

## **Basis of Reporting for key ESG Environmental indicators**

*The Kraft Heinz Company*

### **Reporting principles**

We utilize the Greenhouse Gas Protocol as a guiding framework in the development of our ESG environmental indicators. Indicators are reported externally via our annual ESG Report (“Report”). This Report reflects our commitment to transparency and provides details for our stakeholders on progress to date against our ESG goals and objectives, which are based on our most material ESG issues. These issues are reviewed and updated based on our ESG Materiality assessment. Details of this assessment are located in our Report.

Unless otherwise noted, environmental indicators include initiatives and performance metrics associated with our owned manufacturing operations in the reporting year.

### **Scope and Boundary**

Kraft Heinz utilizes an operational boundary approach to determine our reporting scope. Unless otherwise noted, scope for all environmental metrics include all manufacturing facilities owned by the Kraft Heinz Company.

We exclude data from non-material Kraft Heinz owned assets such as separate warehouses, distribution centers, corporate headquarters, and sales office locations. Logistics operations and External manufacturers (or Co-manufacturers) are also not included in our figures.

For our Greenhouse gas emissions, the scope includes in addition to our factories, the KraftHeinz owned warehouses in North America.

### **Acquisitions and Divestitures**

Baseline data is reviewed annually and will be adjusted if net acquisitions and divestitures are 5%<sup>1</sup> or greater than the total carbon (CO<sub>2</sub>e) footprint in the reporting year. CO<sub>2</sub>e emissions are used as the basis to determine baseline recalculation for all environmental metrics. A trigger in baseline recalculation based on CO<sub>2</sub>e emissions will be applied to other environmental metrics (water, waste to landfill, energy) regardless of hitting the threshold.

Environmental data for years between base year and reporting year will not be recalculated.

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<sup>1</sup> Threshold aligned to requirement from the Science Based Targets initiative.

Material updates to the baseline, whether by acquisition or divestiture will be stated in a footnote in the ESG report.

Divestiture specific guidance:

- Baseline will be readjusted to remove environmental data of divested entities utilizing historical absolute baseline year data.
- For partial divestitures, the relevant segment of the facility will be removed.
- Divestitures will be reported in the same reporting year as the event occurred. Data is included in the metrics for as long as the facility was owned by us.

Acquisition specific guidance:

- Baseline will be readjusted to include environmental data of acquired entities utilizing historical absolute baseline year data (where available) or closest available data if re-baselining is necessary based on our 5% criteria.
- Kraft Heinz will allow up to one year to onboard new acquisitions into our platforms. New sites will be included from the first full calendar year that they are part of Kraft Heinz Company. For example, a factory acquired in October 2022, will be included in our metrics from January 2023.

## **Data errors and recalculations**

If there are material errors found in historical data during the data validation/assurance process, Kraft Heinz will restate this information in our annual ESG report. Restatements of material errors will be clearly stated in the footnotes of any reporting documents. Minor errors may also result in a restatement of information, however these errors may or may not include footnotes to the error.

A material error constitutes a deviation of more than 10% from the previously reported value.

## **Data Governance**

Accountability for driving ESG lies with the Kraft Heinz Executive Leadership Team, the zones and with the manager of each manufacturing facility.

Functions (at global level) are responsible for defining ambitions and targets, and facilities are responsible for implementing, delivering, monitoring, and reporting progress on their respective indicators.

## **Data Input and Review Process**

All environmental data reported by our facilities is consolidated, validated, and analyzed by the respective responsible zone functions. We are continuously strengthening processes

and controls around our reporting. Where possible, standard, or automated calculations and validity checks are built into our systems to minimize errors.

Subject matter experts are involved at various levels to validate and challenge the data and process. Our operating companies are at differing maturity levels in implementing data collection and reporting processes. Where we have concerns, we highlight them in the report.

## Data Assurance

Kraft Heinz engages with third-party assurance providers Bureau Veritas to provide limited assurance in relation to specific environmental data. Details on our assurance activities are available on the [Reporting Verifications](#) page.

## Environmental Metric List

Below are detailed reporting guidelines for Kraft Heinz's ESG environmental indicators including definitions, scope, measurement criteria and reporting assumptions applied, if any.

### Energy

<b>Metric name and preferred reporting unit</b>	Energy use (kwh) Energy use intensity (kWh per tonne of product)
<b>Commitment</b>	Reduce energy intensity by 15% per metric tonne of production by 2025
<b>Baseline year</b>	2019
<b>Reporting process</b>	Data is entered into our environmental management system by the manufacturing facility on a monthly basis. Production data is reported and documented also on a monthly basis. At the end of the reporting year, data is rolled up, internally reviewed, and shared with Bureau Veritas, an external assurance provider who reviews and validates the data for Kraft Heinz ESG reporting.
<b>Key definitions</b>	Energy use refers to direct fuel combustion and electricity consumption aligned with the scope listed below:  Total production is defined as the sum of goods that leave our individual manufacturing facilities destined for final sale, or to a customer for further processing. For selected facilities, we include semi-finished goods in our production calculation (i.e., goods that go on to other Kraft Heinz owned facilities for further processing). The inclusion of semi-finished goods accounts for less than 3% of total annual production.
<b>Scope</b>	All the energy consumed within the boundaries of owned manufacturing facilities, including that derived from direct fossil fuel combustion and electricity consumption (procured from the grid or self-generated via solar).

	<p>Exclusions:</p> <ul style="list-style-type: none"> <li>- Corporate and sales office locations, warehouses, distribution centers.</li> <li>- Fuel utilized for the operation of backup generators or consumed by plant mobile assets, such as forklifts and cars in North America facilities (unless readily available)</li> </ul>
<b>Assumptions</b>	-
<b>Commitment progress calculation formula</b>	$\frac{\text{Aggregated energy consumption (kWh per metric tonne) in current year} - \text{energy consumption (kWh per metric tonne) in baseline year}}{\text{energy consumption (kWh per metric tonne) in baseline year}}$

## Greenhouse Gas Emissions (Scope 1, 2 and biogenic emissions out of scopes)

<b>Metric name and preferred reporting unit</b>	<p>Greenhouse gas emissions (Metric tonnes CO<sub>2</sub>e) that include:</p> <ul style="list-style-type: none"> <li>- Scope 1 emissions</li> <li>- Scope 2 emissions (Location-based)</li> <li>- Scope 2 emissions (Market-based)</li> <li>- Biogenic emissions (Outside of scopes)</li> </ul>
<b>Commitment</b>	Achieve Net Zero by 2050 and 50% reduction by 2030
<b>Baseline year</b>	2021
<b>Key definitions</b>	<p>Greenhouse gas emissions associated with our operations, both from the combustion of fuels on-site and from the electricity and heat we import to our operations.</p> <p>For warehouses there are two different approaches. If warehouses are connected to the Engie platform we can use the actual consumption data. For sites not connected, an assumption on energy use is taken based on the size of the warehouse.</p>
<b>Scope</b>	<p>Kraft Heinz owned manufacturing sites</p> <p>Warehouses (only North America)</p>
<b>Assumptions</b>	<p>Warehouses in NA cover &gt; 95% of the emissions from warehouses globally</p> <p>2021 warehouses in NA have not changed in size (= based on 2021 Sq feet)</p> <p>2021 energy consumption for warehouses as supplied by ENGIE is still accurate</p>

## Water

<b>Metric name and preferred reporting unit</b>	<p>Total water withdrawal (m<sup>3</sup>)</p> <p>Water withdrawal intensity (m<sup>3</sup> per tonne of production)</p> <p>Total water withdrawal at water-stressed facilities (m<sup>3</sup>)</p> <p>Water withdrawal intensity at water-stressed facilities (m<sup>3</sup> per tonne of production)</p>
<b>Commitment</b>	1. Reduce water intensity by 15% per metric tonne by 2025.

	2. Reduce water intensity by 20% per metric tonne by 2025 for facilities in high-risk watershed areas
<b>Baseline year</b>	2019
<b>Reporting process</b>	Data is entered into our environmental management system by the manufacturing facility on a monthly basis. At the end of the reporting year, data is rolled up, internally reviewed, and shared with Bureau Veritas, an external assurance provider who reviews and validates the data for Kraft Heinz ESG reporting.
<b>Key definitions</b>	<p>Total water withdrawal refers to water taken and utilized on facility from municipal, ground and/or surface water sources aligned with the scope listed below.</p> <p>Total production is defined as the sum of goods that leave our individual manufacturing facilities destined for final sale, or to a customer for further processing. On occasion, we include semi-finished goods in our production calculation (i.e., goods that go on to other Kraft Heinz owned facilities for further processing). The inclusion of semi-finished goods is limited and accounts for less than 3% of total annual production.</p>
<b>Scope</b>	<p>All the water consumed within the boundaries of our KHC manufacturing facilities.</p> <p>Exclusions:</p> <ul style="list-style-type: none"> <li>- Corporate and sales office locations, warehouses, distribution centers</li> </ul>
<b>Assumptions</b>	<p>The election of facilities in water-stressed areas based on analysis in collaboration with an external subject matter expert featuring methodology and data from World Resources Institute's Aqueduct tool. These assessments are completed every 2-3 years with interim updates as needed. The team also evaluates our watershed conditions from a business perspective to validate 'economic scarcity' factors not fully addressed by the database indicators. The completed assessment results in identification of physical, reputational/social and quality water risks, as well as composite scores for each area associated in our direct manufacturing operations.</p> <p>Newly acquired facilities are only assessed for water-stress during our periodic water risk assessment every 2-3 years. In the interim, data from these facilities are only included in total water metrics.</p> <p>A list of our high-risk water facilities is available in our annual ESG report.</p>
<b>Commitment progress calculation formula</b>	$\text{Aggregated water consumption (m3 per metric tonne) in current year} \text{ minus the water consumption (m3 per metric tonne) in baseline year} \text{ divided by the water consumption (m3 per metric tonne) in baseline year}$

## Waste

<b>Metric name and preferred reporting unit</b>	Waste to landfill (metric tonnes) Waste to landfill intensity (metric tonnes per tonne of production)
<b>Commitment</b>	Reduce waste to landfill intensity by 20%
<b>Baseline year</b>	2019
<b>Reporting process</b>	Data is entered into our environmental management system by the manufacturing facility on a monthly basis. At the end of the reporting year, data is rolled up, internally reviewed, and shared with Bureau Veritas, an external assurance provider who reviews and validates the data for Kraft Heinz ESG reporting.
<b>Key definitions</b>	<p>Total waste to landfill refers to food and packaging waste destined for the landfill generated within the boundaries of our KHC manufacturing facilities aligned with the scope listed below.</p> <p>Total production is defined as the sum of goods that leave our individual manufacturing facilities destined for final sale, or to a customer for further processing. On occasion, we include semi-finished goods in our production calculation (i.e., goods that go on to other Kraft Heinz owned facilities for further processing). The inclusion of semi-finished goods is limited and accounts for less than 3% of total annual production.</p> <p>The number includes waste that is sent out for recycling, but that is rejected and sent to landfill as a consequence.</p>
<b>Scope</b>	<p>All the waste generated within the boundaries of our KHC manufacturing facilities.</p> <p>Exclusions:</p> <ul style="list-style-type: none"> <li>- Hazardous waste, as this is managed by local regulations</li> <li>- Corporate and sales office locations, warehouses, distribution centers</li> </ul>
<b>Assumption</b>	

# Basis of Reporting for GHG Footprint Scope 3 Emissions

## Background

Net Zero is embedded as a key priority within Kraft Heinz's 10-Year Enterprise Strategy, and represents a major investment in shaping our business, operations and products for the future.

At Kraft Heinz, we have pledged to achieve net zero greenhouse gas ("GHG") emissions across our operational footprint (Scope 1 and Scope 2) and entire global value chain (Scope 3) by 2050, establishing our major commitment to contribute to global efforts to reduce the ongoing threat of climate change. As a milestone on our path to achieve net zero emissions, consistent with the Science Based Targets Initiative (SBTi), we have set a Net Zero Goal.

Kraft Heinz reports its emissions footprint according to the Greenhouse Gas Protocol, which provides companies the equivalent of accounting standards for their GHG emissions. Using the GHG Protocol makes our footprint comparable to what other companies report.

The GHG Protocol classifies emissions across a company's value chain by "Scopes." Within a scope, emissions may be further classified into "Categories." Emissions may also be classified as "Forest, Land and Agriculture (FLAG)" if they are generated from land-based activities.

## Scope 3 GHG Emissions

Scope 3 emissions are the result of activities from assets not owned or controlled by Kraft Heinz, but that occur within its value chain. The categories in scope are listed below.

Categories	
Category 1	Purchased Goods & Services <ul style="list-style-type: none"><li>- Product &amp; Packaging Input</li><li>- External manufacturing</li><li>- Water Use</li><li>- Indirect Purchases</li></ul>
Category 2	Capital Goods
Category 3	Fuel and Energy Related Activities
Category 4	Upstream Transport & Distribution <ul style="list-style-type: none"><li>- Logistics - Outbound &amp; Instream</li><li>- Logistics - Inbound</li></ul>
Category 5	Waste Generated in Operations <ul style="list-style-type: none"><li>- Solid Waste Generation</li><li>- Wastewater generation</li></ul>

Category 6	Business Travel
Category 7	Employee Commuting
Category 8	Upstream Leased Assets - Electricity - Heating Use
Category 9	Downstream Transport & Distribution - Customer Pick Ups - Consumer shopping
Category 10	Processing of Sold Products
Category 11	Use of Sold Products
Category 12	End of Life Treatment of Sold Products
Category 13	Downstream Leased Assets
Category 14	Franchises
Category 15	Investments

## Data Errors

If there are material errors found in historical data during our internal data validation process, Kraft Heinz will restate this information in our annual ESG Report. Restatements of material errors will be clearly stated in the footnotes of any reporting documents. Minor errors may also result in a restatement of information, however these errors may or may not include footnotes to the error. A material error constitutes a deviation of more than 5% from the previously reported value of the overall GHG footprint.

## Data Governance

Accountability for driving Kraft Heinz's Scope 3 commitment lies with the Kraft Heinz Executive Leadership Team, the zones, and Business Unit (BU) leads as well as support functions such as Procurement, R&D, and Logistics.

## Data Management

Altruistiq is a software implemented by Kraft Heinz to be the source of truth for our GHG Footprint. This implementation took place in 2023-2024 and will be the source of truth starting with the 2023 footprint and all future footprints going forward. The data is pushed to Altruistiq via an API, which allows for the connection of multiple systems (SAP, Agile, Intellex, etc.) to be automatically fed into the Altruistiq software. Each year, a full Methodology document will be issued by Altruistiq to document the Methodology leveraged (see appendix).

Data input and the review process differs by the various KPIs. This is due to the maturity of tools we have available. An ESG Data Analytics team is working on increasing automation of the process. In general, where automation is possible the BUs and countries have



dashboards and analytic tools in place to review the data completeness and accuracy. Local teams have been trained to use these tools by the Global ESG analytics team.

Each year the Data Ecosystem will improve on our journey to fully automated actual data leveraged to calculate the KHC Footprint. The Data Ecosystem for 2023 is show below for the systems leveraged.

<b>Scope Category</b>	<b>Methodology</b>	<b>Includes Estimations?</b>	<b>Main Data Source</b>
Scope 1	Activity-based (kWh data)	Yes (for Warehouses)	Intelex
Scope 2	Activity-based (kWh data)	Yes (for Warehouses)	Intelex
Scope 3.1	Weight-based and spend-based (product & packaging), weight-based (external manufacturing) Activity Based (water use) Spend-based (Indirect Purchases)	Yes	SAP/Sievo/ZBB/Manual Files
Scope 3.2	Spend-based	No	4site
Scope 3.3	Activity-based (kWh data)	Yes (for Warehouses)	Intelex
Scope 3.4	Distance and Weight-Based	Yes (for APAC and LATAM)	SAP/Sievo
Scope 3.5	Activity-based (kg data)	No	Intelex
Scope 3.6	Activity-based (Air Travel) and Spend-based (Car and Rail Travel)	No	AMEX
Scope 3.7	Modelled based on headcount and location	Yes	Workday
Scope 3.8	Estimated based on floor area	Yes	-
Scope 3.9	Distance and Weight-Based (consumer pick-ups) and Modelled (customer shopping trips)	Yes (for consumer pick-ups)	SAP
Scope 3.10	Determined to be immaterial for Kraft Heinz	-	-
Scope 3.11	Modelled based on Sales Volumes	Yes	Sales Volume
Scope 3.12	Modelled based on Sales Volumes	Yes	Sales Volume
Scope 3.13	Determined to be immaterial for Kraft Heinz	-	-
Scope 3.14	Determined to be immaterial for Kraft Heinz	-	-
Scope 3.15	Determined to be immaterial for Kraft Heinz	-	-

## Data Assurance

KHC's emissions are externally assured by Bureau Veritas on an annual basis. The audit is limited assurance over categories where evidence can be supplied. The limited assurance will continue to expand over more categories each year.

## Methodology & Emission Factor Sources

Below are detailed guidelines on methodology and sources of factors for computing emissions.

Category		Definition & Methodology	Emissions Factor Source
Category 1	Purchased Goods & Services - Product & Packaging Input - Water Use - Indirect Purchases	<p>Product &amp; Packaging Inputs – This activity includes Raw Materials and Packaging inputs purchased</p> <ul style="list-style-type: none"> <li>Weight-Based Average Data Method</li> <li>Spend-Based Method</li> </ul> <p>External Manufacturing – This activity includes finished goods purchased from contract manufacturers</p> <ul style="list-style-type: none"> <li>Weight-Based Average Data Method</li> </ul> <p>Activity Based Method Water Use – The activity includes all purchased water consumed by Kraft Heinz manufacturing plants.</p> <ul style="list-style-type: none"> <li>Metered Method</li> </ul> <p>Indirect Purchases - This activity includes all emissions from Zero-Based Budgeting expenses of Kraft Heinz Company, including International and Global.</p> <ul style="list-style-type: none"> <li>Spend-Based Method</li> </ul>	<ul style="list-style-type: none"> <li>BEIS - Conversion factors 2021, 2022, 2023</li> <li>Exiobase 3 - IPCC 2021 GWP 100 V1.00</li> <li>BEIS - Conversion factors 2021, 2022, 2023</li> <li>Ecoinvent - v3.8 WFDB - v3.5 WRAP - v1.2</li> </ul>
Category 2	Capital Goods	<p>This activity includes all upstream emissions from the production of capital goods purchased by Kraft Heinz Company for International and Global.</p> <ul style="list-style-type: none"> <li>Spend-Based Method</li> </ul>	<ul style="list-style-type: none"> <li>Exiobase 3 - IPCC 2021</li> <li>GWP 100 V1.00</li> </ul>

Category		Definition & Methodology	Emissions Factor Source
Category 3	Fuel and Energy Related Activities	<p>This activity includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in scope 1 or scope 2.</p> <ul style="list-style-type: none"> <li>Purchased Electricity Method (Location Based Method)</li> <li>Fuel-Based Method</li> </ul>	<ul style="list-style-type: none"> <li>BEIS - Conversion factors 2021, 2022, 2023 (WTT &amp; T&amp;D)</li> <li>IEA - Emissions Factors 2022 (T&amp;D)</li> <li>GHG Protocol - Solar Energy Emission Factor 2015 (WTT)</li> <li>BEIS - Conversion factors 2021, 2022, 2023 AQ Emission Factors - 2021</li> </ul>
Category 4	Upstream Transport & Distribution <ul style="list-style-type: none"> <li>Logistics - Outbound &amp; Instream</li> <li>Logistics - Inbound</li> </ul>	<p>This activity covers emissions from North America zone and West, East and partial Latin America (only Brazil) sub-zones from third-party transportation and distribution services purchased by the reporting company. APAC, ANJ, and remaining LATAM also covered by estimations</p> <ul style="list-style-type: none"> <li>Distance &amp; Weight Based Method</li> </ul>	<ul style="list-style-type: none"> <li>BEIS - Conversion factors 2021, 2022, 2023</li> <li>EPA - USA Emission Factors – 2022, 2023</li> </ul>
Category 5	Waste Generated in Operations <ul style="list-style-type: none"> <li>Solid Waste Generation</li> <li>Wastewater generation</li> </ul>	<p>This activity includes all emissions from waste collection and treatment generated in the company's plants.</p> <ul style="list-style-type: none"> <li>Waste-Type-Specific</li> <li>Metered Method</li> </ul>	<ul style="list-style-type: none"> <li>Ecoinvent - v3.8</li> <li>BEIS - Conversion factors 2021, 2022, 2023</li> </ul>
Category 6	Business Travel	<p>This activity includes all emissions from business travel done by Kraft Heinz Global and International employees.</p> <ul style="list-style-type: none"> <li>Spend-Based Method</li> <li>Distance &amp; Passenger-Based Method</li> </ul>	<ul style="list-style-type: none"> <li>Exiobase 3 - IPCC 2021</li> <li>GWP 100 V1.00</li> <li>BEIS - Conversion factors 2021, 2022, 2023</li> <li>EPA - USA Emission Factors 2022, 2023</li> </ul>
Category 7	Employee Commuting	<p>This activity includes emissions from employees commuting to plants, distribution centers and offices, covering both Global and International</p> <ul style="list-style-type: none"> <li>Average Data Method</li> </ul>	<ul style="list-style-type: none"> <li>BEIS - Conversion factors 2021, 2022, 2023</li> <li>AQ Emission Factors - 2021</li> </ul>
Category 8	Upstream Leased Assets <ul style="list-style-type: none"> <li>Electricity</li> <li>Heating Use</li> </ul>	<p>This activity covers emissions from North America zone</p> <ul style="list-style-type: none"> <li>Purchased Electricity Method</li> <li>Fuel-based Method</li> </ul>	<ul style="list-style-type: none"> <li>EA Emission Factors 2022</li> <li>BEIS - Government Conversion Factors 2021, 2022, 2023</li> </ul>

Category		Definition & Methodology	Emissions Factor Source
Category 9	Downstream Transport & Distribution - Customer Pick Ups - Consumer shopping	<ul style="list-style-type: none"> <li>Distance and weight-based method</li> <li>Estimated distance and weight-based method</li> </ul>	BEIS - Government Conversion Factors 2021, 2022, 2023
Category 10	Processing of Sold Products	Determined to be immaterial for Kraft Heinz	-
Category 11	Use of Sold Products	<ul style="list-style-type: none"> <li>Product-based</li> </ul>	IEA - Emissions Factors 2021
Category 12	End of Life Treatment of Sold Products	<ul style="list-style-type: none"> <li>Weight-Based Average Data Method</li> </ul>	Ecoinvent - v3.8
Category 13	Downstream Leased Assets	Determined to be immaterial for Kraft Heinz	-
Category 14	Franchises	Determined to be immaterial for Kraft Heinz	-
Category 15	Investments	Determined to be immaterial for Kraft Heinz	-