



Kellogg's

*Nourishing Families So They
Can Flourish And Thrive*

2017/2018 Corporate Responsibility Report

Kellogg's 2017 KELLOGG COMPANY CORPORATE RESPONSIBILITY HIGHLIGHTS

Our Purpose:
Nourishing families so they
can flourish and thrive

Nourishing

• WITH OUR FOODS •

Cereal eaters tend to consume less fat, less cholesterol and more fiber than non-cereal eaters.ⁱ

We are continuing to incorporate positive nutrients and ingredients in our foods including:

Vitamins A, B and D
iron
calcium
folic acid
antioxidants

83% of our foods are vegetarian. These plant-based foods use less natural energy to produce.ⁱⁱ

Feeding

• PEOPLE IN NEED •

Created more than
637+ million Better Days
through our



Kellogg's Breakfasts for
Better Days™

- Donated nearly **570** million servings of food
- Reached more than **586,000** children
- Achieved more than **7,400** volunteer days
- Engaged **66+** million people

Nurturing

• OUR PLANET •

Supported improved livelihoods for nearly **300,000** farmers including:

Nearly **20,000** smallholder farmers in our direct supply chain.

Responsibly sourcing 10 priority ingredients.

More than
40 PROJECTS
around the world are increasing yields, climate resiliency and farmer livelihoods.



Living

• OUR FOUNDER'S VALUES •



Celebrating **20 years** of supplier diversity

WORLD FOOD DAY:

- **22** countries
- Supported **38** food banks
- **1,388** volunteer hours

#SPIRITDAY
10.19.2017 GKAND.ORG/SPRITDAY

ADDRESSING GENDER EQUALITY AND WOMEN'S EMPOWERMENT ACROSS OUR CORPORATE RESPONSIBILITY PILLARS

Helped 1,000+ women in India plant organic kitchen gardens to
increase nutrition and economic empowerment.

Provided nutrition education to
500,000
U.N. Foundation Girl Up participants.

Helped more than **10,000**
women farmers and workers
improve their livelihoods using climate-smart agriculture practices.

Our global Women of Kellogg Business/Employee Resource Group led a company-wide celebration of
International Women's Day
on six continents.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



SUSTAINABLE DEVELOPMENT GOALS



ⁱ Cho S, et al. The effect of breakfast type on total dietary energy intake and body mass index. Results from the Third National Health and Nutrition examination Survey (NHANES). J Am Coll Nutr. 2003; 22:296-302.

ⁱⁱ The American Journal of Clinical Nutrition, Volume 78, Issue 3, 1 September 2003, Pages 660S-663S, <https://doi.org/10.1093/ajcn/78.3.660S>



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Message FROM THE CEO



Welcome to Kellogg Company's 10th Global Corporate Responsibility Report. Annually, we've highlighted the work we're doing around the world to fulfill our company's purpose of *nourishing families so they can flourish and thrive*. We're proud of our accomplishments during the past decade, and we're even more proud of our company's 112-year legacy of making a difference.

Kellogg is a leading global food company, seeking to drive transformational change in addressing the worldwide issue of food security through our integrated commitments to nutrition, hunger relief and sustainability.

It all started in 1906, when W.K. Kellogg founded our company to provide a healthier breakfast option. Mr. Kellogg set out to change the way people ate breakfast ... and he ended up changing the world. He wasn't only a brilliant business person, he was one of the world's early conservationists and a leading philanthropist. He instilled in our company the values that continue to inspire us today.

So, from our earliest days, Kellogg has been a purpose-driven organization, a company with a heart and soul. This approach continues to set us apart. Across our value chain – from farm to family table – we're focused on doing our part to achieve five [United Nations \(U.N.\) 2030 Sustainable Development Goals \(SDGs\)](#):

- #2 – Zero Hunger
- #5 – Gender Equality
- #12.3 – Food Loss and Waste
- #13 – Climate Action
- #17 – Partnerships

We're also protecting human rights, including forced and child labor, preserving the environment and enforcing anti-corruption as a member of the [U.N. Global Compact](#). We're doing so through the following four pillars of our Heart and Soul strategy, including our *Breakfasts for Better Days*® global signature cause platform:



Our abilities to make a difference in people's lives and to win in the marketplace are completely intertwined. In today's world, with connected, socially conscious consumers, we simply cannot do one without the other. That's why our Heart and Soul strategy is an essential part of our company's Deploy for Growth strategy and a key contributor to business success.



We also know that no one can achieve the ambitious and essential U.N. SDGs alone, which is why the dedication of our passionate team of colleagues and our many partnerships are so important.

Thank you for your interest in our Corporate Responsibility Report. We look forward to your feedback and to providing regular updates as we continue *nourishing families so they can flourish and thrive*.

Steve Cahillane
Chairman and Chief Executive Officer
May 2018



About KELLOGG COMPANY

2017 SALES:
US ~\$13 BILLION

.....

2ND LARGEST
PRODUCER OF CRACKERS
AND SAVORY SNACKS

.....

WORLD'S LEADING
CEREAL
COMPANY

.....

NORTH AMERICAN
FROZEN
FOODS
COMPANY

.....

~33,000
EMPLOYEES

.....

▶ **1,600+ FOODS**
▶ **PRODUCED IN**
21 COUNTRIES

▶ **MARKETED IN**
180+ COUNTRIES

.....

COMMITTED TO CREATING
3 BILLION
BETTER DAYS BY THE END
OF 2025 THROUGH OUR
BREAKFASTS FOR BETTER
DAYS™ GLOBAL SIGNATURE
CAUSE PLATFORM



W.K.
KELLOGG
FOUNDATION®



“Use the money as you please, as long as it promotes the health, happiness and well-being of children.”

– W.K. Kellogg on his vision for the
W.K. Kellogg Foundation

The [W.K. Kellogg Foundation](#) (WKKF), established in 1930 as an independent, private foundation, is among the largest philanthropic foundations in the U.S. As legally separate entities, Kellogg Company has no influence on the Foundation’s activities, programs or initiatives. WKKF receives its income primarily from the W.K. Kellogg Foundation Trust, and the Trust is Kellogg Company’s largest shareowner. In 2017, Kellogg stock was approximately 57 percent of the Trust’s portfolio, and Kellogg Company paid more than US\$142 million in dividends to the Trust to fund the Foundation’s work to support thriving children, working families and equitable communities.



About THIS REPORT

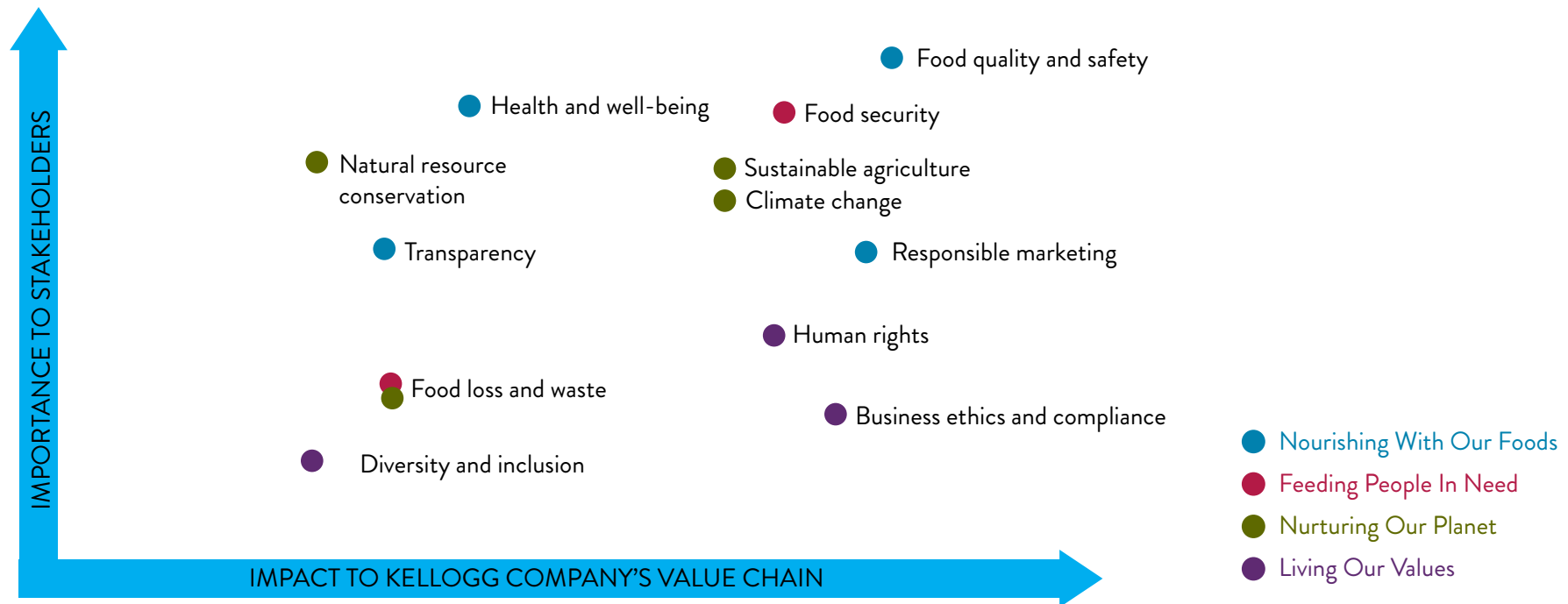
This report has been prepared using the [Global Reporting Initiative](#) (GRI) Standards and Food Processing Sector Standards introduced in October 2016. It has also been informed by the Provisional Standards of the Sustainability Account Standards Board (SASB), which have also been addressed in our [Proxy Statement](#). We are reporting in accordance with the GRI “Core” option. We also included additional information that addresses some “Comprehensive” reporting disclosures. While the Report primarily covers calendar year 2017, it also includes developments from early 2018. Our most recent, full GRI-based Report was published in 2017. We intend to continue providing an annual Report and Index. We welcome your feedback and questions at corporateresponsibility@kellogg.com.

MATERIALITY

A team of senior leaders at Kellogg, with input from internal and external stakeholders, used a materiality assessment process to understand our current and potential social, ethical, environmental and economic impacts. This information shapes our corporate responsibility strategy and informs our financial reporting and disclosures. To determine materiality, we focused on those topics that:

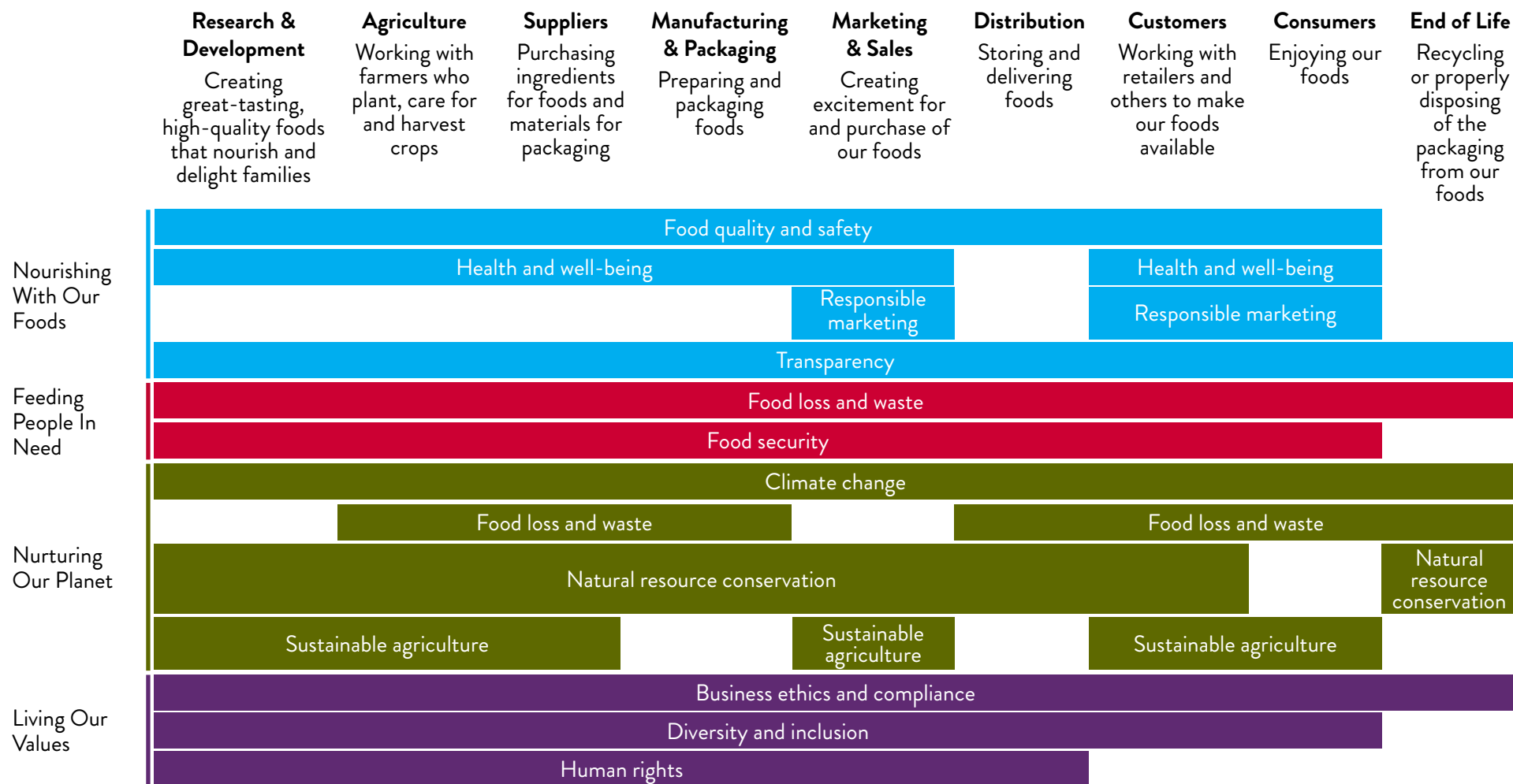
- Align with the company’s vision, purpose, strategy, brand portfolio and geographic footprint;
- Intersect multiple areas of the company’s value chain that we can impact; and,
- Affect consumers, customers, colleagues, communities, regulatory agencies or other stakeholders in regions where we operate and source.

These material topics serve as the foundation of the four sections of our Corporate Responsibility Report.



About THIS REPORT CONTINUED

OUR VALUE CHAIN | We have also evaluated the boundaries of these material topics, identifying where the impacts of each occur in our value chain.



Our GRI index provides additional information on economic, environmental and social topics, as well as topics specific to the food processing sector.



Our COMMITMENTS

The following dashboard summarizes our progress against the commitments we've made to nourish with our foods, feed people in need and nurture our planet. Additional information on our progress against each of these commitments is outlined in the respective sections of this report and the GRI Index, as well as on our [corporate website](#).

Section	Priority	Focus Area	Commitment	2017 Progress
Nourishing With Our Foods	Inspired by our Food Beliefs	Snacks ⁱ	By 2020, include one or more positive nutrients or ingredients in every snack food in the convenient nutrition (bars and other snacks) category.	75%
			By 2020, reduce sugar on average by 10% per serving, excluding fruit, in our convenient nutrition bars and other snacks, from a 2011 baseline.	Complete
			By 2020, at least 85% of convenient nutrition bars and other snacks will have 150 or fewer mg of sodium per serving.	Complete
Feeding People In Need	Addressing Food Security	Breakfasts for Better Days™ – Hunger Relief ⁱⁱ	By the end of 2025, donate 2.5 billion servings of food to people in need.	569,950,393 servings
			By the end of 2025, expand feeding and nutrition education programs so 2 million children can reach their full potential.	586,772 children reached
			By the end of 2025, commit to 45,000 volunteer days by Kellogg employees and retirees.	7,451 volunteer days
			By the end of 2025, engage 300 million people around the issue of hunger relief.	66,694,553 people
			By the end of 2025, create three billion Better Days by donating food, feeding people, supporting farmers and volunteering, and engaging people.	637,538,534 Better Days
		Food Loss and Waste	By 2030, do our part to halve per capita global food waste at the retail and consumer level, and to reduce food losses along the production and supply chains including post-harvest ⁱⁱ (aligned with U.N. SDG #12.3, as part of Champions 12.3).	4.7% absolute reduction within Kellogg manufacturing operations
				2.9% normalized reduction ^c within Kellogg manufacturing operations
				20.4 metric tonnes of food waste/net sales

4 OPERATING REGIONS:

1. KAP (ASIA PACIFIC, SUB-SAHARAN AFRICA)
2. KEU (EUROPE, MIDDLE EAST, NORTH AFRICA & RUSSIA)
3. KLA (LATIN AMERICA)
4. KNA (U.S. AND CANADA)



ⁱData are an average of our six core markets, which represent the majority of our worldwide sales.

ⁱⁱFrom a 2016 baseline

Our COMMITMENTS CONTINUED

Section	Priority	Focus Area	Commitment	2017 Progress
Nurturing Our Planet	Conserving Natural Resources	Climate and Energy	By 2020, reduce energy use by an additional 15%. ^{iii, iv}	2.1%
			By 2020, reduce GHG emissions by an additional 15%. ^{iii, iv}	11.4%
			By 2020, expand the use of low-carbon energy in our plants by 50%. ^{iv}	Complete
			By 2050, reduce Scope 1 & 2 emissions in our operations by 65%. ^{iv}	13.6%
			By 2050, partner with our direct suppliers to help reduce their Scope 3 emissions by 50 percent (including agriculture). ^{iv}	Established baseline in 2017
			By 2050, source 100% renewable electricity.	19%
		Water	By 2020, implement water reuse projects in at least 25% of our plants.	16.4%
			By 2020, reduce our water use by an additional 15%. ^{iii, iv}	1.8%
		Waste	Continue watershed quality support.	Ongoing
			By 2020, reduce total waste in our plants by 15%, with a focus on food waste. ^{iii, iv}	2.5%
	Sourcing Responsibly	Packaging	Continue commitment to ensure that 100% of all timber-based packing is either recycled or certified as sustainably sourced.	Complete
			Continue adding value to foods and the planet by increasing our use of resource-efficient packaging.	In 2017, 71% of packaging material was from recycled content; the remainder was from verified sustainable sources.
		Ingredients	By 2020, responsibly source our 10 priority ingredients: corn, wheat, rice, potatoes, sugar beet, sugar cane, fruits, palm oil, vanilla and cocoa. More than 70 priority-ingredient suppliers are engaged in measuring continuous improvement or investment in improved livelihoods in sourcing communities.	Learn more about our methodology and progress here .
		Breakfasts for Better Days™ – Sustainable Agriculture	By 2020, improve sustainable agriculture by enabling 500,000 farmers to use climate-smart agriculture practices and reducing post-harvest loss.	299,365 farmers
		Smallholder Farmers	By 2020, support 15,000 smallholder farmers in our direct supply chain to increase adoption of climate-smart agriculture practices and help improve their livelihoods and climate resiliency.	Commitment is complete. Work is ongoing.
		Women Farmers/Workers	By 2020, develop programs to help women farmers/workers improve their livelihoods, families and communities using climate-smart agriculture practices.	Supported more than 10,000 women farmers.



ⁱⁱⁱPer metric tonne of food produced
^{iv}From a 2015 baseline



Every day, millions of people in more than 180 countries invite us into their homes and to their tables. They trust Kellogg and our brands to provide their families with great-tasting, high-quality foods. A key part of this trust is our company's reputation for developing innovative, delicious and nutritious foods.

Our founder, W.K. Kellogg, revolutionized the food industry by creating a better-for-you breakfast category. His grain-based, ready-to-eat cereals provided families with accessible, affordable nutrition. Today, our portfolio has expanded considerably to include snacks and frozen foods. These priorities, along with our company's purpose of *nourishing families so they can flourish and thrive*, continue to energize our team to meet the high expectations people have for our foods and company.



2017 *Nourishing* WITH OUR FOODS

THE POWER OF *Grains*

Grains require less natural resources to produce.ⁱ

83% of our foods are vegetarian.

Investing in new plant-based foods and proteins.



Increasing Transparency



ASK QUESTIONS AND RECEIVE ANSWERS ONLINE

Snack Food Beliefs

BY 2020, OUR CONVENIENT NUTRITION BARS AND SNACKS WILL HAVE AN AVERAGE:ⁱⁱ



10%
SUGAR
REDUCTIONⁱⁱⁱ



SUPPORTING *Health & Well-being*

ADDRESSING NUTRITION SHORTFALLS TO HELP CLOSE NUTRIENT DEFICIENCY GAPS:

- Added **Vitamin D** to cereals in Australia, Europe and the U.S.
- Improved Latin American cereals with the right amounts of **Vitamins A, B and D, iron, calcium, folic acid** and **antioxidants**

ENSURING FOOD *Quality & Safety*

- **100%** of our foods are produced in facilities meeting stringent third-party quality standards.
- **1,425** audits conducted to monitor food safety.
- ~US **\$60 million** invested in food safety systems and processes.

BETTER BREAKFASTS START WITH CEREAL:

Cereal eaters tend to consume less fat, less cholesterol and more fiber than non-cereal eaters.^{iv}



Breakfast Food Beliefs

ACHIEVED 2020 **SUGAR/SODIUM** REDUCTION TARGETS AHEAD OF SCHEDULE



ⁱ The American Journal of Clinical Nutrition, Volume 78, Issue 3, 1 September 2003, Pages 660S-663S, <https://doi.org/10.1093/ajcn/78.3.660S>

ⁱⁱ Data are an average of our six core markets, which represent the majority of our worldwide sales.

ⁱⁱⁱ Per serving

^{iv} Cho S, et al. The effect of breakfast type on total dietary energy intake and body mass index. Results from the Third National Health and Nutrition examination Survey (NHANES). J Am Coll Nutr. 2003; 22:296-302.

Inspired BY OUR FOOD BELIEFS

We understand the significant contribution breakfast cereals make to the diets of children and adults worldwide and embrace our responsibility to continue evolving these foods to meet people's expectations for taste, transparency and nutrition. Doing so also helps address the dual global food security challenges of undernutrition and obesity identified in SDG #2 – Zero Hunger. To guide our journey, we launched our [Global Breakfast Food Beliefs](#) in 2015, setting specific sugar and sodium reduction targets for 2020. In 2016, we achieved these goals and strive to make more progress with innovation and renovation in the future.

Better breakfasts start with cereal

Cereal eaters tend to consume less fat, less cholesterol and more fiber than non-cereal eaters.^a

For those time-crunched mornings, cereal is a simple, quick and nutritious breakfast. Inside the bowl, you can easily enjoy three food groups – grains, dairy and fruit. Or, swap yogurt for the milk and make a quick smoothie or yogurt parfait.



For example, KEU announced that it is further reducing the sugar in Kellogg's Coco Pops®, Kellogg's® Rice Krispies® and Kellogg's® Rice Krispies® Multi-Grain Shapes, and further reducing sodium in Kellogg's® Rice Krispies®. This change was well received by many, including the U.K. Minister of State for Public Health Steve Brine, who commended Kellogg for the actions we have taken on reformulation. New food will begin flowing through to KEU store shelves in July 2018.

Given the growth of snacking and snacks as meal replacements, we announced Global Snack Foods Beliefs in 2016. Designed to give people more of what they want and less of what they don't, we set 2020 as our target for these changes. Already, we've met our sodium reduction goals, and are continuing to incorporate positive nutrients and ingredients and further reduce sugar.

In Europe, we reduced sugar and sodium in our Kellogg's® Coco Pops®, Rice Krispies® and Frosties® Cereal Milk Bars. Kellogg also continues to remove artificial colors and flavors from our foods. In response to consumer feedback, we've already done so across the Eggo® waffles portfolio; several cereals and snacks in the U.S., including Kellogg's® Coco Krispies® and Kellogg's® Special K® bars; and Kellogg's® Froot Loops® and Kellogg's® Corn Pops® in Canada. More foods without artificial colors and flavors will continue to be introduced going forward.



Supporting HEALTH AND WELL-BEING

As a company founded on offering a more nutritious breakfast choice, Kellogg has long been a leader in supporting health and well-being. Today, we have a comprehensive health and wellness strategy that guides our nutrition innovations. This strategy is highlighted in our [Nutrition Milestones](#) report and aligned with the priorities in the World Health Organization's [Global Action Plan for the Prevention and Control of Non-Communicable Diseases](#). Additionally, we're focused on closing the gap on hidden hunger and micro/macro nutrient deficiencies in emerging and developed markets. These two separate, but interrelated, aspects of public health are reflected in our food development and nutrition education work.

INTRODUCING NEW FOODS

Understanding that people want foods with ingredients that are both nutritious and responsibly sourced, KEU introduced a new line of *W.K. Kellogg*™ cereals and granolas that are organic, vegan and have no added sugar. Named in honor of our founder, when someone buys *W.K. Kellogg*™ cereals and granolas, we donate to organizations that provide breakfast for people in need and we support sustainable agriculture across Europe and the Middle East.

In all our regions, our *Special K*® brand, in particular, is introducing new foods with better-for-you ingredients. These include:

- *Special K*® cereal fortified with Vitamin D in Australia;
- *Special K Nourish*® cereal with quinoa bars and *Special K*® *Nourish*® cereal with popped granola and quinoa in Canada;
- *Special K Nourish*® cereal with hazelnuts, almonds & pumpkin seeds in Europe and the Middle East.
- *Special K*® *Protein & Fibre* cereal in India;
- *Special K*® *Nutrifit*™ cereal in Korea; and,
- *Special K*® cereal with probiotics, *Special K*® *Crunchy Bites* with sunflower seeds and dark chocolate, and *Special K*® *Trail Mix* protein in the U.S.



We've also continued improving the nutrition profile of several of our foods to help address shortfall nutrients, or nutrients of need. This includes adding Vitamin D to cereals for the U.S. and KEU markets and improving the fortification of our KLA cereals with the right amounts of Vitamins A, B and D; iron, calcium, folic acid and antioxidants essential for children's growth and development and adults' well-being.

Our foods are certainly an important source of nutrition; they should also simply taste good. In Asia, we introduced three culturally-relevant foods that do just this. Feedback has been extremely positive on our new *Kellogg's*® *Rose Granola*® in China; *Kellogg's*® *Brown Rice Granola*® in Japan; and *Kellogg's*® *Real Granola Triple Bean*® with peas, soy and black beans in Korea.

We also continued introducing new foods in emerging markets, launching three new snack bars in South Africa, *Kellogg's*® *Coco Pops*®, *Rice Krispies*® and *Crunchy Nut*®.



Investing in the power of grains

Our early ancestors first farmed grains – rice, corn and wheat – nearly 13,000 years ago. Today, grains are still the most important ingredient at Kellogg, which is why we look for the very best – responsibly sourced and sustainably grown – for our foods.

Across our portfolio, we're looking at grains for their unique benefits, including the fact that they use less natural resource to produce than other foods.^b This is increasingly important when we consider how we can help address food security. Already, 83 percent of our foods are vegetarian.^c

We continue to invest in this space through our [Eighteen94™ Capital](#) fund that is pursuing next-generation start-up businesses, including several plant-based nutrition and protein companies.

eighteen94
capital



PROVIDING NUTRITION EDUCATION

We have continued progressing our initiatives to provide nutrition education and active lifestyle communications to support our commitment to *Breakfasts for Better Days™*. In 2017, we launched partnerships with nutrition and medical professionals, as well as retailers.

- Kellogg U.S. hosted nutrition summits with leading experts on gut health and the importance of protein for women that informed new product offerings from our *Special K®* brand.
- Kellogg U.K. and our *Kellogg's® All-Bran®* brand have a strategic partnership with the [U.K. Royal College of Midwives](#) to share the results of scientific research pointing to the benefits of women wheat bran fiber to during pregnancy and while breast feeding.^d
- Leaders from [Instituto de Nutrición y Salud Kellogg's](#), the Kellogg nutrition and health institute that operates in Mexico and Colombia, participated in congresses in Mexico, Argentina and Colombia attended by pediatricians, nutrition professionals and nutrition students to share the latest research on food intake and metabolic health. We also served on the Symposium on Food and Nutrition: Gender Perspective panel at the XVII Colombian Congress of Nutrition and Dietetics, providing information about the nutrition benefits and origins of our grains, as well as our work helping local farmers increase their sustainable agriculture practices.

- To help share information on the nutrition value of cereal and milk as either a breakfast or snack in children's diets, we partnered with ShopRite's in-store team of dieticians to provide information and free samples for physicians and their patients, as well as in-store shoppers.

Cultivating nutrition to fight hunger and improve gender equality

In the rural areas of India's state of Madhya Pradesh, maternal and child undernutrition levels remain persistently and unacceptably high. Kellogg Company's organic kitchen garden project with TechnoServe is helping families improve their nutrition intakes by helping women cultivate small vegetable gardens. As a result, 75 percent of households are now eating vegetables twice a day, and 22 percent three times a day. The program has improved nutrition deficiencies in protein, calcium, Vitamin A and iron, and increased energy intake, which was below recommended levels. Women are also selling the surplus from their gardens, which helps to improve their livelihoods.



Bringing back our community gardens

Kellogg employee gardens started in the U.S. during the Great Depression and continued through the 1940s. A group of colleagues in the U.S. reintroduced employee gardens in 2017 with great success. Teams at 10 office locations harvested vegetables that were used in foods sold in our employee cafes. Plus, an extra 100 pounds of fresh vegetables were donated to local food banks.

Kirsten, on our Sustainability team, received a W.K. Kellogg Values Award in recognition of how this work reinforced our company's value of being passionate about our business, our brands and our foods.



Increasing TRANSPARENCY

Today, people expect transparency about their food. How is it made? Where is it coming from? Who makes it? And we enjoy this conversation. That's why we have [Open for Breakfast](#), our digital platform in the U.S., [Latin America](#), and [Australia/New Zealand](#) where people can ask questions they have about our foods and we answer. People can also contact the Consumer Affairs teams that support each of our regions and reach out via Twitter and Facebook.



What's your question?

ASK US NOW

VISIT US |



Kellogg's



Ensuring FOOD QUALITY AND SAFETY

The quality and safety of our foods, along with the safety of our colleagues, are part of our core values. (See [Living Our Founder's Values](#) for people safety information.) Our Kellogg Food Safety System directs our global, comprehensive approach to uniform food safety standards. In addition, the Global Food Safety Initiative (GFSI) certifies all our company-owned and contract-manufacturing facilities, as well as ingredient suppliers. Our North American facilities are also SQF (Safe Quality Food) certified.

To ensure compliance against these high standards, GFSI conducts audits of our suppliers and co-manufacturers. Our internal team conducts audits of our Kellogg-owned manufacturing facilities, also against GFSI standards.

We continuously improve our efforts and invested nearly US\$60 million in new equipment and facility improvements in 2017. These investments supported further advancements in our food safety systems and processes.



Meet our Food Safety Advisory Board

Getting an external point of view, especially around something as critically important as food safety, makes good sense. This is the purpose of our External Food Safety Advisory Board. This group of four distinguished experts augment the work of our internal team, advising us on all matters of food safety.



**David Acheson, M.D.,
Founder and CEO,
The Acheson Group**

Dr. Acheson has more than 30 years of medical and food safety experience. He is the former Chief Medical Officer for the U.S. Food and Drug Administration. Prior to that, he served in the same role at the U.S. Food and Drug Administration's Center for Food Safety.



**James Atkinson, CEO,
Atkinson Consulting**

Mr. Atkinson retired as Vice President of Operations for Kraft Foods. He understands every aspect of food safety, beginning his career as an hourly employee at the company and working in a wide variety of roles of increasing responsibility for 34 years.



**Larry Keener, President
and General Manager,
International Product Safety
Consultants (IPSC), Inc.**

Mr. Keener has worked extensively on the development and implementation of food safety, quality, sanitation and regulatory compliance programs for food companies around the world. At IPSC, he focuses on food safety and technology solutions.



**Martin A. Philbert, Ph.D.,
Provost and Executive Vice
President for Academic Affairs,
University of Michigan**

Dr. Philbert is also a professor of toxicology in U of M's School of Public Health. His expertise is in developing leading-edge nanoplatfroms to sense ions and small molecules. He consults with federal agencies on emerging nanotechnologies, nanomedicine, and health and safety.

#SEE HER



Marketing RESPONSIBLY

Kellogg adheres to high standards to responsibly market our foods, always meeting, and in often cases, exceeding local requirements. Our global commitments are outlined in our [Worldwide Marketing and Communications Guidelines](#) that also include the Kellogg Global Nutrient Criteria. We are also a signatory to 20 global, regional and country-specific responsible marketing pledges:

- International Food and Beverage Alliance and Consumer Goods Forum global pledges;
- European Union and Gulf Cooperative Council regional pledges; and

- Local pledges in Australia, Belgium, Brazil, Canada, Colombia, India, Malaysia, Mexico, Philippines, Portugal, Russia, Singapore, South Africa, Switzerland, Thailand and the U.S.

In 2017, we joined the new U.S.-based Association of National Advertisers Alliance for Family Entertainment #SeeHer movement to increase the accurate portrayals of women and girls in U.S. advertising and media. In line with our commitments to diversity and inclusion



and gender equality, accurately portraying women in advertising is important to Kellogg. As participants in the #SeeHer campaign, our advertising and other marketing work is evaluated against a Gender Equality Measure (GEM™) that evaluates how prominently we depict women. Since June 2017, more than 23,000 ads across industries have been evaluated using the GEM™ ranking system. Our work has consistently outperformed the industry average, scoring within the top 2 percent of all ads scored. To learn more about #SeeHer, and its best performing ads (including Special K®), [click here](#).





As a global food leader, we believe strongly in the important role our company and our foods play in fighting hunger and feeding potential. Our passion for and commitment to this work comes to life in myriad ways through our *Breakfasts for Better Days™* global signature cause platform. These efforts integrate our nutrition hunger relief, sustainability and public policy work to address the critical worldwide issue of food security. Together with our colleagues, customers, government leaders, partners and people who enjoy our foods, we are helping to make sure there is enough food for everyone in a world with a growing population and increasingly limited natural resources. This work also supports our commitment to the U.N. SDGs. In 2017, this work provided more than 637 million Better Days for people around the world.



Feeding PEOPLE IN NEED

IN 2017,
WE CREATED

637.5
MILLION

Better Days
WORLD
WIDE



DONATED ~570
MILLION



SERVINGS OF FOOD TO:

- FOOD BANKS
- BREAKFAST CLUBS
- DISASTER RELIEF

REACHED

586,772

CHILDREN THROUGH
FEEDING PROGRAMS
AND NUTRITION EDUCATION



SUPPORTED

300,000

NEARLY

FARMERS TO INCREASE
YIELDS, LIVELIHOODS
AND CLIMATE RESILIENCY

ACHIEVED

7,451

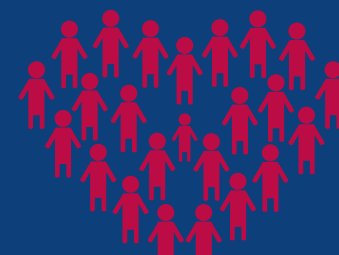
EMPLOYEE AND RETIREE
VOLUNTEER DAYS



ENGAGED

66.7

MILLION PEOPLE



Breakfasts FOR BETTER DAYS

Since we launched *Breakfasts for Better Days*™ in 2013, Kellogg has provided more than two billion servings of food to people in need. In October 2016, we announced new commitments focused on creating three billion Better Days for people around the world by the end of 2025*. These commitments ladder up to the U.N. SDGs, in particular Goal 2 to end hunger, and include:

- Donating 2.5 billion servings of food to people in need, often in partnership with hundreds of food banks, across six continents;
- Expanding feeding and nutrition education programs so 2 million children can reach their full potential;
- Supporting 500,000 farmers, their families and communities with climate-smart agriculture practices to increase yields, improve climate resiliency and reduce post-harvest food loss and waste^f;
- Committing 45,000 Kellogg employee and retiree volunteer days at local community food banks, farms and breakfast programs; and,
- Engaging 300 million people in our efforts to address food security through promotions, online engagement and social media participation.



OUR GOAL = CREATE **THREE BILLION BETTER DAYS** BY THE END OF 2025

Kellogg's

Addressing FOOD SECURITY

Around the world, Kellogg is helping to address food security in many ways, including providing food to people in need. We donate to food banks on six continents, support children's breakfast clubs and other feeding programs, step in when needed during times of natural disaster, and deliver important nutrition education to help address the global health concerns of malnutrition and obesity. Our colleagues and retirees donate their time and talents to support hunger relief and we're engaging millions of people in this issue as well.

DONATING FOOD TO PEOPLE IN NEED

"CrossCare's relationship with Kellogg has helped to develop and support our emergency food provision for those affected by food poverty in Ireland. They have helped us provide breakfast for homeless families and individuals. But it's not just about the cereal. The teams at Kellogg have worked with food drives, fundraisers and consulted with us on new campaigns to expand the work we do. In a very real way, Kellogg has become a true partner in the fight against food poverty and hunger in Ireland."

Michael McDonagh, Senior Manager,
Community and Food Provision, CrossCare
Food Bank, Ireland



In 2017, we provided nearly 570 million servings of food to people in 30 countries via donations to 38 food banks. This includes our donation to [Food Banks Canada](#), which has more than 500 food banks located across the country. It also includes donations to [Feeding America](#), with 200 food banks across the U.S.

We're especially excited to have helped launch two new initiatives. In Dubai, United Arab Emirates Kellogg was one of the first companies to donate food to the new [UAE Foodbank](#). In France, we helped the [Restaurant Du Coeur](#) open a new operation in Limoges to feed people in need, as well as donating food and volunteer time.

We're also honored by several recognitions we received in support of this work:

- [FESBAL](#), the Spanish Federation of Food Banks, presented Kellogg with its Fidelity Award for our long-term collaboration.
- [The Food Bank of South Central Michigan](#) awarded Kellogg its "[Bob Randels Be The Change](#)" award given to companies that inspire change and action in their communities.
- Kellogg Canada received [Daily Bread Food Bank's](#) Distinction Award for its long-standing commitment to hunger relief.



EXPANDING BREAKFAST PROGRAMS

"Thanks to the Kellogg cereal donation for children at our school, their concentration is increasing in their school work and sports activities, forming healthier, stronger, happier and enthusiastic children."

Eva Casarrubias, Administrator, Formacion Integral Los Olivos, I.A.P., Queretaro, Mexico

Nowhere is the impact of hunger more significant than with children who have no breakfast. This morning meal is so important to helping students focus more on the lessons and less on being hungry. Twenty years ago, Kellogg started its first breakfast club in the United Kingdom to help make sure that children show up ready to learn. Today, we support 36 breakfast club programs in 32 countries. We are also helping to expand participation in free school-breakfast programs in the U.S. In 2017, we reached more than 586,000 children through breakfast and nutrition education programs.

Recently, we held an event with a Danish Member of the European Parliament to illustrate the importance of breakfast programs in Denmark and elsewhere. We also:

- Partnered with the Italian Red Cross to create the first school [breakfast clubs in Milan, Turin and southern Italy](#), providing a healthy breakfast to almost 200 children every school day.

- Supported [Action for Healthy Kids](#), [Food Research and Action Center](#) and [No Kid Hungry](#) to increase access to U.S. school breakfast programs for 300,000 young people, including helping to create new "grab-and-go" models that especially appeal to teens.
- Worked with Breakfast Clubs of Canada to feed more than 167,000 children in approximately 1,500 breakfast clubs across the country.
- Joined India's [Akshaya Patra Foundation](#) that provides mid-day meals to more than 1.6 million children. Kellogg will bring a full year of mid-day meals to children in some government schools.
- Increased school breakfast clubs and participation in Colombia to reach 3,400 children every school day.

We also understand that hunger strikes when children aren't in school. Our recent study addressing Europe's hidden food divide showcased the fact that 40 percent of families in France, Germany, Spain and Italy rely on food donations during school holidays. This need is not limited to Europe, so we support a wide variety of feeding programs.

- In Canada, we joined forces with Food Bank Canada to provide 30,000 mini-meal packs for children who otherwise may not eat when school is not in session.
- In the U.S., Kellogg supported 66,000 people through [United Way's](#) summer feeding program.



Kellogg's

PROVIDING SUPPORT DURING DISASTERS

"When a crisis hits, we can count on Kellogg to mobilize swiftly and to deliver quick and efficient donations that are appropriate for our needs in the early stages of a disaster. Kellogg is truly one of our first responders."

Patrick Crawford, Director of Disaster Services, Feeding America

Unfortunately, 2017 saw multiple natural disasters, from earthquakes in Mexico; to fires in the U.S., Canada and Korea; to hurricanes in the Caribbean and the U.S., including Puerto Rico; and mudslides in Colombia. Kellogg provided millions of servings of food and financial donations to support relief efforts.

NUTRITION EDUCATION

Ensuring that people have the food they need is one part of the equation. Arming them with nutrition information to take charge of their health is another. Kellogg is providing people – especially young people – with the information they need to fight the interrelated issues of obesity and malnutrition.

- When our *Special K*® brand learned that two out of three young women are not getting the nutrients they need to live life at full strength®, we knew we had to help. We forged a multi-year global partnership with the United Nation's Foundation's Girl Up™ and provided access to nutrition information to adolescent girls in 45 countries.



- Our KNA Specialty Channels team piloted a program with the Girl Scouts of Greater Chicago and Northwest Indiana Council to reach young, inner-city women who are not part of a traditional Girl Scout troop. We provided a grant to help build a curriculum around "STEAM" topics, including science, technology, engineering, the arts and mathematics. Kellogg volunteers led the sessions and introduced these aspiring young women to potential future careers.

I have a better understanding of nutrition and how it affects my inner strength and sense of self. As someone in recovery from an eating disorder, it has totally changed how I view myself. I understand now that nutrition fuels my strength and allows me to be a better version of myself.

Gabriela, Girl Up participant



VOLUNTEERISM

Our company also cares passionately about helping people in need and has wholeheartedly embraced our goal to create three billion Better Days. We are well on our way to hitting our goal of 45,000 volunteer days by the end of 2025; having contributed 7,451 days in 2017. There is tremendous enthusiasm for volunteerism across the company. Yammer, our internal social media channel, promotes volunteer opportunities daily, our retirees have lent their time to this need, and Kellogg Australia and Kellogg Canada launched portals to connect people to volunteer opportunities.

"Having been inspired by a Kellogg group volunteering session, I have now joined a local food bank where I volunteer weekly. We feed up to 70 homeless and disadvantaged people daily. It is immensely rewarding to be able to use my skills to help people immediately and directly."

Rupert, KEU



"Volunteering is the most pure thing you'll be able to do during your life. Doing something for others, without expecting anything in return, makes you feel awesome. It is difficult to explain until you do it."

Noel, KLA, who, as a paramedic, belongs to a search and rescue team that rescued people during the 2017 earthquake in Mexico City.



"I had the privilege to volunteer my time at the [Clontarf Foundation](#). I left on a high, feeling proud that I work for a company that supports foundations like Clontarf in helping those that are less fortunate than ourselves."

Jo, KAP, who volunteers with the Kellogg Australia team



"What I love is to spend time with colleagues, and also to meet people in the community and people who volunteer at the foodbank. Volunteering is a really great opportunity to see how what we do as a company has an impact on our community."

Sandra, KNA, who volunteers with other Kellogg Canada colleagues in at the local food bank.



ENGAGING PEOPLE AROUND THE ISSUE OF HUNGER RELIEF

"I'm not happy when we have a snow day. If I don't go to school, there's not going to be anything to eat. When I hear that school has been canceled, I'm kind of sad. Lots of kids say they're hungry, but 'real hungry' is different. When your stomach is almost in pain, that's real hungry."

A child who receives breakfast and lunch at school

Kellogg supports many schools to help feed children who may otherwise go hungry. But what about when school is closed? These programs are a priority as well. That's why we produced a [snow days video](#) to raise awareness about the impact of snow days on children in need and to encourage people to donate to our partner, No Kid Hungry.

We know that by engaging consumers and shoppers in the important issue of hunger relief, we can have an even greater impact. In 2017, more than 66 million people did so in a variety of ways.

- In Russia, our annual Lenten promotion celebrates the traditional season of giving by provide breakfasts for children in need with the purchase of our *Lubyatova*™ crackers and cereals. As part of this long-running program, Russian consumers donated 3 million servings of breakfast cereal to kids in 2017.
- In Canada and the U.S., Kellogg partnered with [Walmart's Fight Hunger. Spark Change](#) program. When people purchased participating Kellogg

products in store or online, we made donations to Food Banks Canada and Feeding America, respectively.

- U.K. breakfast clubs benefited from our back-to-school program with retailer Tesco and food redistribution charity FareShare that encouraged people to help give a child breakfast by purchasing Kellogg's *Corn Flakes*®, Kellogg's® *Rice Krispies*® and Kellogg's® *Coco Pops*® cereals and Kellogg's® *Coco Pops*® milk bars. One million servings of Kellogg's *Corn Flakes*® were donated to breakfast clubs as a result.
- In the U.S., people generously responded to our Giving Tuesday US\$10,000 matching grant for Action for Healthy Kids, raising an additional US\$17,000 to support school-meal programs.
- We have also long supported the U.S. United Way campaign in the communities where we have operations. In 2017, Kellogg and its employees pledged US\$4.8 million and volunteered 3,000 hours of time to United Way. As a key partner in hunger relief, half of our United Way corporate contribution is directed toward this cause.



Celebrating World Food Day

In honor of World Food Day, Kellogg colleagues once again volunteered at local food banks, collected food donations, visited children's breakfast clubs, and shared their passion for hunger relief on social media. Here is a snapshot of the 1.2 million Better Days we created for children and families in 2017 through this program.

22 COUNTRIES HOSTED
VOLUNTEER EVENTS 

 **38** FOOD BANKS
SUPPORTED

539 VOLUNTEERS 

 **1,388**
VOLUNTEER HOURS

1,152,076
SERVINGS OF
FOOD DONATED 

Kellogg's

Reducing FOOD LOSS AND WASTE

According to the [World Food Programme](#), the world produces enough food for everyone, yet almost 800 million people go hungry. And the [Food Aid Foundation](#) estimates that one-third of all food is wasted. Along our value chain – primarily on farms, in our own operations and with consumers – Kellogg is reducing food loss and waste to ensure that food grown and made goes to human consumption whenever possible. Doing so is a win-win. We help meet public health needs and, at the same time, reduce the natural resources needed to feed the world's population.

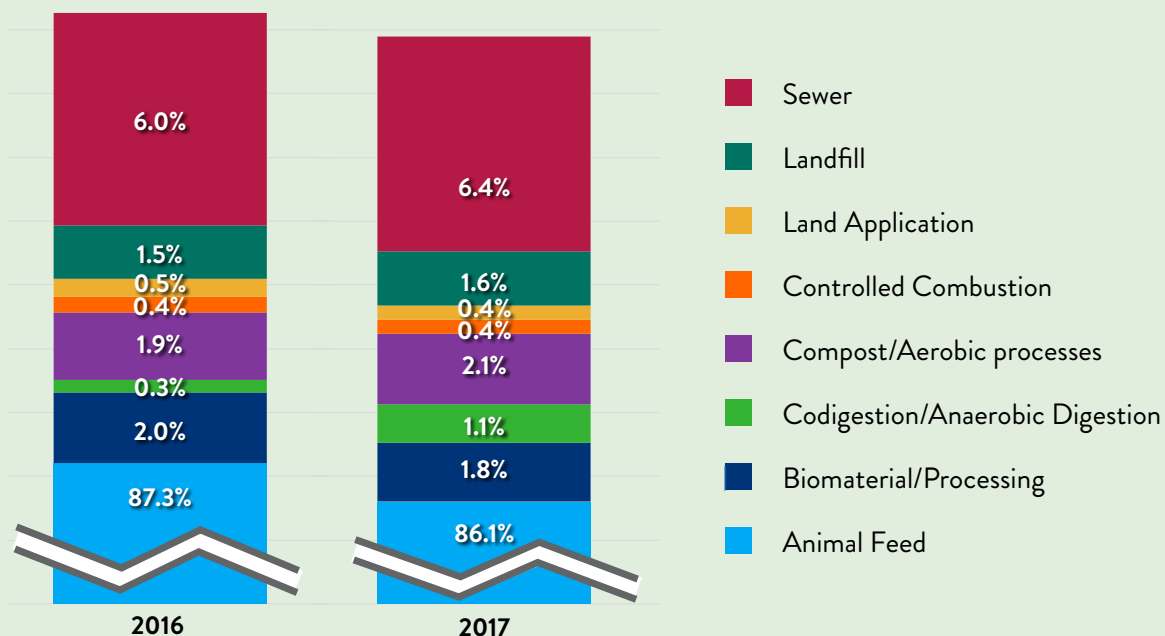
As a leader addressing food security, Kellogg was one of the first companies to join [Champions 12.3](#), named for SDG target #12.3 that specifically addresses food loss and waste. This group of leaders from government, business, research and farming communities aims to meaningfully reduce food loss and waste by 2030. As a part of this initiative and others, by 2030 we are committed to doing our part to halve per capita global food waste at the retail and consumer level, and to reduce food losses along the production and supply chains including post-harvest losses.

In 2016, we piloted the [World Resource Institute Food Loss and Waste Standard reporting methodology](#) and are one of the first companies reporting global food waste data by destination.

In 2017, we achieved an overall 4.7 percent reduction in food waste within our Kellogg manufacturing operations, measured by the Food Loss and Waste Protocol.



KELLOGG FOOD WASTE BY DESTINATION



Each year, 1/3 of food produced for people never makes it onto a plate.^h

Across food systems, we're helping to eliminate food waste to support food security and help eradicate hunger.



- For several years, our Postharvest Loss Reduction Program has partnered with groups like [TechnoServe](#) (an organization that provides business solutions to poverty) to help farmers – especially smallholders – reduce food loss on farms by providing training on improved agricultural practices through post-harvest storage technology.

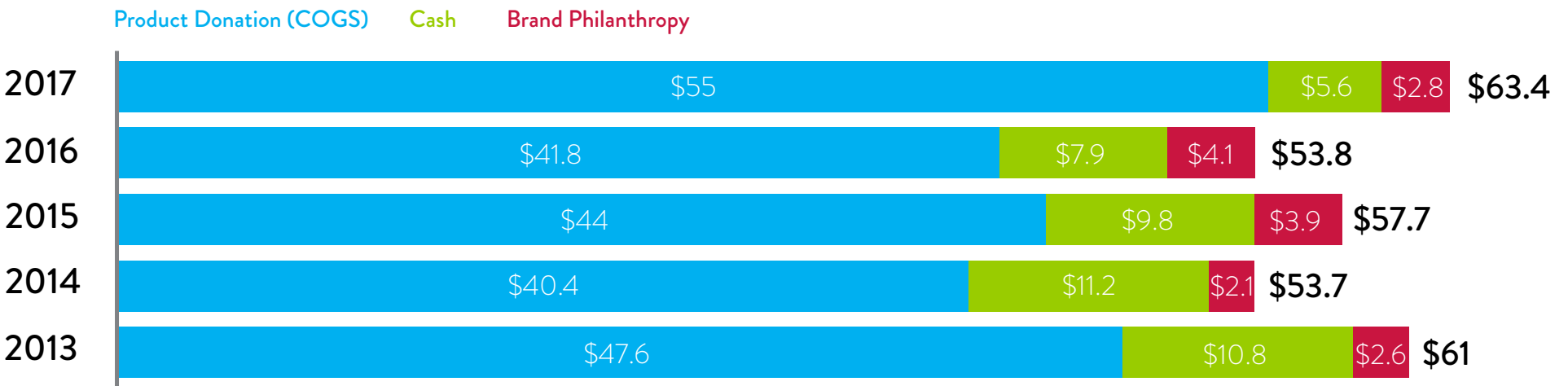


- We're in the process of standardizing the date labels on our U.S. food packages to "BEST if used by," helping to reduce food waste and giving people details to make more informed decisions. In 2017, we made the change on 50 percent of our packages and are continuing this work.
- Resealable packaging also helps reduce food loss and waste. In the U.S., our *Kashi*®, *Keebler*®, *Special K*® and *MorningStar Farms*® brands use resealable packaging, and in many countries our cereals are packaged in resealable pouches.
- We've invited others to join our journey to reduce food loss and waste when our regional business presidents have spoken at highly-visible global events including Sustainable Brands, Business Climate Summit, COP23 and Champions 12.3 held in conjunction with the U.N. General Assembly and Climate Week.



Charitable DONATIONS

In the past five years, we have donated US\$289.6 million.ⁱ



The most positive impact we can have – not only in local communities, but all over the world – is through our food.





Kellogg is addressing food security in a number of ways. In addition to feeding people in need, we're also nurturing our planet by supporting farmers, their families and farming communities, and conserving natural resources across our operations. Our purposeful, and purpose-driven, approach is designed to have the greatest impact across our value chain. It also ladders up to our *Breakfasts for Better Days*™ goal of creating 3 billion Better Days by 2025. Our work contributes to the U.N. SDGs, while also addressing human rights, and ensuring we achieve our [sustainability goals](#).



2017 *Nurturing* OUR PLANET

SUPPORTING FARMERS, THEIR FAMILIES AND FARMING COMMUNITIES ACROSS OUR VALUE CHAIN

SOURCING *Responsibly*

10 PRIORITY INGREDIENTS

.....
CORN SUGAR CANE
WHEAT FRUITS
RICE PALM OIL
POTATOES VANILLA
SUGAR BEET COCOA
.....

PROGRESSED HUMAN RIGHTS WORK:

- 100% of purchased volume from suppliers compliant with company's sourcing policy.
- Completed supplier and farm-level audits.

IMPROVING *Sustainable Agriculture*

More than **40** projects on-the-ground with farmers around the world.

250,000 ACRES

in the U.S. positively impacted with sustainability programs.

Celebrating
10 YEARS of partnership with
FARMERS IN COLOMBIA who grow rice for



SUPPORTING *Farmers*

Supported nearly

300,000

farmers including:

- Nearly

20,000

smallholder farmers in our direct supply chain;

- More than

10,000

women smallholder farmers and workers.

PROTECTING *Soil AND Water* HEALTH

Co-chairing the

MIDWEST ROW CROP COLLABORATIVE

with

3 NGOs and

9 MULTINATIONAL COMPANIES

to improve soil health and water quality in the U.S. Upper Mississippi River Basin.

Participation in 5 Regional Conservation Partnership Programs (RCPP) with USDA, securing \$34 million for U.S. farmers.

Natural Heritage Initiative is improving biodiversity and pollinator health, starting in 4 EU countries.

REDUCING *Food Loss AND Waste*

WORKING IN PARTNERSHIP ACROSS THE VALUE CHAIN

CHAMPIONS 12.3



Sourcing RESPONSIBLY

Through our foods, we are helping to unlock the potential of communities around the world. Our commitment to responsibly sourcing our [10 priority ingredients](#) by 2020 is a key way we are doing so. This work starts on the farm, supporting the people and communities who grow our ingredients. That's why, as part of *Breakfasts for Better Days™*, we've pledged to improve the livelihoods of 500,000 farmers by advancing climate-smart agriculture practices that increase productivity and climate resiliency, while using fewer natural resources. Within this commitment, we also recognize the important role smallholder farmers and women play in the global agriculture community. As a result, we've already provided this support to nearly 20,000 smallholder farmers in our direct supply chain and have similarly helped more than 10,000 women farmers. To date, we've engaged nearly 300,000 farmers toward our 2025 goal. Our commitment extends to animal welfare, and we are committed to source 100% cage-free eggs globally by 2025.



*We are working to improve
farmer yields and livelihoods,
as well as climate resiliency.*

Kellogg's



Improving SUSTAINABLE AGRICULTURE

Much of our work in sustainable agriculture is done through our Kellogg's *Origins™* Program. [More than 40 Kellogg's Origins™ projects](#) are active today, built in partnership with suppliers, farmers, scientists and non-governmental organizations (NGOs) to increase productivity, improve environmental outcomes and positively impact farmer livelihoods. Examples include:

- In partnership with [Centro Internacional de Mejoramiento de Maiz y Trigo](#) - the International Maize and Wheat Improvement Center - and the [Grupo SACSA](#) agricultural services company, we are training farm advisors to help small and medium-size farmers in northwest Mexico supply Kellogg with sustainably produced yellow maize for Kellogg's *Corn Flakes®* and *Zucaritas®* for the Mexican market.
- *Kashi®* is continuing its first-of-a-kind program to help farmers transition land to become Certified Organic. Since launching its [Certified Transitional](#) standard in 2016, nine farmers have put more than 4,000 acres into the program that purchases ingredients from them at a premium to help offset the costs of the three-year process to organic certification. The program has been so well-received by farmers and consumers that *Kashi®* has rolled out four new *Chewy Nut Butter Bars®* using transitional dates, rice, sorghum and almonds. Its original *Kashi® Dark Cocoa Karma* cereal using transitional wheat continues to be well received.
- In 2017, we celebrated 10 years of partnership with farmers in Colombia who we trained to grow rice for Kellogg's® *Choco Krispies®* cereal in Colombia, Ecuador and Peru.

PROTECTING SOIL HEALTH, WATER QUALITY AND HABITATS

Soil health is increasingly recognized as a key contributor to healthy ecosystems, improving both climate resilience and farm profitability. By improving soil health, we improve water quality, increase drought resilience and reduce greenhouse gas emissions, better enabling farmers to feed the world's growing population.

One example of our work protecting soil health is our co-chairmanship of the [Midwest Row Crop Collaborative](#) (MRCC) that brings together three international NGOs and nine multinational companies to focus on soil and water quality in the U.S. Upper Mississippi River Basin. MRCC's goal is to demonstrate the economic and environmental benefit of soil health practices to farmers in this important agricultural region.



Additionally,

- Our Kellogg's *Origins*™ projects in the U.S. are advancing practices across 250,000 acres that protect soil health, including crop rotation and cover crops.
- In Great Britain, farmers grow wheat for Kellogg's® *Special K*® cereals. Those who participate in a Kellogg's *Origins*™ project encouraging them to grow winter beans and other cover crops saw an average 20 percent increase in worms, a key indicator of soil health.



- In support of improved pollinator health, we are working with farmers in our Kellogg's *Origins*™ Farmer Program and [Kellogg Grower Survey](#) engagements to measure key indicators like fertilizer and pesticide use, conservation practices and crop rotation. Because of the scale of the issue, we are also collaborating with NGOs and peer companies through the [Honey Bee Health Coalition](#). Specifically, we're engaging farmers to adopt practices that promote pollinator health like integrated pest management and creating pollinator strips along field edges.



Supporting SMALLHOLDER FARMERS, INCLUDING WOMEN

Smallholder farmers, and in particular women who often have a significant role in agriculture, are critical to the global food supply, first for themselves and their families, but also for broader food security opportunities in rural or impoverished communities. Our Kellogg's *Origins*™ programs focus on supporting smallholder and women farmers develop more climate-resilient practices to improve their productivity and livelihoods, including the following examples.

- In Africa, poor weather tracking infrastructure and forecasting prohibit farmers from receiving information needed to run their farms. Changing climate patterns, particularly in cocoa growing areas, are responsible for increased crop failures and major impacts to farm families. Kellogg partnered with the [World Business Council for Sustainable Development](#), [Kukua](#), and our supplier, [Olam](#), to provide needed climate information by piloting the installation of weather stations that provide more accurate forecasts via SMS messages to 500 cocoa smallholder farmers.
- Bangladesh is one of the poorest countries in the world and the third-largest Asian producer of potatoes in Asia. With [SEBA Limited](#), we're providing technical training to help smallholder potato farmers improve their yields, and we're working with the local farmers to source potatoes for *Pringles*®.
- Much of the rice for Kellogg's® *Brown Rice*® cereal sold in Asia is grown in Korea's Choongnam Province. For Earth Day, Kellogg engaged the children of local farmers in an environmental education program, and donated energy-efficient lighting to the school and fertilizer to 12 farming families. By engaging the entire community, Kellogg is helping to introduce long-term sustainability practices.
- Working with [ACDI/VOCA](#), we've introduced 550 Egyptian rice and date farmers to climate-smart agricultural practices that help them reduce costs and increase yields. We're now helping these farmers build a higher-value supply chain that meets the stringent requirements of more lucrative markets. To ensure gender equality while respecting local social norms, women are given equal access to the program via separate training.



Kellogg's



Engaging our suppliers in sustainability

Responsible sourcing is a Kellogg priority, and we expect our suppliers to make it a priority as well, measured in performance assessments and new supplier qualifications. We engage our suppliers in many ways. For example, at our 2017 Supplier Day, 300 of our company's supplier partners joined us at our global headquarters in Battle Creek, Michigan, U.S. During the meeting, we shared our business strategies and talked with suppliers about joining us on our responsible sourcing journey. Doing so is part of our new [K Partners Advantage](#) program focused on five shared values that drive mutually beneficial supplier relationships: innovation, financial excellence, operational excellence, responsible sourcing and supplier diversity.

Conserving NATURAL RESOURCES AND PROTECTING AGAINST CLIMATE CHANGE

Kellogg has long been committed to doing what's right for the environment and society. We are working on multiple fronts to further reduce our greenhouse gas (GHG) emissions and waste, as well as the energy and water we use. In doing so, we are also helping protect the long-term availability of the ingredients we use in our foods and the livelihoods of the people who grow them. As we continue this work, we value ongoing engagement and discussion with NGOs and other stakeholders on the important and interconnected issues of environmental and social responsibility.

Kellogg reports its environmental data annually to the [CDP](#) for assessment and rating. Our 2017 performance is summarized below, and our full CDP rating can be accessed [here](#).



Climate Change B

Forests - Palm oil A-

Timber B

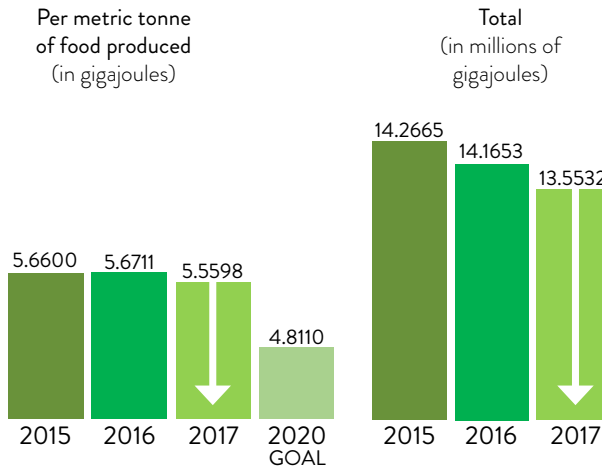
Water A

Supply Chain [Supplier Engagement Leaderboard](#)

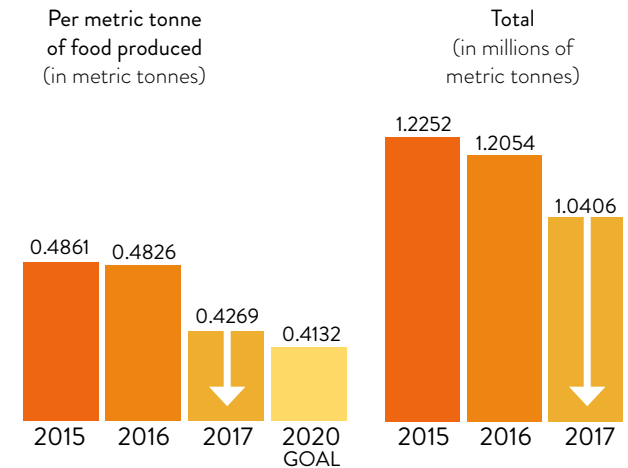
ENVIRONMENTAL DATA

This data includes *Parati Group*, which was not included in our 2016/2017 Corporate Responsibility Report.

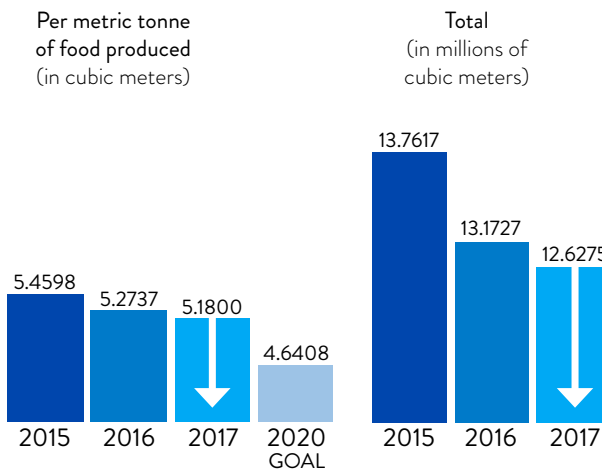
ENERGY USE



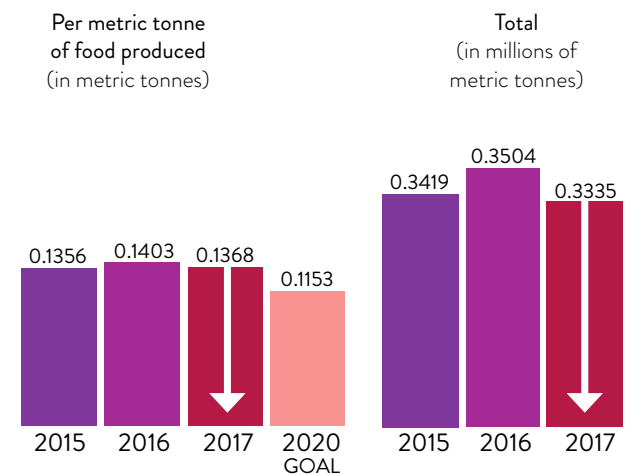
GHG EMISSIONS



WATER USE



TOTAL WASTE



REDUCING ENERGY USE AND GREENHOUSE GAS EMISSIONS

As part of our support for SDG #13, to take urgent action on climate change and its impacts, Kellogg was one of the first companies to set an approved 2°C science-based target for reducing Scope 1 and 2 emissions in our own operations by 65 percent and Scope 3 emissions by 50 percent by 2050ⁱ. In 2017:

- We reduced absolute Scope 1 and 2 emissions by 13.6 percent^k.
- 65 percent of our direct material suppliers reported their emissions to us through the [CDP Supply Chain platform](#). This data will inform the baseline against which we'll track our collective progress toward our 2050 commitment to reduce Scope 3 emissions by 50 percent in future years.

Kellogg has also committed to reducing energy and greenhouse gas (GHG) emissions in our facilities by an additional 15 percent^{j, l}. In 2017, we reduced our energy use and GHG emissions by 2.1 percent and 11.4 percent^e, respectively.

We are particularly proud of the GHG emission reductions we have achieved through our purchase of renewable electricity, in partnership with [RE100](#). By 2050, we plan to source 100 percent renewable electricity. Achieving this goal is the obvious next step in delivering on our science-based GHG emission reduction targets. Doing so helps lower business risk, generates financial savings, and encourages other companies to do the same. In 2017, we purchased more than 19 percent renewable electricity due to our ambitious procurement strategies in Europe and the U.S., up from less than 1 percent in 2016.



In 2017, our facilities around the world, including those below, continued making progress to reduce energy use and GHG emissions:

- Eight of our facilities reduced their energy use by more than 10 percent, including Cairo, Egypt; Maracay, Venezuela; Natal and Sao Paulo, Brazil; Rayong, Thailand; Sri City, India; and San Jose, California and Blue Anchor, New Jersey in the U.S.
- Our facilities throughout Europe reduced their GHG emissions by nearly 17 percent by buying renewable electricity through partnerships with local utility and third-party electricity providers.
- Our Sri City, India cereal facility reduced their energy use nearly 23 percent with projects including the installation of LED lighting and more efficient motors, and GHG emissions more than 35 percent by purchasing greener electricity, while maintaining their biomass boiler for other onsite energy needs.
- For the seventh year in a row, Kellogg facilities earned the U.S. [ENERGY STAR](#) certification for their superior energy performance in 2017, including our cookie and cracker bakeries in Augusta, Georgia; Seelyville, Indiana; and Florence and Louisville, Kentucky.

As members of the Consumer Goods Forum, Kellogg is also committed to a phase down of high global-warming-potential (GWP) hydrofluorocarbons (HFCs) and more sustainable management of refrigeration systems. We continued to make progress in 2017 by:

- Completing the first-ever U.S. installation of a R-514A ultra-low global warming potential (ULGWP) chiller in our Cincinnati, Ohio facility and three in our global headquarters in Battle Creek, Michigan, U.S. The chillers use less electricity and produce fewer GHG emissions.
- Establishing a global policy requiring that new refrigeration equipment purchased by Kellogg must use ULGWP or natural refrigerants.





REDUCING WATER USE

Growing water scarcity is a global risk, for our business and the communities around the world where we source ingredients and make our foods. The [2030 Water Resources Group](#) estimates that 25 percent of total water demand in 2030 will not be met, which will have significant impacts on food security, human health and business continuity. We respect the human right to water as defined by the [United Nations Committee on Economic, Social and Cultural Rights](#) and [General Assembly](#), and are working to reduce our worldwide use.

Because water is both a global and local issue, we assess and determine an overall water risk score for each of our manufacturing facilities. Based on our most recent assessment, our locations with the highest water risk are in Brazil, India, Mexico, Russia and Spain; and Nebraska and California in the U.S. While all Kellogg manufacturing facilities have established water-efficiency goals and are implementing water-saving initiatives, we are paying especially close attention to water use in these locations^m. We are updating this assessment in 2018.

We anticipate that we will meet our 2020 commitments to reduce our global water use by 15 percent^{j,l}, and to implement water reuse projects in 25 percent of our plants^d. In 2017, we reduced our water use by 1.8 percent^{j,l} and have completed water reuse projects at 16.4 percent of our facilities, including the following examples:

- Nine of our facilities reduced their water use by more than 20 percent, including Bogota, Columbia; Cairo and Saiouf, Egypt; Natal, Brazil; Pskov, Russia; Sri City, India; and Augusta, Georgia; Blue Anchor, New Jersey; and Grand Rapids, Michigan in the U.S.
- Our Pskov, Russia cereal facility reduced their water use more than 22 percent by converting a once through cooling process into a water-reuse system, and through other projects.
- Our Springs, South Africa cereal facility reduced their water use nearly 14 percent by installing low-flow nozzles on hand washing stations and increased water reuse as boiler condensate return.
- Our Wrexham, Wales cereal facility reduced their water use nearly 4 percent, in part, by including a closed loop heating and cooling water reuse system in the installation of a new cereal line.

REDUCING WASTE

We take a holistic view of waste across our value chain. As a global food company, we are especially focused on reducing food waste and are doing our part to halve per capita global food waste at the retail and consumer level, and to reduce food losses along the production and supply chains including post-harvest losses by

2030^e, which is aligned with the United Nations Sustainable Goal # 12.3. More information about our efforts in this area are included in the [Feeding People in Need](#) section of this report.

In our own operations, we also focus on reducing total waste, ensuring re-use, recycling and other approaches to avoid sending waste to landfill. Our goal is continue to reduce total waste by 15 percent by 2020^{j,l}.

In 2017, we reduced our total waste 2.5 percent^{j,l}. For example:

- Nine of our plants reduced their total waste by more than 25 percent, including Mechelen, Belgium; Natal and Sao Paulo, Brazil; Rayong, Thailand; Sri City, India; and Blue Anchor, New Jersey; Jackson, Tennessee; San Jose, California; and Zanesville, Ohio in the U.S.
- Our Rayong, Thailand and Sri City, India cereal facilities reduced their total waste by more than 27 percent and 67 percent, respectively, through improved waste-segregation and monitoring programs, and detailed analysis at production locations.
- Our Blue Anchor, New Jersey and San Jose, California Eggo facilities in the U.S. reduced their total waste by more than 52 percent and 45 percent, respectively, by determining where waste frequently occurs in the production process, determining and addressing root causes and improving overall operating efficiency.



Packaging

Kellogg continues adding value to our foods and the planet by increasing our use of resource-efficient packaging. Our packaging also must ensure the safety, freshness and great taste of our foods. That's why we've long looked at both environmental concerns and consumer preferences when determining the packaging for our foods. For example, since 1906, we've made our cereal boxes with recycled content.

As part of our zero-net-deforestation pledge, 100 percent of our timber-based packaging comes from either recycled or certified-sustainable content. In 2017, 71 percent of this packaging material was from recycled content; the remainder was from varified sustainable sources.

One way we are realizing our goals is by working with vendor partners to reduce materials usage. We recently reduced the weight of our U.S. cereal liners by 17 percent. As a result, we've eliminated 87,000 kilograms of polymer from the waste stream while continuing to ensure the freshness of our foods. We also follow strict standards to ensure that we do not have excess space in our packaging.



NEW APPROACHES AND PARTNERSHIPS

FReSH ideas



Business, science, civil society and academia must work together to transform the global food system to one that is healthy, affordable and sustainable. Kellogg was a founding member of [FReSH](#) (Food System Reform for Sustainability and Health). FReSH was formed in January 2017 by the [World Business Council for Sustainable Development](#) and the [EAT Foundation](#) to accelerate transformational change in global food systems. FReSH aims to ensure healthy diets for all, produced responsibly, within planetary boundaries by 2030. Kellogg believes in the importance of this work and has put its best minds to work on these challenges, bringing a cross-disciplinary team from Corporate Affairs, Marketing, Nutrition and Supply Chain to the conversation with academics, scientists and others.

Rewarding colleagues' creativity

Two exciting new ideas came from Kellogg colleagues during our annual, internal Tiger Tank competition. KNA's Tiger Tank program solicits game-changing business ideas from employees and rewards winners with initial funding of up to \$150,000, plus two-days each week away from regular work responsibilities for six months to prove that the idea is viable. In 2017, Tiger Tank submissions focused on social impact and sustainability. While the winning ideas are in the development stage, they show great future commercial promise.





Our founder, W.K. Kellogg, instilled in our company the values that continue to inspire us today.

- We act with integrity and show respect.
- We are all accountable.
- We are passionate about our business, our brands and our foods.
- We have the humility and hunger to learn.
- We strive for simplicity.
- We love success.



2017 *Living* OUR FOUNDER'S VALUES

OUR *K* Values



We act with **INTEGRITY**
and show **RESPECT**

We are all **ACCOUNTABLE**

We are **PASSIONATE** about our
business, our brands and our foods

We have the **HUMILITY**
and **HUNGER** to learn

We strive for **SIMPLICITY**

We love **SUCCESS**

OPERATING ETHICALLY



- ▶ Annual Employee **Code of Ethics** training reinforces how we live our values.
- ▶ Global Supplier **Code of Conduct** outlines our expectations for suppliers.

EMPLOYEE SAFETY

Within our operations:

Kellogg Work System drove a **22%**
improvement in people safety.

TRAINING



Launched LinkedIn
Learning on-demand,
on-line courses.

HUMAN RIGHTS
Across our supply chain:



**Registering all Kellogg
facilities in Sedex**

EMBRACING DIVERSITY AND INCLUSION



Celebrating **20** years

of supplier diversity working with companies owned by aboriginal
people; people with disabilities; those in the LGBTQ community;
minorities, veterans and women.



International
Women's Day



Operating ETHICALLY

Kellogg achieved several significant recognitions in 2017 that, we believe, relate directly to our values and the fact that we are a purpose-driven company. We were named to the [FTSE4Good](#) and [Dow Jones Sustainability](#) indices. These highly regarded barometers evaluated Kellogg on a number of environmental, social and governance factors and serve as independent validation of our corporate responsibility effort. Kellogg was also named to Ethisphere’s annual list of [World’s Most Ethical Companies](#) for 10 of the last 11 years the report has been given out, and a [Forbes World’s Most Reputable Company](#).



An important element of our commitment to ethical operations is our [Global Code of Ethics](#) that details how we live our values in the workplace, with consumers, in the marketplace, in our communities and for investors. Employees receive annual training on the Code, which covers important topics like anti-corruption, anti-competitive behavior, data protection and human rights.



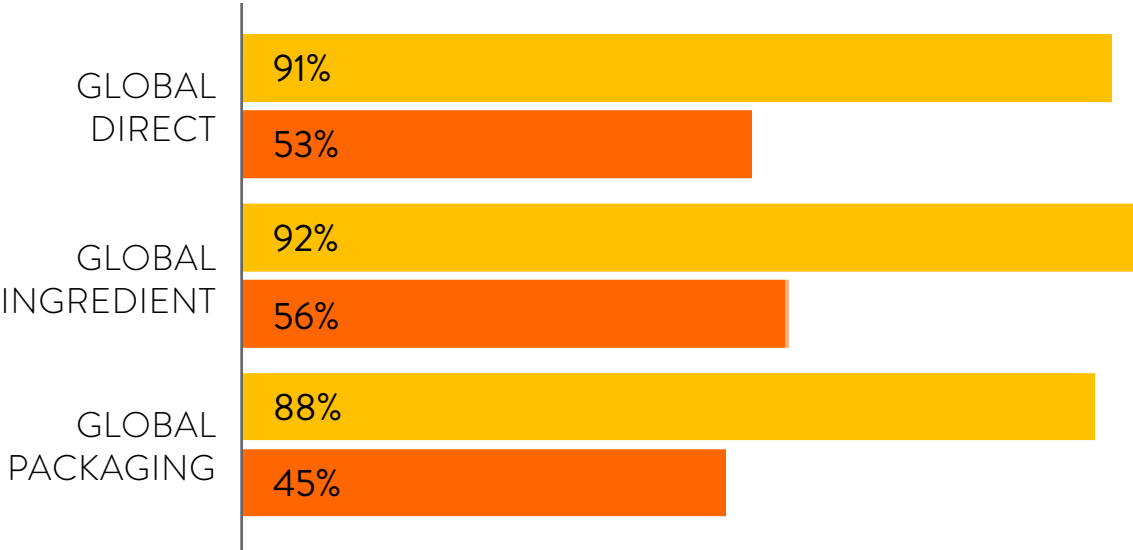
We have similar expectations for our suppliers that are clearly outlined in our [Global Supplier Code of Conduct](#). In addition, the top 80 percent of our ingredient and packaging suppliers in each region, by spend, are expected to join [Sedex](#), the largest collaborative platform for sharing ethical supply chain data. After completing comprehensive self-assessments, suppliers that demonstrate “high risk” are expected to provide or complete a third-party audit to ensure compliance with our Code of Conduct.

Specifically, in 2017, we complete full registration, a gap analysis on self-assessment questionnaires and a cross-functional review for all KAP facilities in Sedex.



To date:

- In-Scope Suppliers registered with Sedex
- In-Scope suppliers with recognized audit



Protecting HUMAN RIGHTS

Kellogg is committed to respecting and protecting the rights of those affected directly and indirectly by our operations. In addition to being addressed in our employee and supplier codes, these commitments are outlined in our [Human Rights Position Statement](#) and our [Policy Statement Prohibiting Involuntary Labor](#). We also publish an [annual progress report](#) that documents our milestones and actions that meets regulatory reporting requirements, including those of the U.K. Modern Slavery Act.

ACROSS OUR SUPPLY CHAIN

Several years ago, we formed a cross-functional team of leaders who continue to meet monthly to assess our human rights monitoring and verification processes. We monitor human rights across our supply chain using Sedex self-assessments and third-party audits. We also complete Sedex self-assessments for our own manufacturing facilities to ensure compliance with our policies.

We continue making [progress](#) on protecting human rights across our supply chain. In 2017, we developed a robust tracking and assessment program in KAP to ensure that contracted labor service providers comply with our expectations and protect their workers. We also completed farm-level audits, including interviewing migrant workers, to assess processes.

WITHIN OUR OPERATIONS

We take a broad view of human rights and believe it includes our commitment to be an employer of choice and to ensure the safety of our colleagues. We offer

competitive benefits and rewards packages around the world, and an environment where success is celebrated and developing the careers and potential of our colleagues is a priority. Our performance-driven culture and Talent Philosophy helps people shape, grow and own their career experiences with regular assessments and feedback.

To help people develop their personal and professional skills, we recently launched the [LinkedIn Learning](#) platform of on-demand, on-line courses covering a wide variety of topics. We also have a formalized Professional Development Committee process to ensure robust employee development and succession plans across the company.

We mandate annual training for employees on ethics and compliance issues. These trainings reinforce our commitment to a safe and productive work environment that is inclusive and constructive. To clearly communicate the importance of sexual harassment issues, a training was introduced using a video featuring senior executives who encouraged any employee with concerns to speak up and reminded people of our confidential Ethics Hotline.

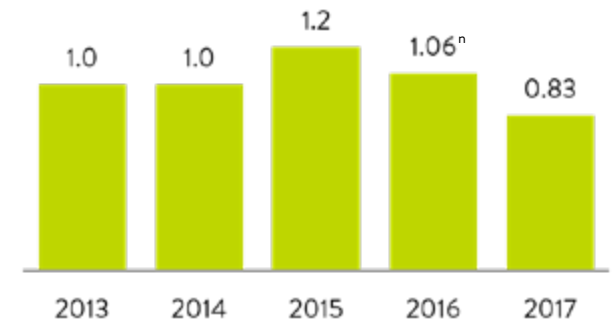
Ensuring a safe work place is part of our K Values™ and we have long believed that all workplace accidents are preventable. Both our Total Recordable Incident Rate (TRIR) and Lost Time Incident Rate (LTIR) fell again in 2017 and are significantly below the U.S. Bureau of Labor Statistics industry benchmarks of 4.7 and 1.3, respectively. Although we are pleased to now be among other world-class companies with TRIR and LTIR rates below one, we have additional work to do to achieve our goal of a zero-incident rate.

Our progress on this journey is guided by our Kellogg Work System (KWS), which is transforming the way we work across our Global Supply Chain by increasing employee engagement and creating a

high-performing organization. KWS combines best practices, standardized processes and a commitment to continuous improvement. This consistent approach across all our plants helped drive a 22 percent improvement in people safety in 2017. Additionally, three of our U.S. bakeries - Wyoming, MI, Cary, NC and Jackson, TN were recognized with the American Bakery Association's Chairman's Award for Safety Excellence.

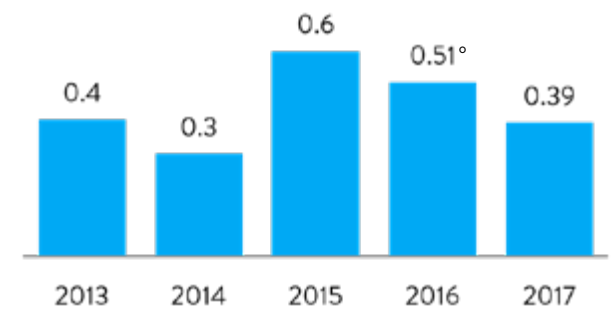
Total Recordable Incident Rate

TRIR industry average = 4.7



Lost Time Incident Rate

LTIR industry average = 1.3



Embracing DIVERSITY AND INCLUSION

Every year, in addition to our Corporate Responsibility Report, Kellogg issues [Features](#), our Diversity and Inclusion Report. In it, we highlight the work we are doing in all our regions to build a culture of inclusion. Key contributors to these efforts are the Kellogg colleagues around the world who have joined our Business/Employee Resources Groups.



We're proud of the recent recognitions we've received for our efforts from several well-regarded organizations:



Ensuring a diverse and inclusive workplace is the right thing to do for our colleagues and our company. We need a diverse workforce, reflective of our customers, to continue to anticipate their needs and meet their expectations. For this reason, Kellogg is a signatory to the [U.N. Women's Empowerment Principles](#) and has pledged to advance diversity and inclusion within the workplace as a member of the [CEO Action for Diversity and Inclusion](#). As part of our pledge, we're conducting unconscious bias training with hiring managers across our company. Already, we've trained more than 1,500 people to recognize when positive or negative unconscious biases may be influencing our decisions.

CELEBRATING INTERNATIONAL WOMEN'S DAY

Kellogg joined the 2017 global International Women's Day, "Women in the Changing World of Work: Planet 50-50 by 2030," celebration recognizing the advancement of women's economic, political and social achievements. To bring the global theme to life within the company, we shared stories of the significant accomplishments of women in our workplace. Externally, we highlighted the significant [contributions of women in agriculture](#) who are helping to secure a global food supply and announced our support of 10,000 women farmers around the world. More information on this work is included in the [Nurturing our Planet](#) section of this report.



Kellogg's

SUPPORTING SUPPLIER DIVERSITY

We rely on more than 20,000 suppliers for the ingredients, packaging and services that help us achieve our vision of enriching and delighting the world through foods and brands that matter. And just as we expect our workforce to mirror our diverse customers, we have the same goal for our supplier community. In 2017, we recognized the 20-year anniversary of our comprehensive program to partner with diverse suppliers, spending more than US\$435 million in North America, approximately seven percent of our total spend, with diverse, first-tier suppliers. In our other regions, we're also working to engage more diverse suppliers including those that are owned by aboriginal people; people with disabilities; those in the LGBTQ community; minorities, veterans and women.

We also are working with our suppliers to share our learnings on building a diverse supplier community, encouraging them to do the same across their supply chains. To recognize the supplier with the highest percentage of diversity spending, we created the Sojourner Truth Award in honor of the Battle Creek resident who advocated for the abolition of slavery and women's rights. Ingredient supplier [Mays](#) received the inaugural award in recognition of their successes building a diverse supplier base.



Meet Meryl Kennedy

Meryl, who grew up on her family's rice farm in northeast Louisiana, U.S. is now CEO of [Kennedy Rice](#). Her company, a certified women-owned business, grows rice for Kellogg's® Special K® cereals in the U.S.



TAKING A STAND AGAINST BULLYING

Spirit Day, held each October during National Bullying and Prevention Month, inspires people to send a message of solidarity in support of LGBTQ youth. Because approximately 80 percent of LGBTQ youth are harassed at school and elsewhere, this is an especially important message. In 2017, 11 of our U.S. and KLA brands took a collective stand against bullying on social media. We also held events at our Battle Creek, MI headquarters and our KLA offices in Queretaro, Mexico to raise awareness of this issue. Our characters "spoke out" as well in a highly engaging [video](#) that encouraged people to join GLAAD in pledging to stand with LGBTQ youth.

The Kellogg team that led our Spirit Day program received a global W.K. Kellogg Values Award in recognition of how this work reinforced our company's value of acting with integrity and showing respect.



Endnotes

^aCho S, et al. The effect of breakfast type on total dietary energy intake and body mass index. Results from the Third National Health and Nutrition Examination Survey (NHANES). J Am Coll Nutr. 2003; 22:296-302.

^bThe American Journal of Clinical Nutrition, Volume 78, Issue 3, 1 September 2003, Pages 660S–663S, <https://doi.org/10.1093/ajcn/78.3.660S>.

^cAs of August 2016. Does not include recent Parati and RXBAR acquisitions.

^dJefferson A. Croton J. Using wheat bran fibre to improve bowel habits during pregnancy - a call to action. British Journal of Midwifery 2013: 21-5 and O'Sullivan K. The superior benefits of wheat bran fibre in digestive health. European Gastroenterology & Hepatology Review. 2012;8(2): 90-3.

^eFrom a 2016 baseline.

^fPortions of this work are addressed in the Nurturing Our Planet section of this report.

^gInternal data, 2017.

^h<http://www.fao.org/save-food/resources/keyfindings/en/>.

ⁱOur contributions are made through Kellogg Company and its charitable funds.

^jFrom a 2015 baseline.

^kManufacturing energy use and GHG emissions, along with Scope 3 GHG emissions, have received independent verification against the World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol.

^lPer metric ton of food produced

^mWater use data from our top ten highest-risk manufacturing locations has received independent verification against the CDP Guidance for Companies for Corporate Reporting on Water on Behalf of Investors and Supply Chain Members.

ⁿWe are restating our 2016 Total Recordable Incident Rate. It should have been 1.06, lower than the 1.16 reported in our 2016 Corporate Responsibility Report.

^oWe are restating our 2016 Lost Time Incident Rate. It should have been 0.51, lower than the 0.57 reported in our 2016 Corporate Responsibility Report.





THANK YOU

Thank you for your interest in Kellogg Company's corporate responsibility efforts to *nourish families so they can flourish and thrive*. We welcome your feedback and questions at corporateresponsibility@kellogg.com.

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