TreeHouse

2023 Task Force on Climate-Related Financial Disclosure (TCFD) Report

About this Report

TreeHouse Foods is a leading private label food and beverages manufacturer in North America. The nature of our business exposes us to climate-related risks, both physical and transitional. A rise in global mean temperatures at or above 1.5-degrees Celsius could significantly impact our ability to source ingredients, manufacture high-quality products and distribute those products to our customers. It is imperative that we identify and monitor climate-related risks and develop clear plans and targets for mitigating those risks. This TCFD-aligned report highlights our governance structure, strategy, risk management and metrics and targets for mitigating the climate-related risks to our business and value chain.

This report uses certain terms, including those that TCFD and SASB or others refer to as “material” or “key” to reflect the issues or priorities of the Company and its stakeholders. Used in this context, however, these terms are distinct from, and should not be confused with, the term “material” as defined by or construed in accordance with securities, or other, laws or as used in the context of financial statements and reporting. The inclusion of information in this report should not be construed as an admission regarding the materiality or financial impact of that information for purposes of U.S. securities law.

The ESG goals, projects, initiatives and strategies described in this report are aspirational, and as such, no guarantees or promises are made regarding their success. The information covered in this report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our ESG goals, projects, initiatives, and strategies and related business and stakeholder impacts. These statements are based on management's current expectations and beliefs concerning future developments and plans and their potential effects on the Company and its subsidiaries. These statements involve risks and uncertainties, many of which are beyond our control and are difficult to predict, are not guarantees for future performance, and actual results may differ materially from any future results expressed or implied by the forward-looking statements. More information on risks, uncertainties, and other potential factors that could affect our business and performance is included in the “Risk Factors” and “Management's Discussion and Analysis of Financial Condition and Results of Operations” sections of the Company's most recently filed periodic reports on Form 10-K and Form 10-Q and subsequent filings. The forward-looking statements in this report are made as of the date first published, unless otherwise indicated, and we undertake no obligation to update these forward-looking statements as a result of new information or to reflect subsequent events or circumstances, except as required by law.

Governance

Overview

Our approach to climate change management is overseen at all levels of the organization, from our subject matter experts to our Board of Directors ("Board"), through clear ESG governance structures and responsibilities. The Nominating and Corporate Governance Committee of our Board provides ESG and climate change strategy oversight at the highest level, ensuring that our long-term corporate strategy continues to create stakeholder value. Our ESG Steering Committee reports to our Board and is a cross-departmental governance body that is led by senior leaders and chaired by our Chairman, CEO, and President.

The execution of our ESG strategy is led specifically by our VP, ESG, Deputy General Counsel and Assistant Corporate Secretary, ensuring we have a single individual overseeing our ESG efforts and interfacing with key departments and staff that are developing and deploying ESG initiatives.

ESG Subcommittees

TreeHouse Foods has four ESG subcommittees that report to the ESG Steering Committee — Operational Sustainability; Transparency and Disclosure; Responsible Sourcing, and Diversity, Equity and Inclusion ("DEI") & Culture. These subcommittees focus on providing specific subject matter leadership in areas of importance to TreeHouse Foods and its stakeholders, including climate change management strategies. Through this structure, we work to integrate ESG into every aspect of our corporate culture and day-to-day operations. These subcommittees help to execute our ESG strategy and goals, all governed by relevant business leaders.

For additional information, please refer to the Governance section of our website.

Strategy

Risks and Opportunities

Climate change has the potential to impact the food and beverage industry in several ways. These key risks are defined by TCFD as follows:

- 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, 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. These 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, market demand and supply shifts, increased disclosure and other regulation, and shareholder activism.

We recognize that these types of risks may affect our business for differing amounts of time based on the varying life of our assets and infrastructure as well as geographic location. We have defined these time horizons as being relevant for our risk assessments:

- Short-term: 0–1 year
- Medium-term: 1–10 years
- Long-term: 10+ years

The table on the following pages outlines the specific risks identified and tracked by TreeHouse Foods.

Physical Risks

Description	Strategy	Time Horizon
Escalating threat of climate change The International Panel on Climate Change ("IPCC") Sixth Assessment Report indicates that we are at "code red" for humanity. The report shows that we are perilously close to the 1.5°C global warming threshold, past which acute and chronic physical climate risks are certain. The report highlights the urgent need for massive reduction or cessation of GHG emissions to stabilize the climate and prevent irreparable damage. Countries, and therefore companies operating within them, will need to set aggressive goals to reduce GHG emissions. Climate change is becoming an acute threat for the food industry specifically, due to the impact it is having on crop production. This presents a significant risk for companies that rely on agricultural raw materials for production.	Our 2030 ESG goals are focused on decreasing GHG emissions at all levels of our value chain. We have set specific goals to reduce our Scopes 1 and 2 emissions, evaluate and plan how to reduce our Scope 3 emissions and reduce the GHG emissions from our landfill and food loss and waste ("FLW"). These goals directly support the identified urgent global need to reduce GHG emissions. TreeHouse Foods must now address decreasing availability or less favorable pricing for certain raw materials that are necessary for our products, including but not limited to: casein, cocoa, coconut oil, coffee, corn and corn syrup, cucumbers, oats, palm oil, soybean oil, sugar and wheat. This may require us to make additional unplanned capital expenditures, increase the prices of our products, increase our cost of transporting and storing raw materials or disrupt our production schedules. Read more in our 2022 Annual Report, pg. 17.	Short-term to long-term
Acute physical risk A major business interruption caused by a disaster such as a tornado, fire, flood or major system failure at a shared service center, distribution center or key plant could threaten our capacity to continue operations or significantly impact profitability. These changing conditions could also negatively affect the reliability of our feedstocks. The implications of more aggressive and severe weather patterns can and will have a negative impact on supply chains, impacting both the availability and distribution of raw materials to customers. Additionally, our business success is inextricably linked to the welfare of our employees and the stability of local infrastructure. More frequent and intense weather poses a threat to our people and hard assets.	Our strategy to manage the negative impacts on key natural resource inputs for food production, such as clean water and healthy soil, is incorporated into our existing supply chain management practices. Our strategy will become increasingly focused on climate change management and resilience as we roll out our Responsible Sourcing Supplier survey. Our goal is to ensure that our suppliers have a robust understanding of the ESG risks and opportunities facing their own business so that we can minimize our own risks in doing business with them and collaborate during emergencies. We will continue to work through certification bodies such as Roundtable on Sustainable Palm Oil ("RSPO"), Rainforest Alliance and Fair Trade USA, which audit and verify the environmental and social practices of key ingredient suppliers. As natural resource scarcity increases, these relationships will become more vital to our long-term success. We will look to collaborate with additional third-party responsible sourcing organizations as part of our risk mitigation strategy.	Short-term to long-term

Physical Risks | continued

Description	Strategy	Time Horizon
Chronic physical risk		
The long-term changes to climatic conditions, including precipitation levels, mean temperatures and rising sea levels, are resulting in changes to the stability of growing regions across the globe. These regions rely on agricultural commodities to produce consistent feedstock for our operations. Chronic physical risks will make it difficult to predict the stability of supply and reinforce the need for a more diverse supply chain. Failure to accurately predict and plan production, source and purchase raw materials could result in distressed inventories or delays in meeting customer requirements. Chronic physical risks could also create volatility in commodity and crop costs, which has the potential to lower margins or trading losses. 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, the projected increase in average temperature and toxic algae blooms in the Midwest as well as the increased frequency and intensity of storms in the Northeast could have a negative impact on distribution, the stability of the electric grid and overall business continuity. These risks could result in operational strain, losses due to unfulfilled deliveries and employee overtime pay to rectify unforeseen issues. Our operational costs may increase as a result of increasing energy and refrigeration needs to maintain food safety due to rising temperatures as well. We are dependent on the availability of quality freshwater in numerous aspects of our operations. If we were to lose access to quality water, our operations could be severely disrupted. For example, rising temperatures would require greater refrigeration in our facilities, which in turn could present additional costs and burdens on local power and water resources. Regulatory pressures related to wastewater discharge also pose a risk as we work to comply with increasingly stringent local, state, and federal requirements seeking cleaner wastewater discharges in light of capacity limitations, growing populations, and other factors.	We have set a goal to reduce water usage across manufacturing facilities by 20% by 2030, which will make our operations more water efficient and less exposed to risk of water commodity changes. We also are evaluating other ways to reduce our external energy and water reliance such as procuring renewable energy for our operations and scaling water reclamation systems for our facility refrigeration units. We are working to evaluate and improve our sustainable packaging offerings to be flexible to changing global manufacturing conditions and less impactful on the environment. We have conducted a Sustainable Packaging Assessment, which helped us better understand our baseline. The full set of results can be found in our 2022 ESG Report. Our capital plan includes investment in climate-related projects in order to achieve our broader environmental goals. We are investing in energy and water efficiency, as well as waste reduction initiatives. Our investments, which have not historically been material, are expected to be approximately $10 million in 2023. Our efforts to manage water risks include increased water efficiency efforts, and we are looking to significantly reduce the use of single pass cooling water. In 2022, we completed a project to eliminate the use of single pass non-contact cooling water in our Pecatonica, Illinois facility. This project is projected to reduce the plant's water consumption by approximately 20 million gallons per year. We are exploring similar projects at plants in Faison, NC, Green Bay, WI and Dixon, IL. Efforts to manage water and wastewater risks include the proactive evaluation of wastewater discharges. In 2021, a corporate team was established to review our wastewater operations to monitor discharges, improve performance, and anticipate impacts from production changes as they relate to wastewater compliance. This team, consisting of individuals from corporate environmental affairs, plant wastewater, environmental health & safety, and engineering, continues to support these efforts. We are installing new or improved wastewater treatment systems in several plants to ensure compliance with local, state, and federal requirements and ensure cleaner discharge. Plants included Cambridge, MD (initiated in 2021, expected completion in 2024); Lancaster, PA (initiated in 2021, completed in 2023); Princeton, KY (initiated in 2022, completed in 2023); and Tonawanda, NY (initiated in 2022, completed in 2023).	Medium-term to long-term

Transition Risks

Description	Strategy	Time Horizon
Policy and legal Policy-driven changes in energy prices and carbon taxes have the potential to affect our operating costs. The number of proposed carbon regulations in the U.S. has increased significantly in recent years, with the U.S. Securities and Exchange Commission ("SEC") calling for "qualitative and quantitative climate risk disclosures, including the financial impacts of severe weather events and other natural conditions and transition activities on line items of the financial statements" in March of 2022. Changing laws and regulations could impact our competitive position, practices, assets, labor pool, business partners or business model and our capacity to efficiently conduct business.	A subset of our 2030 ESG goals that aim to reduce our environmental footprint includereducing Scope 1 & 2 GHG emissions by 25% and working with suppliers to assess baseline Scope 3 calculations and establishing a reduction goal by 2025. These goals move us toward a lower-carbon and more sustainable operating model. By reducing our direct and indirect emissions, we will be less exposed to the financial risk of a carbon tax. We are proactively reporting on our GHG emissions and climate change risks through our annual Sustainability Accounting Standards Board ("SASB") and TCFD disclosures. By gathering, validating and reporting this information now, we will be better prepared if regulated climate change disclosures become mandatory. We also participate in various trade associations that provide us with regulatory updates at the international, federal and local levels. This enables us to anticipate and plan for any significant policy changes in the markets in which we operate. 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 relevant policy changes. Through TCFD, CDP Climate Change reporting, and SASB reporting, we are increasing our sustainability aspirations and transparency to provide our stockholders, customers, and other stakeholders more visibility into our planning and management of climate-related issues.	Short-term

Transition Risks | continued

Description	Strategy	Time Horizon
Market		
Consumer demand for nutritious, responsibly produced food products has grown exponentially in the past decade. Failure to effectively identify and prioritize products and opportunities to expand and align our portfolio with this growing consumer demand could result in a reduction in orders for our products. Increased energy and water costs due to changing market conditions would increase our operating costs. Indirect costs from suppliers are also being passed on to retailers. Decarbonization is a focus for retailers when considering the additional costs around how and what they provide to consumers and how it arrived. Suppliers unable or unwilling to meet the new conditions will struggle to meet retailer demands.	Expanding our product portfolio with more responsibly sourced food ingredients will reduce our market risk in this area. In 2022, we implemented a Responsible Sourcing Policy, which has specific requirements around environmental sustainability, priority ingredients, deforestation, human rights and food safety and quality, among other areas, to clearly communicate our expectations to suppliers and other third-party partners so we can offer more options that uphold our customers' standards. We continue to execute pricing actions to recover the escalating inflation. We do so by maintaining ongoing dialogue and collaborating with our customers, thereby strengthening our relationships as we operate in this extraordinarily challenging macro environment. We actively engage with our customers to understand their objectives in regard to climate mitigation and risk so we can create strategic approaches to meet and exceed their expectations. Whenever possible, we look for opportunities to partner with customers to advance more effective climate solutions. In response to increased customer interest in third-party certified responsibly sourced ingredients, we have set the following 2030 ESG goals: 1) Direct source 100% physical RSPO-certified palm oil by 2030; 2) Increase offerings of third-party certified responsibly sourced cocoa by 2030.	Short-term to long-term
Reputation		
Not addressing climate change in a meaningful way represents a reputational risk. Decline in customer trust could result in loss of business. Loss of investor confidence could impair our ability to efficiently raise capital for future investments or result in declining share value. Failure to attract, motivate and retain talent could threaten our ability to execute our business strategy and achieve key ESG and financial objectives.	Our 2030 ESG goals demonstrate to our stakeholders how we plan to act on climate change. We will continue to report on our progress, successes and learnings throughout our ESG journey, which includes progress toward our climate change goals. This information is readily available in our annual ESG report that can be accessed on our dedicated ESG web page.	Short-term to long-term

Climate-related Opportunities

Description	Strategy	Time Horizon
Resource efficiency		
Improving energy and water use efficiency can not only reduce our risks associated with climate change, but also result in direct cost savings to our operations.	Executing on our 2030 ESG goal of reducing water usage across manufacturing facilities by 20% will also lower our spending on water. We are working to improve our energy consumption and intensity efficiency so that we can reduce our usage costs and GHG emissions. Our Sustainability Treasure Hunts conducted at our facilities are designed to seek out opportunities for resource efficiency and associated cost reduction. Solutions sourced from our Sustainability Treasure Hunts are implemented by our facility, engineering, and environmental sustainability teams. In partnership with our suppliers, we are committing to co-creating solutions across our supply base to reduce the carbon footprint of our products' life cycles. We have completed a Scope 3 Assessment and plan to set a reduction goal by the end of 2025.	Medium-term to long-term
Energy source		
The transition to low-emission energy sources such as wind and solar presents an opportunity to lower our annual energy costs. It will also reduce our exposure to future fossil fuel price increases and reduce our sensitivity to the carbon tax.	As part of our 2030 ESG goals, we set a goal to reduce Scope 1 & 2 GHG emissions by 25% by 2030 compared to 2022 levels. We are evaluating increasing our energy usage from low-emissions sources through deploying renewable energy at our own operations. This would lower our Scope 2 emissions and reduce our reliance on fossil fuels.	Short-term to medium-term
Products and services		
Consumer preference and demand are shifting toward more nutritious and responsibly produced food products. There is a greater emphasis on a product's carbon footprint across the value chain, including sourcing, production, distribution, marketing and labeling. By reducing the GHG emissions associated with our products, we will be able to meet the consumer demand and remain competitive in our industry.	Our 2030 ESG goals include four goals targeted directly at reducing our direct and indirect GHG emissions. These goals include reducing our operational and energy use emissions, the emissions associated with our waste sent to landfill, and food waste, and increasing sustainable packaging options. By executing on and meeting these goals, we will be able to show our climate progress and meet the consumer demand for lower-emissions food products. As an example, one of our 2030 ESG goals is to direct source 100% physical RSPO-certified palm oil by 2030. This will help us reduce the climate-related risks of a higher-risk ingredient, and demonstrates to our customers that an ingredient has been responsibly sourced in accordance with this third-party standard.	Short-term to long-term

Climate-related Opportunities | continued

Description	Strategy	Time Horizon
Resilience		
Climate resilience is the adaptive capacity of an organization to respond to the changes, risks and opportunities from climate change. By increasing the reliability of our supply chain and diversifying our resources, we will be able to maintain our reliable operations and distribution and deliver food to our customers and the communities they serve.	Our Responsible Sourcing Policy ensures that we are diversifying our supply chain and working with suppliers that share our climate and sustainability goals. This will increase the dependability of our supply through possible severe weather conditions or natural resource scarcity. We are evaluating cost-competitive renewable energy and associated tax incentives to further drive down our costs and ensure that our business model and infrastructure are climate resistant. These efforts will reduce our overall environmental footprint and allow us to maintain our competitive advantage in the industry. The combination of energy sources will also give us the ability to leverage renewable power should the electrical grid be damaged by the physical impacts of climate change.	Long-term

Scenario Planning

Scenario Planning allows us to assess our climate-related issues and gain a better understanding of the implications of how we operate and distribute our goods. Scenarios lay out systems that could be deployed or enacted when a stress event occurs, making triaging the situation less likely. The Task Force believes scenario analysis is important for organizations to consider incorporating into their strategic planning or risk management practices.

We plan to evaluate our Enterprise Risk Management ("ERM") program in order to include more risk mitigation planning for the impact of climate-related physical, market and regulatory risks to the global food supply chain and the food and beverage industry. We are analyzing specific impacts for our company, business model and stakeholders. We identify potential risks and opportunities that could arise from projected climate change scenarios and integrate them into our ERM program. We integrate SASB metrics in enterprise data collection, monitoring and reporting and evaluate the long-term potential business impacts and mitigation strategies, product categories and geographic locations.

As we make progress toward our 2030 ESG goals and beyond, we plan to conduct a thorough climate risk analysis to ensure better scenario planning.

Risk Management

TreeHouse Foods follows an established ERM model for identifying and managing risks. This model includes a Risk Matrix for identifying risks to our business, ranking those risks and setting plans and targets to monitor and mitigate them.

The Risk Matrix is divided into three categories:

1. **Business and Operating Risks:** Includes risks from our direct operations, including environmental, health and safety and supply chain risks, as well as risks from our internal organization and structure.

2. **Market and Other External Risks:** Includes external factors that may pose risks to our business, including acute physical risks and regulation risks from climate change and market transition risks.

3. **Strategic Risks:** Includes risks to our overall operating model and macro strategic portfolio such as portfolio disruption or business model disruption.

As part of the annual enterprise risk assessment, we engage key stakeholders across the organization through surveys, interviews and facilitated conversations. Risks are ranked and categorized based on impact, likelihood and actionable opportunity. Risks that could prevent or enable the achievement of strategic objectives are assigned a risk owner that is responsible for setting plans and targets to monitor and mitigate the risks, which are presented quarterly to the Board of Directors. The ERM model, in combination with our ESG strategy, guides our overall risk management. We will ensure that ESG-related risks, including climate change, are adequately incorporated into the ERM model.

Metrics and Targets

We measure and monitor our climate-related risks and opportunities across the TreeHouse Foods organization. We publicly report on these metrics annually in our ESG report to allow stakeholders to assess our progress in adapting to climate-related issues.

2030 ESG Goals

In 2023, we updated our ESG goals as part of our ESG strategy for the next several years. The establishment of these goals was guided by our ESG Steering Committee. Achieving the key goals and tracking our progress against climate-related risks and opportunities relating to GHG emissions, water usage and sustainability is the responsibility of our four ESG subcommittees. The table below highlights our targets and the climate-related risks and/or opportunities, as well as our progress.

Goal	Risk Addressed	Opportunities Addressed
Reduce Scope 1 & 2 GHG emissions by 25% by 2030 Assess baseline Scope 3 calculations and establish reduction goal by 2025	• Escalating threat of climate change • Policy and legal risk • Reputation risk	• Energy source • Products and services
Reduce water usage across manufacturing facilities by 20% by 2030	• Chronic physical risk • Reputation risk	• Resource efficiency
Increase company-wide landfill diversion to 90% by 2030	• Escalating threat of climate change • Policy and legal risk • Reputation risk	• Products and services
Reduce food loss and waste from plant operations and warehouses by 50% by 2030	• Escalating threat of climate change • Policy and legal risk • Reputation risk	• Products and services
By 2030, have 100% of packaging be recyclable, reusable, or compostable Eliminate problematic and unnecessary plastics in packaging where feasible by 2025 Continue to maintain at least 20% post-consumer recycled content average across all packaging	• Chronic physical risk • Reputation risk	• Products and services
Direct source 100% RSPO physical certified palm oil by end of 2030 Increase offerings of third-party certified responsibly sourced cocoa by 2030	• Market risk • Reputation risk • Chronic physical risk	• Resilience • Products and services

GHG Emissions

We report our current Scopes 1 and 2 emissions on an absolute basis in our 2023 CDP Climate Change Survey, and historical emissions can be found in previous ESG Reports, which are available on our website. We have also set 2030 reduction goals for Scopes 1 and 2.