

KERRY GROUP PLC

# Annual Report 2019 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 2019. 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.

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## Methodology

The assurance process was conducted between October 2019 and January 2020 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 GHG emissions, as well as waste, water withdrawal and water 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. In July 2020, we verified Scope 1 and Scope 3 emissions from transport and travel.

Our approach included face-to-face meetings, telephone interviews and emails with staff responsible for collating and reporting Kerry's GHG, waste and water performance data at a Group level and at three sites: Listowel, Shillelagh and Centre Beloit. We also verified water withdrawal and discharge data at three other sites: Plant City, Mozzo and Byesville. We verified both GHG and water data at the following two sites: Norwich and Plentong.

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; 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. This includes annual and 2020 goals within a four-pillar framework of Environment, Marketplace, Workplace and Community.

Kerry has further strengthened its commitment to sustainability in 2019 and appointed a dedicated Global Head of Sustainability. A key part of their role has been leading the development of the 'Sustainability Strategy 2030'. There has been a significant amount of internal and external stakeholder engagement in developing this strategy. A steering group with representatives from across the Kerry business was formed in the first quarter of 2019 as a mechanism to engage staff and develop the strategy. There was also engagement at a local level; sites were engaged to define site-based energy and carbon targets. This was a positive improvement and will help buy-in and the implementation of the strategy going forward. Kerry has also undertaken a significant amount of benchmarking of peers and customers to identify and understand their views, expectations and ambitions regarding sustainability.

A dedicated Sustainability Communications Manager has been appointed in the last quarter of 2019 to operate the process of stakeholder participation. It is recognised that Kerry will develop a stakeholder engagement plan to assist with the implementation and rollout of the Sustainability Strategy. This plan should be developed as soon as possible to take effect in 2020 to ensure consistent roll-out of engagements throughout the year across all sites.

Internal stakeholders can engage with and participate in Kerry's current Sustainability Programme and other sustainability issues through training courses, regional and local events and the volunteering programme. Sustainability is also discussed at a site level during Town Halls, Team Meetings and performance data being displayed on staff notice boards. There are several new groups that have been set up in 2019, such as the "Sustainability Communicate, Collaborate, Smart-Copy" monthly meeting with the commercial teams, to help engage and facilitate understanding, learning and sustainability improvement within the organisation. The implementation of the stakeholder engagement plan in 2020 will help strengthen and provide an integrated approach to stakeholder participation across the organisation.

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 inform the stakeholder engagement plan. As stated in previous years, Kerry should also develop a similar process for recording stakeholder engagements at a regional and group level.

Kerry has a Sustainability Council with representation from staff in different regions and functions. This group is responsible for implementing the “Towards 2020” programme, providing leadership, assessing performance and evaluating risks and opportunities. It is commendable that members of this Sustainability Council will be reviewed in 2020 to achieve a more targeted and focused group. When reviewing this group, it is recommended that diversity of membership should be given sufficient consideration.

Kerry is engaging with local communities through its volunteering programme and projects such as “Project Leche” and the project “RAIN” (Realigning Agriculture to Improve Nutrition). Kerry has also continued its support with the Special Olympics World Games in 2019. Community engagement will be integrated into the sustainability strategy and further funding will be provided in the future to support community projects.

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 such as the Irish Manufacture Research Group, Consumer Goods Forum and Sustainable Spices initiative. Kerry has developed joint sustainability projects with customers and suppliers, focusing on nutrition health, product development such as the use of plant proteins and reducing plastic packaging. It is encouraging that Kerry has developed a specific internal working space to share this project information more widely.

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 and this materiality assessment has been used to define the new sustainability strategy. Kerry’s Purpose, the Kerry Way and their culture and values were also key guiding principles in the strategy development. It is positive that there is to be a step change in approach to the sustainability strategy including its further integration into Business Priorities and Plans. Kerry should ensure that the materiality assessment is an ongoing process of review, with periodic documented updates.

For responsible sourcing, Kerry has analysed material risks in its supply chain for six product categories. This has included creating risk maps, calculating risk ratings for selected vendors and developing vendor action plans. In 2019, these categories have been reviewed and expanded to encompass 8 additional product categories which will form part of the new sustainability strategy. It is positive that Kerry has

continued to develop the key risk categories for its supply chain.

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 evaluates the relevance and significance of these issues and it is recommended that this process is formally documented. An integrated system that captures all sustainability enquiries would also assist with analysis of this data. At a regional level, the relevance and prioritisation of sustainability issues is reviewed by the Environmental Directors and regional 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 bi-monthly 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 a good materiality determination process. 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, applied consistently and continue to be integrated on an ongoing basis.

## 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. Several Sustainability Policies and Statements are published on the Kerry website; some of these are several years old and it is recommended that a review schedule is developed to ensure they remain up to date. It is noted that Kerry has plans to review the sustainability content on its Website and the format of the sustainability report to ensure it reflects the needs and expectations of stakeholders which is an encouraging action.

Kerry has increased the use of social media platforms such as LinkedIn, Twitter, Instagram and the Kerry Digest blog to respond to stakeholders and it is positive that Kerry is starting to review the effectiveness of these communications.

Kerry has continued its response to Environmental, Social and Governance (ESG) rating agencies such as Morgan Stanley Capital International (MSCI), Sustainalytics, Institutional Shareholder Services (ISS), Glass Lewis and Carbon Disclosure Project (CDP). A

significant amount of work has also been completed on responsible sourcing and traceability this year. It is recommended that Kerry review whether additional information can be communicated to stakeholders on their sustainable supply chain work.

In response to Climate Change and Energy being identified as a key material issue for the business as well as external stakeholders, Kerry appointed a dedicated European Energy Manager in the first quarter of 2019. They have been responsible for reviewing energy data and undertaking site-based energy audits to identify energy efficiency savings and developing a road map and funding strategy to implement these identified savings. It is recommended that, as these projects are implemented, they are recorded with performance monitored centrally, as the previous energy and water efficiency project trackers were not in use during 2019. The set-up of an internal Energy Efficiency and Decarbonisation Monthly call in 2019 will also assist with maintaining progress and sharing performance benefits of these projects.

Kerry has responded to internal and external comments around single use plastic and developed a working group in 2019 to assist with developing a strategy to reduce their use in packaging. Membership with UK Plastic Pact was also continued. Further details around their commitments associated with single use plastic will be published in their new Sustainability Strategy and Kerry should also consider whether to develop a Plastic Position Statement.

Water Stewardship has been another focus area for Kerry in 2019 and following a review of water stressed sites in 2018, implementation plans have been developed and implemented to reduce water consumption at water stressed sites.

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. At a site level, Kerry has increased awareness of sustainability to staff by running several UN International Days throughout the year. Case studies written as blogs are available on the Kerry intranet and include International Women's Day, World Environment Day, World Food Day and Water Day. It is positive that an annual programme of events and materials have been developed by the Group sustainability team to support these UN days and ensure a comprehensive and consistent response across the organisation.

Kerry should ensure that it records its responses to stakeholders and that responses are consistent. One way to achieve consistent responses would be to agree FAQs in relation to specific topics, stakeholders or geographies. At a regional and global level, Kerry has delivered presentations and workshops to its procurement teams and supply and quality teams to

raise awareness of Kerry's approach to sustainability. 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 documenting stakeholder enquiries. It is recognised, however, that the newly appointed Sustainability Communications Manager and stakeholder engagement plan due to be published in 2020 will aid in achieving this.

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, waste, water withdrawal and water discharge data reported in the Group Annual Report. A number of small errors were identified at a site level and within the Scope 1 and 3 travel data 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 site teams revisit the guidance to aid understanding of data requirements; guidance can be found in the Group reporting tool, where the boundaries of the footprint, the emission factors used and the structure for the footprint calculation are detailed.

Kerry uses training webinars and guidance documents to provide sites with information on the reporting requirements and process, as well as the drivers behind the use of the data collated. 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 entered. As stated in previous years, Kerry should encourage sites to complete a second quality assurance check of the data before submission to reduce the potential for errors. We would also recommend that Kerry investigates the use of an online data entry and collection platform and the potential benefits this could provide in efficiency, consistency and accuracy.



Alex Munro, Sustainability Professional  
Jacobs, London, July 2020

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