

## KnowTheChain Food & Beverage Benchmark - Additional Disclosure 2020

Company Name: Kerry Group

Guidance:

- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website. Please see the 'comment text' and 'source' cells in the Excel document for the information we have already reviewed.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to (extensive additional disclosure documents that include a comprehensive list of links already reviewed will not be considered).

### THEME 1: COMMITMENT AND GOVERNANCE

#### 1.1 Stakeholder Engagement

To fully understand and address working conditions in sourcing countries, companies need to engage with potentially affected groups and local stakeholders such as trade unions, worker organizations, or local NGOs—in addition to suppliers. Furthermore, as forced labor risks tend to be systemic in nature, collaboration with other companies, for example, to engage policy makers to strengthen labor legislation, is needed to address forced labor in supply chains.

In the last three years, the company has engaged relevant stakeholders by:

2. actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

**In 2019, Kerry Group became a member of CGF and has been seeking to assess best practice across a range of CGF themes, including Human Rights and Forced Labour and will continue to engage in the workstreams most relevant for the organisation.**

[https://www.theconsumergoodsforum.com/press\\_releases/cgf-announces-new-members-for-november-2019](https://www.theconsumergoodsforum.com/press_releases/cgf-announces-new-members-for-november-2019)

**The work of FNET includes support on issues related to Modern Slavery and as outlined on the FNET website, their work supports an approach to human rights that is aligned with the UK Modern Slavery Act.** <https://foodnetworkforethicaltrade.com/about/>

### THEME 2: TRACEABILITY AND RISK ASSESSMENT

#### 2.1 Traceability and Supply Chain Transparency

The company discloses:

2. the countries of its below-first-tier suppliers (this does not include raw material suppliers);

**Countries below first tier suppliers with higher risk of forced labour include Egypt, India, Ivory Coast and Malaysia**

3. the sourcing countries of at least three raw materials at high risk of forced labor and human trafficking; and  
**Kerry sources raw materials from Malaysia (Palm Oil), Egypt (fruit) and India (Gum) where there is an increased risk of forced labour and human trafficking.**

## 2.2 Risk Assessment

Risk assessment involves evaluating the potential that a company has (by virtue of who its suppliers are and where they are located) of being linked to forced labor and human trafficking. Risk assessment is a process that is carried out in addition to and outside of auditing. It helps identify potential forced labor risks as well as actual impacts that may be hard to detect through audits. This process may involve engaging local stakeholders, labor rights experts, independent sources, and assessing risks associated with specific raw materials, regions, or groups of workers such as migrant workers.

The company discloses:

- (1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and  
**We understand that Human Rights Risks, including risk of trafficking and forced labour, can vary by country and agricultural commodity. In addition to the use of SEDEX, we have mapped human rights risks (including the risk of forced labour) using a range of external data and benchmarks (FNET tools, US Dept. of Labor, etc.), as part of the broader responsible sourcing criteria across our commodities and geographies. Through this risk mapping process, we assess both the risks associated with the sites of production of our raw materials and the agricultural origin of commodities, where these are different. In 2020, we are further integrating the use of independent risk assessment tools, to enhance the existing risk assessment process.**
- (2) details on forced labor risks identified in different tiers of its supply chains.  
**Through our risk assessment work to date we understand the potential for increased forced labour risks associated with certain commodities and sourcing locations, including, but not limited to:**
  - **Palm Oil: Malaysia (Plantation level)**
  - **Spices: India (Grower level)**
  - **Seafood: Thailand (Wild catch harvest providing feedstock to the aquaculture industry)**

## THEME 3: PURCHASING PRACTICES

### 3.1 Purchasing Practices

Purchasing practices and pricing may both positively impact labor standards in the company's supply chains and increase risks of forced labor and human trafficking.

The company:

- (1) is taking steps toward responsible raw materials sourcing;  
**In addition to information noted in respect of palm oil, the Group also works towards ensuring good labour standards across other commodities we source. For example, all seafood which we purchase is certified under Aquaculture or Marine Stewardship Council (ASC, MSC) standards <https://www.kerrygroup.com/annual-report/assets/pdfs/home->**

[page/KGAR19\\_Sustainability\\_Review.pdf](#). Kerry also uses Forest Stewardship Council (FSC) certification to verify sustainable sources of paper packaging. According to the FSC “...there is an extensive due diligence process to ensure that slavery and human trafficking is not part of the production process of FSC-certified products. FSC-certified companies and others trading FSC certified products can refer to the FSC standards to help demonstrate compliance.” <https://www.fsc-uk.org/preview.fsc-and-the-modern-slavery-act-factsheet.a-1024.pdf>

- (2) is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting;

**The Group engages in clear planning and forecasting on an ongoing basis to support successful business operations and provide clarity to business partners, including suppliers, allowing them to plan and deliver against agreed expectations.**

## THEME 4: RECRUITMENT

### 4.1 Recruitment Approach

The company:

2. requires employment and recruitment agencies used by its suppliers to respect the ILO core labor standards, which include the elimination of forced labor; and **Kerry’s Supplier Code of Conduct (revised version forthcoming) integrates the ILO core labour standards and is explicit about the requirement for suppliers to apply these same standards to their own suppliers. It states that suppliers shall apply the requirements to their own suppliers, contract labour providers, and approved sub-contractors with whom they work to supply goods and services to Kerry Group.**

### 4.2 Recruitment Fees

According to the ILO, workers should not be charged directly or indirectly, in whole or in part, any fees for recruitment or related costs (such as costs for training, medical tests, or travel).

The company:

- (1) requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer ("Employer Pays Principle"); and **This is an explicit requirement within the Group’s revised Supplier Code of Conduct which states that Suppliers must ensure no fees or related costs are charged to applicants and workers for recruitment and that no monetary deposits, financial or collateral guarantees or personal possessions are demanded as a condition of employment.**
- (2) takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.

**Kerry’s revised Supplier code of conduct requires that suppliers have a means for reporting of concerns and an appropriate mechanism to remedy adverse impacts.**

#### 4.4 Rights of Workers in Vulnerable Conditions

Migrant workers and other workers in vulnerable conditions are at a higher risk of being in forced labor, and additional steps are needed to ensure their rights are respected. Conditions which render workers vulnerable may include characteristics such as gender or age and external factors, including workers' legal status, employment status, economic conditions, and work environment (such as isolation, dependency on the employer, or language barriers).

The company:

- (1) takes steps to ensure migrant workers in its supply chains understand the terms and conditions of their recruitment and employment and also understand their rights; **Kerry's revised supplier code of conduct is explicit about protections for migrant workers and mandates that suppliers must inform workers about their employment terms and conditions in writing and in an understandable manner before they enter into employment.**
- (2) takes steps to ensure its suppliers refrain from restricting workers' movement, including through the retention of passports or other personal documents against workers' will; and **This is an explicit requirement within Kerry's revised Code of Conduct which states that no personal possessions may be demanded as a condition of employment and suppliers shall not restrict worker's freedom of movement**

### THEME 5: WORKER VOICE

#### 5.1 Worker Engagement

The company:

- (1) takes steps to ensure its supply chain policies that address forced labor and human trafficking are communicated to workers in its supply chains; **The Group's Supplier Code of Conduct is communicated to all suppliers as part of the Group's Supplier Requirements Manual. The Kerry Group Supplier Requirements Manual (SRM), outlines Kerry's expectations of its suppliers of raw materials (ingredients and packaging) and services. All current or potential suppliers to Kerry Group, have a responsibility to meet these essential requirements at all times.**

#### 5.2 Freedom of Association

The company:

3. takes steps to ensure workplace environments in which its suppliers' workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and **Kerry's revised supplier code of conduct states that in the absence of legal protections for the right to collective bargaining or freedom of association, suppliers will seek to engage workers through alternative lawful mechanisms that allow worker representation on workplace issues.**

### 5.3 Grievance Mechanism

The company:

4. discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and

**Information in the 2019 Sustainability review (pg 65) outlines the number of grievances received. In 2019, the Audit Committee reviewed the whistleblowing incidents and outcomes and provided updates to the Board which enabled the Board to assess the adequacy of the whistleblowing arrangements and to review the reports arising from its operation. The Board is satisfied that the Group's whistleblowing arrangements are operating effectively.** [https://www.kerrygroup.com/investors/investor-centre/agm/KerryGroup\\_AR\\_2019.pdf](https://www.kerrygroup.com/investors/investor-centre/agm/KerryGroup_AR_2019.pdf)

## THEME 6: MONITORING

### 6.1 Monitoring Process

To improve implementation of its supply chain policies, conditions at supplier level can be monitored in different ways. This could include specialized audits to detect forced labor at higher-risk suppliers or worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities).

The company has a supplier monitoring process that includes:

4. visits to associated production facilities and related worker housing; and  
**In addition to SMETA audits, Kerry's supply quality team had an audit presence in 50 countries across 6 continents in the past 5 years and have conducted in excess of 5,000 supplier audits. These audits integrate human rights considerations as part of the broader supplier assessment and act as another element of our monitoring process.**
5. steps to ensure that suppliers below the first tier are monitored.  
**The Group has made commitments in respect of responsible sourcing around key raw materials and as part of the monitoring process, has regular engagement with suppliers through which issues relating to upstream impacts, including those pertaining to forced labour (where relevant) are addressed.**

## THEME 7: REMEDY

### 7.1 Corrective Action Plans

The company discloses:

- (1) a corrective action process for its suppliers and potential actions taken in cases of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision;

**Kerry's approach is to engage with suppliers where issues have been identified and look for ways to address the concerns raised. We will work with suppliers to agree corrective action plans and seek verification that these plans are implemented within the agreed timeframes. Where such engagement or action is not forthcoming, we will take appropriate action, up to and including the termination of the business relationship.**

- (2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, or spot-checks;

**The verification approach will be agreed with suppliers and other third parties, as appropriate.**

- (3) potential consequences if corrective actions are not taken; and

**As outlined in (1) above where engagement and/or action is not forthcoming, we will take appropriate action, up to and including the termination of the business relationship.**