Securing sustainable growth
“Consumers are increasingly concerned with the origin of their food, how it is made and the impacts on those that help to produce it, and they continue to seek out companies and brands whose values align with theirs. This motivates many of our stakeholders to engage with companies that can meet these expectations. We welcome this growing interest in how companies operate and anticipate that our continued ability to demonstrate good environmental and social performance will be increasingly important in our future business relationships.

We are mindful of our dependence on natural ecosystems and the responsibilities we have to our customers, our suppliers, our people and our communities. The Group is committed to responsible business practice, as laid out in our Mission Statement, and our ongoing sustainability journey is an integral part of our 1 Kerry Business Model. In 2016, we have made good progress against our stated goals as we continue to integrate sustainability within our day to day operations. Our comprehensive “Towards 2020” programme sets out a clear pathway for our business as we pursue our stated ambition of securing sustainable growth.”

– Stan McCarthy, Chief Executive

At Kerry Group, sustainability is at the heart of our business. As a world leader in Taste and Nutrition and as a major consumer foods organisation in Europe, 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 on a socially and environmentally sustainable basis.

Our sustainability journey is one of continuous improvement, which aims to deliver a better future for all our stakeholders and is a significant driver of behaviour within our organisation.

OUR APPROACH

Kerry's sustainability plan represents a journey of continuous improvement – an ongoing process and strategy to secure sustainable growth. The Group’s ‘Towards 2020’ programme, was launched in 2015 and builds on the success of our previous initiatives. The programme is structured around four key pillars and aims to minimise our environmental footprint while enhancing the positive impact of the organisation. Under each pillar, we have prioritised the most material issues for Kerry Group and its stakeholders. We have carefully examined the ways in which we can lessen our adverse impacts and create value, and we have set measurable targets for improvement in these areas over a five year period.

READ MORE “Towards 2020” page 45
MATERIALITY
Prioritising the most material sustainability issues for Kerry and its stakeholders is a central part of our strategy. In the development of our programme, we consulted widely with internal and external audiences to help refine our approach and to focus on critical areas of impact. The management of sustainability risk is undertaken by the Group’s Sustainability Council and captured through the overarching risk management framework. We monitor emerging sustainability themes and continue to ensure the alignment of our strategy with business and stakeholder needs.

READ MORE Risk Report pages 60-68

STAKEHOLDER ENGAGEMENT
We are committed to an ongoing engagement that facilitates a better understanding of stakeholder needs and the ways in which we can address them. Among our key stakeholders are our customers, suppliers, employees, investors, local communities and regulatory bodies. We continue to track our engagement with all stakeholders and use this information to inform the assessment of our ‘Towards 2020’ programme, both in terms of materiality and performance. Our ability to demonstrate this level of engagement is a core part of our independent AA1000(AS) accreditation.

READ MORE Summary Assurance Statement page 46

COLLABORATION
Delivering sustainability at Kerry Group is a shared responsibility and each employee has a role to play in realising our ambitions for 2020 and beyond. However, we accept that the broader challenges presented by sustainability demand a more holistic approach. In addition to promoting greater internal cooperation, we are engaged in partnerships with customers, suppliers and relevant third parties to help achieve our 2020 goals. In the course of 2016, we have become members of a number of important multi-stakeholder initiatives.

READ MORE Responsible Sourcing page 50

GOVERNANCE
The Group’s Sustainability Council has been established under delegation from the Board of Directors. It is chaired by a senior member of the Group’s executive committee and reports twice yearly to the Board. The Sustainability Council is made up of functional leadership from across the organisation and its role is to assess the risks and opportunities presented by sustainability and to agree the means by which these should be addressed. The responsibility for implementation rests with the relevant functional leadership, while the Council appraises the ongoing Group performance.

FIND OUT MORE visit our website www.kerrygroup.com
<table>
<thead>
<tr>
<th>ENVIRONMENT</th>
<th>MARKETPLACE</th>
<th>WORKPLACE</th>
<th>COMMUNITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASPIRATIONS</strong></td>
<td><strong>ASPIRATIONS</strong></td>
<td><strong>ASPIRATIONS</strong></td>
<td><strong>ASPIRATIONS</strong></td>
</tr>
<tr>
<td>Continue to improve our environmental stewardship</td>
<td>Continue to advance our Origin Green Programme in Ireland</td>
<td>Continue to conduct our business in a responsible and ethical manner</td>
<td>Be a responsible neighbour by driving and supporting outreach initiatives in our local communities</td>
</tr>
<tr>
<td>Drive efficiency in resource use (energy &amp; water)</td>
<td>Deliver on our brand sustainability strategy plan</td>
<td>Through our focus on science and technology development, we will generate innovative products that contribute to improving health and wellbeing across all life-stages, creating better lifestyles for people today and future generations</td>
<td>Continue to partner with international programmes to help alleviate hunger in developing regions</td>
</tr>
<tr>
<td>Exceed in efforts to reduce waste and increase recycling</td>
<td>Achieve 100% ISO 14001 approval (Kerry manufacturing sites)</td>
<td>Through our leading innovation and product development expertise, we will continue to enhance the nutritional value of our ingredients and continue to assist our valued customers</td>
<td>Promote Kerry Community Lead Projects in each region</td>
</tr>
<tr>
<td>Deliver on our brand sustainability strategy plan</td>
<td>Achieve an overall 13% reduction in GHG emissions by 2020 compared to baseline year 2013, reflecting an overall 26% reduction compared to baseline year 2009</td>
<td>Make quality a distinguishing capability</td>
<td>Maintain 100% ISO 14001 approval across all Kerry manufacturing sites</td>
</tr>
<tr>
<td>Achieve Zero Waste to Landfill where technically feasible in each jurisdiction</td>
<td>Reduce water use by 7% by 2020 compared to baseline year 2013, reflecting an overall reduction of 11% by 2020 compared to baseline year 2011</td>
<td>Ensure responsible sourcing practices</td>
<td>Formalise community engagement programmes in all our communities through Kerry Community Relations Committees and Community Relations Ambassadors</td>
</tr>
<tr>
<td><strong>FIVE YEAR STRATEGIC PLAN</strong></td>
<td><strong>FIVE YEAR STRATEGIC PLAN</strong></td>
<td><strong>FIVE YEAR STRATEGIC PLAN</strong></td>
<td><strong>FIVE YEAR STRATEGIC PLAN</strong></td>
</tr>
<tr>
<td>Achieve 100% ISO 14001 approval (Kerry manufacturing sites)</td>
<td>Achieve an overall 13% reduction in GHG emissions by 2020 compared to baseline year 2013, reflecting an overall 26% reduction compared to baseline year 2009</td>
<td>Leverage Kerry’s Taste &amp; Nutrition technology platforms and applications expertise to improve nutritional values of food and beverage products in partnership with our customers</td>
<td>Assist and actively engage people in development programmes in our communities to improve: health and nutrition; entrepreneurship community development; education, arts and sport; and sustainable agriculture</td>
</tr>
<tr>
<td>Achieve an overall 13% reduction in GHG emissions by 2020 compared to baseline year 2013, reflecting an overall 26% reduction compared to baseline year 2009</td>
<td>Reduce water use by 7% by 2020 compared to baseline year 2013, reflecting an overall 32% reduction compared to baseline year 2011</td>
<td>Deliver on our Kerry Foods’ ‘Better For You’ Programme</td>
<td>Assist NGO Partners with selected projects in the developing world</td>
</tr>
<tr>
<td>Reduce water use by 7% by 2020 compared to baseline year 2013, reflecting an overall 32% reduction compared to baseline year 2011</td>
<td>Reduce reduce by 12% by 2020 compared to baseline year 2013, reflecting an overall 32% reduction compared to baseline year 2011</td>
<td>Partner with our customers in sustainable sourcing of strategic ingredients. Achieve Kerry sustainable raw material sourcing targets across our raw material categories</td>
<td>Develop Kerry Community Lead Projects in each region</td>
</tr>
<tr>
<td>Achieve Zero Waste to Landfill where technically feasible in each jurisdiction</td>
<td>Achieve Zero Waste to Landfill where technically feasible in each jurisdiction</td>
<td>Ensure our Supplier Code of Conduct is communicated to all direct suppliers</td>
<td>Assist community development programmes in association with Kerry Vanilla Project in Madagascar</td>
</tr>
<tr>
<td><strong>2017 GOALS</strong></td>
<td><strong>2017 GOALS</strong></td>
<td><strong>2017 GOALS</strong></td>
<td><strong>2017 GOALS</strong></td>
</tr>
<tr>
<td>Achieve Group ISO 14001 approval targets for 2017</td>
<td>Achieve Group ISO 14001 approval targets for 2017</td>
<td>Leverage Kerry’s Taste &amp; Nutrition technology platforms and applications expertise to improve nutritional values of food and beverage products in partnership with our customers</td>
<td>Drive day to day business decisions through our defined Kerry Values</td>
</tr>
<tr>
<td>Implement Kerry Carbon Reduction Projects for 2017 in line with our 2020 targets</td>
<td>Implement Kerry Carbon Reduction Projects for 2017 in line with our 2020 targets</td>
<td>Deliver on our Kerry Foods’ ‘Better For You’ Programme</td>
<td>Achieve annual target for all Kerry employees to have completed the Kerry Code of Conduct Training through the Learning Academy</td>
</tr>
<tr>
<td>Implement Kerry Water Reduction Projects for 2017 in line with our 2020 targets</td>
<td>Implement Kerry Water Reduction Projects for 2017 in line with our 2020 targets</td>
<td>Maintain SEDEX membership across all Group manufacturing sites</td>
<td>Ensure compliance with Global Health &amp; Safety Management Systems</td>
</tr>
<tr>
<td>Implement Kerry Carbon Reduction Projects for 2017 in line with our 2020 targets</td>
<td>Implement Kerry Carbon Reduction Projects for 2017 in line with our 2020 targets</td>
<td>Maintain SMETA or equivalent certification across all Kerry developing market manufacturing plants</td>
<td>Achieve a further 5% reduction in recognised Global Health &amp; Safety metrics across all sites</td>
</tr>
<tr>
<td>Continue to advance our Origin Green Programme in Ireland</td>
<td>Continue to advance our Origin Green Programme in Ireland</td>
<td>Support and partner with International Nutrition Research programmes</td>
<td>Promote diversity by building a workplace that is free of prejudice and actively fosters the appreciation of diversity throughout the organisation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Achieve Kerry Foods’ ‘Better For You’ Programme annual goals</td>
<td>Continue to advance our Origin Green Programme in Ireland</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Progress Kerry sustainable raw material sourcing objectives</td>
<td></td>
</tr>
</tbody>
</table>
ENVIRONMENT

As an industry, food and beverage is acutely reliant on natural ecosystems and the increasing impact of man-made activities must be a key concern. Changes brought about by climate change, resource scarcity and access to water will all impact on business. To help ensure good environmental stewardship within our operations, the Group’s Environmental Policy sets out our core goals for managing impacts at site level and we have significantly advanced the implementation of recognised environmental management systems across our manufacturing sites.

EMISSIONS

Green House Gas (GHG) emissions reduction remains a priority for Kerry Group. We measure our footprint in accordance with the GHG Protocol (see note 1) and use the services of an independent third party, Jacobs, to provide assurance on our carbon measurement and performance. This assurance is provided in accordance with AA1000AS(2008) (see summary assurance statement below). We also participate in the annual CDP assessment on behalf of investors and a number of customers. In 2016, we received a rating of A- from CDP, which places Kerry in a leadership position for our efforts to tackle climate change and recognises our implementation of current best practice.

Despite some strong regional performances in 2016, we have faced challenges in achieving our 2016 carbon target for the Group. This is due, in part, to the phasing of capital projects intended to deliver the required carbon savings. However, we remain fully committed to meeting our 2020 goal of a 13% reduction and we are confident that the current programmes, both planned and initiated, will deliver against our overall target.

<table>
<thead>
<tr>
<th></th>
<th>2013 Base Year</th>
<th>2020 Target</th>
<th>2016 Target</th>
<th>2016 Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon</td>
<td>320.18kg</td>
<td>278.56kg</td>
<td>308.07kg</td>
<td>312.18kg</td>
</tr>
<tr>
<td>% Change</td>
<td>–</td>
<td>-13%</td>
<td>-3.8%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>*Novem Adjusted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes

1) The GHG Protocol sets the global standard for how to measure, manage and report greenhouse gas emissions.
2) Kerry Group’s KPI on Carbon is a relative measure of CO₂ divided by Tonnes of Finished Goods.
3) Our measurement and target performance is of Scope 1 & 2 emissions from our manufacturing facilities (this accounts for 98% of Kerry Group’s Scope 1 & 2 emissions).
   a. Scope 1 emissions consist of fuel and fugitive emissions. No process emissions are generated from Kerry’s activities.
   b. Scope 2 emissions consist of electricity consumption by sites.
4) Kerry Group’s actual performance has been adjusted to reflect like-for-like performance 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) The Novem Methodology predicts what the absolute GHG emissions for the production of a group of products would be if the base year emissions per tonne were applied to today’s production levels and product mix. This allows a meaningful comparison between two production periods based on improvements in the emissions per tonne for each product group. The Novem procedure applies only where targets are relative and Kerry Group measures GHG emissions on a CO₂ per tonne of output basis.
6) CDP is an international non-profit working with business, investors and governments to help manage environmental risk and drive emissions reduction.

JACOBS SUMMARY ASSURANCE STATEMENT

Jacobs has assured Kerry’s greenhouse gas performance data (scope one and two emissions) from its manufacturing facilities for 2016 in accordance with AA1000AS (2008). Jacobs evaluated the systems and processes used to collate and report the greenhouse gas performance data. Jacobs has been able to obtain a moderate level of assurance for the data reported in the Group Annual Report 2016. Jacobs full assurance statement can be found on Kerry’s website www.kerrygroup.com
WATER
At Kerry we recognise the importance of water for our business and acknowledge the increasing global concerns regarding water risk. As a Group, we are focused on the quantity of water used at our sites and the quality of any waste water returned to the environment. Between 2011 and 2014, the Group achieved a 4.2% reduction in water intensity and in 2015 set a goal for a further 7% reduction by 2020. In 2016, we have continued to make progress with a 2.7% reduction versus our base year. Although this is slightly behind target, we remain on track to deliver against our 2020 goal.

<table>
<thead>
<tr>
<th>Water</th>
<th>2013 Base Year</th>
<th>2020 Target</th>
<th>2016 Target</th>
<th>2016 Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>m³ per Tonne FG</td>
<td>4.89</td>
<td>4.55</td>
<td>4.72</td>
<td>4.76</td>
</tr>
<tr>
<td>% Change</td>
<td>-</td>
<td>-7%</td>
<td>-3.5%</td>
<td>-2.7%</td>
</tr>
</tbody>
</table>

Notes
1) Our target for water is a relative measure of metres cubed (m³) divided by tonnes of product produced.
2) Our target performance is water usage at our manufacturing facilities.
3) Our actual performance has been adjusted to reflect like-for-like performance to our base year.

In 2016, we also undertook to examine our manufacturing base to identify where our sites are operating in areas of potential water scarcity. Using a methodology based on the World Resources Institute’s ‘Aqueduct’ tool we have identified 9 priority sites across the Group as outlined below. In 2017, we will continue to work towards improving water stewardship with a particular focus on these locations.

WASTE
We want to prevent the loss of valuable natural resources and are continuously looking at ways to minimise our waste. Between 2011 and 2014, we achieved a 20% reduction in waste intensity and in 2015 set a target for a further 12% reduction by 2020. In 2016, we have made good progress against this target with a 10% reduction versus our 2013 base year and ahead of our year 2 target.

<table>
<thead>
<tr>
<th>Waste</th>
<th>2013 Base Year</th>
<th>2020 Target</th>
<th>2016 Target</th>
<th>2016 Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kgs per Tonne FG</td>
<td>103.62</td>
<td>91.19</td>
<td>94.39</td>
<td>93.67</td>
</tr>
<tr>
<td>% Change</td>
<td>-</td>
<td>-12%</td>
<td>-9%</td>
<td>-10%</td>
</tr>
</tbody>
</table>

Waste to Landfill
Where we do have waste streams, we look for opportunities to turn this waste into a resource. We aim to achieve Zero Waste to Landfill by 2020, (where technically feasible) and by year end 2016 had reduced our landfill volumes by 35% versus our 2013 base year.

Notes
1) Our target is a relative measure of waste divided by tonnes of product produced.

ENVIRONMENTAL MANAGEMENT SYSTEMS
Our target for 2020, is to have all our qualifying sites accredited under the ISO 14001 environmental management system. By year end 2016, the sites within our Consumer Foods Division, and sites within the EMEA and APAC regions of our Taste & Nutrition business have been fully accredited. Within the Americas region a number of sites, some of which have been more recently acquired, continue to work towards accreditation. The implementation of ISO14001 will be rolled out across these sites with targeted completion by year end 2017.

Focus on food waste (UK & Ireland)
In 2015, Kerry Foods commenced its partnership with FareShare in the UK to redistribute surplus food to those in need. Over the course of 2016, this has evolved into a successful relationship that has seen Kerry Foods expand its donations to an additional two FareShare Regional Centres and donate enough surplus food for 175,000 meals. In Ireland, Kerry Foods has partnered with the Heart to Hand Charity for the past two years. In addition to supporting them through the donation of surplus food, in 2016 our employees have helped raise funds to meet their transport needs. Over the course of our partnership with Heart to Hand, Kerry Foods has donated 144,000 meals to those in need within our local Irish communities.
MARKETPLACE

At Kerry Group, we realise that our impacts extend beyond our direct operations, both in terms of the raw materials we use and the final products which we produce. We see significant opportunity in meeting the increasing demand for healthy and sustainably produced goods, while acknowledging the challenges presented by demographic trends and environmental pressures. Through our activities under the Marketplace pillar, our Taste & Nutrition solutions and Consumer Foods’ brands are helping to support the transition to healthier and more sustainable consumer diets.

HEALTH & NUTRITION

Non-communicable diseases are responsible for almost 70% of deaths worldwide and unhealthy diets have been identified as one of four primary risk factors in contracting such conditions. Given the growing awareness of the link between diet and health, Kerry Group is ideally placed to support customers and consumers as they look for great tasting, healthier products.

As the world’s leading Taste & Nutrition company, we are uniquely positioned to support our industry partners in creating and adapting products to satisfy changing consumer preferences and regulatory requirements. We understand that without making products taste great, more nutritious alternatives may not be adopted. Our holistic approach to product development encompasses our expertise in dietary requirements, the most comprehensive portfolio of Taste & Nutrition solutions, our applications expertise and an understanding of local consumer attitudes to health and wellness.

In 2016, we continued to deepen our engagement in this area through the Kerry Health & Nutrition Institute, which is establishing itself as a thought-leader on the science and policy of health, nutrition and general wellness. We also continue to invest in new technologies and in 2016 our global spend on Research, Development and Application increased to €261 million.
KERRY FOODS’ ‘BETTER FOR YOU’ PROGRAMME

Nutritional Improvements 2016

Kerry Foods’ ‘Better For You’ Programme aims to improve existing products and develop new ones that can contribute to a healthy balanced diet and lifestyle. The primary focus of our ‘Better For You’ programme is to reduce calories, saturated fat, and sodium, and add positive nutrition as appropriate without compromising on taste. A strong scientific foundation underpins our reformulation priorities.

Following on from our participation in the UK Public Health Responsibility Deal, key reformulation achievements in 2016 have included a 22% reduction in sodium in the UK sausage category. With regard to new product development, the Yollies range was successfully extended. Yollies are categorised as non HFSS (high fat, sugar, salt) under the UK Department of Health nutrient profiling scheme. Yollies are also a source of calcium and vitamin D. Cheestrings mini portions were also launched in 2016 in keeping with our policy of aiding portion control. In Ireland, Kerry Foods was one of 14 major food and drink manufacturers who participated in the FDII (Food and Drink Industry Ireland) Reformulation project published in 2016. This project assessed the impact of reformulation activity by the 14 companies between 2005 & 2012 and among the reported achievements was a 36% drop in tonnage of sodium sold over that period. Building on previous reformulation achievements, Kerry Foods continues to explore new technologies to achieve further reformulation across our portfolio.

We see significant opportunity in meeting the increasing demand for healthy and sustainably produced goods.
RESPONSIBLE SOURCING
We source a wide range of raw materials from independent suppliers around the world and as a responsible buyer, we want to understand the origins of these products and how they are produced. We aim to ensure that those involved in their production are treated fairly and that human rights are respected. We also want to minimise the environmental impacts associated with the production of key commodities and work with our customers, suppliers and industry partners to build more sustainable and resilient supply chains.

To complement our membership of relevant multi-stakeholder platforms such as RSPO, Origin Green and the Sustainable Agriculture Initiative Platform (SAI), in 2016 Kerry Group also became a member of the Sustainable Spices Initiative, Tropical Forest Alliance 2020 and the Sustainable Vanilla Initiative. These platforms align with our responsible sourcing strategy and through them we are pursuing a more collaborative engagement with stakeholders, creating the basis for a common approach to sustainable sourcing.

QUALITY & FOOD SAFETY
Kerry is committed to excelling in the provision of the highest quality products and to ensuring the complete safety of all the goods which we produce. We mitigate food safety risk through thorough proactive risk assessment with a farm to fork review. We incorporate robust preventive controls, sanitation excellence, product protection, crisis prevention, and we continuously improve through horizon scanning and embedding best practices. We work with recognised assurance standards such as the Global Food Safety Initiative (GFSI), an industry-driven initiative that reduces food safety risks by delivering equivalence between effective food safety management systems. We leverage this platform to ensure food safety, compliance with quality standards and to create value for our customers. In 2016, 99% of our global sites were accredited under GFSI standards.

SUSTAINABLE AGRICULTURE
As part of our responsible sourcing strategy, we have identified 10 raw material categories that are of strategic importance to our business and where we want to increase the quantity of sustainably sourced raw materials. Although we do not own or operate any farms, we want to leverage our purchasing power to support improved production practices and work in partnership with industry stakeholders to encourage continuous improvement at farm level.

We work with our customers, suppliers and industry partners to build more sustainable and resilient supply chains.
Focus on palm oil

In 2016, Kerry Group published a Palm Oil policy setting out its objectives for the responsible sourcing of this important commodity. The Group has been a member of the RSPO since 2010 and fully endorses the principles and criteria it has laid out. We are actively engaging with suppliers to understand and address any challenges and to ensure compliance with our clearly defined sourcing requirements. In 2016, we made progress in terms of traceability for both our palm oil and palm kernel oil volumes.

Within our Consumer Foods division, all of our 2016 volumes are covered by RSPO certification systems. In 2017, we will adopt the use of RSPO Next Credits as we continue to transition to fully certified sustainable palm oil within our Kerry Foods business.

FIND OUT MORE
For more information on palm oil and our other priority categories see www.kerrygroup.com

SOCIAL COMPLIANCE

Kerry is committed to upholding the rights of workers and through our membership of the Supplier Ethical Data Exchange (SEDEX) we can demonstrate our performance on labour issues to our customers. All our manufacturing locations are registered with SEDEX and we have valid SMETA (SEDEX Members Ethical Trade Audit) audits covering all of our sites in ‘high risk’ locations.

In 2016, the Group’s ‘Supplier Code of Conduct’ was updated, to clearly set out our expectations of suppliers in upholding the rights of workers within our supply chain. It explicitly prohibits the use of child or forced labour in any activities connected with Kerry Group, and sets forth the detailed standards to which our supply partners must adhere. In monitoring supplier compliance with this Code of Conduct, we have adopted a risk-based approach to assessment that focuses on those suppliers operating in geographic locations, and/or producing commodities, where there is a greater risk of non-conformance. Having mapped our supplier risk in 2016, our revised goal for 2020 is to have all high risk suppliers registered as members of SEDEX.

MARKETING AND COMMUNICATIONS

In addition to creating healthy and sustainable products, we want to ensure that these are marketed responsibly. We are passionate about promoting the real value of food but we recognise that we must carefully consider how we communicate this, with particular attention given to the status of children. All our advertising and brand positioning conforms to national advertising codes of practice. 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. In addition to mandatory labelling requirements, we support the voluntary addition of front-of-pack ‘Reference Intake’ information to aid consumer choice. We also employ customer enquiry lines which are manned by experienced teams who can help respond to any additional customer requests.

ORIGIN GREEN

As a founder member of the world leading ‘Origin Green’ initiative, Kerry is committed to An Bord Bia’s (the Irish Food Board’s) unique sustainability programme, which aims to make Ireland a global leader in sustainably produced food and drink. The programme operates at both processor and primary producer level and brings together all stakeholders under one initiative.

As part of our membership, Kerry has adopted a sustainability charter covering each of its manufacturing sites in the Republic of Ireland and has adopted the Sustainable Dairy Assurance Scheme (SDAS) as a mandatory standard for its contracted liquid milk suppliers. Under this internationally accredited scheme, we are determining the carbon footprint of each individual farm and supporting farmers with tools to help lessen their environmental impacts. At year end 2016, over 99% of farmers had signed up to participate in the SDAS programme and 85% were fully certified. By the 31st March 2017, all milk collected by the Group from farms in Ireland will come from SDAS approved suppliers.

FIND OUT MORE
visit our website www.kerrygroup.com
As an organisation with over 23,000 employees, Kerry understands the importance of a positive relationship with its people. Our colleagues are central to our innovative culture and ongoing success. To retain their enthusiasm and determination to succeed we want each person to engage fully with our vision and values. To help achieve this we reward performance, provide opportunities to make a real difference, promote access to learning and development and create a workplace where each employee can flourish.

At Kerry Group we aim to provide an environment where each employee can flourish.

ETHICS
Foremost among our values is that business results must be achieved ethically and legally. This will always be an absolute expectation at Kerry Group because our everyday actions are the basis of trusting, productive relationships with each other and with our stakeholders. Through our Code of Conduct, we set out a commitment to live our values and focus attention on ethical business practice. In 2016, we rolled out a new communications and training programme to colleagues on the Group’s Code of Conduct.

Kerry remains a non-partisan organisation and Group businesses are prohibited from supporting political parties, either directly or indirectly. The Group or its constituent businesses do not make financial contributions to political parties, political candidates or public officials.

READ MORE For more details on all our policies and codes in relation to the workplace, please visit our Group website at www.kerrygroup.com

In 2016 we achieved a further 9% improvement in global safety metrics

9%
HUMAN RIGHTS
As a business, we are committed to upholding international human rights and our Group policies are informed by relevant UN Guiding Principles and International Labour Organisation Conventions. As a Group, we prohibit the use of child or forced labour. All employment with Kerry Group is voluntary. We do not use child or forced labour in any of our operations or facilities. We do not tolerate any form of unacceptable treatment of workers and we fully respect all applicable laws establishing a minimum age for employment, in order to support the effective abolition of child labour worldwide.

In 2016, we continued to extend our standards on these and other labour issues into our supply chain, through our updated Supplier Code of Conduct. This code sets out the expectations we have of all those who seek to do business with Kerry Group.

READ MORE For further details on our policies around Human Rights and Business Ethics see www.kerrygroup.com

HEALTH & WELLBEING
As a responsible business, we understand our obligation to ensure the health & safety of our employees at each of our sites. We have targeted a 5% year-on-year improvement in our Health & Safety Metrics and in 2016 we have surpassed this with a 9% improvement on our 2015 performance. In 2016, we also completed the rollout of our Global Health & Safety Management System, establishing consistent ways of working and standardising the Health & Safety requirements across the Group.

We also recognise that Kerry can play a role in employee wellbeing, beyond our Health & Safety goals. To have a broader impact on the lives of our employees, we want to support them in leading healthy, active lives. Right across the Group, we have introduced and promoted a range of initiatives at site level that seek to promote healthier eating, encourage regular exercise and draw attention to the importance of managing physical and mental wellbeing.
At Kerry we aspire to develop a culture of high performance and are committed to helping colleagues grow and develop. We believe in people with big ideas and want to encourage learning opportunities. Kerry’s Learning Academy and our HR teams help to deliver structured training and development programmes for employees, through which they can acquire the skills, knowledge and capabilities necessary for further growth within the organisation. In 2016, we introduced the ‘mySuccess’ platform to provide a clearer connection between individual goals, performance, compensation and career development.
DIVERSITY & INCLUSION

The Group is committed to the principles of equality and diversity and has fully adopted all relevant equality and anti-discrimination legislation. We encourage and embrace differences in terms of education, experience, values and culture and recognise that to thrive globally requires a strong foundation of tolerance and the ability to develop and embrace a truly diverse workforce.

We encourage and embrace differences and recognise that to thrive globally requires a truly diverse workforce.

In 2016, we launched a dedicated Diversity and Inclusion programme, to reflect and enable the commitments outlined above. As part of this programme, we are adapting our recruitment process to attract applications from those in underrepresented groups, we are focusing on the internal development opportunities available to all colleagues, we are creating more flexibility around working practices and we are creating a more inclusive environment through the promotion of participation opportunities inside and outside the organisation.

READ MORE Our People pages 20-21

COMPENSATION & BENEFITS

Compensation and benefits are a core part of our employee management strategy. We provide competitive rates of pay and ensure fair compensation practices across all our locations. Employees are rewarded in line with their individual and business performance and this includes their achievements against key sustainability metrics for relevant colleagues. Compensation forms a core part of the overall employee benefits package, which is tailored to help meet a variety of short and long term needs.

Employees are rewarded in line with their individual and business performance and this includes their achievements against key sustainability metrics for relevant colleagues.
Kerry Group has a proud record of community engagement and support.

**COMMUNITY**

With its roots in the co-operative sector in Ireland, Kerry Group has a proud record of community engagement and support. Since its foundation, the Group has contributed significant time and resources to initiatives and charitable causes in the regions where we operate and the philosophy of positive engagement with local communities continues to be a core value of the organisation.

Within local communities our primary areas of focus and support are as follows:

- a) Health, Hunger & Nutrition
- b) Entrepreneurship
- c) Community Development
- d) Education, Arts & Sport
- e) Sustainable Agriculture

**HEALTH, HUNGER & NUTRITION**
As a company focused on Nutrition, we understand the importance of a healthy balanced diet across all life stages. Through our community programmes we are engaging in partnerships that aim to improve health, eradicate hunger, and promote better nutrition among some of the world’s poorest communities.

**World Food Programme**
In 2016, Kerry proudly became the first Irish food company to partner with the World Food Programme (WFP), the food assistance branch of the United Nations and the world’s leading humanitarian organisation fighting hunger. As part of a pioneering 3 year project, Kerry Group and the World Food Programme will ensure that nutritious dairy products are safely and sustainably incorporated into the Home Grown School Meals (HGSM) programme. The pilot project is based in Honduras, one of the poorest countries in Latin America. Over 65% of the Honduran population live in poverty and one in four children suffer chronic malnutrition due to recurrent natural disasters and the effects of climate change.

**Noon Foundation**
In 2016, the Group has also undertaken to support the Noon Foundation in building a new wing to the Noon Hospital in Rajasthan, India. The Noon Foundation was established by Lord Gulam Noon, founder of Noon Foods, a business that was subsequently acquired by Kerry Group in 2005. The ‘Kerry Wing’ of the Noon Hospital will significantly expand its ability to meet the growing demand for its services from the people of Rajasthan and Kerry is particularly proud that the hospital provides treatment for all those who need it, irrespective of their ability to pay.
RAIN Project
In partnership with ‘Concern Worldwide’ Kerry has been supporting efforts to alleviate child stunting in Africa. The award-winning RAIN (Realigning Agriculture to Improve Nutrition) project, was designed to improve infant and maternal nutrition and thereby reduce rates of child stunting in the Mumbwa district of Zambia. In 2016, an independent report was published by the International Food Policy Research Institute (IFPRI) on the impacts of the project. The report illustrates the challenges associated with addressing multi-faceted problems contributing to malnutrition and highlights the areas where the programme has enjoyed success. Having reviewed the findings, Kerry and Concern are now exploring how the learnings can be applied elsewhere and are finalising plans for a RAIN+ programme embracing climate smart agriculture to help alleviate malnutrition in Africa.

ENTREPRENEURSHIP
Through its daily activities and community development work, Kerry Group seeks to foster enterprise, innovation and development. We promote learning opportunities for young people through work placement programmes at our major corporate centres. Our responsible sourcing practices look to support smallholder farmers and much of our community development projects take place in rural areas, giving rise to local employment, supporting disadvantaged areas and promoting local enterprise. For example our support for Listowel Food Fair, which takes place in South West Ireland, promotes awareness of the quality food and beverage products made by local entrepreneurs.
COMMUNITY DEVELOPMENT

At Kerry, our colleagues are acutely aware of the needs of their communities and many play an active role in giving back through local initiatives. In 2016, some of the employee activities across the Group have included environmental conservation efforts in the city of Cebu, Philippines, fundraising activities in Ireland, volunteering time to help disadvantaged children in Latin America, and food donations in the US. Our colleagues continue to generously support programmes designed to enhance their local communities through the donation of their time, expertise and resources. In 2017, we want to further support these efforts through the Kerry Volunteer Programme which will provide time off for community activities and encourage even greater local community participation among our employees.

At Group level, Kerry is also a key contributor to community development projects and among our commitments in 2016, was our support for the Irish Wheelchair Association’s state of the art Resource and Outreach Centre in Killarney, County Kerry. We also provide support for a wide variety of community development initiatives across a broad spectrum, from Cancer Support Services to the Centre of Archaeology & Innovation.

EDUCATION, ARTS AND SPORT

2016 had historic significance for Ireland given the 100th anniversary of the events which led to the country’s independence. Kerry marked the occasion through its involvement with the Thomas F Meagher Foundation. This ongoing programme encourages post-primary students to explore the meaning of Irish citizenship and an inclusive society, and invites them to participate in local community development initiatives. In 2016, seven Kerry Group sponsored University Scholarships were awarded to students with the leading community projects. We also continued to engage with local schools through open days and site visits and in December 2016, Kerry were delighted to sponsor the fifth edition of the International Eco-Schools Conference in Malaysia.

Our support for the Arts continues through our commitment to the National Folk Theatre of Ireland, our funding for ‘Fleadh Cheoil Na Mumhan’ and our sponsorship of the prestigious ‘Kerry Group Award’ for Irish fiction at the International Literary festival in Listowel, Co. Kerry.

We also continue to promote involvement with amateur sport and we are a proud supporter of Kerry GAA, the international cycling race Kerry Group Ras Mumhan, and the Denny Children’s Community Games.
SUSTAINABLE AGRICULTURE

Many of our initiatives under the ‘Towards 2020’ programme overlap between pillars and this is particularly true of our efforts on Sustainable Agriculture. Our partnership with WFP, the RAIN project, Origin Green, all of these initiatives are based around sustainable agricultural principles. Under the Marketplace pillar (page 45), we have already highlighted the importance of sustainable agriculture in terms of our responsible sourcing strategy, but our efforts are also particularly important for local communities.

READ MORE ‘Towards 2020’ page 45

Sustainable vanilla – Madagascar

In early 2014, Kerry Group partnered with our local vanilla supplier in Madagascar to build a more sustainable supply chain. Together we have set up the ‘Tsara Kalitao’ Project, which translates as ‘Good Quality’ in Malagasy. At its core it focuses on training farmers to produce better quality vanilla beans and increase their income. However, the broader programme is designed to support the sustainable development of the region. It does this through three elements, Farmer Income, Empowering Women and Education. In addition to directly supporting farmers, through our pilot programme on education we currently reach more than 1,000 children in the project region.

On successful completion of this pilot, the programme will be rolled out across all participating villages with the potential to positively impact up to 5,000 children and their families by 2018.