

Kerry Group Annual Report 2018 Assurance Statement

Jacobs UK Ltd (Jacobs) has provided this assurance statement in relation to the Greenhouse Gas (GHG) performance data presented in the Kerry Group Annual Report 2018. The information and presentation of data within the Kerry Group Annual Report is the responsibility of the 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.

Methodology

The assurance process was conducted between October 2018 and January 2019 in accordance with AA1000 Assurance Standard (2008). We were engaged to provide Type 2 assurance, which covers evaluation of adherence to the AA1000 Accountability Principles Standard (2008) and the Principles of Inclusivity, Materiality and Responsiveness ('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 and selected Scope 3 GHG emissions, as well as water withdrawal and discharge data. The scope of this work was limited to manufacturing facilities, which account for 98% of Kerry's scope 1 and 2 GHG emissions.

Our approach included face-to-face meetings, telephone interviews and emails with staff responsible for collating and reporting Kerry's GHG performance data at a Group level and at five manufacturing facilities: Manitowoc, Calhoun, Clark, Nantong and Zwijndrecht. We also verified water withdrawal and discharge data at five other sites: Bangalore, Bawal, Mecca, Menstrie and Union City.

Our assurance team has the appropriate experience and competence and is not working for Kerry in any other capacity. Other staff from Jacobs do work with the Kerry Group; however, 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

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Kerry's commitment to sustainability is demonstrated through its 'Towards 2020'

Sustainability Programme, which includes annual and 2020 goals within a four-pillar framework of Environment, Marketplace, Workplace and Community. Kerry has systems in place for internal and external stakeholders to participate in the development of its response to sustainability issues.

External stakeholders can participate through sustainability group networks, joint working projects and community projects. Kerry continues to work with a range of partners in sustainability group networks. It has signed up to the UK Plastics Pact, committing to work collaboratively with suppliers and customers. It is also working with partners in the Sustainable Agriculture Initiative Platform to develop a global sustainability model for dairy. Kerry has developed joint sustainability projects with customers and suppliers focussing on issues such as sustainable palm oil production, nutrition and packaging. In addition, a staff member has been appointed to work with customers in North America on sustainability issues. This is a positive development that should be rolled out to other regions.

Kerry has encouraged suppliers to participate through its responsible sourcing work and has worked with suppliers on community projects. Kerry should share more information with its supply chain on its sustainability vision and performance expectations to further engage and align approaches.

Kerry is engaging with local communities through its volunteering programme. A key aspect of this has been its partnership with the Special Olympics, for which Kerry staff has donated over 3,000 hours in 2018. Kerry has expanded its work with FareShare, working with customers to donate own label products, and has initiated a new project, RAIN II, to improve food security and nutrition in Zambia.

Kerry should continue to focus on strategic partnerships with customers, suppliers and communities.

Kerry continues to record stakeholder engagement at a site level and information is analysed and discussed at group meetings. Kerry should use this information to directly feed into planning and prioritising future engagement and, as stated last year, it should develop a similar process for recording stakeholder engagements at a regional and group level.

Internal stakeholders can engage with and participate in Kerry's Sustainability Programme and other sustainability issues through training courses, regional events and the volunteering programme. Kerry has developed a comprehensive sustainability module, taken by all graduates. It has run an Environmental Bootcamp for HSE leaders in North America, to strengthen knowledge of and assist compliance with its sustainability goals. In APMEA, Kerry held a Workplace Sustainability Awards ceremony. These regional events contribute positively to the strategy and goals and Kerry should consider replicating them in other regions. A range of communications on sustainability were issued and Kerry should increase the level of communications, also ensuring they reference the relevant pillar in the 'Towards 2020' programme.

Kerry has a well-established Sustainability Council with representation from staff in different regions and functions. It continues to be responsible for implementing the 'Towards 2020' programme, providing leadership, assessing performance and evaluating risks and opportunities. At some sites, sustainability is discussed during some town hall meetings and sustainability performance data is shared on staff noticeboards, workshops and with sister sites. Kerry should actively encourage sites to share sustainability performance information internally and should provide guidance to achieve a consistent approach and level of staff engagement across all sites.

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

Determining the relevance and significance of issues that are material to sustainability performance.

During 2018, a materiality assessment was completed. This included stakeholder mapping, and the identification and prioritisation of material topics using information from desktop reviews, media reviews, benchmarking against peers, stakeholder interviews and surveys.

A materiality matrix was produced, ranking topics by their importance to stakeholders and their impact on Kerry, and identifying key material topics.

Kerry should implement the recommendations in the materiality assessment, specifically to focus sustainability efforts on these key topics and to communicate with stakeholders on how it is delivering value and creating positive outcomes through action in these areas. Kerry should use the information arising from this assessment to shape its future sustainability strategy and to plan its communications. The materiality assessment should be an ongoing process, with periodic updates.

For responsible sourcing, Kerry has analysed material risks in its supply chain for six categories. This has included creating risk maps, calculating risk ratings for selected vendors and developing vendor action plans. Kerry should review these regularly and expand the work to encompass other categories.

In addition to the materiality assessment, Kerry captures sustainability issues identified by stakeholders in the monthly data collection forms completed by sites, records of customer meetings and sustainability assessments by external investor rating agencies. The Sustainability Council continues to evaluate the relevance and significance of these issues. At a regional level, the relevance and prioritisation of sustainability issues is reviewed by the Environmental Directors and regional sustainability councils and committees. At a local level, the relevance and prioritisation of sustainability issues is undertaken by local site management.

Kerry monitors progress against the key material sustainability issues during bimonthly environmental meetings. The Sustainability Council reviews progress against the 'Towards 2020' Sustainability Programme, setting annual sustainability goals in line with changing sustainability context and maturity of issues and concerns raised by stakeholders.

It is our opinion that Kerry has significantly improved its materiality determination process in 2018.

Responsiveness

An organisation response to stakeholder issues that affect its sustainability performance.

Kerry responds formally to external stakeholders through the sustainability pages of its website and through its Annual Report. Kerry has published new information on its website including a paper-based packaging policy and a progress report for palm oil. It has translated its

supplier code of conduct into four languages as a result of the peer-based comparisons it has undertaken. It has updated a number of public statements and has produced a review schedule to ensure they remain up-to-date.

Kerry has responded to external stakeholders on other issues during 2018. For example, it has run a breast cancer awareness campaign with a customer in the APMEA region and has worked with a North American customer to redirect a previous waste stream into a product. It has responded to customer enquiries on packaging and the current and future carbon impact of Kerry's products. It has responded to requests to complete the supply chain CDP programme and CDP water programme, and has responded to new legislation, such as by publishing its gender pay gap report.

Kerry has responded to internal stakeholders through a variety of means. At a group level, Kerry has continued to review its progress against the goals in the 'Towards 2020' Sustainability Programme during Sustainability Council meetings, using information on the Sustainability Scorecards. Kerry has analysed the results of the 2017 Our Voice survey and taken action as a result, for example, to improve awareness of the Kerry Volunteering Programme and by partnering with the Special Olympics.

At a site level, Kerry has held events to update staff on the outcomes of the survey and has organised events suggested in the survey responses, for example, Safety and Quality days and family open days. Kerry has organised other site-level events to raise awareness of sustainability (e.g. Earth Week in APMEA) and to recognise employee actions (e.g. employee appreciation week). However, as found previously this level of engagement continues to be inconsistent across the sites audited. It is recommended that Kerry continues to raise awareness of sustainability through a variety of mediums by issuing standard guidance, including to encourage sites to plan annual programmes. Where not already implemented, sustainability should be added as a regular agenda item in site meetings to encourage discussion of performance and issues. Those sites with EMSs should consider the introduction of local targets to focus internal engagement.

In its Sustainability Newsletter, Kerry has responded to staff concern about single use plastic, explaining the issue and action staff can take. It has also responded to requests from both external and internal stakeholders for information on issues such as diversity and inclusion. Communications have included a commitment from the CEO and information on regional and site level initiatives.

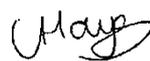
Kerry should ensure that it records its responses to stakeholders and that responses are consistent. At a regional and global level, it has delivered presentations and workshops to its global procurement teams and global supply and quality teams to raise awareness of Kerry's approach to sustainability. It has appointed a dedicated Social Media Manager and has created scripted slide decks for staff to use in sustainability presentations. At a site level, it is recording responses in the stakeholder engagement section of monthly sustainability data collection forms. However, further work is needed to develop a fully consistent and integrated response to stakeholder enquiries.

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

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, water withdrawal and water discharge data reported in the Group Annual Report. A small number of errors were identified at a site level during the assurance exercise. None had a material impact on reporting at a Group level and they were corrected prior to the Group Annual Report being published. The Group reporting tool clearly outlines the boundaries of the footprint, the emission factors used and the structure for the footprint calculation.

Kerry uses training webinars and guidance documents to provide sites with information on the reporting requirements and process. Kerry continues to have a robust data collection system for collating GHG and water performance data and for identifying potential anomalies in the data. As stated last year, Kerry should encourage sites to complete a second check of the GHG data before submission and to produce a site-specific written procedure on completing the monthly submission.



Lucy Hayes, Principal Sustainability Professional
Jacobs, London, February 2019

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