



Kellogg's[®]

**Supporting a Circular Economy
Global Sustainable Packaging
Annual Milestones
REPORTING YEAR 2019**



Supporting a Circular Economy Global Sustainable Packaging Annual Milestones

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OVERVIEW

The way our foods are packaged ensures their safety, freshness and great taste. We also consider the impact of our packaging on the environment. These dual considerations have influenced our company's packaging since our founding in 1906 when our cereal boxes were introduced with recycled content.

Today, 97 percent of our timber-based packaging comes from either recycled or certified-sustainable content. In 2018, 65 percent of these materials were from recycled content and the remainder from verified sustainable sources. What we couldn't fathom in 1906 was the impact of plastic packaging. According to a 2016 report by the Ellen MacArthur Foundation (EMF), 311 million tonnes of plastic is produced each year, the equivalent of more than 900 Empire State Buildings¹, and eight million tonnes of this plastic enters our oceans. Of the plastic packaging produced, just 14 percent is collected for recycling globally and just five percent is retained for secondary use. We need to rethink the way we make, use and reuse plastics and collaborate with others to speed up the transition to a circular economy.

That's why, in 2018, Kellogg announced the expansion of its Global Sustainability Commitments to include a **goal of working toward 100 percent reusable, recyclable or compostable packaging by the end of 2025.**

Already, this commitment is changing the way we are working. In 2018 Kellogg also became a signatory of the Ellen MacArthur Foundation (EMF) New Plastics Economy Global Commitment. As a packaged goods business signatory we commit to:

1. Endorse the Global Commitment's common vision, which aims for a circular economy for plastic, where plastic never becomes waste.
2. Take action to eliminate problematic or unnecessary plastic packaging by 2025.
3. Take action to move from single-use towards reuse models where relevant by 2025.
4. Ensure that 100 percent of plastic packaging is reusable, recyclable, or compostable by 2025.
5. Set an ambitious 2025 recycled content target across all plastic packaging used.
6. Commit to collaborate towards increasing reuse/recycling/composting rates for plastic.
7. Report annually and publicly on progress towards meeting these commitments.

¹ http://www3.weforum.org/docs/WEF_The_New_Plastics_Economy.pdf

In 2019, we reported plastic packaging data for the first time to EMF. Although plastic packaging is just one part of our overall packaging mix, we have already achieved 32 percent recyclability for this packaging type according to the EMF definitions. This number will grow through investments in new packaging technologies and increasing awareness and adoption of recycling practices.

APPROACH

To achieve our 2025 packaging goal, Kellogg Company's framework involves three approaches:

1. **EXCLUDE** certain plastic items and packaging materials;
2. **REDUCE** packaging usage across our portfolio, especially non-recyclable plastics; and,
3. **REDESIGN** packaging to recyclable or compostable.

Working across these approaches, we ENGAGE consumers, suppliers and others to support industry initiatives and to assess new packaging technologies, while helping to improve the infrastructure for collecting and recycling packaging.

The following details our framework and progress to date toward our sustainable packaging ambition across each of the three approaches.

EXCLUDE

- All single-use foam and plastic serveware, plastic straws and plastic bottles in all Kellogg facilities globally;
- Single use plastic cutlery from product packaging;
- Single use plastic straws in products;
- Plastic stirrers in products;
- Polystyrene in products;
- Oxo-degradable plastics in products; and,
- Single use plastic inserts.

PROGRESS TO DATE: EXCLUDE

- In 2018, we transitioned to compostable/paper foodservice products in all plants/offices globally, fully eliminating all remaining single-use foam and plastic serviceware, plastic straws and plastic bottles. In our U.S. operations in Illinois and Michigan alone, we diverted 2 million pieces of serviceware, 105,000 straws and 110,000 bottles from landfills every year.
- We're also removing the plastic spoons from our Joyböl™ granola smoothies. Once this is complete, no Kellogg food packaging will use plastic forks, knives, straws, stirrers, polystyrene or oxo-degradable plastic. We have introduced a process to ensure continued compliance through our packaging design.
- Our MorningStar Farms® brand of veggie foods reduced packaging weight by 38 percent by moving to re-sealable bags.
- We are reducing and improving our packaging and working on how to collect and communicate our progress in future years.
- We are actively building sustainable packaging efforts into our product innovation plans to achieve our 2025 goal.
- We are a signatory to the Australian Packaging Covenant and complete annual Sustainable Packaging Guidelines reports for new and current items.

REDUCE

- Decrease the total packaging by weight wherever possible.
- Identify opportunities to develop new business models beyond packaging (e.g. bulk models), use reusable packaging and eliminate excess packaging.
- Explore alternatives to plastics where possible, such as metal, glass and paper.
- Maintain our strong existing renewable packaging portfolio and identify new, renewable-based packaging formats.

PROGRESS TO DATE: REDUCE

- Over the years, we've significantly reduced the amount of material in our cereal boxes and other packages. We've reduced flap sizes, eliminated excess air and introduced other innovations to make our packaging better for the environment.
- We've decreased the weight of our flexible packaging, aiming for a more than 10 percent reduction in the weight of our cereal liners.
- Currently, we have some instances where we bulk ship cereal in reusable bins from the production facility to the final destination where it is packed into pouches or bag-in-box packages. This happens with our granolas and cereals in multiple regions. In 2019 alone, we've reduced packaging in South Africa, India, China, and Australia by over 80,000 pounds.

REDESIGN

- Convert packaging to materials that are widely recyclable and, in the interim, use packaging that can be returned to the store or sent back for recycling.
- Identify long-term, closed-loop packaging that can be reused many times.

PROGRESS TO DATE: REDESIGN

- Today, 32 percent of our plastic packaging is recyclable.
- We are seeking to partner with governments, recyclers, retailers, people who enjoy our foods and others to increase the recycling rate for foods packaged in "recycle-ready" materials.
 - We are working on a communications plan to promote recycling rates.
 - In the U.S., we added the How2Recycle label to most of our packages.
 - In Australia, eligible packaging includes the Redcycle logo. In 2018, 7.7 tonnes of our packaging made it into Redcycle collection bins.



- We are exploring ways to expand the usage of recycle-ready packaging, which are packages that can be brought back to the store or collected for recycling. We're also working with others to create a way for these packages to be widely recycled.
 - In the U.K., Pringles® launched a partnership with TerraCycle to collect and recycle its cans.
 - In the United States, Bear Naked® launched store drop-off, recycle-ready packaging for their granolas and granola bites. The new packaging includes a “Store Drop-Off” logo with a link to <https://www.how2recycle.info/sdo> to help people find a nearby recycle drop-off location. All Bear Naked granolas and Bites varieties will adopt this packaging going forward.
- For our foods with packaging that is not recyclable or compostable today, we have specific work streams in place to identify solutions, The Pringles® can is an area of particular activity.
 - We are working with the recycling industry to increase recyclability of the Pringles® can in its current format within certain markets and to educate consumers about its recyclability through adoption of the How2Recycle logo.
 - We are also exploring options to increase the recyclability of the can by exploring other packaging materials or formats that work with the existing recycling infrastructure.
 - The Pringles® plant in Malaysia works with its waste collector to convert rejected cans into corrugated paper.
- We are evaluating our materials and working with suppliers to develop films to make packages more recyclable.
- In India, we are working to change multi-layer plastic (MLP) packaging to single-layer packaging and working with a waste management company to build a system to collect/dispose of MLP as fuel for cement kilns.
- In Mexico, we are piloting a project to replace PET packaging with materials that can more easily be crushed into pellets and recycled.
- We are evaluating composting opportunities and developing a strategy that fits our product categories.

SPECIFIC CHALLENGES

- Most of the plastics we use at Kellogg (e.g. flexible films) are not in compliance with the EMF definition for recyclability today.

For example:

- All mono materials can be processed for recycling, but there is no infrastructure to support it. This includes high-density polyethylene (HDPE), blown film, plastic liners, low-density polyethylene (LDPE), shrink film, polypropylene (PP) closures and cups, and oriented polypropylene film (OPP). Multi-layer HDPE bottles with /Ethylene Vinyl Alcohol coatings ARE recyclable in current HDPE systems.
- Multilayer laminate films is the part of our packaging portfolio that is the most challenging to convert. We use these materials because their water barriers expand shelf-life and reduce food waste. They are also extremely lightweight and cost effective. Unfortunately, they are difficult to recycle from a technical perspective and, due to their weight, unlikely to have a significant recycling infrastructure solution. We are engaging a myriad of suppliers and technology companies to explore solutions that are able to maintain our food safety and shelf life requirements, and improve the sustainability of the packaging.
- Given our ambition for a circular economy for plastics, another challenge is our ability to convene efforts and drive collaboration between different aspects of the supply chain, all with different drivers. For example, as an industry, we need to ensure that actors from the fossil fuel industry through to the waste management and public sector are also part of these discussions to ensure we identify and execute technologies that can be delivered at scale. Within our immediate domain, a challenge can be to facilitate complex project management across cross-functional teams, engaging and developing business plans with suppliers who may or may not have technologies that support our commitments.

IN CONCLUSION

While we have significant efforts underway to address waste and plastics across our value chain, we cannot accomplish the ambitious 2025 goal alone. We will continue to collaborate with new and existing external partners, our customers and other innovators to identify packaging solutions that protect and enhance our foods while delivering on the quality and great taste that people expect from us.

These actions all contribute toward Kellogg's Better Days® global cause platform to create better days for 3 billion people by the end of 2030. It also supports the United Nation's Sustainable Development Goal (SDG) #12 to ensure sustainable consumption and production patterns, which includes #12.5, to substantially reduce waste generation through prevention, reduction, recycling and reuse.