TreeHouse

ENVIRONMENTAL SOCIAL & GOVERNANCE

2020 REPORT

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December 11, 2020

The events of this year, from the COVID-19 pandemic to global protests against racial injustice to the growing threat of climate change, have all underscored the need for companies like TreeHouse Foods, Inc. to be an example of what is possible. We must leverage our scale, capabilities, and influence to help address these complex social and environmental challenges. As one of the nation's leading private label food manufacturers, we approach this call-to-action with the same passion and commitment that we bring to exceeding customer expectations.

Our customer-centric enterprise strategy, which focuses on operational excellence, commercial excellence, portfolio optimization, and people and talent, has guided us to where we are today. We believe that in order to continue achieving our mission amid the intensifying societal threats of climate change, natural resource scarcity, and growing wealth inequality, we must integrate environmental, social, and governance practices (ESG) into every aspect of our business, from our daily procedures to long term planning.

Therefore, we have deliberately expanded our efforts to map out a more robust and holistic approach to environmental stewardship, stakeholder value creation, and enterprise governance. At the beginning of 2020, our company began shifting from a more traditional sustainability-centric approach to an approach that integrates ESG practices into everything we do. We brought together leaders from across our organization, including our Board and its advisors, to identify priorities and set meaningful goals to meet and exceed the expectations of our employees, investors, customers, and consumers. Additionally, our Compensation Committee is focused on our human capital and culture initiatives and is evaluating how best to tie Executive Compensation in 2021 to progress against ESG goals. I believe our ESG efforts will bolster our enterprise strategy, enable us to further reduce costs, enhance efficiencies, and empower our people with a deeper sense of collective purpose.

With our sights set on our 2025 goals, this long-term journey will require the collective effort and energies of the entire TreeHouse family. I am confident the process of ESG integration, and the transformation we will undergo as an organization, will ultimately enable us to sustain a competitive advantage in a rapidly changing marketplace, industry, and world.

This ESG report details our areas of focus, goals, and progress thus far in our journey. We recognize that advancing our mission is more critical than ever, and we invite you to join us for the journey ahead in making high quality food and beverages affordable to all.

Sincerely,

Steve Oakland CEO & President

"WE BELIEVE THAT IN ORDER TO CONTINUE ACHIEVING OUR MISSION AMID THE INTENSIFYING SOCIETAL THREATS OF CLIMATE CHANGE, NATURAL RESOURCE SCARCITY, AND GROWING WEALTH INEQUALITY, WE MUST HAVE AN APPROACH TO ESG THAT IS FULLY INTEGRATED INTO EVERY ASPECT OF OUR BUSINESS, FROM OUR DAILY PROCEDURES TO LONG TERM PLANNING.

— Steve Oakland

ABOUT TREEHOUSE FOODS, INC.

TreeHouse is a leading manufacturer and distributor of private label packaged foods and beverages. Our purpose is to make high quality food and beverages affordable to all, and we are dedicated to a performance-based culture where we live our values – both with each other and our customers – to ensure our mutual success and safety.

We operate a network of nearly 40 production facilities across the United States, Canada, and Italy, and provide our customers with private label solutions within our Snacking & Beverages and Meal Preparation divisions.

PURPOSE

We make high quality food and beverages available to all.

MISSION

Our mission is to create value as our customers' preferred manufacturing and distribution partner, providing thought leadership, superior innovation, and a relentless focus on execution.

VISION

Our vision is to be the undisputed solutions leader for custom brands.

CUSTOMER CENTRIC

COMMERCIAL EXCELLENCE

OPTIMIZED PORTFOLIO

PEOPLE & TALENT

OPERATIONAL EXCELLENCE

TREEHOUSE ENTERPRISE STRATEGY

Deliver shareholder value through a performance-based culture
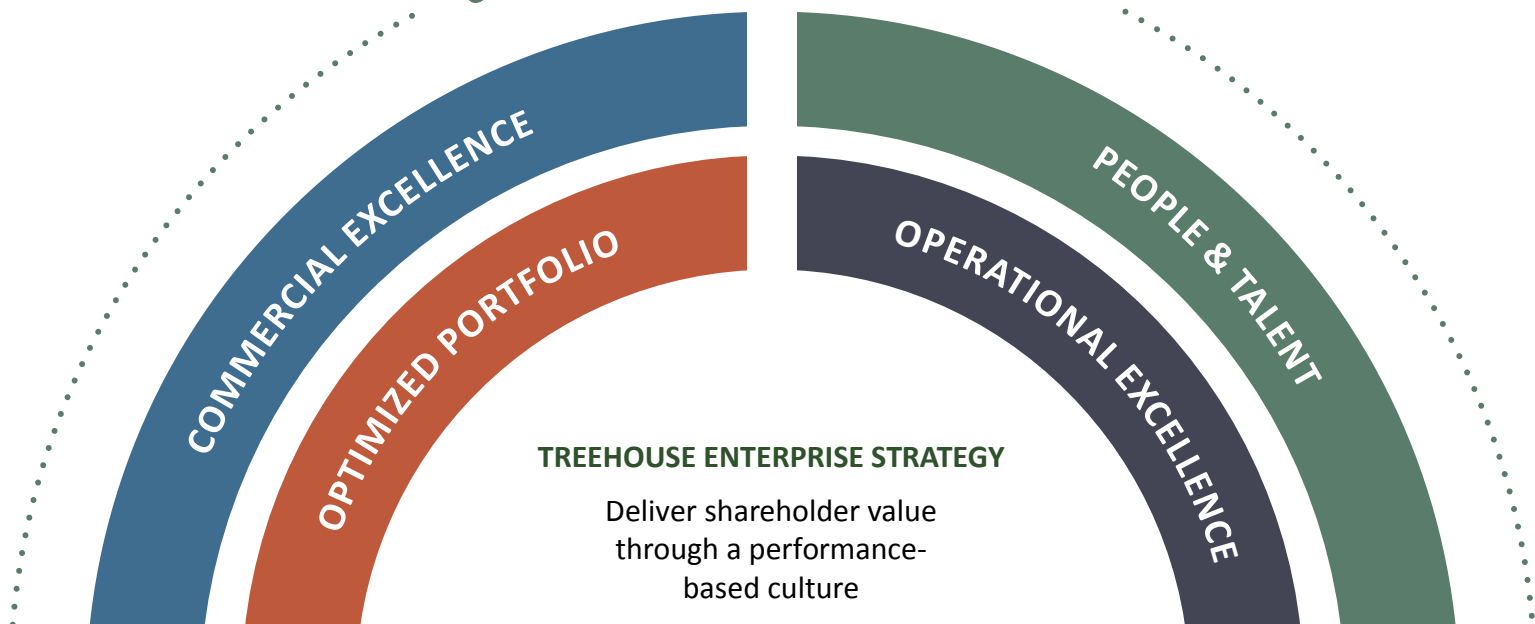
OUR VALUES

At TreeHouse Foods, Inc. we believe it is important to live our values every day. Our ESG commitments fit with our broader company values in the following ways:

OWN IT

As a manufacturer of food and beverage products, we have a responsibility to our customers and employees to own our impact and focus on reducing it. Our company is committed to not only improving our own environmental and social practices but also supporting our stakeholders improving their own efforts as well.

We also expect our employees to find ways to identify and own opportunities to contribute to our ESG efforts.

COMMIT TO EXCELLENCE

We believe in setting high standards and then working to achieve them, and our ESG goals are an example of our commitment to build a company focused on achieving environmental and social change throughout our enterprise.

Progress on ESG issues begins with the engagement and passion of our people, and we commit to ensuring our people's safety in every aspect of our operations as we work towards our shared goals.

BE AGILE

We believe it is imperative that we have an aligned and embedded view of and strategy for ESG performance so that we can adjust and respond to our stakeholder needs and expectations quickly and effectively.

Long-term commitment requires a collective sense of purpose and shared vision for the future, and we are committed to the persistent and consistent action required to bring our ESG strategy to life.

SPEAK UP

The world is rapidly changing, and our employees and our customers expect more from us than ever before. We know that as one of the largest private label branded companies in our industry, and as the employer of thousands, it is our responsibility to speak up and address injustice when we see it, and we expect our employees to do the same.

ESG efforts often address risks to the business, and we encourage our stakeholders to help us identify risks and address them before they turn into problems.

BETTER TOGETHER

We know we cannot do this alone. It is only with the support and collaboration of all of our employees, vendors, and customers that we will be able to deliver real change.

We have created a cross-functional approach to engage employees at all levels of our business to help us advance our ESG efforts.

OUR PERSPECTIVE

The significant disruptions to our global economic, environmental, and social systems in 2020 have demonstrated that businesses must recognize these systems and their associated issues as fundamental business imperatives moving into the future.

Investors, customers, consumers, and other stakeholders are increasingly recognizing the importance of integrating environmental, social and governance (ESG) factors into investment and business decisions. These factors include how companies respond to climate change, manage their supply chains, and treat their workers. Leading investors also recognize that ESG issues affect business' bottom line and business continuity and are increasingly holding public companies to higher performance standards on ESG issues.

The case for integrating ESG into our business strategy is also based on rising challenges and trends in the food industry as a whole. Global trends such as climate change and adverse human impacts on the environment are leading to deforestation, an increase in severe natural disasters, water scarcity, and soil degradation. If these trends are not reversed, entire areas of land may become unfarmable and unlivable in the future.

At the same time, companies' relationships with stakeholders across the value chain are being scrutinized, from the labor practices of their suppliers to the treatment of workers and communications with customers. Governance issues are also rising in importance, from a company's leadership and management philosophy to their practices, policies, and internal controls in the complex, globalized food system.

The focus on environmental, social, and governance issues also comes at a time when consumers have grown more concerned about food safety, quality, and health benefits. Consumer preferences are shifting to favor fresh, locally sourced, and minimally processed food, and demand for healthier foods and plant-based options is rising. At the same time, consumers are also more likely to evaluate the societal impact of products, including environmental impacts, health benefits, and how their foods were sourced. Because of these trends, consumers and other stakeholders are increasingly asking companies to share their goals and communicate transparently about their progress in addressing environmental, social, and governance issues.

The last year has highlighted the urgency for business to adopt a holistic ESG strategy and to move beyond operational sustainability. The COVID-19 pandemic and natural disasters worldwide have caused disruption and turned an even brighter spotlight on health and safety in the food industry. Racial injustice has created a call-to-action for companies around the world to leverage their scale and influence to help create a more inclusive and equitable society. And in this year of upheavals, it is increasingly clear that companies that recognize the importance of governance are proving more resilient.

For TreeHouse Foods, Inc. it is clear that embedding ESG strategy into our business is more important than ever. We will use our ESG commitments to ensure we are mitigating potential risks, expanding our existing business continuity efforts, identifying opportunities for value creation, and advancing effective environmental and social action. We continue seeking out ways to do the right thing for our employees, customers, communities, and investors.

THE ESG JOURNEY

Our business depends on the long-term health and stability of many different stakeholder groups, from the smallholder farmers that grow our sustainably sourced palm oil to the communities that hold the fresh water sources vital to our products. Because of this, we have always understood the necessity of environmental and social stewardship.

Today, we have come to better understand how the changes in economic, environmental, and social systems outside of the four walls of our business and along our supply chains impact the company, our stakeholders, and our purpose to make high quality food and beverages affordable to all. It is this fundamental understanding that marks the beginning of our ESG Journey. Below is a breakdown of our journey so far:
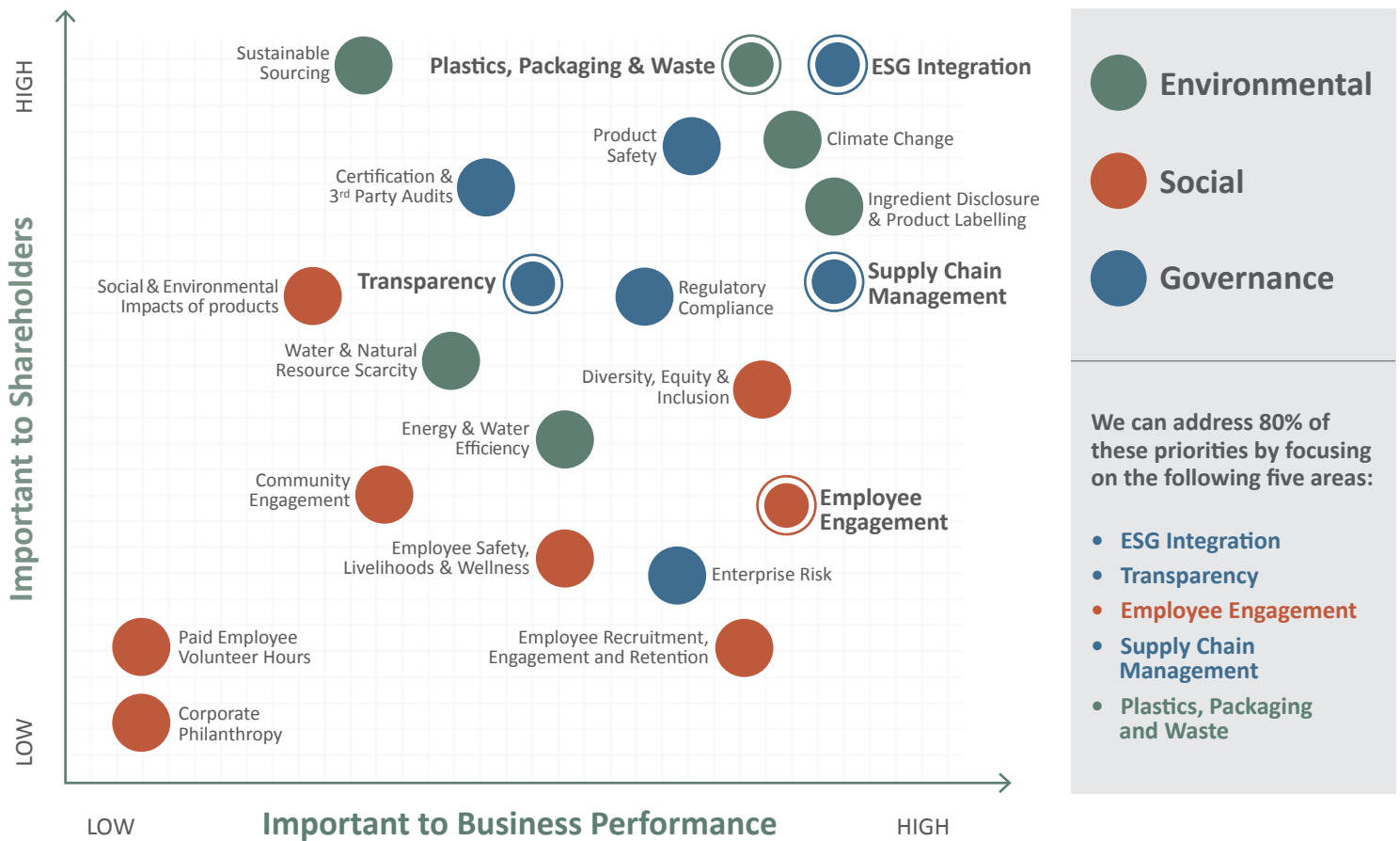
Assessment:

In order to better understand our starting point, we partnered with a third-party team of ESG subject matter experts to assess our current efforts on ESG issues. The consulting team investigated each aspect of our business to understand which issues presented risks, which issues presented opportunities, and where we should allocate our time, effort, and resources to make the greatest impact.

Materiality:

A significant component of the assessment was an evaluation of the materiality of ESG issues to stakeholders and our business. Both internal and external stakeholders were engaged to better understand their objectives, pain points, and areas for collaboration in addressing ESG issues. After finalizing the stakeholder engagement process, we formed our strategy around the issues that present key risks to manage and/or opportunities to create greater stakeholder value and improve shareholder returns.

THS MATERIALITY MATRIX

Important to Shareholders (vertical axis: LOW to HIGH)
Important to Business Performance (horizontal axis: LOW to HIGH)

Matrix items:
- Sustainable Sourcing
- Plastics, Packaging & Waste
- ESG Integration
- Product Safety
- Climate Change
- Certification & 3rd Party Audits
- Ingredient Disclosure & Product Labelling
- Social & Environmental Impacts of products
- Transparency
- Regulatory Compliance
- Supply Chain Management
- Water & Natural Resource Scarcity
- Diversity, Equity & Inclusion
- Energy & Water Efficiency
- Community Engagement
- Employee Engagement
- Employee Safety, Livelihoods & Wellness
- Enterprise Risk
- Paid Employee Volunteer Hours
- Employee Recruitment, Engagement and Retention
- Corporate Philanthropy

Legend:
- Environmental
- Social
- Governance

We can address 80% of these priorities by focusing on the following five areas:

- ESG Integration
- Transparency
- Employee Engagement
- Supply Chain Management
- Plastics, Packaging and Waste

We believe that by focusing on the five overarching topics identified and bolded in the materiality analysis, we will have the leverage and momentum to drive systemic, meaningful progress on various ESG issues. These five overarching topics, which also has informed our approach to governance and strategy development, are as follows:

ESG Integration

Referring to the process of systematically integrating ESG practices and issue engagement into the daily operating procedures of the company, focusing on ESG Integration will ensure all efforts are aligned with and drive the effectiveness of our corporate strategy and enterprise objectives.

Supply Chain & Operations

Environmental and social risks along our supply chains present direct material risks to our business continuity, corporate reputation, and the achievement of our social mission. Focusing on our supply chain management is dedication to continuing to do great things for our shareholders, customers, and society at large.

Plastics & Packaging

Stakeholder concerns on plastics and packaging waste, as well as the long-term implications on the natural resources required to grow our key ingredients, are risks we look to reduce moving into 2021.

Transparency

Increasing the frequency, comprehensiveness, and quality of our ESG reporting and disclosures will ensure the right stakeholders have the right information to fully understand our efforts and progress.

Employee Engagement

In order to execute a high impact ESG strategy that drives both profitability and positive stakeholder relations, we need the active engagement of all employees across the enterprise. Increasing our focus on employee engagement is an increased focus on our long-term success and the retention of our greatest assets, our people.

OUR KEY ISSUES

We have prioritized our efforts on ESG issues that pose the most material risks to our business continuity, the welfare of our stakeholders, and the societal challenges that we are best positioned to meaningfully engage.

Environmental	Social	Governance
Carbon & Climate Reducing our contributions to and managing the risks associated with climate change is crucial to our business continuity and achievement of our mission.	**Product Nutrition, Health, and Safety** Changing consumer preferences for less processed foods with better nutritional benefits is a growing risk and opportunity in the industry. As the category leader in offering 26 'better-for-you' alternatives out of 29 products, we are positioned to mitigate this risk, be a leader in this issue, and positively impact society.	**Diversity, Equity, & Inclusion (DEI)** A diverse workforce, supported by an inclusive culture and equitable policies, will be a competitive advantage moving into the future. DEI is both a strategic imperative and key value we share across the organization.
Energy & Water Stewardship Enhancing our energy efficiency systems, practices, and technologies reduces our costs and operational environmental impacts. A key natural resource that touches every aspect of our business, enhancing water stewardship is good for business and for the welfare of our stakeholders.	**Employee Health & Safety** Our facility teams are on the frontlines of achieving our mission, and reducing injuries is crucial to maintaining operations and reducing occupational risks.	**Integrating ESG into Business Continuity & Enterprise Risk Management** ESG risks do not happen in isolation and often converge to create novel challenges. Our enterprise risk management systems are integrating ESG risks and response mechanisms to ensure our success and the welfare of our stakeholders moving into the future.
Waste Reducing food waste and diverting contributions to landfills is an opportunity to reduce our carbon footprint, reduce costs, and be a responsible neighbor to our local communities.	**Responsible Sourcing** Environmental and social risks are key challenges to managing global supply chains. As a key pillar of our ESG focus, enhancing supplier policies, systems, and support structures will ensure the collective success of all stakeholders, from the farm to the family dining room.	**Stakeholder Engagement & Collaboration** Mitigating the risks, capitalizing on the opportunities, and driving the societal impact associated with ESG issues requires a wide range of knowledge, capabilities, networks, and infrastructure. Engaging in deeper and more methodical collaboration with our stakeholders will be a key drive of our collective success.
Sustainable Packaging Plastics and packaging is a material risk to our business and a key concern of our stakeholders. Collaborating with cross-sector stakeholders strengthens our ability to maintain product quality while using materials better for the earth and society.	**Culture & Employee Engagement** Addressing ESG issues, ensuring the welfare of our stakeholders, and achieving our mission require the contributions and passion of all our people. Driving greater employee engagement is a key focus area across the enterprise.	**Other Governance Topics: Data Security** Although not on our materiality assessment, data security is an issue gaining increasing attention due to the direct and indirect implications a data breach can have on stakeholder groups.

OUR ENVIRONMENTAL SUSTAINABILITY PERFORMANCE

In 2016, we set environmental sustainability goals for our North American manufacturing operations. The goals focused on reducing our energy intensity, water intensity, and waste contribution to landfill. Although we have made progress towards these goals over the years, we faced challenges at the end of 2019 that resulted with increases in energy and water intensity and decrease in facilities diverting waste from the landfill.

Below is a breakdown of our FY2019 performance against our 2020 goals.

Focus Area	Target	2016 Baseline	2019 Performance	% change 2016 vs 2019	Highlights
Energy / Climate	Reduce Energy Intensity by 9% (kWh/lb.)	0.355	0.357	↑ 0.6%	Absolute energy usage decreased by approximately 293 million kWh. Absolute CO_2e emissions reduced by 117 thousand metric tons
Water	Reduce Water Intensity by 6% (gal/lb.)	0.390	0.440	↑ 12.8%	Overall reduction of 118 million gallons in 2019 despite challenges.
Waste	Increase landfill diversion and get 75% of facilities to Zero-Waste-to-Landfill (ZWTL)	29%	30%	↑ 1%	Company-wide landfill diversion rate has increased from 59% in 2016 to 78% by the end of 2019.

Sustainability Treasure Hunt Program to Reduce Resource Use

Through the Treasure Hunt Program, our facility-based teams conducted comprehensive facility assessments to identify opportunities for energy and water savings. Partnering with a third-party expert, we completed 25 assessments in 2019. The information collected helped us to better understand the environmental and economic costs of our current operating procedures.

Our employees identified various projects at the facilities such as minimizing or eliminating air and water leaks, shutting down equipment and lighting when not in use, process efficiency improvements and technology upgrades. Upon completion of each assessment, the opportunities and their projected cost savings were presented to the facility leadership team for approval based on feasibility. The Treasure Hunts leveraged the collective insights of our facility personnel and revealed significant opportunities for reducing our consumption of natural resources, carbon emissions from operations, and our associated costs. We will be standardizing the best practices across our entire enterprise to continue to reduce our carbon footprint, energy use, and water use.

ENERGY AND CLIMATE

Facility Sustainability Champions, Scorecards, and Systems

Each facility has a designated "sustainability champion," responsible for the oversight, implementation, and evaluation of each sustainability effort. Our senior sustainability leadership tracked and gathered insights from our facilities and company-wide performance and communicated their findings via a "sustainability scorecard" at monthly meetings. An internal SharePoint site was also created to support our sustainability efforts and displays key goals, associated metrics, internal best practices, and support materials to scale our efforts uniformly and comprehensively throughout the company.

Reducing Our Greenhouse Gas (GHG) Emissions

The systemic impacts of climate change threaten every aspect of our business, from sourcing to production to distribution, and energy spend is a significant cost for our business. Enhancing operational efficiencies and building capacity in natural resource management for our facility teams supported the reduction of our GHG emissions in 2019.

Findings from Treasure Hunts Our 25 energy Treasure Hunts identified over 600 opportunities totaling approximately 63 million kWh in energy savings, or an estimated 6,500 tons of CO_2e emissions.

Carbon Reduction Initiatives The projects and changes implemented in 2019 as part of the Treasure Hunt Program were focused on mechanical and technological energy efficiency upgrades, enhancing production processes, and behavioral changes to increase resource efficiency. In most cases, a combination of these approaches were used to reduce operational impacts at our facilities.

Facility Energy Efficiency Upgrades: These projects and changes focused on enhancing our maintenance programs, upgrading HVAC systems, and energy efficient lighting upgrades. One example includes the following:

🌿 After reviewing weekend shutdown procedures in our Lancaster, PA plant, with some simple operational and equipment upgrades, the plant was able to reduce energy consumption of their HVAC system 1.9 million kWh (435 tons CO2).

Facility Process Upgrades & Revamping Operational Protocols: These initiatives included recalibrating our operational protocol for compressed air usage, machine, and equipment usage in the production line.

🌿 Our Faison, NC was able to modify the operation of their wastewater treatment plant and alternate the operation of large aeration motors saving 567,000 kWh (470 tons CO2) while maintaining wastewater treatment standards.
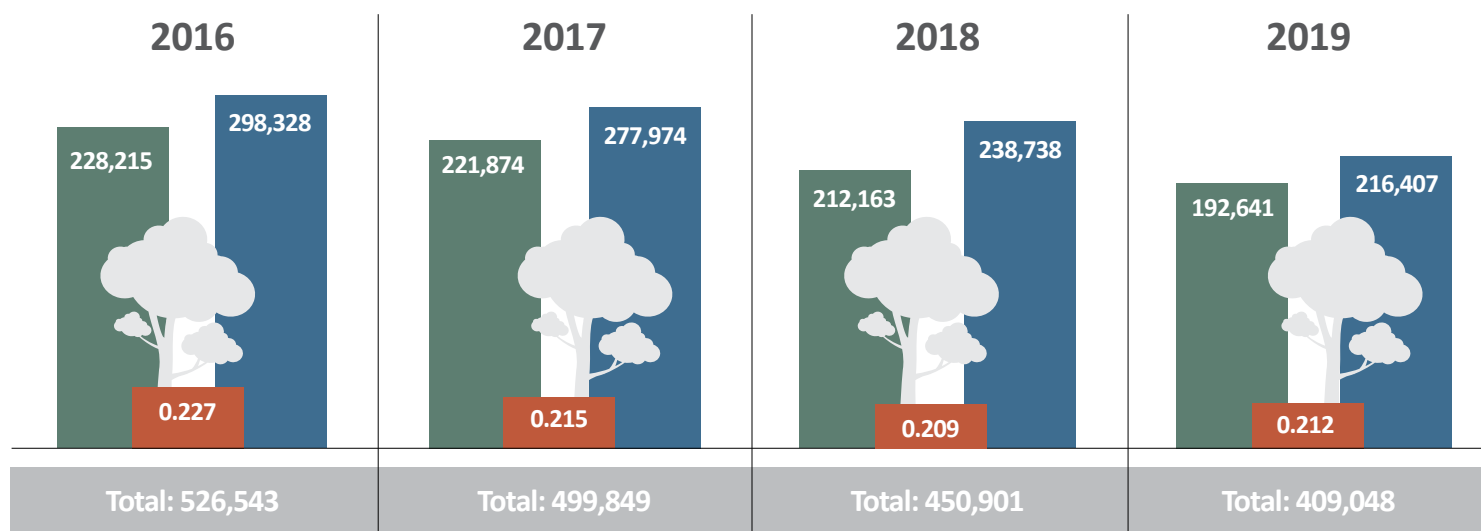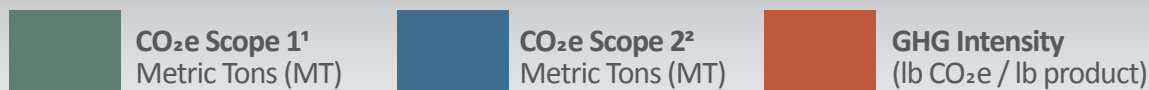
Behavioral Changes in the Facility: Standardizing and implementing sustainable resource management practices at the individual and team level helped improve the skills, knowledge, and collective action of facility employees to reduce resource use throughout the facility. Integrating behavioral changes within shutdown procedures and turning off equipment and lights when not in use were some ways our employees contributed to our efforts of reducing operational impacts.

🌿 Involving our facility team members during the Treasure Hunt increased awareness of what employees and teams can do to contribute to reducing impact of our operations.

🌿 Our Wayland, MI plant utilizes a central vacuum system for sanitation purposes which was running continuously. By installing some basic controls and limiting the operation of the vacuum only when its needed, the plant was able to save 136,000 kWh (97 tons CO2).

	CO$_2$e Scope 1[1] Metric Tons (MT)		CO$_2$e Scope 2[2] Metric Tons (MT)		GHG Intensity (lb CO$_2$e / lb product)

2016	2017	2018	2019
228,215 — 298,328	221,874 — 277,974	212,163 — 238,738	192,641 — 216,407
0.227	0.215	0.209	0.212
Total: 526,543	**Total: 499,849**	**Total: 450,901**	**Total: 409,048**

Our industry's business continuity requires stable energy and fuel inputs to ensure consistent and safe food production, refrigeration, and packaging. However, energy production and consumption also contribute to climate change and pollution. We recognize that reducing our energy use and enhancing energy stewardship throughout our enterprise could lead to cost savings, a reduced carbon footprint, and the mitigation of climate-related impacts to natural resource and ingredient scarcity, one of our key business continuity risks. As we plan for the future, we recognize the importance of further reducing energy consumption and greenhouse gases by leveraging operational efficiencies and supply chain partnerships.

Despite our goal to reduce energy intensity by 9% by end of 2020, we saw an increase of 0.6% relative to the 2016 baseline through the end of 2019. Although performance against our energy intensity target was disappointing, we saw that in 2019 that absolute kilowatt-hours decreased by 16% (293 million kWh), CO$_2$e emissions decreased by 22% (117 thousand metric tons), and CO$_2$e intensity decreased by almost 7% compared to the 2016 baseline. While lower volume did play a role in the achievement of these numbers, our efforts to develop a culture of continuous improvement and identify and implement programs to reduce energy consumption were also responsible for the reductions. These efforts will continue as we look for ways to further reduce consumption and increase efficiencies across the enterprise.

[1] Scope 1 greenhouse gases includes natural gas only; other direct emission sources identified by GHG Protocol (refrigerants, diesel fuel, etc.) are excluded.
[2] Scope 2 emission factors are from 2016 eGrid factors.

WATER MANAGEMENT

Water is a key resource at every stage of production, from the water inputs needed to grow key commodity ingredients to the water used for cleaning, cooking, and processing ingredients and production supporting processes at our facilities. Additionally, water is used in sanitation processes that maintain clean machinery and ensure food safety and quality. We continue to make strides in decreasing our total water use and are committed to collaborating with our stakeholders to ensure greater water stewardship across our supply chains.

Our 2019 efforts include the following highlights efforts and outcomes:

Findings from Treasure Hunts

Our Treasure Hunt sustainability initiative also identified water reduction and efficiency opportunities. We identified 169 million gallons of water-saving opportunities across our manufacturing footprints.

Revamping Facility Water Protocols

We identified aspects of our facility protocols and equipment usage that present unique opportunities to reduce water use at the facility level. A combination of operational tweaks and equipment upgrades to hand washing sinks and water reclamation processes allowed us to reduce our water use by estimated 28 million gallons of the projected 169 million gallons identified in the Treasure Hunts.

Moving into the future, the increasing intensity and frequency of drought, waterway pollution, and flooding will negatively impact the availability, quality, and costs associated with this key resource. We have identified a wide variety of risks to our operational continuity and the viability of our beverage business. Water management risks vary by geography, product category, and key ingredient inputs.

The overarching and primary risks are summarized below:

Environmental Constraints – Sourcing and Manufacturing Site Water Withdrawal Risks

The availability and quality of water in water-stressed regions where we have manufacturing facilities, both due to climate change impacts and poor local infrastructure, is a primary concern and risk. Water is a key ingredient in many of our products and an essential resource to many other plant processes, so lack of availability of quality water could result in disrupted and even halted production. Based on 2019 water withdrawn metrics, 56 percent of our manufacturing facilities were located in areas that were classified by the World Resources Institute (WRI)[3] with either "high risk" or "extremely high risk" for water scarcity. Beyond the facility level, the agricultural commodity ingredients upon which our products depend are also at risk due to water scarcity. Water scarcity is therefore a crucial challenge to our own business and the viability of each party along the supply chain.

Regulatory, Financial, & Stakeholder Constraints – Cost Volatility and Reputational Risks

As water becomes scarcer and costs increase, water conflict both domestically and abroad is a real possibility, and one for which we are actively planning. Our ability to collaborate with local communities, NGOs, and regulatory agencies will be important to identify which ingredients, product lines, and geographies present greater regulatory and financial constraints to accessing an abundant and stable supply of water.

Reputational risks are also a primary motivating factor in our environmental sustainability goals both from the perspective of environmental stewardship in our communities and our reputation with key customers and investors. Water stewardship is a key performance indicator for many sustainability engagement programs requested by key customers, as well as for specific sustainability investment funds. By demonstrating we understand and are planning for the risks associated with water scarcity, we have an opportunity to improve our standing with key customers while ensuring our long-term ability to achieve our mission.

[3] WRI water risk assessment conducted July 2019.

Water will become an increasingly important material risk not only for our own business continuity, but also for the long-term success of our customers and the communities they serve. Our strategy to reduce our own operational, sourcing, and reputational risks associated with water management is also an increasingly vital component of our customer relationships. Below is a breakdown of the strategies we implement to manage these risks in the immediate and long-term:

Standardizing Resource Stewardship Protocols in Facility Operations

As we go through the process of better understanding our areas for resource efficiency improvements across our operational footprint, identifying scalable opportunities for water stewardship and reclamation efforts will ensure we can drive the most immediate changes possible within our own facilities.

Examples of 2019 Water Saving Projects

Our hand wash sinks in our Buckner, KY plant had unrestricted flow rates of over 7 GPM. By installing aerators on the faucets, we were able to reduce water consumption by nearly 1 million gallons per year.

Nearly 14 million gallons per year of water was saved in our Faison, NC plant by increasing our ability to recirculate cooling water in our production equipment and decreasing the use of single pass city water.

Reducing Water Intensity at Product Level

A key part of our risk management strategy is reducing water intensity, defined as total water withdrawals (incoming water) per pound of finished good product, at every manufacturing plant across North America. We have collaborated with external organizations to advance progress in this space, including a strategic relationship with our chemical partner which assists in identifying water reduction opportunities at our sites and completes water savings assessments across our network.

Procurement Through Sustainable Sourcing Standards

Our key strategy for reducing the risks associated with growing water scarcity in our ingredient supply chains is to work through third-party sustainable sourcing standards. Organizations such as the Roundtable on Sustainable Palm Oil (RSPO) and Rain Forest Alliance (RFA) support the identification, relationship building, and procurement process with suppliers who implement verifiable environmental stewardship methods, which reduce the strain on local water systems and leverage more efficient agriculture practices. This strategy is dependent on our ongoing collaboration with third-party certification entities and engagement on relevant issues where we can positively contribute. As water scarcity grows around the world, these partnerships will only increase in importance.

Despite our water reduction goal being 6% by the end of 2020, in 2019, water intensity increased by almost 13%. The increase in water intensity is mainly attributed to operational changes at one of our facilities. As of 2020, we are investing in a project at this facility to reduce single-pass cooling water usage, to become operational in 2021. Water intensity across all of our other facilities decreased by 5.5%, close to our 2020 goal. From a lens of continuous improvement, we are looking to enhance our processes, tools, and education as we roll out our 2025 ESG Agenda to our team members to include awareness of ESG related impact of changes.
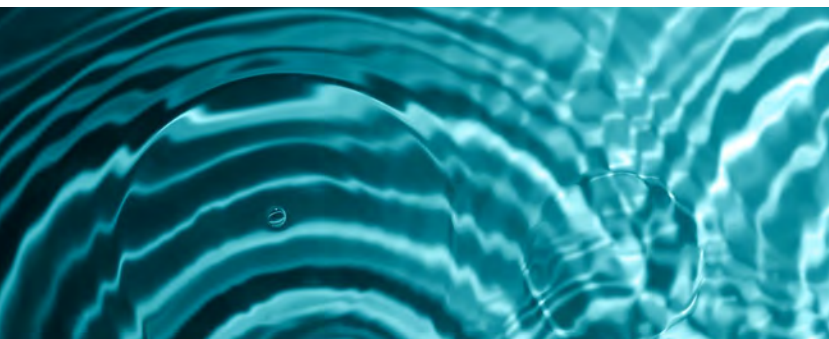
WASTE

According to the United Nation's Intergovernmental Panel on Climate Change, food waste accounts for approximately 6% of global GHG emissions. Over 50% of global food waste occurs during production, post-harvest handling, and storage, with the rest occurring at the processing, distribution, and consumption stages. Food waste management in the processing stage represents one of our biggest opportunities to directly address a range of ESG issues. Food loss and waste represent immediate risks to our profitability due to the associated losses of unused ingredients and products, as well as the GHG emissions from the food decomposition process. We believe we can make the most significant impact to emission reductions and cost savings by reducing food waste within our operations and product production processes. This will be a key objective moving into the future.

Landfill diversion has presented significant challenges for us primarily related to changes in the international recycling market. Our goal is for 75% of the North American manufacturing facilities to be zero-waste to landfill (ZWTL) by end of 2020. The number of plants at ZWTL has decreased since 2016 due to plant closures and reliable outlets for plastics recycling. At the end of 2019, we were at 30% of our plants at ZWTL. However, company-wide diversion has increased from 59% in 2016 to 78% at the end of 2019, showing that overall, we are making solid progress toward our objective of eliminating waste to landfill.

Below is a breakdown of our 2019 performance and how we will implement the lessons learned moving into the future:

"War on Waste" Initiative

This initiative included a focus on eliminating waste, improving productivity, and reducing overall costs. We kicked off our War on Waste Initiative in 2019, by challenging our facilities with assessing their equipment, operational procedures, and utilization of materials. Each facility came back with multiple projects and opportunities to improve production processes to reduce surplus materials and minimize waste and costs.

Strategic Partnerships

Since 2018, we have collaborated with our utility solutions partner to identify waste diversion opportunities with the goal of reducing our contributions to landfills and our GHG emissions.

Widening the Recycling Scope

We had also expanded the scope of our recycling efforts to include the recovery of more common items in our operations, including pallets, PET plastic packaging, corrugated cardboard, and steel cans from inbound ingredient deliveries.

Due to market/policy changes impacting the global recycling market, we had made changes to our recycling strategy. We have and will continue to leverage a combination of local, regional, and national recycling strategies and stakeholder collaborations to keep our recycling rates steady.
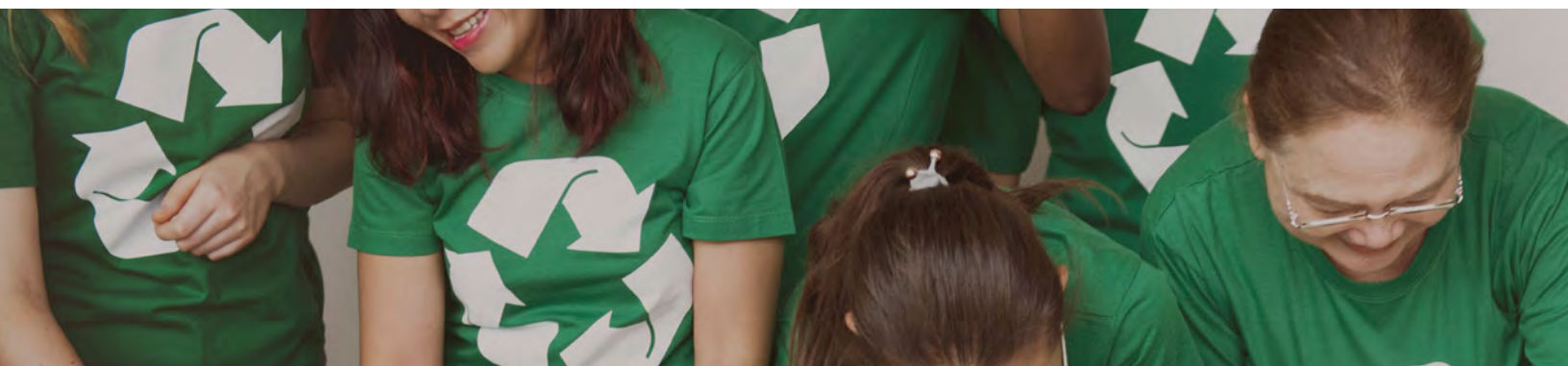
PACKAGING LIFECYCLE MANAGEMENT & SUSTAINABLE ALTERNATIVES

We are committed to doing our part to combat the global plastic crisis. Growing consumer awareness, rising customer expectations, and evolving regulations on plastics and packaging represent both a significant cost to our bottom-line and a key risk to our business identified in our materiality analysis process.

Expanding our focus and resources on this key issue, we have formalized and implemented a cross-functional ESG subcommittee to design and implement a long-term, company-wide strategy for enhancing the sustainability of our packaging across all product lines. We are actively engaging our customers to better understand their expectations for sustainable packaging solutions in order to effectively address this key stakeholder concern.

Our current strategy, which varies based on the product line, quantity of product ordered and length of distribution routes, includes:

Food Package 'Lightweighting' We partner with our suppliers to identify opportunities to modify existing packaging design to reduce weight of packaging materials used in each product. Reductions in the amount of material used in packaging impacts the overall packaging lifecycle. This approach reduces cost of material and transportation, reduces our collective carbon emissions downstream in the form of scope 3 emissions, as well as support for customer sustainability initiatives.

Material Substitution Aligning product integrity considerations with customer requests, we are evaluating opportunities to substitute packaging that has traditionally been plastic for more sustainable options (e.g., recyclable material), where feasible.

Substrate Innovation We are minimizing, and when possible, removing, unnecessary substrate from our packaging processes. In addition, we are exploring the use of sustainable and repurposed substrate in packaging.

How to Recycle (H2R) Working with our customers, we place H2R labels on product packaging to clearly communicate recycling instructions to consumers, supporting the adoption of more effective consumer recycling habits across the country.

Cross-Industry & Multi-Stakeholder Collaboration We are a member of the Sustainable Packaging Coalition (SPC) and actively participate in this multi-stakeholder effort to make packaging more sustainable across the value chain. We actively engage with SPC and other member companies to inspire collaboration, education, and collective action on this key ESG issue.

Plastics and packaging are key components of our ESG strategy and focus areas moving into 2021 and beyond. As a private label supplier for many well-known retail grocery brands across the industry, our objective of integrating more sustainable packaging options into our operations is part of our responsibility to society at large. It will also be a key contributor to our long-term customer relationships and mitigation of regulatory and reputational risk.

OUR SOCIAL PERFORMANCE

Our corporate purpose is to make high quality food and beverages affordable to all, and in order to fulfill that purpose, we need to engage, collaborate with, and exceed the expectations of our valued stakeholders. We focus on moving beyond transactional relationships and instead cultivate long term partnerships built on clear expectations, trust, and mutual accountability. This commitment to collaboration will enable us to not only accomplish our business objectives but also to maximize value for all stakeholders and positively impact society.

At TreeHouse Foods, Inc. it is essential that we work closely with our customers to understand emerging trends in the food industry and to ensure that they are positioned to meet customer expectations. The ability to provide healthy and clean label products is one such area of increasing importance. Our ability to meet this demand enables more consumers to eat and live healthier lives in communities that our customers serve.

We also recognize that we can have significant influence with our suppliers. We have the opportunity to work with our suppliers to ensure that all of our raw materials are safely grown and that we are contributing to the socioeconomic welfare of the communities where we source our ingredients. As we move forward on our ESG journey, we are committed to improving our relationships and collaborations with responsible sourcing partners that help farmers implement sustainable agriculture practices, enforce human rights, labor policies, and other ethical sourcing practices.

Finally, it is imperative that we provide a safe work environment for our employees. TreeHouse Foods, Inc. is committed to continuing to embed a culture of safety into our business and to deploying systems that provide every team member with the resources and tools needed to do their job safely and comfortably every day.

Social Highlights

✅ A revamped purpose, vision and mission which clearly articulates why we are here and the contribution we strive to make to society

✅ A revised Code of Ethics that clearly articulates the policies, behavioral expectations, and protocols for reporting infractions on food production and workplace safety, data security, bribery and corruption, conflicts of interest, fair competition, and associated topics

✅ Instituted a more methodical approach to internal communications, employee engagement, and culture development to complement our human capital strategies

✅ Launched our first Employee Resource Group (ERG) in 2020 dedicated to supporting working parents & caregivers navigating personal challenges during the COVID-19 Pandemic

Our Code of Ethics & Commitment to Human Rights

The Code of Ethics defines our collective responsibilities to one another, our consumers, the communities we call home, and our shareholders. This code lays out a clear set of expectations for our suppliers and subcontractors and includes an ethics violation reporting hotline. This code helps fortify our culture of integrity, accountability, and ownership for all who impact or are impacted by our business.

We are committed to upholding human rights throughout our supply chains and in our own operations. This is reflected in our **Social Responsibility Policy**. This policy declares TreeHouse Foods, Inc.'s commitment to running a business that is environmentally, socially, and ethically responsible and sets clear expectations for every party we do business with.

Facility Employee Health and Safety

The safety of our employees is our number one value. Our business could not operate without our team members, and our plant employees are essential to the success of our company. Employee health and safety is vital to achieving our mission, as is the health, safety, and well-being of all our employees and team members. Since 2018, we have enhanced our corporate resources to better support and ensure the safety of our people. We deployed Environmental, Health, Safety, Security, and Risk Management (EHS&RM) systems, realigned and hired talented EHS&RM Managers and Divisional Directors, and integrated safety into our management operating system to increase accountability and reinforce the commitment to safety as a value. As a result, we saw a 32% reduction in occupational injury rate (OIR) from 2018 to 2019 and we continue to see performance improvement year over year in key EHS performance metrics for safety and risk management.

Ensuring Food Safety, Addressing Consumer Nutrition & Health Expectations

Ensuring that every product we produce is safe and fit for human consumption is our greatest responsibility. We work closely with our suppliers to ensure production quality, supply chain traceability, and accurate and transparent labeling. The direct costs of product recalls and regulatory fines, and the indirect costs in terms of customer losses, reputational damage with key stakeholders, and lost local license to operate are all material risks to our business. We reduce these risks by deploying food safety system best practices across the enterprise, consistently and clearly communicating our expectations with suppliers through our Supplier Expectation Manual and validation processes. Our food safety platform is regularly audited against Global Food Safety Initiative (GFSI) certifications, including Safe Quality Food (SQF) and the British Retail Consortium (BRC) Food Standard.

As consumer awareness around diet and long-term health grows, issues such as obesity, malnutrition, and ingredient safety are key public concerns. Our process to identify, manage, and address consumer health and nutrition concerns integrates the subject matter knowledge, capabilities, and creativity of multiple departments and functional areas. Our process manages our own risks and opportunities by ensuring we are developing products that meet consumer expectations, address stakeholder concerns, follow or exceed regulatory requirements, and support the long-term success of our customers. We integrate consumer, customer, and regulatory supplied information to anticipate and plan for how these changes will impact our customers, the needs of suppliers, and our own operations. **Our systematic approach includes the following:**

Trend Monitoring Our Product Development department continuously monitors trends in the marketplace, including specific claims that are marketed on products and their relevance to consumer concerns and purchasing habits.

Customer Requests & Initiatives Our Sales department and business leads inform internal teammates about customer requests for product claims or any required customer initiatives relevant to our products, packaging, and/or labeling.

Identifying Regulatory Changes Our Labeling and Regulatory department monitors any governmental (FDA, USDA, Canadian Food Inspection Agency (CFIA) Dietary Guidelines, etc.) regulatory changes to ensure internal changes are implemented before the noncompliance results in any fines, recalls, reputational damage, or customer losses.

We also leverage certifications to address the following concerns and preferences over ingredients, additives, and allergens:

1. Gluten Free certification addresses gluten as a sensitivity and/or allergen

2. Cage Free, Global Animal Partnership and Vegan certifications addresses concerns regarding animal welfare

3. Organic and Non-GMO certifications addresses preferences towards non-GMO containing ingredients

4. RSPO, Rain Forest Alliance and Fair Trade certifications address concerns regarding environment, social, and labor impacts.

We are positioned to offer our customers "better-for-you" and organic alternatives in 26 out of 29 product categories. By anticipating the growing need in society and the markets for nutritional alternatives to classic food products, we are both addressing a social challenge and driving our long-term profitability by capitalizing on these trends in almost every product category.

Responsible Sourcing & Management of Environmental & Social Risks in Our Supply Chains

TreeHouse Foods, Inc. sources ingredients globally and is committed to providing the highest quality for each of our private label solutions, categories, and product lines. We strive to identify and partner with suppliers who have been certified to third-party environmental and social standards whenever possible. We select certifications that are reputable, aligned with our ESG objectives, and are able meet our criteria for ingredient quality. Some of the third-party standards we certify our ingredients to include:

Certified Organic Organic production supports soil, plant, animal, and human health, and expanding our organic ingredients is a key component of our strategy to reduce the use of pesticides and synthetic agents throughout our product lines and across our supply chains.

Roundtable on Sustainable Palm Oil (RSPO) RSPO is a global, multi-stakeholder initiative to make sustainably produced palm oil the market norm, and we have provided input during review of the Standards as part of their Task Force. Palm oil production is a key driver of global deforestation, and we know that our RSPO efforts supports the standardization and scaling of management practices better for the planet, people, and our products. TreeHouse Foods, Inc. has been a member since 2015 of RSPO and sources certified palm oil to meet customer commitments.

Fair Trade Fair trade certification verifies that the ingredients at TreeHouse Foods, Inc. that are certified supports the economic stability of smallholder farmers, builds farmer capacity in environmental and social stewardship practices, and improves the lives of people across global supply chains. Procuring fair trade certified ingredients drives positive economic, social, and environmental outcomes for those who need it most, and we are proud to leverage our scale and purchasing power to support them.

Rain Forest Alliance (RFA) Our RFA-certified agricultural ingredients and commodities, such as coffee, tea, cocoa, and bananas, help align our standard business operations with the efforts of producers, nonprofits, and other companies around the world to leverage the power of business as a force for good in the world.

We identified our priority food ingredients

by assessing the commodities we directly source based on spend, volume and social and environmental impacts. Our priority ingredients, identified environmental and social risks, and integrated approach to mitigating these risks are as follows:

Priority Ingredients

Coffee   Palm Oil   Soybean Oil   Sugar   Wheat/Durum

Environmental Risks Wheat, sugar cane, and soya are all among the most water-intensive commodities. Palm oil production in Malaysia is vulnerable to monsoon damage and has an associated history of deforestation. Climate change impacts will intensify water resource challenges due to increasing drought and intensified weather patterns, in addition to rising temperatures that will vary crop yields, prices, availability, and consistency of quality.

Ingredients & Water Stress THS works to source third-party certified ingredients to meet customer demand and consumer trends as possible. Our products require a wide range of domestic and international ingredients that are not always accessible through our certification partners. Below is a breakdown of which ingredients were being and/or continue to be sourced from regions with a wide spectrum of water stress classifications. Beyond working through third-party certification bodies, we also use our own stakeholder engagement and due diligence to reduce our reliability and contribution to ingredients grown in areas of high-water stress. A breakdown of our ingredients by water stress can be seen below:

Ingredient	Country / Region the Ingredient is sourced from	Water Stress Classification
Canola Oil	Ontario, Canada	Low
Coconut Oil	Philippines	Low
Corn	Illinois, US	Low
	Iowa, US	Low
	Ohio, US	Low-Medium
Cucumbers	Mexico	High
	Florida, US	High
	Wisconsin, US	Low
Eggs	Canada	Low
	Iowa, US	Low
Palm Oil	Malaysia	Low-Medium
Peanut Butter	North Carolina, US	Low
Rice	Arkansas, US	Low-Medium
Soybean Oil	Ohio, US	Low-Medium
	Nebraska, US	Medium-High
	Iowa, US	Low
Sugar	Idaho, US	Low
	Minnesota, US	Medium-High
	Florida, US	High
	Ontario, Canada	Low
Tomatoes	California, US	High
Wheat (includes durum)	Canada	Low
	North Dakota, US	Low
	Arizona, US	Low-Medium
	Illinois, US	Low
	Indiana, US	Low-Medium
	Ohio, US	Low-Medium

[4] WRI water risk assessment conducted July 2020.

Social Risks

Our greatest social risks lie in our global supply chains. Supply chains for crops like coffee, cocoa, sugar, and palm oil have all historically seen labor and human rights abuse issues, in addition to business ethics and fair-pay controversies between producers and middlemen. The lack of third-party supplier oversight controls and public enforcement of local labor laws is another geopolitical threat, and we are expanding our approach to managing these risks.

Risk Management Strategy

Our strategy to manage the environmental and supply chain risks of key ingredients and ensure our business continuity includes the following key components:

Supplier Diversification

We have multiple suppliers for the majority of our priority food ingredients. Our objective is to have domestic sourcing options as much as possible to ensure accessible oversight and auditing of business and manufacturing practices, shorter lead times, and greater collaboration ability.

Supplier Expectations and Supplier Collaboration

We communicate and collaborate with our suppliers to ensure that we minimize our risks by identifying, anticipating, and planning for any risks to our own business continuity, suppliers or customers. Our **Social Responsibility Policy**, located on our website and within the THS Supplier Expectations Manual, describes our expectations and approach to collaboration, in addition to reserving the right to conduct our own environmental and social audits if a risk is consistently identified or other stakeholder groups bring it to our attention.

We work with multiple suppliers across our supply chain in order to diversify our supply risk. Each supplier is required to undergo a qualification process in which they need to confirm their agreement to the principles and standards within our Supplier Expectation Manual. Any negative reports or allegations of suppliers not following our Supplier Expectations are investigated thoroughly. We will collaborate with our supplier to correct those practices or if need be, we will terminate the relationship in favor of other suppliers that share our environmental and social commitments.

Working Through Third-Party Responsible Sourcing Bodies

For ingredients that are unique to specific climates and geographies and typically not produced domestically, such as cocoa and coffee, we work through third-party responsible sourcing bodies to find suppliers with superior environmental and social stewardship practices. These bodies also ensure that the smallholder farmers that grow these ingredients receive fair and livable wages, implement practices that follow International Labor Organization (ILO) principles, and use sustainable resource management practices to minimize the risks associated with climate change. These bodies include the Roundtable on Sustainable Palm Oil, Fair Trade International, and Rainforest Alliance. Since international sourcing requires longer lead times, poses quality concerns, as well as governance and regulatory risks, we are confident in these entities' subject matter knowledge and ability to introduce us to trusted suppliers in their networks.

Overall, the quality, consistency, and safety of our products are dependent on the health and stability of global ingredient supply chains and the agricultural practices used to grow those ingredients. Direct and indirect climate change impacts, such as physical damage to crops and water scarcity, will influence the price and availability of our key ingredients and in turn impact our own profitability. Managing this risk means ensuring we have a wide range of geographically diverse supplier relationships, exploring ingredient substitutes and alternative product formulations, and collaborating with third-party environmental and social sourcing certification bodies to identify suppliers who are actively identifying and planning for climate change adaptability and other resource scarcity risks. We deploy these strategies to ensure our own business continuity and the success of our supplier partners. These efforts will only grow in material importance as we move into the future.

OUR GOVERNANCE PERFORMANCE

The events of this past year have demonstrated economic, environmental, and social issues are increasingly interconnected and interdependent, and our approach to governance has evolved to reflect these changes in 'business as usual.' Our ESG executive committee, subcommittees, and enterprise risk management system will ensure the risks and opportunities associated with ESG issues like climate change, diversity and inclusion, and community engagement are all integrated into our daily operating procedures, strategic planning, and long-term ability to create value for all our stakeholders.

Governance Highlights

- Responded to the COVID-19 pandemic with an integrated business continuity and stakeholder engagement strategy that ensured both the delivery of vital food products and the safety of all our stakeholders were addressed.

- Set up an ESG Executive Committee and four subcommittees to provide direction setting and oversight for our ESG efforts across the company.

- Collaborated with industry partners and stakeholders including the Walmart Project Gigaton, the EPA Energy Star program and the Carbon Disclosure Project

- Implemented our inaugural enterprise-wide employee engagement initiative in 2019 and 2020.

- Strengthened our business continuity management and risk management policies and procedures and started developing a crisis plan in 2020.

Our Response to the COVID-19 Crisis
Becoming Better Together When It Mattered Most

The global COVID-19 pandemic tested and continues to test our individual and collective resilience in managing our business continuity and supporting our stakeholders. The immediate challenges to our operations and supply chains, as well as the anxieties and welfare of our employees put us to the test in becoming better together when it mattered most. Our COVID management plan was built around the need to support all employees in managing their personal and professional challenges, from those on the frontlines to those in our corporate offices, and focused on ensuring frequent and transparent communications at every level of the organization. To operationalize this commitment, we enacted the following measures:

We established a dedicated COVID-19 response team, set up a communication plan and an internal intranet site and a weekly email blast to communicate frequently and transparently with all employees. We partnered with medical professionals to inform our decisions and allocated resources and established task forces to support and manage our company-wide response.

For front line employees at our facilities, we added enhanced safety measures, published protocols, implemented social distancing, and added engineering controls to minimize exposure throughout our facilities. Our response included providing face masks to all employees at all locations, temperature screening, installed additional hand washing and hand sanitizing stations, and increased the frequency of enhanced cleaning procedures. We also provided incentives for our essential employees, including supplemental pay and additional paid leave.

We instituted work from home for all office employees, provided additional IT resources, suspended all non-essential business travel, and established a task force to ensure employee safety.

We also worked closely with our retail customers and supply chain to ensure the delivery of as much food as possible to meet heightened customer demand. We streamlined our production schedules and enhanced our distribution capability while communicating proactively with our business partners.

Because of our collective efforts, we have been able to adapt to a rapidly changing environment, maintain our operations safely and meet the needs of our customers and consumers. We will continue to work to serve our employees, customers and communities in the coming months and years.

BETTER TOGETHER
Our Response to the COVID-19 Crisis

TreeHouse

Supporting Our Office Employees

Established work from home guidance for all professional employees; controlled access to offices, limiting capacity to 25%

IT Resources available to support work from home

Suspended non-essential business travel

Established return to office task force to ensure employee safety

Supporting Our Front Line Employees

Masks provided to all employees, contractors and visitors at all locations.

Temperature screenings in place at all sites

Enhanced hand washing protocol & hand sanitizer made readily available.

Physical barriers and social distancing protocols in place

Training protocols implemented to ensure employee & food safety.

Enhanced sanitation protocols & COVID supply process established.

Incentives for employees, including supplemental pay and additional paid leave

Supporting Our Customers and Consumers

Dedicated to providing essential food to our customers and consumers

Streamlined production schedules and enhanced distribution capacity

Strong customer partnership and collaboration to meet heightened customer need

Proactive, transparent and clear communication with our business partners

Frequent and Transparent Communication

Dedicated COVID-19 response team

Dedicated COVID-19 internal intranet site established

Dedicated medical partnership to inform decisions

Developed resources for managing COVID response

Weekly email blasts to employees

COVID leaders at each location & robust contact tracing protocol

Thank you videos from Leadership to employees

Email and video messaging from CEO

ESG Governance

To ensure integration of our ESG efforts across our enterprise, we created a cross functional ESG Executive Steering Committee composed of the executive and senior leaders of relevant departments. The ESG Executive Steering Committee serves as the governing body responsible for setting direction and reporting to our Board of Directors on ESG issues. The ESG Executive Steering Committee is chaired by Steve Oakland, our Chief Executive Officer, as well as our Chief Officers of Operations, Finance, and Human Resources. Additional committee members include the Presidents of our Snacking and Beverages and Meal Preparation business units. In addition to the department heads from EHS&RM and the Law Department.

In addition to the ESG Executive Steering Committee, we have established four subcommittees to support the development and implementation of our ESG strategy across the enterprise. The four subcommittees represent the areas where we have the greatest leverage to make systemic change and is informed by our materiality analysis. The subcommittees will be responsible for helping to develop programs and initiatives designed to ensure TreeHouse Foods, Inc. can achieve its 2025 ESG goals, to provide subject matter expertise on ESG issues, and to assist with reporting and disclosure as needed. **Our subcommittees include:**

- Supply Chain & Operations
- Employee Engagement & Welfare
- Transparency & Disclosure
- Plastics & Packaging

The ESG Executive Committee is responsible for the following key priorities to ensure our success:

Executive Oversight Update and secure input from the Board and is responsible for development of the ESG strategy and overseeing its implementation, driving internal support and engagement on ESG efforts across the company.

Strategic Direction Guide the enterprise strategic direction and allocate the resources needed to achieve our desired outcomes. This includes approving ESG goals, reviewing key performance indicators, and monitoring progress.

Risk Reduction Guide the integration of both internal and external ESG risks into TreeHouse Foods, Inc.'s enterprise risk management systems, business continuity planning, and operational efficiency efforts.

Business Resiliency Ensure our ESG efforts are a key contributor to the resiliency of our business. Our ESG efforts will build greater resiliency in employee retention, Treehouse Foods, Inc.'s business processes and systems, and our ability to identify, anticipate, and respond to economic, environmental, and social changes affecting our organization.

External Reporting Support the enhancement of data collection capabilities and organizational readiness to consistently report on our ESG efforts across communication platforms and public forums in order to ensure our stakeholders are aware of our ESG efforts and progress.

Stakeholder Engagement Provide counsel on stakeholder expectations, prioritization, and how to align our ESG efforts to drive progress on our shared business objectives. Given the complexity of ESG issues and the nature of the risks and opportunities they present, stakeholder engagement and collaboration will be key to achieving our goals.

CULTURE, TALENT, AND DIVERSITY, EQUITY & INCLUSION

Our success as an organization is dependent on the welfare, capabilities, and passion of our people. Actively creating and reinforcing an inclusive company culture and building a workforce reflective of the diversity of our customers and communities requires embedding these concepts in our approach to human capital management. We are currently implementing the following long-term initiatives and programs as part of our enterprise-wide People strategy:

Developing an Inclusive Culture, the Treehouse Way

In 2019, we officially embarked on our collective journey to define, operationalize, and sustain an inclusive culture reflective of our company's values, also known as "The TreeHouse Way." We partnered with an external consulting firm that specializes in culture assessment and development to support this process. We enlisted our "Culture Champions," a group of employees across the enterprise, and collaborated with our Executive Leadership Team to inform the development of our values. The five values identified included Own It, Commit to Excellence, Be Agile, Speak Up and Better Together. We then implemented a reflective, experiential training initiative to provide employees with an opportunity to reflect on the personal meaning of these values and look for ways to integrate them to drive personal and team effectiveness and engagement. Going forward, we will be continuing our culture strategy by embedding our values across the employee management process and operationalizing these values in our hiring practices, performance management processes, and our approach to leadership development and management training.

Employee Engagement

We implemented our first employee engagement initiative in 2020 to determine a baseline measure of engagement across geographies, departments, and leadership levels. We surveyed salary-exempt and non-exempt employees, and the hourly employees at 6 pilot facilities to direct efforts in key areas of focus for 2021. We had an 80% survey response rate, considered best-in-class participation for employee engagement response rates. Our leaders have reviewed the feedback from our employees and are building targeted action plans to address feedback. In the future, annual engagement surveys will be supplemented by shorter pulse surveys for specific employee groups on specific issues relevant to their role and personal background. Our investment and focus on engaging, energizing, and empowering our people will be a key driver of our long-term ability to retain workforce, create stakeholder value and sustain business continuity.

Training and Development

Our approach to maximizing the personal and collaborative effectiveness of our people follows the 70/20/10 learning model for adult learners. This framework includes the following:

70% of employee development should be from experiences an employee has on the job. We have developed capability frameworks to support each employee's development of the competencies needed to be successful in their respective functions. All areas, such as finance, commercial, and supply chain, have a prescribed set of skills, abilities, and knowledge areas that are actively developed through on-the-job applications. This approach ensures each employee knows "what" is expected and "how" to be successful in the role.

20% of employee development is from relationships such as receiving feedback, mentoring, and learning from others. Our culture initiative is supporting the development of a more inclusive and engaging performance review and continuous improvement process.

10% of employee development comes from learning opportunities such as educational courses as well as reading books and articles. We offer and encourage participation in courses focused on enhancing the supervisory skills of our plant leadership, as well as leadership skills focused on our TreeHouse Leadership Community (Executive Leadership Team, one level below, and all Plant Managers) and for our Commercial teams. Our Tuition Reimbursement Policy is meant to assist our salaried employees with reimbursement for tuition and other expenses incurred while they further their education to enhance skills that are relevant to their role and the company's business. Regular full-time, active salaried exempt and non-exempt United States-based employees are eligible under this policy.
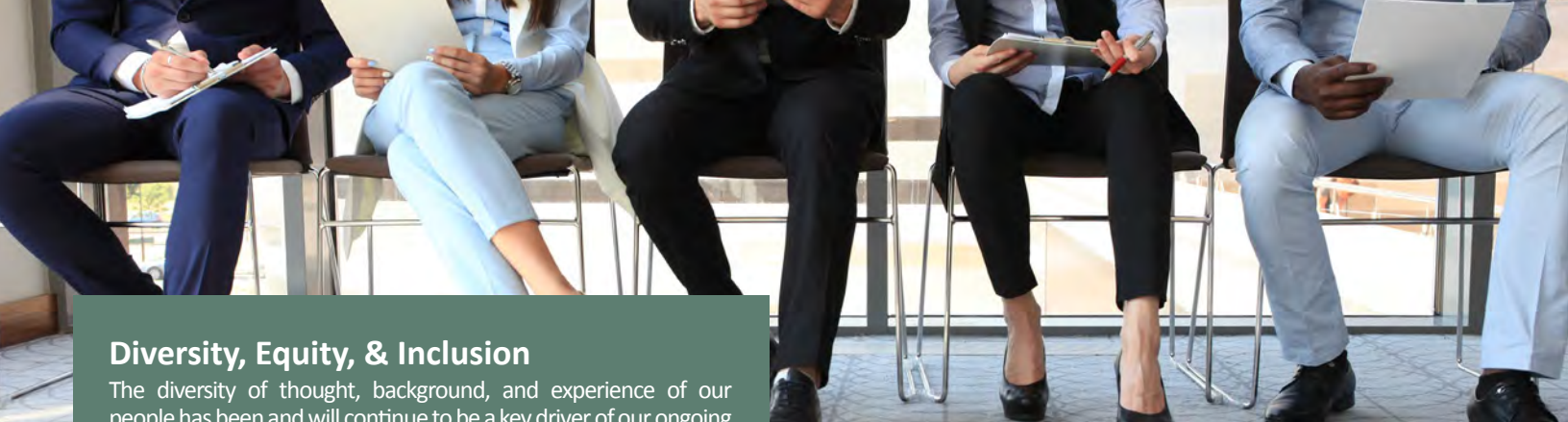
Diversity, Equity, & Inclusion

The diversity of thought, background, and experience of our people has been and will continue to be a key driver of our ongoing success and ability to generate value for all of our stakeholders. Our demographics of our workforce as of 2019 was as follows:

We are developing a DEI strategic plan, which will contain four interconnected future work streams to focus on increasing black, indigenous, and people of color (BIPOC) representation across our salaried workforce. **These four work streams include:**

Developing Enterprise Infrastructure

We will form a DEI council that includes members from across our business units and functions. The council members will be responsible for determining a common definition of Diversity, Equity, and Inclusion as well as providing counsel for strategy development and oversight for implementation.

Expanding Workforce Representation

To support our DEI workforce expansion efforts, we will be reviewing both our internal workforce demographics as well as external consumer trends and population data for our key markets. This analysis will inform our future hiring and talent management strategy so that we may better balance workforce representation and reflect both the communities we serve and our increasingly diverse consumer bases.

Ensuring an Equitable Workplace

We also recognize the need to ensure that equity is operationalized in our internal policies and processes. We will be reviewing our HR policies and processes to ensure all of our employees are treated equitably at TreeHouse. In order to ensure that our DEI commitment touches every aspect of our business, we will introduce equitable workplace practices trainings for all levels of company leadership. Lastly, we will establish external community partnerships to support our DEI hiring efforts and workforce development goals.

Stakeholder Hiring Partnerships and Collaboration

We currently work with external partners like the Women Impacting Storebrand Excellence (WISE) and the Network of Executive Women (NEW) to accelerate the recruitment and retention of women across our enterprise. These partners offer mentoring, coaching, professional development, leadership training, and networking opportunities. We will continue to seek out new partners as part of our DEI efforts.

OUR WORKFORCE DEMOGRAPHICS[5] (2019)

GENDER	HOURLY	SALARIED
WOMEN	38%	46%
MEN	60%	52%
UNIDENTIFIED	0.76%	1%

RACE / ETHNICITY	HOURLY	SALARIED
BIPOC	35%	14%
WHITE	44%	72%
UNIDENTIFIED	20%	12%

[5] Does not include four snacks plants that were divested as of August 1, 2019.

INDUSTRY COLLABORATION & STAKEHOLDER PARTNERSHIPS

We recognize the need to collaborate with a wide variety of stakeholders and we are actively collaborating with industry organizations and cross-sector stakeholder partners to advance progress on multiple issues. We collaborate with a number of partners, organizations, initiatives, and projects, including:

Roundtable on Sustainable Palm Oil (RSPO)

As mentioned in our sourcing commitments, we are active participants in RSPO Certification for palm oil we source and has participated in the Taskforce to review and comment on RSPO standards.

Walmart Project Gigaton

In 2019, we began participating in this carbon reduction project aimed at monitoring and actively reducing 1 Gigaton of carbon emissions across Walmart's supply chains. We disclosed our greenhouse gas emission reductions from completed projects and will continue to work with Walmart and our other customers to reduce our environmental and social impacts across our global supply network.

Environmental Protection Agency (EPA) Energy Star Program

We currently have four bakery production facilities certified by the EPA's Energy Star Program, and we also partnered with Energy Star to support the development of a sustainable cereal product certification tool. We consult and collaborate with the EPA team to stay updated on best practices in energy management processes, technologies, and training.

Carbon Disclosure Project (CDP)

To support customer ESG goals and communicate our own progress on key environmental issues to our stakeholders, we report to the Carbon Disclosure Project about our efforts to improve our water stewardship strategies and manage our contributions to climate change.

Sustainable Packaging Coalition (SPC)

As mentioned in our sustainable packaging commitments, our participation in SPC ensures we are up to date on the latest technologies, management practices, and cross-sector efforts in the sustainable packaging space.

Women Impacting Store Brand Excellence (WISE)

To support our aspirations in accelerating recruitment and retention for women leaders in the industry, we are members of WISE and participate in their events, meetings, and mentoring programs to support our gender representation objectives at every level of the company.

Network of Executive Women (NEW)

Providing access to leadership programs, networking events, and skills-based volunteering is a key component of our strategy to drive engagement, retention, and professional development for our women leaders. We support NEW and actively encourage our leaders throughout the enterprise to participate in their programming.

DATA SECURITY

Data protection and data privacy are paramount concerns in today's global economy. Cyberattacks represent a significant threat to the stability and resilience of the global food system. We are concerned about both our company's security and the data security of our suppliers and customers. In order to manage our own operational, financial, and reputational risks associated with a potential data breach, we have a robust strategy for identifying and addressing data security risks.
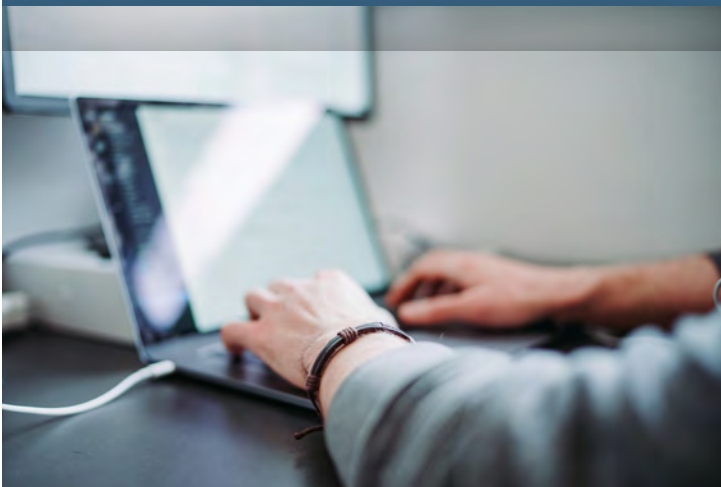
Cyber Security Governance and Oversight

Our Cyber Security Steering Committee meets monthly to strategize, implement, and oversee the evaluation of quarterly efforts that include mock incident exercises, response plan efficacy evaluations, online training for employees, contractors, and new hire onboarding.

Annual Defense System Assessments

Our data security defense system assessment protocol includes annual vulnerability assessments, bi-annual penetration testing, and randomized phishing exposure testing.

Strategic Planning and Departmental Alignment

We also align our strategic planning and implementation efforts with the Sarbanes-Oxley (SOX) Team for compliance verification and standardization of internal controls across the enterprise. We are constantly reviewing and assessing capabilities of new security services and solutions to ensure the latest technological advancements and data management best practices are in place throughout the company.

As the consequences of a data breach could extend out to our suppliers, customers, and investors, ensuring our data security is paramount to our own success and the welfare of all our stakeholders.

BUSINESS CONTINUITY

TreeHouse has business continuity / crisis response plans for Food Safety and Quality Assurance, Data Security, Public Relations, and Property, which are supported by our crisis management leadership team and our crises communications platform, Everbridge. The events of this past year have demonstrated that business continuity can be threatened by a wide range of direct and indirect risks, some of which exist outside of our operational control. External threats such as climate change, pandemics, an evolving regulatory landscape, and negative stakeholder actions, as well as internal threats related to succession planning, human capital management, and employee retention are all risks to our business continuity and long-term ability to create value.

We are currently working on the following to reduce our risks and mature our business continuity efforts across our operational and supply chain footprints:

Enterprise Business Continuity Management (EBCM) System

We are focusing our systems, processes, and protocols to maintain business continuity across a wide variety of potential risks. We are enhancing existing elements that will help us scale these systems across the company, including a EBCM policy and the formalization of a standardized approach to EBCM across departments and locations. We are also expanding an enterprise repository within Everbridge that will promote access and engagement with the materials. We plan to build on this through an employee engagement and awareness effort, a business impact analysis, the creation of recovery strategies, and the development of business continuity plans for labor and people risks, and wide-reaching physical risks from climate change.

Crisis Playbook

We are constantly improving our crisis playbook to enable a consistent and systematic response to crisis events. The four major components of this playbook include triggers for activation, protocols to inform and escalate, the composition and role of the corporate crisis team, and an action plan based on the severity and type of crisis being managed. The next steps in developing our additional scenarios for the Crisis Playbook will include integrating them into Everbridge, conducting training and scenario planning exercises, and rolling out the playbook to all our sites. We will align the additional scenarios in the crisis playbook with other existing response plans.

Standardizing Our Approach to Environmental, Health, Safety, Security, & Risk Management (EHS&RM)

Implementing foundational programs and systems
Continue to strengthen EHS&RM management system framework in place through development and updates to standards, quick reference guides, training materials and leveraging our EHS&RM Information Management System (software) for incident reporting, data analysis and compliance task management.

Aligning EHS&RM with the business operations
We continue to integrate EHS&RM considerations into the TreeHouse Management Operating System (TMOS), and we continue to integrate and enhance EHS&RM principles and procedures into existing processes through partnership with key business functions. Currently, we are enhancing management of change processes and standardizing employee and leadership training.

Developing a talent base of EH&RM professionals
We hired and expanded our EHS&RM professionals at our corporate, division and operating locations to build our capability to prevent incidents and ensure regulatory compliance. We look to leverage their collective knowledge and expertise to strengthen and continuously improve our EHS&RM programs and protect our employees and the environment.

Proactively identifying and resolving operational risks before incidents occur, through the power of employee engagement
We established process improvement teams, EHS&RM Committees and Councils at operating facilities, and suggestion programs that allow our employees to highlight potential risks to our business continuity before they occur and elevate them to leadership so that they can be addressed in an efficient and expeditious fashion.

Our Vision and 2025 Goals

OUR VISION

As we set out to operationalize our commitment to ESG, our materiality analysis and the issues we identified were applied to our business model, corporate strategy, and areas of potential growth to better understand the existing synergies and areas to further develop. Due to the interconnected and interdependent nature of relevant ESG issues, we are focusing on key areas that can drive systemic change and impact across our organization.

Based on these areas, we have established four subcommittees, composed of cross-departmental leadership, that are committed to transforming our analysis into action across the company.

During the course of 2020, we also set out to develop forward-looking 2025 ESG goals that help us chart a course for continuous improvement on ESG and to ensure that we are meeting internal and external stakeholder expectations. The goals were developed with the support and expertise from our ESG Executive Steering Committee and the four ESG subcommittees.

As we began to set the course for 2025, reflecting on our 2019 environmental sustainability efforts was an important step to understand our existing organizational strengths, capabilities that needed to be developed, and the stakeholder relationships required to execute an enterprise-wide effort.

BASED ON OUR ANALYSIS, FOCUSING ON THE FOLLOWING KEY AREAS CAN HELP ADDRESS AN ESTIMATED 80% OF OUR IDENTIFIED ESG ISSUES. THE IDENTIFIED AREAS INCLUDE:

ESG Integration
Building a governance structure and the internal systems and processes that fully integrates ESG across our business.

Transparency and Disclosure
Informing key stakeholders about our ESG efforts, the ingredients we use, and the safety of our products. Consistently communicating about our ESG performance using recognized reporting standards.

Supply Chain and Operations
Updating our supplier expectations and sustainability goals to address the environmental and social risks in our supply chain.

Employee Engagement and Welfare
Enhancing our approach to the recruitment and retention of our workforce, and the diversity, health, and safety of our workers. Building an inclusive culture for all.

Plastics and Packaging
Developing strategies to reduce single use plastics and increase recyclable, recycled, and compostable packaging alternatives for our products.

OUR 2025 GOALS

Environmental	Social	Governance
Reduce greenhouse gas emission intensity (Scope 1 and 2) by 5% by 2025 against a 2020 baseline. Work with suppliers to complete Scope 3 Assessment and set a reduction goal by the end of 2025. Reduce water intensity by 10% by 2025, against a 2020 baseline. Achieve a company-wide landfill diversion rate of 85% by 2025. Reduce food loss waste from plant operations by 50% by 2030. Conduct a Sustainable Packaging Assessment by the end of 2021.	Reduce the occupational injury rate by 15% by 2025, compared to 2020 baseline, to continue towards the goal of zero injuries. Expand the responsible sourcing program to include a Responsible Sourcing Policy, ESG Screening Tool, and Annual Supplier Survey prior to 2025. Complete regular, ongoing employee engagement surveys, beginning in 2020. Based on results, develop plan by the end of 2021 to unlock a values-led, high performance and customer centric work culture marked by meeting or exceeding peer employee engagement benchmarks.	Create a Diversity, Equity, and Inclusion (DEI) Council by the end of 2021. Develop a strategic plan by the end of 2021 with the objective of creating a diverse, equitable and inclusive workplace. The plan will outline the timeline for: Annual DEI goals to ensure our business better represents our customers, consumers and communities. D&I training curriculum for all employees. Recruitment and hiring processes with a focus on DEI. Integrate climate change risks into our Business Continuity Plan by 2025.

Our efforts demonstrate we have the foundational elements in place to implement an effective ESG strategy. As we learn more about the risks and opportunities created by changing economic, environmental, and social systems, we will be providing consistent and comprehensive ESG updates on our successes, progress, and challenges. These updates will be informed by leading disclosure frameworks like the Sustainable Accounting Standards Boards (SASB) and the Taskforce for Climate-related Financial Disclosures (TCFD).

Publishing our first annual ESG report marks a significant milestone in our company's history. As we look to better understand, plan for, and build strategies to address the implications of climate change for our organization, we have developed an enterprise approach to climate governance, strategy, managing the risks and opportunities presented, as well as key focus areas for the future.

SUSTAINABLE ACCOUNTING STANDARDS BOARD (SASB) DISCLOSURE

In order to better understand, respond to, and communicate our progress on addressing ESG issues material to our business, we are using the Processed Foods (PF) industry framework from the Sustainable Accounting Standards Boards (SASB). As we look to leverage our ESG strategy to support the success of our customers, the welfare of our employees, and generate value for all our stakeholders, improving the transparency and comprehensiveness of our communications will be a key driver of these efforts.

SASB PROCESSED FOODS STANDARD

Topic	SASB Code	Metric	FY 2019 Performance[6]	Location for Additional Context & Analysis
Energy Management	FB-PF-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	(1)5,482,024 Gigajoules (Gj), (2) 100%, (3) 0%	Energy & Climate section in ESG Report
Water Management	FB-PF-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	(1) 7,101 Thousand cubic meters (m³), (2) 56% of water withdrawn, See 2020 Report, page 14	Water Management section in ESG report
	FB-PF-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	1	Water Management section in ESG report
	FB-PF-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	See 2020 Report, page 14	Water Management section in ESG report
Food Safety	FB-PF-250a.1	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	(1) 6.59/0.022 (2) All corrective actions are completed.	Ensuring Food Safety, Addressing Consumer Nutrition & Health Expectations section in ESG Report
	FB-PF-250a.2	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	98%[7]	Ensuring Food Safety, Addressing Consumer Nutrition & Health Expectations section in ESG Report
	FB-PF-250a.3	(1) Total number of notices of food safety violation received, (2) percentage corrected	0	Ensuring Food Safety, Addressing Consumer Nutrition & Health Expectations section in ESG Report
	FB-PF-250a.4	(1) Number of recalls issued and (2) total amount of food product recalled	(1) 1, (2) 96.57 metric tons 2019 Voluntary Recall due to presence of heterofermentative lactobacillus and Yeast found garlic powder used in CoPacker facility. Precautionary impact for 15 production days. Reformulated with irradiated garlic powder. No significant impacts.	Ensuring Food Safety, Addressing Consumer Nutrition & Health Expectations section in ESG Report
Product Health & Nutrition	FB-PF-260a.1	Revenue from products labeled and/or marketed to promote health and nutrition attributes	$503 million, 10% of Total Revenue	Ensuring Food Safety, Addressing Consumer Nutrition & Health Expectations section in ESG Report
	FB-PF-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	See 2020 Report, page 19	Ensuring Food Safety, Addressing Consumer Nutrition & Health Expectations section in ESG Report

[6] Unless otherwise noted, FY2019 metrics are scoped to include the North American manufacturing operations; FB-PF-250a.1 includes the Italian operations.

[7] Percentage is based on number of ingredients supplied by GFSI certified direct food suppliers.

SUSTAINABLE ACCOUNTING STANDARDS BOARD (SASB) DISCLOSURE

Topic	SASB Code	Metric	FY 2019 Performance	Location for Additional Context & Analysis
Product Labeling & Marketing	FB-PF-270a.1	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	We do limited marketing directly to consumers as a private label company.	Ensuring Food Safety, Addressing Consumer Nutrition & Health Expectations section in ESG Report
	FB-PF-270a.2	Revenue from products labeled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	$325 million - 6.6% of total revenue from non-GMO	Ensuring Food Safety, Addressing Consumer Nutrition & Health Expectations section in ESG Report
Packaging Lifecycle Management	FB-PF-410a.1	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	We are currently in the process of implementing a supplier engagement and collaboration effort to understand, plan, and execute on an enterprise sustainable packaging strategy.	Packaging Lifecycle Management & Sustainable Alternatives in ESG Report
	FB-PF-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	See 2020 Report, page 17	Packaging Lifecycle Management & Sustainable Alternatives in ESG Report
Environmental & Social Impacts of Ingredient Supply Chain	FB-PF-430a.1	Percentage of food ingredients sourced that are certified to third-party environmental and/or social standards, and percentages by standard	We work with our customers to provide them with offerings of certified ingredients and/or finished products. As we move forward, we are developing data reporting tools to track key performance metrics formally.	Responsible Sourcing & Management of Environmental and Social Risks in Our Supply Chains in ESG Report
	FB-PF-430a.2	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	We conduct additional audits on all material risks observed during our Food Safety audits according to our Social Responsibility Policy. We are developing the systems to better track conformance rates and corrective actions across our supply chain.	Social Responsibility Policy Responsible Sourcing & Management of Environmental and Social Risks in Our Supply Chains in ESG Report 2025 Goals
Ingredient Sourcing	FB-PF-440a.1	Percentage of food ingredients sourced from regions with High or Extremely High Baseline Water Stress	We are currently revamping our internal supplier analytics to better understand the water stress risks associated with our Tier 1 supply base.	Responsible Sourcing & Management of Environmental and Social Risks in Our Supply Chains in ESG Report
	FB-PF-440a.2	List of priority food ingredients and discussion of sourcing risks due to environmental and social considerations	See 2020 Report, page 20	Responsible Sourcing & Management of Environmental and Social Risks in Our Supply Chains in ESG Report

TABLE 2. ACTIVITY METRICS

Activity Metric	Metric	FY 2019 Performance
Weight of products sold	FB-PF-000.A	1,980,962 Metric Tons
Number of production facilities	FB-PF-000.B	46

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

To improve our communications and engagement on climate change with investors, customers, and other key stakeholders, we are reporting on our vision, efforts, and progress thus far in managing the impending risks of climate change. This report is structured into four sections: Governance, Strategy, Risk Management, and Focus Areas. Our efforts across the enterprise and supply base will continue to focus on managing the risks and opportunities climate change presents to the industry, our customers, and our own business. This disclosure is the first step in our journey to ensure we can continue to create value for all stakeholders across the food system in the years to come.

Governance

- Board oversight
- Management's role

Strategy

- Climate-related risks and opportunities and impact on the organization
- Scenario analysis and resilience

Risk Management

- Risk identification and assessment processes
- Risk management processes and integration with overall risk management
- Scenario-Planning

Metrics and Targets

- Reduce greenhouse gas emission intensity (Scope 1 and 2) by 5% by 2025 against a 2020 baseline.
- Work with suppliers to complete Scope 3 Assessment and set a reduction goal by the end of 2025.
- Achieve a company-wide landfill diversion rate of 85% by 2025.
- Reduce food loss waste from plant operations by 50% by 2030.
- Conduct a Sustainable Packaging Assessment by the end of 2021.
- Integrate climate change risks into our Business Continuity Plan by 2025.

GOVERNANCE

Overview Our approach to climate change management is overseen by our ESG Executive Steering Committee, a cross-departmental governance body that is led by senior leaders across our functional areas and chaired by our Chief Executive Officer. The ESG Executive Steering Committee is responsible for guiding the direction of our ESG strategy and providing oversight for our efforts on ESG issues, including climate change. The Executive Committee oversees the risk management, business continuity, external reporting, and stakeholder engagement processes needed to ensure enterprise-wide implementation and continuous progress on our ESG goals across the business.

The committee assesses the financial exposure and stakeholder impacts of ESG risk factors across the company's divisions and creating a course of action to manage these risks and capitalize on opportunities created by changing market conditions. The committee is also responsible for ensuring consistent communication about the execution of the ESG strategy, direction setting, and collective accountability for meeting relevant goals.

We have established four subcommittees that are responsible for guiding these goals to completion, playing a key role in our enterprise climate change management strategy. These subcommittees address our most material ESG issues, are led by relevant department heads. **The subcommittees and their roles are listed below:**

Supply Chain & Operations

This subcommittee contributes to our climate change management strategy by setting goals, implementing management systems, and continuously improving on intensity metrics pertaining to energy and natural resource use across the value chain, from sourcing to production to packaging.

Transparency & Disclosure

This subcommittee contributes to our climate change management strategy by enhancing the frequency, comprehensiveness, and quality of data collection, aggregation, and communication with both internal and external stakeholders. This subcommittee ensures that all climate change risks, opportunities, progress, and barriers are communicated properly to all relevant parties involved and interested stakeholders.

Employee Engagement & Welfare

This subcommittee contributes to our climate change management strategy by ensuring that all roles at every level of the organization are engaged to contribute to the success of both our ESG strategy and climate change management strategy. This group contributes to climate change management efforts and long-term business continuity by promoting employee engagement, skill development, and continuous improvement at the individual and team level.

Plastics & Packaging

This subcommittee contributes to our climate change management strategy by working to lower our carbon footprint from plastics and packaging. Since plastics and packaging release greenhouse gas (GHG) emissions throughout their lifecycle, this group is working to reduce plastic use at every stage of the value chain. A combination of food package light weighting, material substitutions, and substrate innovations are supporting our goal of reducing our plastic footprint. We are using this reduction strategy to support our mitigation of climate change risks.

Our ESG Executive Committee and subcommittees will be overseeing the implementation of our enterprise climate change management strategy and collectively ensuring we are well positioned to continue creating value for all stakeholders in a range of future climate scenarios.

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning

The effects of climate change will impact the food and beverage industry, including food production, in several ways. The key risks we face as a company can be put into two categories:

Physical Risks

Risks associated with physical impacts from climate change that could affect our ingredient sourcing, production facilities, and operational business continuity. These impacts may include acute physical damage from variations in weather patterns (such as severe storms, floods, and drought) and chronic impacts, such as sea-level rise, desertification, drought, and agriculture production and quality fluctuations. Physical risks ultimately include the disruption of operations across the value chain or destruction of property.

Transition Risks

Risks related to the transition to a lower-carbon economy. The risks can be grouped into four categories: policy and legal risk; technological risk; market risk; and reputational risk. Transition risks include policy constraints on emissions, the imposition of carbon taxes, water restrictions, land use restrictions or incentives, and market demand and supply shifts.

The following physical and transition risks are currently on our radar moving into 2021 and have informed our approach to integrating environmental, social, and governance issues into the daily operations of our business. The direct and indirect risks associated with climate change have also been a driver and key consideration in setting our ESG focus areas and goals.

Physical Risks	
Acute physical risk More frequent and extreme weather events and impacts (e.g., hurricanes, snowstorms, drought, extreme heat, wildfires)	According to the Intergovernmental Panel on Climate Change (IPCC), a failure by carbon policy to mitigate global average temperature increases would result in even more frequent and intense events than experienced today. In a 2°C world, the limit laid out by the IPCC for manageable temperature increases, the consequences of climate change would be manageable risks rather than the existential threats to economic and social stability associated with greater temperature rise. Current and future physical risks from increased extreme and severe weather could disrupt every aspect of our business, impacting the production, procurement, and distribution of our products as well as the required infrastructure. Our customers and the communities they serve depend on us to operate and deliver food regardless of weather conditions or natural resource scarcity.

Impact to Business

Time Horizon: Short to long-term

There are potential risks to our operational business continuity if we are not actively anticipating and responding to adverse weather situations across our procurement, production, and distribution operations.

Additionally, our business success is inextricably linked to the welfare of our employees, the stability of local infrastructure, and the performance of our facility operations. More frequent and intense weather poses a threat to our people and hard assets.

The key resource inputs required for growing agriculture, like water and healthy soil, will be exponentially scarcer and at a higher cost due to drought and desertification.

Management Approach

Enterprise Strategy

Our Enterprise Business Continuity Management System (EBCMS) prepares our business to react to a wide range of manmade and natural events that threaten our own business and the businesses of our suppliers and customers. Our EBCMS is designed to support quicker and more effective decision making in times of crisis, the mobilization of collective action with relevant stakeholders to mitigate damage, and the reduction of duplication and redundancy in our planning efforts. Ultimately, our EBCMS enables us to have a holistic view of the potential interconnected and interdependent impacts that result from any disruptive event, including climate change. Key tenants of our EBCMS include:

EBCMS Foundation: We are currently enhancing our efforts to address the policy, objectives, framework, and governance structure for standardizing the EBCMS across our operational footprint. We are also developing tools to help us with our assessment of any additional necessary capabilities, stakeholder management, and long-term implementation plans.

Implementation and Establishing Recovery Capabilities: Risk assessments, including a business impact analysis, hazard vulnerability assessments, and risk portfolio are being established to allow full comprehension of interconnected risks that climate change could cause across our operations. We will be developing response and recovery planning protocols which will include scenario training exercises to ensure that all employees understand their respective roles in the recovery process following any physical climate change impact.

Evaluation and Continuous Improvement: As we further mature our EBCMS, we will develop key performance indicators and reporting systems as well as an internal audit and management review. As we look to further integrate climate change risks into our business continuity planning, these systems will ensure a consistent and methodical response to all climate change impacts across our enterprise as well as corrective actions planning to ensure continuous improvement in execution and scaling.

We are also improving our Crisis Playbook to ensure that we have a consistent and systematic enterprise and plant-level response to a wide-range of climate-induced physical risks, including flooding, wildfires, and storms, as well as other ESG issues like cyberattacks and labor management. The playbook includes four major components:

Triggers for Activation: This section provides employees with a range of potential risks and guidance on when the risk must be elevated to a crisis level incident and communicated to the Crisis Management Team. Risks to our associates, local communities, customers, consumers, and shareholders will be included for climate change risks.

Information & Escalation Protocols: These protocols will guide employee behavior and ensure the holistic, coordinated response from all relevant functional areas at both the local and corporate levels.

Corporate Crisis Team Composition and Communication: This section will expand guidance about which departments would be involved based on the type, duration of, and anticipated impact of a crisis and/or climate change impact. Everbridge, our crisis management software platform, is a key tool used currently to communicate the Crisis Team's guidance across the enterprise.

Prescribed Action Plans: This section lays out a consistent and structured response based on the severity, scope, and impact of the crisis. It also describes assessments of the short, medium, and long-term impacts, as well as the type of impact across environmental, operational, product, and regulatory issues. Under the plan, the Crisis Management Team will use these assessments to determine the root cause and implement preventative measures to reduce the likelihood of the same incident.

Lastly, to reduce the personnel and labor management risks associated with climate damage to local infrastructure, such as disrupted public transportation and flooded roadways, operational resiliency planning is being implemented to ensure employees are able to safely operate in multiple roles thereby ensuring business continuity. We can therefore maintain critical plant operations with 50% of our personnel.

Our strategy to manage the negative impacts on key natural resource inputs for food production, such as clean water and healthy soil, is incorporated in our existing supply chain management practices. Our strategy will become increasingly focused on climate change management and resilience in 2021 as we roll out our ESG supplier screening tool. Key tenants of our strategy include:

Our ESG supplier survey will focus on ensuring we are making a mature environmental, social, and governance strategy a key consideration in choosing who we do business with. Our goal is to ensure that every supplier has a robust understanding of the ESG risks and opportunities facing their own business so that we are able to minimize our own risks in doing business with them and collaborate during emergencies. By choosing our suppliers wisely, we will ensure that our collective efforts have the lowest possible impact on the scarce natural resources vital to the resilience of the industry and the global food system.

Procurement Collaboration with Third-Party Responsible Sourcing Bodies will continue to expand as part of our climate change procurement strategy. We currently work through sourcing bodies such as the Roundtable on Sustainable Palm Oil, Rain Forest Alliance Certified, and Fair Trade International. As natural resource scarcity increases, these relationships will only become more vital to our long-term success. These bodies audit and verify the environmental and social practices of key ingredient suppliers. We will look to collaborate with additional third-party responsible sourcing organizations as part of our risk mitigation strategy.

Exploring ingredient alternatives that require fewer natural resource inputs will enable us to provide the same quality final products while minimizing procurement disruptions and associated material risks. Wheat, sugarcane, and soya are three of our top priority ingredients and are also three out of the five most water intensive crops in the world. We will explore various product formulations with inputs that are less resource heavy as part of our long-term risk mitigation strategy.
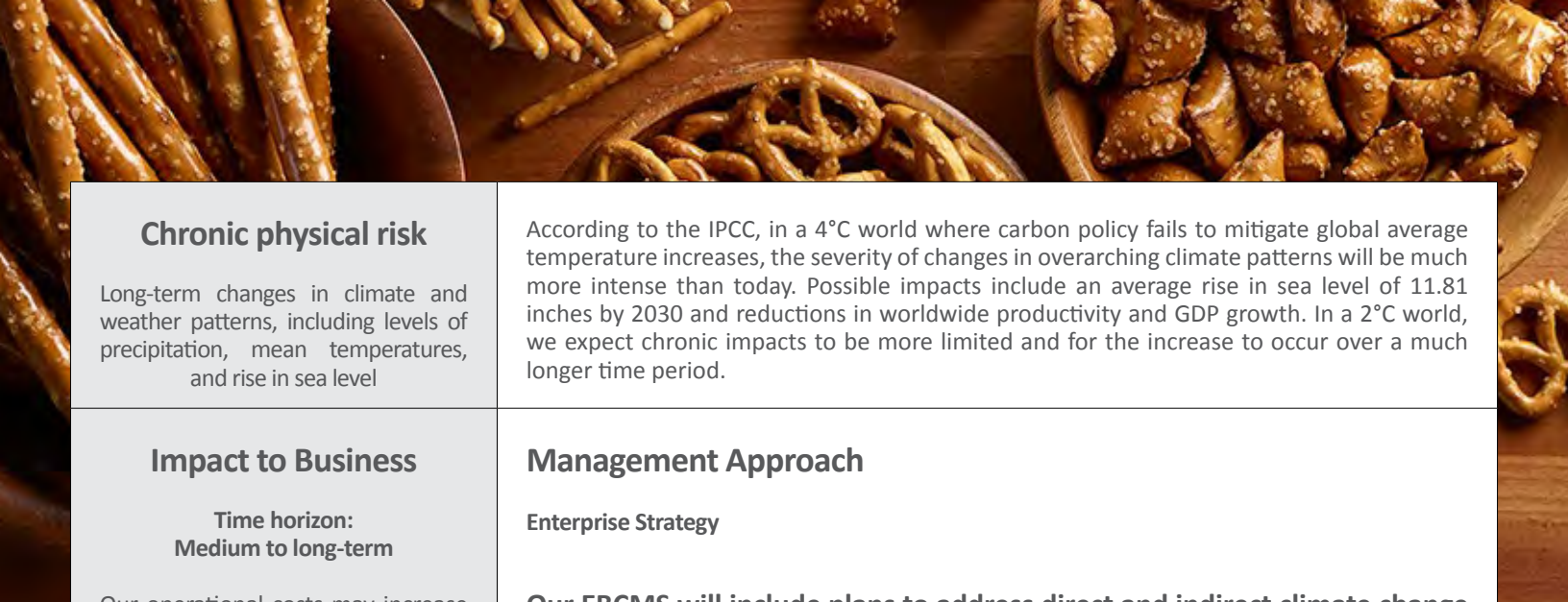
Chronic physical risk

Long-term changes in climate and weather patterns, including levels of precipitation, mean temperatures, and rise in sea level

According to the IPCC, in a 4°C world where carbon policy fails to mitigate global average temperature increases, the severity of changes in overarching climate patterns will be much more intense than today. Possible impacts include an average rise in sea level of 11.81 inches by 2030 and reductions in worldwide productivity and GDP growth. In a 2°C world, we expect chronic impacts to be more limited and for the increase to occur over a much longer time period.

Impact to Business

**Time horizon:
Medium to long-term**

Our operational costs may increase as a result of increasing energy and refrigeration needs to maintain food safety due to rising temperatures. We may also need to reexamine the locations and power sources of our facilities due to physical damage from flooding, fires, etc.

With the majority of our North American Operations in the Midwest and Northeast, we do not have the same immediate physical risks from coastal flooding, hurricanes, and wildfires as the Atlantic, Gulf and West Coast. However, it is projected that the Midwest could experience the biggest increase in average temperatures as well as toxic algae pollution in the Great Lakes. The Northeast could experience increasingly frequent storms similar to Hurricane Sandy in 2012. The roads and bridges that make up our distribution routes could become unviable, complicating not only TreeHouse Foods, Inc.'s business continuity but also exacerbating local traffic congestion and associated infrastructure challenges. These physical impacts could also threaten the electricity grid and the power generation systems we depend on to operate our production facilities across the country. This could result in operational strain, losses due to unfulfilled deliveries, and employee overtime pay to rectify unforeseen issues.

The implications of these physical risks would be significant risks for our suppliers as well, threatening the web of supply chains we rely on to run our business.

Management Approach

Enterprise Strategy

Our EBCMS will include plans to address direct and indirect climate change risks as well as potential operational, product, and management concerns associated with the convergence of multiple threats that can create novel risks. Rising temperatures would require greater refrigeration in our facilities, which in turn could present additional costs and burdens on local power and water resources. We will be exploring the following actions to reduce our risks:

Procuring renewable energy like solar and wind in states that have favorable conditions for these green energy sources and tax incentives that would allow us to scale renewable energy across our operations.

Scaling water reclamation systems for our facility refrigeration units, reusing condensation as a cooling agent back into our systems.

Creating more external partnerships to support operational and distribution contingency planning for a wider range of possible scenarios, geographies, and consequent risks.

Transition Risks

Policy and legal risk; market risk and reputational risk

Changing environmental policies and emerging regulations

Market risk

Reputational Risk

As a food manufacturer, the energy and water needed to produce, store, refrigerate, and distribute product present significant risks to our enterprise. We are subject to regulatory developments related to climate change and energy specific regulations on greenhouse gas (GHG) emissions, carbon pricing, energy costs, and energy policy.

Market risks, such as evolving consumer preferences, calls for greater food system transparency and sustainability, and the reputational risks associated with not addressing these consumer and societal drivers, are on our long-term radar as well.

Impact to Business

Time Horizon:
Short to medium term

Policy driven changes in energy prices, and carbon taxes
Increased energy prices could make standard business operations more expensive. With rising global temperatures, our refrigeration needs would increase and therefore increase the energy demands on the business. We also produce emissions safely producing and storing significant quantities of food products across the country. Carbon taxes could thus add additional costs to our standard business procedures.

Consumer demand for nutritious, sustainably produced food products has grown exponentially in the past decade. As consumer awareness grows in regard to the environmental and social costs associated with their dietary choices, growing our portfolio of products that meet consumer criteria for lower impact is a profitable opportunity to capitalize on while simultaneously reducing our market risk.

Not acting on climate change in a meaningful and demonstrable way is a reputational risk for our business in terms of customer, investor, and employee attraction and retention. This is true for all companies moving into 2021 but especially relevant for companies of our scale and influence.

Management Approach

Enterprise Strategy
In 2019, we began the journey of integrating environmental, social, and governance (ESG) practices into our business to better understand the long term risks associated with climate change and the environment, stakeholder expectations and welfare, and the growing need for enhanced governance transparency. Our ESG strategy is the driving force behind how we manage the transition risks associated with climate change and includes the following:

Participation in various trade associations provides us with regulatory updates at the federal and local level and enables us to anticipate and plan for any materially significant policy changes in the markets we operate in. Our supplier base collaborates with us to share relevant information from a product, geographic, or customer channel standpoint. Our customers also keep us updated with policy changes relevant to TreeHouse Foods, Inc.

Setting climate goals and implementing our enterprise ESG strategy is helping us move towards a low-carbon operating model and align with businesses around the world committing to the low-carbon economy. Our climate change strategy integrates operational, procurement, and stakeholder collaboration tactics to help us adjust to policy changes and adapt quick enough to avoid the consequences of additional carbon taxes, rising electricity prices, and the additional costs of compliance. Our goals are framed around reducing our carbon footprint at every stage in the food value chain and in partnership with suppliers who share our ESG and climate change management objectives.

Deploying renewable energy both at our own operations and through power purchasing agreements (PPA) may be a key component of our ability to maintain operations alongside policy changes while also reducing our own reliance on fossil fuels. We will be assessing the viability of purchasing renewable energy as part of our broader ESG program. If deployed, the combination of energy sources will also support our own climate change resilience by giving us the ability to leverage renewable power when the electrical grid is down or damaged by the physical impacts of climate change.

Improving power consumption intensity and carbon intensity will ensure we can accomplish more using less power and emit less carbon. In partnership with our suppliers, we are committing to co-creating solutions across our supply base to reduce the carbon footprint associated with every node in the supply chain across our products' lifecycles.

Our Zero Waste to Landfill and Food Loss Waste Goals will also reduce our carbon footprint by minimizing landfill contributions and the methane emitted from the food decomposition process.

Expanding our product portfolio with more sustainably sourced food ingredients will reduce the carbon footprint at the product level while translating the consumer risk into a market opportunity and customer relationship strategy.

To manage our reputational risks with investors, customers, and other external stakeholders, we will be actively and consistently reporting on our progress, successes, and learnings throughout our ESG and climate change management journey with an annual ESG report and dedicated website page.

Climate Related Opportunities	
Products and markets	We continue to expand our portfolio with ingredients sourced through responsible sourcing certification bodies and products that provide the nutritional profiles consumers' demand.
Impact to Business Time Horizon: Short to medium term	**Management Approach** **Product Innovation** We believe food products with a low carbon footprint and that are produced using regenerative agriculture and livestock practices are critical to creating a sustainable future, low-carbon economy, and resilient food system capable of feeding our growing global population. We are already expanding our portfolio of responsibly sourced ingredients and healthier product formulations to meet the consumer demand for these products and to minimize negative environmental and social impacts. **Market Innovation** Climate change is already impacting every aspect of the global food system, and its consequences are becoming increasingly visible across the world. In this "new normal," we believe there will be new market needs to address and new customers to support. For example, we believe that meal-replacement options with intentionally dense nutritional content will be a market when climate change disruptions become increasingly regular experiences across the country and the world. When evacuations from flooding, wildfires, and hurricanes occur, or drought causes a drop in the availability of nutritious local food, a range of meal-replacement products will be a necessity to lessen the human strain from climate migration and climate impacts on local economies. We could see meal replacement solutions for climate change emergencies as a real market opportunity in the future.
Resource efficiency, energy source, and resilience Time Horizon: Short to medium term	We have been working to reduce the environmental impact of our operations for several years, partnering with vendors that share our commitment to this ongoing effort. These activities not only help manage our risks, but also provide new opportunities to reduce operating costs by enhancing efficiencies and resource stewardship. We are exploring cost-competitive renewable energy and associated tax incentives and ensuring our business model and infrastructure are climate resilient to maintain our competitive advantage in the industry.

RISK MANAGEMENT

Disclose the organization's governance around climate-related risks and opportunities

Impacts of climate change: 2-degree Celsius scenario planning, the year 2050
We are assessing the risks and opportunities from the impacts of climate change on the global food supply chain and the food and beverage industry as part of our enterprise risk management process. We are also analyzing specific impacts for our company, business model and stakeholders.

These efforts are a business imperative. We will identify all risks and opportunities that could arise from projected climate change scenarios and update our climate-related financial disclosures. We will integrate SASB material metrics in enterprise data collection, monitoring, and reporting, and evaluate the long-term potential business impacts and mitigation strategies the 2-degree Celsius scenario poses for each of our divisions, product categories, and geographic locations.

Below are examples of our initial scenario planning based on currently available information. As more internal data is collective and relevant external information becomes available, these and other scenarios will inform our strategy development and implementation.

Impact on TreeHouse Foods, Inc.

We have identified several potential risks and opportunities arising from climate change, including but not limited to hotter weather, rising sea levels, and more frequent extreme weather events.

Contingency Planning & Local Climate Change Resiliency
Climate change impacts and the state of US Infrastructure could result in a wide variety of infrastructure-related threats such as electrical grid breakdowns or drinking water infrastructure contamination. Our business, as well as our customers and employees, depend on water and transportation infrastructure, so any impacts due to climate change could result in operational strain, losses due to unfulfilled deliveries, and employee overtime pay to rectify unforeseen issues. We are taking steps to respond to and reduce these risks by implementing and strengthening our ECBMS, EHS&RM programs, and a Crisis Playbook.

Climate Change Meets Aging Infrastructure
A 2-degree scenario will create more frequent and intense storms, fluctuating temperatures, increased drought, rising sea levels, and coastal erosion. These climate change impacts and their associated operational challenges are compounded by aging and deteriorating US infrastructure. US infrastructure overall has received a D+ grade from the ASCE. Climate change will likely combine with aging infrastructure to create increasing risks for business continuity, especially in areas prone to the most intense climate change impacts.

Agriculture and Ingredient Availability
A 2-degree scenario will result in heat waves, freshwater scarcity, heavy rainfall, storms, and volatility in crop yields. Key ingredients for products could become scarce or ultimately unattainable during times of extreme heat and extreme flooding. Climate change also has the potential to destabilize an already precarious global food system, resulting in climate migrations due to drought and hunger, armed conflict over natural resources, and political instability. These impacts could become threats to commodity and ingredient sourcing at the beginning of the supply chain, creating a devastating reverberation across the entire food system.

Focusing on Local Food Systems & Regenerative Agriculture
Climate change impacts will have the most significant disruption for companies' dependent on far-reaching, global supply chains. We are increasing our focus on domestic ingredient sourcing and local food systems to meet consumer expectations, and to manage the potential disruption of climate change impacts on global supply chains. By working at the local level, we are able to directly support our partners in managing these challenges.

Promoting Sustainable Products & Services – Customer Education & Trend Anticipation
Although managing climate migration is outside of TreeHouse Food, Inc.'s influence and scope, we know we can contribute to the sustainability outcomes of local communities. First, we can actively offer sustainable and healthier food products. As more and more consumers demand that all organizations make sustainability a key focus, we can work with our customers to further the adoption of sustainable products through active customer engagement and education. We will also work to identify trends, such as local plastics and waste bans, that may impact our customers and act before they become business continuity risks or operational challenges.

Climate Migration and Unlivable Areas
The 2-degree scenario will result in climate migration, with people leaving unlivable areas due to extreme climate change impacts. Such mass population migration will impact all economic activity in a given area. In communities with significant climate risk exposure, these risks may threaten our customers as well as the stability of local communities. TreeHouse Foods, Inc. is dependent on stability of local economic and social conditions of our customer bases. Therefore, climate migration and resulting economic disruption is a significant long-term threat.

Additional Impacts:
Regulation on Greenhouse Gas Emissions
Sudden regulatory changes are serious risks to food and product manufacturers. Like most food production companies, the vast majority of our Scope 1 emissions result from our production process and standard business operations.

Immediate Action & Momentum
Our long-term focus on the integration of renewables, and deployment of emerging technologies will help us manage the uncertainty surrounding the regulatory environment. Our immediate action entails the standardization of emission reduction strategies across our operational footprint, drawing upon the learning, experience, and best practices developed by facilities at the local level. This includes standardization and implementation of these practices across our operations, generating the enterprise momentum to make serious strides in our emissions reduction aspirations as we prepare for the future.

Disclose how the organization identifies, assesses, and manages climate-related risks.
Impacts of climate change: 3-4 degree Celsius scenario planning, the year 2050

In a scenario where global temperatures rise 3-4 degrees Celsius, all of the above challenges identified in the 2 degree Celsius scenario will be present or exacerbated alongside additional large-scale challenges. Climate change could be the polarizing force around the world, disrupting the supply chains and geopolitical relationships crucial to the stability of the global economy.

Supply Chain Disruptions

The need for countries to invest in domestic climate adaptation could impact economic aid to developing countries, which could also suffer from natural resource conflicts and the human health impacts of rising temperatures and intensified weather. All of these trends could result in disruptions to the ingredient and product availability for commodities native to these countries.

Chronic Issues of Heat and Drought

Experts project that extreme heat and drought will cause mass migrations from cities and towns in the areas that are most affected. This would negatively affect real estate, economic activity, and the viability of our customers in those areas. These extremes will also limit the extent of safe outdoor work, creating both operational and personal challenges for labor-intensive industries such as agriculture. These impacts could significantly impact our business both at the supplier level and at the customer level.

Climate-Induced GDP Loss

The impacts to natural resources, agriculture yield loss, the inhabitability of certain areas and the financial toll of enhancing climate resilient infrastructure around the country will all impact TreeHouse Foods, Inc. Experts project that the combination of these impacts will lead to GDP loss. One result could be that people buy less expensive food and or eat lower quantities of food in general. If this projection is accurate, we could suffer significant economic losses along with the rest of the industry.

How TreeHouse Foods, Inc. Could Respond

The 3-4-degree scenario is certainly possible given the current rate of environmental and climate change. Below is a breakdown of our initial thinking on how to manage these immense challenges to maintain our business continuity and ensure the welfare of our stakeholders:

Supporting Only Regenerative Agriculture Suppliers: Water, soil, and air quality will be scarce, so regenerative agriculture will be necessary to systemically ensure we have these resources in our supply base. By supporting the development and scaling of regenerative practices across our supply chains, we would be able to maintain our business continuity while protecting the resources required to grow food.

Hydroponics, Rooftop Agriculture, & AgTech: In addition to supporting local regenerative food systems, leveraging advances in agriculture technology and innovative production methods could be crucial to our business continuity. Hydroponics that use minimal water, rooftop agriculture that leverages existing commercial roofs for production facilities, and the ongoing innovation in food technology could help TreeHouse Foods, Inc. maintain customer bases and procurement orders. We would leverage these approaches and partner with suppliers that have the knowledge, networks, and infrastructure to support our plans. We could also explore the incorporation of more resilient crops as replacement ingredients for crops that are no longer be viable.

FOCUS AREAS

Disclose focus areas used to assess and manage relevant climate-related risks and opportunities

Overview Across our operations, we are tracking climate-related metrics. As we continue to develop deeper collaborations and joint efforts with both suppliers and customers, we know our climate goals will become a key component of our new "business as usual." **Our climate goals are below:**

Metric	Goal	Focus Type (Absolute/Intensity)	Time Frame
Carbon Indicator	Reduce Greenhouse Gas emission intensity (Scope 1 and 2) by 5% (against 2020 baseline).	Intensity	2025
Carbon Indicator	Collaborate with suppliers to assess Scope 3 emissions and set reduction goal.	N/A	2025
Methane Indicator	Achieve a company-wide landfill diversion rate of 85%	Absolute	2025
Methane Indicator	Reduce food loss waste from plant operations by 50%.	Absolute	2030
Carbon Indicator	Incorporate climate change risks into business continuity planning.	N/A	2025

Our goals are part of the shift from focusing solely on energy efficiency improvements to assessing our broader impact by looking at scope 3 greenhouse gas emissions profile and considering climate change-related impacts on our business continuity processes.   Implementation of these goals will be a key component of our strategy to address climate-related risks and impacts.

CONCLUSION

Implementing our climate change strategy will be an undertaking and will require the persistence, and engagement of all of our team members. We are confident these efforts will guide us toward a future with a more sustainable, equitable, and resilient food system, while also enabling us to fulfill our corporate purpose of making high quality foods and beverages affordable to all. We are committed to continuously working towards this future vision and invite all our valued stakeholders to join us.

TreeHouse

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