

SUSTAINABILITY REPORT



KEPAK

more than meat

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MESSAGE FROM OUR HEAD OF SUSTAINABILITY



We at Kepak believe that sustainability should not be a side line effort. It should be part of everything we do, a way of doing our job everyday.

Over the last few years, Kepak Group has changed faces. We have grown from 7 to 14 manufacturing sites with a footprint across Ireland and the UK and offices around the world.

With a global footprint, it's important that our sustainability strategy reflects that. We have spent the last year integrating new parts of the business and making sure we all use the same processes. We have also revisited our sustainability initiatives to ensure they are aligned and relevant to both our business and global issues. We believe the best way to do this is to have our core sustainability strategy covering key business topics and in addition to champion UN Sustainable Development Goals. Through our large network of 5000 employees, we want to champion the goals to instill pride, inspire action and use our scale for good!

Kate O'Driscoll,
Head of Sustainability

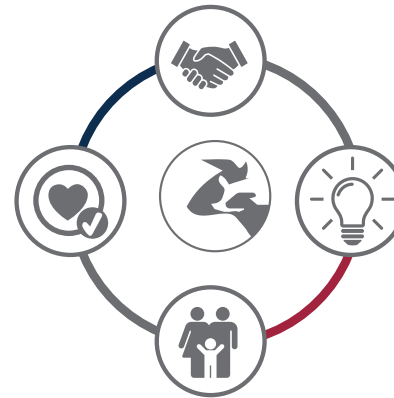


SUSTAINABILITY AT OUR CORE



OUR PURPOSE

Our CORE sustainability strategy is founded on 5 pillars which act as guiding principles when it comes to growing our business in a sustainable manner.



- Agriculture at our heart
- owning our supply
- Responsible Sourcing
- accountability for everything we buy
- Resource Efficiency
- extract all value
- Health & Nutrition
- responsible consumption and sustainable diets
- People & Communities
- engaging with our employees and our communities

Along with the larger strategic initiatives across the pillars, People & Communities is the backbone of our sustainability strategy. The UN Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. We believe that by aligning ourselves and our sustainability strategy to the outcome of these goals will help us to achieve a more sustainable business economically, environmentally and socially.

It provides the opportunity for all our employees to get involved in an area of sustainability that is meaningful to them, so we can drive a culture of sustainability throughout our business, factories and offices.

For 2019, we are aligning our sustainability efforts under the headings of the 17 UN Sustainable Development Goals. We believe that all 17 of the goals are important, and while some are more pertinent to us as a business, others are more personal to our employees, and for us, getting as many of them as possible involved is key!

While we won't claim to have conquered all 17 goals just yet, we are kicking off lots of activities at each site that cover all the 17 goals and contribute toward achieving the individual SDG targets.

We have developed a UN SDGs meter where any employee, site or business can report their initiatives, so employees can see the culmination of all the efforts across the sites. No activity too big, too small or too specific.

Each year, we will report back on our progress toward hitting the full spectrum of 17 goals, making sure no goal is left behind.



**OUR
PROGRESS
SO FAR**

- Members of the European Roundtable for Beef Sustainability
- Signatories of The Courtauld Commitment
- Member of Champions 12.3 to tackle Food Waste and publicly reporting our food waste statistics
- In 2018, our factories used 100 million litres less water equal to 40 Olympic-sized swimming pools!
- In 2018, we recycled an additional 450 tonnes equivalent to 70 rubbish truck loads!
- In October 2018, all our Irish sites switched over to 100% renewable energy reducing our carbon emissions by over 16,000 tonnes up to June 2019 or over 50% of our overall emissions. This is the equivalent of burning 8,000 tonnes of coal!

KEPAK SUPPORTS THE FOLLOWING SUSTAINABLE INITIATIVES

RESPONSIBLE SOURCING

100% OF OUR CARDBOARD IS FSC CERTIFIED

50% EMISSIONS REDUCTION WITH THE USE OF RENEWABLE ENERGY AT OUR FACTORIES

AGRICULTURE

COLLABORATE WITH 17,000 FARMERS ACROSS IRELAND AND THE UK

CARING FOR 100,000 BEES

RESOURCE EFFICIENCY

100,000,000 LITRES OF WATER SAVED

450,000 KGS INCREASE IN RECYCLED MATERIAL

PEOPLE & COMMUNITIES

AWARDED THE KEEPWELL MARK

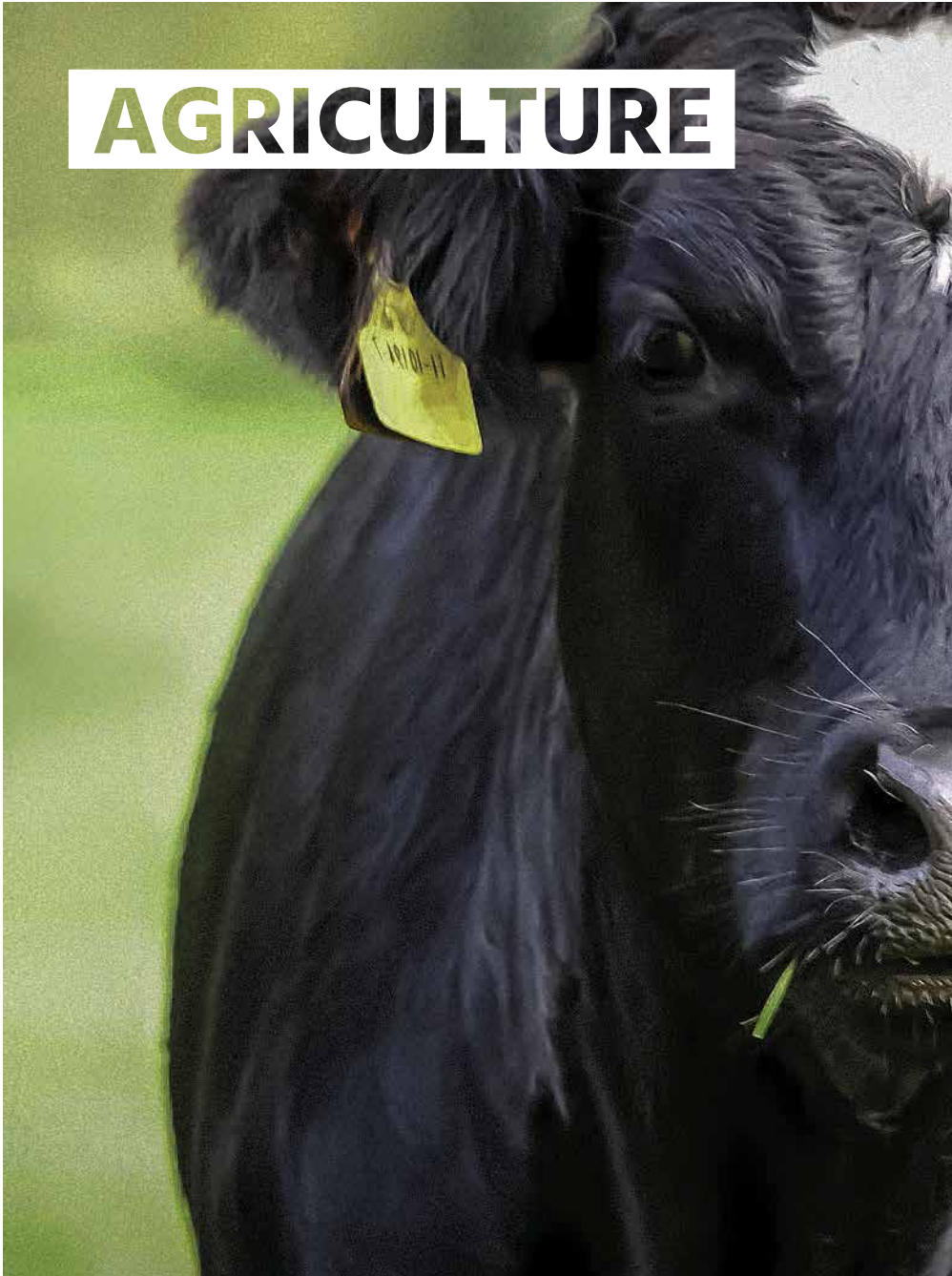
DONATED OVER 200,000 MEALS

HEALTH & NUTRITION

CREATING MORE TRANSPARENT INFORMATION ON OUR PRODUCTS NUTRITIONAL VALUE AND SUSTAINABILITY

KEPAK

AGRICULTURE



We have all seen the statistic that the world's population is projected to grow to 10 billion by the year 2050 and therefore we will need to produce 30% more food by then.

As a business rooted in agriculture and reliant a network of over 17,000 individual farmers, we believe sustainable food production is key to feeding this growing population. Sustainable food production means making the most of the land we use for agriculture in a responsible way.

We believe that certain climates, landscapes and regions are particularly suited to specific types of agriculture. Aligning our production systems and methods to that suitability will give us the best chance of producing the food required in the most sustainable way.

We are also very aware that, being in the red meat business, we have a huge responsibility to ensure the environmental impact of our products is at an acceptable level and that we promote both responsible production methods and consumption patterns of our products.

Twenty20™
BEEF CLUB

FARMING TOGETHER FOR A SUSTAINABLE FUTURE

Earlier this year in April, we launched the Twenty20 Beef Club in conjunction with Glanbia. This club represents our clear vision for the future of the industry towards producing economically and environmentally sustainable beef.

This club will see the finishing of calves originating from Glanbia dairy herds under a guaranteed pricing model at Kepak sites. Participating farms will use Glanbia farm inputs on a closed-loop basis, providing full traceability and confidence to the customer and a number of other economic and environmental sustainability benefits.

Technical support covering breeding; nutrition; animal welfare; and grassland management will be available to the participating farmers and influencing the animal genomics will see a more efficient and better quality animal with shorter time to slaughter.

As well as production efficiency gains, giving the farmer advanced payments and a club premium will also give financial stability. Through the closed-loop inputs, feed-additives, technical advice and breeding, the programme is predicted to give emissions reductions in the region of 20%!





Responsible Production

In terms of responsible production, we work with Bord Bia Quality Assured farms that are continually assessed for their environmental impact under Origin Green. We are 100%, 97% and 66% Bord Bia quality assured in pork, beef and lamb respectively but we are continually working to increase this as close as possible to 100% in the coming years.

We work in multiple meat industry working groups to ensure aligned efforts both at regional, national and global levels. We are members of the European Roundtable for Beef Sustainability, signatories of the WRAP Courtauld agreement and members of the Meat Industry Collective working group.



Kepak Farm



On our Kepak farm, we espouse sustainable production with a best in class carbon footprint for our herd and continually increase farmer engagement at the farm for knowledge transfer on sustainable production.

We enlisted the services of éirewild who came to Kepak farm to assess our sustainability performance and to provide us with a detailed feedback report for improvements which are underway.





Biodiversity

We are part of the BRIDE valley biodiversity project, an innovative agri-environment project based in the River Bride catchment of north-east Cork and west Waterford, Ireland. The Project aims to design and implement a results-based approach to conserve, enhance and restore habitats in lowland intensive farmland.

We are a founding member of the Irish Business & Biodiversity platform which was launched in February this year.

As part of our efforts in biodiversity we keep bees at our head office "The Thatch". The gardens around the site have proved really successful in providing enough fodder for the bees with a huge haul of over 240 jars of honey this summer.




Sustainability Pilot

Last year, in conjunction with Alltech, we have completed a sustainable beef pilot with ten farms. The main objectives of the programme are to; improve farm profitability, ensure a greater percentage of animals meet market specifications, improve overall animal health and welfare, achieve a consistent reduction in GHG emissions from farm suppliers and improve soil health and farmland biodiversity.

On the pilot, we carbon footprinted the farms using Alltech's eCO2 model and over the course of the pilot offered veterinary and sustainability guidance on farm. We are looking to use these learnings to roll out to a wider group as part of our sustainable beef farming groups.




Farming Promotion

We have sponsored and participated in multiple initiatives to promote and educate on farming within the community and with schools and colleges.

One such programme was the Certified Irish Angus Beef Schools competition which was created by Kepak and ABP. The aim of the project is to get students to care for five angus calves for beef production. The aims being to promote the brand but also the care and attention of calves. This year the winners were five students from Limericks all-girl secondary school Laurel Hill.

Another programme is the Irish Hereford Prime stock judging competition was held at the Kepak Group processing plant in Clonee, Co. Meath in March. The event was hosted by David Coyne, who gave students some insight into how to observe and select animals that are fit for slaughter. A total of 44 students from UCD's School of Agriculture and Food Science participated.



The students who are currently taking a module in Advanced Beef Production learned first-hand about the safety and biosecurity measures in place at the Kepak site before beginning their tour of the cattle lairage. At the event, Certified Irish Hereford Prime is a farmer-owned beef producer group that sources and certifies Hereford and Hereford cross cattle for its partner processors ABP Ireland and the Kepak Group.

Kepak are an inaugural member of the Tamar Water Stewardship Board for Devon & Cornwall, making a lead contribution to developing activities and unified messaging to food producers in the Tamar river catchment to enhance and maintain water quality in the catchment area. Six producer communications about our involvement in the Board and good practice messaging about maintaining / enhancing water quality have been disseminated via our weekly e-newsletter to Kepak producers. This newsletter goes to our farmers across the UK and therefore has the opportunity for wider benefit.



RESPONSIBLE SOURCING



To us, responsible sourcing is about having accountability for everything we purchase. We need to work with our suppliers to achieve the same standards as our customers expect from us.

What this means for us is doing our due-diligence. Asking our supply partners, the challenging questions and working with them on key sustainability issues towards acceptable performance.

OUR SUPPLIERS

WORKING TOGETHER FOR A SUSTAINABLE SUPPLY CHAIN

Across our four business units we have over 100 individual suppliers of different products from bakery and spices to meat and packaging.

To date, each of our businesses have set technical requirements for the items we purchase on a case-by-case basis. In the past year, we have introduced a sustainability assessment for all our suppliers. This covers all elements of sustainable performance including animal welfare for all animal-derived products, palm oil sourcing, soy as ingredients and as animal feed, GM ingredients and animal feed, and ethical sourcing standards.

The purpose of our survey was not to eliminate any suppliers but identify those that may have gaps in their own sustainability performance and work with them to get to an acceptable level.

To date we have received over 100 supplier responses. We are collating the results and using it to inform our group level policy development for key sustainability and ethical sourcing topics.

The policies will set out our target performance for the group and work with our suppliers to define acceptable transition periods to meet it.

From here, each year, we will report on that transition and on the key achievements.



Packaging Strategy

We have set our plastics and packaging strategy to be in line with the oncoming EU Single Use Plastics (SUP) directive. We are signatories of the UK plastics pact and therefore committed to all our consumer packaging being recycling-ready by 2025. Our additional packaging must be 70% recycled and 30% recycled content.

Where possible, we are prioritising circular economy. We are looking at our entire packaging portfolio, both internal and external, and rationalising and optimising our packaging so as much as possible can be recycled back into the same or similar forms of packaging.

Although we cannot dictate or control recycling infrastructure in our key markets, we will look to align with industry best practice and optimise for circularity.

Where circular solutions do not yet exist, such as in the form of complex laminates, we are looking to eliminate, downgrade or transition to compostable alternatives. Within our factories, where soiled plastics present limitations on recycling, we are looking for alternate routes or procedures to ensure our own internal packaging waste is diverted from landfill and recovered/ recycled.

Across the group, 100% of our cardboard is FSC certified.

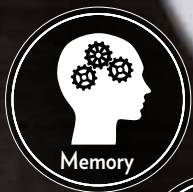


Sourcing Policy

We have set group level sourcing policies on key sustainability topics we source including soy, palm oil, animal welfare of all animal products, packaging.



HEALTH AND NUTRITION



At Kepak, we believe that good quality meat can and should form part of a sustainable diet. We are also aware that consumers are no longer just looking at their food choices solely on the basis of health and nutrition but also in an effort to make more sustainable choices. This is what our health and nutrition pillar of our sustainability strategy is all about.

By respecting and responding to food trends, striving to understand how our products fit within a sustainable diet, knowing what defines responsible consumption helps us ensure that we promote our products responsibly.

SUSTAINABLE DIETS



Across the group we have many product types from primal red meat with nothing at all added, to packaged consumer foods with convenience as the core offering. We believe that all these products have a place but it is our responsibility as a business to understand how and in what form and frequency we should promote their consumption.

To do this we have committed to profile our top sellers from our business in terms of health, nutrition and sustainability credentials by 2020.

We are looking at health, nutrition, environmental and food miles in combination and comparing these alongside guidelines for sustainable diets as laid out the the UN FAO, EU and WWF.

This will help us to inform our choices in terms of how our business transforms and responds to customers asks for more sustainable diet choices.





Employee Mental Health

One in four people will suffer mental health problems during their lifetime. Kepak are committed as an employer to actively support and enable mental health in the workplace, through the promotion of an open, equal and supportive culture. To help this we have developed a mental health policy which outlines how Kepak’s organisational systems will, wherever possible, reduce risk factors and assist those who are experiencing mental health difficulties.

Last October, during mental health week, we organised a talk delivered by dietician Sarah Keogh. Sarah specialises in the link between nutrition and mental health. This talk, ‘Food and Mood’ covered the foods and nutrients needed for our mental health as well as looking at other lifestyle factors such as sleep and exercise.

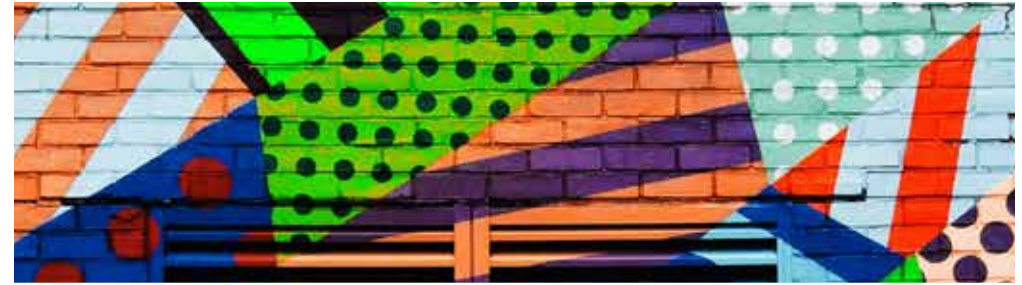
Across the sites and offices, in line with worker wellbeing, operate healthy canteen options encourage the consumption of fruit by offering “Free Fruit Fridays”, running superfood weeks to make employees aware of different food types and giving them realistic food options for healthy eating.



Innovation meets nutrition

Kepak has new innovative products, firstly in partnership with Alltech, we have designed a new Omega 3 enriched beef. This is achieved by feeding cattle with a specialised algae in the finishing phase We launched first-ever Omega 3 enriched beef at SIAL conference in Paris, France in 2018.

Other new product innovations being unveiled include a range of ‘blended burgers’ and Mega Protein Beef & Bean meatball in response to growing flexitarian trend.



RESOURCE EFFICIENCY

Resource efficiency is all about us, how we operate and how efficiently we run our factories. We cannot ask for sustainable production from our suppliers without adopting it ourselves first.

We are looking across our operations for areas to improve. Extracting all value, revisiting and reducing waste streams and transitioning to more sustainable forms of energy



GREEN ENERGY



In October 2018, we switched all our Irish sites to green energy. Electricity is a significant source of emissions from our sites so switching makes a lot of sense.

Some of our UK sites are getting up to 20% of their electricity needs from local turbines and we're working toward getting 100% of electricity from renewable sources in the coming years.

Kepak Cork will erect a 1MW wind turbine at Condonstown North in Watergrasshill, to the east of the city. The turbine will have a hub height of 67 metres and a blade diameter of 80 metres. Permission has been granted to construct a new access roadway which will connect to an existing private roadway with underground ducting connecting to an ESB substation. The turbine will provide the site with 70% of its energy during operating hours and will be used to heat water out of hours.



Food Waste

In 2018 as part of Champions 12.3, we measured and publicly reported our food waste. It was measured at 0.1% of production volume. After all food surplus went to food charities such as Fare Share and Food Cloud and where not possible, to pet food; 99% of the small amount remaining went for anaerobic digestion to make biogas.

4 of our red meat sites are now ISO 14001 certified and we are targeting more in the coming years.



Reduction in Travel

As well as our factories, we need to consider efficiency of our staff in terms of travel.

The Company has operations in over 16 geographical locations internationally. Our ways of working must change to reflect this spread, as it is no longer reasonable to travel long distances to attend from diverse locations on a regular basis. Our previous on-premise solution that we were using for servers didn't work requiring us to digitally transform.

Through work with Microsoft and EY about SAM (Software Asset Management), we upgraded our infrastructure including an upgrade Microsoft Teams software, allowing us to conduct much of our meetings virtually. This in conjunction with our newly launched travel policy will help us to cut down on unnecessary travel and hence our overall emissions. This also benefits employee wellbeing, time management and environmental and cost impact on the business perspective for the business to use alternative technologies to facilitate it.

Car-pooling – Kepak encourages our employees to carpool. At our Athleague site, the carpool system is used quite heavily as a large amount of our employees live in Roscommon so there is rarely a car arriving without passengers.

PEOPLE & COMMUNITIES



People & Communities are about just that, our people and the communities in which we operate.

Along with the larger strategic initiatives across the pillars, People & Communities is the backbone of our sustainability strategy. It provides the opportunity for all our employees to get involved in an area of sustainability that is meaningful to them, so we can drive a culture of sustainability throughout our business, factories and offices.

In 2018, we began restructuring our People & Communities efforts under the direction of the 17 UN Sustainable Development Goals. We believe that all 17 of the goals are important, and while some are more pertinent to us as a business, others are more personal to our employees, and for us, getting as many of them as possible involved is key.



KEPAK PARTNERS WITH SIMON COMMUNITY



We believe that impactful philanthropy is a cornerstone of corporate giving. Aligning our donations with our business activities and skills means we can have a greater impact.

Last year through a partnership with the Simon Community we donated enough beef, lamb, pork and chicken for over 45,000 meals, amounting to over 4 tonnes of meat and reducing the charity's meat costs by almost 30%.

Due to the success of this partnership, we are teaming up with them again to supply them with meat once a week, for a full year, to provide a nourishing and substantial meal for the Sunday Roast Campaign.





Charitable Donations Fund

As well as individual or site organised event, Kepak provide the option of our employees nominating their chosen charity partner through our special Charitable Donations Fund. This fund was established to support causes close to the hearts of our colleagues and their communities. The fund can be allocated in either one grant of €10,000 or 2 x €5,000. Each year we receive a large number of worthy nominations, and the beneficiaries were selected based on the impact that they had made on our colleagues' lives. Kepak recently donated €5,000 to St Francis Hospice, Blanchardstown. The €5,000 donation is being used to purchase a new bariatric bed for their Inpatient Unit. Sr. Margaret Cashman, Head of Nursing for St Francis Hospice, says: "This bed will be such an asset to patients and their families. For some patients, it will feel like home." For charitable donations, across the business, employees themselves have initiated a variety of fundraising activities through bake sales, sponsored runs, Christmas jumper days and sports events giving all proceeds to their nominated charities.



Fareshare & Food Cloud

Kepak have partnered with Fareshare in the UK and Food Cloud in Ireland to ensure that none of our edible food surplus goes to waste. To date we have donated over the equivalent of over 200,000 meals to charities!

Camara & Computers 4 Africa

Kepak is proud to partner with the international charity and social enterprise Camara that reuses old technology to deliver modern skills to the numerous disadvantaged communities around the world. Kepak contributed desktops and monitors to Ethiopia all in perfect working condition. Our UK counterparts also linked up with an international charity by the name of 'Computers 4 Africa'(C4A). This year Kirkham donated twenty old monitors, five desktops, four CCTV servers and lots of miscellaneous cables. This helped C4A work with upskilling African schools to give children an opportunity to learn to use computer and access the internet.



KeepWell Mark

As a company that is committed to sustainability in all its forms, Kepak recognises the importance of promoting and supporting our employees' physical and mental health.

The KeepWell Mark, a workplace wellbeing accreditation from Ibec, helps companies demonstrate their organisation's commitment to improving the lives of those who work for them. Kepak Group's Irish sites have been awarded the KeepWell Mark

Engaging in the KeepWell Mark process was an excellent opportunity for Kepak to consider the effectiveness of our health and wellbeing programme, and to recognise the considerable efforts that had been made to date across the organisation.



Bike to Work

Over 100 employees have partaken in the bike to work scheme.



Exercise

Warm-up exercises take place at the start of each day to prevent overuse injuries in our factories.





Health & Safety

H&S training – 50 first aiders across our sites.

In an effort to achieve a healthy and collaborative work environment, the Company have developed the following policies and schemes:

- Anti-Bullying and Harassment Policy
- Equal Opportunities Policy
- Grievance Procedure
- Homeworking Policy
- Cycle to Work Scheme
- Discounted Health Insurance



Junior Achievement

“To inspire and motivate young people to realise their potential by valuing education and understanding how to succeed in the world of work”

Kepak is proud to partner with JAI to help mould the next generation of young entrepreneurs and business associates. We are currently involved with schools in Dublin. We encourage each of our graduates to become mentors with JAI, then link them to a school near their workplace.

Each Kepak employee who took part gave one 45 min lesson a week, over 5 weeks to a class in either a primary or secondary school in a disadvantaged area. It’s a great way for a business to give back to the local community.



Grocery Girls

Participation in a UK Grocery Girls working group initiated by Co-op to inspire and enable more women to take up leadership roles across the grocery industry. Despite being women being responsible for 85% of the consumer purchasing decisions in the UK only 20% of executive teams and 10% of executive boards are women. Grocery Girls aims to change this and empower women to become leaders.



Lunchtime Exercise

Piloting a lunchtime exercise programme of Yoga and Pilates at our Blanchardstown office.



Football Sponsorship



Rustlers - who are part of the Kepak brand - are the new title sponsor of the Colleges and Universities football competitions to be relaunched in September 2017-2020.

In addition, we are a senior commercial partner of AFC Fylde and AFC Fylde Community Foundation.

The collaboration with AFC Fylde aims to increase participation in physical activity for 16-24 years old’s, as well as giving the Rustlers brand exposure

As part of our partnership with the Community Foundation we also join in company football matches with the club to promote and support Mental Health Awareness. We recently also supported the foundation to provide 17 lucky teenagers aged 16-18 from Fylde, to take part in our joint social enterprise competition. The main aim of the programme was to empower the participants, to identify their own unique business ideas, devise a comprehensive business plan and enable them to develop their ideas in the local community.



FUTURE COMMITMENTS



Future Commitments

Our future commitments are focused on embedding all 17 UN Sustainable Development Goals across the business. Our focus over the last year has been on integrating recent acquisitions with overall group sustainability targets; resulting in a new baseline and groupwide goals out to 2030. This, combined with our sustainability strategy will guide us in achieving these targets and reporting our progress on an annual basis.

Across our 14 sites, we have committed to **cutting our carbon footprint intensity by 30% intensity and 10% absolute by 2030**

We have committed to **reducing our water usage across our factories by 20% by 2030**

In line with Un SDG 12.3, we have committed to **reducing our food waste by 50% by 2030**

By 2025, all our consumer **packaging will be recycling ready**

By 2020, we will map our key product offerings relative to **UN and EU sustainable diet guidelines**

By 2020, all sites will be zero waste to landfill

By 2020, we want to **increase farmer engagement** at our Kepak Farm COE by 100%

We want to champion the UN SDGs through our **People & Communities** pillar and initiate activities in all **17 goal areas at each of our sites**

By 2020 we want to have a minimum of **100 activities underway!**

KEPAK