At Kerry, our ambition is to reach over two billion people with sustainable nutrition solutions by 2030. In 2020, we launched our Beyond the Horizon strategy, setting out how we will achieve this, through our industry leading portfolio, innovation expertise and expanded sustainability commitments, co-creating products that are better for people, society and the planet.

With a heritage rooted in sustainable development, we are proud of our achievements to date and the continued decoupling of our growth from environmental impacts. We currently reach over one billion consumers with taste and nutrition solutions that improve the food and beverages people love. However, we recognise the very significant environmental and social challenges facing our industry. Given our scale, reach and our ability to impact on consumer health and wellbeing, we are committed to the transformation of the food system, creating a future where healthier, more nutritious food is produced in a way that respects both people and the planet, enabling all people and communities around the world to access and consume healthier, sustainable and great tasting products.

Our Vision is to be our customers’ most valued partner, creating a world of sustainable nutrition.
Meeting the Global Challenge

In 2015, world leaders agreed to a UN roadmap for more sustainable global development by 2030. Through a set of seventeen Sustainable Development Goals (SDGs) and associated targets, they adopted a pathway to address poverty, protect the planet and improve the lives and prospects for all. As we enter 2021, the achievement of these goals is in doubt without an accelerated and concerted effort by all parts of society to deliver on the SDGs.

The food system has a critical role to play in the achievement of these goals. According to the World Health Organisation, good nutrition is central to the achievement of twelve of the seventeen SDGs. However, today we know that more than two billion people globally are overweight or obese while almost 700 million go hungry every day. Food production is also responsible for a significant share of greenhouse gas emissions and global resource use and yet it is estimated that a third of all calories produced are not consumed due to food loss and waste.

At Kerry, we look beyond the horizon to a future of sustainable nutrition; one that provides positive and balanced nutrition to consumers globally.

At Kerry, we look beyond the horizon to a future of sustainable nutrition; one that provides positive and balanced nutrition to consumers globally. By working with producers to sustainably intensify production and improve livelihoods, we can play a key role in helping people access sufficient amounts of the right nutrition.

Zero Hunger

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

Good Health & Well-being

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

Responsible Consumption and Production

We seek to use natural resources responsibly and through our innovation and technology portfolio, we enable our customers to consume and produce more sustainably.
About this Review

Kerry reports its sustainability performance annually and our previous sustainability review was published as part of our 2019 Annual Report in March 2020. To help guide our reporting, the material in this report references the Global Reporting Initiative’s (GRI) framework and within this review we identify where specific standards are GRI-referenced. All data relates to the full year 2020 unless otherwise stated. For environmental metrics, the impact of recent acquisitions is excluded from our performance and we use a 2017 baseline for our targets.

Our 2017 baseline was chosen as it provided the most recent full year of data when the target setting process commenced. The Greenhouse Gas (GHG), waste and water performance data presented in this report is independently assured by Jacobs UK Ltd to AA1000 Assurance Standard. The full assurance statement can be found on kerrygroup.com/sustainability. For comments or questions regarding this sustainability review, please contact corpaffairs@kerry.com.

Engaging with Our Stakeholders

The nature of the challenges facing our industry and the required pace of change means that we must build a shared understanding and a common path forward. Kerry is committed to ongoing and constructive engagement with our stakeholders through structured two-way dialogue and analysis to ensure we incorporate their views into our business activities.

Through stakeholder analysis, we clearly identify those groups we impact on as well as those groups that can influence and impact on Kerry. We engage these key stakeholders through a variety of channels, many of which are tailored for specific stakeholder groups. These include one-to-one interactions, engagement with representative bodies and relevant multi-stakeholder platforms to clearly identify potentially impactful issues and groups.

Among our key stakeholders are employees, customers, consumers, shareholders, suppliers, communities and government. We understand that among and within these groups, there can be different and sometimes conflicting views. As part of our engagement, we seek to balance these competing interests and respond in a way that maximises the value for all those connected with the organisation. For more detail on key issues raised by stakeholders, see pages 98-101.

Stakeholder Groups

![Stakeholder Groups Diagram]

Edmond Scanlon, Chief Executive Officer Kerry Group, presenting at the 2020 Global Food Safety Initiative Conference.
Defining our Material Topics

Our material topics are defined through a structured process that assesses issues, risks and potential outcomes, and considers their importance in influencing the decision making of key stakeholders as well as their importance to Kerry’s business performance and wider social, environmental and economic impacts.

Since 2018, in consultation with external parties, we completed a comprehensive materiality assessment and a portfolio evaluation as critical inputs and a guide for the development of our Beyond the Horizon strategy, with its better for people, better for society and better for the planet commitments and goals.

We review and identify topics through our continuous stakeholder engagement to update our materiality assessment on an ongoing basis. Most notably in 2020, there has been a very significant focus on employee and consumer health and wellbeing while areas such as climate, human rights and biodiversity continue to gain momentum.

We have outlined below how each relevant material aspect fits within our Beyond the Horizon strategy. Topics of growth, geo-political risk and regulation go beyond this review and are dealt with across other sections of this report. All of these topics are reviewed as part of the broader risk assessment process, and further details on the Group’s principal risks is outlined in the Risk Management Report on pages 71-83.

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**Beyond the Horizon**

- **Better for Planet**
  - Climate Change
  - Energy
  - Circular Economy
  - Responsible Sourcing
  - Water Stewardship
  - Biodiversity

- **Better for Society**
  - Ethics & Human Rights
  - Trust & Transparency
  - Diversity & Inclusion
  - Innovation & Product Development
  - Employee Health & Wellbeing
  - Labour Relations
  - Talent Management
  - Animal Welfare
  - Community Development

- **Better for People**
  - Product Safety & Quality
  - Taste, Nutrition & Health
  - Consumer Preferences

- **Sustainable Nutrition**

Our ability to provide positive and balanced nutrition solutions that help maintain good health and which are created in a way that does not compromise the ability of future generations to meet their nutritional needs.
Ensuring Effective Governance

Following the launch of the sustainability strategy, Beyond the Horizon, in 2020, the governance structures on sustainability were strengthened. The Governance, Nomination and Sustainability Committee of the Board will now have responsibility for guidance and oversight of the implementation of the Group’s sustainability strategy and will be supported in this work by the Global Sustainability Council. In addition, sustainability metrics will form part of the long-term incentive plan for executive directors and senior executives from 2021, as outlined in the Directors’ Remuneration Report on page 136.

The Sustainability Council, chaired by the Chief Executive Officer, comprises the Executive team and functional leaders from across the Group. It meets quarterly to review and monitor the effectiveness of the Group’s strategy and to discuss ongoing performance versus goals.

In 2020, a key focus for the Sustainability Council has been the completion and launch of the Beyond the Horizon strategy and the further integration of sustainability as part of Kerry’s day-to-day operations. To support the strategic steering and management of the Sustainability Council, a number of cross-functional councils have also been established based on key themes covering material topics. These councils are responsible for designing and executing projects and activities, developing and establishing best practices involving all functions and businesses and measuring performance. For more, see our Corporate Governance Report on page 94 and Governance, Nomination and Sustainability Committee Report on page 113.

External Recognition

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

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

MSCI: Kerry has maintained an MSCI ESG Rating of AA for its performance on Environmental, Social and Governance (ESG) issues since 2017.

ECOVADIS: A Gold rating through the EcoVadis sustainability assessment places Kerry in the top 2% of companies assessed by EcoVadis in our sector.

Origin Green: Kerry was named a Gold member of Origin Green, a status awarded to Irish companies demonstrating an exceptional annual performance on their sustainability targets based on the assessment by an independent verification authority.

Sustainability Governance
Non-Financial Reporting Statement
We comply with regulations on non-financial reporting and provide information on required topics across this report. Relevant information on each topic can be found below. In addition, non-financial risks are evaluated as part of the broader enterprise risk management framework and more detail can be found in our Risk Management Report on pages 71 to 83.

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Better for People

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

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

Consumers are increasingly conscious of the link between diet and health and as outlined on page 25, the ‘&’ consumer is seeking out products and brands that meet multiple requirements including their desire to make a positive impact on their health and the world around them. As food and beverage manufacturers seek to respond to these changing consumer preferences, demand for partners who can support them in creating products that deliver more sustainable nutrition is growing.

At Kerry, we are ideally placed to help improve the accessibility and availability of healthy foods for all.
Enhancing Nutrition for Consumers

We define sustainable nutrition as the ability to provide positive and balanced nutrition solutions that help maintain good health and are created in a way that does not compromise the ability of future generations to meet their nutritional needs.

At Kerry, we are ideally placed to help improve the accessibility and availability of healthy foods for all, helping our customers overcome the challenges they face. Through our unique capabilities and solutions portfolio, we co-create products that deliver better nutrition for consumers with no compromise on taste. Our application expertise and delivery systems allow us to bring tasty, convenient and familiar food to the consumer, increasing the availability of nutritious options with positive health benefits.

To highlight the role of Kerry as a sustainable nutrition partner for the industry, we have profiled the nutritional contribution of our ingredients portfolio. In the absence of an existing measurement framework to evaluate ingredients, our scientific experts developed a rigorous methodology based on the independent and externally validated UK nutrient profiling model. It allows us to assess and classify the nutritional contribution of each solution to a final consumer product. We have used very stringent criteria and do not allow for any offsetting in order to provide an objective and transparent result.

Our assessment shows that more than 80% of our Taste & Nutrition portfolio is already delivering positive or balanced nutrition solutions for over one billion consumers today. Over the next ten years, we will increase the impact from our portfolio, through innovation and partnerships, creating sustainable solutions that will reach more than two billion people. Given the strength of our portfolio and its potential for positive impact, we aim to bring these solutions to as many consumers as possible, helping us to fulfil our Purpose of Inspiring Food, Nourishing Life.

In 2020, we continued to expand our impact and despite the challenging context, we increased our reach with positive and balanced nutrition solutions by more than thirty million to over one billion people. This growth was driven by the increase in positive nutrition solutions within our portfolio and our geographical expansion in developing regions.

>80%

Of our Taste & Nutrition portfolio is already delivering positive or balanced nutrition solutions for over one billion consumers today.

OUR COMMITMENTS IN ACTION

Integrated Solutions

Radicle™ by Kerry is a unique portfolio of plant-based ingredients and solutions that can help customers create and deliver sustainable products which are nutritionally optimised. With the ability to reduce saturated fat by up to 87% versus meat, our technology also helps customers to create low carbon products with cleaner labels, authentic taste and appealing texture.

Consumer Brands

Within our Consumer Foods division, we are also focused on helping consumers access better nutrition, as we work towards the achievement of category specific targets for salt, sugar and calorie reduction. Over the last five years, we have made continuous progress on nutritional improvement across our brands and in 2020, we relaunched our Dairygold spread with 27% less salt and converted the product packaging to make it 100% recyclable.

OUR REACH

By 2030, our ambition is to reach over two billion people with positive and balanced nutrition solutions. Our approach to calculating this reach was developed in partnership with independent third parties and combines the outputs from our industry leading nutritional assessment with external market data and Kerry’s business insight. We use a bottom up model taking information by country and end use market and eliminate potential double counting through the application of accepted statistical methods.
Enabling the Transition to Healthier, More Sustainable Diets

We understand that not all products contribute to providing positive nutrition as consumers will continue to seek out permissible indulgence as part of a healthy lifestyle. We work with customers and products that span the entire nutritional spectrum and our goal is to support our partners on their nutrition and broader sustainability journey, helping them to positively impact their product portfolio and create products that are better for consumers.

Taste remains the key driver of consumer purchase behaviour and we know that creating nutritious products that do not satisfy consumer desires for great taste, will not win in the marketplace. Kerry's business model and positioning at the intersection of taste and nutrition provide us with the unique ability to deliver tailored customer-specific solutions. This capability, together with our reach and broad portfolio of foundational technologies is what will allow us to make impactful change at scale.

Our Sustainable Solutions

Our natural Tastesense™ taste modulator reduces sugar to improve nutrition while also delivering lower greenhouse gas and water impacts. Our customers leverage Tastesense™ to reduce up to 30% of sugar in their finished products without sacrificing taste. Furthermore, this technology can reduce embedded CO₂, emissions and water use in the final product. For more see kerry.com/sustainability/solutions.

Kerry Health and Nutrition Institute™

Kerry Health and Nutrition Institute: Science for Healthier Food

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

This digital hub of scientific know how provides in-depth articles, webinars and white papers, written for those working in the food industry, by experts within the food industry. To date, KHNI has published more than 225 in-depth articles, 18 white papers and led 13 industry webinars that have attracted thousands of viewers from over 50 countries and over 250 of the world’s largest CPG companies, academia and public health institutions.

In 2020, the focus of these webinars was increasingly aligned with our vision, with content focused on challenges and opportunities within plant protein, food waste and fermented food science. For information see khni.kerry.com.
At Kerry we are shaping a more sustainable future for food and beverage through innovation.

**Leading with Innovation for Sustainable Future Outcomes**

The changes required within our food system will only be achieved through new approaches and at Kerry we are shaping a more sustainable future for food and beverage through innovation. We create solutions that are healthier and more sustainable by design and continue to integrate sustainability criteria in our product development process.

Already home to the industry’s leading portfolio of integrated taste and nutrition technologies, our innovation programme brings together Kerry’s unrivalled global capabilities to create solutions that meet consumer needs and preferences. Uniquely, almost 90% of our portfolio is naturally derived and we maintain a focus on developing solutions that are from-food-for-food. In 2020, we invested a further €282m in research, development and application to ensure we remain at the forefront of sustainable nutrition. For more see Our Markets pages 24-25.

Our approach is reinforced by the growing interest among our customers for new concepts that deliver on consumer demand for healthier products with lower environmental impacts. In 2020, we were proud to join the Sodexo Future Food Collective, an initiative that brings together experts from the food industry around a range of topics including health and wellness, plant-based innovation and more. The platform also leverages the strengths of the Food for Climate League, a non-profit organisation dedicated to making sustainable eating more accessible.

**Prioritising Quality and Food Safety**

Safety First, Quality Always is our company-wide commitment to ensuring the safety of our people and our products. We deliver the highest quality products, following rigorous food safety and quality end-to-end procedures from farm to fork. We incorporate robust preventative controls, sanitation, microbiological monitoring programmes, crisis management, continuous improvement through horizon scanning and embedding food safety best practices. Our governance, policies and due diligence programmes, are verified and refined in line with evolving customer requirements and Global Food Safety Initiative (GFSI) standards and we continue to participate in peer reviews and benchmarking with customers and industry leading organisations such as SSAFE.

We partner with suppliers operating in nearly 60 countries and mandate strict compliance with the quality and food safety requirements laid out in the Group’s Supplier Requirements Manual. Our Supply Quality team risk assess all direct suppliers and in 2020, had engagement with 1,600 suppliers across all regions to identify impacts from COVID-19 and potential supply chain disruptions, conducting 820 physical audits, while maintaining the highest levels of health & safety for our colleagues.

Across all our operations, we have designed and implemented a Global Quality Management System and all our sites are certified to the GFSI standard for food safety. Our dedicated quality teams also partner with our RD&A teams in ensuring quality and food safety are key considerations throughout the development and production process.

**Product Labelling**

As a predominantly B2B business, most of our marketing and communication is not directed to consumers, however, our customers rely on timely and accurate information around the handling and use of our products for the creation of safe products for their consumers. Clear labelling and dedicated marketing and customer care teams provide required product information, while specialist regulatory colleagues act as an expert resource supporting our customers on product specifications, claims and relevant regulations across different global markets.

Within our Consumer Foods division, all advertising and brand positioning conform to national advertising codes of practice and we are conscious of the potential impact of marketing to children and young people. We provide on-pack nutritional labelling and additional information services e.g. brand websites, to help consumers make informed choices. The Group has established best practice guidelines for nutritional labelling across our portfolio, in line with Food Information to Consumers legislation, and support the voluntary addition of front-of-pack ‘Reference Intake’ information to aid consumer choice.
Better for Society

Improving nutrition and health supports a broad social agenda, helping to deliver on many of the UN SDGs. While our critical impact areas are goals 2, 3 and 12, we know that how we produce our products can support many more of the seventeen goals. Against a backdrop of rising economic inequality and deepening social tension, we aim to contribute to a society that is fair and just and where everyone has an equal opportunity to participate. While we recognise that this is an area where governments must lead, we believe that our industry can play a key role in promoting human rights, supporting education and training and creating more resilient and inclusive communities.

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

We aim to contribute to a society that is fair and just and where everyone has an equal opportunity to participate.
We conduct our business guided by our purpose and underpinned by our values.

Doing the Right Thing

[GRI 102: General Disclosures 2016, 102-16, 102-17]

Business results must always be achieved ethically and legally. We conduct our business guided by our purpose and underpinned by our values, and the Group’s comprehensive Code of Conduct clearly defines the standards and expectations for all Kerry colleagues. It sets out how we respect each other, live our values, protect our assets and obey the law. The policies behind the code provide clear guidance for our daily interactions and are reviewed annually. The ongoing responsibility for their implementation rests with the Executive team, supported by relevant functions including HR, Legal and Internal Audit.

The Code of Conduct is available in multiple languages and applied to all aspects of business across the Group. All colleagues are required to familiarise themselves with this code on joining Kerry and we mandate ongoing training thereafter through our Learning Academy, on at least a bi-annual basis. 85% of all eligible colleagues had achieved Code of Conduct certification by year end 2020.

Where employees have concerns about business conduct, the Group provides clear guidance on reporting. The Employee Concerns Disclosure Policy details the appropriate means of reporting alleged misconduct. It encourages employees to speak up if they believe something is not right and is clear about the protection afforded to whistleblowers. To facilitate anyone who wishes to express a concern, the Group operates an ethics hotline, through which employees and third parties can report an issue anonymously (www.kerrygroup.ethicspoint.com).

In 2020, we continued to monitor and investigate all reported issues via this ‘Express a Concern’ facility. In the period there were approximately 0.3 cases reported per 100 employees (which includes a small number of reports from external parties) with 84% of concerns reported relating to internal HR matters. The Board continues to review the effective operation of this facility and the related reports on an ongoing basis. Further details are outlined under ‘Whistleblowing Arrangement’ in the Corporate Governance Report on page 102.

We also seek to extend our values on ethical business practice to those with whom we do business and our requirements are reflected in our Supplier Code of Conduct.

Upholding Labour and Human Rights


We are fully committed to upholding internationally recognised human rights. Kerry’s Global Human Rights Policy reflects this commitment and is guided by the Universal Declaration on Human Rights and the International Labour Organisation’s Fundamental Principles and Rights at Work. The policy outlines our commitment to respect the rights and dignity of all people, complying with all applicable laws and regulations and conducting ongoing human rights due diligence to assess and mitigate potential human rights infringements.

Kerry’s Code of Conduct and Human Rights Policy applies to all employees and sets out our expectations for business and supply chain partners to conduct their business in a way that upholds our standards.

In 2020, we established a dedicated cross-functional team on human rights. Reporting to the Chief Human Resources Officer, its objective is to further integrate the Group’s commitments across our operations and supply chain. We also published a detailed Human Rights Statement outlining our approach and identified a number of salient human rights issues including forced labour, child labour, discrimination and freedom of association. We have dedicated policies and due diligence processes in each of these areas across all our operations and protections mandated within our Supplier Code of Conduct for workers within our supply chain.

All sites are registered with the Supplier Ethical Data Exchange (SEDEX) and through this platform we complete a detailed assessment aligned with the key issues outlined above. In addition, we continue to pursue independent SEDEX Members Ethical Trade Audit (SMETA) or equivalent audit protocols across our sites. Across our supply chain, our Supplier Code of Conduct is explicit in demanding that those who seek to do business with the Group uphold the same high standards and it expressly forbids the use of child, forced or involuntary labour of any type. Our responsible sourcing team provides training to all our buyers globally on risks relevant to their categories and on new requirements for suppliers to address these. We have also provided our buyers with access to tools that help them understand and assess key risks associated with the commodities they source.

We use SEDEX to assist us in monitoring compliance across our supply chain and for global contracts, over 92% of vendors are registered with this platform. We recognise that human rights infringements can occur at any point in the value chain and achieving visibility across a broad global supply base is a challenge. We take a risk-based approach to supplier assessment, focusing on commodities and/or geographies where there is a greater likelihood of non-compliance with our standards. To enhance and expand our due diligence process, we began to revise our assessment criteria, bringing additional suppliers within scope for assessment in 2020. This work is ongoing and we expect to complete it in 2021.
For those vendors identified as high risk, we mandate SEDEX membership to support our assessment. Under our Supplier Code of Conduct, Kerry reserves the right to conduct independent audits to confirm compliance with our requirements. In 2020, 68% of our high-risk suppliers were registered with SEDEX and 36% of these had independent SMETA audits in place.

For more details on how we work on human rights and labour issues at farm level, see our responsible sourcing section on page 69.

**Fighting Bribery and Corruption**

[GRI 205: Anti-corruption 2016, 205-1a; GRI 415: Public Policy 2016, 415-1]

As part of the Group Code of Conduct, Kerry’s Anti-Bribery Policy describes our zero-tolerance approach and provides guidance to all employees regarding potential situations involving bribery. Kerry does not provide financial support for political parties and our policies and procedures on fraud, anti-money-laundering, fair competition and engaging with Government officials, all support Kerry’s efforts to ensure that corrupt practices do not form part of our business relationships. We also convey our requirements on this issue to our suppliers through the Group’s Supplier Code of Conduct.

We have tailored communications and learning programmes on this issue which form part of mandatory training requirements for all colleagues globally. Internally, we ask questions on bribery and corruption of each business unit as part of the ongoing assessments undertaken by the Group’s Internal Audit Team. Assessment on areas aligned with our Code of Conduct, including ethical business practice, form part of the SEDEX questionnaires across all sites.

**Ensuring Workplace Health & Safety**

[GRI 403: Occupational Health & Safety 2018, 403-1b, 403-2a, 403-5]

The health & safety of employees, contractors, customers and other visitors across all locations is of paramount importance to the Group and Kerry’s priority in the face of COVID-19 remains the safety and wellbeing of our employees and other stakeholders in difficult circumstances.

Safety excellence is the responsibility of all individuals throughout the organisation. From our CEO to frontline employees, we all contribute to building and sustaining an organisational culture that prioritises safety.

We are designing and adapting our processes for greater safety, with implementation led by the Global Health, Safety and Environmental (HSE) team.

Our Health & Safety Policy and management system establish standard requirements and define consistent ways of working across our businesses. These standards are non-negotiable and apply to everyone working at Kerry. We are clear on responsibilities and senior level accountability, as well as responsibilities for all colleagues to work safely and challenge any unsafe behaviour.

Through promoting and monitoring continuous improvement, we are designing and adapting our processes for greater safety, with implementation led by the Global Health, Safety and Environmental (HSE) team. These specialist colleagues provide advice and guidance to managers and employees across our sites, focusing on employee engagement and behaviour based safety programmes to realise our goal of Safety First, Quality Always.

Kerry also continues to develop its proactive safety programmes, creating channels for employees to speak up and act immediately once they identify safety hazards or potential improvements. In 2020, we placed an emphasis on serious incidents through deployment of a targeted training and awareness programme and are pleased to see further positive momentum in our health & safety performance. A focus was also placed on root cause analysis and investigations of all types of injuries and near misses ensuring that best practices and corrective actions are implemented throughout all Kerry locations globally. While we recognise that there is no acceptable level of accident or injury, we are pleased to report that there were no fatalities and we recorded a 5% reduction in total incidents versus the previous twelve months.
Promoting Diversity, Inclusion & Belonging

We understand that diversity is good for business performance and is extremely important to both our internal and external stakeholders. We want our workforce to reflect the society in which we operate and to offer opportunities for all colleagues without discrimination. As a result, diversity, inclusion and belonging is embedded within our core values, making it central to how we operate our business. Our Group diversity, inclusion and belonging and non-discrimination policies document this approach and help to clarify expectations for all colleagues.

We are continuously striving for a more inclusive workplace and as part of our Beyond the Horizon strategy, we have developed a metric for inclusion that will help us measure our improvement. Derived from our employee engagement survey, this ‘Inclusion Index’ will be directly related to our employee experience and will provide an informed view on our progress over time. We believe this structured approach will accelerate our journey to fostering the healthiest and most inclusive culture, one that is aligned with our Kerry Way framework and supports our ambition to be first choice for the best talent. We will establish a baseline for this new metric from our 2021 engagement survey and will provide detail on progress in future reports. As part of our ongoing work on inclusion, we also continue to increase the representation of women in senior leadership roles across the Group. In 2020, this increased from 25% to 28%, putting us in a strong position to deliver on our target of 35% by 2025. For more detail see Our People on page 17 and the Governance, Nomination and Sustainability committee report on pages 115-116.

Our goal is to create an exciting environment for employees to help them realise their career ambitions and create a pipeline of industry experts and future leaders for sustained success.

Fostering Talent

At Kerry, we recognise that in order to achieve our business goals, we must continuously invest in our people through a structured approach to talent management. Our goal is to create an exciting environment for employees to help them realise their career ambitions and create a pipeline of industry experts and future leaders for sustained success.

The MySuccess platform provides a mechanism for our people and managers to discuss performance, development needs and career progression with ongoing feedback and coaching, as well as formal year end reviews. Training or development needs identified as a result of this two-way process are supported through the Kerry Learning Academy, which facilitates the provision of tailored and more general learning solutions across the organisation. These solutions include a blend of classroom, virtual and interactive content that provides instruction, develops skills, stimulates discussion and encourages collaboration. From structured graduate training through to leadership development or technical and functional programmes, our people have invested in their development through the completion of over 247,500 courses during 2020.

For more on Talent and the employee experience, see pages 16-19 of Our People.

247,500

Our people have invested in their development through the completion of over 247,500 courses during 2020.
Nourishing Communities  
[GRI 413: Local Communities 2016, 413-1]  
Building on our long history of local community support, we engage through employee volunteering programmes and with partners in emerging countries where Kerry does not have a presence to reach and impact directly.

In 2020, global communities were severely tested by the COVID-19 pandemic and this mobilised actions by our employees to support both individuals and community groups in need. In support of these efforts, Kerry launched a global MyCommunity programme, mobilising our resources and expertise while facilitating employees to volunteer with locally-led community initiatives which directly supported food, nutrition and health needs.

The response from our colleagues has been inspirational and around the world, Kerry employees have volunteered their time and talents to support and nourish their communities. Together we have supported, participated and contributed to over 110 initiatives, from local food relief, to deliveries of food to vulnerable groups, providing Personal Protective Equipment (PPE) for frontline workers and producing hand sanitiser. To date almost three quarters of the €1 million pledged to the programme has been deployed in support of local communities.

MyCommunity  
Improving Nutrition within Communities  
We continue to work with community partners on redistribution of food to those in need. In 2020, Kerry Foods donated the equivalent of over 1 million meals to FareShare from 14 manufacturing sites across the UK.

Protecting Health During COVID-19  
At our Barueri site in Campinas, employees stepped up during the COVID-19 crisis to produce alcohol for use as sanitiser by a local hospital, serving more than two thousand people daily.

Alongside this work we have continued to partner with world leading organisations such as Special Olympics, UN World Food Programme (WFP), and Concern Worldwide, helping them to tackle exclusion, poverty, hunger and malnutrition in some of the world’s poorest regions. Through these programmes we seek to make a lasting impact on individuals and communities most in need.

Creating Sustainable Futures with World Food Programme (WFP)  
In 2020, we were delighted to see the World Food Programme’s work recognised with the award of the Nobel Peace Prize for its efforts to combat hunger. Since 2017, we have been partnering with WFP on Project Leche in Honduras, leveraging Kerry’s dairy heritage and nutritional capabilities to assist smallholder farmers with milk production, ensuring more sustainable dairy products are included in WFP’s Homegrown School Meals programme.

Our 2020 impact report highlights some key community achievements that Project Leche helped contribute to:

- Milk production levels doubled on project farms
- 7,600 children in 178 schools benefitted from nutritionally enhanced meals
- Improvement in physical growth and a reduction in child stunting of 18.5%
- Lower rates of wasting among schoolchildren down from 8.1% to 1.5%, with no children presenting severe wasting by end of project.

To build on the positive outcomes of this programme, in 2020 we extended our partnership with WFP and commenced a new project in Burundi.

The goal of this joint programme, Project Amata (which means ‘milk’ in Kirundi), is to contribute to the improvement of food security and nutrition through strengthening of the milk value chain across the Gitega province and beyond in Burundi.

7,600 \times 2

Children in 178 schools benefitted from nutritionally enhanced meals
Milk production levels doubled on project farms
Encouraging Inclusiveness with Special Olympics

Our ongoing work with Special Olympics empowers individuals with intellectual disabilities by helping to nourish their potential. Kerry proudly partnered as an Official Sponsor of Special Olympics in 2018, with the aim of working together to create more inclusive communities and empower individuals with intellectual disabilities. In 2020, we renewed our partnership, with a focus on the Special Olympics National Programmes in Ireland, Great Britain, Poland and Germany. Our support extends beyond the sports field via the Special Olympics Athlete Leadership programme, which champions the potential of people with intellectual disabilities.

Since our initial partnership, Kerry is proud to have worked with Special Olympics to create positive outcomes, including:

- Supporting 6,539 athletes to train and compete in the 2022 Special Olympics events
- Helping Special Olympics Athlete Leaders with skill development, empowerment and athlete advocacy
- Creating a sustainable pathway to employment for people with intellectual disabilities within Kerry
- Encouraging and supporting Kerry employees who actively volunteer and fundraise for Special Olympics.

Fighting Malnutrition with Concern Worldwide

For the last 3 years, Kerry, in partnership with Concern Worldwide, has been working to improve nutrition and food security for local communities in Niger as part of the RAIN (Realigning Agriculture to Improve Nutrition) programme. RAIN is a multi-disciplinary programme that aims to identify sustainable, scalable and replicable solutions for prevention of malnutrition. Through the RAIN programme, we continue to generate significant improvements across a number of key areas, including:

- Training farmers on conservation agriculture
- Development of wells and kitchen gardens to increase vegetable production
- Creation of savings and loans groups to build resilience and
- Screening of over 500 children for malnutrition.

6,539 Athletes supported to train and compete in the 2022 Special Olympics events
The current model of food production results in substantial environmental impacts, contributing more than a quarter of global emissions, using over 70% of freshwater withdrawals and driving further deforestation and biodiversity loss. We know too that food and packaging waste is having an impact on the environment around us as plastic finds its way into waterways and oceans, impacting on water quality and marine life. Through the Beyond the Horizon strategy, we are building on our achievements to date to address the key environmental impact areas across our business and value chains. The Group’s Environmental Policy outlines Kerry’s commitment to carrying out activities in a responsible manner, complying with all applicable legislation, implementing good environmental practice and continuously improving our performance. To achieve these aims, we have set environmental targets across our facilities, and dedicated site colleagues, working with global specialists to identify and implement improvement projects across all regions. In some target areas we will accelerate progress more quickly while other improvements will come through multi-year capital investment. We continue to pursue independent certification of best practice under ISO 14001 and key energy users are accredited under ISO 50001. Kerry also has a comprehensive environmental monitoring and reporting framework in place across all sites and performance is reviewed by our operations teams and the Global Sustainability Council on an ongoing basis.

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

**Taking Action on Climate Change**  
[GRI 305: Emissions 2016, 305-1, 305-2, 305-4]

With increasing focus on the impacts of climate change, there is an accelerating emphasis on a global transition to a low-carbon economy. In 2020, we saw further evidence of this momentum, including increasingly ambitious national and corporate commitments. At Kerry, we generate greenhouse gas (GHG) emissions directly through the operation of our facilities (Scope 1), indirectly through the energy we purchase (Scope 2) and other activities such as the production of our raw materials by our suppliers (Scope 3). These emissions contribute to global climate change and the associated impacts on the environment and society. We understand that climate change presents both risks and opportunities for our business and we are progressively integrating the recommendations of the Taskforce on Climate related Financial Disclosures (TCFD) in both our climate strategy and our reporting.
Summary Approach to Aligning with TCFD Guidance

Governance

The Group's Sustainability Council is the key governance body, defining Kerry's strategy on climate change and its integration within broader strategic decision making (page 50). As a supporting structure to the Council, there is a dedicated work stream on climate, led by the Chief Operating Officer where performance and programmes for achievement of our climate goals are kept under ongoing review. Our carbon performance is also reported internally to the Executive team alongside financial metrics and the climate data in this review is verified and assured by an independent third party. For more details, see page 48.

Strategy

Our climate strategy is focused on mitigating risks for our business and strengthening our resilience to climate-related impacts. Over the last decade, we have made significant progress reducing our Scope 1 and 2 emissions. We achieved this through a sustained focus on more carbon efficient production, investing in energy efficiency and switching to lower-carbon fuels. We will continue with these targeted programmes, together with broader communication and engagement plans to drive further action on this key theme and looking for innovation that can support a step change in our Scope 1. On Scope 2, we have made a commitment to switch to 100% renewable electricity across our entire operations by 2025.

To tackle our Scope 3 emissions, we will work with our suppliers to lower the carbon footprint of the raw materials we use. As we source thousands of raw materials globally, we do not underestimate the challenge associated with achieving this target. However, we have experience of working with suppliers on climate mitigation. As an example, we will introduce an innovative rewards programme for milk suppliers in 2021 to incentivise further emissions reduction at farm level.

At product level, we have undertaken an assessment of our portfolio to understand its contribution to our overall footprint and accelerate our response to market risks and opportunities. We continue to grow the revenue contribution of lower carbon products, particularly plant protein. Kerry can play a critical role as an enable of sustainable nutrition for consumers and we continue to integrate sustainability criteria, including climate considerations, within our innovation and product development process. Across our business, we already have a range of technologies that can deliver significant carbon reductions for our customers, including CleanSmoke™, Tastesense™ and our leading portfolio of natural preservation technologies.

Climate Related Risks and Opportunities

The assessment of climate related risk is fully integrated into Kerry's enterprise risk management (ERM) framework and processes, which identify, assess, monitor and report on our organisation's risks (page 71). Potentially significant physical and transition climate-related risks and opportunities are outlined below and these will be further tested through scenario analysis.

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Potential Impact</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns.</td>
<td>Extreme weather events have the potential to impact sites of production and/or on processing and distribution infrastructure. Changing climate and levels of precipitation have the potential to directly impact production through access to adequate supplies of fresh water and indirectly through the availability and quality of key raw materials.</td>
<td>Business continuity and crisis management plans across our operations help to ensure we manage acute physical risks. We monitor chronic water risk as outlined on page 68 and procurement teams continuously assess any potential impacts on price, quality and availability of our raw materials.</td>
</tr>
<tr>
<td>Transitioning to a lower-carbon economy may involve policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. While the extent and speed of these changes are uncertain, these areas may entail the following potential risks for Kerry.</td>
<td>As governments seek to fulfil commitments made under the Paris Accord, there is a likelihood of increased carbon pricing mechanisms or policy instruments with potential to add additional cost for inputs such as energy. As customers and consumers seek out more sustainable products, there is potential for the advent of disruptive technologies that provide lower carbon alternatives, particularly in the area of protein. Amid growing demand for sustainable consumer products, customers are making increasingly ambitious commitments and favouring those partners who can support them with their transition. As awareness grows about the need for urgent action, failure to address and adapt to climate change poses a significant brand and reputational risk for all organisations.</td>
<td>We are committed to ambitious carbon reduction targets that align with the Paris Climate Accord and to achieving net zero emissions from our operations before 2050. Progress towards these goals will be achieved through a range of measures, outlined in the strategy above, that will help us to navigate these transitional risks. However, the potential impact is contingent on the speed at which these risks materialise. We see further momentum behind the shift to a lower carbon economy as global awareness and impacts continue to increase. In response, we are aggressively pursuing our carbon targets over the next five years.</td>
</tr>
</tbody>
</table>

Opportunity Description | Potential Impact | Leverage |
<table>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>We identify and capture opportunities presented by climate change and the transition to a lower carbon economy, both within our operations and across our broader value chain. We see particular opportunity in supporting our customers as they seek to adapt their products and processes in response to climate related risks.</td>
<td>Through a focus on greater resource efficiency, energy management and waste reduction, we see potential to lower input costs while delivering on our carbon targets. With greater uncertainty around the future of fossil fuels and continued investment growth across renewables, shifting towards cleaner energy sources offers the potential for cost savings over the longer-term. We see significant opportunity in leveraging both our portfolio and our innovation expertise across multiple end use markets, to support customers in the development of products and processes that meet evolving consumer demand and help manage their own transition risks.</td>
<td>With a range of solutions that already offer lower carbon outcomes for customers and consumers, we are well placed to take advantage of emerging opportunities from the transition to a lower carbon economy. Faced with the dual challenge of increasing food production while lowering global emissions, innovation will be central to our industry's response. As the innovation partner of choice to the world's leading food and beverage companies, we are ideally positioned to support our industry partners as they seek solutions to meet this challenge.</td>
</tr>
</tbody>
</table>

Metrics and Targets

We fully support the objectives of the Paris Accord and in 2020, our carbon target was approved by the Science Based Target initiative, confirming that it aligns with the objective of limiting average global temperature increases to well below two degrees Celsius. We have also declared our commitment to achieving net-zero emissions before 2050. Outlined as follows are details of these targets and Kerry's performance to date.
Scope 1 & 2
By 2030, we aim to reduce our absolute carbon emissions from our operations by 33%. In 2020, we continued to make good progress on carbon reduction, driven primarily by our increasing use of renewable electricity. In the period, our absolute emissions have been reduced by 17% versus our 2017 base year, putting us in a strong position to deliver on our 2030 target.

Carbon Performance

Carbon Intensity

000's Tonnes CO₂e

Notes:
1. Our measurement and target performance of Scope 1 and 2 emissions is from manufacturing facilities under our operational control accounting for 98% of Kerry's Scope 1 and 2 emissions.
2. We measure and report our performance in accordance with the GHG Protocol and emissions factors include UK Government GHG Conversion Factors for Company Reporting.
3. Our Scope 2 emissions are calculated using the market-based method.
4. Kerry’s actual performance has been adjusted to reflect like-for-like performance compared to our baseline year. We use the NOVEM Methodology for carbon reporting to adjust our baseline target reduction number in order to account for changes to product mix that have had a material effect on carbon intensity.
5. Our carbon intensity is a relative measure of tonnes of CO₂ equivalents (CO₂e) divided by tonnes of finished product.

17%

Reduction in absolute Scope 1 and 2 emissions versus our 2017 base year.

Scope 3
As part of our science based target, we are committed to a 30% reduction in Scope 3 emissions intensity by 2030. Our Scope 3 emissions make up approximately 90% of our total footprint and as part of our science based target, we are committed to working with our partners to help address these. We have been calculating our Scope 3 emissions for more than five years and in many areas have programmes in place which are designed to reduce these, in areas such as business travel, employee commuting and with our suppliers.

With the development and publication of our Scope 3 target, we have begun to engage a greater proportion of our supply base to increase our impact. We understand that this will be challenging given our diverse vendor base and we are particularly focused on how we can collaborate with others on programmes designed to tackle emissions associated with agricultural production (for more see our approach on responsible sourcing on page 69). In 2020, we have been interacting with customers, suppliers and expert third parties on existing best practice, as we build our approach to engagement, programme development and reporting.

Adapting to Climate Change
The continuing trend of hotter, more extreme summers brought about by climate change is resulting in challenging growing conditions and reduced crop yields. For brewers this means higher input prices, as well as inferior quality grains for brewing and distilling. At Kerry, we have the technical expertise and portfolio of brewing ingredients and process aids to help brewers navigate these challenges and incorporate alternative raw materials and local grains while also delivering energy, carbon and water savings throughout the brewing process. For more, see kerry.com/beverage
Energy

Energy is a key contributor to our operational emissions (Scope 1 & 2) and our approach to energy is a critical element within our overall carbon reduction strategy. As part of our Beyond the Horizon strategy, we have committed to converting our electricity use to renewable sources by 2025. In 2020, we made a strong start with 22% of our total needs met from renewables by year end. This has had an immediate impact on our footprint and puts us on track to achieve our target of 100% renewable electricity by 2025.

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

<table>
<thead>
<tr>
<th>Energy Consumption (MWh)</th>
<th>2020</th>
<th>2019</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Fuel Consumption (non-renewable)</td>
<td>2,241,963</td>
<td>2,308,088</td>
<td>2,241,906</td>
</tr>
<tr>
<td>Direct Fuel Consumption (renewable)</td>
<td>183,680</td>
<td>168,949</td>
<td>102,396</td>
</tr>
<tr>
<td>Electricity Consumption (non-renewable)</td>
<td>635,108</td>
<td>816,853</td>
<td>858,193</td>
</tr>
<tr>
<td>Electricity Consumption (renewable)</td>
<td>177,410</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Heating</td>
<td>53,486</td>
<td>57,932</td>
<td>45,996</td>
</tr>
<tr>
<td>Total Energy Consumed</td>
<td>3,291,647</td>
<td>3,351,822</td>
<td>3,248,491</td>
</tr>
<tr>
<td>Energy Intensity(^1)</td>
<td>0.953</td>
<td>0.940</td>
<td>0.965</td>
</tr>
</tbody>
</table>

\(^1\) Energy intensity is relative measure using total energy consumed divided by tonnes of finished product.
Adopting a More Circular Approach

As the volume of waste materials accumulating in landfills and the wider natural environment increases, we are exploring ways to recover more surplus materials for re-use in our business and elsewhere. Significant waste impacts can occur at each stage of the value chain, from the production of agricultural raw materials, to their processing and the finished food and beverage products.

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

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

92%

Of our waste volumes were diverted from landfill in 2020.

Halving Food Loss and Waste

As the world struggles to feed 10 billion people sustainably by 2050, estimated annual food loss and waste is projected to reach more than 2 billion tonnes by 2030. According to the Food and Agriculture Organisation (FAO) of the UN, one third of all food produced is lost or wasted, representing valuable resources and calories that ultimately do not provide any nutritional benefit. In addition to the economic loss, the contribution to environmental impact is significant, as evidenced by the associated GHG footprint, which represents 8% of total global emissions.

To tackle this issue, we have been working to reduce food waste from our operations as part of our broader efforts on waste. In 2020, we announced our commitment to halving food loss and waste across our operations by 2030. Given the diverse nature of our portfolio, the achievement of this goal involves working across sites to understand the key drivers of food waste locally and implementing the most appropriate actions to deliver on our targets. In 2020, we have performed well versus our goal with a 10% reduction versus our baseline. This has been driven by a focus primarily on food waste reduction and diversion strategies across sites. For example, in a pilot initiative across sites in the UK, teams have been engaging with customers to look at how working collaboratively on order fulfilment can meet their needs and prevent the creation of excess product that could end up as waste. Customer feedback from this initiative has been extremely positive and has supported our sites towards achievement of their targets. This approach will be expanded upon in 2021.

2020 Waste Recovery

2020 Waste by Destination

2020 Food Waste Reduction

Landfill volumes include waste sent for incineration without energy recovery.

Supporting Our Customers

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

Tackling Plastic Waste

Of the 78 million tonnes of plastic produced annually, more than 70% ends up in landfill or finds its way into the natural environment, including our waterways and oceans.

At Kerry, we fully support efforts to promote a more circular approach to plastics and we have committed to making all our plastic packaging reusable, recyclable or compostable by 2025.

Since 2018, our Consumer Foods division has been leading our efforts to meet growing customer, consumer and regulatory demand for more sustainable packaging alternatives. This is a priority focus area, as the packaging we use has a critical contribution in maintaining product integrity and safety and in minimising food waste. As we innovate, we are finding new ways to overcome both the food safety and the environmental challenges. We have made very significant progress against our goals and today 85% of the packaging we use across our branded and private label consumer products is recyclable. We continue to look at ways to address the remaining volumes, with plans already in place for how we can tackle some of the more challenging plastic materials and packaging formats.

85%

Of the packaging we use across our branded and private label consumer products is recyclable.

We have committed to making all our plastic packaging reusable, recyclable or compostable by 2025.

Innovating with New Packaging Formats

In addition to product packaging we are also examining other areas where more sustainable materials can be introduced across our business. In 2020, we introduced our sustainable sample box packaging to replace polystyrene boxes. These new boxes contain 100% FSC certified, recycled cardboard and the insulation is made using natural sheep’s wool.

Within our B2B operations, much of the plastic packaging we use is sent to organisations who, like Kerry, have strong waste management programmes in place and commitments in respect of environmental management. However, we recognise that we can support their ambitions on waste reduction and plastic through our choice of packaging materials. We use sustainable packaging where possible, favouring reusable, returnable, or certified paper-based material. We aim to meet our 2025 commitments for all plastic packaging to be reusable, recyclable or compostable and to reduce our use of virgin plastic across the Group by 25% over the same period.

Protecting Water Resources

[GR3 303: Water and Effluents 2018, 303-3a]

The fundamental importance of water means that access is internationally recognised as a basic human right, however, water availability is becoming less secure and predictable. More than two billion people live in countries experiencing high water stress and this situation will likely worsen as demand and the effects of climate change intensify. Higher temperatures and more extreme weather conditions will affect availability and distribution, increasing scarcity in some regions while causing flooding in others.

At Kerry, water is vital to our operations, the production of our raw materials, and in some instances, the use of our products. Given the growing demand for fresh water, it is essential that we act to protect water sources and ensure equitable access to this resource for all users. Kerry’s approach to water stewardship continues to evolve and building on our progress to date, we aim to improve water efficiency across our operations by a further 15% by 2025, while ensuring we protect water quality and broader access for communities where we operate.

2  www.ellenmacarthurfoundation.org/explore/plastics-and-the-circular-economy
3  www.unwater.org/water-facts/climate-change/
The overall volume of water we use has remained largely stable over recent years, as we continue to grow our business. Our progress on water efficiency in 2020 has been impacted by lower product volumes due to COVID-19, however, we achieved a 5% improvement versus our base year and remain well placed for the achievement of our 2025 reduction target.

**Water Risk**
We continue to view our water footprint within the broader context of global water risk. Given the uneven distribution of water resources, some of our locations are potentially more vulnerable to physical water risk. Using the World Resources Institute’s Aqueduct Tool, we identified 8 priority sites where we continue to monitor our footprint closely. In 2020, efficiency across these sites continued to significantly exceed that for the Group and is 28% lower versus our base year. However, we did see a marginal increase versus 2019, as a result of COVID-19.

As part of our **Beyond the Horizon** strategy, we have commenced a revised water risk assessment across all sites, looking at water consumption and related risks more broadly and we expect to update our priority sites in 2021, as a result of this review.

**2020 Water Withdrawal by Source (Megalitres)**

- **Surface Water**: 40%
- **Ground Water**: 31%
- **Municipal Water**: 29%

**Total Water Withdrawals**: 21,095

**Water Intensity**

<table>
<thead>
<tr>
<th>Year</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
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</tbody>
</table>

Notes:
- Our target for water is a relative measure of metres cubed (m³) divided by tonnes of finished product produced.
- Our data reflects water use across our manufacturing facilities and is a like for like performance versus our base year.

We also understand that water discharges from our sites can have an impact on local water quality and make every effort to ensure we protect local water sources. We track and monitor compliance with relevant water standards on an ongoing basis.

While the importance of water in our operations is clear, it is also vital for the production of our raw materials. As we have expanded our responsible sourcing goals (see page 69), we have assessed priority categories against a range of criteria, including water risk. As we work to achieve our goals, we will partner with suppliers on key aspects, including water, for relevant categories within our supply chain. In some instances, this will focus on areas of water scarcity while in others the focus may be on quality and access.

**Protecting Water Quality**
In Ireland, Kerry is engaging with its milk suppliers to help contribute towards improvements in water quality and to enhance habitats surrounding water courses. Our dedicated resources on water work directly with farmers, helping them to implement farm management practices and to assess infrastructure investments which will ensure water courses and aquatic environments are protected from potential sources of pollution. This includes the trialing of innovative new technology that provides real time data and creation of new decision support tools to assist with better and more timely decision making on farms.

**Reducing Water Consumption for Customers**
Kerry’s CleanSmoke™ technology removes many of the harmful substances derived through conventional smoking. As well as these health benefits, the process is more efficient and consistent, resulting in significantly lower carbon emissions and lower water consumption. In fact, CleanSmoke™ can help processors reduce their water consumption by up to 88% versus conventional smoking methods.
Sourcing Responsibly

[Source: GRI 308: Supplier Environmental Assessment, 308-2c]

Although the environmental impact from conventional agriculture is well understood, it plays a vital social and economic role and is essential for food security and biodiversity. Increasing evidence also suggests that the adoption of more regenerative agriculture practices can and must play an important role in the fight against climate change and in contributing to more resilient rural communities.

As one of the most powerful tools to end extreme poverty, agricultural development is also central to ensuring we can meet the UN SDGs and feed a population of almost 10 billion people by 2050.

At Kerry, we know that the production of some of our raw materials can present social and environmental challenges. Addressing these challenges can prove difficult within a complex global supply chain and as part of our vision to create a world of sustainable nutrition, we are engaging with our direct and indirect suppliers and working with industry partners to drive more sustainable practices right back to farm level, ensuring that 100% of our priority raw materials are responsibly sourced by 2030.

We map our priority supply chains and engage with our suppliers and other key stakeholders, both individually and as part of broader multi-stakeholder platforms, to better understand common challenges associated with specific commodities and/or geographies and how we can work together to effectively address these.

Details of our priority commodities, key challenges and our approach to address these are outlined below.

<table>
<thead>
<tr>
<th>Key hotspots addressed</th>
<th>Animal Welfare &amp; Antibiotic Use</th>
<th>Deforestation</th>
<th>Biodiversity</th>
<th>Human Rights</th>
<th>Climate Change</th>
<th>Water</th>
<th>Working Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key sourcing programme</td>
<td>Working with suppliers, we will ensure that all coffee and cocoa ingredients purchased by Kerry address key challenges, utilising certification standards that achieve a rating of silver or equivalent under SAI platform’s Farm Sustainability Assessment (FSA).</td>
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<tr>
<td>Dairy Ingredients</td>
<td>We source dairy ingredients right across the globe. Where we have a direct link with farmers in Ireland, we mandate certification for all suppliers covering critical areas within our milk pool. We are also members of the Sustainable Dairy Partnership, which seeks to drive global progress on the industry’s most material themes by engaging key stakeholders in the sector.</td>
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<tr>
<td>Egg</td>
<td>While this represents a very small part of our overall procurement spend, we are committed to sourcing from suppliers who ensure good animal welfare practices and will move towards cage free and/or free range eggs by 2030, implementing this on a regional basis.</td>
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<tr>
<td>Herbs &amp; Spices</td>
<td>We source only from processors chosen for their consistent high quality and proximity to local farming communities. Working collaboratively with industry partners through the Sustainable Spices Initiative (SSI) our goal is to further scale sustainability practices at farm level.</td>
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<tr>
<td>Meat</td>
<td>Our most significant meat categories are chicken and pork for use within our Consumer Foods business. For these categories we are focused on the contribution of feed production to deforestation and ensuring good animal welfare practices.</td>
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<tr>
<td>Palm Oil</td>
<td>We support the sustainable production of palm oil and are committed to the principles laid out by the Roundtable on Sustainable Palm Oil (RSPO). We continue to increase our volumes of physically certified palm oil and provide direct support for smallholders through improvement programmes at farm level via Project Ilham in Malaysia.</td>
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<tr>
<td>Paper Packaging</td>
<td>We ensure our paper packaging is sourced from suppliers that are committed to the use of raw materials obtained from responsible sources through the use of recognised certification standards (FSC, PEFC, SFI) and/or the use of recycled materials.</td>
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<tr>
<td>Soy Ingredients</td>
<td>We are committed to no deforestation across relevant value chains, including soy, by 2025 and to support the achievement of this goal we will require certification for all volumes originating from high risk areas.</td>
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</tr>
<tr>
<td>Vanilla</td>
<td>Since 2014, Kerry has been partnering to build a more sustainable vanilla supply chain in Madagascar. Through the ‘Tsara Kalitao’ Project, we are focused on improving production practices and farm incomes, empowering women and providing better access to education.</td>
<td></td>
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</tbody>
</table>
Protecting Biodiversity
Kerry has potential to impact on biodiversity directly through its operations and indirectly via the raw materials we source. Our most significant impacts are those that are linked to our supply chain and these are incorporated within our approach to our priority categories outlined above. Importantly, we have a no deforestation commitment across targeted supply chains which represent a high risk of deforestation and include Meat, Dairy, Soybean, Palm Oil, and Paper. We are a member of several multi-stakeholder initiatives focused on this area including RSPO, the UK Roundtable on Responsible Soy, Tropical Forest Alliance (TFA) 2020 and others.

Moving Forward
In what has been a challenging year, we are proud of our continued progress in the area of sustainability. The launch of our Beyond the Horizon strategy comes amid a new awareness of how global risks can impact on all aspects of business and wider society. It is a timely statement on our commitment to creating a more sustainable future for all, one that builds on our past success and leverages our core strengths to truly deliver on our purpose. It represents our increased ambition and reflects the urgent need for action to address very significant long-term challenges, while highlighting the critical role that Kerry will play in meeting these challenges as we continue to inspire food and nourish life.