

*Nurturing Our Planet:*

# KELLOGG COMPANY 2020 GLOBAL SUSTAINABLE PACKAGING MILESTONES



*Our Commitment:*

Work toward 100% reusable, recyclable or compostable packaging by the end of 2025.

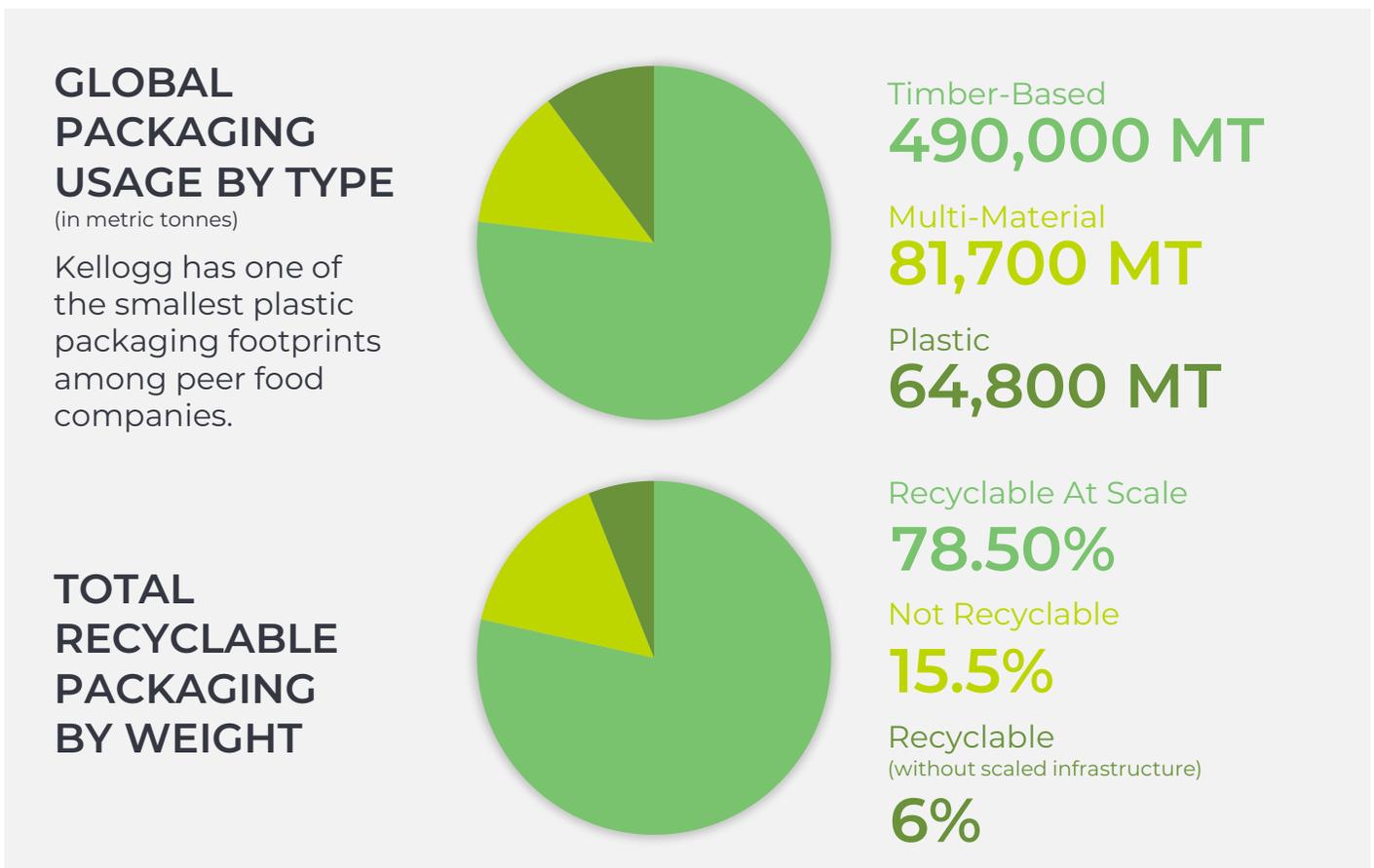
## Table of Contents

<b>Overview</b>	2
<b>Approach</b>	3
<b>1. Exclude:</b> Our Measures, Progress & Examples	3
<b>2. Reduce:</b> Our Measures, Progress & Examples	5
<b>3. Redesign:</b> Our Measures, Progress & Examples	7
<b>Building Partnerships</b>	11
<b>Challenges</b>	13



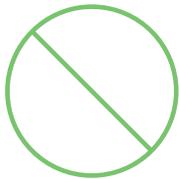
The way our foods are packaged ensures their safety, freshness, and great taste. We also consider the impact of our packaging on the environment. These dual considerations have influenced our company’s packaging since our founding in 1906 when our cereal boxes were introduced with recycled content. We’ve been responsibly sourcing our timber-based packaging and in 2018, we expanded our commitment to **work toward 100% reusable, recyclable or compostable packaging by the end of 2025** as part of our [Better Days Commitments](#) and as signatories of the Ellen McArthur Foundation New Plastics Economy [Global Commitment](#).

## Where we are today<sup>1</sup>:



<sup>1</sup>2019 Data. Primary data from KEU, KLA, KAMEA Pringles, Kellogg India RTEC, KANZ RTEC and KNA SKUs representing 80% volume. Remaining data was extrapolated for accounting.

To achieve our 2025 packaging goal, our framework involves three approaches:



## 1. EXCLUDE

certain plastic items + packaging materials.



## 2. REDUCE

packaging usage across our portfolio, especially non-recyclable plastics.



## 3. REDESIGN

packaging to be recyclable or compostable.

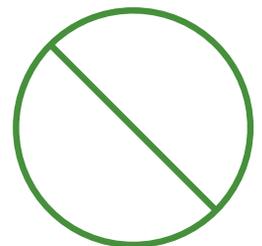
We know we can't achieve our goal alone, so we **ENGAGE** consumers, suppliers, and others to support industry initiatives and to assess new packaging technologies, while helping to improve the infrastructure for collecting and recycling packaging.

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

## 1. EXCLUDE

*What we strive to deliver:*

- Exclude all single-use foam, plastic serviceware, plastic straws, and plastic bottles in all Kellogg facilities globally;
- Exclude single-use plastic cutlery from food packaging;
- Exclude single-use plastic straws + stirrers, polystyrene and oxo-degradable plastics in food.



## OUR MEASURES:

- Percent free from these packaging formats.

## EXCLUDE | PROGRESS-TO-DATE

- 100% of major markets are free from non-recyclable or non-compostable cutlery in our facilities.
- No Kellogg food packaging in our major markets 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 sustainable packaging approach and goals are embedded in our food innovation plans to achieve our 2025 goal.

## EXAMPLES

- 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've optimized our *Joyböld* food packaging, removing the plastic spoon and plastic overcap, resizing the cup, and replacing the plastic label with a paper one.
- We're also eliminating unnecessary packaging where we can. In 2019, the [Pure Organic](#) team made an important step towards supporting sustainability by eliminating inner cartons on their 24-bar packs. On an annual basis, **this will save 140 tons of Carton Board and 130 tons of CO<sup>2</sup> emissions.**



## EXCLUDE | EXAMPLES (cont.)

- In 2020, we redesigned our *MorningStar Farms*® display-ready case from 2 pieces to 1 piece, **eliminating over 450 metric tonnes of corrugated board**, and optimized our *Eggo*® Pancakes packaging **to eliminate 86 metric tonnes of corrugated board**.
- We are reducing and improving our packaging and working on a process to collect and communicate our progress in future years.
- We are a signatory to the Australian Packaging Covenant and complete annual Sustainable Packaging Guidelines reports for new and current items.

## 2. REDUCE

*What we strive to deliver:*

- Decrease total packaging by weight wherever possible;
- Maintain one of the lowest plastic packaging footprints among our peer CPG companies;
- Further decrease our total virgin plastic usage by 5% globally by end of 2025 from a 2019 baseline;
- 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.



## OUR MEASURES:

- Normalized plastic usage (plastic weight per dollar revenue).
- Absolute virgin plastic usage.

## REDUCE | PROGRESS-TO-DATE

- One of the smallest plastic packaging footprints among peer CPG companies<sup>2</sup>;
- Deliver optimizations which result in our plastic packaging usage now accounting for 10% of our packaging volumes.

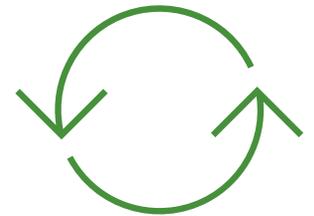
## EXAMPLES

- Over the years, we've significantly reduced the amount of material in our cereal boxes, liners, and other packages. We've reduced flap sizes, eliminated excess air, and introduced other innovations to make our packaging better for the environment.
- 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 reduced packaging in South Africa, India, China, and Australia by over 80,000 pounds.**
- In Europe, we've entirely redesigned several of our biggest cereal brand's packaging including *Special K*<sup>®</sup>, *Bran Flakes*<sup>®</sup>, and *Frosties*<sup>®</sup> removing **700 tonnes of carbon and about 190 tonnes less paper and plastic.**
- In 2019, we also improved our data collection systems to better track our progress against our commitments, understand our gaps, and continue to test new solutions and share the learnings around the globe.

<sup>2</sup> Kellogg global plastic packaging volume: 62,800 MT, peer comparison: EMF Report, Spring 2019 among peer companies <\$10 Billion Revenue.

## 3. REDESIGN

*What we strive to deliver:*



- 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;
- Convert plastic inserts and their plastic overwrap to materials that are widely recyclable and, in the interim, use packaging that can be returned to the store or sent back for recycling;
- Foster a circular economy by increasing the recycled content of our timber-based and plastic packaging:
  - Timber-based packaging has already achieved nearly 40% recycled content;
  - Working toward 10% recycled content in plastic packaging by end of 2025;
- Identify long-term, closed-loop packaging that can be reused many times.
- Provide 100% reusable, recyclable, or compostable plastic inserts by the end of 2025.

## OUR MEASURES:

- Percent of total packaging that is reusable, recyclable, or compostable.
- Percent of plastic packaging that is reusable, recyclable, or compostable.
- Percent of total packaging that is made from recycled content.
- Percent of plastic packaging that is made from recycled content.

## REDESIGN | **PROGRESS-TO-DATE**

- Sustainable Packaging is a central pillar of our global innovation investment.
- We've brought new packaging to market .
- We're trialing new channels such as bulk buying stations.

*As a result of this work:*

- **76% of total packaging is reusable, recyclable, or compostable at scale, including 14% of plastic packaging.**
- **84% of total packaging is recyclable through curbside, store, or mail-in recycling options, including 73% of plastic packaging.**
- **32.8% of total packaging is made from recycled content, including 6.8% of plastic packaging.**

## EXAMPLES

Kellogg continues to invest heavily in innovation and sustainable packaging design is at the heart of our work.

- We recently expanded our Innovation Suite at our W.K. Kellogg Institute for Food and Nutrition Research to include a Design Studio – a 40,000 square foot space – to allow world-class innovation from concept to execution including work on compostable and sustainable packaging.

## REDESIGN | **EXAMPLES** (cont.)

- A significant amount of this work is finding practical packaging alternatives to our unique *Pringles*® composite can. The current can is a combination of foil, paper board, metal, and plastic, meaning that it can be difficult to recycle through existing infrastructure. Our investment is aimed at discovering the can of the future. We have already conducted trials on a steel can in Italy in 2019 as well as a paper can in the UK in 2020. Furthermore, we are committed globally to working with partners across the industry to enable our current can to be recycled.

In addition, we continue to execute projects that design foods for a healthier planet:

- In the U.S., we launched *Pop-Tarts*® Bites and *Nutri-Grain*® Bites in “store drop off” packaging for our Away From Home channel.
- In Mexico, we are piloting a project to replace PET packaging with materials that can more easily be crushed into pellets and recycled.
- In France, Kellogg has partnered with retailer Intermarché to develop cereal bars that enable consumers to easily use the right amount of Kellogg's cereal. By purchasing in bulk using biodegradable Kellogg's bags. Consumers can get the right amount of food for their needs. The 3 pilots were installed in June 2020 in the Ile de France region: Noisy le Grand, Combs la Ville and Longpont Sur Orge. Located in the heart of the cereal aisle, this Kellogg's exclusive presentation has been designed as a whole to revitalize the merchandising of the department, enhance the bulk offer, and create a true attraction zone by bringing something new to the store. The concept will be rapidly deployed in some 15 stores of the Intermarché Group and 3 others in the specialized network Day by Day.

## REDESIGN | **EXAMPLES** (cont.)

We know that consumers and customers love the fun we bring into the box in the form of promotional inserts. We are committed to doing so in a responsible way:

- First, we are committed to giving our consumers a choice. With every promotional insert offered, we will give our shoppers the opportunity to “opt-in” to receiving the insert. This might be through choice at the shelf, where we will have boxes with and without the promotional inserts, or through a redemption model.
- Less than 1.5 percent of our ready-to-eat cereals have promotional inserts at any given time.
- Second, we are working with our suppliers to ensure our inserts and the overwrap is 100% reusable, recyclable, or compostable. In regions that do not have the recycling infrastructure to support achieving this goal in the short term, like Europe, we will eliminate promotional inserts in our cereal boxes until our supplier partners can identify materials that meet this commitment.
- We are evaluating composting opportunities and developing a strategy that fits our food categories.

We know that we can't achieve our goals alone and, in some cases, the infrastructure and consumer behavior to improve recycling doesn't exist. We take seriously our responsibility to champion education and partnerships in this space. The percent of plastic packaging that is recyclable at scale has increased year-over-year by about 5%. However, recycling rates for plastics are low across the board, particularly for recycling that is what we call "recycle ready", meaning that it needs to be dropped off at the store. So how do we fix this? There are three ways:

1. Find new packaging technologies that are reusable or work within the existing recycling infrastructure.
  - We are evaluating our materials and working with suppliers to develop films to make packages more recyclable.
2. Change the infrastructure to enable broader recycling through curbside pick up.
  - In North America, we became a member of [The Recycling Partnership](#) to support education and infrastructure projects related to curbside recycling. Leveraging these collaborative partnerships with retailers, suppliers and other companies support our efforts to design packaging materials that work within both existing and future infrastructure.
  - 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.
  - The *Pringles*<sup>®</sup> plant in Malaysia works with its waste collector to convert rejected cans into corrugated paper.
  - We are working with the recycling industry to increase recyclability of the *Pringles*<sup>®</sup> can in its current format within certain markets and if this is not possible, we are exploring new packaging materials or formats that work with the existing recycling infrastructure.

### 3. Better inform people about what they can recycle and how.

- We seek partnerships 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 through our brands and retailers.
  - In the UK, *Pringles*® launched a partnership with TerraCycle to collect and recycle its cans. In the U.S., we added the How2Recycle label to most of our packages and we’re closing the gap on those few items that still don’t have it labeled. We have plans for all packaging to have the How2Recycle label by the end of 2021.
  - *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.
  - In Australia, eligible packaging includes the Redcycle logo. In 2018, 7.7 tonnes of our packaging made it into Redcycle collection bins.
  - In Europe, we’re encouraging people to recycle under our “Rise, Shine and Recycle” messaging programme.

Most of the plastics we use at Kellogg (e.g. flexible films) are not in compliance with the Ellen MacArthur Foundation 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 are 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, are unlikely to have a significant recycling infrastructure solution. We are engaging a myriad of suppliers and technology companies to explore solutions that 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, it can be a challenge 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.

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.

## *Innovating for the Future*

“We’re hard at work testing and learning out loud. This means researching, collaborating with partners and piloting new approaches to keeping our foods safe and fresh while also protecting the planet.”

– Nigel Hughes, DPhil., Kellogg Company Senior Vice President,  
Global Research and Development