Nova Goiás Project – Executive Summary

The Kraft Heinz Company is the fifth-largest food and beverage company in the world. A globally trusted producer of delicious foods, The Kraft Heinz Company provides high quality, great taste and nutrition for all eating occasions whether at home, in restaurants or on the go. The Kraft Heinz Company is dedicated to the sustainable health of our people, our planet and our Company.

With centuries-long legacy of superior quality, safety and service, results over USD 26,5Bn in net sales per year, more than 40 countries with dedicated employees and over 80 factories around the globe, Nova Goiás Projects shows up to be our global benchmark referring to greenfield factory construction. Quality, safety and engineering standards, record timeline (factory building efficiency) and benchmark in the food industry are a few highlights of our largest global project.

Due to the growing expansion of the national consumer market in Brazil, the construction of a new factory to meet consumer demand and the need for innovations became necessary.

Within 9 months we were able to approve all licenses and permits, perform earthworks from the zero, build civil construction of more than 70 thousand square meters of civil works, negotiate and purchase cutting-edge equipment for processing + packaging of our main products (Ketchup, Mayo and Mustard), being able to assemble the electromechanical parts of the new reference factory for Kraft Heinz and the food industry business.

The strategic objectives and scope of the Operational Excellence project

Expand Brazil manufacturing footprint to support future growth. New greenfield site in Brazil (Nerópolis) built for condiments production, including earthworks, building, utilities, water supply solution, wastewater treatment system, energy solution, new industrial kitchen process, filling lines for ketchup, mayonnaise and mustard (food service solution, PET bottles, pouch, bag and bucket), DC expansion, new plastic drums yard for raw material storage, including all safety and quality requirements.

Industry overview: Current business (one existing factory) facing the constraints of line utilization (100% occupied) and not enough capacity to internalize production. No capability to address local full market potential. No capacity to absorb next innovation potentials and foodservice market.

Strategic Business Opportunities: New factory pursuing more competitive cost position (automated lines), address foodservice market, decrease production disruption risk and being ready to absorb all innovation programs to attend our national customers.

Support the growth of Brazil ’s market:

- Expand Brazil manufacturing footprint, supporting growth;
- Build a new factory (over 25 thousand square meters) in Nerópolis to produce sauces with 14 lines (total capacity of 16k tons/month);

- Reference factory, setting new standards for the zone. 100% of Safety and Quality rules implemented;
- 9 months until first production, record timeline;
- Build a new distribution center with a total capacity of 40.000 pallet positions (28.300 incremental);
- New plastic drums yard (over 90 thousand square meters) for raw material storage.

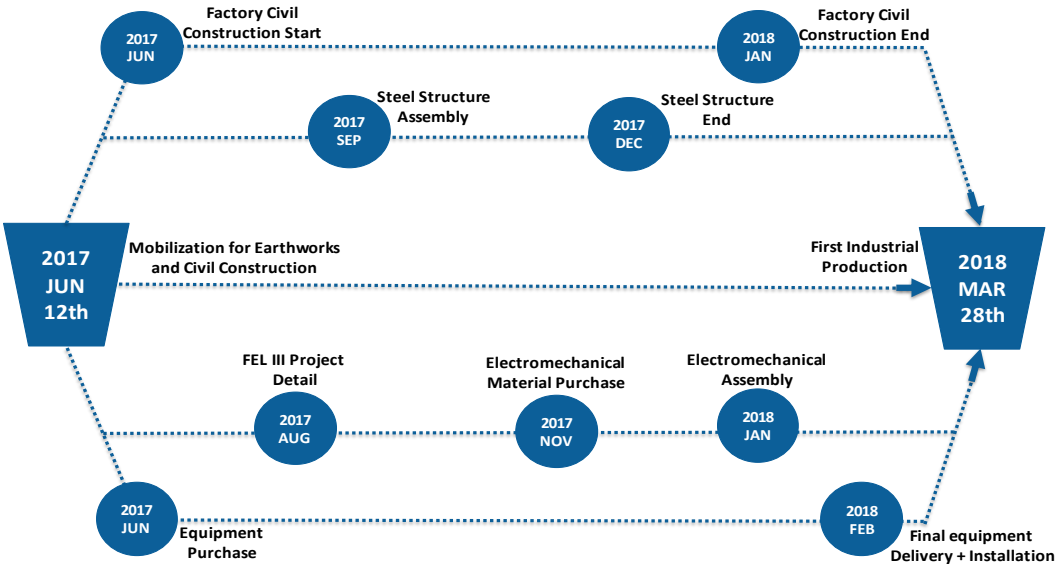
The Operational Excellence project implementation process and timeline

Kraft Heinz was able to propose its own forms of action and methodology, trying to adapt them to the standard and style of implementation of Nova Goiás project per Kraft Heinz judgment of relevance and suitability to the operational and cultural environment of the company.

In this sense, the first stage is the lifecycle which investment initiatives were evaluated and progressed in their execution. The standard project lifecycle is based on the concepts of the IPA - Independent Project Analysis and PMI - Project Management Institute - shown in the figure below:

In the construction management phase, 12 critical functions were performed aimed to have an implementation that satisfies our stakeholders needs. It means: to develop sustainable & safe project on time, with specified quality standards and within approved budget. The following figure shows the 12 Critical functions from the PMBOK body of knowledge:

The aggressive timeline for project implementation (9 months until the first production) and it´s critical path (zero float) follows:



The size of the project challenge, use of creative tools, and organizational development

Besides project construction itself, which involved a unique timeline within 9 months from earthworks start until the first production, we had to focus on other major challenges, such as permits and licensing for production as follows: Identification of agencies (energy, water, sewage, traffic and national health surveillance agency); Ensure project compliance with agencies requirements; Conduct of fauna and flora surveys; Water, soil and air analysis; Prepare cartographic base; Permanent preservation areas studies; Environmental diagnostics and inventory; Local municipal permits for operation; Sanitary agency permit; Environmental permits (Preliminary permit, Installation permit, Operation permit); Fire department permit and inspection.

The challenge involved over 500.000 m^3 earthworks moving, 90.000 m^2 of plastic drums storage yard, 1.500 tons of metal structure set in 110 days, over 1.200 people and 1,5MM working hours with zero accident in Brazil (site known for low civil construction baseline for safety). Total over 70.000 m^2 constructed, including 13.500 m^2 of a new distribution center and 25.000 m^2 of the new industrial plant, utilities, raw material, water tanks, energy stations, water treatment plant, effluents, truck parking, and paving. All from the zero, **taking 9 months until first production**.

The Risk management methodology used for Nova Goiás project corresponds to a systematic process of identifying, measuring and following-up risks during the execution of the project in such a way that plans of response to threats and/or opportunities of internal and external events that would affect the progress of the project could be lined out to our leadership and implemented. By using a mapping tool to identify, qualify and classify risks according to the probability of occurrence versus the impact on the project objectives we were able to classify risk and to define action plans to protect the project´s timeline.

Being the most important project worldwide in Kraft Heinz company, global leadership and board of director's engagement was frequent during all project´s stages. From business case assumptions and results (approval) into project development, construction visits and biweekly calls/routines took place to follow Nova Goiás status and project development.

The impact of the Operational Excellence project

The Nova Goiás project enabled us to adapt to the condiment consumer market, where the expressive share of the company could no longer translate into incremental sales and attentive to the innovation market due to lack of manufacturing capacity.

With expressive results in terms of volume increase (tomato ketchup kitchen + mustard/mayonnaise kitchen) and the possibility of product innovation, we are now able to serve our clients throughout clear benefits and also attend to the market/business expectation.

Besides that, our new distribution center has twice the shipping efficiency, allowing us to reduce the delivery time of finished goods to our clients. With 12 new shipping docks and 28.300 additional pallet positions, the DC expansion played an important role to sustain our industrial manufacturing growth helping to improve our standard logistics KPIs.

Nova Goiás project generated over 500 direct and indirect jobs, over 1.200 temporary jobs (working in the site construction) in one of the largest non-governmental project in the country – that suffers with unprecedented economic and political crisis. It´s importance in the local community and in the regional economy goes further than the best technology solution for food process technics, high end machines and global standard safety indicators. The project brought environmental and humanitarian benefits to the community, located in the largest primary agronomic center of the state.

The project legacy for Kraft Heinz company (worldwide) includes quality and safety best practices, engineering new standards, permits and licenses efficiency records and aggressive but doable timeline for new greenfield factory implementation.

The business results of Operational Excellence project

Project will leverage Brazil's growth by 61.6% by 2021	Over 1.200 contractors on site
Possibility of results after 9 months	Over 1,5MM working hours with Zero Accident
Annual Net Sales Value around USD150mm	More competitive cost position (automated factory)
High CMA/ton and margin driven by mix of products	Address Foodservice market, serving our consumers
Capex according to plan/initial budget	Decrease production disruption risk
Over 500.000 m³ Earthworks moving	Being ready to absorb all innovation programs
90.000 m² of plastic drums storage yard	Fixed Costs based on incremental assumptions for Nova Goiás Project
25.000 m² of industrial plant	Government incentives: 8.0% of total Capex through 4 years
13.500 m² of the new distribution center	Market share and price index based on our elasticity and brand equity
1.500 tons of metal structure set in 110 days	Market growth assumptions based on Nielsen Company data and recent trends