

Key Performance Indicators

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.

We believe 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 Company's purpose and values.

FINANCIAL PERFORMANCE INDICATORS

GROWTH

Metric	Volume Growth +8.0%	Trading Margin Expansion +40bps	Constant Currency Adjusted EPS Growth +12.1%
Performance	<p>2021 8.0%</p> <p>2020 (2.9%)</p> <p>2019 2.8%</p>	<p>2021 11.9% +40bps</p> <p>2020 11.5% (100bps)</p> <p>2019 12.5% +30bps</p>	<p>2021 380.8 12.1%</p> <p>2020 (9.4%)</p> <p>2019 8.3%</p>
Commentary	Group volumes increased by 8.0% in the year, with strong performances across all regions following the impact of COVID-19 in the prior year.	Group trading margin increased by +40bps in the year, primarily due to operating leverage recovery after the impact of COVID-19 in the prior year.	Constant currency adjusted EPS increased by +12.1% in the year.
Strategic Importance/ Link to Remuneration	Volume growth is an important metric as it is seen as the 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.	Trading 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, which is a metric for the long-term incentive plan.	Constant currency EPS growth is a key performance metric as it encompasses the components of growth that are important to the Group's stakeholders. It is a performance metric for the long-term incentive plan.
Comparable IFRS measure	Reported revenue was +5.7% in the year (2020: (4.0%)) - see Financial Definition point 1 within Supplementary Information section on page 234.	Operating profit was +25.2% in the year (2020: (2.7%)) - see Financial Definition point 4 within Supplementary Information section on page 235.	Basic earnings per share was +37.6% in the year (2020: (2.3%)) - see Financial Definition point 7 within Supplementary Information section on page 235.

NON-FINANCIAL PERFORMANCE INDICATORS

Metric	Consumers Reached with Positive and Balanced Nutrition Solutions 1.1 Billion	
Performance		<p>2030 Target of Reaching 2 billion consumers by 2030</p> <p>2021 1.1</p> <p>2020 1.0</p>
Commentary	Understanding that nutrition plays a critical part in the broader sustainable development agenda, Kerry has an ambitious target of reaching two billion people with sustainable nutrition solutions by 2030. This target encompasses both financial and non-financial metrics, as key to increasing Kerry's reach will be achieving business growth objectives, while creating a positive impact through the achievement of our sustainability commitments. Kerry will deliver on this target by further enhancing and expanding our solutions portfolio across the nutrition spectrum, as we respond to evolving market demands. In 2021, we increased our reach to over 1.1 billion consumers as we continued to grow our business and enhance our portfolio of sustainable nutrition solutions.	
Strategic Importance/ Link to Remuneration	As the leader in Taste and Nutrition, we can play a pivotal role in supporting the transition to healthier more sustainable diets. As awareness continues to grow of the link between diet and health, consumers are increasingly looking for products that are good for them and the world around them. As customers seek to respond, Kerry is ideally placed to support them in the development of products that deliver more sustainable nutrition. The achievement of this target is fully integrated with our broader strategic objectives and central to our Vision to be our customers' most valued partner, creating a world of sustainable nutrition. It is one of the performance metrics that measures the Group's performance compared to its 2030 sustainability strategy targets. This was incorporated in the sustainability metrics within the 2021 long-term incentive plan.	

Our model is a combination of growth, return and sustainability metrics, which have helped Kerry deliver a strong track record of shareholder return.



The Kerry Model

RETURN

Return on Average Capital Employed (ROACE) 9.9%	Cash Conversion 84%	Total Shareholder Return (TSR) (3.7%)
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2021	9.9%
2020	9.8%
2019	11.8%

2021	566	84%
2020	412	67%
2019	515	74%

2021	34%	(4%)
2020	29%	7%
2019	20%	29%

ROACE for the year was 9.9%, which reflected the impact from portfolio developments in the year.

Cash conversion for the year was 84%, which represented a good recovery from the impact of COVID-19 in the prior year.

TSR for the year was (3.7%), as share performances varied across the food & beverage sector. Compound TSR over the past three years amounted to 34%.

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.

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.

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.

There is no IFRS measure comparable to ROACE.

Net cash from operating activities was €654.0 (2020: €672.2m) - see Financial Definition point 8 within Supplementary Information section on page 236.

There is no IFRS measure comparable to Total Shareholder Return.

Absolute Carbon Reduction 39%

2030	Target of 55% reduction in carbon by 2030
2021	39%
2020	17%

The Group has set a Science-based Target for Scope 1 and 2 emissions reduction that reflects global efforts to limit global warming to 1.5 degrees Celsius. In 2021, we achieved a 39% reduction in absolute Scope 1 & 2 emissions versus our base year, driven primarily by an ongoing focus on carbon efficiency and increasing the share of electricity we procure from renewable sources.

The impact of climate change is increasingly clear with growing awareness of the implications for people, the environment and the economy. At Kerry, we understand the need to act now in support of a global shift towards decarbonisation, helping to mitigate the worst effects of climate change and building resilience across our value chain. We are committed to addressing our total carbon footprint and achieving net zero emissions before 2050. It is one of the performance metrics that measures the Group's performance against the 2030 sustainability strategy targets. This is incorporated in the sustainability metrics within the 2021 long-term incentive plan.

Reduction in Food Waste 19%

2030	Target of achieving 50% reduction in overall food waste by 2030
2021	19%
2020	10%

In line with target 12.3 of the UN Sustainable Development Goals, we aim to halve food waste across our operations by 2030. In 2021, we made further progress towards this goal achieving a 19% reduction across our sites versus our base year. Our approach focuses on a number of different interventions at site level including the recovery and redistribution of products through charitable partners, further optimising our production processes and a programme of employee engagement and training.

A crucial intervention for sustainable food production is reducing the current level of food waste, estimated to be up to a third of all calories produced. This significant environmental, social and economic impact provides an opportunity for organisations to capture additional value while acting to reduce environmental impacts. At Kerry, we are committed to halving food waste across our operations and supporting our customers in reducing their food waste through the use of sustainable solutions, particularly our preservation technologies. It is one of the performance metrics that measures the Group's performance compared to its 2030 sustainability strategy targets. This is incorporated in the sustainability metrics within the 2021 long-term incentive plan.