,500m. In addition the Group entered into €375m of a forward starting interest rate swap. This swap provides protection to the Group against future interest rate movements and also fixes the reference interest rate applicable to the Group on a future debt issuance. The forward starting interest rate swap is accounted for as a cashflow hedge. No other significant financing activities were undertaken during 2023.

Group funding and liquidity is managed by ensuring that sufficient facilities are available from diverse funding sources with an appropriate spread of debt maturities. The Group uses cash flow forecasts to constantly monitor the funding requirements of the Group.

Group businesses are funded from cash generated from operations, borrowings from banks and Senior Notes from capital markets. It is Group policy to ensure that:

- sufficient facilities are available to cover its gross forecast debt by at least 1.25 times; and
- at least 75% of total facilities available are committed.

Both targets were met at 31 December 2023 and 2022.

All Group credit facilities are arranged and managed by Group Treasury and approved by the Board of Directors. Where possible, facilities have common terms and conditions.

At 31 December 2023, the Group had undrawn committed bank facilities of **€1,500m** (2022: €1,100m), and a portfolio of undrawn standby facilities amounting to **€335m** (2022: €343m). The undrawn committed facilities comprise primarily of a revolving credit facility maturing between **4 - 5 years** (2022: between 3 - 4 years).

**(iii.i) Contractual maturity profile of non-derivative financial instruments**

The following table details the Group's remaining contractual maturity of its non-derivative financial instruments, including lease liabilities and deferred payments on acquisitions of businesses, excluding the remaining trade and other payables (note 20) and other non-current liabilities (note 22), of which **€1,744.8m** (2022: €1,934.0m) is payable within 1 year, **€66.5m** (2022: €78.9m) between 2 and 5 years. This information has been drawn up based on the undiscounted cash flows of financial liabilities to the earliest date on which the Group can be required to repay. The analysis includes both interest commitments and principal cash flows. To the extent that interest rates are floating, the rate used is derived from interest rate yield curves at the end of the reporting date and as such, are subject to change based on market movements.

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(iii) Liquidity risk management** (continued)

**(iii.i) Contractual maturity profile of non-derivative financial instruments** (continued)

| | Note | On demand & up to 1 year €'m | Up to 2 years €'m | 2 - 5 years €'m | > 5 years €'m | Total €'m |
|---|---|---|---|---|---|---|
| Bank overdrafts | | (34.7) | - | - | - | (34.7) |
| Bank loans | | (2.4) | - | - | - | (2.4) |
| Senior Notes | | - | (950.0) | - | (1,500.0) | (2,450.0) |
| Borrowings and overdrafts - contractual repayments | | (37.1) | (950.0) | - | (1,500.0) | (2,487.1) |
| Lease liabilities (undiscounted) | 11 (iii.iv) | (31.0) | (18.5) | (24.1) | (10.7) | (84.3) |
| Deferred payments on acquisition of businesses | | (2.1) | (7.1) | (91.5) | - | (100.7) |
| | | (70.2) | (975.6) | (115.6) | (1,510.7) | (2,672.1) |
| Interest commitments on borrowings and overdrafts | | (33.8) | (26.8) | (33.8) | (22.5) | (116.9) |
| **At 31 December 2023** | | (104.0) | (1,002.4) | (149.4) | (1,533.2) | (2,789.0) |
| **Reconciliation to net debt position:** | | | | | | |
| Borrowings and overdrafts - contractual repayments | | (37.1) | (950.0) | - | (1,500.0) | (2,487.1) |
| Bank Loans - amortised cost adjustments | | - | - | 2.6 | - | 2.6 |
| Senior Notes - amortised cost adjustments | | - | (2.9) | - | 11.1 | 8.2 |
| Senior Notes - fair value adjustment | | - | 6.6 | - | - | 6.6 |
| Borrowings and overdrafts | | (37.1) | (946.3) | 2.6 | (1,488.9) | (2,469.7) |
| Interest rate swaps | | - | (9.4) | - | (0.1) | (9.5) |
| Cash at bank and in hand | | 943.7 | - | - | - | 943.7 |
| Net debt - pre lease liabilities | | 906.6 | (955.7) | 2.6 | (1,489.0) | (1,535.5) |
| Lease liabilities (discounted) | 11 (iii.iv) | (26.2) | (16.9) | (18.2) | (7.3) | (68.6) |
| **Net debt as at 31 December 2023** | | 880.4 | (972.6) | (15.6) | (1,496.3) | (1,604.1) |

| | Note | On demand & up to 1 year €'m | Up to 2 years €'m | 2 - 5 years €'m | > 5 years €'m | Total €'m |
|---|---|---|---|---|---|---|
| Bank overdrafts | | (0.2) | - | - | - | (0.2) |
| Bank loans | | - | (1.7) | - | - | (1.7) |
| Senior Notes | | (702.4) | - | (950.0) | (1,500.0) | (3,152.4) |
| Borrowings and overdrafts - contractual repayments | | (702.6) | (1.7) | (950.0) | (1,500.0) | (3,154.3) |
| Lease liabilities (undiscounted) | 11 (iii.iv) | (32.0) | (19.5) | (24.3) | (6.4) | (82.2) |
| Deferred payments on acquisition of businesses | | (5.6) | (5.2) | (16.2) | - | (27.0) |
| | | (740.2) | (26.4) | (990.5) | (1,506.4) | (3,263.5) |
| Interest commitments on borrowings and overdrafts | | (39.9) | (33.8) | (49.4) | (33.8) | (156.9) |
| At 31 December 2022 | | (780.1) | (60.2) | (1,039.9) | (1,540.2) | (3,420.4) |
| Reconciliation to net debt position: | | | | | | |
| Borrowings and overdrafts - contractual repayments | | (702.6) | (1.7) | (950.0) | (1,500.0) | (3,154.3) |
| Senior Notes - amortised cost adjustments | | - | - | (4.7) | 12.8 | 8.1 |
| Senior Notes - fair value adjustment | | 1.5 | - | 11.0 | - | 12.5 |
| Borrowings and overdrafts | | (701.1) | (1.7) | (943.7) | (1,487.2) | (3,133.7) |
| Interest rate swaps | | 35.4 | - | (19.9) | - | 15.5 |
| Cash at bank and in hand | | 970.0 | - | - | - | 970.0 |
| Net debt - pre lease liabilities | | 304.3 | (1.7) | (963.6) | (1,487.2) | (2,148.2) |
| Lease liabilities (discounted) | 11 (iii.iv) | (26.9) | (15.6) | (21.6) | (5.1) | (69.2) |
| Net debt as at 31 December 2022 | | 277.4 | (17.3) | (985.2) | (1,492.3) | (2,217.4) |

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(iii) Liquidity risk management** (continued)

**(iii.ii) Contractual maturity profile of derivative financial instruments**

The following table details the Group's remaining contractual maturity of its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis. To the extent that the amounts payable or receivable are not fixed, the rate used is derived from interest rate yield curves at the end of the reporting date and as such are subject to change based on market movements.

| | On demand & up to 1 year €'m | Up to 2 years €'m | 2 - 5 years €'m | > 5 years €'m | Total €'m |
|---|---|---|---|---|---|
| Interest rate swaps inflow | 4.2 | 2.9 | - | 4.0 | 11.1 |
| Interest rate swaps outflow | (11.8) | (8.6) | (3.0) | (0.1) | (23.5) |
| **Net interest rate swaps inflow/(outflow)** | (7.6) | (5.7) | (3.0) | 3.9 | (12.4) |
| Forward foreign exchange contracts inflow/ (outflow) | 6.2 | 0.5 | - | - | 6.7 |
| **At 31 December 2023** | (1.4) | (5.2) | (3.0) | 3.9 | (5.7) |

| | On demand & up to 1 year €'m | Up to 2 years €'m | 2 - 5 years €'m | > 5 years €'m | Total €'m |
|---|---|---|---|---|---|
| Interest rate swaps inflow | 47.0 | 4.2 | 2.9 | - | 54.1 |
| Interest rate swaps outflow | (18.4) | (12.2) | (15.6) | - | (46.2) |
| Net interest rate swaps inflow/(outflow) | 28.6 | (8.0) | (12.7) | - | 7.9 |
| Forward foreign exchange contracts inflow/ (outflow) | 5.7 | (0.1) | - | - | 5.6 |
| At 31 December 2022 | 34.3 | (8.1) | (12.7) | - | 13.5 |

Included in the interest rate swaps inflow and outflow is the foreign currency differential on final maturity of the cross currency interest rate swaps as follows:

Swaps inflow/(outflow)

- up to 1 year - swaps inflow of **€nil** (2022: €38.8m)
- 1 - 2 years - swaps (outflow) of **(€1.4m)** (2022: €nil)
- 2 - 5 years - swaps (outflow) of **€nil** (2022: (€7.5m))

**(iii.iii) Summary of borrowing arrangements**

**(a) Bank loans**

Bank loans comprise committed term loan facilities, committed revolving credit facilities, bilateral term loans and other uncommitted facilities:

- demand facilities;
- committed revolving credit facilities of €1,500m to June 2028; and
- bilateral term loans with maturities ranging up to 1 year.

**(b) 2031 Euro Senior Notes - public**

In 2021 the Group issued €750m of euro sustainability-linked bond notes (2031 SLB Senior Notes) at an interest rate of 0.875% with a maturity date on 01 December 2031. The Notes include targets to 1) Reduce absolute Scope 1 & 2 carbon emissions by 55% by 2030 against the 2017 baseline; 2) Reduce Food Waste by 50% by 2030 against the 2017 baseline. Should either of these targets not be met by 2030 there is a +0.5% increase in the final interest coupon. If both targets are not met there is a 1% increase in the final interest coupon. The step up in the interest coupon (if any) is payable to investors on the last interest payment date in December 2031.

**(c) 2029 Euro Senior Notes - public (2029 Senior Notes)**

In 2019 the Group issued a 10 year euro note of €750m at an interest rate of 0.625% with a maturity date on 20 September 2029.

**(d) 2025 Euro Senior Notes - public (2025 Senior Notes)**

In 2015 the Group issued a debut 10 year euro note of €750m at an interest rate of 2.375% with a maturity date on 10 September 2025. During 2020 the Group completed a €200m tap issuance of the 2025 Euro Senior Notes.

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(iii) Liquidity risk management** (continued)

**(iii.iii) Summary of borrowing arrangements** (continued)

**(e) 2023 US dollar Senior Notes - public (2023 Senior Notes)**

In 2013 the Group issued a debut 10 year USA public note of US$750m at an interest rate of 3.2% - matured and repaid in April 2023.

**(f) Lease liabilities**

The Group's lease liabilities are set out in note 11 (iii).(iii).

**(iv) Credit risk management**

Cash deposits and other financial assets give rise to credit risk on the amounts due from counterparties.

The Group controls and monitors the distribution of this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions and that exposure to credit risk is distributed across a number of institutions. At 31 December 2023 and 2022 all cash, short-term deposits and other liquid investments had a maturity of less than 3 months. Cash at bank and in hand of **€943.7m** (2022: €970.0m) includes an amount of **€243.8m** (2022: €322.1m) held on short-term deposit of which **€50.8m** (2022: €70.7m) was held under a Sustainable Deposits programme.

Credit risk exposure to financial institutions is actively managed across the portfolio of institutions by setting appropriate credit exposure limits based on a value at risk calculation that takes EBITDA of the Group and calculates approved tolerance levels based on credit default swap rates for the financial institutions. These levels are applied in controlling the level of material surplus funds that are placed with counterparties and for controlling the institutions with which the Group enters into derivative contracts. Credit default swaps are updated and reviewed on an ongoing basis.

The Group's exposure to its counterparties is continuously monitored and the aggregate value of transactions entered into is spread amongst approved counterparties.

As of 31 December 2023, the Group holds an interest-bearing vendor loan note which was entered into as part of the consideration for the sale of the trade and assets of the Sweet Ingredients Portfolio from the Taste & Nutrition segment (note 5). The carrying amount of the debt receivable is €124.3m, this represents the amount due from third parties, initially recognised at fair value of €125.0m and interest capitalised on a bi-annual basis. As the Group objective for the vendor loan note is to collect the contractual cash flows when due, the Group measures at amortised cost using the effective interest method subsequent to initial recognition adjusted for any expected credit loss assessment. The borrower shall repay the interest-bearing vendor loan note in full (together with all accrued but unpaid interest thereon) on the 3 year tenor termination date. The termination date may be extended using extension options.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable at operating unit level at least on a monthly basis.

The Group's maximum exposure to credit risk consists of gross trade receivables (note 19), cash deposits (note 23) and other financial assets (note 23), which are primarily interest rate swaps and foreign exchange contracts.

There is no material provision for impairment in the Company's intercompany receivables balance of **€394.2m** (2022: €231.0m) as all amounts are expected to be recovered in full in the short-term.

**(v) Fair value of financial instruments**

**(a) Fair value of financial instruments carried at fair value**

Financial instruments recognised at fair value are analysed between those based on:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- those involving inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(v) Fair value of financial instruments** (continued)

**(a) Fair value of financial instruments carried at fair value** (continued)

| | | Fair Value Hierarchy | 2023 €'m | 2022 €'m |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Interest rate swaps: | Non-current | Level 2 | - | - |
| | Current | Level 2 | - | 37.0 |
| Forward foreign exchange contracts: | Non-current | Level 2 | **0.7** | 0.3 |
| | Current | Level 2 | **13.7** | 22.5 |
| Financial asset investments: | Fair value through profit or loss | Level 1 | **39.9** | 43.8 |
| | Fair value through other comprehensive income | Level 3 | **12.1** | 15.1 |
| **Financial liabilities** | | | | |
| Forward foreign exchange contracts: | Non-current | Level 2 | **(0.2)** | (0.4) |
| | Current | Level 2 | **(7.5)** | (16.8) |
| Interest rate swaps: | Non-current | Level 2 | **(9.5)** | (19.9) |
| | Current | Level 2 | - | (1.6) |
| Deferred payments on acquisition of businesses | Non-current | Level 3 | **(98.6)** | (21.4) |
| | Current | Level 3 | **(2.1)** | (5.6) |

The reconciliation of Level 3 financial asset investments is provided in note 13.

Deferred contingent consideration is included in Level 3 of the fair value hierarchy, details of the movement in the year are included in note 30. The fair value is determined considering the expected payment, discounted to present value using a risk adjusted discount rate. The expected payment is determined separately in respect of each individual earn-out agreement taking into consideration the expected level of profitability of each acquisition.

**(b) Fair value of financial instruments carried at amortised cost**

Except as detailed in the following table, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

| | Fair Value Hierarchy | Carrying Amount 2023 €'m | Fair Value 2023 €'m | Carrying Amount 2022 €'m | Fair Value 2022 €'m |
|---|---|---|---|---|---|
| **Financial liabilities: Senior Notes - Public** | Level 2 | **(2,441.8)** | **(2,204.5)** | (3,144.3) | (2,761.4) |

**(c) Valuation principles**

The fair value of financial assets and liabilities are determined as follows:

- assets and liabilities with standard terms and conditions which are traded on active liquid markets are determined with reference to quoted market prices. This includes equity investments;
- other financial assets and liabilities (excluding derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This includes interest rate swaps and forward foreign exchange contracts which are determined by discounting the estimated future cash flows;
- the fair values of financial instruments that are not based on observable market data (unobservable inputs) requires entity specific valuation techniques; and
- derivative financial instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments. Forward foreign exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates adjusted for counterparty credit risk, which is calculated based on credit default swaps of the respective counterparties. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates adjusted for counterparty credit risk, which is calculated based on credit default swaps of the respective counterparties.

## 24. Financial instruments (continued)

**Financial risk management objectives** (continued)

**(vi) Offsetting financial instruments**

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. The ISDA agreements do not meet the criteria for offsetting in the Consolidated Balance Sheet. This is because the Group does not have any current legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events. No collateral is paid or received.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

The table also sets out where the Group has offset bank overdrafts against cash at bank and in hand based on a legal right of offset as set out in the banking agreements.

| | Gross amounts of financial assets in the Consolidated Balance Sheet €'m | Gross amounts of financial liabilities in the Consolidated Balance Sheet €'m | Amounts of financial instruments presented in the Consolidated Balance Sheet €'m | Related financial instruments that are not offset €'m | Net amount €'m |
|---|---|---|---|---|---|
| **At 31 December 2023** | | | | | |
| **Financial assets** | | | | | |
| Cash at bank and in hand | **943.7** | **-** | **943.7** | **-** | **943.7** |
| Forward foreign exchange contracts | **14.4** | **-** | **14.4** | **(4.6)** | **9.8** |
| Interest rate swaps | **-** | **-** | **-** | **-** | **-** |
| | **958.1** | **-** | **958.1** | **(4.6)** | **953.5** |
| **Financial liabilities** | | | | | |
| Bank overdrafts | **-** | **(34.7)** | **(34.7)** | **-** | **(34.7)** |
| Forward foreign exchange contracts | **-** | **(7.7)** | **(7.7)** | **4.6** | **(3.1)** |
| Interest rate swaps | **-** | **(9.5)** | **(9.5)** | **-** | **(9.5)** |
| | **-** | **(51.9)** | **(51.9)** | **4.6** | **(47.3)** |
| At 31 December 2022 | | | | | |
| Financial assets | | | | | |
| Cash at bank and in hand | 970.0 | - | 970.0 | - | 970.0 |
| Forward foreign exchange contracts | 22.8 | - | 22.8 | (13.1) | 9.7 |
| Interest rate swaps | 37.0 | - | 37.0 | (15.2) | 21.8 |
| | 1,029.8 | - | 1,029.8 | (28.3) | 1,001.5 |
| Financial liabilities | | | | | |
| Bank overdrafts | - | (0.2) | (0.2) | - | (0.2) |
| Forward foreign exchange contracts | - | (17.2) | (17.2) | 13.1 | (4.1) |
| Interest rate swaps | - | (21.5) | (21.5) | 15.2 | (6.3) |
| | - | (38.9) | (38.9) | 28.3 | (10.6) |

## 25. Provisions

| | Insurance €'m | Non-Trading Items €'m | Environmental €'m | Total €'m |
|---|---|---|---|---|
| **Group:** | | | | |
| At 1 January 2022 | 43.3 | 7.4 | - | 50.7 |
| Provided during the financial year | 22.7 | - | - | 22.7 |
| Utilised during the financial year | (5.7) | - | - | (5.7) |
| Released during the financial year | (11.3) | - | - | (11.3) |
| Transferred (to)/from payables and accruals | - | (0.9) | 12.6 | 11.7 |
| Exchange translation adjustment | (2.3) | - | - | (2.3) |
| At 31 December 2022 | 46.7 | 6.5 | 12.6 | 65.8 |
| | | | | |
| Provided during the financial year | **17.1** | **2.2** | **2.4** | **21.7** |
| Utilised during the financial year | **(15.8)** | **-** | **-** | **(15.8)** |
| Released during the financial year | **(6.7)** | **-** | **-** | **(6.7)** |
| Transferred (to)/from payables and accruals | **-** | **(0.9)** | **-** | **(0.9)** |
| Exchange translation adjustment | **1.0** | **-** | **(0.4)** | **0.6** |
| **At 31 December 2023** | **42.3** | **7.8** | **14.6** | **64.7** |

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Analysed as:** | | |
| Current liabilities | **18.3** | 15.3 |
| Non-current liabilities | **46.4** | 50.5 |
| | **64.7** | 65.8 |

### Insurance

The Group operates a level of self-insurance. Under these arrangements, the Group retains certain exposures up to pre-determined self-insurance levels. The amount of self-insurance is reviewed on a regular basis to ensure it remains appropriate. The provision for these exposures represents amounts provided based on advice from insurance consultants, industry information, actuarial valuation and historical data in respect of claims that are classified as incurred but not reported and outstanding loss reserves. The methodology of estimating the provision is periodically reviewed to ensure that the assumptions made continue to be appropriate. The utilisation of the provision is dependent on the timing of settlement of the outstanding claims. Historically, the average time for settlement of outstanding claims ranges from 2 to 3 years from claim date.

### Non-trading items

Non-trading items relate to restructuring and acquisition integration provisions expensed in 2023 and 2022; these costs are expected to be paid within 24 months.

### Environmental

This includes provisions for site remediation, restoration and environmental works stemming from established best practice for recently acquired acquisitions. The timing of utilisation of these provisions is uncertain.

## 26. Retirement benefits obligation

The Group operates post-retirement benefit schemes in a number of its businesses throughout the world. These schemes are structured to accord with local conditions and practices in each country they operate in and can include both defined contribution and defined benefit schemes. The assets of the schemes are held, where relevant, in separate trustee administered funds.

Defined benefit post-retirement schemes exist primarily in Republic of Ireland, the UK and the USA (included in Rest of World). These defined benefit schemes comprise final salary pension schemes, career average salary pension schemes and post-retirement medical plans. All material defined benefit pension schemes are closed to future accrual. The post-retirement medical plans operated by the Group relate primarily to a number of USA employees and are closed to new entrants. Defined benefit schemes in Ireland, the UK, and the USA are administered by Boards of Trustees. The Boards of Trustees generally comprise of representatives of the employees, the employer and independent trustees. These Boards are responsible for the management and governance of the schemes including compliance with all relevant laws and regulations.

## 26. Retirement benefits obligation (continued)

The values used in the Group's consolidated financial statements are based on the most recent actuarial valuations and have been updated by the individual schemes' independent and professionally qualified actuaries to incorporate the requirements of IAS 19 'Employee Benefits' in order to assess the liabilities of the various schemes as at 31 December 2023 using the projected unit credit method. All assets in the schemes have been measured at their fair value at the balance sheet date. Full actuarial valuations, which are not available for public inspection, are carried out every three years in Ireland (most recent 1 January 2021) and the UK (most recent 31 December 2020); and annually in the USA (most recent 1 January 2023).

The defined benefit schemes expose the Group to risks such as interest rate risk, investment risk, inflation risk and mortality risk.

***Interest rate risk***
The present value of the defined benefit obligation is sensitive to the discount rate which is derived from the interest yield on high quality corporate bonds at the balance sheet date. Fluctuations in interest rates can significantly impact the present value of the defined benefit obligation which can lead to volatility in the Group's Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Statement of Comprehensive Income. Interest rates also impact the funding requirements of the schemes. However, a portion of the schemes' assets are invested in Liability Driven Investment (LDI) strategies which are designed to offset the impact of changes in interest rates on the scheme's liabilities, hence mitigating some of the interest rate risk.

***Investment risk***
The net surplus/(deficit) recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation less the fair value of the schemes' assets. When assets generate a rate of return less than the discount rate this results in an increase/(decrease) in the net surplus/(deficit). The schemes have a diversified portfolio of investments which include equities, bonds and other asset classes. The investment allocation for each scheme is reviewed periodically by the scheme's external investment consultants who advise on the most appropriate asset allocation taking account of asset valuations, funding requirements, liability duration and the achievement of an appropriate return on assets.

***Inflation risk***
A significant proportion of the defined benefit obligation is linked to inflation, therefore an increase in inflation rates will increase the defined benefit obligation. However, a portion of the schemes' assets are invested in LDI strategies which are designed to offset the impact of changes in inflation rates on the scheme's liabilities, hence mitigating some of the inflation rate risk. Some benefits are also subject to inflation caps.

***Mortality risk***
The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of schemes' participants. An increase in the life expectancy of the schemes' participants will increase the defined benefit obligation.

### (i) Recognition in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income

The following amounts have been recognised in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income in relation to defined contribution and defined benefit post-retirement schemes:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Service cost: | | |
| - Costs relating to defined contribution schemes | **62.9** | 71.0 |
| - Current service cost relating to defined benefit schemes | **1.4** | 3.0 |
| - Past service and settlements | **(2.0)** | (2.0) |
| Net interest income | **(3.1)** | (1.1) |
| **Recognised in the Consolidated Income Statement** | **59.2** | 70.9 |
| | | |
| Re-measurements of the net defined benefit liability: | | |
| - Return on scheme assets (excluding amounts included in net interest cost) | **(11.3)** | 536.1 |
| - Experience losses on schemes' liabilities | **11.9** | 44.4 |
| - Actuarial gains arising from changes in demographic assumptions | **(14.5)** | (2.6) |
| - Actuarial losses/(gains) arising from changes in financial assumptions | **47.4** | (564.5) |
| **Recognised in the Consolidated Statement of Comprehensive Income** | **33.5** | 13.4 |
| **Total** | **92.7** | 84.3 |

The total service cost is included in total staff numbers and costs (note 4) and the net interest cost is included in finance income and costs (note 6).

## 26. Retirement benefits obligation (continued)

### (ii) Recognition in the Consolidated Balance Sheet

The net defined benefit post-retirement schemes' surplus/(deficit) at 31 December, which has been recognised in the Consolidated Balance Sheet, was as follows:

| | Schemes in Surplus 2023 €'m | Schemes in Deficit 2023 €'m | Total 2023 €'m | Schemes in Surplus 2022 €'m | Schemes in Deficit 2022 €'m | Total 2022 €'m |
|---|---|---|---|---|---|---|
| Present value of defined benefit obligation | (314.2) | (703.1) | (1,017.3) | (286.6) | (677.7) | (964.3) |
| Fair value of scheme assets | 412.2 | 653.4 | 1,065.6 | 382.2 | 647.5 | 1,029.7 |
| **Net recognised surplus/(deficit) before deferred tax** | 98.0 | (49.7) | 48.3 | 95.6 | (30.2) | 65.4 |
| Net related deferred tax (liability)/asset | (12.3) | 12.2 | (0.1) | (11.9) | 7.3 | (4.6) |
| **Net recognised surplus/(deficit) after deferred tax** | 85.7 | (37.5) | 48.2 | 83.7 | (22.9) | 60.8 |

Net recognised surplus/(deficit) by region:

| | Ireland 2023 €'m | UK 2023 €'m | Rest of World 2023 €'m | Total 2023 €'m | Ireland 2022 €'m | UK 2022 €'m | Rest of World 2022 €'m | Total 2022 €'m |
|---|---|---|---|---|---|---|---|---|
| Present value of defined benefit obligation | (314.2) | (617.1) | (86.0) | (1,017.3) | (286.6) | (591.2) | (86.5) | (964.3) |
| Fair value of scheme assets | 412.2 | 589.1 | 64.3 | 1,065.6 | 382.2 | 586.0 | 61.5 | 1,029.7 |
| **Net recognised surplus/ (deficit) before deferred tax** | 98.0 | (28.0) | (21.7) | 48.3 | 95.6 | (5.2) | (25.0) | 65.4 |
| Net related deferred tax (liability)/asset | (12.3) | 6.9 | 5.3 | (0.1) | (11.9) | 1.0 | 6.3 | (4.6) |
| **Net recognised surplus/ (deficit) after deferred tax** | 85.7 | (21.1) | (16.4) | 48.2 | 83.7 | (4.2) | (18.7) | 60.8 |

The surplus at 31 December 2023 relates to the Irish scheme (31 December 2022: Irish scheme) and has been recognised in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' as it has been determined that the Group has an unconditional right to a refund of the surplus.

### (iii) Financial and demographic assumptions

The principal financial assumptions used by the Group's actuaries in order to calculate the defined benefit obligation at 31 December, some of which have been shown in range format to reflect the differing assumptions in each scheme, were as follows:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Ireland % | UK % | Rest of World % | Ireland % | UK % | Rest of World % |
| Rate used to discount schemes' liabilities | 3.60 | 4.60 | 4.70 - 6.00 | 4.20 | 4.85 | 5.00 - 5.35 |
| Inflation assumption | 2.20 | 3.00 | 2.50 | 2.30 | 3.05 | 2.50 |
| Rate of increase in salaries | N/A* | N/A* | 4.50 | N/A* | N/A* | 4.50 |
| Rate of increase for pensions in payment and deferred pensions | 2.20 | 2.35 - 2.95 | - | 2.30 | 2.35 - 3.00 | - |

* Not applicable as the Irish, and UK defined benefit schemes are closed to future accrual.

## 26. Retirement benefits obligation (continued)

**(iii) Financial and demographic assumptions** (continued)

The most significant demographic assumption is mortality. The mortality assumptions used are based on advice from the pension schemes' actuaries and reflect each scheme's population. The life expectancy of a member retiring at 31 December at age 65, now and in 20 years' time, some of which have been shown in range format to reflect the differing assumptions in each scheme, is as follows:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | **Ireland Years** | **UK Years** | **Rest of World Years** | Ireland Years | UK Years | Rest of World Years |
| Male - retiring now | **23** | **21** | **21 - 22** | 22 | 21 | 21 - 22 |
| Female - retiring now | **24** | **23** | **23** | 24 | 24 | 23 |
| Male - retiring in 20 years' time | **24** | **22** | **22 - 23** | 24 | 23 | 22 - 23 |
| Female - retiring in 20 years' time | **26** | **26** | **24 - 25** | 26 | 26 | 24 - 25 |

There are inherent uncertainties surrounding the financial and demographic assumptions adopted by the Group. The assumptions may differ from the actual data as a result of changes in economic and market conditions as well as the actual experience within each scheme. The present value of post-retirement benefit schemes' liabilities is heavily dependent on the discount rate. As the discount rate is based on a market driven measure, which is the interest yield on high quality corporate bonds at the balance sheet date, the present value of post-retirement benefit schemes' liabilities can fluctuate significantly from valuation to valuation. The expected rate of inflation impacts the schemes' liabilities in that inflation is the basis for the calculation of the assumed future salary and revaluation increases in each scheme where applicable. In relation to demographic assumptions, differing expectations regarding current and future changes in mortality rates can have a significant impact on the schemes' liabilities.

The table below gives an approximate indication of the impact of a change in the principal financial actuarial assumptions (discount rate, inflation rate & pension increases and salary increases) and the principal demographic actuarial assumption (mortality) on the schemes' liabilities. The present value of the defined benefit obligation has been calculated using the projected unit credit method. The impact on the defined benefit obligation at 31 December 2023 is calculated on the basis that only one assumption is changed with all other assumptions remaining unchanged. The assessment of the sensitivity analysis below could therefore be limited as a change in one assumption may not occur in isolation as assumptions may be correlated. There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

| | Impact on schemes' liabilities of changes in assumptions | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| **Change in Assumption** | **Ireland %** | **UK %** | **Rest of World %** | Ireland % | UK % | Rest of World % |
| **Discount rate** | | | | | | |
| Decrease of 0.50% | **8.2%** | **8.1%** | **4.0%** | 8.0% | 8.2% | 4.0% |
| Increase of 0.50% | **(7.3%)** | **(7.2%)** | **(3.8%)** | (7.2%) | (7.3%) | (3.7%) |
| **Inflation Rate and Pension Increases** | | | | | | |
| Increase of 0.50% | **6.5%** | **3.3%** | **-** | 6.4% | 3.3% | - |
| Decrease of 0.50% | **(5.9%)** | **(3.4%)** | **-** | (5.8%) | (3.5%) | - |
| **Salary Increase** | | | | | | |
| Increase of 0.50% | **-** | **-** | **0.2%** | - | - | 0.2% |
| Decrease of 0.50% | **-** | **-** | **(0.2%)** | - | - | (0.2%) |
| **Mortality** | | | | | | |
| Increase in life expectancy of 1 Year | **4.1%** | **4.0%** | **2.0%** | 4.1% | 3.0% | 2.0% |
| Decrease in life expectancy of 1 Year | **(4.1%)** | **(4.0%)** | **(2.0%)** | (4.1%) | (3.0%) | (2.0%) |

## 26. Retirement benefits obligation (continued)

### (iv) Reconciliations for defined benefit schemes

The movements in the defined benefit schemes' obligation during the financial year were:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Present value of the defined benefit obligation at beginning of the financial year | (964.3) | (1,560.1) |
| Current service cost | **(1.4)** | (3.0) |
| Past service and settlements | **2.0** | 2.0 |
| Contributions by employees | **-** | - |
| Interest expense | **(44.5)** | (28.3) |
| Benefits paid | **45.2** | 54.4 |
| Re-measurements: | | |
| - experience losses on schemes' liabilities | **(11.9)** | (44.4) |
| - actuarial gains arising from changes in demographic assumptions | **14.5** | 2.6 |
| - actuarial (losses)/gains arising from changes in financial assumptions | **(47.4)** | 564.5 |
| Exchange translation adjustment | **(9.5)** | 48.0 |
| **Present value of the defined benefit obligation at end of the financial year** | **(1,017.3)** | (964.3) |

| **Present value of the defined benefit obligation at end of the financial year that relates to:** | | |
|---|---|---|
| Wholly unfunded schemes | **(14.0)** | (14.2) |
| Wholly or partly funded schemes | **(1,003.3)** | (950.1) |
| | **(1,017.3)** | (964.3) |

The weighted average duration of the defined benefit obligation at 31 December 2023 is approximately **15 years** (2022: approximately 16 years).

The movements in the schemes' assets during the financial year were:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Fair value of scheme assets at beginning of the financial year | 1,029.7 | 1,626.3 |
| Interest income | **47.6** | 29.4 |
| Contributions by employer | **12.0** | 15.3 |
| Contributions by employees | **-** | - |
| Benefits paid | **(45.2)** | (54.4) |
| Re-measurements: | | |
| - return on scheme assets (excluding amounts included in net interest cost) | **11.3** | (536.1) |
| Exchange translation adjustment | **10.2** | (50.8) |
| Fair value of scheme assets at end of the financial year | **1,065.6** | 1,029.7 |

## 26. Retirement benefits obligation (continued)

**(iv) Reconciliations for defined benefit schemes** (continued)

The fair values of each of the categories of the pension schemes' assets at 31 December were as follows:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Liability Driven Investment | **604.5** | 488.3 |
| Other Bonds and Debt Securities | **328.8** | 135.6 |
| Equities | | |
| - Global Equities | **96.0** | 126.2 |
| - Emerging Market Equities | **11.4** | 14.6 |
| Diversified Growth Funds | **13.9** | 54.2 |
| Cash and other | **11.0** | 210.8 |
| **Total fair value of pension schemes' assets** | **1,065.6** | 1,029.7 |

The majority of equity securities and bonds have quoted prices in active markets. The schemes' assets are invested with professional investment managers. Investments in the Group's own financial instruments, if any, are solely at the discretion of the investment managers concerned. The actual amount of the Group's own financial instruments held by the pension schemes during 2023 and 2022 were not material. No property held by the pension schemes was occupied by the Group nor were any other pension schemes' assets used by the Group during 2023 or 2022.

The Irish, UK and USA schemes have invested in Liability Driven Investment (LDI) strategies. The primary goal of this asset class is to mitigate the impact of interest rate and inflation volatility and enable better matching of investment returns with the cash outflows required to pay benefits. The LDI solutions invest in various leveraged/unleveraged bonds and derivatives and the value of the LDI assets at 31 December 2023 across the schemes was **€604.5m** (2022: €488.3m) which is based on the latest market bid price for the underlying investments, which are traded daily on liquid markets.

**(v) Funding for defined benefit schemes**

The Group operates a number of defined benefit schemes in a number of countries and each scheme is required to be operated in line with local legislation, conditions, practices and the regulatory framework in place for the specific country. As a result, there are a number of different funding arrangements in place that accord with the specific local legislative, regulatory and actuarial requirements.

Funding for each scheme is carried out by cash contributions from the Group's subsidiaries. These funding arrangements have been advised by the pension schemes' actuaries and agreed between the Group and the relevant Trustees. Actuarial valuations, which are not available for public inspection, are carried out every three years in Ireland and the UK; and every year in the USA. During the financial year ending 31 December 2024, the Group expects to make contributions of approximately €17.0m to its defined benefit schemes.

## 27. Share capital

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Group and Company:** | | |
| **Authorised** | | |
| **280,000,000** A ordinary shares of 12.50 cent each | **35.0** | **35.0** |
| **Allotted, called-up and fully paid (A ordinary shares of 12.50 cent each)** | | |
| At beginning of the financial year | 22.1 | 22.1 |
| Shares issued during the financial year | **-** | - |
| Shares cancelled during the financial year | **(0.2)** | - |
| **At end of the financial year** | **21.9** | 22.1 |

The Company has one class of ordinary share which carries no right to fixed income. The total number of shares in issue at 31 December 2023 was **175,792,661** (2022: 176,986,481).

## 27. Share capital (continued)

### Shares issued

During 2023 a total of **179,441** (2022: 138,030) A ordinary shares, each with a nominal value of 12.50 cent, were issued at nominal value per share under the Long-Term and Short-Term Incentive Plans.

### Share buy back programme

At the 2023 Annual General Meeting, shareholders passed a resolution authorising the Company to purchase up to 10% of its own issued share capital. In 2022, no shares were purchased under this programme.

On 1 November 2023, the Company commenced a share buyback programme of up to €300.0m. The purpose of the buyback programme is to reduce the share capital of the Company and as such, the Company will cancel any shares repurchased. The buyback programme is carried out within certain pre-set parameters and within the limitations of the share buyback authority granted at Kerry's Annual General Meeting on 27 April 2023 and any renewal of that authority.

During 2023 the total number of shares acquired was **1,373,261** at a cost of **€101.7m**. All shares acquired were A ordinary shares with a nominal value of 12.50 cent. The shares acquired were cancelled immediately following their repurchase. At 31 December 2023 there was no financial liability recorded in relation to the share buyback programme as all shares acquired were paid for in cash during 2023.

The buyback programme is conducted in accordance with the relevant provisions of the Market Abuse Regulation 596/2014/EU ('MAR' and including MAR as in force in the UK and as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019) and the Commission Delegated Regulation (EU) 2016/1052 (including as in force in the UK and as amended by the FCA's Technical Standards (Market Abuse Regulation) (EU Exit) Instrument 2019) as well as the rules of the Central Bank of Ireland.

## 28. Share-based payments

The Group operates three equity-settled share-based payment plans. The first plan is the Group's Long-Term Incentive Plan, the second is the element of the Group's Short-Term Incentive Plan that is settled in shares/share options after a 2 year deferral period and the third is the Group's All Employee Share Plan. Details on each of the Group's plans are outlined below and are the same as those recognised in the Company financial statements.

The Group recognised an expense of **€21.6m** (2022: €22.9m) related to equity-settled share-based payment transactions in the Consolidated Income Statement during the financial year. The expectation of meeting performance criteria was taken into account when calculating this expense.

### (i) Long-Term Incentive Plan

The Group operates an equity-settled Long-Term Incentive Plan (LTIP) under which an invitation to participate was made to Executive Directors and senior executives. The proportion of each invitation which vests will depend on the Adjusted Earnings Per Share (EPS) performance, Total Shareholder Return (TSR), Return on Average Capital Employed (ROACE) and Sustainability metrics of the Group during a three year period ('the performance period'). The invitations made in 2021, 2022 and 2023 will potentially vest in 2024, 2025 and 2026 respectively. 50% of the award will be issued at the date of vesting, with 50% being issued after a 2 year deferral period.

For the 2021, 2022 and 2023 awards, the performance conditions are weighted 40% for Adjusted EPS growth calculated on a constant currency basis, 25% for TSR, 15% for ROACE and the remaining 20% of the shares/share options will vest according to the Group's Sustainability metrics versus predetermined targets. An invitation may lapse if a participant ceases to be employed within the Group before the vesting date.

Under the LTIP, the Group introduced career shares awards, under which an invitation to participate was made to a limited number of senior executives. The proportion of each invitation which vests will depend on personal objectives during a three year period ('the performance period') and the senior executives remaining within the Group for a four year period ('the retention period'). The invitations made in 2018 - 2020 will potentially vest in 2024 - 2026 respectively. An invitation may lapse if a participant ceases to be employed within the Group before the vesting date.

## 28. Share-based payments (continued)

**(i) Long-Term Incentive Plan** (continued)

A summary of the status of the LTIP as at 31 December and the changes during the financial year are presented below:

| | **Number of Conditional Awards 2023** | Number of Conditional Awards 2022 |
|---|---|---|
| Outstanding at beginning of the financial year | 1,420,418 | 1,286,342 |
| Forfeited | **(88,076)** | (66,854) |
| Shares vested | **(59,462)** | (46,137) |
| Share options vested | **(112,933)** | (119,222) |
| Relinquished | **(210,134)** | (224,567) |
| New conditional awards | **650,720** | 590,856 |
| **Outstanding at end of the financial year** | **1,600,533** | 1,420,418 |

| | **Number of Conditional Awards 2023** | | | Number of Conditional Awards 2022 | | |
|---|---|---|---|---|---|---|
| | **Shares** | **Share Options** | **Total** | Shares | Share Options | Total |
| Outstanding at beginning of the financial year | 417,964 | 1,002,454 | 1,420,418 | 384,130 | 902,212 | 1,286,342 |
| Forfeited | **(40,046)** | **(48,030)** | **(88,076)** | (32,601) | (34,253) | (66,854) |
| Vested | **(59,462)** | **(112,933)** | **(172,395)** | (46,137) | (119,222) | (165,359) |
| Relinquished | **(58,848)** | **(151,286)** | **(210,134)** | (65,261) | (159,306) | (224,567) |
| New conditional awards | **185,296** | **465,424** | **650,720** | 177,833 | 413,023 | 590,856 |
| **Outstanding at end of the financial year** | **444,904** | **1,155,629** | **1,600,533** | 417,964 | 1,002,454 | 1,420,418 |

| | **Number of Share Options 2023** | Number of Share Options 2022 |
|---|---|---|
| **Share options arising under the LTIP** | | |
| Outstanding at beginning of the financial year | 240,118 | 187,027 |
| Options released at vesting date | **69,805** | 65,141 |
| Options released from deferral | **62,432** | 65,125 |
| Exercised | **(111,958)** | (77,175) |
| **Outstanding and exercisable at end of the financial year** | **260,397** | 240,118 |

Share options under the LTIP scheme have an exercise price of 12.50 cent. The remaining weighted average life for share options outstanding is **3.8 years** (2022: 4.1 years). The weighted average share price at the date of exercise was **€86.80** (2022: €99.19). **43,128** share options (2022: 54,081 share options) which vested in the financial year are deferred and therefore are not exercisable at year end.

## 28. Share-based payments (continued)

**(i) Long-Term Incentive Plan** (continued)

At the invitation grant date, the fair value per conditional award and the assumptions used in the calculations are as follows:

| LTIP Scheme | 2023 Conditional Award at Grant Date | 2022 Conditional Award at Grant Date | 2021 Conditional Award at Grant Date | 2020 Conditional Award at Grant Date |
|---|---|---|---|---|
| Conditional Award Invitation date | March 2023 | March 2022 | March 2021 | March 2020 |
| Year of potential vesting | 2026 | 2025 | 2024 | 2023/2026 |
| Share price at grant date | €91.26 | €95.46 | €107.80 | €109.00 |
| Exercise price* | €0.125 | €0.125 | €0.125 | €0.125 |
| Expected volatility | 22.9% | 28.6% | 25.5% | 20.8% |
| Expected life | 3 years | 3 years | 3 years | 3/7 years |
| Risk free rate | 3.1% | (0.3%) | (0.7%) | (1.0%) |
| Expected dividend yield | 1.0% | 0.8% | 0.8% | 0.7% |
| Expected forfeiture rate | 5.0% | 5.0% | 5.0% | 5.0% |
| Weighted average fair value at grant date | €73.50 | €77.68 | €89.78 | €92.06/€103.97 |
| Valuation model | Monte Carlo Pricing | Monte Carlo Pricing | Monte Carlo Pricing | Monte Carlo Pricing |

* Exercise price refers to exercise price for both shares and share options.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years. Market based vesting conditions, such as the TSR condition, have been taken into account in establishing the fair value of equity instruments granted. The TSR performance over the period is measured against the TSR performance of a peer group of listed companies. Non-market based performance conditions were not taken into account in establishing the fair value of equity instruments granted, however the number of equity instruments included in the measurement of the transaction is adjusted so that the amount recognised is based on the number of equity instruments that eventually vest.

**(ii) Short-Term Incentive Plan**

In 2013 the Group's Short-Term Incentive Plan (STIP) for Executive Directors was amended to incorporate a share-based payment element with 33% of the total bonus to be settled in shares/share options. The shares/share options awarded as part of this scheme will be issued 2 years after the vesting date once a deferral period has elapsed. There are no further performance conditions relating to the shares/share options during the deferral period.

There are **5,601** share options (2022: 9,200 share options) outstanding and exercisable in relation to the STIP.

A share-based payment expense is recognised in the Consolidated Income Statement for the scheme to reflect the cash value of the bonus to be paid by way of shares/share options. The issuance of shares/share options under the STIP which related to the 2022 and 2023 financial years will be released from deferral in 2024 and 2025 respectively.

## 28. Share-based payments (continued)

### (iii) All Employee Share Plan

The Group implemented a new all employee share plan (AESP) in September 2023. The plan is currently available to employees in the following countries: Ireland, UK, Spain, Australia, India, Indonesia, Thailand and Singapore and will be expanded to other countries within the Group. The plan is structured as an equity-settled scheme. Under the plan, participating employees are granted one share for every three shares purchased. The additional share is issued to the participating employee after a two-year period.

The expense related to the AESP has been recognised in the statement of comprehensive income was **€5,623**. The fair value of the shares granted under the AESP as at December 31 2023 was **€nil**. The weighted average fair value of the shares granted was **€nil**. Comparatives from prior financial years are €nil.

## 29. Cash flow components

### (i) Cash flow analysis

| | Notes | Group 2023 €'m | Group 2022 €'m | Company 2023 €'m | Company 2022 €'m |
|---|---|---|---|---|---|
| **Change in working capital** | | | | | |
| Decrease/(increase) in inventories | | **220.9** | (156.3) | **-** | - |
| Decrease/(increase) in trade and other receivables | | **136.2** | (224.3) | **(163.2)** | (12.2) |
| (Decrease)/increase in trade and other payables | | **(176.0)** | 108.2 | **3.6** | 0.6 |
| (Decrease)/increase in non-current liabilities | | **(17.2)** | 25.5 | **-** | - |
| Share-based payment expense | 28 | **21.6** | 22.9 | **21.6** | 22.9 |
| | | **185.5** | (224.0) | **(138.0)** | 11.3 |
| **Purchase of assets** | | | | | |
| Purchase of property, plant and equipment | | **(266.0)** | (208.8) | **-** | - |
| Purchase of intangible assets | 12 | **(15.9)** | (12.2) | **-** | - |
| | | **(281.9)** | (221.0) | **-** | - |
| **Cash and cash equivalents** | | | | | |
| Cash at bank and in hand | 23 | **943.7** | 970.0 | **-** | - |
| Bank overdrafts | 23 | **(34.7)** | (0.2) | **-** | - |
| | | **909.0** | 969.8 | **-** | - |

### (ii) Net debt reconciliation

| | Note | Cash at bank and in hand €'m | Interest Rate Swaps €'m | Overdrafts due within 1 year* €'m | Borrowings due within 1 year* €'m | Borrowings due after 1 year* €'m | Net Debt - pre lease liabilities €'m | Lease liabilities* €'m | Net Debt €'m |
|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2022 | | 1,039.1 | 34.6 | (5.3) | (0.3) | (3,118.0) | (2,049.9) | (74.2) | (2,124.1) |
| Cash flows | | (76.0) | - | 5.0 | 0.3 | 0.7 | (70.0) | 35.1 | (34.9) |
| Foreign exchange adjustments | | 6.9 | 3.5 | 0.1 | (39.9) | (0.3) | (29.7) | (2.6) | (32.3) |
| Other non-cash movements | | - | (22.6) | - | (661.0) | 685.0 | 1.4 | (27.5) | (26.1) |
| At 31 December 2022 | 23 | 970.0 | 15.5 | (0.2) | (700.9) | (2,432.6) | (2,148.2) | (69.2) | (2,217.4) |
| Cash flows | | **(8.9)** | **(34.4)** | **(34.5)** | **687.3** | **4.5** | **614.0** | **36.4** | **650.4** |
| Foreign exchange adjustments | | **(17.4)** | **2.5** | **-** | **12.9** | **(0.3)** | **(2.3)** | **1.3** | **(1.0)** |
| Other non-cash movements | | **-** | **6.9** | **-** | **(1.7)** | **(4.2)** | **1.0** | **(37.1)** | **(36.1)** |
| **At 31 December 2023** | 23 | **943.7** | **(9.5)** | **(34.7)** | **(2.4)** | **(2,432.6)** | **(1,535.5)** | **(68.6)** | **(1,604.1)** |

* Liabilities from financing activities.

## 30. Business combinations

The following acquisitions were completed by the Group during 2023:

| Acquisition | Type | Completion date | Percentage acquired | Segment | Principal activity | Strategic rationale |
|---|---|---|---|---|---|---|
| Proexcar S.A.S. | Equity | May 2023 | 100% share acquisition | Taste & Nutrition | A producer of leading natural functional systems technologies, which can deliver clean label solutions into protein applications based in Colombia. | Strengthens Kerry's capabilities and leading position within the Latin American meat market, while also providing a platform for further strategic growth within the ANDEAN Region. |
| Shanghai Greatang Orchard Food Co., Ltd. | Equity | July 2023 | 100% share acquisition | Taste & Nutrition | A leading producer of local authentic and innovative taste solutions for local foodservice chains and the meals and snacks market in China. | Strongly complements Kerry's leading authentic taste position in China, broadening and deepening its capability and portfolio of local taste solutions in the region, most notably in the significant foodservice hotpot market. |

The table below provides details of the identifiable net assets, including adjustments to provisional fair values, in respect of the acquisitions completed during the year ended 31 December 2023:

| | Total 2023 €'m |
|---|---|
| **Recognised amounts of identifiable assets acquired and liabilities assumed:** | |
| *Non-current assets* | |
| Property, plant and equipment | 9.7 |
| Brand related intangibles | 41.6 |
| *Current assets* | |
| Cash at bank and in hand | 0.8 |
| Inventories | 4.8 |
| Trade and other receivables | 8.6 |
| *Current liabilities* | |
| Trade and other payables | (14.5) |
| Other current liabilities | (4.3) |
| *Non-current liabilities* | |
| Deferred tax liabilities | (8.6) |
| Other non-current liabilities | (4.9) |
| **Total identifiable assets** | 33.2 |
| Goodwill | 176.9 |
| **Total consideration** | 210.1 |
| **Satisfied by:** | |
| Cash | 127.8 |
| Contingent consideration* | 82.3 |
| | 210.1 |

* The contingent consideration consists of a potential additional payment of up €16.8m (US$18m) payable in 2025 based on achieving earn-out conditions for the Proexcar S.A.S. acquisition, and potential additional payments of up to €98.7m** (RMB 780m) payable based on contractual arrangements over the period 2025 to 2027 based on achieving earn-out conditions for the Shanghai Greatang Orchard Foods Co., Ltd acquisition. The €82.3m represents the fair value of the expected contingent consideration.

** Exchange rate of RMB 7.90:€1

## 30. Business combinations (continued)

Net cash outflow on acquisition:

| | Total 2023 €'m |
|---|---|
| Cash | 127.8 |
| Less: cash and cash equivalents acquired | (0.8) |
| Plus: debt acquired (included in other current liabilities) | 4.1 |
| | 131.1 |

The acquisition method has been used to account for businesses acquired in the Group's financial statements. Given that the valuation of the fair value of assets and liabilities recently acquired is still in progress, some of the values are determined provisionally, primarily values relating to property, plant and equipment and liabilities (as not all information is available at this point in time). The valuation of the fair value of assets and liabilities will be completed within the measurement period. The contingent consideration is measured at fair value at the date control is achieved and subsequent changes in fair value are adjusted against the cost of acquisition where they qualify as measurement period adjustments. For the acquisitions completed in 2022, there have been no material revisions of the provisional fair value adjustments since the initial values were established. The Group performs quantitative and qualitative assessments of each acquisition in order to determine whether it is material for the purposes of separate disclosure under IFRS 3 'Business Combinations'. None of the acquisitions completed during the period were considered material to warrant separate disclosure.

The goodwill is attributable to the expected profitability, revenue growth, future market development and assembled workforce of the acquired businesses and the synergies expected to arise within the Group after the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Transaction expenses related to these acquisitions of **€1.6m** were charged in the Group's Consolidated Income Statement during the financial year. The fair value of the financial assets acquired includes trade and other receivables with a fair value of **€8.6m** and a gross contractual value of **€8.8m**.

The revenue and profit after taxation attributable to equity holders of the parent to the Group contributed from date of acquisition for all business combinations effected during the financial year is as follows:

| | Total 2023 €'m |
|---|---|
| Revenue | 29.6 |
| Profit after taxation attributable to equity holders of the parent | 1.0 |

The revenue and profit after taxation attributable to equity holders of the parent to the Group determined in accordance with IFRS as though the acquisition date for all business combinations effected during the financial year had been the beginning of that financial year would be as follows:

| | 2023 acquisitions €'m | Kerry Group excluding 2023 acquisitions €'m | Consolidated Group including acquisitions €'m |
|---|---|---|---|
| Revenue | 56.5 | 7,990.7 | 8,047.2 |
| Profit after taxation attributable to equity holders of the parent | 1.3 | 727.3 | 728.6 |

## 31. Contingent liabilities

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Company:** | | |
| (i) Guarantees in respect of borrowings of subsidiaries | 2,476.3 | 3,146.2 |

(ii) For the purposes of Section 357 of the Companies Act, 2014, the Company has undertaken by Board resolution to indemnify the creditors of its subsidiaries incorporated in the Republic of Ireland, as set out in note 36, in respect of all amounts shown as liabilities or commitments in the statutory financial statements as referred to in Section 357 (1) (b) of the Companies Act, 2014 for the financial year ending on 31 December 2023 or any amended financial period incorporating the said financial year. All other provisions of Section 357 have been complied with in this regard. The Company has given similar indemnities in relation to its subsidiaries in Germany (section 264 paragraph 3 of the Commercial Code), Luxembourg (Article 70 of the Luxembourg law of 19 December 2002 as amended) and Netherlands (Article 2:403 of the Dutch Civil Code), as set out in note 36. In addition, the Company has also availed of the exemption from filing subsidiary financial statements in Luxembourg, Germany, Netherlands and Ireland.

The Company does not expect any material loss to arise from these guarantees and considers their fair value to be negligible.

## 32. Other financial commitments

Commitments for the acquisition of property, plant, equipment and computer software at 31 December for which no provision has been made in the accounts are as follows:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Group:** | | |
| Commitments in respect of contracts placed | **50.8** | 70.5 |
| Expenditure authorised by the Directors but not contracted for at the financial year end | **150.9** | 129.5 |
| | **201.7** | 200.0 |

Included in other financial commitments are sustainability related projects of **€9.0m** (2022: €12.5m).

## 33. Related party transactions

### (i) Trading with Directors

In the ordinary course of business as a farmer during 2023, one Director has traded on standard commercial terms with the Group's Dairy Ireland reporting segment. Aggregate purchases from, and sales to, this Director during the year amounted to **€0.1m** and **€nil** respectively. The trading balance outstanding to the Group at the financial year end was **€nil**. All transactions with this Director were on standard commercial terms. No expense has been recognised in the financial year for bad or doubtful debts in respect of amounts owed by this Director.

In 2022, two Directors traded on standard commercial terms, in the ordinary course of business, with the Group's Dairy Ireland reporting segment consisting of aggregate purchases of €0.1m from, and sales of €0.1m to these Directors. The trading balance outstanding to the Group at 31 December 2022 was €nil. All transactions with these Directors were on standard commercial terms. No expense was recognised in 2022 for bad or doubtful debts in respect of amounts owed by these Directors.

### (ii) Trading between Parent Company and subsidiaries

Transactions in the financial year between the Parent Company and its subsidiaries included:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Dividends received by the Parent Company | **668.3** | 185.0 |
| Cost recharges from subsidiaries of the Parent Company | **27.4** | 26.5 |
| Trade and other receivables to the Parent Company | **394.2** | 230.9 |

### (iii) Trading with joint ventures

Details of transactions and balances outstanding with joint ventures are as follows:

| | Rendering of services | | Sale of goods | | Amounts receivable at 31 December | |
|---|---|---|---|---|---|---|
| | 2023 €'m | 2022 €'m | 2023 €'m | 2022 €'m | 2023 €'m | 2022 €'m |
| Joint ventures | **0.1** | 0.1 | **0.2** | 0.2 | **4.2** | 3.1 |

These trading transactions are undertaken and settled at normal trading terms.

### (iv) Trading with other related parties

As detailed in the Directors' Report, Kerry Co-operative Creameries Limited is considered to be a related party of the Group as a result of its significant shareholding in the Parent Company. During 2023, dividends of **€21.6m** (2022: €20.0m) were paid to Kerry Co-operative Creameries Limited based on its shareholding. A subsidiary of Kerry Group plc traded product to the value of **€0.1m** (2022: €0.1m) on behalf of Kerry Co-operative Creameries Limited.

### (v) Transactions with key management personnel

The Board of Directors are deemed to be key management personnel of Kerry Group plc as they are responsible for planning, directing and controlling the activities of the Group.

In addition to their salaries and short-term benefits, the Group also contributes to post-retirement defined benefit, defined contribution and saving plans on behalf of the Executive Directors (note 26). The Directors also participate in the Group's Long-Term Incentive Plan (LTIP) (note 28).

Remuneration cost of key management personnel is as follows:

| | 2023 €'m | 2022 €'m |
|---|---|---|
| Short-term benefits (salaries, fees and other short-term benefits) | **8.6** | 8.8 |
| Post-retirement benefits | **0.3** | 0.6 |
| LTIP accounting charge | **2.9** | 2.2 |
| Other long-term benefits | **-** | - |
| Termination benefits | **-** | - |
| **Total** | **11.8** | 11.6 |

## 33. Related party transactions (continued)

**(v) Transactions with key management personnel** (continued)

Retirement benefit charges of **€0.1m** (2022: €0.2m) arise under a defined benefit scheme relating to **1** Director (2022: 1 Director) and charges of **€0.2m** (2022: €0.4m) arise under a defined contribution scheme relating to **2** Directors (2022: 2 Directors). The LTIP accounting charge is determined in accordance with the Group's accounting policy for share-based payments.

Post-retirement benefits in the previous table and the statutory and listing rules disclosure in respect of pension contributions in the Executive Directors' remuneration table in the remuneration report are determined on a current service cost basis.

The aggregate amount of gains accruing to Executive Directors on the exercise of share options is **€1.8m** (2022: €nil). Dividends totalling **€0.1m** (2022: €0.1m) were also received by key management personnel during the financial year, based on their personal interests in the shares of the company.

## 34. Events after the balance sheet date

Since the financial year end, the Group has:

- entered into a definitive agreement to acquire part of the global lactase enzyme business of Chr. Hansen Holding A/S ('Chr. Hansen') and Novozymes A/S ('Novozymes') (together the 'Lactase Enzymes Business') on a carve out basis. The acquisition comprises certain trade and assets of Chr. Hansen's global lactase enzyme business and 100% of the share capital of Nuocheng Trillion Food (Tianjin) Co., Ltd, a Chinese subsidiary of Novozymes. Total consideration is €150.0m subject to routine closing adjustments, with the acquisition expected to close by the end of April 2024;
- subsequent to year end, the Company repurchased 749,081 shares at a cost of €58.9m up to 31 January 2024. The Company's intention is to continue to repurchase shares up to the announced amount of €300.0m and will end no later than 30 April 2024 (note 27); and
- proposed a final dividend of **80.80 cent** per A ordinary share (note 10).

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2023.

## 35. Reserves

**Fair value through other comprehensive income reserve (FVOCI)**

The fair value through other comprehensive income reserve represents the unrealised gains and losses on the financial assets held at fair value through other comprehensive income by the Group.

**Capital redemption reserve**

Capital redemption reserve represents the nominal cost of the cancelled shares in 2007 and 2023.

**Other undenominated capital**

Other undenominated capital represents the amount transferred to reserves as a result of renominalising the share capital of the Parent Company due to the euro conversion in 2002.

**Share-based payment reserve**

The share-based payment reserve relates to invitations made to employees to participate in the Group's Long-Term Incentive Plan and the All Employee Share Plan for participating employees. Further information in relation to share-based payment is set out in note 28.

**Translation reserve**

Exchange differences relating to the translation of the balance sheets of the Group's foreign currency operations from their functional currencies to the Group's presentation currency (euro) are recognised directly in other comprehensive income and accumulated in the translation reserve.

**Hedging reserve**

The hedging reserve represents the effective portion of gains and losses on hedging instruments from the application of cash flow hedge accounting for which the underlying hedged transaction is not impacting profit or loss. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss.

**Cost of hedging reserve**

The cost of hedging reserve arises from where the Group has entered into cross currency interest rate swaps. Such cross currency interest rate swaps have basis risk as there are characteristics in the cross currency interest rate swap contracts that are not present in the hedged item, being currency basis spreads.

**Retained earnings**

Retained earnings refers to the portion of net income, which is retained by the Group rather than distributed to shareholders as dividends.

**Non-controlling interests**

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Group.

## 36. Group entities

**Principal subsidiaries and joint venture undertakings**

| Country | Company Name | Nature of Business | Registered Office |
|---|---|---|---|
| Ireland | Accommodation Tralee Limited | Investment | 1 |
| | Breeo Brands Limited | Dairy Ireland | 1 |
| | Breeo Foods Limited | Dairy Ireland | 1 |
| | Carteret Investments Unlimited Company | Investment | 1 |
| | Cuarto Limited | Taste & Nutrition | 1 |
| | Dairy Consumer Foods (Ireland) Limited | Dairy Ireland | 1 |
| | Dawn Dairies Limited | Dairy Ireland | 1 |
| | Glenealy Farms (Turkeys) Limited | Dairy Ireland | 1 |
| | Golden Vale Dairies Limited | Dairy Ireland | 1 |
| | Golden Vale Holdings Limited | Investment | 1 |
| | Golden Vale Investments Limited | Investment | 1 |
| | Golden Vale Limited | Investment | 1 |
| | Grove Farm Limited | Investment | 1 |
| | Helios Limited | Investment | 1 |
| | Ichor Management Limited | Investment | 1 |
| | Ivernia Pig Developments Limited | Dairy Ireland | 1 |
| | Kerry Agri Business Holdings Limited | Investment | 1 |
| | Kerry Agri Business Trading Limited | Dairy Ireland | 1 |
| | Kerry Creameries Limited | Dairy Ireland | 1 |
| | Kerry Dairy Consumer Foods Limited | Dairy Ireland | 1 |
| | Kerry Food Ingredients (Cork) Limited | Taste & Nutrition | 1 |
| | Kerry Foods Limited | Dairy Ireland | 1 |
| | Kerry Group Business Services Limited | Services | 1 |
| | Kerry Group Finance International Limited | Services | 1 |
| | Kerry Group Financial Services Unlimited Company | Services | 1 |
| | Kerry Group Services International Limited | Services | 1 |
| | Kerry Group Services Limited | Services | 1 |
| | Kerry Health and Nutrition Institute Limited | Taste & Nutrition | 1 |
| | Kerry Holdings International (Ireland) Limited | Investment | 1 |
| | Kerry Holdings (Ireland) Limited | Investment | 1 |
| | Kerry Ingredients & Flavours Limited | Taste & Nutrition | 1 |
| | Kerry Ingredients (Ireland) Limited | Dairy Ireland | 1 |
| | Kerry Ingredients Holdings (Ireland) Limited | Investment | 1 |
| | Kerry Nutritional Ingredients (Ireland) Limited | Taste & Nutrition | 1 |
| | Kerry Taste & Nutrition (Ireland) Limited | Taste & Nutrition | 1 |
| | Kerry Treasury Services Limited | Services | 1 |
| | Kerrykreem Limited | Dairy Ireland | 1 |
| | Lifesource Foods Research Limited | Investment | 1 |
| | Linovale Limited | Investment | 1 |
| | North Kerry Farmers Development Limited | Dairy Ireland | 1 |
| | Plassey Holdings Limited | Investment | 1 |
| | Princemark Holdings Designated Activity Company | Services | 1 |

## 36. Group entities (continued)

**Principal subsidiaries and joint venture undertakings** (continued)

| Country | Company Name | Nature of Business | Registered Office |
|---|---|---|---|
| Ireland | Putaxy Limited | Investment | 1 |
| | Rye Investments Limited | Dairy Ireland | 1 |
| | Selamor Limited | Dairy Ireland | 1 |
| | Tacna Investments Limited | Investment | 1 |
| | Zenbury International Limited | Services | 1 |
| | Newmarket Co-operative Creameries Limited | Dairy Ireland | 2 |
| UK | Dairy Produce Packers Limited | Dairy Ireland | 3 |
| | Driedale Limited | Dairy Ireland | 3 |
| | Golden Cow Dairies Limited | Dairy Ireland | 3 |
| | Golden Vale (NI) Limited | Investment | 3 |
| | Leckpatrick Dairies Limited | Dairy Ireland | 3 |
| | Leckpatrick Holdings Limited | Investment | 3 |
| | RVF (UK) Limited | Dairy Ireland | 3 |
| | Dairy Consumer Foods (UK) Limited | Dairy Ireland | 4 |
| | E B I Foods Limited | Taste & Nutrition | 4 |
| | Gordon Jopling (Foods) Limited | Taste & Nutrition | 4 |
| | Kerry Flavours UK Limited | Taste & Nutrition | 4 |
| | Kerry Foods Limited | Dairy Ireland | 4 |
| | Kerry Holdings (U.K.) Limited | Investment | 4 |
| | Kerry Ingredients (UK) Limited | Taste & Nutrition | 4 |
| | Kerry Ingredients Holdings (U.K.) Limited | Investment | 4 |
| | Kerry Management Services (UK) Limited | Services | 4 |
| Belgium | Kerry Ingredients Belgium N.V. | Taste & Nutrition | 5 |
| Netherlands | Kerry (NL) B.V. | Taste & Nutrition | 6 |
| | Kerry Group B.V. | Investment | 6 |
| | Proparent B.V. (75% shareholding) | Taste & Nutrition | 7 |
| | Niacet B.V. | Taste & Nutrition | 8 |
| Czech Republic | Kerry Ingredients & Flavours S.R.O. | Taste & Nutrition | 9 |
| France | Kerry Ingredients Holdings France SAS | Investment | 10 |
| | Kerry Savoury Ingredients France SAS | Taste & Nutrition | 10 |
| | Kerry Flavours France SAS | Taste & Nutrition | 11 |
| Germany | Kerry Food GmbH | Taste & Nutrition | 12 |
| | Kerry Ingredients GmbH | Taste & Nutrition | 12 |
| | Red Arrow Handels GmbH | Taste & Nutrition | 13 |
| | Kerry Biotech GP GmbH | Taste & Nutrition | 14 |
| | c-LEcta GmbH (93% shareholding) | Taste & Nutrition | 15 |
| Denmark | Cremo Ingredients A/S | Taste & Nutrition | 16 |
| Italy | Kerry Ingredients & Flavours Italia S.p.A. | Taste & Nutrition | 17 |
| Poland | Kerry Polska Sp. z o.o. | Taste & Nutrition | 18 |
| Hungary | Kerry Hungaria Kft | Taste & Nutrition | 19 |
| Luxembourg | Kerry Luxembourg S.a.r.l. | Services | 20 |
| | Zenbury International Limited S.a.r.l. | Services | 20 |

## 36. Group entities (continued)

**Principal subsidiaries and joint venture undertakings** (continued)

| Country | Company Name | Nature of Business | Registered Office |
|---|---|---|---|
| Romania | Kerry Romania S.R.L. | Taste & Nutrition | 21 |
| Spain | Kerry Iberia Taste & Nutrition, S.L.U. | Taste & Nutrition | 22 |
| | Harinas y Semolas del Noroeste, S.A.U. | Taste & Nutrition | 23 |
| | Pevesa Biotech, S.A.U. | Taste & Nutrition | 24 |
| | Biosearch, S.A.U. | Taste & Nutrition | 25 |
| Malta | Kerry Malta Limited | Services | 26 |
| Slovakia | Dera SK, S.R.O. | Taste & Nutrition | 27 |
| Sweden | Tarber AB | Taste & Nutrition | 28 |
| Ukraine | Kerry Ukraine LLC | Taste & Nutrition | 29 |
| USA | Kerry Holding Co. | Investment | 30 |
| | Kerry, Inc. | Taste & Nutrition | 30 |
| | Ganeden Biotech, Inc. | Taste & Nutrition | 30 |
| | Insight Beverages, Inc. | Taste & Nutrition | 31 |
| | Fleischmann's Vinegar Company, Inc. | Taste & Nutrition | 32 |
| | Kerry Stock & Broth Company Inc. | Taste & Nutrition | 33 |
| | Niacet Corporation | Taste & Nutrition | 34 |
| | Natreon, Inc. | Taste & Nutrition | 35 |
| Canada | Kerry (Canada) Inc. | Taste & Nutrition | 36 |
| Mexico | Kerry Ingredients (de Mexico), S.A. de C.V. | Taste & Nutrition | 37 |
| | Enmex, S.A. de C.V. | Taste & Nutrition | 38 |
| Brazil | Kerry do Brasil Ltda | Taste & Nutrition | 39 |
| | Kerry da Amazonia Ingredientes e Aromas Ltda | Taste & Nutrition | 40 |
| Costa Rica | Baltimore Spice Central America, S.A. | Taste & Nutrition | 41 |
| Chile | Kerry Chile Ingredientes, Sabores Y Aromas Ltda | Taste & Nutrition | 42 |
| Colombia | Kerry Ingredients & Flavours Colombia S.A.S. | Taste & Nutrition | 43 |
| | Real S.A.S. | Taste & Nutrition | 44 |
| | Proexcar S.A.S. | Taste & Nutrition | 45 |
| Panama | Kerry Panama, S.A. | Taste & Nutrition | 46 |
| | Kerry Holdings Panama, S.A. | Taste & Nutrition | 47 |
| Guatemala | Baltimore Spice Guatemala, S.A. | Taste & Nutrition | 48 |
| | Kerry Guatemala, S.A. | Taste & Nutrition | 48 |
| | Aromaticos de Centroamerica, S.A. | Taste & Nutrition | 49 |
| El Salvador | Baltimore Spice de El Salvador, S.A. de C.V. | Taste & Nutrition | 50 |
| | Aromaticos de Centro America, S.A. de C.V. | Taste & Nutrition | 50 |
| Thailand | Kerry Ingredients (Thailand) Limited | Taste & Nutrition | 51 |
| Philippines | Kerry Food Ingredients (Philippines), Inc. | Taste & Nutrition | 52 |
| | Kerry Manufacturing (Philippines), Inc. | Taste & Nutrition | 53 |
| Singapore | Kerry Ingredients (S) PTE Ltd | Taste & Nutrition | 54 |
| Malaysia | Kerry Ingredients (M) Sdn. Bhd. | Taste & Nutrition | 55 |
| | Kerry Group Business Services (ASPAC) Sdn. Bhd. | Taste & Nutrition | 55 |
| | Almer Malaysia Sdn. Bhd. | Taste & Nutrition | 55 |
| Japan | Kerry Japan Kabushiki Kaisha | Taste & Nutrition | 56 |

## 36. Group entities (continued)

**Principal subsidiaries and joint venture undertakings** (continued)

| Country | Company Name | Nature of Business | Registered Office |
|---|---|---|---|
| China | Kerry Food Ingredients (Hangzhou) Co., Ltd | Taste & Nutrition | 57 |
| | Kerry Foods (Nantong) Co., Ltd | Taste & Nutrition | 58 |
| | TianNing Flavor & Fragrance (JiangSu) Co., Ltd | Taste & Nutrition | 59 |
| | Zhejiang Hangmai Food Technologies Co., Ltd | Taste & Nutrition | 60 |
| | Sias Food Co., Ltd | Taste & Nutrition | 61 |
| | Shandong Tianbo Food Ingredients Co., Ltd | Taste & Nutrition | 62 |
| | Shanghai Greatang Orchard Food Co., Ltd. | Taste & Nutrition | 63 |
| | Kerry Food (Shandong) Co., Limited | Taste & Nutrition | 64 |
| Egypt | Kerry Egypt LLC | Taste & Nutrition | 65 |
| Indonesia | PT Kerry Ingredients Indonesia | Taste & Nutrition | 66 |
| | PT Kerry Trading Indonesia | Taste & Nutrition | 67 |
| India | Kerry Ingredients India Private Limited | Taste & Nutrition | 68 |
| Australia | Kerry Ingredients Australia Pty. Ltd | Taste & Nutrition | 69 |
| New Zealand | Kerry Ingredients (NZ) Limited | Taste & Nutrition | 70 |
| Kenya | Kerry Kenya Limited | Taste & Nutrition | 71 |
| | Afribon (K) Limited | Taste & Nutrition | 72 |
| Cameroon | Afribon Cameroun SARL | Taste & Nutrition | 73 |
| Nigeria | Kerry Ingredients Nigeria Limited | Taste & Nutrition | 74 |
| Rwanda | Afribon Limited | Taste & Nutrition | 75 |
| Tanzania | Kerry Taste & Nutrition Tanzania Limited | Taste & Nutrition | 76 |
| Uganda | Kerry Taste & Nutrition Uganda - SMC Limited | Taste & Nutrition | 77 |
| South Africa | Kerry Ingredients South Africa (Proprietary) Limited | Taste & Nutrition | 78 |
| South Korea | Kerry Ingredients Korea LLC | Taste & Nutrition | 79 |
| Saudi Arabia | AATCO Food Industries LLC | Taste & Nutrition | 80 |
| Oman | Kerry Oman S.P.C. | Taste & Nutrition | 81 |
| Vietnam | Kerry Taste & Nutrition (Vietnam) Company Limited | Taste & Nutrition | 82 |
| UAE | Kerry MENAT DMCC | Taste & Nutrition | 83 |

**Notes**

(a) All group entities are wholly owned subsidiaries unless otherwise stated.

(b) Country represents country of incorporation and operation. Ireland refers to the Republic of Ireland.

(c) With the exception of the USA, Canadian and Mexican subsidiaries, where the holding is in the form of common stock, all holdings are in the form of ordinary shares.

(d) Pursuant to Section 314-316 of the Companies Act 2014, a full list of subsidiaries, joint ventures and associated undertakings will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

## 36. Group entities (continued)

**Registered Office**

1 Prince's Street, Tralee, Co Kerry, V92 EH11, Ireland.

2 Newmarket, Co. Cork, Ireland.

3 Millburn Road, Coleraine, Londonderry, BT52 1QZ, United Kingdom.

4 Kerry, Bradley Road, Royal Portbury Dock, Bristol BS20 7NZ, United Kingdom.

5 Boulevard Industriel 9, 1070, Brussels, Belgium.

6 Maarssenbroeksedijk 2a, 3542 DN, Utrecht, Netherlands.

7 Cuneraweg 9c, 4051 CE, Ochten, Netherlands.

8 Papesteeg 91, 4006 WC Tiel, Netherlands.

9 Pujmanové 1753/10a, Nusle, 140 00, Praha 4, Czech Republic.

10 43 Rue Pasteur, 62575 Blendecques, France.

11 Zone Industrielle du Plan, BP 82067, 06131 Grasse cedex, France.

12 Hauptstrasse 22, 63924, Kleinheubach, Germany.

13 Hanna-Kunath-Strasse 25, 28199, Bremen, Germany.

14 c/o Kerry Food GmbH, Hauptstrasse 22, 63924, Kleinheubach, Germany.

15 Perlickstrasse 5, 04103, Leipzig, Germany.

16 Toftegårdsvej 3, DK-5620, Glamsbjerg, Denmark.

17 Via Capitani di Mozzo, 12/16, 24030, Mozzo, Bergamo, Italy.

18 Ul. Energetyczna 13, 56-400, Olesnica, Poland.

19 Dévai utca 26-28, Budapest, H-1134, Hungary.

20 17 Rue Antoine Jans, Luxembourg, L-1820, Luxembourg.

21 5th Floor, Room A-7.3, 313 - 315 Barbu Vacarescu Street, District 2, Bucharest, 020272, Romania.

22 Calle Coto de Doñana, 15, 28320 Pinto, Madrid, Spain.

23 Polígono Industrial de las Gándaras de Budiño, O Porriño, Pontevedra, Spain.

24 Avenida Industria S/N Pol. Ind. Poliviso, 41520 El Viso Del Alcor, Sevilla, Spain.

25 Camino del Purchil, 66, 18004, Granada, Spain.

26 6, Sqaq Ix-Xatt Nru. 2, Pietà, PTA 1611, Malta.

27 Hodžovo námestie 1A, Bratislava, 811 06, Slovakia.

28 Box 1420 - Frejgatan 13, 114 79 Stockholm, Sweden.

29 Khmelnytska Street, 20/21, Kiev, 03115, Ukraine.

30 3400 Millington Road, Beloit WI 53511, United States.

31 635 Oakwood Drive, Lake Zurich IL 60047, United States.

32 12604 Hiddencreek Way, Suite A, Cerritos CA 90703, United States.

33 1711 North Liberty Street, Harrisonburg VA 22802, United States.

34 275 Northpointe Parkway, Suite 105, Amherst NY 14228, United States.

35 2-D Janine Place, New Brunswick NJ 08901, United States.

36 Osler, Hoskin & Harcourt, LLP, 100 King Street West, 1 First Canadian Place, Suite 6200, PO Box 50, Toronto ON M5X IB8, Canada.

37 Carretera Panamericana Irapuato-Salamanca, Km 11.2, Apartado Postal 789, Irapuato, Guanajuato, 36660, Mexico.

38 Rio Lerma 228, Fraccionamiento Industrial San Nicolas, Tlalnepantla de Baz, Estado de Mexico, CP 54030, Mexico.

39 Avenida Mercedes Benz 460, Distrito Industrial, Campinas, Sao Paolo, 13054-750, Brazil.

40 Rua Hidra 188, Santo Agostinho, Manaus, 69036-520, Brazil.

41 Liceo de Pavas 200m West, 100 mts North, PO Box 1035 - 1200, San Jose, 10109, Costa Rica.

42 C.M. El Trovador No 4280, Of 1205, Las Condes, Suc. Cerro Portezuelo 9901, Quilicura, Santiago, Chile.

43 Carrera 7 No 71-52, Torre A Piso 5, Bogota, Colombia.

## 36. Group entities (continued)

**Registered Office** (continued)

44 Carrera 3 # 6a – 100 oficina 703., Ed. Torre Protección, Cartagena, Bolivar, Colombia.

45 Carrera 50G #10B - Sur 14, Bodega 6, Medellin, Antioquia, Colombia.

46 Parque Industrial Costa del Este, Calle 3ra Lote 88. Corregimiento Parque Lefevre, 0819-01869, Panama.

47 Distrito Panama, Provincia Panama, Panama.

48 Kilómetro 26.5 Carretera al Pacifico, Paso a Desnivel, Entrada a Amatitlán, Amatitlán, Guatemala.

49 23 Avenida 34-61, Zona 12, Colonia Santa Elisa, Guatemala, Guatemala.

50 2 Calle Oriente Avenida Melvin Jones, Local 14, Centro Comercial Argoz, Santa Tecla, La Libertad, El Salvador.

51 No. 618, Moo 4, Bangpoo Industrial Estate, Tambol Prakesa, Amphur Muang Samutprakarn, Samutprakarn Province, Thailand.

52 Room 406, Cebu Business & Investments Consultants, 4/F Tulips Centre, AS Fortuna Street, Mandaue City, Cebu, 6014, Philippines.

53 8/F The W Fifth Avenue Building, 5th Avenue, Bonifacio Global City, Fort Bonifacio, Taguig City, 1634, Philippines.

54 8A Biomedical Grove, #02-05/12, Immunos, 138648, Singapore.

55 Tricor Corporate Services Sdn Bhd (779773-H), Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia.

56 Kamiyacho Sankei Building, 2F, 1-7-2, Azabudai 1-chome, Minato-ku, Tokyo 106-0041, Japan.

57 Renhe Industry Zone, Jiulong Village, Hangzhou, China.

58 North Side of Xiangjiang Road, Rudong County, Nantong City, China.

59 Dujiashan, Huayang County, Jurong, Jiangsu Province, 212425, China.

60 26 Tai Ping Qiao Industry Park, Xin'an, Deqing County, Zhejiang Province, China.

61 North side of XinYe Road, West side of LiDaXian, DaChang Industrial District, LangFang City, HeBei Province, China.

62 No.6 Haichuan Road, Jiezhuang Street, Hi-tech Zone, Jining, Shandong Province, China.

63 No. 101 Qianxin Road, Jinshanwei Town, Jinshuan District, Shanghai, China.

64 Southeast corner of intersection of Quanxing Road and Jingong Road, Economic Development Zone, Sishui County, Jining City, Shandong, China.

65 5th Floor, Namaa Bulding, Rameses Extension Street, 6th District, Nasr City, Cairo, Egypt.

66 JL. Industri Utama Blok SS-6 Kws.Ind Jababeka II, Cikarang Utara, Cab.Bekasi, Provinsi Jawa Barat, 17520, Indonesia.

67 Jalan Industri Utama Blok SS-6 Kawasan Industri Jababeka 2, Desa/Kelurahan Mekarmukti, Kec. Cikarang Utara, Kab. Bekasi, Provinsi Jawa Barat, 17530, Indonesia.

68 8th Floor, Pritech Park Annex, Marathahalli-Sarjapur Outer Ring Road, Bellandur, Bangalore, Karnataka, 560103, India.

69 Suite 202, 7-9 Irvine Place Bella Vista NSW 2153, Australia.

70 11-13 Bell Avenue, Otahuhu, Auckland, New Zealand.

71 Avocado Towers, L.R. No 209/1907, Muthithi Road, Nairobi, 00100, Kenya.

72 Kalamu House, Grevillea Grove, Brookside Westlands, P.O. BOX 61120, 00200, Nairobi, Kenya.

73 Akwa, Douala, PO Box 5449, Cameroon.

74 1st Floor Plot 8, Dr Nurdeen Olowopop Ikeja Central Business District, Agidingbi, Ikeja, Lagos Estate, Nigeria.

75 Kagarama, Kicukiro, Umujyi wa Kigali, Rwanda.

76 Plot Number 24, Sawe Street, Mikocheni Industrial Road, P.O. Box 62043, Dar-es-Salaam, Republic of Tanzania.

77 Plot No.3 Kakoma Road, Barkati House, Ntinda Industrial Area, Kampala, Uganda.

78 Block 3 Nguni Park, 4-6 Lucas Drive, Hillcrest, Durban, KwaZulu Natal, 3610, South Africa.

79 9th Fl., Sheenbang Bldg, 2575 Nambusunhwan-ro, Seocho-Gu, Seoul, 06735, Republic of Korea.

80 PO Box Number 5802, PC 21432, 2nd Industrial City, Jeddah, Kingdom of Saudi Arabia.

81 P.O. Box 130, Postal Code 322, Sohar, Sultanate of Oman, Oman.

82 Me Linh Point Tower, 2 Ngo Duc De Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.

83 Unit No: AG-GF-01, AG Tower, Plot No: JLT-PH1-I1A, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

# Supplementary Information
# FINANCIAL DEFINITIONS
## (not covered by independent auditors' report)

Kerry uses a number of financial and non-financial key performance indicators (KPIs) to measure performance across its business. These KPIs help inform decision making, assist effective goal setting and track progress in achieving the Group's strategic objectives. Kerry believes that long-term sustainable success will be achieved by generating value for all stakeholders, while developing and monitoring strategy, managing the risks that face the organisation and embedding the Group's purpose and values. Non-financial key performance indicators are outlined in pages 34-35, while the principal financial definitions used by the Group, together with reconciliations where the non-IFRS measures are not readily identifiable from the financial statements, are as follows:

## 1. Revenue

### Volume performance

This represents the sales performance year-on-year, excluding pass-through pricing on input costs, currency impacts, acquisitions, disposals and rationalisation volumes.

Volume performance is an important metric as it is seen as the key driver of organic top-line business improvement. Pricing therefore impacts revenue performance positively or negatively depending on whether input costs move up or down. A full reconciliation to reported revenue performance is detailed in the revenue reconciliation below.

### Revenue Reconciliation

| 2023 | Volume performance | Price | Transaction currency | Acquisitions | Disposals | Translation currency | Reported revenue performance |
|---|---|---|---|---|---|---|---|
| **Taste & Nutrition** | **1.1%** | **1.1%** | **-** | **1.2%** | **(6.0%)** | **(3.4%)** | **(6.0%)** |
| **Dairy Ireland** | **(6.5%)** | **(9.3%)** | **(0.1%)** | **-** | **-** | **(0.7%)** | **(16.6%)** |
| **Group** | **(0.9%)** | **(0.7%)** | **-** | **1.0%** | **(5.1%)** | **(2.9%)** | **(8.6%)** |
| 2022 | | | | | | | |
| Taste & Nutrition | 7.8% | 8.7% | 0.2% | 5.6% | (1.1%) | 8.2% | 29.4% |
| Dairy Ireland | 0.1% | 22.8% | 0.1% | - | (37.6%) | 1.2% | (13.4%) |
| Group | 6.1% | 11.7% | 0.2% | 4.3% | (9.8%) | 6.8% | 19.3% |

## 2. EBITDA

EBITDA represents operating profit after taxation before finance income and costs, income taxes, depreciation (net of capital grant amortisation), intangible asset amortisation, non-trading items and share of joint ventures' results after taxation. EBITDA is reflective of underlying trading performance and allows comparison of the trading performance of the Group's businesses, either year-on-year or with other businesses.

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Profit after taxation** | **728.1** | 606.5 |
| Share of joint ventures' results after taxation | **1.9** | 0.4 |
| Finance income | **(21.8)** | (6.6) |
| Finance costs | **72.1** | 72.8 |
| Income taxes | **94.5** | 92.5 |
| Non-trading items | **(8.8)** | 146.2 |
| Intangible asset amortisation | **79.5** | 82.7 |
| Depreciation (net) | **219.6** | 221.6 |
| **EBITDA** | **1,165.1** | 1,216.1 |

## 3. EBITDA Margin

EBITDA margin represents EBITDA expressed as a percentage of revenue.

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **EBITDA** | **1,165.1** | 1,216.1 |
| Revenue | **8,020.3** | 8,771.9 |
| **EBITDA margin** | **14.5%** | 13.9% |

## 4. Operating Profit

Operating profit is profit before income taxes, finance income, finance costs and share of joint ventures' results after taxation.

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Profit before taxation** | **822.6** | 699.0 |
| Finance income | **(21.8)** | (6.6) |
| Finance costs | **72.1** | 72.8 |
| Share of joint ventures' results after taxation | **1.9** | 0.4 |
| **Operating profit** | **874.8** | 765.6 |

## 5. Adjusted Earnings Per Share and Performance in Adjusted Earnings Per Share on a Constant Currency Basis

The performance in adjusted earnings per share on a constant currency basis is provided as it is considered more reflective of the Group's underlying trading performance. Adjusted earnings is profit after taxation attributable to equity holders of the parent before brand related intangible asset amortisation and non-trading items (net of related tax). These items are excluded in order to assist in the understanding of underlying earnings. A full reconciliation of adjusted earnings per share to basic earnings is provided below. Constant currency eliminates the translational effect that arises from changes in foreign currency year-on-year. The performance in adjusted earnings per share on a constant currency basis is calculated by comparing current year adjusted earnings per share to the prior year adjusted earnings per share retranslated at current year average exchange rates.

| | 2023 EPS cent | Performance % | 2022 EPS cent | Performance % |
|---|---|---|---|---|
| Basic earnings per share | **410.4** | **20.0%** | 341.9 | (20.6%) |
| Brand related intangible asset amortisation | **29.5** | **-** | 28.7 | - |
| Non-trading items (net of related tax) | **(9.8)** | **-** | 70.0 | - |
| **Adjusted earnings per share** | **430.1** | **(2.4%)** | 440.6 | 15.7% |
| Impact of retranslating prior year adjusted earnings per share at current year average rates* | | **3.6%** | | (8.4%) |
| **Growth in adjusted earnings per share on a constant currency basis** | | **1.2%** | | 7.3% |

* Impact of 2023 translation was (16.0)/440.6 cent = 3.6% (2022: (8.4%)).

## 6. Free Cash Flow

Free cash flow is EBITDA plus movement in average working capital, capital expenditure net (purchase of assets, payment of lease liabilities, proceeds from the sale of assets (net of disposal expenses) and capital grants received), pensions contributions paid less pension expense, finance costs paid (net) and income taxes paid.

Free cash flow is seen as an important indicator of the strength and quality of the business and of the availability to the Group of funds for reinvestment or for return to shareholders. Movement in average working capital is used when calculating free cash flow as management believes this provides a more accurate measure of the increase or decrease in working capital needed to support the business over the course of the year rather than at two distinct points in time and more accurately reflects fluctuations caused by seasonality and other timing factors. Average working capital is the sum of each month's working capital over 12 months. Below is a reconciliation of free cash flow to the nearest IFRS measure, which is 'Net cash from operating activities'.

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Net cash from operating activities** | **1,037.8** | 721.8 |
| Difference between movement in monthly average working capital and movement in the financial year end working capital | **(147.1)** | 22.6 |
| Payments on non-trading items | **99.8** | 85.4 |
| Purchase of assets | **(281.9)** | (221.0) |
| Payment of lease liabilities | **(36.4)** | (35.1) |
| Proceeds from the sale of property, plant and equipment | **11.6** | 38.1 |
| Capital grants received | **3.3** | 1.4 |
| Exchange translation adjustment | **14.2** | 27.2 |
| **Free cash flow** | **701.3** | 640.4 |

## 7. Cash Conversion

Cash conversion is defined as free cash flow, expressed as a percentage of adjusted earnings after taxation. Cash conversion is an important metric as it measures how much of the Group's adjusted earnings is converted into cash.

| | 2023 €'m | 2022 €'m |
|---|---|---|
| **Free cash flow** | **701.3** | 640.4 |
| Profit after taxation attributable to equity holders of the parent | **728.3** | 606.4 |
| Brand related intangible asset amortisation | **52.3** | 50.9 |
| Non-trading items (net of related tax) | **(17.4)** | 124.2 |
| Adjusted earnings after taxation | **763.2** | 781.5 |
| **Cash Conversion** | **92%** | 82% |

## 8. Liquidity Analysis

The Net debt:EBITDA and EBITDA:Net interest ratios disclosed are calculated using an adjusted EBITDA, adjusted finance costs (net of finance income) and an adjusted net debt value to adjust for the impact of non-trading items, acquisitions net of disposals and deferred payments in relation to acquisitions.

| | 2023 Times | 2022 Times |
|---|---|---|
| Net debt:EBITDA | **1.5** | 1.8 |
| EBITDA:Net interest | **21.8** | 18.1 |

## 9. Average Capital Employed

Average capital employed is calculated by taking an average of the shareholders' equity less vendor loan note and net debt over the last three reported balance sheets.

| | **2023 €'m** | H1 2023 €'m | 2022 €'m | H1 2022 €'m | 2021 €'m |
|---|---|---|---|---|---|
| Equity attributable to equity holders of the parent | **6,521.3** | 6,356.5 | 6,221.9 | 6,088.7 | 5,601.2 |
| Vendor loan note | **(124.3)** | (125.0) | - | - | - |
| Net debt | **1,604.1** | 1,846.5 | 2,217.4 | 2,456.3 | 2,124.1 |
| Total capital employed | **8,001.1** | 8,078.0 | 8,439.3 | 8,545.0 | 7,725.3 |
| **Average capital employed** | **8,172.8** | | 8,236.5 | | |

## 10. Return on Average Capital Employed (ROACE)

This measure is defined as profit after taxation attributable to equity holders of the parent before non-trading items (net of related tax), brand related intangible asset amortisation and finance income and costs expressed as a percentage of average capital employed. ROACE is a key measure of the return the Group achieves on its investment in capital expenditure projects, acquisitions and other strategic investments.

| | **2023 €'m** | 2022 €'m |
|---|---|---|
| Profit after taxation attributable to equity holders of the parent | **728.3** | 606.4 |
| Non-trading items (net of related tax) | **(17.4)** | 124.2 |
| Brand related intangible asset amortisation | **52.3** | 50.9 |
| Net finance costs | **50.3** | 66.2 |
| Adjusted profit | **813.5** | 847.7 |
| Average capital employed | **8,172.8** | 8,236.5 |
| **Return on average capital employed** | **10.0%** | 10.3% |

## 11. Total Shareholder Return

Total shareholder return represents the change in the capital value of Kerry Group plc shares plus dividends in the financial year.

| | **2023** | 2022 |
|---|---|---|
| Share price (1 January) | €84.24 | €113.25 |
| Interim dividend (cent) | **34.6** | 31.4 |
| Dividend paid (cent) | **73.4** | 66.7 |
| Share price (31 December) | **€78.66** | €84.24 |
| **Total shareholder return** | **(5.3%)** | (24.7%) |

## 12. Market Capitalisation

Market capitalisation is calculated as the share price times the number of shares issued.

| | **2023** | 2022 |
|---|---|---|
| Share price (31 December) | **€78.66** | €84.24 |
| Shares in issue ('000) | **175,792.7** | 176,986.5 |
| **Market capitalisation (€'m)** | **13,827.9** | 14,909.3 |

## 13. Enterprise Value

Enterprise value is calculated as per external market sources. It is market capitalisation plus reported borrowings less total cash and cash equivalents.

## 14. Net Debt

Net debt comprises borrowings and overdrafts, interest rate derivative financial instruments, lease liabilities and cash at bank and in hand. See full reconciliation of net debt in note 23 to the financial statements on pages 232-234.

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