Sustainability is being driven by consumers, brands, employees and investors in addition to regulators and governments.

Companies are increasingly focused on creating long-term value for shareholders and stakeholders, including financial returns, sustainability and impacts on ESG. In contemplating a transaction, business owners must articulate sustainability KPIs alongside financial returns to investors. The table below lists examples of select KPIs that may be important for food and beverage industry stakeholders. In advance of engaging in a potential transaction, business owners should identify which KPIs are most material for their company and identify measurable and attainable criteria for evaluation.

### Illustrative KPIs for Food and Beverage Companies:

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</thead>
<tbody>
<tr>
<td>% products meeting volatile organic compound emissions standards</td>
<td>% of revenue from land meeting NRCS1 criteria</td>
<td>% suppliers with full traceability</td>
<td>CO₂ emissions</td>
<td>Refillable products / total products</td>
<td>% of carbon emissions from logistics process</td>
<td>% of product portfolio that is sustainable products</td>
<td>% of post-consumer recyclable content</td>
</tr>
<tr>
<td>% products made without hazardous chemicals or waste</td>
<td>% sustainably grown products created with eco-friendly practices</td>
<td>% land use covered by sustainability certification or regenerative ag principles</td>
<td>% of waste recycled</td>
<td>% recycled materials or plastics (marine or PCR) used</td>
<td>% renewable fuel consumed</td>
<td>% revenue from sustainable products</td>
<td>% of products donated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% sourced products certified through third-party environmental or social standard</td>
<td>Total water withdrawn / total water consumed</td>
<td>% packaging made from biodegradable materials</td>
<td>% energy efficient warehouse use</td>
<td>Net brand trust score</td>
<td>% of biodegradable products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of diverse supplier spend</td>
<td>% products sourced from GFSI-certified suppliers</td>
<td>% food waste due to packaging</td>
<td>% product lost in transit</td>
<td># of product recalls / total products</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>% animal production not receiving growth hormones</td>
<td>Tons of fertilizer consumed per acre</td>
<td></td>
<td>GFSI2 Score</td>
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</table>

**Sources:** EY Institutional Investor survey, Future Consumer Index, Morningstar, IR Magazine, UN, European Commission, Edie

1. Natural Resources Conservation Science
2. Global Food Safety Initiative

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**Traditional focus: shareholders**

Companies have traditionally focused on financials and shareholder returns.

**Evolving focus: shareholders and stakeholders**

Companies are increasingly focused on creating long-term value for shareholders and stakeholders, including financial returns, sustainability and impacts on ESG.

**Food & Beverage M&A Recap**

**January 2023**

**EDITORS**

**Zahra Jamani**
Senior Vice President

**Ryan Marinelli**
Analyst

**Sustainability KPIs**

- % products meeting volatile organic compound emissions standards
- % products made without hazardous chemicals or waste
- % of revenue from land meeting NRCS1 criteria
- % of suppliers with full traceability
- % land use covered by sustainability certification or regenerative ag principles
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- % food waste due to packaging
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- Net brand trust score
- # of product recalls / total products
- GFSI2 Score

**Brands**
Brands with sustainable impact grow faster than their counterparts.

**Employees**
Employees who are mission driven strengthen their company’s brand and increase productivity, in some cases accounting for 2% of stock price increases.

**Investors**
Most investors say ESG information plays a pivotal role in making investment decisions and will impact valuations.

**Regulators**
Regulators are imposing a duty of care on companies to disclose their actions.

**Governments**
Governments are accelerating regulation through measures like green taxes, plastics bans and sustainability disclosures.

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**Food & Beverage**

**M&A Recap**

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**Illustrative KPIs for food and beverage companies:**

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**Sources:** EY Institutional Investor survey, Future Consumer Index, Morningstar, IR Magazine, UN, European Commission, Edie

1. Natural Resources Conservation Science
2. Global Food Safety Initiative
Select announced transactions in Q4 2022

<table>
<thead>
<tr>
<th>Announced Date</th>
<th>Target</th>
<th>Target HQ</th>
<th>Target Description</th>
<th>Buyer</th>
<th>Buyer HQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 13, 2022</td>
<td>Sovereign Brands LLC</td>
<td></td>
<td>Producer of wine and spirits products offering white, red, sparkling and rose wines.</td>
<td>Pernod Ricard SA (ENXTPA:RI)</td>
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<tr>
<td>Oct 31, 2022</td>
<td>Wilderness Trail Distillery, LLC</td>
<td></td>
<td>Operator of a beverage distillery offering handcrafted products and spirits. • EV — $600m • EV/Revenue — 14.7x • EV/EBITDA — 26.4x</td>
<td>Davide Campari-Milano N.V. (BIT:CPR)</td>
<td></td>
</tr>
<tr>
<td>Nov 07, 2022</td>
<td>Montauk Brewing Company, Inc.</td>
<td></td>
<td>Producer and distributor of craft beer which sells through retailers such as Target, Whole Foods, Trader Joe’s, Stop &amp; Shop.</td>
<td>Tilray Brands, Inc. (NasdaqGS:TLRY)</td>
<td></td>
</tr>
<tr>
<td>Nov 10, 2022</td>
<td>FitVine Wine, LLC</td>
<td></td>
<td>Producer and seller of red and white wines which sells through stores as well as online channel.</td>
<td>O’Neill Beverages Co. LLC</td>
<td></td>
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<tr>
<td>Dec 09, 2022</td>
<td>Heritage Distilling Company, Inc.</td>
<td></td>
<td>Operator of craft distilleries and produces whiskey, vodka, gin, and rum. • EV — $107.5m</td>
<td>Better World Acquisition Corp. (Nasdaq: BWAC)</td>
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<tr>
<td><strong>Alcoholic beverages</strong></td>
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<tr>
<td>Dec 14, 2022</td>
<td>Waterloo Brewing Ltd. (TSX:WBR)</td>
<td>Producer, seller and distributor of bottled, canned, and draft premium beer which sells through grocery stores. • EV — CAD $214.9m • EV/Revenue — 2.0x • EV/EBITDA — 15.7x</td>
<td>Carlsberg Breweries A/S</td>
<td></td>
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<tr>
<td><strong>Bakery</strong></td>
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<tr>
<td>Oct 10, 2022</td>
<td>Bake Crafters Food Company</td>
<td>Manufacturer and distributor of breakfast and other baked food products primarily to the K-12 foodservice channel.</td>
<td>Murray's Inc.</td>
<td></td>
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<tr>
<td>Oct 31, 2022</td>
<td>Dianne's Fine Desserts, Inc.</td>
<td>Producer of frozen thaw-and-serve desserts offering cheesecakes, layer cakes, pies and tarts, brownies/bars for the food service and in-store retail industries.</td>
<td>Dessert Holdings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov 15, 2022</td>
<td>King's Pastry Inc.</td>
<td>Manufacturer and seller of cakes, pastries, and other desserts for grocery, restaurant, and hospitality providers.</td>
<td>Ironbridge Equity Partners Limited</td>
<td></td>
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</tr>
<tr>
<td>Dec 06, 2022</td>
<td>Brownie Brittle, LLC</td>
<td>Manufacturer of brownie products including chocolate chip brownie, easter egg brownie truffle which sells through restaurants, club stores and theme parks.</td>
<td>Second Nature Brands</td>
<td></td>
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</tr>
<tr>
<td>Dec 13, 2022</td>
<td>Papa Pita Bakery</td>
<td>Manufacturer and distributor of bagels, tortillas, breads, buns, English muffins and flat breads.</td>
<td>Flowers Foods, Inc. (NYSE:FLO)</td>
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<tr>
<td><strong>Beverages</strong></td>
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<tr>
<td>Oct 12, 2022</td>
<td>Crystal Spring Water Company</td>
<td>Manufacturer and distributor of spring water.</td>
<td>Primo Water Corporation</td>
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<tr>
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<tr>
<td>Nov 09, 2022</td>
<td>Flow Beverage Corp. (TSX: FLOW)</td>
<td>🇨🇦</td>
<td>Producer and distributor of original, flavored, unflavored and collagen-infused alkaline spring water through direct sales &amp; store, broker and e-commerce channels. • EV — $19.5m</td>
<td>BioSteel Sports Nutrition Inc.</td>
<td>🇨🇦</td>
</tr>
<tr>
<td>Nov 14, 2022</td>
<td>Kohana Coffee, LLC</td>
<td>🇨🇦</td>
<td>Producer of specialty coffee and cold brew concentrate offering an alternative to sugary sports drinks. • EV — $39.4m</td>
<td>Westrock Beverage Solutions, LLC</td>
<td>🇨🇦</td>
</tr>
<tr>
<td>Dec 19, 2022</td>
<td>Mondelez International's developed market Gum Business</td>
<td>🇳🇱</td>
<td>Manufacturer of chewing gum, including brands Trident, Dentyne, Stimorol, Hollywood, V6, Chiclets, Bubbalo and Bubblicious. • EV — $1,350m • EV/EBITDA — 15.0x</td>
<td>Perfetti Van Melle Group</td>
<td>🇳🇱</td>
</tr>
<tr>
<td>Dec 19, 2022</td>
<td>Tru Fru, LLC</td>
<td>🇺🇸</td>
<td>Provider of a range of frozen and shelf-stable products featuring fruit coated in chocolate.</td>
<td>Mars Inc.</td>
<td>🇺🇸</td>
</tr>
<tr>
<td>Dec 07, 2022</td>
<td>Wells Enterprises, Inc.</td>
<td>🇮🇹</td>
<td>Producer of ice creams and water ice products and frozen desserts, novelties, and yogurts which sells through grocery, convenience and club stores.</td>
<td>Ferrero S.p.A.</td>
<td>🇮🇹</td>
</tr>
<tr>
<td>Oct 31, 2022</td>
<td>Lipari Foods, LLC</td>
<td>🇺🇸</td>
<td>Distributor of food products in various categories, such as bakery, confections, dairy/frozen serving supermarkets, convenience &amp; foodservice stores.</td>
<td>Littlejohn &amp; Co., LLC</td>
<td>🇺🇸</td>
</tr>
<tr>
<td>Nov 02, 2022</td>
<td>Lombardi Brothers Meat Packers Inc.</td>
<td>🇺🇸</td>
<td>Distributor of meat products offering strip, ribeye, t-bone, and sirloins steaks which serves through hotels, restaurants, resorts and clubs.</td>
<td>Armand Agra, Inc.</td>
<td>🇺🇸</td>
</tr>
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<tr>
<td><strong>Food Retail</strong></td>
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</tbody>
</table>
| Oct 14, 2022   | Albertsons Companies, Inc. (NYSE:ACI) | 🇺🇸 | Operator of food and drug retail stores offering grocery products & general merchandise and also manufactures and processes food products for sale in stores.  
• EV — $30.6b  
• EV/Revenue — 0.4x  
• EV/EBITDA — 5.7x | The Kroger Co. (NYSE:KR) | 🇺🇸 |
| **Ingredients** |        |           |                    |       |         |
| Oct 03, 2022   | Saratoga Foods Specialty (division of Smithfield Foods Inc.) | 🇺🇸 | Manufacturer of food spices and sauces which sells through supermarket chains, wholesale distributors and the foodservice industry.  
• EV — $587.5m  
• EV/Revenue — 2.1x | Solina Group SAS | 🇫🇷 |
| Oct 03, 2022   | Denali Ingredients, LLC | 🇺🇸 | Developer and manufacturer of ingredient solutions for the US ice cream industry.  
• EV — $200m | Orkla Food Ingredients AS | 🇳🇴 |
| Dec 20, 2022   | Savory Solutions Group | 🇺🇸 | Provider of savoury ingredients and blends used by food manufacturers, butchers & food service players.  
• EV — $900m  
• EV/Revenue — 1.9x | PAI Partners | 🇳🇴 |
| **Pet food**   |        |           |                    |       |         |
| Nov 01, 2022   | Champion Petfoods LP | 🇨🇦 | Producer of pet food offering meat ingredients, protein-based product which sells through pet specialty shops & retailers and veterinary clinics.  
• EV — $2.0b | Mars Petcare US, Inc. | 🇺🇸 |
<p>| <strong>Protein</strong>    |        |           |                    |       |         |
| Nov 28, 2022   | Owensboro Grain Company, LLC | 🇺🇸 | Producer of soy products and edible oils including protein meal and hull pellets for animal feeds serving food, feed and renewable fuel markets. | Cargill, Incorporated | 🇺🇸 |
| Nov 28, 2022   | Rise Bar | 🇺🇸 | Manufacturer and seller of pea protein bars, vegan protein bars, and mini bars. | USANA Health Sciences, Inc. (NYSE:USNA) | 🇺🇸 |</p>
<table>
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<tr>
<td>Nov 02, 2022</td>
<td>Wetzel's Pretzels, LLC</td>
<td>🇺🇸</td>
<td>Franchisor and owner of quick service restaurants offering baked soft pretzels, wetzel dogs, wetzel blitz and beverages.</td>
<td>MTY Food Group Inc. (TSX:MTY)</td>
<td>🇨🇦</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>• EV $207m&lt;br&gt;• EV/Revenue – 0.8x&lt;br&gt;• EV/EBITDA – 9.0x - 10.0x</td>
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<tr>
<td>Dec 19, 2022</td>
<td>Freshii Inc.</td>
<td>🇨🇦</td>
<td>Developer, franchiser and operator of quick-serve restaurants offering salads, bowls, burritos, wraps, soups, juices, smoothies, frozen yogurt &amp; others.</td>
<td>Foodtastic Inc.</td>
<td>🇨🇦</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>• EV – CAD $59.6m&lt;br&gt;• EV/Revenue – 1.5x</td>
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</tr>
<tr>
<td>Oct 18, 2022</td>
<td>AOG, LLC d/b/a TruFood Manufacturing</td>
<td>🇺🇸</td>
<td>Manufacturer of snack food including private-label nutrition bars, protein bars, chocolate moulded products, and baked goods.</td>
<td>Mubadala Capital</td>
<td>🇦🇪</td>
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<tr>
<td></td>
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<td>• EV – $212m</td>
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<tr>
<td>Dec 08, 2022</td>
<td>popchips, inc.</td>
<td>🇺🇸</td>
<td>Manufacturer and supplier of snack food products offering popped potato chips through a network of retail stores and online channel.</td>
<td>From The Ground Up, Inc.</td>
<td>🇺🇸</td>
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</tbody>
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Our food and beverage index consists of the following publicly traded companies:

### US food and beverage companies

**Food processing**
- Tyson Foods
- The Kraft Heinz Company
- Mondelez International, Inc.
- General Mills, Inc.
- ConAgra Brands, Inc.
- Campbell Soup Company
- McCormick & Company, Incorporated
- Hormel Foods Corporation
- The Hershey Company
- Kellogg Company

**Beverages**
- The Coca-Cola Company
- Pepsico, Inc.
- Constellation Brands Inc.

**Grocery and convenience retail**
- The Kroger Co.
- Weis Markets, Inc.
- Loblaws Companies
- Alimentation Couche-Tard Inc.

**Restaurant and foodservice**
- Starbucks Corporation
- McDonald's Corp.
- Jack in the Box Inc.
- Yum! Brands, Inc.
- Darden Restaurants, Inc.
- Brinker International, Inc.
- Dine Brands Global, Inc.

### Canadian food and beverage companies

**Food processing**
- Maple Leaf Foods Inc.
- George Weston Limited
- Saputo Inc.
- High Liner Foods Inc.

**Beverages**
- Molson Coors Brewing Company
- Primo Water Corporation
- Lassonde Industries Inc.
- Andrew Peller Limited
- Corby Spirit & Wine Limited

**Grocery and convenience retail**
- Loblaws Companies
- Metro Inc.
- Alimentation Couche-Tard Inc.

**Restaurant and foodservice**
- MTY Food Group Inc.

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1Note: the Kroger/Albertsons transaction announced in Q4 - 2022 at an approximate value of $34 billion is not included.
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