

KERRY GROUP PLC

# Annual Report 2020 Assurance Statement

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Jacobs UK Ltd (Jacobs) has provided this assurance statement in relation to the Greenhouse Gas (GHG), waste and water performance data presented in the Kerry Group Annual Report 2020. The information and presentation of data within the Kerry Group Annual Report is the responsibility of Kerry Group (Kerry). This statement is the responsibility of Jacobs and represents our independent opinion. The intended users of this statement are the readers of the Kerry Group Annual Report and it is intended for this statement to be read in its entirety.

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## Scope and Methodology

The assurance process was conducted between October 2020 and January 2021 in accordance with AA1000 Assurance Standard 2008 with 2018 Addendum. We were engaged to provide Type 2 assurance, which covers evaluation of adherence to the AA1000 Assurance Standard V3 (AA100AP, 2018) and the Principles of Inclusivity, Materiality, Responsiveness and Impact (new for 2018 version) ('the Principles') in the context of Kerry's sustainability performance. We also considered the reliability, to a moderate level of assurance, of Kerry's global Scope 1, Scope 2 GHG emissions, as well as waste, water withdrawal and water discharge data. This is the level normally adopted by companies using AA1000 to assure their sustainability reporting. The scope of this work was limited to manufacturing facilities, which account for 98% of Kerry's Scope 1 and 2 GHG emissions. In June 2021, we will verify Scope 1 and Scope 3 emissions from transport and travel.

Our approach included remote interviews and emails with staff responsible for collating and reporting Kerry's GHG, waste and water performance data at a Group level and at five sites: Rothschild, Três Corações, Carrickmacross, Rhinelander and Clark South. We also verified water withdrawal and discharge data at four other sites: Montgomery, Penang, Utrecht and Owen. We interviewed regional managers, directors and the Group Head of Sustainability to review the sustainability processes in place at Kerry, as well as their new 'Beyond the Horizon' sustainability strategy. No in person site visits were conducted due to COVID-19 travel restrictions, however two additional site desk reviews were undertaken to compensate for this.

Our assurance team has the appropriate experience and competence. Although other staff from Jacobs do work with the Kerry Group; we do not consider there to be a conflict between the other services provided by Jacobs and that of our assurance team. Jacobs has a Quality Management System (QMS) which is certified to BS EN ISO9001.

## Inclusivity

*People should have a say in the decisions that impact them.*

In 2020, Kerry released their 'Beyond the Horizon' 2030 sustainability strategy, which reflects the commitment

towards sustainable action as well as the progress made to date. This includes 3 key pillars: 'Better for People', 'Better for Society' and 'Better for Planet', contributing towards the triple bottom line of sustainability. The environmental pillar – Better for the Planet - includes interim 2025 targets. The focus of this strategy has been to deliver an impact-driven approach, moving from a focus on operations towards end-to-end sustainable nutrition.

In 2019, Kerry created a new role, a dedicated Global Head of Sustainability. During 2020 this new appointment has helped Kerry to raise the visibility of their sustainability team, enabling improved internal engagement across the organisation. This has, in turn, created an increased awareness amongst employees of the Kerry sustainability strategy.

This awareness was further boosted in 2020 through the establishment of various sustainable councils for each pillar of the 'Beyond the Horizon' strategy. These councils have enabled engagement in the design and sustainable activity across the whole of Kerry's diverse organisation. They have also facilitated the dissemination of achievements and objectives of the different regions across the global portfolio. The councils feed into the overarching Sustainability Council chaired by the CEO of Kerry Group.

Kerry continues to record stakeholder engagement at a site level and information is analysed and discussed at group meetings, such as through newly setup digital hubs, as well as existing communications channels. Feedback shows these hubs have aided information sharing and team learnings, allowing collaboration between the regions. Further, these platforms enable employees from all levels of the business to share their ideas. In 2020 more than 2,000 people were actively participating. This is also a place where webinars, new product launches and meetings can be shared and accessed by employees. The Local Ambassadors' Network is another place where all sites have the opportunity to share work on sustainability. It is recommended that all these different engagement tools be streamlined, to reduce cross-over and duplication of effort.

Kerry is engaging with local communities through its Volunteering Programme with the Special Olympics and projects such as "Project Leche". The scheme provides paid leave to enable employees, as individuals or in groups, engage their local community;

in 2020 26,000 volunteering days were available. It is noted that during 2020 many sites held COVID drives to positively impact their local areas. Kerry has also continued its support with the Special Olympics in 2020.

External stakeholders can engage with Kerry through networks including investor, sustainability as well as stakeholder councils. Kerry works with its external stakeholders through joint projects and community projects and continues to work with a range of partners in sustainability group networks such as the Irish Manufacture Research Group, Consumer Goods Forum and Sustainable Spices initiative.

It is our opinion that Kerry is committed to being accountable to those whom the organisation has an impact on and who have an impact on it.

## Materiality

*Decision makers should identify and be clear about the sustainability topics that matter.*

During 2018, a materiality assessment was completed internally and used to define the sustainability strategy. It is recommended that this be reviewed and updated. The materiality assessment has continual engagement within Kerry at various levels such as the Sustainability Council and through their responsible sourcing to reduce the likelihood of large-scale changes of focus. This continual engagement is a positive step as it has identified the increasing materiality of biodiversity. It is noted that sustainability risk is ranked through the broader ERM process; the target of ISO14001 implementation at all sites will further aid this.

For responsible sourcing, Kerry has increased their analysis of material risks in its supply chain from six to ten product categories. It is positive that Kerry has continued to develop the key risk categories associated with its supply chain. Kerry have also analysed the countries, products and risks within their supply chain to aid monitoring and risk reduction. Further, Kerry have measured over 15,000 stock keeping units (SKUs) and compared using a proprietary methodology which is based upon the UK nutrient profiling model to analyse the impact upon customer nutrition. The detailed analysis of products will enable Kerry to monitor change in product demand and therefore reduce supply chain risk. It will also increase the positive impacts upon customer health and ability to choose healthy options.

The performance of each site against its targets is reviewed at the bi-monthly HSE meetings to help identify and focus future CAPEX projects. Kerry monitors progress against the key material sustainability issues during bi-monthly environmental meetings. The Sustainability Council reviews progress against the 'Beyond the Horizon' sustainability programme. This is commended as material issues are

progressed to the correct levels within the organisation for appropriate action to be undertaken.

Kerry conduct benchmarking both internally and externally. Internally, Kerry benchmark against regions, exploring key projects and how these can be applied at other sites to improve sustainable performance. Projects are also entered to a reward and recognition programme, one area of which is best carbon reduction site, with the methods of successful reduction analysed to check for international application. Externally, Kerry are reaching out to suppliers to discuss methods of impact reduction which could be applicable for Kerry sites.

It is our opinion that Kerry has a good materiality determination process and that improvements to the analysis have occurred over 2020. However, there is potential to further enhance this process to make sure there is a clear process of review, and all aspects are fully documented.

## Responsiveness

*Organisations should act transparently on material sustainability topics and their related impacts.*

Kerry responds formally to external stakeholders through the sustainability pages of its Website and through its Annual Report. Several Sustainability Policies and Statements are published on the Kerry website; it is recommended that a review schedule is developed to ensure they remain up to date. Kerry is evolving their sustainability report to be in line with GRI Reporting Principles, an action which would provide another level of credibility to their sustainability reporting.

Kerry has continued to respond to Environmental, Social and Governance (ESG) rating agencies such as the Carbon Disclosure Project (CDP). Kerry have increased their ESG disclosures within the Annual Report following stakeholder requests.

As part of the 'Beyond the Horizon' strategy, a formal inclusion index is to be created, developed from Kerry's annual employee survey. This is to enable employees to feedback on areas such as inclusivity and gender diversity at Kerry. Engagement sessions as well as Q&A panels for employees have had a high attendance despite home working which has helped integrate the messaging of Kerry's new sustainable strategy. This work to engage and receive responses from employees is a positive move during a potentially isolating period of time following COVID-19 restrictions.

Kerry have worked to improve the consistency of external stakeholder responses in 2020, responses were managed regionally as well as internationally. This has helped the consistency of ad hoc enquiries by both suppliers as well as other external stakeholders. Whilst this is a positive step and will help responses, it

is recommended that further work should be undertaken to develop a fully integrated system of documenting responses. Whilst virtual tools have been praised as helping the communication and consistency, further use could aid responses.

Finally, Kerry reviews site environmental performance every two months, presented by regional leads to the regional management councils to increase confidence that what is being looked at is right for the region. The site carbon, water and waste targets are owned by the QSHE leads with support from a dedicated Energy Manager on efficiency projects. There is the opportunity to strengthen the integration between teams and provide a more leading approach.

**It is our opinion that Kerry has demonstrated that it responds to stakeholders and is accountable to them.**

## Impact

*Organisations should monitor, measure and be accountable for how their actions affect their broader ecosystems.*

Impact is a new Principle under AA1000 Assurance Standard 2008 with 2018 Addendum and this is the first year that Kerry have been assured for it.

Kerry have adopted a risk-based approach for assessing its impact by geographic region, product categorisation and high-level risks. This has helped identify key areas of impact, both upon Kerry but also the impact it has as an organisation. For example, analysis of the risks regarding Vanilla sourcing from Madagascar has identified impacts against which mitigation programs such as schooling provisions can be implemented. These can then have further positive benefits upon the communities Kerry operates in. It is recommended that all mitigation measures be made publicly available to increase awareness of actions undertaken.

Another large area of impact for Kerry are mergers and acquisitions (M&A). The impacts are assessed through the due diligence phase of M&A, with specific questions aiming to identify impacts and potential issues undertaken. This information is then used to make key decisions, reflecting Kerry's sustainable business practices.

Impact is also managed and tracked through KPIs at an organisational level as well as at a site level. At a site level, for example, KPIs can be used to identify large drivers of energy consumption and/or emissions and therefore streamline response and reduce negative impacts. Under 'Beyond the Horizon', each of the newly established sustainability councils covering the different pillars of the strategy will help focus projects to improve site performance and achieve the sustainability targets set. This will help drive positive changes as well as identify other areas of impact for the organisation.

It is recommended that Kerry explore the opportunity of measuring the long-term impacts of consumers choosing Kerry's sustainable products over other competitors' products, as this is an area currently not measured.

**It is our opinion that Kerry has demonstrated that it monitors and is held accountable for their actions impact upon broader ecosystems.**

## Reliability of Performance Information

The systems and processes used to support the GHG and water performance data have been evaluated. It has been possible to obtain a moderate level of assurance in respect of the GHG, waste, water withdrawal and water discharge data reported in the Group Annual Report. A number of small errors were identified at a site level during the assurance exercise. None had a material impact on reporting at a Group level and all were corrected prior to the Group Annual Report being published. It is recommended that sites contact their reporting helpline when submitting monthly data if they are having issues around target quantification.

Kerry continues to have a robust data collection system for collating GHG, waste and water performance data, with the data collection forms used having embedded checks to identify potential anomalies. As stated in previous years, Kerry should encourage all sites to complete a second quality assurance check of the data before submission to reduce the potential for errors. It is noted during the audit that these types of checks back to the source data do not occur at a site level, but that some regions have month-on-month checks in place to identify any significant mis-entries. It is recommended that sites complete associated commentary with data entry, as this enables identification of anomalous entries and will have a positive impact upon data quality. 2020 saw Kerry begin to use additional dashboards to bring further visibility and we commend the use of this technology.



**Further investigation of data entry and collection platforms are recommended due to the potential benefits this could provide in efficiency, consistency and accuracy.**

Alex Munro, Sustainability Professional

Jacobs, London, February 2021

# Jacobs

