

# 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.

### 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.

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.

Acquisition specific guidance:

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

- Baseline will be readjusted to include environmental data of acquired entities utilizing historical absolute baseline year data (where available) or closest available data.
- Kraft Heinz will allow up to one year to onboard new acquisitions into our platforms.

### 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.

**The Sustainable Manufacturing ESG Steering Group** is comprised of leaders in various manufacturing functions around the globe. Team leaders are responsible for mobilizing, organizing, and collaborating across departments to lead the development, implementation, continuous improvement, and measurement of relevant ESG policies, procedures, and programs.

There are processes in place governing the collection, review and validation of environmental data included in the report, both at a manufacturing facility and zone level. Data is reported to the ESG Sustainable Manufacturing Steering Group on a monthly basis and to the Executive Leadership Team on a quarterly basis.

### 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.

Environmental metrics are also reviewed annually to ensure adherence to three key ESG reporting standards: GRI, SASB and TCFD. The ESG team will review each metric to ensure definitions and boundaries adhere to the abovementioned reporting frameworks. A gap analysis, including any new metrics that should be reported will be provided to the operations team. Upon review, the operations team will decide on items that will be addressed or tabled for a later date. These items will be documented and where necessary, will be included in Kraft Heinz's external ESG reporting.

### Data Assurance

Kraft Heinz engages with third-party assurance providers Bureau Veritas and SGS 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).  Exclusions: <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.</li> </ul>
<b>Assumptions</b>	-
<b>Commitment progress calculation formula</b>	Aggregated energy consumption (kWh per metric tonne) in current year <i>minus</i> the energy consumption (kWh per metric tonne) in baseline year <i>divided</i> by the energy consumption (kWh per metric tonne) in baseline year

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

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<b>Metric name and preferred reporting unit</b>	Greenhouse gas emissions (Metric tonnes CO2e) that include: <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>Reporting process</b>	Utility energy data is entered into our environmental management system by the manufacturing site on a monthly basis. These energy values are converted to CO2e using fuel and location grid specific emission factors. 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>Emissions Factors</b>	<p>Kraft Heinz reviews and updates emissions factors, where necessary on an annual basis.</p> <p>Scope 1 &amp; 2 values for 2022 were calculated using emission factors obtained from the following sources:</p> <ul style="list-style-type: none"> <li>- U.S. EPA eGRID 2021 data</li> <li>- Green-e Residual Mix Emission Rates 2022 Data</li> <li>- UN Framework for Climate Change-Canada document</li> <li>- U.K. government-Department for Business, Energy &amp; Industrial Strategy: 2020 Government greenhouse gas conversion factors for company reporting</li> <li>- Climate Transparency Report 2022 Data</li> <li>- Association of Issuing Bodies 2021 Data</li> <li>- Australian Government - National Greenhouse Accounts (NGA) Factors Workbook 2022 Data</li> <li>- New Zealand Ministry for the Environment 2022 Data</li> </ul> <p>For market-based Scope 2 calculations, we utilize residual mix electricity emission factors for our plants located in the United States.</p> <p>It should be noted that since there is no grid/location-based factor available for purchased steam generated from biomass, the CO2 emissions from consumption are treated as zero under location-based scope 2 emissions.</p> <p>Biogenic emissions (outside of scopes) were calculated using emission factors obtained from the UK government-Department for Business, Energy &amp; Industrial Strategy: 2020 Government greenhouse gas conversion factors for company reporting</p>
<b>Key definitions</b>	<p>Total GHG emissions refers to carbon dioxide equivalents from direct fuel combustion and electricity consumption 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</p>

	further processing). The inclusion of semi-finished goods is limited and accounts for less than 3% of total annual production.
<b>Scope</b>	<p>All the GHGs emitted within the boundaries of owned manufacturing facilities, including that derived from fossil fuel combustion and direct electricity consumption (procured from the grid or self-generated via solar)</p> <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.</li> <li>- Emissions associated with refrigerant losses.</li> <li>- Scope 2 GHG emissions are calculated and reported for CO<sub>2</sub>, not CO<sub>2</sub>e for several locations. This is not considered to have a material impact on the scope 2 emissions reported.</li> </ul>
<b>Assumptions</b>	-

## Water

<b>Metric name and preferred reporting unit</b>	<p>Total water withdrawal (m3)</p> <p>Water withdrawal intensity (m3 per tonne of production)</p> <p>Total water withdrawal at water-stressed facilities (m3)</p> <p>Water withdrawal intensity at water-stressed facilities (m3 per tonne of production)</p>
<b>Commitment</b>	<ol style="list-style-type: none"> <li>1. Reduce water intensity by 15% per metric tonne by 2025.</li> <li>2. Reduce water intensity by 20% per metric tonne by 2025 for facilities in high-risk watershed areas</li> </ol>
<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>	All the water consumed within the boundaries of our KHC manufacturing facilities.

	Exclusions: - Corporate and sales office locations, warehouses, distribution centers
<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>	Aggregated water consumption (m3 per metric tonne) in current year <i>minus</i> the water consumption (m3 per metric tonne) in baseline year <i>divided</i> 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>
<b>Scope</b>	All the waste generated within the boundaries of our KHC manufacturing facilities.

	Exclusions: <ul style="list-style-type: none"><li>- Corporate and sales office locations, warehouses, distribution centers</li></ul>
<b>Assumption</b>	