

Kellogg's 2015/2016 Corporate Responsibility Update

NOURISHING FAMILIES SO THEY CAN FLOURISH AND THRIVE



WELCOME

At Kellogg, we have one purpose: nourishing families so they can flourish and thrive.

This Corporate Responsibility Update highlights how we are fulfilling our purpose in our four pillar areas of Marketplace, Environment, Community and Workplace. It also showcases our work in Responsible Sourcing, including an ambitious set of new targets to help combat climate change.

OUR COMPANY IN 2015

\$13.5 Billion in Sales	1,600 Foods	33,000 Employees	World's Leading Cereal Company	2nd Largest Producer of Crackers, Cookies & Snacks	A Leading North American Frozen Foods Company
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 Countries with Kellogg manufacturing facilities*



* In 2015, Kellogg Company acquired two Egyptian companies: Mass Food Group, Egypt's leading cereal company, headquartered in Cairo; and BiscoMisr, Egypt's leading packaged biscuit company. We also acquired Tolaram Africa to develop snacks and breakfast foods for the West African market as well as noodles across Africa. In addition, we acquired 50 percent of Multipro, a premier sales and distribution company in Nigeria and Ghana.

MESSAGE FROM OUR CEO



Kellogg Company is more than a business. We are a company with heart and soul. We care about nourishing people with our foods, feeding those in need, nurturing our planet and living our founder's values.

Today's consumers want to know more about their food: where it comes from, who grows it and who makes it. Moreover, they want to know that there's enough food for everyone. At the same time, our stakeholders are motivated to buy from, and work for, companies and brands that share their values. At Kellogg, we believe we must live our values and communicate with transparency in order to earn a seat at millions of tables around the world every day.

Key Corporate Responsibility Commitments

Our ongoing corporate responsibility journey includes a number of key commitments—described in detail in this report—that focus on the following:

- Simplifying ingredients and evolving the nutritional profiles of our cereals
- Relieving hunger and advocating for breakfast
- Committing to significant greenhouse gas (GHG) emission reductions
- Leading our peers in sustainability by advancing security of supply of our agricultural ingredients
- Improving farmer livelihoods in our value chain
- Fostering a safe, diverse, inclusive and growth-focused workplace

Kellogg has had commitments in these areas for many years. But in 2015, we took several of these responsibilities to the next level, further underscoring our position as a company with both heart and soul.

Points of Progress

In 2015, we introduced many new foods that give consumers more of what they need and want, and less of what they don't. We set a goal to remove artificial flavors and colors from our *Kellogg's*® branded cereals, a variety of *Kellogg's*® branded snack bars and *Eggo*® frozen foods by the end of 2018. We also continued to make progress on our Global Breakfast Food Beliefs work, which includes reducing sugar and sodium in our cereal portfolio.

Meanwhile, we exceeded our *Breakfasts for Better Days*® commitment of donating 1 billion servings of cereal and snacks to children and families in need—a full year ahead of schedule. More than half of these donations were breakfasts. Our work isn't stopping there, however, and we are committed to contributing more in the months and years to come.

To help address the risks climate change poses to our company and world, we expanded our environmental commitments. Historically, our environmental goals focused within the four walls of Kellogg Company—in other words, on the water, energy, GHG emissions

MESSAGE FROM OUR CEO

CONTINUED

and waste used or created globally in the making of our foods. At the United Nations Conference of Parties (COP21) in Paris this past year, we announced a new, science-based goal to reduce GHG emissions that not only extends our commitments in our own operations—it also, for the first time, provides a specific GHG target for our suppliers as well. We have pledged to reduce GHGs from our own facilities by 65 percent by 2050, and we will work with our direct suppliers to help reduce their emissions by 50 percent during that same timeframe.

The biggest GHG impacts of our foods are at the farms themselves, so we are focusing on ways to encourage climate-smart agricultural practices that not only reduce the carbon footprint of crops such as wheat, rice and corn but also help to improve the livelihoods of the farmers who grow them.

The strong actions we took this past year will help protect the planet for the long term. Our own business depends on it. After all, the viability of grains is essential to the success of our company.

Growing Our Company, Responsibly

Our corporate responsibility commitments promote the success and profitability of our company—today and in the future. We have outlined a 2020 Growth Plan that has four key elements:

- Win in breakfast
- Be a global snacking powerhouse
- Double our emerging market engine
- Win where the shopper shops

We firmly believe that we can grow our business, while doing so in responsible and sustainable ways.



John Bryant
Chairman and Chief Executive Officer
June 2016

A COMPANY WITH HEART AND SOUL





MARKETPLACE

At Kellogg, consumers are at the heart of all we do. We listen to our consumers and meet their changing tastes. We're offering foods with more of what people want and need—and less of what they don't. We also are adapting to evolving consumer preferences and lifestyles while providing greater transparency, especially regarding the ingredients in our foods, where those ingredients come from, and the impact they have on our world.

Our portfolio of foods offers important nutrients and ingredients that help to promote good health, including whole grains, plant-based proteins, omega-3 fatty acids, antioxidants and fiber, as well as visible ingredients consumers can see, such as fruits, nuts and seeds. We have introduced a number of gluten-free products and are offering choices in portion sizes, including single-serve options for many of our brands.

Moreover, we have reduced sodium and sugar, announced plans to remove artificial flavors and colors in a wide range of products by 2018, and are on the path toward complete removal of trans fats in our foods worldwide. We also know that consumers are looking for foods with simpler ingredients, and our work is well underway to answer that call.

POSITIVE NUTRITION AROUND THE GLOBE

We constantly introduce and update foods that reflect new and emerging consumer needs and preferences, particularly around health and wellness. For example:

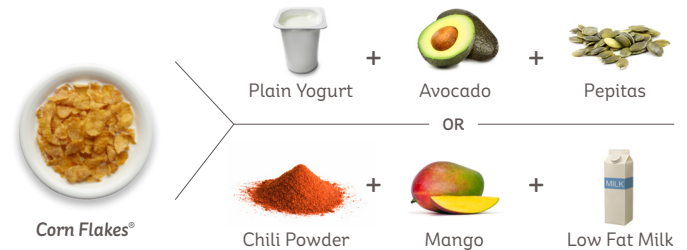
- We introduced two new cereals in our *Special K Nourish*® line in the U.S. and Canada—both with multi-grain quinoa flakes, crunchy granola, almonds and real fruit. The cereals have 22 to 26 grams of whole grain and five grams of fiber per serving and no artificial colors or flavors.
- In Australia/New Zealand, we introduced *Kellogg's® Nutri-Grain Edge™ Oat Clusters*, made with oats, wheat and nuts in three flavors (Malt, Peanuts & Cashews; Tropical Blend & Caramelized Peanuts; and Caramelized Peanuts & Almonds). These cereals, along with a redesigned *Nutri-Grain® Original*, qualify for four stars under Australia's Health Star Rating system, a governmental labeling initiative that ranks foods on a scale of half a star to five stars for overall nutritional profile (five being the best).
- In the U.K., we introduced a new range of *Kellogg's® Ancient Legends™* mueslis, cereals and granolas made with a blend of ancient grains and seeds, such as barley, spelt, quinoa, chia, pumpkin and flaxseed.



STIR IT UP

Our new **cookbook** recreates the cereal experience with new and sometimes unexpected tastes and textures that encourage people to eat more of the food groups recommended by dietary guidelines, such as fruits and dairy. We showcased the cookbook and some creative ways to amp up breakfast routines at the 2015 IDEA World Fitness Convention, the largest global fitness event in the world, and at the Food & Nutrition Conference & Expo, the largest meeting of food and nutrition professionals.

Try it! Crisp **Corn Flakes**® pair well with Latin or Caribbean flavors.



PROMOTING HEALTHY LIFESTYLES

We believe we contribute to a better world by encouraging healthy and active lifestyles and by sharing nutrition information that helps consumers make intelligent food choices.

We partner with nutrition and food science experts around the globe, listening to and learning from each other and communicating the latest research in food science and nutrition. These individuals provide a diverse mix of academic insight and practical opinion to help our company better support our consumers and their families.

In 2015, we partnered with the American Academy of Pediatrics to create a poster highlighting ways to fit fiber into the morning meal. The poster was distributed at the Academy's annual convention and mailed to every pediatrician in the U.S. We also have been providing consumers and health professionals with information on ways to maximize the benefits of snacking. We think consumers can build smarter snacks using grain-based foods to fuel bodies and muscles.

Some of the other ways we encourage healthy lifestyles include the following:

- In Ireland, since 2012, we have sponsored low-cost summer camps that provide 80,000 boys and girls between the ages of 6 and 13 with an action-packed and fun-filled week of activities revolving around the Gaelic Games.
- Each year, our Institute of Nutrition and Health Kellogg (INSK) in Mexico invites researchers from all public and private institutions in the country to apply for grant funding for nutrition research that benefits public health. In 2015, three researchers were awarded 1.2 million pesos for work in the areas of adolescent nutrition, type 2 diabetes and obesity.

REMOVING ARTIFICIAL COLORS/FLAVORS

More and more these days, consumers want foods with simple, easy-to-understand ingredients. To address this, in 2015, we set a global goal to remove artificial colors and flavors from our *Kellogg's*® branded cereals, a variety of *Kellogg's*® branded snack bars, and *Eggo*® frozen foods by the end of 2018. Worldwide, we expect to change somewhere in the range of 80 product recipes.

Already in North America, 75 percent of our cereals are made without artificial colors and more than half are made without artificial flavors. New colors and flavors will come from a variety of sources, including fruits, vegetables and spices, such as turmeric and paprika. We are also putting guidelines in place for new product development.

While our goal is to convert our products by the end of 2018, some recipe changes may take longer to complete than others. We want to find the best solutions that meet consumer expectations for the taste and quality they've come to love from their favorite Kellogg's foods.

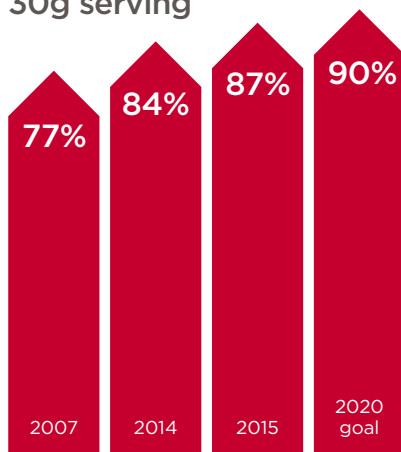


REDUCING SUGAR AND SODIUM

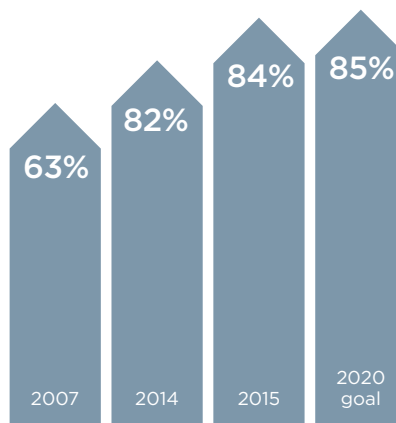
For more than a decade, we have been committed to reducing the sugar and sodium in our cereals. In 2014, we set specific reduction targets, to be achieved by 2020, as part of our Kellogg's Global Breakfast Food Beliefs. We have pledged to lower sugar so that 90 percent of our ready-to-eat cereals have 10 grams or less of sugar per 30 gram serving. We also promised to reduce the sodium in our cereals with a two-part goal (see charts below).

In 2015, we continued to make progress across the board, boosting the percentages of our portfolio with reduced sugar and sodium per serving. In fact, we exceeded our goal of a 30 percent overall sodium reduction in ready-to-eat cereals five years ahead of schedule. At the end of 2015, we were at 33 percent, up from 29 percent a year earlier. However, we still have work to do on the second half of our sodium goal: achieving 85 percent of cereals with 150 mg or less of sodium per 30 gram serving.

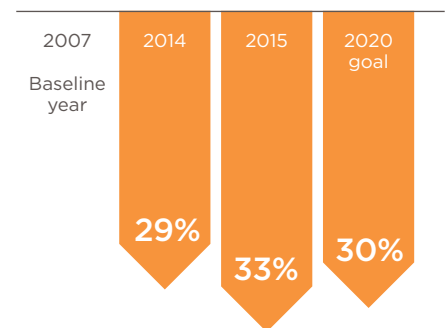
Percent of cereals with 10g or less of sugar per 30g serving



Percent of cereals with 150mg or less of sodium per 30g serving



Percent of sodium reduction in cereals (since 2007)



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

INCREASING TRANSPARENCY

Our company's dedication to real food and to transparency earns us a seat at millions of tables every day. We have invested in many ways to make it easy for consumers to find answers to their questions about our food. We've redesigned packaging to be more informative and easy to read, and we recently introduced OpenForBreakfast.com, a digital forum where we engage with consumers and have a two-way dialogue about our food. Since the site's launch in the U.S. in 2015 and in Australia and Mexico in early 2016, we've answered thousands of questions and shared information on a variety of topics, such as our position on genetically modified organisms (GMOs), how our food is made and where the ingredients are sourced. We also recently joined more than 30 other

food companies in announcing plans to adopt the new SmartLabel™ program in the U.S. SmartLabel will allow consumers to find a variety of details about our foods using their smartphones, including information about nutrition, sustainability and whether a food contains a genetically modified ingredient.





RESPONSIBLE SOURCING

We believe that responsible sourcing is good for people, good for our company, good for the environment and good for the local economies where our ingredients are grown. As leaders in this area, Kellogg is committed to responsibly sourcing the ingredients that go into our foods, to enhance the sustainability of the ingredients themselves and to improve the livelihoods of farmers, including smallholders and women.

For example, Kellogg has been committed to the responsible sourcing of palm oil since 2009, and we have taken numerous steps since that time to ensure that our palm oil supplies are environmentally appropriate, socially beneficial and economically viable. In 2015, we published an updated responsible palm oil policy that included a

pledge to ensure the traceability of our palm oil supplies to mills and plantations, with action plans to close any gaps, by the end of 2015. We are proud of our progress, having achieved 92 percent traceability to mills, and we continue to work with our suppliers to build action plans to achieve plantation-level traceability.



OUR 2020 RESPONSIBLE SOURCING COMMITMENTS

- Responsibly source, by 2020, corn, wheat, rice, potatoes, sugar beets, sugar cane, cocoa, palm oil, fruits (including strawberries and raisins/sultanas) and vanilla using a combination of certification and documented continuous improvement; and validate social compliance across all direct suppliers by 2015.
- Continue to help farmers, in partnership with ingredient suppliers and millers, to adapt and be resilient to climate change; optimize use of their fertilizer inputs; estimate GHG emissions and measure continuous improvement; optimize water use and enhance watershed quality; and improve soil health. We have pledged that these efforts will improve the livelihoods of at least 500,000 farmers by 2030.
- Identify the parts of our supply chain with smallholder farmers and women farmers/workers, and build programs and provide resources to help them improve their livelihoods. We have pledged that these initiatives will improve the livelihoods of at least 15,000 smallholders by 2020.



IMPROVING FARMERS' LIVELIHOODS AND THE SUSTAINABILITY OF INGREDIENTS

We are helping to improve the livelihoods of farming families and communities who grow our ingredients through programs and initiatives that directly support growers and suppliers. These initiatives often address economic, social and environmental issues, including climate-smart farming practices.¹ Many of the programs provide farmers with training in financial and agronomic skills, give growers incentives to implement practices that make farms more productive or climate resilient, and include work on issues such as human rights and workers' rights. All of the programs and initiatives we support align with our 2020 Sustainability Commitments for responsible sourcing (see p. 8), which we first published in late 2014.

In 2015, we quantified those commitments by pledging to help improve the livelihoods of more than 500,000 farmers by 2030. This pledge, made in alignment with the new United Nations (UN) Sustainable Development Goals, puts a bold numeric target on the work we're doing to meet our 2020 Commitments.

The new pledge also supports our target, announced in 2014, to improve the livelihoods of 15,000 smallholder farmers²—many of them women—through on-the-ground engagement projects around the world by 2020. Smallholder and women farmers can contribute to the world's food supply, but often lack the resources to do so. We estimate that our current programs are reaching about 8,000 smallholders, including approximately 3,000 women.

EXAMPLES OF OUR WORK

Our efforts to support farmer livelihoods and sustainable, climate-smart agriculture—all of which are conducted through the Kellogg Origins™ Program—span the globe and include a wide variety of ingredients. The following are a few examples.³

- In Europe, Kellogg Origins™ supports wheat farmers who help nature as they grow Kellogg grains. The program provides participating farmers with free soil assessments, in-field practical training and crop trials, farmer exchange sessions, access to experts, and support in the application of seven natural heritage practices, such as planting cover crops and buffer strips.
- In Bangladesh, we are working locally to develop a value-added supply chain of potatoes for use in *Pringles*® for the Asian market. Bangladesh is the fourth-largest producer of potatoes in Asia but also one of the poorest countries in the world, with numerous political, economic, social and environmental challenges. Through our partnerships with suppliers and the U.S. Agency for International Development, we have engaged more than 1,000 Bangladeshi smallholder farmers to support their livelihoods and help them expand the use of sustainable agricultural practices.
- In South Africa, corn is an important commercial crop and a primary staple food for the local population. Historically, smallholder farmers have not been well integrated into the commercial corn supply chain due to small plot sizes, low yields and low quality levels. Kellogg has partnered with TechnoServe South Africa to support climate resiliency and improved livelihoods for 400 smallholder corn farmers, of which 70 percent are women. The program includes training in financial literacy and post-harvest management, a baseline study to understand farmer needs and a post-project evaluation of the improvement of farmer livelihoods.



ADDITIONAL RESPONSIBLE SOURCING ACTIVITIES

The following sections describe our positions and activities in the key areas of animal welfare, pollinator conservation and modern slavery.



POLLINATOR CONSERVATION

Having strong, healthy populations of pollinators, such as honeybees, plays a vital role in the world's food supply chain. We recognize that pollinator health is impacted by a variety of factors, including lack of suitable habitat, increased levels of disease, need for improved colony management and exposure to pesticides, as outlined in the White House Pollinator Health Task Force's **Pollinator Research Action Plan**. We are taking action in several areas to begin to address these concerns.

For example, Kellogg supports the Pollinator Health Task Force's **National Strategy** and its call for research, public education and public-private partnerships to support pollinator populations. We also support improved habitats and protection for pollinators from harmful exposure to pesticides. We are participating in three U.S. Department of Agriculture Regional Conservation Partnership Programs, which support cost share for farmers looking to implement conservation practices on their farms, such as buffer strips. As we talk with suppliers and partners, we continue to look for other opportunities to understand and address risks related to this important issue. More information about our actions to support pollinators can be found in our **2015 Year-End Sustainability Milestones**.

ANIMAL WELFARE

At our core, Kellogg is a grain-based company. And while we only use a small amount of animal products in our foods—including eggs, cheese and pork in some *Eggo*®, *Special K*® and *MorningStar Farms*® frozen foods—we know we have an important role to play in influencing responsible behavior throughout our supply chain.

Kellogg has already reduced its use of eggs from caged hens in *MorningStar Farms*® products by 20 million eggs since 2007, and by the end of 2016, the company has committed to switch 1 million more cage-free eggs within its *MorningStar Farms*® brand. In late 2015, we broadened our already strong commitment to animal welfare in North America by pledging to source only cage-free eggs for our foods by the end of 2025. We also pledged to eliminate gestation stalls from our pork supply during that time.

We continue to work diligently with our suppliers as we assess future changes in our ingredient supply chain to ensure their animals are properly cared for throughout their lives.

INVOLUNTARY LABOR

Involuntary labor is a pervasive and insidious global issue that directly and negatively impacts basic human rights. We at Kellogg are committed to protecting human rights and maintaining an ethical and transparent supply chain that is free of involuntary labor, including forced, indentured, bonded, slave or human-trafficked labor.

Our Global Supplier Code of Conduct prohibits suppliers from using or facilitating any type of involuntary labor. Additionally, the Code's Resource Guide helps suppliers understand our expectations and provides additional information, definitions and links to other resources. Our Code of Ethics requires employees to obey the law, act with integrity, show respect and conduct business with suppliers that share our values, including prohibiting involuntary labor and discrimination. Violations of either code, by suppliers or employees, can result in disciplinary action up to and including termination.

Our position, available online in its entirety, is compatible with the UN Universal Declaration of Human Rights, the UN Guiding Principles, and the core conventions of the International Labour Organization.



ENVIRONMENT

At Kellogg, we aim to earn and retain consumers' trust by operating in line with our values and being transparent about how our foods are grown and made. In the environmental realm, this means working to reduce our own use of natural resources as we make our foods and reporting on our progress, as well as taking an industry-leading role in the global effort to stem climate change.

The year 2015 marked a milestone in Kellogg's sustainability journey, as it denoted the end of our first generation of environmental goals. It was a year to assess progress and take stock—but also to continue pushing forward, as we've already set new and significant targets for 2020.

At the climate talks in Paris in December 2015, we announced an ambitious new climate commitment (see p. 14). We know that consumers care passionately about this issue and are increasingly demanding action. Our global partnerships across industry and in the public-private sector to address the risks of climate change are critical to food security, business continuity and security of ingredient supplies.

TAKING STOCK: OUR 2015 GOALS

In 2008, we set ambitious environmental goals for year-end 2015. Specifically, we aimed to:

- Reduce our facilities' energy use, greenhouse gas (GHG) emissions and water use (per metric tonne of food produced) by 15–20 percent compared to 2005.
- Decrease our waste sent to landfill (per metric tonne of food produced) by 20 percent, compared to 2005.

We met the waste goal in only one year and promptly set another one—aiming to achieve an additional 20 percent reduction in waste to landfill (per metric tonne of food produced) from 2009 to 2015. We achieved this second goal as well, delivering a 20 percent reduction by year-end 2015, for a total decrease of 62 percent since 2005.

These waste reductions have delivered both environmental and social benefits, as we decreased both food waste and waste sent to landfill. Our facility in Querétaro, Mexico, for example, reduced its waste to landfill by almost 25 percent during 2015 alone, thanks in part to ongoing training, a focus on reuse and a composting program for both cafeteria and garden waste.

Our Energy, GHG and Water Goals

In 2012, more than halfway through the goal period, Kellogg acquired the *Pringles*® brand, which has been a great driver of business growth. Making *Pringles*® requires twice as much energy and more than 70 percent more water than making other Kellogg products, and the addition of a new *Pringles*®

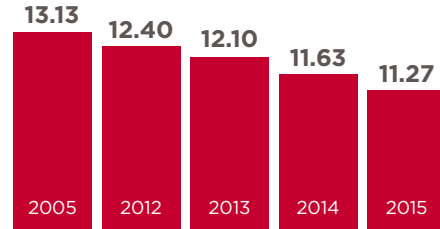
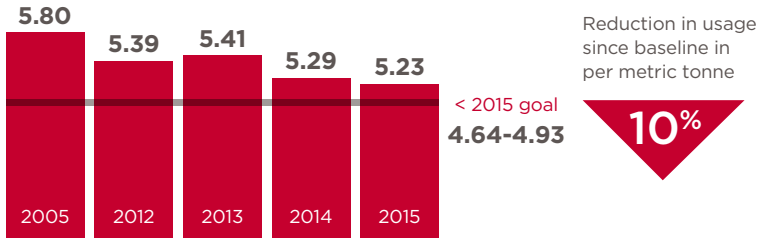
production plant further affected our energy and water use. Still, we were able to make good progress toward our normalized energy, GHG and water goals: We reduced energy use by 6 percent, GHG emissions by 11 percent and water use by 7 percent compared to our 2005 baseline. All of these figures are normalized—i.e., per metric tonne of food produced. And, as required by the GHG Protocol,⁴ the data include *Pringles*® back to the baseline year, even though we didn't own the business until 2012. On an absolute basis, including the *Pringles*® data, we reduced energy use 8 percent, GHG emissions 14 percent and water use 10 percent compared to 2005.

Excluding *Pringles*®, it's clear our progress was quite strong (see charts on p. 12). The reductions we achieved were close to our targets, and were accomplished despite changes in production volume and increases in small-pack production, which impact reductions per tonne of food produced.

The learnings from our performance to date are now being applied to our programs to achieve our 2020 Sustainability Commitments for natural resource conservation. All facilities globally have individualized targets and sustainability action plans built into their standard ways of working. We are further prioritizing capital plans that will help drive energy, GHG and water reductions, with a specific focus on our *Pringles*® plants. We're also training and engaging our employees to achieve greater efficiencies where it matters most—in systems such as steam and compressed air, which provide the greatest opportunities for conservation.

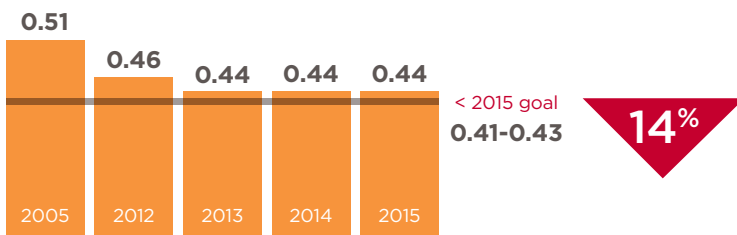
ENVIRONMENTAL DATA

Not Including *Pringles*[®]



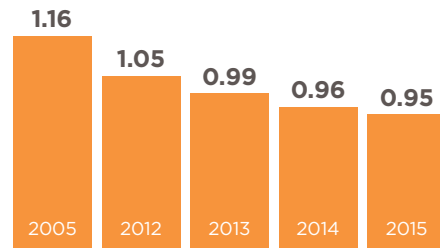
Energy Use

Per Metric Tonne of Food Produced
(in gigajoules)



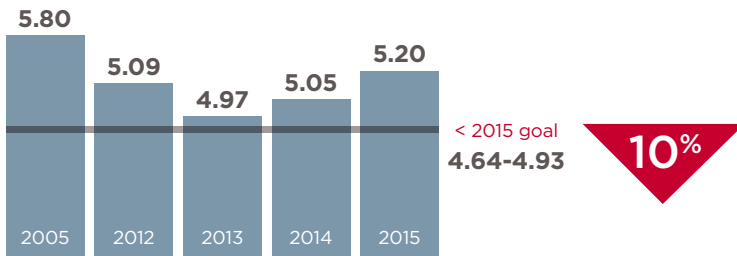
Total Energy Use

(in millions of gigajoules)



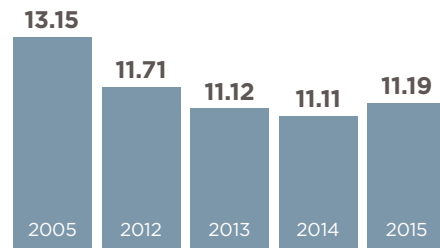
GHG Emissions

Per Metric Tonne of Food Produced
(in metric tonnes)



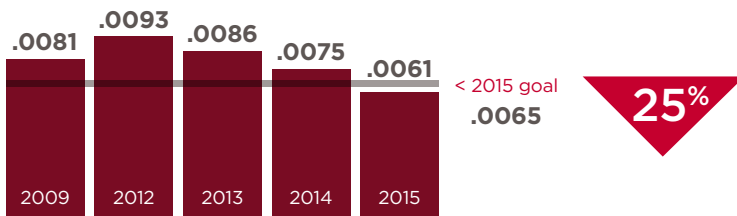
Total GHG Emissions

(in millions of metric tonnes)



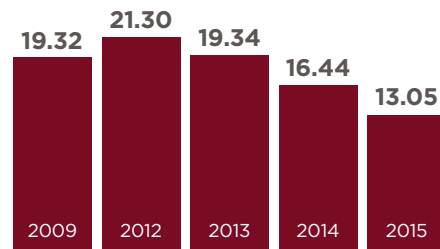
Water Use

Per Metric Tonne of Food Produced
(in cubic meters)



Total Water Use

(in millions of cubic meters)



Waste Sent to Landfill

Per Metric Tonne of Food Produced
(in metric tonnes)

Total Waste Sent to Landfill

(in thousands of metric tonnes)



OUR 2020 NATURAL RESOURCES COMMITMENTS

In late 2014, we announced our next generation of natural resources commitments, which are listed below. Kellogg is fully committed to achieving these goals and applying the knowledge we gained from working toward our first set of targets. Our efforts toward them will further conserve natural resources in both our operations and our value chain.

Using 2015 as a baseline, by 2020 we will:

- Expand the use of low-carbon energy in our plants by 50 percent
- Reduce energy use and GHG emissions in our plants by 15 percent (per metric tonne of food produced)
- Support watershed quality
- Implement water reuse projects in 25 percent of our plants
- Reduce water use in our plants by 15 percent (per metric tonne of food produced)

By 2016 we will:

- Increase to 30 percent the number of our plants sending zero waste to landfill

In addition we will:

- Maintain our commitment to having 100 percent of our timber-based packaging come from either recycled content or from certified sustainable sources
- Further implement resource-efficient packaging, as measured by improved performance for recycled content, recyclability and food-to-package ratios

We have begun to make progress toward these commitments already. Our new plant in Sri City, India, for example, which began full operations in 2015, utilizes a biomass boiler. And our new facility, in Kutno, Poland, was designed to be zero-waste-to-landfill from the start. This plant began operations in July 2014 with high standards for waste segregation, and all waste generated in the factory is now recycled or reused.

OUR NEW, SCIENCE-BASED CLIMATE GOALS

Climate change is a core business issue for Kellogg, as we seek to ensure the long-term health and viability of the ingredients we use in the foods people love and trust. In 2015, we committed to ambitious, **science-based targets** aimed at helping limit the rise of global average temperature to below 2 degrees Celsius—the limit scientists agree will help to avoid the most serious consequences for the planet.

Specifically, by 2050⁵ we are committed to:

- Deliver a 65 percent reduction in Scope 1 and 2 emissions,⁶ including in manufacturing, offices and distribution
- For the first time engage our direct suppliers⁷ to reduce absolute Scope 3 emissions⁸ by 50 percent by 2050

These commitments have been approved by the Science-Based Targets Initiative, a joint effort of the CDP (formerly the Carbon Disclosure Project), UN Global Compact, World Resources Institute and World Wildlife Fund. To fulfill the commitments, we will engage 75 percent of our Tier 1 suppliers to annually report on carbon activities to reduce emissions through CDP Supply Chain by 2020.

We know we can't do this alone, which is why we will continue to partner with a wide array of external organizations and initiatives—including Business for Innovative Climate and Energy Policy (BICEP) and the Cool Farm Alliance—in an effort to enable a rapid transition to a low-carbon economy. In 2015 we played an active role at **New York Climate Week** and **COP21 in Paris**. Our full **climate policy** is available on our corporate website.



REDUCING FOOD WASTE

According to the UN's Food and Agriculture Organization, approximately one-third of the food produced globally each year for human consumption is not eaten. This wasted food presents a major social, environmental and economic challenge. It undermines food security, contributes to climate change, consumes scarce natural resources and costs money.

As a member of the Consumer Goods Forum, **we have pledged** to do our part to halve per capita global food waste at the consumer level, and to reduce food losses along the production and supply chains, including post-harvest losses, by 2030. We will address this issue in our agricultural supply chain, in our own operations and in communities. Already, we are working with partners to help promote post-harvest loss-reduction practices in Asia and the United States. In the Philippines, for instance, we are partnering with the International Rice Research Institute and the Philippines Department of Agriculture to fund work to improve agronomic practices and reduce food loss in the rice supply chain.

A Creative Solution for Waste in the U.K.

In 2015, our snacks facility in Wrexham, U.K., began sending food waste that cannot be used for animal feed to an anaerobic digester at a farm just one mile away. The biogas generated by the digester is used in a combined heat and power (CHP) plant, which in turn heats and provides electricity to a farmhouse, engineering workshops and other buildings onsite. Any surplus electricity is sent back to the local electrical grid. The digester also generates high-quality fertilizer, which is spread onto the adjacent farmland. The Wrexham facility continues to look for ways to minimize waste generated onsite, but in the meantime is pleased to provide this energy feedstock to the local community.



COMMUNITY

At Kellogg, we believe that every child deserves to start the day with the power of breakfast. We're working hard to help make that happen.

Our charitable investments focus on global hunger relief, with an emphasis on breakfast. Our signature cause, *Breakfasts for Better Days*[®], provides food to those who need it most. We launched the program in 2013 with a goal to provide 1 billion servings⁹ of cereal and snacks—more than half of them breakfasts—to children and families around the world by the end of 2016. We exceeded that hunger relief milestone ahead of time, donating over 1.4 billion servings, of which more than 841 million were breakfast foods.¹⁰ The sad fact remains that one in nine people are going hungry around the world, so we're committed to continuing our help in the months and years ahead.

Our hunger relief strategy focuses on several priorities, including funding school breakfast programs for children, donating products and advocating for breakfast. We also provide ways for consumers and employees to get involved.

Kellogg's Breakfasts for
Better Days[®]

1.4 BILLION+ SERVINGS OF FOOD

SCHOOL BREAKFAST PROGRAMS

We're helping make breakfasts available in schools because we know it's the most effective way to get this important meal, and the nutrition it can deliver, to hungry kids. It's a stark and sorrowful reality that, around the world, many children go to school hungry. While the U.S. government provides school-based breakfasts for low-income children, participation rates are only half what they should be. In other countries, there are no government programs, and schools rely upon locally funded "breakfast clubs" to fuel children for their daily lessons.

In the U.S., Kellogg provides grants to nonprofits that enable more children to take advantage of free and low-cost school breakfast programs. In other global regions, Kellogg and the Kellogg Company Fund provide funding for hundreds of thousands of breakfasts through school-based breakfast clubs.

Our support for breakfast programs extends beyond just financial contributions. In the U.K., for example, we recently launched a partnership with the University of

Northumbria and the charity Forever Manchester to develop a free, online training course that helps teachers, breakfast club coordinators and volunteers run their clubs more effectively. Through a philosophy of capacity building, Kellogg is committed to strengthening the skills, competencies and abilities of these who run breakfast clubs, giving them the tools they need to address social issues in their communities.



PRODUCT DONATIONS

We're helping to make breakfast available at home by donating cereal and other foods to families in need. This includes maximizing product donations to make an even greater impact, and partnering with national food banking networks in the regions where we operate to contribute where the needs are greatest. In March, Kellogg Company Fund helped sponsor the Global FoodBanking Network's Food Bank Leadership Institute event in Texas with food bank representatives from 38 countries. A member of our Latin America Nutrition team led a nutrition workshop that included messages about the many benefits of breakfast. Members of our Corporate Social Responsibility team acted as panelists and shared highlights of our global initiative and best practices on corporate and food bank partnerships.

For our efforts in Canada, Kellogg Canada was named 2014 Donor of the Year by Food Banks Canada. This award acknowledges corporations and food banks that have made significant contributions to addressing hunger in that country.

ADVOCATING FOR BREAKFAST

On behalf of hungry children everywhere, we're increasing awareness and partnering with others to help solve this important issue.

In the U.K., for example, we partnered with YouGov and FareShare to develop a thought leadership report about the impact of school holidays on struggling families whose children miss out on free breakfasts when classes aren't in session. The report was delivered to 650 members of Parliament and to media, generating over 30 million media impressions. In Italy, Kellogg supported the Italian Food Bank Federation with the launch of its report on "Surplus Food Management: Against Food Waste" at the Expo Milan, calling on Italian politicians and authorities to introduce a new law simplifying the process for donating food to food banks. Such a law is predicted to result in increased donations worth 2 billion euros.

In Latin America, Kellogg participated in the CMR Foundation Congress in Mexico City with 83 non-governmental organizations that were focusing on nutrition for vulnerable populations. And in Canada, we supported Food Banks Canada Hunger Awareness week through sponsorships, social media support and Facebook promotions.

DISASTER RELIEF

When disasters strike, Kellogg responds with shelf-stable products that can feed people quickly and provide nourishment and comfort for those whose lives have been uprooted. Our disaster-relief efforts supported Texas communities hard hit by flooding in May 2015, South Carolina residents who witnessed historic rains in November, and residents in Missouri and Illinois who experienced record floods in December. In addition, the company provided more than 2.8 million servings of our food (combined) to Feeding America food banks in all four states.

Internationally, we donated \$150,000 to the World Food Programme to assist with disaster relief and humanitarian efforts following the devastating earthquake in Nepal in April. In October, we donated 650,000 servings of cereal to communities in Mexico that were severely damaged by Hurricane Patricia.



CONSUMER CAMPAIGNS

Hunger and food insecurity affect one out of every seven Americans. Kellogg, together with Walmart, rallied to make a difference through the retailer’s “Fight Hunger, Spark Change” initiative, which allowed shoppers to contribute to hunger relief through their purchases of certain Kellogg products. For each box sold during a four-week period in April 2015, we donated the monetary equivalent of one meal to the hunger relief organization Feeding America—more than 16 million meals in total. Kellogg employees also joined the cause, contributing to food drives organized by the company.

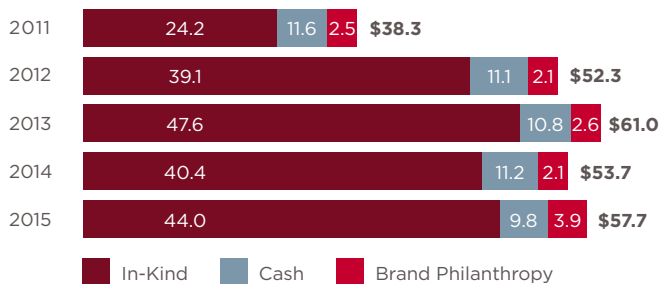
In Latin America, Kellogg issued a call to action to consumers to help those in need at Christmas. The campaign resulted in a total of 253 tons of cereal donations to food banks in Mexico, Colombia and Central America in support of breakfast programs.

To raise awareness of how hunger affects learning, Kellogg Canada developed an online video, titled **Reverse Hunger**, and a **#LostEducation infographic**. Kellogg Canada encouraged Canadians to buy a box of cereal and help feed children and families. For every box sold, Kellogg Canada donated a portion of the proceeds, to a maximum of \$100,000, to breakfast partners across the country. This was in addition to the more than \$1 million donated to breakfast clubs from coast to coast over more than a decade of support.

CHARITABLE DONATIONS

We make charitable contributions through Kellogg Company and the Kellogg Company Fund.

CHARITABLE CONTRIBUTIONS 2011–2015: \$263 MILLION (\$ in millions)



WORLD FOOD DAY

World Food Day was established by the Food and Agriculture Organization of the United Nations as a day of action against hunger. On this day—and every day—Kellogg helps to fight hunger around the world. For the 2015 event, thousands of employees from across our global operations participated in company-sponsored activities, collecting food, volunteering at food banks and packing food hampers, among other activities.

In our Asia Pacific region, for example, employees from Singapore, Malaysia, Australia, India, Japan, Korea and South Africa all volunteered at a variety of events. In Korea, employee volunteers packed 1,300 breakfast gift boxes (approximately 100,000 servings of cereal) and distributed them to those in need via Foodbank Korea. In Japan, Kellogg employees took part in the first World Food Day festival in Tokyo, handing out cereal samples and donating 10 Japanese yen per cup to Second Harvest Japan.

In total, our global World Food Day activities collected more than 2.1 million servings of food, much of it Kellogg products. We cannot solve world hunger in one day, but by working together, we can all make a difference.



WORKPLACE

The Kellogg workforce is a diverse and inclusive community of passionate people making a difference. It's our employees' enthusiasm, commitment and innovative ideas that will propel our company forward and help us achieve our business goals. We are focused on maintaining a "growth culture," fostering diversity and inclusion, and ensuring the safety of each individual in our company.

A CULTURE FOCUSED ON GROWTH

Kellogg has long had a strong and well-defined corporate culture built on our heritage and rooted in our *K Values™*. In 2015, as we looked to the future and outlined our 2020 Growth Plan, we took steps to fully engage employees in the success of that plan, cultivating a growth mindset and reigniting enthusiasm for the *K Values™*.

To do this, each region of our business began implementing culture-focused training and development programs that align with that region's business strategy. We are also rolling out several initiatives globally. For example, we've developed a workshop that invites employees to reconnect with our *K Values™* and share insights on how those values

can help drive growth and enthusiasm in our business and brands. All 33,000 employees will take this workshop.

We've also deployed a workshop for people managers, called Leading to a Growth Culture. Based on our K Power to Grow leadership model, this workshop trains leaders in skills they will need for the Kellogg of the future, including how to coach their teams on behaviors that drive growth. Nearly 5,000 managers across the company will take this workshop in 2016.

And finally, we've launched a new CEO Winning Culture Award, which will recognize employees who have demonstrated an owner's mindset, as well as the agility and uncompromising passion to win and unlock our company's potential.



DIVERSITY AND INCLUSION

To grow our business, Kellogg must have a talented, diverse workforce and an inclusive corporate culture. A diverse workforce helps us to ensure that we understand the tastes and needs of our diverse consumer base. An inclusive, supportive culture, meanwhile, helps to ensure that our employees feel valued and willing to deliver strong job performance.

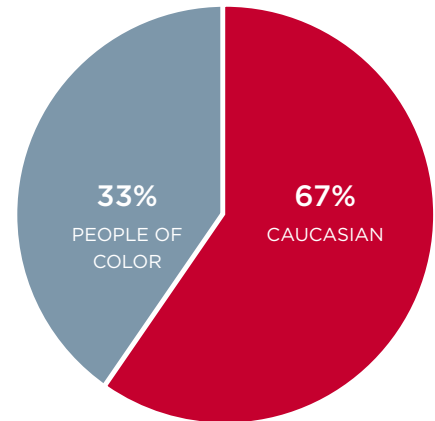
To **Foster Diversity and Inclusion**, we sponsor eight Employee Resource Groups (ERGs), which provide employees with opportunities for networking, professional development and community volunteering. The ERGs also help to drive business results by providing input on products and marketing campaigns.

Our newest ERG—Kapable—launched in 2015 with a mission to make Kellogg a welcoming and inclusive environment for employees with disabilities. Also in 2015, our Women of Kellogg ERG expanded its reach in our Asia Pacific and European regions.

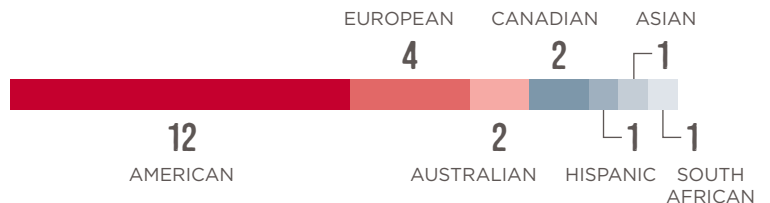
BOARD OF DIRECTORS



U.S. WORKFORCE



GLOBAL LEADERSHIP TEAM



WORKPLACE SAFETY

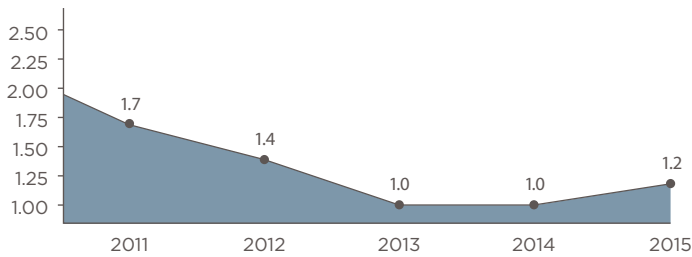
Keeping people safe at work is central to Kellogg Company's *K Values™* and deeply embedded in the culture and capabilities of our employees, in our world-class Environment, Health and Safety (EHS) Management System, and in our ways of working. Our EHS Management System enables strong regulatory compliance led by a focus on hazard and risk recognition and mitigation, as well as knowledge and skill building.

We measure our progress through two key metrics—total recordable incident rate (TRIR) and lost time incident

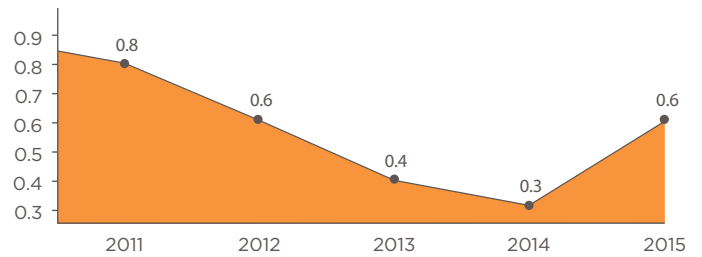
rate (LTIR). While our safety performance has steadily improved in recent years, as measured by a downward trend in these rates, we did experience a slight uptick in incidents in 2015. Still, our TRIR of 1.2 remains significantly better than the **industry average**, which stood at 5.1 in 2014, the latest figure available.

Our primary challenge in 2015 came in our North American distribution and sales networks. In response, we are working to improve safety habits, emphasize safe behaviors and provide in-depth investigation and coaching to prevent future injuries.

TOTAL RECORDABLE INCIDENT RATE ¹¹



LOST TIME INCIDENT RATE ¹²



REFERENCES

- 1 **Climate-smart agriculture** typically addresses farmer resilience, productivity and greenhouse gas emissions. Kellogg is a member of the Global Alliance on Climate-Smart Agriculture.
- 2 Smallholder farmers are those with less than 5 acres under cultivation.
- 3 For additional examples of our work with farmers, as well as more on our environmental work within our own facilities, see our **2015 Year-End Sustainability Milestones**.
- 4 Note that we made this change this year for all past data, so the data does not match that in our previous reports. Also note, Bureau Veritas completed third-party verification of GHG emissions and total energy consumption associated with global Kellogg facilities for our 2015 data.
- 5 From a 2015 baseline.
- 6 Scope 1 and 2 emissions are those from our own operations, either from burning fuels onsite (Scope 1) or from our purchase of electricity from other entities (Scope 2).
- 7 Suppliers in scope represent 80 percent of total spend and include all ingredient suppliers for our priority continuous improvement ingredients.
- 8 Scope 3 emissions are those outside our direct operations but within our supply chain, including GHGs emitted by our agricultural ingredient suppliers.
- 9 The goal of 1 billion servings is based on an approximate serving size of 1 ounce.
- 10 Data as of Dec. 31, 2015.
- 11 Total recordable incident rate = (the total number of recordable cases x 200,000 hours)/total labor hours worked. In this formula and the one below for lost time incident rate, the 200,000 hours represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.
- 12 Lost time incident rate = (the total number of incidents that resulted in days away from work x 200,000 hours)/total labor hours worked.



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