

 GLOBAL CORPORATE AFFAIRS POLICIES	CATEGORY CORPORATE AFFAIRS	DATE OF ISSUE 06/08/2018	SUPERSEDES ISSUE DATED 01/01/2017
TITLE POLICY ON PALM OIL USAGE AND PROCUREMENT			
ISSUED BY HEAD OF GLOBAL CORPORATE SOCIAL RESPONSIBILITY			

Purpose

The Kraft Heinz Company is committed to effective management of the environmental and social impact of its businesses and continuously works on improvements to its operations and procurement strategies to meet the Company’s ethics and sustainability goals.

It has been recognized that poorly managed oil palm cultivation can have adverse environmental impacts such as contribution to deforestation, loss of biodiversity and can present social issues such as forced and child labor and human trafficking, amongst others. Kraft Heinz seeks to procure palm oil products in an ethical, transparent and sustainable manner, and has thus established this policy to address and manage the environmental and social issues that can be present in palm oil supply chains.

Position

Kraft Heinz will source 100% certified sustainable palm oil and derivatives per our position below.

Kraft Heinz will actively work with its suppliers and other stakeholders to ensure the palm oil used in its products adheres to the following requirements:

- Traceable to crude palm oil mill level
- No deforestation, including no destruction of primary, high carbon stock or high conservation value forests
- No fire use in plantation operations
- No new development on peat lands regardless of the depth, and employ best management practices for existing operations on peat
- Complies with both national and local laws and regulations and international labor and human rights laws, including proscribing the use of forced and child labor and human trafficking
- Takes place on legally held land and respects land tenure rights, including the rights of indigenous and local communities to give or withhold their free, prior and informed consent to all development or operations on lands to which they hold legal, communal or customary rights
- Meets our supplier code of conduct

Scope

This policy applies to The Kraft Heinz Company and all its business units (the "Company") that procure palm oil and derivatives thereof and all of its products.

We recognize the challenges associated with ensuring sustainably sourced materials at manufacturers not directly under our control, and will work closely with our suppliers and manufacturing partners to identify short- and long-term solutions.

Verification Mechanisms

To comply with this position, Kraft Heinz will work with our suppliers and stakeholders to further understand our supply chains.

We will establish internal guidelines for accepted methods of verifying supplier compliance with our policy. For example, we will prioritize purchasing of certified palm oil (RSPO or other equivalent third-party certifications) to meet policy safeguards, or other methods of verification as they become available.

We will prioritize physically certified materials, and will only consider book and claim mechanisms in specific instances where materials are not available under physical supply chains. The need for book and claim will be determined as part of the supply chain mapping process, and is expected to decrease over time.

Administrative and Governance Responsibility

A Global Steering Group monitors compliance to this policy and developments within the industry. The Global Steering Group encompasses Corporate Affairs, Operational Risk Management (ORM), Procurement, R&D, Manufacturing, Quality, and Government Affairs functions.

The Head of Corporate Social Responsibility, in partnership with the Global Steering Group, is responsible for the monitoring, supervising, administration and updating of this policy. The Kraft Heinz Company will share progress against its goals as part of its regular CSR reporting process.

Suppliers and Mills

Following are our global direct palm oil suppliers and mills as of June 8, 2018. These suppliers cover the vast majority of the palm oil we purchase.

Supplier	Mill List
AAK	https://aak.com/siteassets/sustainable-growth/aak-public-mill-list-may-2018.pdf
Sime Darby	http://www.simedarbyplantation.com/sustainability/open-palm-traceability-dashboard
Stratas Foods	https://assets.adm.com/Sustainability/ADM-Global.pdf

Definitions

'Deforestation' is the conversion of primary or secondary natural forest into agricultural production areas, tree plantations, or other land uses. Sustainably managed selective logging of natural forests does not constitute deforestation. Likewise, de minimis forest conversion that has little ecological consequence is generally not considered as violating the principle of deforestation-free production and sourcing policies

High Carbon Stock (HCS) Approach is a pragmatic land use planning tool which provides a methodology for implementing deforestation-free production in active concessions slated for development in tropical forest countries. The HCS approach can incorporate processes of Free, Prior and Informed Consent (FPIC) with the aims of respecting customary rights and meeting community needs while at the same time considering the company's operational reality

High Conservation Value (HCVs) are biological, ecological, social or cultural values which are considered outstandingly significant or critically important, at the national, regional or global level. (see <https://www.hcvnetwork.org>.)

Peatlands are wetlands with a thick water-logged organic soil layer (peat) made up of dead and decaying plant material. Peatlands include moors, bogs, mires, peat swamp forests and permafrost tundra (Source: <http://www.wetlands.org/Whatarewetlands/Peatlands/tabid/2737/Default.aspx>)

BMP for peat: As outlined in "RSPO Manual on Best Management Practices (BMPs) for existing oil palm cultivation on peat".
http://www.rspo.org/file/RSPO_BMP_1_Update_24_April_2013_small.pdf

Human Rights:

Universal Declaration of Human Rights
<http://www.un.org/en/documents/udhr/index.shtml>

UN Guiding Principles on Business and Human Rights:
http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

International Labour Organization (ILO) Core Conventions
<http://www.ilo.org/global/standards/introduction-to-international-labourstandards/conventions-and-recommendations/lang--en/index.htm>

FPIC, land rights

"FPIC and RSPO: A Guide for Companies"
http://www.rspo.org/file/FPIC%20and%20the%20RSPO%20a%20guide%20for%20companies%20Oct%2008_cover.pdf

Office of High Commission on Human Rights

<http://www.ohchr.org/Documents/Issues/IPeoples/FreePriorandInformedConsent.pdf>

UN Declaration on the Rights of Indigenous Peoples

http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf

UN FAO Voluntary Guidelines on the Responsible Governance of Tenure

<http://www.fao.org/docrep/016/i2801e/i2801e.pdf>