

Whereas:

Water is a vital resource for communities, ecosystems, and companies. Yet, poor water management and climate change are contributing to water shortages and water pollution nationwide and globally. Competition for water, weak regulation, growing demands, aging infrastructure, water scarcity and water contamination are all sources of material financial risks for companies.

Climate change exacerbates these risks. According to the Intergovernmental Panel on Climate Change August 2021 report, climate change is intensifying the water cycle, resulting in more intense droughts and rainfall linked to flooding. The TCFD recommends water risk disclosure saying: “Organizations’ financial performance may also be affected by changes in water availability, sourcing, and quality; food security...”

To identify water risk and reduce costs, many companies - including Conagra Brands, General Mills, Kellogg Company, Nestlé, and Unilever - conduct water risk assessments for both operations and supply chains. However, Kraft Heinz conducts a water risk assessment only for direct operations. The company claims in its 2020 ESG Report that it is “committed to water stewardship in every facet of our business, from our quality controls to the relationships we have with our growers and suppliers.” Despite ranking “Water Use & Conservation” as one of the top issues in its materiality assessment, Kraft Heinz entirely fails to account for the water footprint of its agricultural supply chain, which for food companies often represents a major source of water risk.

Kraft Heinz conducted a supply chain risk assessment for human rights but has not disclosed conducting similar assessments for water. Yet Kraft Heinz clearly recognizes the materiality of water to its business, noting in its 2020 Sustainability Report, “As a food and beverage company, having access to sufficient amounts of quality fresh water, both now and in the future, is critical to our business. Water is used in many areas of our value chain. It is a vital input for growing various agricultural ingredients we use in our products.”

Without a full value chain water risk assessment and disclosure of quantitative performance metrics and best practice strategies for water management targeted to the areas of water stress, investors cannot gauge whether Kraft Heinz is adequately managing its water risk.

Resolved: Shareholders request that Kraft Heinz report to shareholders, using quantitative indicators where available, an assessment to identify, considering the growing pressures on water supply quality and quantity posed by climate change, its total water risk exposure, and policies and practices to reduce this risk and prepare for water supply uncertainties associated with climate change.

Supporting Statement: Proponents request the report disclose, at management’s discretion:

- Results of comprehensive water risk assessments for operations and supply chain

- Water scarcity planning, including identifying at risk facilities and supply chains
- Targets to reduce water withdrawals, water discharges, and replenish water resources
- Any monitoring of water resources
- Any integration of water management into governance mechanisms
- Any water-related engagement with value chain partners