

# Modern Slavery and Human Trafficking Statement 2019

*The following statement sets out the actions taken by Kerry Group to address modern slavery and human trafficking risks in our business and supply chain for the financial year ending 31st December 2019.*

As a Group, we are firmly committed to upholding the rights of workers. Modern slavery and human trafficking are unacceptable practices that exploit some of the most vulnerable people and Kerry supports all efforts to eradicate these and other human rights abuses from international business and global supply chains.

In this statement, Kerry Group reports on its actions to assess and address modern slavery risks associated with its operations, including its employment practices and the protections provided for workers. Furthermore, this statement also outlines how Kerry is assessing and addressing modern slavery risks within its supply chains, including the efforts with supply partners to mitigate this risk.

## Our Business

Kerry Group is a public limited company incorporated and headquartered in the Republic of Ireland. The Group is a global leader in the food and beverage industry, operating across 151 manufacturing locations in 32 countries and with sales in over 150 countries. Kerry Ingredients (UK) Limited (Taste & Nutrition), Kerry Foods Limited (Consumer Foods) and Kerry Ingredients Australia Pty Ltd who are wholly owned subsidiaries of Kerry Group plc and are our main operating entities in the UK and Australia respectively.

The Group's activities include the collection and processing of raw materials and production of products for the food, beverage and pharmaceutical markets. The Group employs over 26,000 people and our operations encompass significant research, development and application expertise, customer and consumer insight and is enabled by a number of supporting functions including human resource, sales and marketing teams.

The Group is structured across two business areas as follows:

### Taste & Nutrition

Kerry provides market leading innovation through its Taste & Nutrition technologies and systems for the food, beverage and pharmaceutical markets.

### Consumer Foods

Kerry Foods is a leading manufacturer and marketer of added value branded and customer branded chilled foods to the UK and Irish and selected international consumer foods markets.

## Our Supply Chain

As a global organisation, Kerry Group sources raw materials from thousands of suppliers around the world and we have a direct contractual relationship with more than three thousand dairy farmers in South West Ireland. With a raw material spend of almost €4 billion, we make a significant socio-economic contribution to the regions which we source from.

We want to ensure that this procurement spend contributes to improving livelihoods and we continue to map and better understand the geographic location and nature of products and services sourced. The range of products, sourcing locations, markets and regulations associated with these purchases can present a risk and we apply a systematic approach to risk assessment that helps to identify and mitigate a range of risks, including the risk of modern slavery and human trafficking.

Our supply chain includes suppliers who are involved in primary production (predominantly agriculture), processing and distribution of raw materials and these entities recruit and employ workers associated with undertaking these activities. We also rely on a number of other indirect goods and services in our day to day operations, for example cleaning and security services.

## Our Policies

At Kerry, we adopt a zero-tolerance approach towards the use of forced, bonded, indentured or involuntary labour in our own operations or in any activities connected with the Group. The Kerry Group mission statement guides our business activities and sets out our commitment to acting responsibly and in the interest of all our stakeholders:

*'We are committed to the highest standards of business and ethical behaviour, to fulfilling our responsibilities to the communities which we serve and to the creation of long-term value for all stakeholders on a socially and environmentally sustainable basis.'*

To ensure clarity on the issue of labour standards, there are a number of key policies that set out the requirements of those within the organisation and those whom we seek to do business with. These include the following:

- The **Kerry Group Code of Conduct** sets out the high ethical standards which we demand from all colleagues in carrying out our day to day operations.
- Our **Human Rights Policy** is informed by the UN declaration on human rights and affirms our commitment to upholding internationally recognised human rights.
- Our **No Child or Forced Labour Policy** explicitly prohibits the use of child or forced labour within our operations or those of anyone connected with the Group.
- The **Employee Concerns Disclosure Policy** provides guidelines for individuals who feel they need to raise certain issues in confidence and sets out clearly that Kerry does not tolerate retribution for voicing concerns.
- In pursuit of our responsible sourcing goals, we have a detailed **Supplier Code of Conduct** within our Supplier Requirements which outlines the minimum standards we expect from providers of goods and services to Kerry. We keep this Code under ongoing review, to robustly protect the rights of workers within our supply chain and it is explicit in directing that forced or involuntary labour shall not be permitted. Where suppliers are found to have contravened the requirements set out in this Code, Kerry Group reserves the right to terminate any associated agreement or business relationship.

While our Human Resource and Procurement functions take a lead role on upholding human rights, accountability is cross-functional and all our teams and business units work together to achieve our goals. We continue to build the capacity of our people on modern slavery and human rights more generally and this includes working collaboratively

with others and seeking expert input for guidance on our approach.

## Our Approach

Our management of modern slavery risk across our operations and supply chain falls within our broader approach to human rights.

As a Group, we have comprehensive structures in place to appropriately manage labour issues. In addition to our day-to-day people practices, we use a combination of internal assessments and independent ethical audits across our facilities to identify areas of potential risk. Our policies are communicated and available to all employees, ensuring that all colleagues are informed and understand our requirements. We also make employees aware of the means by which they can report concerns, including through the Group's confidential reporting system. This independent platform is available in multiple languages and allows for the anonymous reporting at any time.

While we are confident that these efforts are sufficient to mitigate the potential risk of forced labour within our operations, we remain vigilant and continue to look at ways to strengthen our approach.

We understand that the potential risk of forced labour is much greater within our agricultural supply chain. The agricultural sector is considered high risk for forms of labour exploitation, including modern slavery. As part of our efforts on responsible sourcing, we continuously assess the key risks associated with the goods and services we buy, including risks relating to human rights. Through supply chain mapping and a risk identification process, we are aware of specific raw materials and sourcing regions where there is a heightened risk of human trafficking and/or modern slavery.

We identify human rights risks by combining internal knowledge with a range of external data, independent tools and benchmarks. Through this risk mapping process, we have a better understanding of the risks associated with both the production sites of our raw materials and the agricultural origin of commodities, where these are different. However, where there are a number of tiers between the supply site and raw material origin, it is more difficult to achieve visibility of labour practices at each stage of the chain.

Kerry is explicit about our stance on forced labour with all those who seek to do business with the Group. Our Supplier Code of Conduct is communicated to all our direct suppliers and puts a clear onus on these partners to ensure they apply the same standards to those they work with.

Given the number of supply partners we work with, we adopt a targeted approach to monitoring compliance with our code, based on the risk assessment outlined above. In this way, we focus our efforts on those suppliers where the potential

for human rights infringements, including slavery and human trafficking, is greatest.

### Due Diligence

We have an approval process in place for new suppliers and all are subject to Kerry's Supplier Requirements Manual, which includes Kerry Supplier Code of Conduct. Our supply quality team has an audit presence in 50 countries across 6 continents in the past 5 years and has conducted in excess of 5,000 supplier audits. These audits integrate high level human rights considerations as part of the broader supplier assessment and act as one element of our monitoring process.

As a member of SEDEX (Supplier Ethical Data Exchange), we use this platform and associated independent tools to help assess our supplier performance. For our global contracts, over 95% of vendors are SEDEX registered. In addition, we continue to make progress towards our goal for all high-risk suppliers to be registered with the platform. In 2019, 71% of high-risk suppliers were registered with SEDEX and of these, 18% had independent SMETA (SEDEX Members Ethical Trade Audit) audits in place.

Where we become aware of ethical issues within our supply chain, we seek to engage with our suppliers directly. We favour working with suppliers to resolve or mitigate issues and where concerns are confirmed, we look for a clear roadmap for positive resolution including implementation of a corrective action plan within a defined period and verification of completion. Where suppliers fail to adequately engage or take the necessary steps to remedy the issues identified, we will take action up to and including termination of the business relationship.

We are aware that even with due diligence processes in place, incidents of modern slavery can occur and so we extend our facility for anonymous reporting of concerns to those within our supply chain.

### Grievance Mechanism, and Remediation

We are committed to creating effective grievance mechanisms and addressing and remedying adverse human rights impacts.

The Express a Concern Ethics Hotline can be accessed in more than 100 languages and is available 24 hours a day, 7 days a week. Users can report a concern anonymously, and their report will be logged with a unique ID, which they can use to check on the status of the concern raised without providing personal contact information.

All concerns raised in this manner will be assessed, fully investigated and appropriate action taken. All whistleblowing incidents are reviewed by the Head of Internal Audit and formally investigated by the relevant functional heads depending on the nature of the concern raised.

In 2019, there were no reports of trafficking or modern slavery received through this service.

### Assessing Progress, Communication and Training

In 2019, we continued to engage with our suppliers directly and through the SEDEX platform to ensure the effectiveness of our approach and build awareness of Kerry's requirements. In addition, all of our own manufacturing sites completed an assessment in respect of social compliance and more than 90% were covered by independent audits, with learnings from this process shared to improve overall Group performance.

We also understand that raising awareness is key in addressing the risk of modern slavery and human trafficking. We recognise the need to continue building capacity among our employees to identify risks of modern slavery and the actions required to respond effectively.

Internally, Kerry continues to make its policies available to employees via a number of channels, communicating on any relevant changes or updates. In addition, mandatory training for colleagues on the Group's Code of Conduct is delivered through our Learning Management System. This training covers the key elements of our Group Code of Conduct, which incorporates our commitment to upholding human rights. The training includes an assessment element to help monitor progress and aid with understanding.

In 2019, we continued to be members of a number of multi-stakeholder initiatives that are engaged in the protection and promotion of human rights and the elimination of forced labour. These include, the Roundtable on Sustainable Palm Oil (RSPO), the Food Network for Ethical Trade (FNET), the Consumer Goods Forum (CGF). Our membership of these and other organisations allow us to assess our progress against industry best practice and helps us to identify areas for further improvement.

### Approval for this Statement

This statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018 (Cth). It has been approved by the boards of our UK and Australian legal entities on 12 May 2020.



Ronan Deasy,

Director  
Kerry Foods Limited  
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