

Palm Oil Sourcing Policy

Palm oil is a versatile and effective raw material which has become an increasingly important input for the food industry. Palm has some crucial benefits over other oil producing commodities, including a higher yield, which makes it a more land efficient crop. It is also an important agricultural product in many poorer regions of the world and is a key source of income for millions of smallholder farmers.

Palm production is concentrated in Indonesia and Malaysia where 80%-85% of palm fruit is cultivated, however, in the last decade the volumes produced in Africa, South America and other South East Asian countries have begun to increase. Despite the benefits of palm, rapid industry expansion has contributed to the loss of natural rainforest, threatens environmentally sensitive areas and species, and has raised concerns around the protection of human and labour rights.

Kerry Group is not involved in the production of crude palm oil and as such, does not have direct contact with mills or plantations. We buy processed palm oil through a range of suppliers, as follows:

- Palm oil refineries with (partial) backward integration into plantations and mills
- Palm oil refineries with (partial) backward integration into mills
- Palm oil refineries with no backward integration
- Producers of palm oil products which purchase palm oil from other parties.

Our volumes represent only a small proportion (approximately 0.1%) of global production, yet palm oil is a key commodity for Kerry and is used across our operations. We want to ensure that these volumes are produced responsibly, and the purpose of this policy is to inform our purchasing decisions, ensuring that we do not contribute to further deforestation or environmental harm and protect the rights of workers and local communities within our supply chain.

We have been an active member of the Roundtable on Sustainable Palm Oil (RSPO) since 2010 and fully endorse the principles and criteria (P&C) it has laid out. All palm oil used in the Group's branded products is certified under a physical RSPO accreditation (mass balance and/or fully segregated). For those volumes that are used to produce private label products or within our B2B business, we actively promote the uptake of certified sustainable palm oil with our customers globally.

Regardless of the final use of the palm oil, across the Group we are committed to procuring only from suppliers that meet the following requirements:

- Comply with all local laws and regulations.
- Member of RSPO and committed to the execution of all elements of the RSPO Principles & Criteria for the Production of Sustainable Palm Oil 2018 (<https://rspo.org/resources/archive/842>)
- Protect high conservation value (HCV) areas, high carbon stock (HCS) forests and peatlands.
 - No development on peat (defined as soil containing greater than 65% organic matter) regardless of depth.
 - Comply to standards as set out in the RSPO Manual on Best Management Practices (BMPs) for existing oil palm cultivation on peat
 - Comply with the RSPO Protocol for Oil Palm Independent Smallholders for Sustainable and Responsible Management of Peat Areas.

- Does not source from areas cleared of natural forest after December 31, 2015.
- Respect and uphold the rights of workers, indigenous peoples and local communities.
 - The Crude palm oil (CPO) and/or Fresh Fruit Bunches (FFB's) originate from sources which comply with the requirements laid out in the RSPO's Principles and Criteria and reflected in the Group's Supplier Code of Conduct. (<https://www.kerrygroup.com/sustainability/policies-statements/Supplier-Code-of-Conduct-21-12-2016.pdf>)
 - Respect the rights of affected communities to give or withhold their free, prior and informed consent for developments on land they own legally, communally or by custom.
- No use of fire in the preparation of new plantings, or re-plantings or any other developments.
- Provide transparent disclosures on sourcing of palm oil through direct activities and third party purchases
- Demonstrate shared values with Kerry and a commitment to continuous improvement in tackling key issues facing the industry.

Kerry Group will work with suppliers and other relevant stakeholders to ensure time-bound action plans exist to implement these requirements throughout our supply chain. We acknowledge the role of smallholders and seek to work with partners that support them in complying with the above commitments.

This policy applies to 100% of palm oil, palm kernel oil and their fractions sourced directly by Kerry Group. We will issue public updates on our performance in respect of this policy at least annually on our Group website and/or in our Annual Report.