

KnowTheChain Food & Beverage Benchmark Methodology

SCORED DISCLOSURE

THEME 1 COMMITMENT AND GOVERNANCE

1.2 Supply Chain Standards

The company's supply chain standard:

(2) has been approved by a senior executive; The Kraft Heinz Supplier Guiding Principles / Supplier Code of Conduct was created and approved by an internal coalition of relevant leaders including the Senior Vice President of Corporate and Government Affairs, Chief Global Counsel, Chief Procurement Officer and Head of Global Corporate Social Responsibility (CSR). The Senior Vice President of Corporate and Government Affairs and Chief Global Counsel both report directly to Chief Executive Officer, Bernardo Hees.

(4) is updated regularly, following internal review and input from external stakeholders; and The Kraft Heinz Supplier Guiding Principles / Supplier Code of Conduct is reviewed annually. As outlined in our recent [Kraft Heinz 2017 CSR Report](#) (pages 17-18), Kraft Heinz utilizes a materiality analysis to guide its CSR strategy, commitments and policy development, which includes actions we've taken with respect to human rights. The crux of this materiality analysis is engagement with a broad range of stakeholders, about which detailed information is included in the Report.

(5) is communicated to the company's suppliers. Kraft Heinz communicates the Supplier Guiding Principles / Supplier Code of Conduct to all its suppliers. This includes but is not limited to its reference in all supplier contracts.

1.3 Management and Accountability

The company:

(1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies and standards that addresses human trafficking and forced labor; and The Chief Procurement Officer – in partnership with the Senior Vice President of Corporate and Government Affairs and the Head of Global CSR – is responsible for all supply chain policies, standards and statements, including those tied to human rights.

(2) has tasked a board member or board committee with oversight of its supply chain policies and standards that address human trafficking and forced labor. As outlined in our recent [Kraft Heinz 2017 CSR Report](#) (page 9), The Kraft Heinz Board of Directors helps establish and oversee our global CSR objectives and framework, including matters related to our supply chain and human rights statements. Members review all significant policies, processes and commitments, and receive frequent updates on progress against key performance indicators and other relevant developments.

1.5 Stakeholder Engagement

In the last three years, the company has engaged relevant stakeholders by:

(1) providing at least two examples of engagements on forced labor and human trafficking with policy makers, worker rights organisations, local NGOs, or other relevant stakeholders in countries in which its suppliers operate, covering different supply chain contexts; and In the last year, Kraft Heinz has engaged with the Interfaith Center on Corporate Responsibility (NGO) and our global palm oil suppliers to assess and address human rights.

THEME 2 TRACEABILITY AND RISK ASSESSMENT

2.1 Traceability

The company discloses:

(1) the names and addresses of its first-tier suppliers; Kraft Heinz does not disclose the full list of its tier 1 suppliers, but does disclose its palm oil suppliers. This information can be found in the [Global Palm Oil Policy](#) (page 2).

2.2 Risk Assessment

The company discloses:

(1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and Kraft Heinz performs general audits on all tier 1 suppliers that provide ingredients, packaging or co-manufacturing every three years, minimum. During those audits, if instances of non-compliance with the Kraft Heinz Supplier Guiding Principles / Supplier Code of Conduct are found, they are handled per the protocol we've set forth. Additionally, Kraft Heinz assesses suppliers who provide indirect services to the business during the qualification process and further audit on an as-needed basis.

(2) details on forced labor risks identified in different tiers of its supply chain. Kraft Heinz is engaged in initiatives aimed to further secure commodities at high risk for human rights violations – like palm oil and cocoa. These initiatives include work with NGOs and various certification schemes to better navigate complex supply chains. More detail can be found in our recent [Kraft Heinz 2017 CSR Report](#) (pages 25-30).

THEME 3: PURCHASING PRACTICES

3.2 Supplier Selection

The company:

(1) assesses risks of forced labor at potential suppliers prior to entering into any contracts with them. All suppliers are required to commit to the fundamental principles of The Kraft Heinz Supplier Guiding Principles / Supplier Code of Conduct. If the supplier does not agree to comply, or shows signs of being unable to comply, they are eliminated from the process.

3.3 Integration into Supplier Contracts

The company:

- (1) integrates supply chain standards addressing forced labor and human trafficking into supplier contracts. Kraft Heinz includes language for its Supplier Guiding Principles / Supplier Code of Conduct in contracts of all domestic and international suppliers, co-packers and joint ventures. The principles allow for consistency across operations to uphold high standards of quality and service. Suppliers are required to acknowledge and comply with the Supplier Guiding Principles / Supplier Code of Conduct, and to communicate it to employees.

3.4 Cascading Standards through the Supply Chain

The company:

- (1) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain standards addressing forced labor and human trafficking. To maintain compliance with the Kraft Heinz Supplier Guiding Principles / Code of Conduct, tier 1 suppliers are expected to hold their own suppliers and subcontractors accountable to the standards as well.

THEME 5: WORKER VOICE

5.1 Communication of Policies

The company takes steps to ensure:

- (2) its human trafficking and forced labor policies and standards are communicated to workers in its supply chain. Kraft Heinz includes language for its Supplier Guiding Principles / Supplier Code of Conduct in contracts of all domestic and international suppliers, co-packers and joint ventures. The principles allow for consistency across operations to uphold high standards of quality and service. Suppliers are required to acknowledge and comply with the Supplier Guiding Principles / Supplier Code of Conduct, and to communicate it to employees.

5.4 Grievance Mechanism

The company:

- (1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chain is available to its suppliers' workers and relevant stakeholders; Disclosed on our corporate website: <http://www.kraftheinzcompany.com/ethics-compliance.html>
- (2) takes steps to ensure that the existence of the mechanism is communicated to its suppliers' workers; Disclosed on our corporate website: <http://www.kraftheinzcompany.com/ethics-compliance.html>

THEME 6: MONITORING

6.1 Auditing Process

The company has a supplier audit process that includes:

- (1) non-scheduled visits; **yes**
- (2) a review of relevant documents; **yes**
- (3) interviews with workers; **yes**
- (4) visits to associated production facilities and related worker housing; and
- (5) supplier audits below the first tier. **yes**

Kraft Heinz assesses suppliers who provide indirect services to the business during the qualification process and further audit on an as-needed basis.

6.2 Audit Disclosure

The company discloses:

- (1) the percentage of suppliers audited annually;
- (2) the percentage of unannounced audits;
- (3) the number or percentage of workers interviewed during audits;
- (4) information on the qualification of the auditors used; and
- (5) a summary of findings, including details regarding any violations revealed.

Kraft Heinz discloses this information as part of relevant sustainability questionnaires, but not publicly in its own reporting mechanisms.

THEME 7: REMEDY

7.1 Corrective Action Plans

The company's corrective action plans include:

- (1) potential actions taken in case of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision; **Kraft Heinz takes all issues of non-compliance seriously. Each unique situation is handled based on the case details, with potential actions including corrective action plans, stop-work notices, warning letters and/or contract termination.**
- (2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, spot-checks, or other means; **Kraft Heinz and its designated agents (including any third parties) engage in monitoring activities based on the nature of the non-compliance. This could include on-site inspections.**
- (3) potential consequences if corrective actions are not taken; and **see above.**