



# 2024 Kellogg's Responsible Sourcing Verification Report

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## Scope of Verification

The scope of this verification visit was to assess compliance of the flint corn purchased in 2024 for the production of European corn flakes in 2024, to the criteria outlined in the Responsibly Sourced Program. The Group Verification methodology was used, which allows for a sampling-based approach based on a System Assessment, when collecting survey responses from growers. As there are no grower interviews during the verification, the main focus of the verification was on the supplier and their supporting evidence into the practices of growers supplying into the Kellogg’s supply chain. One key document was the Kellogg Grower Survey (“KGS”). The KGS was collected by the supplier from a sample of growers supplying into the supply chain. The verifier evaluated the KGS’ to understand the farmer data and how it was collected.

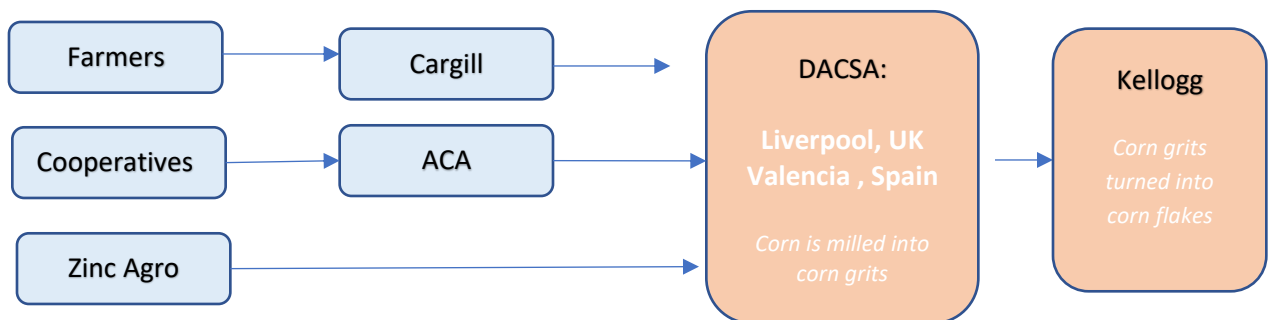
## Summary of Supply Chain

DACSA is a large milling company that aggregates corn and rice among other crops. DACSA purchases flint corn from 3 suppliers in Argentina, and in turn they sell this corn to Kellogg. DACSA does not directly source from the farmers, but rather purchases raw material from farmer cooperatives (like ACA) and/or grain companies who contract farmers (like Cargill). The number of aggregators/suppliers from which DACSA purchases flint corn changes minimally year by year. The groups within the cooperative are required to fill out a Group System Assessment, which analyzes the complexity (and risk) associated with each group. This results in a mandatory number of hectares that should be represented through the surveys. In this case, the DACSA team surveyed more than the required hectares.

Although DACSA does not hold direct contracts with the growers, DACSA was aware of which growers were involved in the production of flint corn. Flint corn is a specialty crop, which is not generally grown in Argentina<sup>1</sup>, and DACSA provides monetary support to several of the growers involved in the project. At DACSA’s milling facilities, the corn is milled into corn grits, which are purchased and used by Kellogg to produce Kellogg’s corn flakes.

About 80% of the flint corn used by Kellogg’s comes from DACSA’s U.K. facility in Liverpool and about 20% comes from their operations in Valencia, Spain.

Figure 1: Visual representation of the supply chain



<sup>1</sup> Argentina grows mainly GMO corn. Flint corn is non-GMO.

## Summary of Non-conformities

There were no non-conformities found during the verification.

## Findings per assessment level

The sections below highlight all other findings at the three levels which were verified (Kellogg, supplier, grower).

### Kellogg-level findings

Kellogg-level information was verified through a virtual meeting and an exchange of documents from Kellogg to Control Union. The following were the result of this document review and interview with Kellogg representative(s). No non-compliances were found.

Criteria		Findings	CAP:
<b>Environmental</b>			
E1	Measured continuous improvement on 100% of acres for product specific ingredient by supplier (include 100% response to main KGS KPIs)	<p>Final product: Corn Flakes, Crunchy Nut, and Frosted Flakes for 2024. Required 70.718 mT of corn grits</p> <p>= 291.522 mT raw corn</p> <p>= 19.589 ha necessary</p> <p>Recipe inclusion rate: how much grit is in each product.</p> <p>Milling Grits: 50-52% conversion factor (multiplicator for whole kernel corn to grits) (confirmed by DACSA).</p> <p>Average agronomic yield (average country 2023/24): 7,22 mT/Ha</p> <p>Minimum number of Ha necessary to support by surveys: 40.377 ha.</p> <p>Season 2023/2024, DACSA sold 64.501 tons of Flaking grits (coming from 218.277 tons of corn raw material) to Kellogg's so far.</p> <p>Number of total surveys conducted and verified: 41 (ACA: 15 growers, ZINC AGRO: 10 growers and OLSUN: 16 growers). Total planted crop surface: 40.377 Ha</p> <ul style="list-style-type: none"> <li>- Crop surface corresponded to ACA: 21.484 Ha (53,2%)</li> <li>- Crop surface corresponded to ZINC AGRO: 10.644 Ha (26,4%)</li> <li>- Crop surface corresponded to OLSUN: 8.249 Ha (20,4%)</li> </ul>	None needed
E5	Kellogg engaged in annual support with project plan in place (i.e., Funding for, trainings, data reporting, expert partnership)	Kelloggs helped to fund the informational booklets “Producción, Calidad y sustentabilidad de maíz Flint y otras especialidades” (edited by José A. Gerde, PhD from UNR, August 2022), “Uso seguro de fitosanitarios” (edited by Virginia de Altube, UNR) that were sent at the end of 2022.	None needed

		<p>Kelloggs is still collaborating with the University of Rosario, providing training with the growers and collecting the KGS information (Invoice from the university to Kellogg's, as well as contracts and evidence from correspondence for the trainings were available during audit "Field Day 2024 report").</p> <p>Also, experiments were carried out by the University during 2023 on the following subjects:          -Difference in yield and quality of flint corn in north Argentina          -Difference in yield and quality of flint corn in central Argentina.</p> <p>Articles were published and available during audit. The PhD responsible of the UNR, José A. Gerde, collaborated with 5 of the farmers that participated in the survey in order to calculate the Carbon Footprint. CFT reports were carried out on 5 fields (1 from Zinc Agro, 1 from Coop. Carabelas -ACA supplier-, 3 from Tecnocampo -Zn Agro-).</p>	
E6	<p>Environmental Risk Assessment (including deforestation and water) (if high risk, mitigation plan)</p>	<p>The environmental risk assessment created in 2021 was still valid and available during audit.</p> <p>A new Risk Assessment was carried out in 2024 which includes climate, deforestation, water, human rights, agricultural, geopolitical, reputational/business risks. Many of the farmers of the survey are in Northern Argentina, an area of high deforestation-risk, therefore the mitigation plan from Kelloggs was that all farmers sign a non-deforestation clause.</p> <p>It was also explained during the assessment that, due to the long-life participation of the farmers to the program (more than 10 years) indicates that any deforestation happened before the creation of the present initiative. Regarding water, Argentina is stated to have a low water footprint, since it is solely rainfed.</p>	None needed
<b>Governance</b>			
G2	<p>Programs are with contract suppliers of the life of the project (consistency)</p>	<p>DACSA has been the sole supplier of corn for the brand - relationship for many decades.</p> <p>Strategic business reviews with DACSA to confirm ongoing long-term partnership.</p>	None needed
G3	<p>Volume proxy = total sourcing</p>	<p>Volume proxy was evaluated during audit:</p> <p>Average Yield (From last three years (as per Bolsa cereales Rosario): 7,22 t/Ha</p> <p>Conversion Factor: 50%</p> <p>Hectares of land in our Farmers' participation: 40.377 Ha</p> <p>Flaking grits produced on this land: 109.138 t (from 219.962 tons of corn raw material).</p> <p>Kellogg Needed for 2024: 70.718 t (from 141.436 tons of corn raw material).</p> <p>2024 Surveys cover an excess of 38.420 t</p> <p>2022 End volume: 77.219 t</p>	None needed

		<p>2023 Surveys cover an excess of: 68.542 tons.</p> <p>The method of volume tracking used is the mass balance approach. All of the corn sold to Kellogg's is involved in the sustainable project. The volumes that DACSA sells to Kellogg represent only a fraction of the corn purchased from the growers (through DACSA). DACSA is able to deliver higher quantities than contracted (sustainable).</p> <p>DACSA works with COTECNA, SGS and CONTROL UNION to verify the identity of the corn. Evaluations of corn production are done at all stages and visits to the farmers are placed (at least once). At the time of shipment, the corn is traced back to the supplier of the supplier from which DACSA purchases from.</p>	
G4	3 <sup>rd</sup> party assessment of reputational risk and internal risk assessment	Internal Risk Assessment 2024 was available during audit.	None needed

### Supplier-level findings

Supplier level information was checked at the suppliers' headquarters in Valencia, Spain. This included a document review where existing and relevant documentation for each point was checked. In addition, interviews were conducted with responsible personnel within the company for this project.

No non-conformities were found at this level.

Criteria:	Findings:	CAP:
<b>Environmental</b>		
E2	<p>Supplier reports to Carbon Disclosure Project Supply Chain (including Scope 1 &amp; 2 emissions)</p> <p>DACSA has a CDP (Carbon Discloser Project) on Scopes 1, 2, 3, based on identifying the nature of the company and establishing annual environmental goals to achieve the reduction of carbon emissions. Carried out for the entire matrix of Maicerias Españolas SA from the collected data of the factories/facilities located in Valencia, Poland, Portugal, Liverpool, Ukraine, Seville, Sivesa, La Campana, Extremadura, La Cava and Tysa. Currently on score "B", through info uploaded and verified on 30th of September 2024.</p> <p>"Strategic Plans" are developed on issues related to the Carbon Footprint, establishing social and Sustainable Objectives and setting deadlines for their achievement. E.g. Goals developed in the Valencia factory: reduction in the use of office paper, reduction in the use of non-renewable energy and zero waste landfill).</p> <p>Furthermore, the DACSA plant located in Portugal is working with 100% renewable energy based.</p> <p>Related to Environmental issues, DACSA's roadmap also includes water security for the Liverpool and Valencia plants (related to reducing water consumption). The data graphs show</p>	None needed

		a reduction in water use; however, the values have been stagnant for the last 3 years. The main reason is that the amount of water used is directly related to the total amount of raw material processed.	
<b>Social</b>			
S1	3 <sup>rd</sup> party validation of compliance to social accountability programs	DACSA has completed a 4-pillar SMETA audit (crop monitoring, audit plan, reception, sampling and analysis, shipping) in Liverpool and Valencia. The certificate should be renovated every 3 years.  Eg. Valencia: Audit code nr ZAA6000064063 (issued by Intertec dated 20-5-2024). Liverpool: Audit code nr ZAA600017704 (issued by Intertec dated 21-8-23 ).	None needed
S3	All suppliers have signed the Kellogg Code of Conduct	Signed by DACSA on 26/07/2022 (by María José Valero - Corporate Social Responsibility Department).	None needed
<b>Governance</b>			
G1	Farms with the above criteria must sell into Kellogg supplier (on average)	DACSA is involved with growing 10.644 Ha (Zinc Agro) + 21.484 Ha (ACA) + 8.249 Ha (Olsun). Total surface: 40.377 Ha of flint corn. 219.962 tons/year of corn are grown. Average yield: 7,22 tons/ha.  For Season 2023/2024, at time of audit it was calculated that DACSA produced 109.138 tons of flaking grits (from 218.277 tons of raw material), while 64.501 tons were sold to Kelloggs.  Although Kelloggs purchased less than the initial needs (70.718 tones), DACSA has produced an excess of approximately 38.000 tones, so DACSA is able to deliver higher quantities than contracted (sustainable).	None needed

### Farmer-level findings

Farmer level information was checked at the supplier’s headquarters by comparing paper surveys with the aggregated data sheet supplied by Kellogg.

Total number of surveys	41
Total HA reported on	40.377
Representing total HA for claim	40.377
Total surveys checked	41

Entity	Number of growers	Ha of production	Number of surveys conducted	Production area covered by the surveys (Ha and %)
ACA	15	121.601	15	21.484 Ha, 53.2%
ZINC AGRO	10	125.200	10	10.644 Ha, 26.4%

OLSUN	8	109.850	8	8.249 Ha, 20.4%
<b>TOTAL</b>	<b>41</b>	<b>356.651</b>	<b>41</b>	<b>40.377 Ha, 100%</b>

The chart below shows the calculation for each criteria, as conducted by the verifier after reviewing the survey responses with the supplier.

KPI	"Yes" % HA represented
Minimum/no till	100%
Cover crop/permanent cover	22,5%
Buffer Strips (Wind break rows and/or erosion barriers)	10%
Nutrient Management Plan Soil Tests Nutrient Applied Number of applications	100%
Rainfed Irrigation	100%
IPM	100%
Deforestation Legal Use of Land	100%
Training's health and safety Use of PPE	100%

Criteria:	Findings:	CAP:
<b>Environmental</b>		
E3 Implemented conservation practices to this threshold (must meet 4 of 6) <ul style="list-style-type: none"> <li>&gt; 60% conservation tillage</li> <li>&gt; 40% cover crops and/or continuous cover</li> <li>&gt; 20% buffer strips</li> <li>&gt; 40% have a nutrient management plan in place</li> <li>&gt; 50% practice laser leveling</li> <li>&gt; 20% conservation irrigation practices (drip, channel, rainfed)</li> </ul>	Overall, of three suppliers: According to the overall calculation between the three suppliers, the percentage reached based on the provided "2023 Kellogg Grower Survey" is the following: <ul style="list-style-type: none"> <li>Conservation tillage: 100%.</li> <li>Cover crops and/or continuous cover: 22,5%.</li> <li>Buffer strips: 10%.</li> <li>Nutrient management plan in place: 100%. All growers plan fertilizer applications to match nutrient availability and crop needs while performing different activities. Furthermore, they work with an agronomist to assess and improve nutrient use efficiency.</li> <li>Laser leveling: Question No. 30 of the "Kellogg Grower survey 2023" checklist specifies that it is only for rice production "Please answer this question for rice production only. Do you laser level your field (s), or level using local techniques?". So, no grower has answered this question.</li> <li>Conservation irrigation practices: 100% rainfed. There is no irrigation system in place, so all farmers' crops are rainfed.</li> </ul>	<b>None needed</b>  3 of the 6 KPIs were reached: conservation till, nutrient management plan and conservation irrigation practice, due to their rainfed operations. However, 1 KPI laser leveling is not applicable to corn. It is also specified in the survey that the question is applicable only to rice growers.

E4	<p>Implemented conservation practices to this threshold (all should be met)</p> <ul style="list-style-type: none"> <li>• 100% implementing an integrated pest management plan</li> <li>• 100% no deforestation</li> <li>• 100% legal right to farm the lands</li> </ul>	<p>According to the verified "2024 Kellogg Grower Survey", 100% of the suppliers have an Integrated Pest Management (IPM) plan in place. 2 out of 40 responded that they educated themselves throughout books (5% of the overall).</p> <p>100% of the farmers have signed a self-declaration of non-deforestation and legality right of the land. Deforestation and legality of land use are not currently within scope for the Kellogg Grower Survey.</p>	<p>IPM, as well as health &amp; safety - safe handling of pest protection products have been covered in training led by DACSA and/or Kellogg. Training videos and brochures were available during audit.</p>
<b>Social</b>			
S2	<p>Farm workers are supported by</p> <ul style="list-style-type: none"> <li>• 100% are trained in Health &amp; Safety</li> <li>• 100% indicating the use of PPE</li> </ul>	<p>According to the growers' answers to the 2024 Kellogg Grower Survey:</p> <ul style="list-style-type: none"> <li>• Health and safety trainings: 100% answered 'yes', confirming that they and/or their workers have regular access to health and safety training. The trainings have been through traders or processors or opportunities with non-governmental organizations (NGOs).</li> <li>• Use of PPE: 100% answered "yes" indicating the use of PPE and additionally, all of them have received training according to legal requirements.</li> </ul>	

## Observations and Recommendations

The following observations/recommendations were made by the auditor, while in the field:

	<b>Criteria</b>	<b>Observations/Recommendations</b>
E4	<p>Implemented conservation practices to this threshold (all should be met)</p> <ul style="list-style-type: none"> <li>• 100% implementing an integrated pest management plan</li> <li>• 100% no deforestation</li> <li>• 100% legal right to farm the lands</li> </ul>	<p>In the case of IPM, although 100% of growers have an IPM plan in place, 2 have answered (representing 5% of total surveys) that they educated themselves using books or the internet. It is recommended that all growers participating in the survey receive a formal training.</p>
E3	<p>Implemented conservation practices to this threshold (must meet 4 of 6):</p> <ul style="list-style-type: none"> <li>&gt;60% conservation tillage</li> <li>&gt;40% cover crops and/or continuous cover</li> </ul>	<p>From the survey's results, 3 of the 6 KPIs were successfully reached: conservation till, cover crops, nutrient management plan and conservation irrigation practice, due to their rainfed operations. One of the KPIs (laser leveling) is not applicable to corn growers.</p>
Future Verifications		<p>Future verifications <b>should include a sample of on-farm visits</b>, where the answers of the growers can be verified in situ. Evidence of certain important farm practices should be available during these visits and during this verification process.</p>

## Conclusions

Control Union (CU) greatly appreciated the cooperation from the representatives of Kellogg's and DACSA during the duration of this verification. Both parties provided the transparency needed to successfully verify the supply chain as "responsibly sourced."

CU concludes that the flint corn used for the production of Corn Flakes, Crunchy Nut, and Frosted Flakes on the European market in 2024 was sourced responsibly in 2023 as per the criteria in the Responsible Sourcing program of Kellogg's.

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# Annex I: Evidence

## USO SEGURO DE FITOSANARIOS

**CRITERIO DE CLASIFICACION TOXICOLOGICA ADOPTADA POR SENASA:**

Las toxicones agudas oral, dérmica e inhalatoria en los casos de productos volátiles, son utilizadas para determinar si un producto es clasificado en 1, 2, 3 u 4 de acuerdo a la siguiente tabla de clasificación que se levantó en anexo. Figura 1

Entre las tres vías se toma la más restrictiva para la clasificación, o sea la de mayor toxicidad. Esta clasificación y por lo tanto la banda de color solo nos indica si la toxicidad aguda resulta más o menos restrictiva que el medio ambiente ni sobre organismos beneficiosos, ni que se haga en los estudios de toxicidad aguda que están en el efecto sobre aves, peces, moluscos sobre ratas, ratones y conejos.

Aunque no se destina mediante el uso de los datos de información de toxicidad crónica y efectos sobre organismos acuáticos, aves y otros se detalló en el texto de los anexos, en el cuerpo adjunto de las mismas específicamente.

**Prácticas recomendadas:**

- Las instrucciones de los fabricantes deben ser claras.
- El manipulador requiere capacitación previa.
- Los productos deben ser utilizados únicamente para los cultivos y plagas para los que el producto fue aprobado, respetando las dosis, condiciones de aplicación y los intervalos o cosecha (Período de Carencia).
- Se deben usar equipos de protección personal adecuados que recomiendan utilizar productos de buena calidad, que respondan a normas (RAM, Figura 2).
- Evitar la contaminación del ambiente al aplicar lavar el equipo o eliminar los envases vacíos.
- Limpiar el equipo correctamente después de cada aplicación.

**Destino final de envases vacíos (Ley nacional 27.279)**

La ley prohíbe el abandono, vertido, quemado y/o enterramiento de envases vacíos de fitosanitarios. Prohíbe además la comercialización y/o entrega de envases a personas físicas o jurídicas por fuera del sistema autorizado. El **Estándar de Gestión Integral de Envases Vacíos** se articula en 3 etapas:

**Etapo 1:** Los envases vacíos deben lavarse o lavados o lavados en el usuario o Centro de Almacenamiento Intermedio (CAI) que es una instalación controlada de acuerdo a normativas provinciales/municipales si las hubiera, pero siempre transformando envases vacíos de agroquímicos.

**Etapo 2:** del CAI el operador, que está autorizado para modificar las características físicas y/o composición química de los envases, de modo tal que se eliminen sus propiedades nocivas, se requiere energía y recursos humanos, o se obtenga un resíduo inerte físico o se lo haga susceptible de recuperación o más seguro para su transporte o disposición final.

**Etapo 3:** del operador a la industria.

**Procedimientos de reducción de residuos en envases vacíos:**

**1-Triple lavado (IRAM 12069).**

- 1- Agregar agua hasta 1/4 de la capacidad del envase.
- 2- Cerrar el envase y agitar durante 30 segundos.
- 3- Verter el agua en el tanque del equipo.
- 4- Repetir 2 veces el proceso anterior.
- 5- Perfilar el envase.

**2-Procedimiento para el lavado a presión:**

Colocar el envase (Figura 4) dentro del envase y oprimir el pulsador durante 10 segundos. El agua resaca el entorno interno del tanque del equipo. El agua del lavado debe ser agregado al tanque del equipo por este el lavado de los envases debe hacerse en el mismo momento de la preparación del caldo. No se debe lavar el envase hasta lavado, disponer los tapas, cuando el espacio de los envases lavados debe ser bajo techo o en balsa para evitar que se mojen. El envase debe ser perfilaro para evitar su utilización y se le debe cepillar el morlete de mismo.

**Residuos de productos fitosanitarios en productos agrícolas.**

Cuando se realizan aplicaciones de productos fitosanitarios sobre cultivos, pueden quedar residuos de la sustancia activa aplicada y/o sus metabolitos en las partes comestibles de los vegetales tratados. SENASA establece las siguientes tolerancias para esos residuos:

**Límite Máximo de Residuos (LMR)** es la concentración máxima de residuos de fitosanitarios legalmente permitida, factible de ser encontrada en un alimento humano o animal. Luego de la aplicación del fitosanitario siguiendo las buenas prácticas agrícolas. Se expresa en mg/kg o ppm.

**Período de Carencia (PC)** son los días que deben transcurrir entre la última aplicación de un fitosanitario en un cultivo y la cosecha del mismo o pastoreo de animales.

**Producción, calidad y sustentabilidad de maíz Flint y otras especialidades**

Editado por José A. Gerde

Photo 1. Example of training material created with Kellogg's DACSA and consultants.

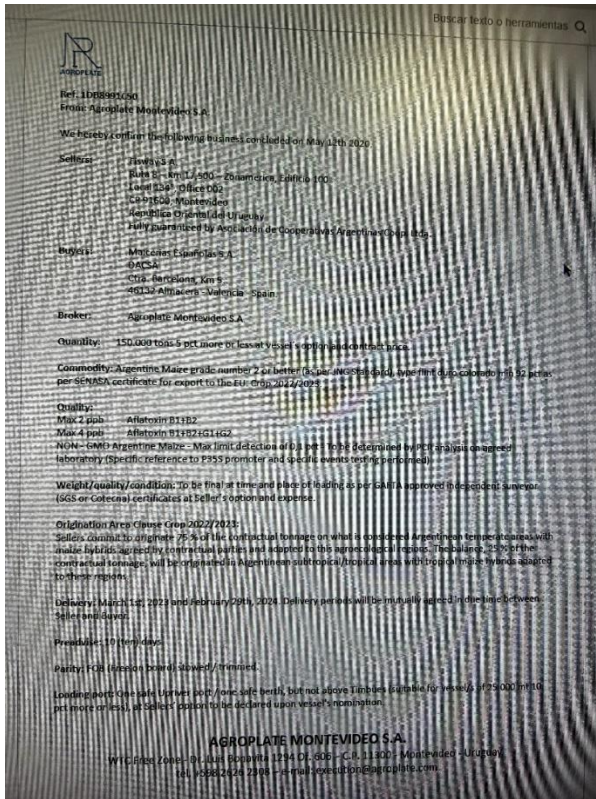


Photo 2. Evidence of contract between DACSA and the Cooperative ACA

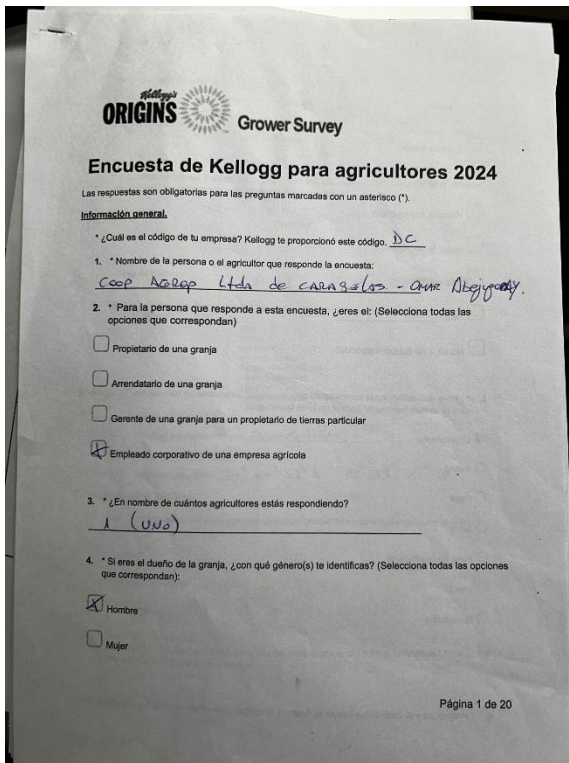


Photo 3. Example of a survey completed by a grower (Coop. Carabelas)

