

Kellogg Company Global Sustainability Commitments Goals

Revised February 2017

As a company, and as individuals, we are passionate about enriching and delighting the world through foods and brands that matter. We understand that people care about how the foods they eat are grown and produced. That's why environmentally and socially sustainable practices are such a crucial part of ensuring our brands remain relevant with consumers. At the heart of our sustainability efforts is a desire to create better tomorrows. We will do this by helping communities and families to thrive and enriching the environment.

Our renewed commitment to sustainability is at the core of our values and will help us continue enriching the world through foods and brands that matter. With our Global Sustainability Commitments, we'll support the livelihoods of individuals, families and communities that rely on us and on whom we depend. We'll go further to conserve natural resources where we source and produce our foods. We will use the stories generated from these efforts to connect with our consumers



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<u>Responsible Sourcing</u>	Conserving Natural Resources
<p><u>Responsibly source - By 2020:</u></p> <ul style="list-style-type: none"> • Corn, wheat, rice, potatoes, sugar beets, sugar cane, cocoa, palm oil, fruits (strawberries, raisins/sultanas), and vanilla using a combination of certification, direct investment and documented continuous improvement • Validate social compliance across all direct suppliers by 2015 	<p><u>Energy - By 2020:</u></p> <ul style="list-style-type: none"> • Expand use of low-carbon energy in our plants by 50% and reduce energy and GHG emissions in our plants by an additional 15% (per metric tonne of food produced) v. 2015 performance • By 2050, reduce GHG from our operations by 65% and work with direct suppliers to help reduce their GHG by 50%
<p><u>Sustainable Agriculture:</u></p> <p>By 2025, support 500,000 farmers, focusing on Climate Smart Agriculture to improve livelihoods.</p> <p>Continue to help agricultural suppliers, millers and farmers to:</p> <ul style="list-style-type: none"> • Adapt and be resilient to climate change • Optimize use of fertilizer inputs • Estimate GHG emissions and measure continuous improvement • Optimize water use and enhance watershed quality • Improve soil health 	<p><u>Water - By 2020:</u></p> <ul style="list-style-type: none"> • Support watershed quality • Implement water reuse projects in at least 25% of our plants • Reduce water use in our plants by an additional 15% (per metric tonne of food produced) from 2015 performance • Continue watershed quality support
<p><u>Smallholder Farmers – By 2020:</u></p> <ul style="list-style-type: none"> • Help improve livelihoods for 15,000 smallholder farmers in the regions from which we source (Achieved 4 years early, in 2016) • Identify the parts of supply chain with smallholder farmers • Build programs to help small-scale producers improve their livelihoods through agronomic practices and improved business skills 	<p><u>Waste – By 2020:</u></p> <ul style="list-style-type: none"> • Reduce total waste in plants by 15% per metric tonne of food produced
<p><u>Women Farmers and Workers:</u></p> <ul style="list-style-type: none"> • Identify parts of our supply chain with a high prevalence of women farmers/workers • Develop programs to provide resources and education that improve the livelihoods of women farmers/workers, their families and their communities 	<p><u>Packaging:</u></p> <ul style="list-style-type: none"> • Maintain commitment to 100% timber-based packaging from either recycled content or from certified sustainable sources • Continue adding value to foods and the planet via resource-efficient packaging, as measured by improved performance for recycled content, recyclability and food-to-package ratios

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Responsible Sourcing - By 2020

We are committed to responsibly source rice, wheat, corn and sugar beets by measuring continuous improvement through metrics focused on water, fertilizer use, greenhouse gas emissions, livelihoods other relevant factors as aligned with industry standards and measurement tools, such as [Field to Market](#).

- For wheat: whole, cracked, shredded wheat and flour are in scope.
- For corn: corn grits and corn flour are in scope.
- For rice: milled/whole medium grain rice is in scope.
- For potatoes: potato flakes are in scope.
- For sugar: bulk or granulated beet sugar is in scope

Through the work with our global palm oil suppliers, we will source fully traceable palm oil to known and certified sources that are environmentally appropriate, socially beneficial and economically viable. Requiring our suppliers to trace palm oil to plantations that are independently verified as legally compliant, with principles for protecting forest, peat lands, and human and community rights, and comply with all RSPO principles and criteria, with a target of December 31, 2015 for traceability that include action plans to close gaps. For palm, all palm oil is in scope. Learn more about our progress against these goals at: [Sustainable Palm Oil Commitment](#) and [2017 Global Palm Milestones](#).

Kellogg will support the sustainable sourcing of cocoa, sugar cane and vanilla through direct investment in the places where these ingredients are grown. By engaging suppliers and local experts, our focus will be on the origins of our cocoa and vanilla to reflect the needs of the growers and the environment. Our natural vanilla, bulk/granulated sugar cane and chocolate chip, powders, coatings and fill are in scope for these ingredients. To measure environment improvement, we will assess continuous improvement on appropriate metrics, such as water fertilizer use and greenhouse gas emissions. To measure livelihood improvements, Kellogg will measure the number of smallholder farmers and women farmers involved in Kellogg-supported programs, driving outcomes in financial and climate resilience, women's empowerment and nutrition. In sugar cane, these indicators are aligned with the Bonsucro measurement standards.

Kellogg will continue to support agricultural suppliers, millers and farmers to optimize water use and enhance watershed quality. We know that our most significant environmental impacts occur in our supply chain, in the growing of our agricultural ingredients. In recent years, food security, feeding the ever-increasing global population going forward, has also emerged as a critical issue facing the agriculture industry. As a responsible food company, we want to do our part to minimize the impacts of agricultural production and help the agricultural sector be more sustainable. It's the right thing to do, and it's what our consumers – who are increasingly interested in where and how their food is grown – expect us to do.

Sustainable Agriculture

Kellogg is committing to supporting agriculture, which is smart for our climate and smart for the growers. This commitment will enable improved resilience to impacts from things such as weather events or market shocks, productivity - particularly for smallholder farmers - and reduction of greenhouse gas emissions. Kellogg is enabling this through partnerships with organizations like [World Business Council's Low Carbon Technology Partnerships](#), [Field to Market](#) and [Cool Farm Tool](#).

The types of support enabled by Kellogg to help deliver climate smart agriculture for both livelihood and environment improvements will include programs such as:

- Research and technical assistance
- Training on best management and agronomic practices
- Access to markets and financial resources



In addition, through our work with suppliers, millers and growers, and other partner stakeholders we provide data, maps, tools, agronomic support, and/or training to support continuous improvement in climate adaptation, including for smallholder farmers, optimization of fertilizer inputs while measuring and improving greenhouse gas emissions, optimization of water use and improvement of soil health including irrigation methods and new technologies.

We will not directly measure continuous improvement on every farm, but instead take the learnings from the sampled growers to share with the supplier and all growers to drive awareness on best management practices and to guide Kellogg and supplier led support. These activities will cover, at a minimum, 80% of total spend in each ingredient category. As stated in our Kellogg Global Supplier Code of Conduct and the additional information provided in the supporting “Resource Guide” (both of which are posted on www.Kelloggsupplier.com), we expect suppliers to support our corporate responsibility commitments by implementing sustainable operating and farming practices, and agricultural production systems. Suppliers must strive to reduce or optimize agricultural inputs; reduce greenhouse gas emissions, energy and water use; and minimize water pollution and waste, including food waste and landfill usage.

Over the past few years, we have sought to work more closely with the farmers who grow our grains – to build relationships with them, learn about their current growing practices and work together to drive sustainability improvements. We are also now taking the next step of providing assistance to growers to help make their operations more sustainable. This includes making assessment tools and external advice from agronomists available to growers.

To ensure our Suppliers understand and comply with our expectations and requirements, we have adopted a three-phased approach – awareness, education and verification – to support our responsible sourcing initiatives.

1. Ensure awareness to our expectations and requirements by publishing, promoting and incorporating them into our Global Supplier Code of Conduct into our Supplier agreements;
2. Use internal and external Supplier events to provide Global Supplier Code of Conduct and responsible sourcing training; and
3. Survey and audit high-risk suppliers using SEDEX, a tool which is the largest collaborative platform for sharing ethical supply chain data. SEDEX is an effective supply chain management solution, helping to reduce risk, protect company reputation and improve supply chain practices.

Smallholder Farmers

Smallholder farmers play a critical role in global food supply, first for themselves and their families, but increasingly for broader food security opportunities in rural or impoverished communities. Kellogg recognizes the key role smallholder farmers play in food security in their communities and is assessing how our supply chain can improve productivity and livelihoods.

Kellogg is identifying the parts of our supply chain with the highest prevalence of smallholders, while identifying the risks and opportunities they face, depending on their commodities and regions. We will continue to identify and develop programs, including crop diversification, adaptation of crop varieties or integrated pest management, which enable small holder farmers improve their livelihoods through agronomic practices and improved business skills.

Kellogg recognizes that farmer organizations can play a key role in supporting small holder farmers, and that stable and long term business commitments are important for small holder farmers.

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Women Farmers and Workers

Kellogg recognizes that women often play a significant role in agriculture, but in some countries still face challenges of injustice and inequality. Kellogg is identifying the parts of our supply chain with the highest prevalence of women, while identifying the risks and opportunities they face, depending on their communities and regions. We will continue to identify and develop programs to provide resources and education that improve the livelihoods of women farmers/workers, their families and their communities, supporting challenges and issues such as access to inputs, markets, or training, access to land, land use, land tenure, climate change challenges as well as access to clean and potable water. Our [Global Supplier Code of Conduct](#) requires our suppliers to not discriminate against women farmers or workers.

Energy - By 2020

Kellogg is committed to continuing our work on reducing energy and greenhouse gas emissions by an additional 15% (per metric tonne of food produced) from 2015 performance.

We are also committed to increasing our use of low carbon energy in our plants by 50%. Kellogg defines low carbon energy for use in our plants as renewable energy (solar, wind, hydro), and cogeneration (combined heat and power (CHP), fuel cells). We will not achieve our goals by using grid supply power that is sourced from alternative energy sources.

Finally, Kellogg is committed, by 2050, to reduce greenhouse gas emissions from our operations by 65% and work with direct suppliers to help reduce their GHG by 50%.

Water - By 2020

Kellogg recognizes that water is a precious and increasingly scarce resource. We are therefore taking several steps to help reduce our water use while also supporting the health and quality of key watersheds both where we make and source our food and the surrounding communities. We can support healthy watersheds by working with growers on best management practices to reduce runoff, like Delta del Ebro in rice for Spain. We will work with stakeholders such as The Nature Conservancy to help us measure the benefits and results of these efforts.

We are also committed to implementing water reuse projects in at least 25% of our plants. Kellogg will define water reuse as projects which circulate cooling water, closed loop cooling water systems, as well as water recovery and reuse for other purposes such as irrigation.

Kellogg will also reduce water usage by an additional 15% per metric tonne of food produced.

Waste - By 2016

In recognition of increasingly scarce natural resources, leftover or unwanted materials have come to be seen as valuable assets rather than “waste.” Many companies – and consumers – now do their best to minimize waste and find new uses for discards, sending unwanted materials to landfill only as a last resort.

At Kellogg, approximately 3 percent of our overall waste ends up in a landfill. The remaining 97 percent is recycled or sold to livestock operators to be used for animal feed. (A tiny portion – less than .01 percent – is sent for energy recovery.) By 2020, we commit to reduce total waste in plants by 15% per metric tonne of food produced.

Packaging

We are committed to ensuring that our packaging is effective in protecting our foods while minimizing the materials used. We utilize a sustainable packaging framework that focuses on improving performance in three key areas: the package-to-food ratio, percent recycled material content and percent materials that are commonly recoverable. Kellogg is committed to continue to add value to foods and the planet with further



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implementation of resource-efficient packaging, as measured by improved performance for recycled content, recyclability and food-to-package ratios.

As a member of the Consumer Goods Forum, we are committed to help achieve zero net deforestation from tropical forests. Kellogg will maintain our commitment to 100% timber-based packaging from either recycled content or from certified sustainable sources.

Most of our cereal, cracker and waffle box liners are made of high-density polyethylene (HDPE) which is coded as #2 flexible plastic. This is the same material used to make white plastic grocery bags. Number 2 plastic is commonly recycled, but the recycle symbol is not typically printed on plastic bags or liners. Kellogg is undertaking initiatives to help people recognize liners that are recyclable and encourage them to recycle this material.

Want to know more about how Kellogg is doing on all of its commitments? Check out the [2015](#) and [2016](#) Milestones documents online.

