

KERRY GROUP PLC

No Deforestation Commitment

Forests cover almost 30% of the world's surface and play a vital role in supporting sustainable agriculture and livelihoods, far beyond their physical limits. After oceans, forests are the world's largest storehouses of carbon.

They provide ecosystem services that are critical to human welfare, they help stabilise soils, regulate water flows, give shade and are crucial for sustainable agriculture and food security. They are also a rich source of biodiversity, providing habitat to more than half of the world's land-based species¹.

Yet, the world's forests remain under threat. Between 1990 and 2015, the world lost 129 million hectares of forest, an area the size of South Africa². Agriculture is estimated to be the direct driver for around 80% of deforestation worldwide and the primary commodities responsible are palm oil, pulp and paper, beef and soy.

Scope

At Kerry we are committed to sustainable growth and continue to make progress on embedding best practice across the organisation. This includes efforts to ensure the responsible sourcing of the raw materials we use. Although we do not purchase forest related materials directly, we realise that there is an inherent risk of deforestation associated with some of the agricultural products which we buy.

As palm oil, pulp & paper, beef and soy are linked to 40% of global deforestation our initial focus is on these four categories and our commitments and timeframe below relate to these specific commodities.

Our Approach

Preventing deforestation is an integral part of Kerry's ambition under the Group's 'Towards 2020' programme. As part of the responsible sourcing strategy, we identified priority categories that are of strategic importance to our business but which also have an impact on deforestation. These include paper packaging, meat and palm oil.

To better understand our current deforestation risk, we have undertaken an assessment of our global supply chains in each of these categories and will prioritise our actions based on geographic risk and the strategic importance of the raw material for our business. In addition to the work already underway in these priority categories, we will also commence efforts to determine the risk associated with our direct soy purchases.

However, we recognise that it will take collective action on behalf of all industry partners to halt deforestation. Through membership of multi-stakeholder platforms like Tropical Forest Alliance 2020 (TFA2020) and SAI

Platform, Kerry aims to play a part in sector wide collaboration and continuous improvement programmes in the supply chains of our key commodities.

Our Commitments

Kerry's goal is to achieve no deforestation across our targeted supply chains by 2025. To achieve this we will pursue a policy of sourcing these raw materials in accordance with the following requirements:

- > Raw materials will be sourced only from legal sources and in compliance with existing local land and forest use laws.
- > No deforestation of primary forest or areas of high conservation value.
- > No development in high carbon stock forest areas.
- > No new development on peatlands regardless of depth. Any existing operations on peat must be third-party audited to confirm it is managed responsibly.
- > No burning to clear land for new developments or to re-plant existing developments.
- > Compliance with the criteria set out in Group's Supplier Requirements Manual, including Kerry's Supplier Code of Conduct which outline our expectations with regard to child labour, the protection of human rights, health and safety, fair working conditions and ethical and environmentally responsible business practice.
- > Respect the right of all affected communities to give or withhold their free, prior and informed consent for plantation developments on land they own legally, communally or by custom.

1 [WWF: www.panda.org/deforestation](http://www.panda.org/deforestation)

2 [The Global Forest Resources Assessment 2015: FAO](#)

To satisfy these commitments we will seek traceability from our raw material suppliers back to the agricultural point of origin. Where we become aware that Kerry's commitments with regard to deforestation are not being met, we will engage with suppliers to seek clear, time bound action plans to address any issues identified. Where suppliers fail to adequately address the concerns raised, we will consider a range of options up to and including the removal of that supplier from our approved vendor base.

Implementation and Monitoring

Responsibility for the execution of this policy rests with category teams supported by relevant functional personnel and the Group's Sustainability Council. Kerry will evaluate performance on a regular basis and will provide updates on our progress at least annually on our website and/or in our Annual Report.