

OUR
Taste
FOR
Good



SNACKS

Part of the Intersnack Group



KP HAS BEEN MAKING SOME OF BRITAIN'S BEST-LOVED SNACKS FOR NEARLY 70 YEARS AND WE'VE ALWAYS LIKED TO DO THINGS A LITTLE DIFFERENTLY.

We constantly strive to do good for our consumers, the environment, our people and our local communities – we call this 'Our Taste for Good'.

From the ingredients we use to the way we develop our colleagues, the local causes we support, to the amount of energy we use – 'Our Taste for Good' means our business is working **to create more happy snacking moments** each day.



OUR INGREDIENTS FOR GOOD

There are four pillars in KP's 'Our Taste for Good' programme. They are:

GOOD FOR CONSUMERS

We use the finest ingredients and flavours to create our exciting and tasty snacks. We've listened carefully both to our retail partners and to shoppers, to identify what people want from their snacks. We make a wide variety; something for everyone and to suit all sorts of tastes, events and occasions.

GOOD FOR THE ENVIRONMENT

From high standards of certification to programmes which drive reductions in waste, water, energy and packaging, we're actively managing KP's environmental impact.

GOOD FOR COMMUNITIES

We are passionate about connecting positively with communities wherever we operate, whether they're close to our manufacturing sites or Head Office or part of our supply chain. At home and abroad, and with our parent company, Intersnack Group, we collaborate closely with our suppliers to support both their businesses and their local communities.

GOOD FOR OUR PEOPLE

At KP, our people are our number one priority and having engaged, high performing colleagues is a key strategy driver for us. KP prides itself on being a great place to work. We help colleagues develop, stay safe, happy and healthy and progress their career the way they want to, taking care to recognise and reward their achievements.

CREATING MORE happy SNACKING MOMENTS



GOOD FOR CONSUMERS



We believe that snacks can be enjoyed as part of a balanced diet and healthy lifestyle, including regular exercise.

We've been working on improving the health credentials of our products and the way we market them for a number of years.

We recognise there is still more to do and that as a leading snacks manufacturer we have a responsibility to offer choices and clear information to our consumers.

OUR RANGE TODAY

83% FREE FROM ARTIFICIAL FLAVOURS	98% FREE FROM ARTIFICIAL SWEETENERS
100% FREE FROM ARTIFICIAL COLOURS	92% FREE FROM ADDED FLAVOUR ENHANCERS

REFORMULATION

Since 2005 we have reduced the salt in Wheat Crunchies by 55%, in Discos by 47%, in Hula Hoops by 42% and in our core McCoy's flavours by 25%. We've done all this without compromising on taste. We do not use hydrogenated vegetable oils. All our fried snacks (including nuts) are cooked in 100% sunflower oil. We have reduced saturated fat by 80% across our core brands since 2005.



NEW PRODUCT DEVELOPMENT



Our product development programme aims to deliver tasty new products to suit different tastes and occasions. This includes introducing permissible snacks. For example, in 2015 we launched Hula Hoops Puft and in 2016 we introduced Unsalted Roasted Peanuts to our KP Nuts range.

WE ALREADY HAVE 23 PRODUCTS THAT ARE 100 CALORIES OR FEWER PER PACK



NATURALLY GOOD PEANUTS...

Peanuts provide a source of protein and are high in fibre. They also contain essential vitamins and minerals. The majority of the fat in peanuts is naturally occurring and nearly 80% of the fat is unsaturated i.e. monounsaturated and polyunsaturated.





WHAT CONSUMERS WANT



98 kcal per pack



'HEALTH'

is a broad theme and means different things to different people at different times of the day and week. It includes:

Source: MMR Research, 2017

- ♡ Portion control
- ♡ A bit of something good / less of something indulgent
- ♡ Fat / calories / gluten out
- ♡ Goodness in via nuts, seeds, grains, vegetables or protein

TOP SELLERS

for health reasons aren't always obvious!

54%

of snackers believe smaller sized packs help control calorie intake

Source: Mintel: Crisps, Snacks & Nuts report 2017

Source: Kantar: '30% consume for health', 2018

HEALTH AFFECTS SHOPPERS' CHOICES IN

29% OF SNACKING OCCASIONS

Source: MMR Research, 2017

KP Snacks recently carried out a survey with

500 UK CONSUMERS

to understand key health claims & drivers by category



76%



of snackers agree that nuts are a positive source of energy

Source: Lightspeed / Mintel, 2017

OUR PLEDGES



As health is a key driver for many of our consumers, we're committed to offering more permissible snacking opportunities and also to communicating openly with people about the snacks they're buying.

SPECIFICALLY, BY 2025 WE COMMIT TO:

- ♥ **Reduce salt by a further –5%** across our total range, by reformulating existing recipes and introducing new lower salt products.
- ♥ At least 60% of our range will be at 5g of sugar or less per 100g and we will **reduce sugar** in our popcorn range by –5%.
- ♥ Continue to use vegetable oils which are lower in saturated fat, such as sunflower oil and rapeseed oil, in our factories. This will help us continue to ensure that over **75% of our product portfolio contains 4g or less of saturated fat per 100g**.
- ♥ Engage in the Public Health England **calorie** reduction programme and increase the number of products with 100 kcal or fewer per pack by **+50%**.
- ♥ **Innovate to increase positive nutrition recipes** in our portfolio containing nuts, fruit, vegetables and / or wholegrain.
- ♥ Continue to explore and invest in **new technologies** to bring permissible snacking offers to market.
- ♥ Continue to work on **removing artificial** colours, flavours, flavour enhancers and sweeteners from our products.
- ♥ **Analyse and report** our progress annually.

OUR PLEDGES



PACKAGING



- ♥ We will improve our **pack communication** to help consumers **make informed choices**.
- ♥ **During 2018** we will start to **add colour coding** to Reference Intake icons on the front of our packs.

Each 30g serving contains:					
658kJ	Fat	Saturates	Sugars	Salt	
158kcal	9.6g	0.8g	0.1g	0.42g	
8%*	14%*	4%*	<1%*	7%*	

Energy per 100g: 2194kJ 526kcal

RESPONSIBLE MARKETING



We're committed to marketing our products responsibly and we recognise that within our range there are products that appeal to and are consumed by children.

The UK food industry is stringently regulated with regards to advertising and marketing to children and KP Snacks fully complies with all current local codes of conduct. In addition we have our own guidelines for marketing all of our brands to ensure our business is fully compliant.



GOOD FOR THE ENVIRONMENT



Reducing the impact our business has on the environment is very important to us at KP and we work in partnership with our parent company in a number of areas to reduce use of water, energy and packaging and to drive down our waste.



DRIVING DOWN WASTE

- We aim to reduce our waste levels by more than 5% per year.
- All our waste oil is sent for conversion to biodiesel and used in the fleet that delivers our products. In 2017 the recycling of waste oil from our sites meant a saving of 1,193,395KGs of carbon, which is equivalent to over 250,000 cars off the road or electricity for over 170,000 homes.
- Food waste is tracked and monitored at each of our production sites. Everything is either recycled into animal feed or re-processed for other uses, including waste salt to create salt lick for cattle or road grit. We support farmers in our community by providing potato peelings for animal feed.
- All KP sites have been zero waste to landfill since 2012. In 2017 we won a 'Zero Waste' award for Excellence in Recycling & Waste Management, for maintaining this achievement and our ongoing focus on reduced waste.

zero
waste



ENERGY REDUCTION

- We've cut CO2 by 34% since 2007
- We have ISO 50001 accreditation across all our sites to improve energy management
- Our factories have LED lighting installed



LOWERING OUR WATER USE

We have been working hard to reduce our water use across our business, especially that used by our sites in production. Our McCoy's factory in Teesside is our heaviest user of water since it is where raw potatoes are processed to make crisps. We've installed a water treatment plant at the site which recycles more than half a million cubic metres of water a year. We have also installed rainwater harvesting at all our sites. So far, these measures have helped reduce overall water use at Teesside by **72%**, and across the whole of KP by **71%**.

FOCUS ON PACKAGING

We're continuously looking to reduce our packaging impact through film reduction and investigation of alternative materials.

WE USE
11% LESS
PACKAGING FILM
than 10 years ago.

90%
of our corrugated
cardboard cases
are made from
recycled sources.

Although a large proportion of the flexible film we use for our snack packaging is technically

RECYCLABLE

it is not practically recyclable as local authorities in the UK don't currently collect and manage this type of plastic waste (post-consumer packaging). To help address this issue, KP Snacks has signed up to the UK Plastics Pact; an industry-wide initiative, which aims to transform the UK plastic packaging sector by creating a sustainable, circular economy for plastics. We will continue to focus on making more of our packaging recyclable and we hope the recycling facilities will become available in the UK through the Plastics Pact, so crisp packets can be recycled in future. We're also working at a Group level on developing more sustainable options that continue to ensure food safety and quality standards can be maintained.



PROJECT OPTIMISATION

KP is investing £30m in an optimisation programme at our Ashby factory, where we make brands like Hula Hoops, Skips and Space Raiders.

As part of stage 1 of the project we will reduce the amount of material used on our larger Hula Hoops multipack outer wrappers this year by circa 11.2 tonnes or 23% vs the current multipack format. As a result of the improved efficiency on our supply chain we will remove over 5,000 pallets and 100 trailers from the roads. In addition, we will also reduce our corrugated case use by circa 80 tonnes per annum.



GOOD FOR COMMUNITIES



Our local communities are very important to us – whether they are local to the sites we operate in, or the communities we work with as part of our ethical sourcing initiatives. We're also really proud of our industry and work hard to promote it as a career destination of choice.



ETHICAL SOURCING

We use the Supplier Ethical Data Exchange (SEDEX) risk assessment tool and the Ethical Trading Initiative (ETI) code of conduct to audit our suppliers. We have reduced our palm oil usage significantly as a result of our saturated fat reduction work. Where palm oil is still used in our products it is certified sustainable by the Round Table for Sustainable Palm Oil (RSPO).

THE TASTIEST POTATOES FOR OUR CRISPS

We contract all our potatoes from a selected group of UK potato growers – all Red Tractor certified and technically approved by us for growing the best 'crisping' potatoes! We work closely with these growers on potato variety development, to select the very best varieties and constantly improve quality.

Our McCoy's potato growers are also engaged in a sustainability project that focuses on

- Increasing crop yield
- New and better ways of pest and disease control
- Improved bio-diversity
- Increasing levels of organic matter in the soil
- Better use of precision farming methods



One of our long-running potato grower projects involves trials to find varieties of potato which minimise the development of acrylamide in our finished products.

FAIR AND SUSTAINABLE NUTS

Our parent company, Intersnack, is one of the biggest buyers of nuts in the world and works directly with producers, rather than buying on the global market. This gives us a great opportunity to lead the way in sustainable nut sourcing.

Because we connect the people who grow nuts to the people who enjoy them, we have a responsibility to both.

We work directly with suppliers up and down the value chain to ensure superb product quality and fair deals for farmers, to help them grow both their nuts and their businesses.



CASE STUDY

We have invested in an Indian joint venture; Intersnack Rajkumar Cashew Company, which is able to manage cashew processing under one roof after the nuts leave the farms. This guarantees cashew quality and consistency as well as providing reliable working conditions.

BEST TASTING PEANUTS

KP have been selecting, roasting and seasoning peanuts since 1954 and our peanuts are regularly rated the best-tasting by consumers (Cambridge Market Research, 2016). We only use a specific high grade of peanut that has been allowed to grow to full maturity (at least 130 days) in the sunshine to give the fullest flavour and crunchiest texture.

KP know the farms that we source from and we've worked with them for many years to ensure that their working conditions and environmental approach produces the best yields and the best quality nuts. We share knowledge of modern farming techniques and invest directly in the technology needed to successfully grow peanuts and safeguard local varieties for the future.

KP Nuts are nature's own snack; not only delicious but packed full of natural fibre, protein, vitamins and minerals and oils. That's why they are worth taking time and care to produce.







KP COMMUNITY HEROES



We work with our local communities in a number of ways; it's something our colleagues are really passionate about.

We're a strong supporter of Grocery Aid, the grocery industry's benevolence charity, and we get involved in a range of events each year to raise money for the charity, as well as promoting their Assistance Programme and other benefits to our colleagues. Each of our sites also choose different charities to support each year, picking causes that are important to them.

To help support this, we provide each of our colleagues with an additional day off each year; their KP Community Hero day, which they can use to support local community events or charities of their choice. Many of our teams across the business have also gone out to support community initiatives.



CHAMPIONING JOBS IN OUR INDUSTRY

KP has supported the IGD's Feeding Britain's Future programme for a number of years. This brings the industry together to inspire the next generation and equip them with skills for work. As part of this, **several KP colleagues have been into schools to talk about their experiences of working in the food industry**; bringing to life the world of work; highlighting the skills required to succeed and showcasing the variety of roles available in the industry. Since 2015 Feeding Britain's Future has successfully trained 25,000 students.

HELPING OUR COMMUNITIES TO LEARN ABOUT HEALTHY LIFESTYLES

KP has supported the British Nutrition Foundation's 'Healthy Eating Week' since 2015. The programme educates nursery, school, college and university pupils plus workplaces about healthy eating and lifestyles, and reached over four million people last year.

Each of KP's sites gets involved in Healthy Eating Week, with colleagues taking part in healthy eating and exercise challenges.



GOOD FOR OUR PEOPLE



At KP, **our people are our number one priority** and having engaged, high performing colleagues is a key strategy driver for us.

We strive to provide our colleagues with an environment that is fun, rewarding and enables them to be the best they can be. By continuing to listen to, invest in and grow our people we believe our business will continue to be successful today and for generations to come.

HOW WE DO THINGS:



OUR VALUES & BEHAVIOURS

Our award-winning Values & Behaviours (V&Bs) programme was developed with the input of KP colleagues from across the company. Our V&Bs guide how we work every day and have helped us to create a great culture for the business, making it a fantastic place to work. We have more than

65 V&B 'Champions' around KP who work to embed our V&Bs into every part of our business, at every site, every day. Every Friday is 'Feel Good Friday' where our people hear if they have been called out by other colleagues who feel they have demonstrated the Values and Behaviours really well.



ELIMINATING LOSSES FROM OUR SITES

Our IWS (Intersnack Working Systems) methodology is being deployed across all of our manufacturing sites and allows our colleagues to have more ownership within their working environment. We provide structured training and development as part of IWS, to build capability.



INCREASING EMPLOYEE ENGAGEMENT

Since 2015 we have completed the Best Companies employee engagement survey, which helps us understand the key areas of focus to ensure KP continues to be a great place to work. Over 90% of our colleagues give us their feedback each year, which gives us an accurate reflection of where we can really make a difference. We are delighted that through this initiative we have increased our engagement scores each year since 2015.



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