

# Global Sustainable Palm Oil Milestones January – June 2019

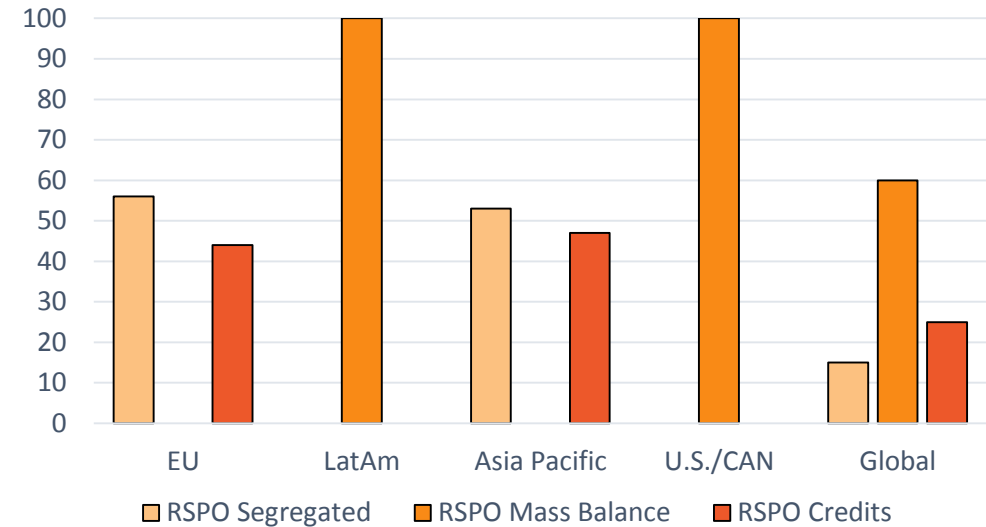
*Kellogg's*  
*Better Days* 

Since 2009, Kellogg has been on a journey to responsibly source palm oil. We have continued to evolve our strategies and actions to ensure that we are incorporating best practices and learnings from our own experiences, our suppliers, peer companies, industry organizations and from civil society. To that end, in February 2020, Kellogg expanded its policies and commitments in the areas of Deforestation and Sustainable Palm Oil. Please find the updated [Global Policy on Deforestation](#) and [Global Palm Oil Policy](#) on our website.

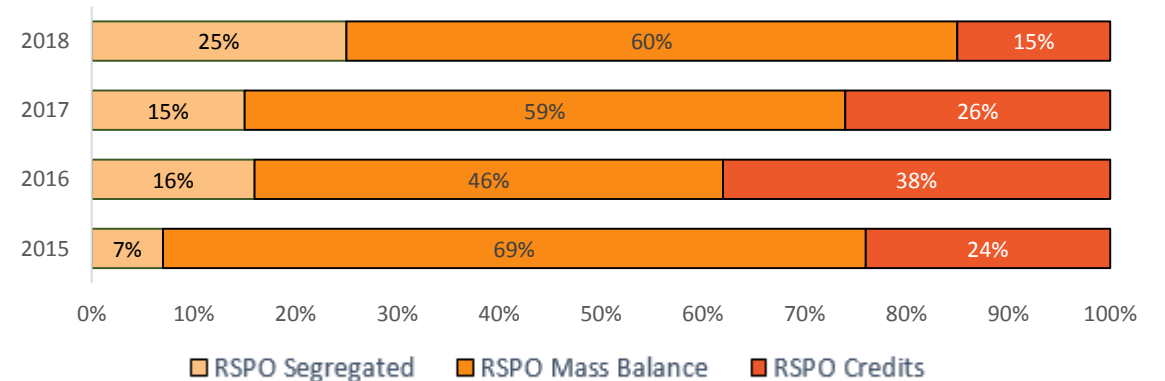
## 2019 Progress

- All palm oil is sourced through a combination of RSPO Certified Segregated, Mass Balance, or through the purchase of RSPO Certificates
- Quantities of each depend on availability, cost, and regional/brand strategy
- We work with all Tier 1 (T1) suppliers to report on traceability to mill and to plantation
- When we are made aware of supply chain violations to the Palm Policy, Code of Conduct, etc. we work with the supplier understand corrective actions and proceed as appropriate
- Suppliers provide traceability and policy data twice a year through Proforest survey
- We issue bi-annual reports regarding our palm usage

CPO and PKO Percent Certified H1 2019



Percent Volume by RSPO Supply Chain Model / Year



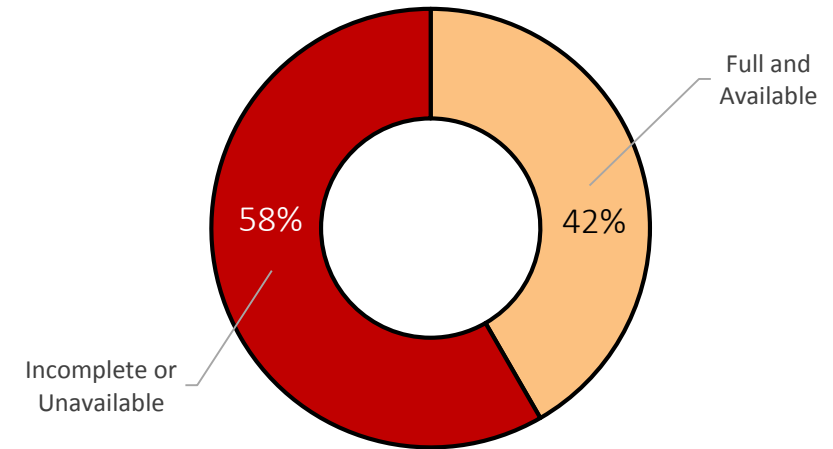
# Supply Chain Overview

## Suppliers Comprising 95% of Purchased Volume (H1 2019)

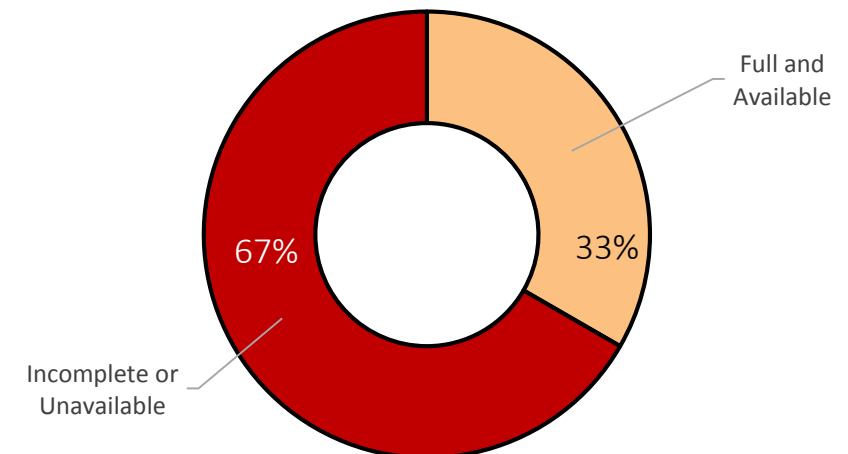
Supplier	Region	% Traceability mill	% Traceability plantation
AAK	Global	99%	21%
ADM	North America	90%	19%
Bunge-Loders	Global	100%	44%
Cargill	Global	100%	29%
Corbion	North America	100%	54%
EFKO	Russia	100%	68%
Lonza	North America	99%	18%
Mays	North America	85%	14%
Olenex	W. E.U	100%	100%
Sime Darby	Asia-Pac	100%	100%
United Oil	Egypt	98%	15%

\* Remaining 5% of volumes are from the following suppliers: Agropalma, Ajwa, Alsafwa, Arma, Barentz, Capol, Goodman Fielder, IFFCO, Kerry Ingredients, Stratas

## Percent Suppliers With Full Publicly Available Grievance Mechanism



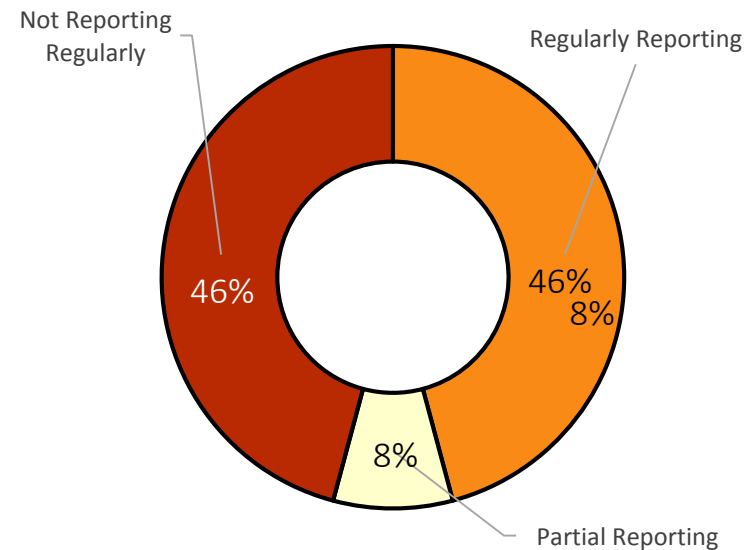
## Percent Suppliers With Full Publicly Available Grievance Tracking



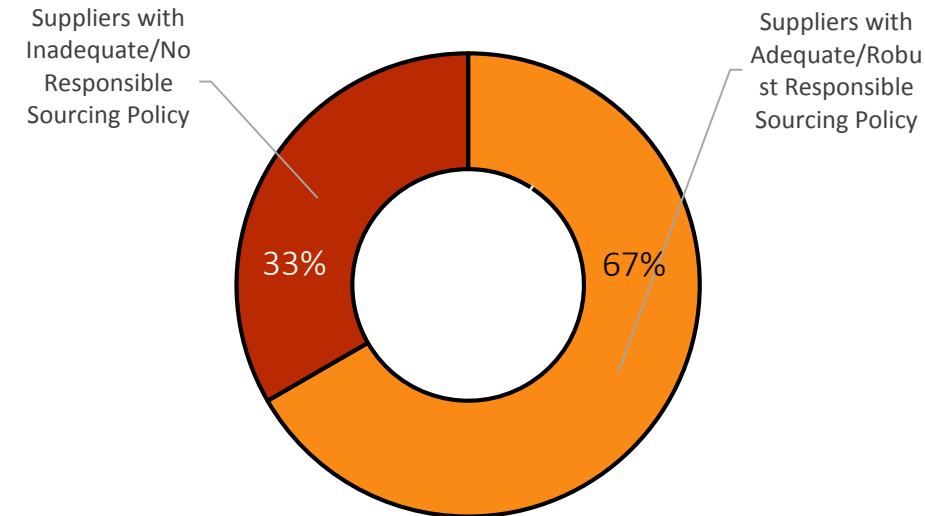
Beginning in 2019, in partnership with Proforest, Kellogg began issuing supplier scorecards to reduce redundancy in reporting for our suppliers and to facilitate communication and engagement.

- Supplier scorecard issuance and review supplements annual reporting and policy compliance assessments
- Scorecard engagement is supported by data collected in Q1 and provided in easy to digest summary format with detailed Factsheets to explain methodology and results
- 100% of suppliers participated in regionally led feedback sessions
- To date, small and medium suppliers have lacked adequate sustainability reporting and struggle demonstrating compliance to Kellogg policies
- Though, these suppliers account for **less than 5%** of total global procured volumes we are continuing to support and, when possible, provide additional resources for continuous improvement
- We continue to partner with these suppliers to reinforce the need for the adoption and implementation of sustainable best practices for own operations and supply chains

### Percent Suppliers Regularly Reporting on Sustainability Issues



### Percent Suppliers With Responsible Sourcing Policies



# Top 5 Supplier Overview (represents 78% of H1 2019 Volume)



AAK	ADM	BUNGE-LODERS-CROKLAAN	CARGILL	SIME DARBY
<ul style="list-style-type: none"> <li>• <a href="#">AAK Sustainable Palm Oil Policy</a></li> <li>• <a href="#">Corporate Social Responsibility Policy</a></li> <li>• <a href="#">2019 Progress Report on Sustainable Palm Oil</a></li> <li>• NDPE Policy available in annual progress report</li> <li>• Global mill list disclosed publicly</li> <li>• 99% traceability to mill</li> <li>• 21% traceability to plantation</li> <li>• 80% environmental policy compliance</li> <li>• 90% social policy compliance</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">ADM NDPE Policy</a></li> <li>• <a href="#">Human Rights Policy</a></li> <li>• <a href="#">Grievances and Resolutions Summary Table</a></li> <li>• <a href="#">Global Palm Oil Traceability and Mill List</a></li> <li>• <a href="#">H1 2018 Palm Progress Report</a></li> <li>• 90% traceability to mill</li> <li>• 19% traceability to plantation</li> <li>• 90% environmental policy compliance</li> <li>• 85% social policy compliance</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Bunge Loders Croklaan Palm Oil Sourcing Policy</a></li> <li>• <a href="#">Non-Deforestation Policy</a></li> <li>• <a href="#">Global Labor Policy</a></li> <li>• <a href="#">Integrated Grievance List Update for Bunge Loders Croklaan</a></li> <li>• <a href="#">Palm Oil Dashboard</a></li> <li>• Global mill list disclosed</li> <li>• 90% traceability to mill</li> <li>• 44% traceability to plantation</li> <li>• 90% environmental policy compliance</li> <li>• 80% social policy compliance</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Cargill Policy on Sustainable Palm Oil</a></li> <li>• <a href="#">Labor and Land Rights</a></li> <li>• <a href="#">Direct Supplier Grievances</a></li> <li>• <a href="#">Sustainable Palm Oil Progress Update</a></li> <li>• NDPE included in Sustainable Palm Policy</li> <li>• Global mill list disclosed</li> <li>• 100% traceability to mill</li> <li>• 29% traceability to plantation</li> <li>• 80% environmental policy compliance</li> <li>• 83% social policy compliance</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Sime Darby Human Rights Charter</a></li> <li>• <a href="#">Good Agricultural Practices Policies</a></li> <li>• <a href="#">Sime Darby Sustainability Report 2018</a></li> <li>• <a href="#">Open Palm Traceability Dashboard</a></li> <li>• <a href="#">Sustainability Journey</a></li> <li>• Global mill list disclosed</li> <li>• 100% traceability to mill</li> <li>• 100% traceability to plantation</li> <li>• 100% environmental policy compliance</li> <li>• 90% social policy compliance</li> </ul>

## Industry Engagement

- [RSPO Membership and Engagement](#)
- [NASPON Membership and Engagement](#)
- [New York Declaration on Forests Signatory](#)
- [Tropical Forests Alliance 2020 Partner](#)
- [Consumer Goods Forum Deforestation Signatory](#)
- [Ceres Guidelines Contributor](#)

We are committed to advancing and supporting the sustainable palm oil industry. Kellogg is an active member of the RSPO Human Rights Working Group, the Consumer Goods Forum Palm Oil Taskforce, and a founding member of the North American Sustainable Palm Oil Network. Kellogg also supported the CGF with review and recommendations to the RSPO Principles & Criteria to strengthen and enhance the criteria, particularly how it relates to forced labor and human rights issues and continues to engage on subsequent criteria updates.

- 1  
When a grievance is reported, assess Kellogg’s exposure and contact all affected Tier 1 suppliers for response to allegations and context of supply chain connections - *4-week maximum*.
- 2  
Update grievance tracker for external reporting with the group, location, and issue - *Immediate upon verification of complaint and exposure assessment*.
- 3  
If verified, affected supply chain actor must provide time-bound action plan for remediation either directly to K or to the T1 supplier(s) and issue a public response to the grievance complainant - *4-week maximum*
- 4  
If the action plan fails to address the issues, or is not executed to satisfaction, notification will be given to affected T1 suppliers requesting a 6-month suspension of the group from supply chains - *1-week maximum upon receipt of action plan*

- 5  
If needed, create work plan with affected T1 suppliers regarding timeline for full group removal – *3-month maximum for timeline for full removal, to be determined on a case-by-case basis*
- 6  
After a 6-month suspension, upon the group’s full removal, Kellogg and T1 supplier(s) shall review progress against original grievance and determine next steps: reinstatement, suspension extension, or permanent supply chain removal. Next step assessment to be based on third-party verification of remediation to original grievance – *1-month maximum for internal review, assessment and communication of next steps to relevant parties*
- 7  
All actions are to be updated as soon as possible in the live grievance tracker, outlining issue, supplier and remediation actions, including timeline for review or expected completion

Date of Issue Report	Company Identified	Issue Summary	Direct Kellogg Supplier Link	Actions Take to Date