



## Sustainable Forestry Report

### Whereas:

Palm oil, soya, sugar, beef and paper are used in a variety of Kraft-Heinz products. Global demand for these commodities is fueling deforestation and human rights violations, including child and forced labor.

Approximately a third of recorded large-scale land acquisitions globally since 2000 involve crops such as sugar cane, palm oil, and soy. Many of these acquisitions involve evicting traditional land holders, through coercion or fraud ("land grabs").

The Consumer Goods Forum, a global industry network, recognizes that "Deforestation is one of the principal drivers of climate change, accounting for 17% of greenhouse gases today. The consumer goods industry, through its growing use of soya, palm oil, beef, paper and board, creates many of the economic incentives which drive deforestation." (Consumer Goods Forum press release, 11/29/10).

Kraft-Heinz lags behind its competitors in these areas. Peer companies are working to sustainably source commodity drivers of deforestation. Colgate-Palmolive, McDonalds, Danone, Unilever, Mondelez and Nestle commit to address deforestation in their global supply chains. These companies also respond to CDP Forests, a reporting framework supported by investors managing \$19 Trillion. Kraft Heinz ranks 18 out of 20 major brands in efforts to address forced labor according to the Know the Chain platform. In 2015, Heinz and Kraft independently scored 8<sup>th</sup> and 10<sup>th</sup> place out of 10 companies evaluated by the Union of Concerned Scientists on palm oil sourcing. Neither company responded to CDP.

Kraft-Heinz discloses little information on efforts to sustainably source palm oil, soya, paper, beef and sugar. Meaningful indicators would include:

- A commitment to buy exclusively from suppliers independently verified as not engaged in 1) deforestation (including peatlands, high conservation value, or high carbon stock forests), or 2) human rights abuses, including land grabs;
- Evidence of proactive implementation efforts, such as a time-bound plan, verification processes, non-compliance protocols and regular reporting; and
- A commitment to work towards strengthening third-party verification programs and multi-stakeholder initiatives to achieve compliance with the company's policy.

Kraft Heinz may face reputational and operational risks by failing to adequately disclose its approach to managing deforestation and related risks. The 2015 Nielson Corporate Responsibility Survey found that 58% of millennials – a critical demographic for increasing market share and brand loyalty – are willing to pay more for products made by companies "known for being environmentally friendly." Intangible assets represent a significant and material portion of Kraft Heinz's total assets.

**RESOLVED:** Shareholders request the Board to prepare a public report, at reasonable cost and omitting proprietary information, by November 1, 2017, describing how Kraft-Heinz is assessing the company's supply chain impact on deforestation and associated human rights issues, and its plans to mitigate these risks.