

<p>Kraft Heinz GLOBAL ENVIRONMENTAL SOCIAL GOVERNANCE POLICIES</p>	<p>CATEGORY ENVIRONMENTAL SOCIAL GOVERNANCE, PROCUREMENT</p>	<p>DATE OF ISSUE 05/27/2023 OWNER: Chief Sustainability Officer</p>	<p>SUPERSEDES POLICY ON PALM OIL USAGE AND PROCUREMENT ISSUE DATED -</p>
<p>TITLE DEFORESTATION- AND CONVERSION-FREE POLICY</p>			

Purpose

At The Kraft Heinz Company (together with its global subsidiaries, as applicable, “Kraft Heinz”), we believe in living our Vision – *To Sustainably Grow by Delighting More Consumers Globally* – in earnest, every day. From our quality controls to the relationships we have with our growers, suppliers, and other business partners, we are committed to: 1) responsible business practices extending to every facet of our business, and 2) regular evaluation to identify better and more sustainable ways to operate.

We believe that conservation and protection of forests and natural ecosystems are fundamental to good business and to address the climate change our world is facing. We believe we have both the ability and responsibility to drive positive change in these areas through our global work.

This Deforestation- and Conversion-Free (“DCF”) Policy (this “Policy”) details our commitment and scope of coverage as a guiding framework underpinning our No Deforestation, No Peat and No Exploitation (NDPE) and Natural Vegetation Conversion-Free supply chains as well as how we will report on our progress. It also sets forth special requirements pursuant to this Policy for our priority raw materials, as well as definitions to ensure understanding of and alignment with our commitments among our stakeholders.

Our Commitment

In support of our [Vision](#) and our [ESG Goals](#), we are committed to respecting forests and nature and to eliminating deforestation and natural ecosystem conversion from our supply chains. This includes long-term protection and remediation where necessary.

Kraft Heinz commits to no-deforestation across its primary deforestation-linked commodities, with a target date of 2025. Beyond this, we are committed to working within our own operations and with our suppliers and business partners to achieve conversion-free practices by 2030.

This includes management and reduction of Greenhouse Gas (GHG) emissions and water consumption, and maintenance and protection of biodiversity, natural habitats, water sources and water bodies.

Our Policy aligns with [the Accountability Framework initiative guidance, the Science Based Target Initiative \(SBTi\)](#), as well as sectorial approaches, where they exist.

We are committed to working with our suppliers and business partners to implement and facilitate compliance with this Policy.

Scope of this Policy

This Policy applies to all Kraft Heinz operations worldwide, as well as to our suppliers and business partners.

Deforestation- and Conversion-Free Principles

Kraft Heinz adheres to the following principles¹ and expects the same from its suppliers and business partners:

Environmental Stewardship

- **Biodiversity:** The operations should result in the conservation and protection of biodiversity. If the operations have caused loss or degradation of biodiversity, recovery is required.
- **High Carbon Stock (HCS) Approach:** HCS areas should be identified, protected and monitored.
- **High Conservation Values (HCV):** HCV areas should be identified, protected, managed and monitored.
- **Natural ecosystem:** The operations should result in the conservation and protection of natural ecosystems. If the operations have caused loss or degradation of natural ecosystems, recovery is required.
- **Peat:** The operations should result in the conservation and protection of peatlands of any depth
- **Protected areas:** The operations should result in the conservation and protection of IUCN protected areas 1, I – IV, UNESCO World Heritage Sites, UNESCO World Heritage Sites and wetlands on the Ramsar list
- **Water:** The operations should ensure the protection and the conservation of above and below ground water resources and water bodies in terms of quality and quantity, as well as their associated habitats. If the operations have caused negative impact to water resources or water bodies, recovery is required.

Climate Action

- **Fire:** Burning methodologies should not be used in any production practices (this includes land preparation, harvesting, waste management, etc.), except where they are an endorsed method of application for the specific area to protect or rehabilitate the ecosystem by accredited independent natural resource scientists.
- **Greenhouse Gases (GHG):** Companies should manage their operations in such a way as to limit GHG emissions to the greatest extent possible. If complete elimination of GHG emissions is not possible, then monitoring, mitigation and remediation is required.
- **Renewable Energy:** Suppliers must ensure renewable power and fuels, including bio-energy, must be supplied from sustainably managed sources. Generation and processing facilities should not negatively impact protected areas.

Social Responsibility

- **Free Prior and Informed Consent:** The right of local communities and indigenous people to give or withhold their Free Prior and Informed Consent on the use of their lands and/or other resources should be respected.

¹ These principles are further explained in the section of the Appendix entitled “Definitions”.

- **Inclusion of Smallholders:** Smallholders should be effectively engaged in a mutually beneficial manner to provide appropriate benefits and positive incentives for these smallholders.
- **Legality:** Kraft Heinz requires compliance with all applicable laws and regulations, including proper land title documentation and other legal requirements.

Implementation Mechanism

To implement and demonstrate progress toward our goals in this area, Kraft Heinz further commits to:

1. Develop a roadmap and a time-bound plan for each priority raw material with Key Performance Indicators (KPIs). No-Deforestation roadmaps will be developed for any remaining commodities no later than 2030;
2. Engage our suppliers and business partners to share this commitment, which includes requirements in linked documents to this Policy;
3. Map our supply chains to understand the supply base, including production origin;
4. Run raw material-specific risk assessments linked to the principles of this Policy to help prioritise actions and promote supplier engagement for action planning;
5. Work with suppliers to develop action plans to address issues related to this Policy that have been identified in their operations and upstream;
6. Identify Deforestation- and Conversion-Free¹ volumes and use third party verification¹ (where available);
7. Take remediation actions as to all non-DCF volumes or any non-compliant suppliers¹;
8. Implement landscape and jurisdictional approaches and contribute to such initiatives¹ in high-risk origins; and
9. Monitor the implementation of this Policy and publicly report on KPIs, progress and challenges, at least annually.

Kraft Heinz has identified the following as priority raw materials- Palm Oil, Soy, Sugar, Beef and Dairy, Cocoa, Coffee and Pulp, Paper and Packaging- based on the risks they represent under this Policy. Requirements for each of these raw materials are provided in the Appendix. This prioritization will be reviewed on a regular basis. Raw materials not specifically included in this prioritization are still covered under the scope of this Policy, including, for example, biomass and coconut.

Further details on how our implementation mechanism will be defined for each priority raw material will be specified in the roadmaps. These roadmaps will include precise cut-off dates, meaning any material produced on land deforested or converted after that date renders a product non-compliant with this Policy, no later than December 2020, and are specified in the respective roadmaps. Where one or more principles of this Policy or an implementation mechanism is not applicable to a specific material situation, this will be explained in the roadmap and an alternative solution will be provided based on sectoral approach or research carried out by Kraft Heinz. Additionally, roadmaps will be reflective and aligned with SBTi guidelines and FLAG definitions.

¹ These principles are further explained in the section of the Appendix entitled “Definitions”

Administration, Governance and Management

This Policy and all statements herein have been, and any future changes and updates must be, approved by the relevant members of the Kraft Heinz Executive Management team who are responsible for oversight of the development, adoption, and implementation of this Policy.

A Global Subcommittee – including the Kraft Heinz Head of Environmental, Social, Governance – monitors compliance with this Policy and developments within the industry. The Global Subcommittee members are also responsible for day-to-day monitoring, supervising, administration and updating of this Policy. The senior leaders within this Global Subcommittee have performance incentives linked to successful implementation and governance of this Policy.

If non-compliance with this Policy is identified, Kraft Heinz commits to engage with the supplier or business partner to work together in identifying the cause and developing a time-bound action plan for correcting and addressing the issue. In cases of lack of adequate responsiveness by a supplier or business partner, Kraft Heinz may consider terminating its commercial relationship in alignment with the [Kraft Heinz Supplier Guiding Principles](#).

APPENDIX

Raw Material Specific Requirements of the Deforestation- and Conversion-Free Policy

These requirements provide more context on how Kraft Heinz will apply these Policy commitments to the following raw materials, endorsed cut-off dates, endorsed target dates, endorsed certification schemes, and scope of supply chain coverage. The risk assessments carried out for each of the below-referenced raw materials will help us prioritize our actions and define the approach or tools to be used based on levels of risk. This prioritization will be reviewed on a regular basis; accordingly, this Appendix is subject to change from time to time.

Palm Oil DCF Requirements

Kraft Heinz seeks to procure palm oil products in an ethical, transparent, and sustainable manner. As such, palm oil is one of the priority raw materials which falls under the scope of this Policy. It covers all sources of palm, directly or indirectly sourced.

Deforestation and conversion across all sourcing areas for palm will be covered by this Policy. Kraft Heinz is working towards ensuring 100% of the palm oil it sources is Deforestation- and Conversion-Free no later than 2025 and are specified in the respective roadmap. Kraft Heinz recognizes the unique challenge posed by derivatives. Therefore, we intend to work in a phased approach starting with our palm oil; derivatives will be assessed at a later time.

Kraft Heinz will endorse certification or verification programmes that meet or exceed the expectations outlined in this Policy. Where properly certified or verified palm volumes are not used in our sourcing, Kraft Heinz will work with our supply chain partners to address the gaps.

Soy DCF Requirements

Kraft Heinz acknowledges the deforestation and conversion risks associated with the production of soy in its supply chain and, therefore, it falls under the scope of this Policy. It covers all sources of soy: beans, derivatives and embedded soy, directly or indirectly sourced.

Deforestation and conversion caused by soy production will be covered by this Policy.

Kraft Heinz is committed to working towards ensuring 100% of the soybean and soy oil it directly sources is Deforestation-Free by 2025 and Conversion-Free no later than 2030 and are specified in the respective roadmap. Given the complexity of the supply chain, we will work on a stepwise approach for embedded soy.

Kraft Heinz will endorse certification or verification programmes that meet or exceed the expectations outlined in this Policy. Where properly certified or verified soy volumes are not used in our sourcing, Kraft Heinz will work with our supply chain partners to address the gaps.

Beef and Dairy DCF Requirements

Kraft Heinz acknowledges the deforestation and conversion risks associated with the production of beef and dairy in its supply chain and, therefore, they fall under the scope of this Policy, including all sources of beef and dairy, directly and indirectly sourced.

Kraft Heinz is committed to working towards ensuring 100% of the beef and dairy products it directly sources is Deforestation-Free by 2025 and Conversion-Free by 2030.

Cocoa and Coffee DCF Requirements

Consistent with the commitments laid out in this Policy, Kraft Heinz is committed to working towards ensuring 100% of the cocoa and coffee it sources is Deforestation-Free by 2025 and Conversion-Free by 2030. It covers all sources of cocoa and coffee: raw and transformed, directly or indirectly sourced.

Kraft Heinz will endorse certification or verification programmes that meet or exceed the expectations outlined in this Policy, such as Rainforest Alliance segregated volumes. We will benchmark such standards to clearly show that they both meet our DCF commitments and that their assurance systems are sufficiently robust. Where properly certified or verified cocoa and coffee volumes are not used in our sourcing, Kraft Heinz will work with our supply chain partners to address the gaps.

Sugar DCF Requirements

Kraft Heinz acknowledges the risks to biodiversity and natural ecosystem associated with the production of sugar in its supply chain, and therefore it falls under the scope of this Policy, including all sources of sugar originating from sugar beet and sugarcane, directly and indirectly sourced.

Kraft Heinz is committed to working towards ensuring 100% of the sugar it directly sources is Deforestation-Free by 2025 and Conversion-Free by 2030. For indirectly sourced sugar, we will develop a stepwise approach.

We endorse the use of sugar certification and verification programmes to meet our DCF commitments; however, we recognize that only segregated (SG) supply chains ensure full compliance with our commitments. Considering the lack of segregated volumes available, Kraft Heinz will work with its supply chain partners to address the gaps of non-SG-certified sources.

Pulp and Paper Packaging DCF Requirements

Kraft Heinz acknowledges the risks to biodiversity and natural ecosystems associated with the production of pulp, paper and packaging in its operations, and, therefore, it falls under the scope of this Policy, including all sources.

Kraft Heinz is committed to working towards ensuring 100% of the pulp, paper and packaging it sources is Deforestation-Free by 2025 and Conversion-Free by 2030.

We endorse the use of pulp, paper and packaging certification and verification programmes to meet our DCF commitments; however, we recognize that only segregated supply chains ensure full compliance with our commitments. Therefore, Kraft Heinz will work with its supply chain partners to address the gaps of non-SG certified sources.

Definitions

- **Biodiversity:** the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems.
- **Business partners:** any entity with which Kraft Heinz is partnering for the production and/or the sales of its products, which includes, but is not limited to, external manufacturing entities, distributors, and joint ventures (regardless of the stake).

- **Deforestation- and Conversion-Free:** Practices that do not result in the following:
 - Loss of natural forest as a result of:
 - conversion to agriculture or other non-forest land use;
 - conversion to a tree plantation; or
 - severe and sustained degradation.
 - Change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function.

- **Directly sourced:** Raw materials which Kraft Heinz buys as raw or as transformed materials directly from either producers, traders or transforming companies (e.g., cocoa powder, cocoa beans, cocoa liquor, crude palm oil, palm kernel oil).

- **Indirectly sourced:** Raw materials which are used to produce or grow ingredients or products sourced by Kraft Heinz (e.g., palm oil derivatives in products, externally manufactured products).

- **Free Prior and Informed Consent:** A collective human right of indigenous peoples and local communities to give and withhold their consent prior to the commencement of any activity that may affect their rights, land, resources, territories, livelihoods, and food security. It is a right exercised through representatives of their own choosing and in a manner consistent with their own customs, values, and norms.

- **Greenhouse Gas (GHG):** gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of terrestrial radiation emitted by the earth's surface, the atmosphere itself, and by clouds.

- **High Carbon Stock Approach (HCS):** A methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed.

- **High Conservation Values (HCV):** biological, ecological, social or cultural values considered outstandingly significant at the national, regional or global level. HCV are classified in 6 categories:
 - HCV 1: Concentrations of biological diversity including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels.
 - HCV 2: Intact forest landscapes and large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance,
 - HCV 3: Rare, threatened, or endangered ecosystems, habitats or refugia.
 - HCV 4: Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.
 - HCV 5: Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc.). Identified through engagement with these communities or indigenous peoples.

- HCV 6: Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples. Identified through engagement with these local communities or indigenous peoples.
- **Natural ecosystem:** An ecosystem that substantially resembles – in terms of species composition, structure, and ecological function – one that is or would be found in a given area in the absence of major human impacts. This includes human-managed ecosystems where much of the natural species composition, structure, and ecological function are present.
- **Peat:** Peat or histosols (organic soils) are soils with cumulative organic layer(s) comprising more than half of the upper 80cm or 100cm of the soil surface containing 35% or more of organic matter (35% or more Loss on Ignition) or 18% or more organic carbon (FAO 1998, 2006/7; USDA 2014; IUSS 1930).
- **Protected areas:** IUCN protected areas 1, I – IV, UNESCO World Heritage Sites, wetlands on the Ramsar list, protected areas that are gazetted under national or state laws, and all areas designated under regional agreements and international conventions such as CITES treaty.
- **Recovery:** also referred to as compensation, remediation, or restoration, is the action of compensating for and/or rehabilitating land that was destroyed or degraded by land clearing for the expansion of plantation land banks after the industry’s cut-off date.
- **Jurisdictional and landscape approaches:** Landscape and jurisdictional approaches bring together diverse stakeholders to develop and pursue common environmental, social, and economic goals in specific geographic areas. Through collaboration with government, civil society, and local communities, these initiatives help address risks and impacts of commodity production that are beyond the full control of individual companies.
- **Remediation:** process of providing redress for a negative impact or the substantive outcomes that can counteract, or make good, the negative impact. These outcomes may take a range of forms such as apologies, restitution, rehabilitation, restoration, financial or non-financial compensation, and punitive sanctions (whether criminal or administrative, such as fines), as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition.
- **Smallholders:** Smallholders are small-scale agricultural or forest product producers that are distinct from larger-scale producers found in similar contexts by virtue of a number of characteristics (e.g., operation has a high degree of dependence on family labour; production units have a relatively small land footprint (relative to the range of production unit sizes for the given commodity and region)).
- **Suppliers:** refers to direct and indirect suppliers of products and/or services to Kraft Heinz, and their subcontractors. The term “supplier” includes contractors, external manufacturers, vendors, service providers, labor providers, distributors, and joint venture partners.

- **Third-party verification:** refers to verification conducted by an independent entity that does not provide other services to the company. Third-party verification may be conducted either through or outside of a certification programme.