

*Nourishing Families So They Can
Flourish And Thrive*

2016/2017 Corporate Responsibility Report

Kellogg's®



We Are A Company with a Heart and Soul.

Every day, Kellogg employees work together to fulfill our vision of enriching and delighting the world through foods and brands that matter. The reason they matter is that we don't just make delicious, high-quality foods. We're also focused on making a difference. That's why we are dedicated to nourishing with our foods, feeding people in need and nurturing our planet, all while living our founder's values.

Our Vision

Enrich and delight the world
through foods and brands that matter

Our Purpose

Nourishing families so they can flourish and thrive

A Diverse and Inclusive Community of Passionate People Making a Difference

Nourishing
with Our Foods

Feeding People
in Need

Nurturing
Our Planet

Living Our
Founder's Values

Culture for Growth



*Nourishing families
so they can flourish
and thrive*

CORPORATE RESPONSIBILITY REPORT 2016/2017



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When W.K. Kellogg gave away virtually all his wealth to the Kellogg Foundation in 1930, he created a legacy that lives on today. Not only does one of the world's largest charities bear his name, but his legacy – and his values – also live on in the heart and soul of our company.

A legacy like ours is empowering and inspiring. Mr. Kellogg instilled in us his commitment to serving others and it's been part of our DNA ever since. We've always viewed Kellogg as much more than a business...we're a company with a heart and soul, here to make positive contributions to society.

But it's not enough to want to do good. We must hold each other accountable to passionately work to make a difference. That's why we're as dedicated to fighting hunger and feeding potential as we are to delivering business success. Nowhere is this more evident than our global commitment to create 3 billion Better Days by the end of 2025 as part of our *Breakfasts for Better Days* purpose platform.

Together with our employees, customers, consumers and other partners, we're donating 2.5 billion servings of food to people in need, making sure 2 million children start the day with healthy breakfasts and supporting farmers around the world who grow our ingredients. Through *Breakfasts for Better Days*, we're continuing Mr. Kellogg's legacy by addressing critical sustainability issues like food insecurity, inequality and the dangers posed by climate change.

Because the current and future challenges presented by climate change to our company and the world are significant, we're engaging with world leaders at events like the COP21 and COP22 meetings to learn more about how our global food company can make a difference. Our ambitious, science-based greenhouse gas reduction targets are one way we are doing so. Committing to introducing climate smart agriculture practices to 500,000 farmers – many of them women and smallholders in developing and emerging countries – is another.

These developing and emerging nations are especially important to Kellogg as we continue responsibly growing our business. We know that we can only support our corporate responsibility or Heart and Soul priorities if we also continue to succeed as a company. To ensure we do so, we are pursuing four key business strategies articulated in our 2020 Growth Plan:

Win in Breakfast

Be a Global
Snacking
Powerhouse

Double Our
Emerging Market
Business

Win Where the
Shopper Shops

Kellogg's



“We recognize that our voice is stronger and actions more beneficial when we partner with others.”

John Bryant
Chairman and Chief Executive Officer

Message from the CEO

CONTINUED

In the past two years, our acquisitions in Brazil, Egypt and Nigeria/Ghana, as well as our joint venture in Africa, expanded our footprint in emerging markets. They also created new opportunities for us to engage with local leaders on important corporate responsibility initiatives and give us new ways to deliver on our purpose of *nourishing families so they can flourish and thrive*.

Since our founding, we've striven to be a responsible corporate citizen. We understand that the decisions we make have far-reaching consequences, and we work hard to make a positive impact on the people and places we touch. For example, we've surpassed our goals to reduce the sugar and sodium in our cereals, and we continue removing artificial colors and flavors from our foods. We also are especially proud to be ranked as the top U.S.-based company on the [Corporate Human Rights Benchmark](#) for our dedication to protecting and advancing the cause of human rights throughout our operations and value chain.

We've been sharing our progress against our corporate responsibility commitments in this global report since 2008. Over this time, we've forged numerous partnerships with similarly committed organizations and we've learned a great deal along the way. Through this work, we recognize that our voice is stronger and actions more beneficial when we partner with others. That's why, as a member of the [United Nations Global Compact](#), we're protecting human rights, abolishing forced and child labor, protecting the environment and eliminating corruption. Our work also contributes to four [U.N. Sustainable Development Goals](#): #2 – Zero Hunger, #5 – Gender Equality, #12.3 – Food Loss and Waste, and #13 – Climate Action.

SUSTAINABLE DEVELOPMENT GOALS:



We look forward to updating you on our continued progress *nourishing families so they can flourish and thrive* in this and future Corporate Responsibility reports.

A handwritten signature in black ink.

John Bryant
Chairman and Chief Executive Officer
June 2017

*“If you want to go quickly, go alone.
If you want to go far, go together.”*

African proverb

The Kellogg's logo in its signature red script font.

About Kellogg Company



*In 2016, Kellogg acquired Parati, a leading Brazilian food group.

Kellogg's

Corporate Responsibility at Kellogg

People have high expectations of food companies. They want to know where their food comes from and how it's made. They also want assurances that companies share their values, including making sure there is enough food for everyone.

Kellogg is more than a company. It's a diverse and inclusive community of passionate people making a difference by:

Nourishing With Our Foods



Feeding People In Need



Nurturing Our Planet



Living Our Founder's Values



With this approach, we are confident that we will continue to grow our business responsibly and sustainably. To ensure we do so, the Social Responsibility and Public Policy Committee of our Board of Directors oversees our corporate responsibility strategy. Our Senior Vice President (SVP) of Global Corporate Affairs, who reports to our Chairman and CEO, is responsible for successfully implementing the strategy. This involves regularly sharing information with and gaining input from the Board Committee and other senior executives.

Within our company, numerous leaders are accountable for achieving specific corporate responsibility goals, based on their roles, such as our Chief Sustainability Officer, who reports to the SVP mentioned above. These leaders have annual performance goals tied to the company's Corporate Responsibility metrics.

About this Report

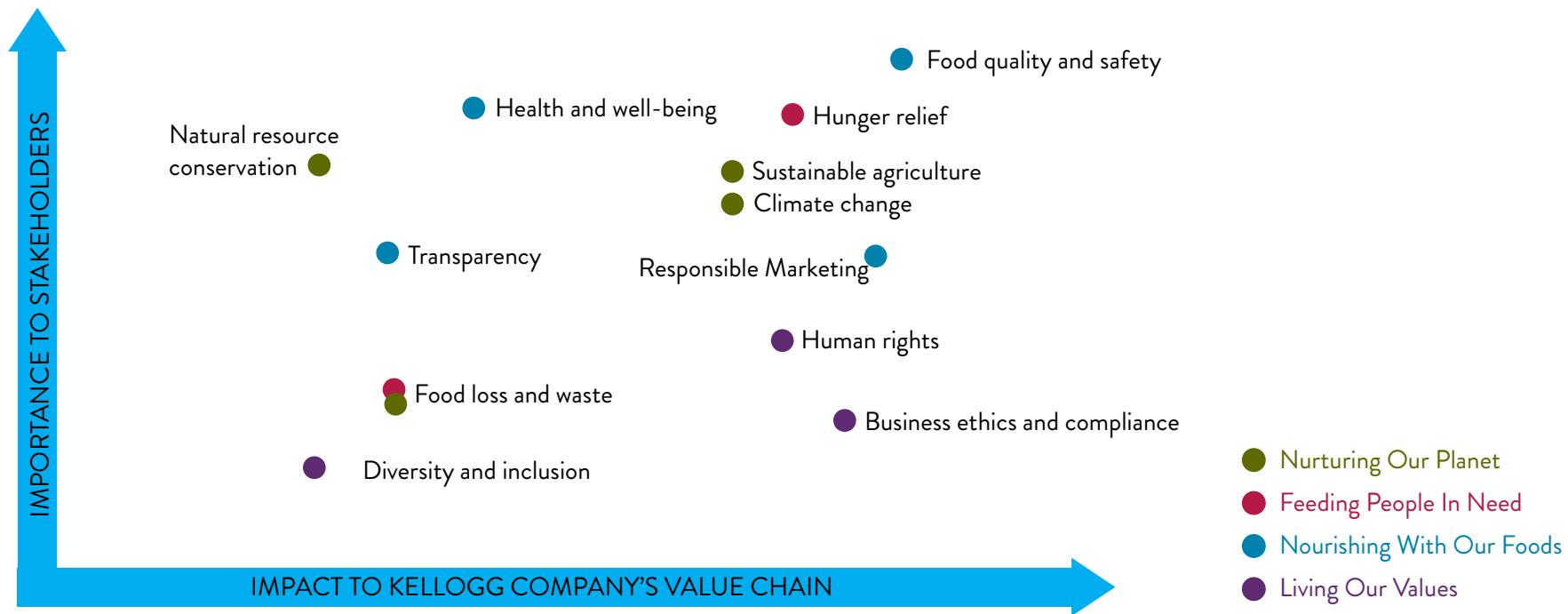
This report has been prepared using the [Global Reporting Initiative](#) (GRI) Standards and Food Processing Sector Standards introduced in October 2016. We are reporting in accordance with the “Core” option. We also included additional information that addresses some Comprehensive reporting disclosures. While the report primarily covers calendar year 2016, it also includes developments from early 2017. Our most recent, full GRI-based report was published in 2015. In 2016, we issued a Corporate Responsibility update without a GRI Index, while transitioning to the new GRI Standards. We intend to continue providing an annual report and Index.

In preparation for this report, we used the guidance provided by GRI to assess the reporting topics that are material to our business. We identified material topics as those that are of current and potential social, ethical, environmental and economic impact to the company that:

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

The material topics serve as the foundation of the four sections of this Corporate Responsibility Report.

Materiality at Kellogg

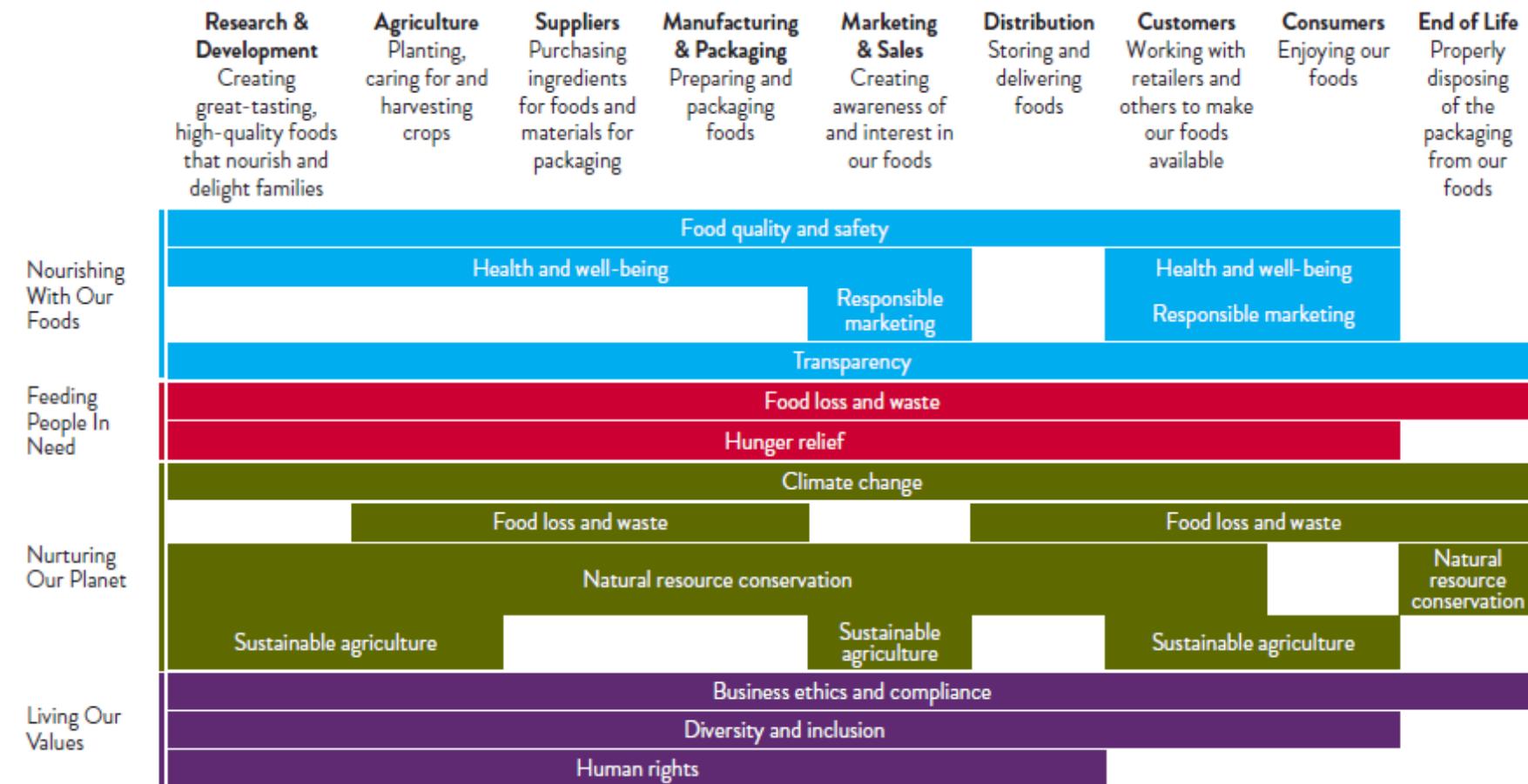


About this Report

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

Our Value Chain



A cross-functional team of senior leaders of our company led this process. Their work was informed by a survey of and ongoing conversations with multiple stakeholders with whom we regularly engage, including employees, investors, customers, consumers, suppliers, non-governmental organizations (NGOs), community members, regulatory and elected officials and others. These stakeholder groups include Oxfam; CDP; our headquarters community of Battle Creek, Michigan; Action For Healthy Kids, Feeding America, the Global Foodbanking Network, World Wildlife Fund and many others.

Our [GRI index](#) provides additional information on numerous economic, environmental and social topics, as well as topics specific to the food processing sector.

We welcome your feedback on this report and our overall commitment to corporate responsibility at corporateresponsibility@kellogg.com.



The following dashboard summarizes our progress against the commitments we have 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 or the [GRI Index](#). We've provided this at-a-glance look for those interested in a specific focus area or in quickly understanding our overall performance against our goals.

Our Commitments

Section	Priority	Focus Area	Commitment	2016 Progress
Nourishing With Our Foods	Inspired by our Food Beliefs	Cereal	By 2020, ensure that 90% of our cereals have 10 grams or less of sugar per 30-gram serving.	90% = Complete
			By 2020, ensure that 85% of our cereals have 150 mg or less of sodium per 30-gram serving.	88% = Exceeded
			By 2020, reduce the sodium in our cereals on average by more than 30%.	Achieved 30% reduction in 2015; total reduction of 44% since 2007.
		Snacks	By 2020, include one or more positive nutrients or ingredients in every snack food in the convenient nutrition category.	Developed in 2016. We will begin reporting our progress in our 2017/2018 report.
			By 2020, reduce sugar on average by 10% per serving, excluding fruit, in our convenient nutrition snacks.	
			By 2020, at least 85% of convenient nutrition snacks will have 150 or fewer mg of sodium per serving.	
			Continue to ensure that at least 75% of our cracker portfolio has 230 mg or less of sodium per serving.	Complete
	Alleviating Hunger	Breakfasts for Better Days – Hunger Relief	By 2025, donate 2.5 billion servings of food to people in need.	Announced in 2016. We will begin reporting our progress in our 2017/2018 report.
			By 2025, expand breakfast programs to reach 2 million children.	
			By 2025, commit to 45,000 volunteer days by Kellogg employees.	
			By 2025, engage 300 million people around the issue of hunger relief.	
Nurturing Our Planet	Conserving Natural Resources And Protecting Against Climate Change	Energy	By 2020, reduce energy and GHG emissions by an additional 15% ^{1,2}	Energy: 0.1% ↓ GHG emissions: 1.8% ↑
			By 2020, expand the use of low-carbon energy in our plants by 50%	30%
			By 2050, reduce Scope 1 & 2 emissions in our operations by 65% ²	0.2%
			By 2050, work with our suppliers to reduce Scope 3 emissions by 50% ²	Establishing baseline

Our Commitment CONTINUED

Section	Priority	Focus Area	Commitment	2016 Progress
Nurturing Our Planet Nurturing Our Planet (cont.)	Conserving Natural Resources And Protecting Against Climate Change	Water	By 2020, implement water reuse projects in 25% of our plants.	9%
			By 2020, reduce our water use by an additional 15% ^{1,2}	2.7% ↓
			Continue watershed quality support.	Ongoing
		Waste	By 2020, reduce total waste by an additional 15% ^{1,2}	Establishing baseline
		Packaging	Continue adding value to foods and the planet by increasing our use of resource efficient packaging.	Ongoing
	Sourcing Responsibly	Ingredients	By 2020, responsibly source our 10 priority ingredients: cocoa, sugar cane, vanilla, palm, corn, wheat, rice, potatoes, beet and fruit.	70+ priority ingredient suppliers are engaged in measuring continuous improvement or investment 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 implement more sustainable farming practices using climate smart agriculture.	294,000 farmers
		Smallholder Farmers	By 2020, support 15,000 smallholder farmers in our direct supply chain to increase adoption of climate smart agriculture and help improve their livelihoods and climate resiliency.	Complete
		Women Farmers/Workers	By 2020, develop programs to help women farmers/workers improve their livelihoods, families and communities using climate smart agriculture.	10,000 women directly engaged thus far; work is ongoing

1 Per metric ton of food produced.

2 From our 2015 performance.



Nourishing • WITH OUR FOODS •

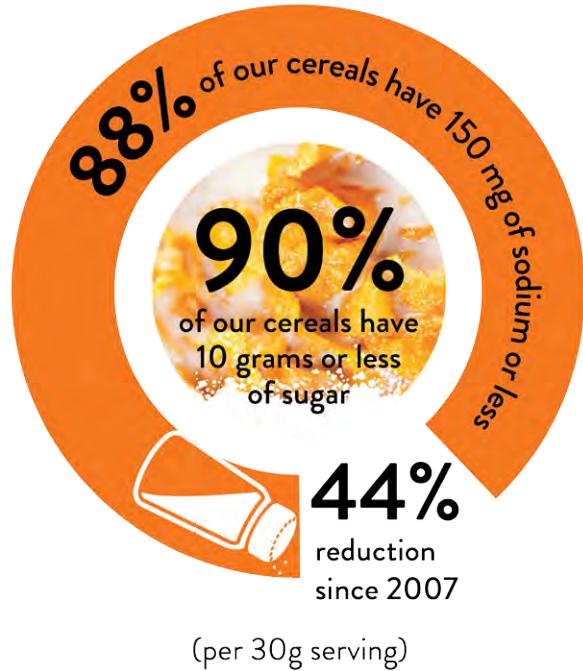
Millions of families across the globe – including our own – count on Kellogg for great-tasting foods that meet their needs. And these needs vary greatly. That's why we are constantly listening, learning and evolving, and why we'll always offer a variety of foods with diverse ingredients. But no matter which of our foods people select, they always can count on us for delicious, high-quality products.

For example, we're working to remove artificial colors and flavors from our *Kellogg's®* branded cereals, a variety of *Kellogg's®* branded snack bars, and *Eggo®* waffles, by the end of 2018. We've already completed our work with *Eggo®* and continue to make progress with our cereals and snack bars.

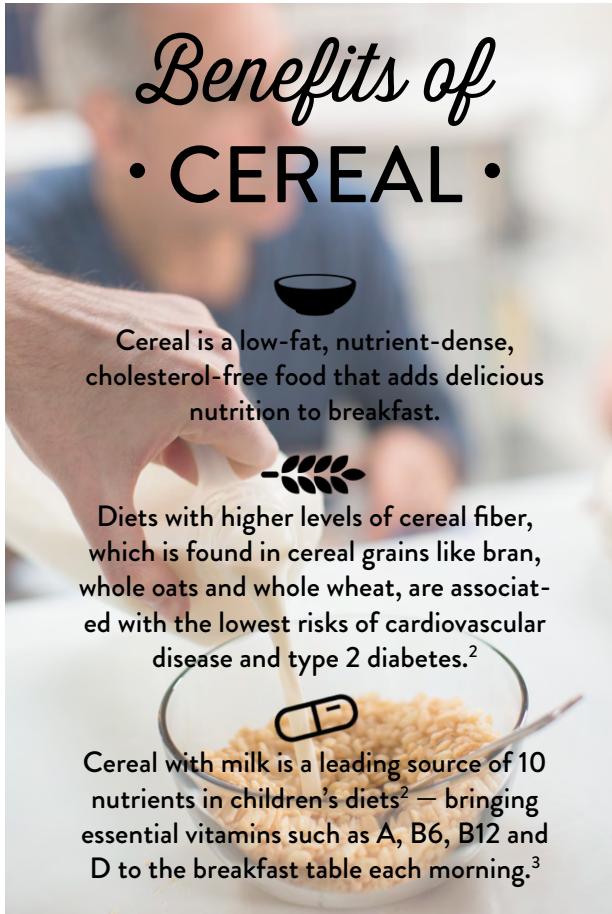
Inspired By Our Food Beliefs

In 2015, we set out to articulate our [Global Breakfast Food Beliefs](#). We did so to convey our aspirations and [inspire our team of employees](#) worldwide to keep the consumer at the heart of everything we do. These beliefs proved so motivating that we created a similar set of Global Snack Foods Beliefs in 2016.

While we planned to achieve our Breakfast Food Belief targets to reduce sugar and sodium by 2020, we're pleased to share that we achieved the following results four years ahead of schedule¹:



Yet, around the world, our work continues. For example, we recently removed half the fat from our Granola in Japan and added oat fiber to the food. Our teams continue to make progress against our Breakfast Food Beliefs and expect to share similar results against our new Snack Food Beliefs in our next Corporate Responsibility Report.



¹ Data are an average of our six core markets, which represent the majority of our worldwide sales.

² Richardson Centre for Functional Foods and Nutraceuticals, University of Manitoba, Canada.

³ Berner, et al. JAND, 2014.



Supporting Health And Well-Being

We continue to make progress increasing the nutrition education and active lifestyle communications that we provide to families around the world, a goal we stated in our Global Breakfast Food Beliefs. Much of this work is accomplished in partnership with health professionals, through ongoing dialogue and collaboration.

- Kellogg EMEA hosted a Nutrition Summit that brought together experts from across Europe and the Middle East to discuss the role that our company, and the entire food industry, can play in enhancing public health through nutrition. Approximately 90 policy makers, NGO representatives and health professionals attended.
- [Kellogg Mexico's Nutrition and Health Institute](#) continued its highly successful symposium series. This year's session focused on chrononutrition and obesity with top international speakers, reaching more than 2,000 health professionals and students onsite in Mexico City and virtually across the country, as well as from the U.S., Colombia, Guatemala and other Latin American countries.
- To help physicians in India have more meaningful conversations with their patients about the role nutrition plays in overall health, Kellogg India provided information on the importance of breakfast to more than 3,000 physicians. The company also partnered with the Indian Dietetic Association on continuing nutrition education programs on the role of cereal fiber in health and disease prevention that reached more than 2,000 nutritionists, dieticians and students at key scientific conferences.

In addition to education initiatives like those discussed above, our foods have always been key to supporting health and well-being. In emerging markets, especially in Asia Pacific and Latin America, our smaller, “sachet” packages help improve access to affordable foods in areas where food security is a challenge. We also regularly introduce new foods to respond to people’s increasing interest in positive nutrition. Our reformulated Special K™ Nourish cereals in the U.S. and new Special K™ Nutty Chewy Bars in Europe are two examples of foods created for those who want wholesome ingredients that they can see. In India, our Ragi Chocos include ragi, an ancestral grain that is gluten free and high in protein, calcium and fiber.

In addition to providing a wide variety of food choices, we also understand that people have different preferences for the ingredients used in their foods. Because we know that some U.S. consumers prefer foods without genetically modified (GM) ingredients, many of our U.S. brands offer [Non-GMO Project Verified](#) options, including Bear Naked®, Pure Organic®, Stretch Island Fruit Co.™ and MorningStar Farms®. Our Kashi® brand is now 100 percent Non-GMO Project Verified. We do not use GM ingredients in our foods made in Europe, Australia, Asia and Brazil based on input from our consumers and local availability.

The majority of all field corn and soybean seeds used in the U.S. are genetically modified for optimal production. GM ingredients have been used in the U.S. for the last 20 years and authorities that have studied these crops—including the World Health Organization and the American Medical Association—have found them to be safe.



Increasing Transparency

Every day, millions of families around the world welcome our company and its foods into their homes. We do not take this trust lightly. We understand that, as a global publicly owned company, we have many stakeholders and we look for regular opportunities to engage with these important groups. For example, we recently sought input from stakeholders when we updated our Materiality Matrix (see About This Report) and we continue to do so regularly.

Another way we are increasing transparency is by sharing information and engaging with stakeholders through [Open For Breakfast](#), launched in the U.S. in early 2015, and expanded to [Australia](#) and [Mexico](#) in 2016. Open For Breakfast is a digital and social storytelling platform where we go “behind the scenes” to show where our ingredients come from, how our foods are made and how, as a company, we are advancing nutrition, sustainability and philanthropy. The program also is forum for people to submit any questions they have about our company and its foods. Since the site premiered, we've answered thousands of questions and engaged millions of consumers and stakeholders in multiple countries on Facebook and Twitter. This platform augments Consumer Affairs teams that support each of our regions and are accessible via phone and online.

Kellogg is also participating in the [U.S. SmartLabel™](#) initiative that gives consumers real-time detailed product information. This information is available by simply scanning QR codes on packages or can be accessed via smartphones, tablets, desktop computers and mobile phones.

The following infographic on the importance of breakfast is the most viewed content on Open For Breakfast.

More than 444,000 people have viewed this information since the site launched.

*What's Your
QUESTION?*

ASK US NOW

 *Breakfast MATTERS...*

It really matters – you're literally breaking a fast. For eight hours, your body has had no food. Nothing to fuel it. Zip. Zero. Think it's okay to skip it? Think again.

START YOUR
Engines 

Your sleeping self is like an idling car – not going anywhere just yet, but still needing fuel to run. Breakfast will help get your body moving again.

 “*More*” IN Morning

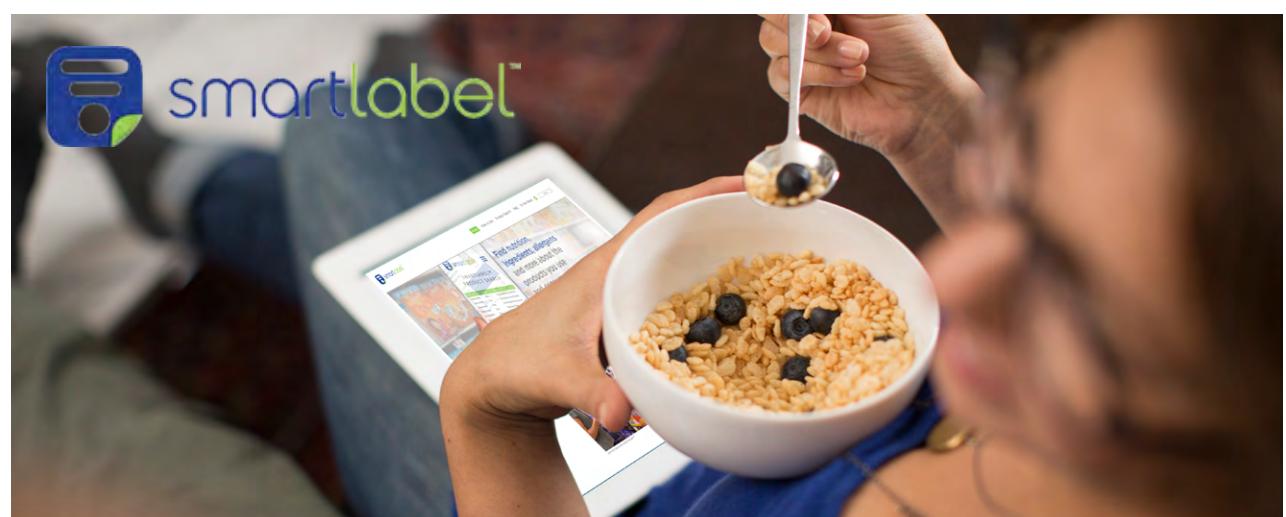
Studies show that when essential nutrients are missed at breakfast, people typically don't compensate for that loss during other meals.²

Less REALLY IS
More 

Studies show a breakfast of cereal and milk is generally associated with lower body mass indexes (BMIs) in both kids and adults.¹

 THE
Fiber
YOU NEED

Almost 95% of adults don't get enough fiber in their diets. Kellogg's has more than 30 varieties of breakfast cereals that are good sources of fiber.



Ensuring Food Quality And Safety

The quality and safety of our foods is of utmost importance to Kellogg. Providing safe, high-quality foods is one of the ways we earn the trust of millions of people around the world every day. To do so, we have comprehensive and continuously improving systems in place that comply with government regulations in the countries we operate, plus our own strict standards.

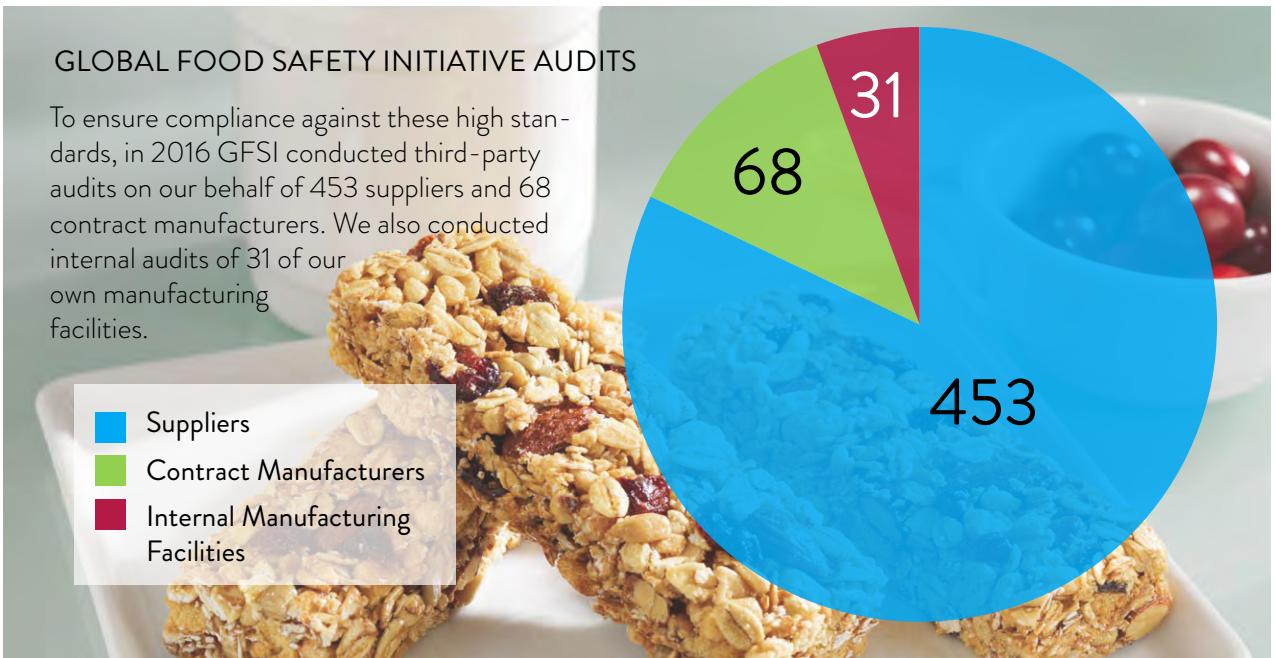
Our Kellogg Food Safety System details our comprehensive approach to global food safety. It includes programs, procedures and practices that make sure we produce safe food that meets or exceeds the requirements of multiple regulatory agencies around the world. In addition, the [Global Food Safety Initiative](#) (GFSI) certifies all our company-owned and contract manufacturing facilities, and our facilities in North America are also SQF (Safe Quality Food) certified. All our ingredient suppliers are also required to be GFSI certified.

To ensure compliance against these high standards, in 2016 GFSI conducted third-party audits on our behalf of 453 suppliers and 68 contract manufacturers. Our Global Quality and Food Safety team also conducted internal audits of 31 of our own manufacturing facilities. In addition, we invested nearly US\$40 million in new equipment and other improvements in our operations to support continuous advancements of our food safety systems and processes.

Because the global food industry is constantly learning more about food safety, we also rely on the expertise of our Kellogg Food Safety Advisory Board of five external experts for the latest trends, information and recommendations to strengthen our procedures.

GLOBAL FOOD SAFETY INITIATIVE AUDITS

To ensure compliance against these high standards, in 2016 GFSI conducted third-party audits on our behalf of 453 suppliers and 68 contract manufacturers. We also conducted internal audits of 31 of our own manufacturing facilities.



Since our last Corporate Responsibility Report, we have updated our U.S. Kellogg Food Safety Plan to align with the new U.S. Food Safety Modernization Act requirements that began going into effect in 2016. We also work with every supplier to ensure that their food safety plans meet our requirements before their ingredients are allowed inside our manufacturing facilities.

Marketing Responsibly

Communicating in an informative and responsible manner about our foods is a company priority, whether we are discussing *Kellogg's Corn Flakes®* cereal in Ireland, *Kellogg's Zucaritas®* cereal in Mexico, *Pringles®* crisps in Japan, *Cheez-It®* crackers in the U.S. or *Eggo®* waffles in Canada. In addition to following all local labeling requirements when sharing information

about our foods, we also adhere to our company's high, uniform standards detailed in our [Worldwide Marketing and Communication Guidelines](#). These Guidelines are augmented by 20 global, regional and country-specific pledges we have taken to responsibly market to children, including the following:

- 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, India, Malaysia, Mexico, Philippines, Portugal, Russia, Singapore, South Africa, Switzerland, Thailand and the United States.





At Kellogg, we are passionate about fighting hunger and feeding people's potential. That's why we recently committed to [creating 3 billion Better Days](#) for people around the world by the end of 2025, through our global purpose platform, *Breakfasts for Better Days*. This 2016 commitment is the second generation of *Breakfasts for Better Days*. We've already almost doubled our initial goal and helped provide nearly 1.9 billion servings of food to those in need since 2013, and we've supported the livelihoods of thousands of farmers. Now we're taking our efforts to a whole new level, integrating our hunger relief and sustainability work.

Fighting Hunger, Feeding Potential

In a world where there are more people and increasingly limited natural resources, we are working hard to help ensure that there is enough food for everyone.

We're fighting hunger every day, as well as feeding the potential of people who are creating solutions to these challenges for generations to come.

5 Ways We Are Fighting Hunger, Feeding Potential



* This work is addressed in the Nurturing Our Planet section of this Report

Kellogg's



Alleviating Hunger

Millions of people worldwide enjoy our great-tasting foods. These foods also play an important role in our efforts to reduce hunger. By the end of 2025, we will donate 2.5 billion servings of food on six continents through hundreds of food banks and other programs. These donations help those in need, either due to short-term or chronic hunger, or natural disasters. Donations like these also go a long way toward reducing food waste and achieving the United Nations Sustainable Development Goal #2 to achieve Zero Hunger and Goal #12.3 to reduce food waste and loss.

School Breakfast Programs

We're deeply concerned about reducing child hunger and will reach 2 million children by starting and growing school breakfast programs in more than 25 countries including Australia, Brazil, Canada, Colombia, Egypt, Italy, the U.K., Russia, and South Africa. At the same time, we're continuing to help expand U.S. school breakfast program participation. As the

breakfast pioneer and leader for 110 years, we know how vital it is that children start their days with a full stomach, ready to learn and be active.

- Partnering with Food Bank of Russia, Kellogg provides a nutritious breakfast to about 600 children in 18 schools, every school day, across five regions of the country. In a recent study, 75 percent of school staff surveyed said the breakfast helps students be more engaged and 99 percent asked us to continue the program.
- The Kellogg Australia Breakfast Buddies program helps provide breakfast to the one in seven kids in Australia who otherwise go without by providing breakfasts to schools, outback and indigenous communities, sporting clubs and other community groups that serve children.
- Kellogg Spain now has more than 1,000 children participating in 15 breakfast clubs around the country.

- Even in the U.S., where government-funded school breakfast programs are in place, reaching children through these programs is a challenge. Kids don't want to be singled out as needing free breakfast and schools often lack the infrastructure to provide breakfast to all students. Kellogg U.S.'s partnerships with Action for Healthy Kids, Food Research and Action Center and Share Our Strength No Kid Hungry help provide resources to bring a much-needed breakfast to 63,000 students through breakfast-in-the-classroom and grab-and-go models in 250 schools.
- In Colombia, Kellogg supports breakfast programs in nine cities, reaching 3,400 children in 55 schools and other community settings.
- In Egypt, Kellogg Company Fund provided support for a kitchen and catering facilities at a primary school in Cairo. Previously unemployed mothers of children at the school were trained to cook breakfast for 600 students each school day.

Creating 3 billion Better Days for people around the world isn't something we can do alone, so we're working with our employees, customers, suppliers, partners and inviting others to join us.

Employee Volunteerism

We're especially excited to see our employees around the world helping to reduce hunger through their volunteer efforts. Employee volunteerism is an essential part of *Breakfasts For Better Days*. It allows our employees to see the great work our partners do and provides tangible help our partners need to deliver services.



On World Food Day 2016, thousands of Kellogg employees in nearly 30 countries stepped up to fight hunger in a big way – volunteering at local school breakfast programs and food banks, and organizing food collection drives that benefitted more than 55 food banks globally.

Here's just one example, although there are hundreds more. In Ireland, Kellogg volunteers donated breakfasts to commuters in Dublin in exchange for donations to the CrossCare Food Bank. Over five days, the team raised awareness of hunger in Ireland and donations to help feed those in need.





*"The truth is,
you receive
much more
than you give."*

- Jose, Kellogg Spain



Kellogg's

Engaging People In The Issue

We're also partnering with people who enjoy our foods to actively fight hunger. Kellogg's U.S. Give a Child a Breakfast campaign is donating up to US\$1 million to No Kid Hungry to support school breakfast programs for specially marked boxes of Kellogg's® breakfast cereals sold through the end of 2017. Kellogg Russia's Lenten campaign similarly encouraged people to purchase Kellogg products to support donations to children in need.

Breakfasts for Better Days is our signature cause platform. We've found that by focusing our efforts and resources on one priority – fighting hunger and feeding potential – we can make the biggest difference. And because we know that a strong food banking network plays a key role in this issue, we recently supported a project that facilitates the sharing of best practices with members of the European Food Bank Federation. This, and our ongoing support of the Global Food-banking Network, help our partners operate effectively and make a difference to as many people as possible.

We also continue to support the U.S. United Way campaign in the communities where we have operations. In 2016, Kellogg and its employees pledged US\$5.5 million, nearly half of that – US\$2.6 million – to our Battle Creek, MI headquarters community. Since United Way is a key partner with us in the fight against hunger, 25 percent of our corporate match goes toward this purpose, in support of our Breakfasts for Better Days commitment.

We'll report on our progress against these new 2025 commitments in future Corporate Responsibility Reports.

Charitable Donations

Our charitable contributions are made through Kellogg Company and Kellogg Company Fund. In the past five years, we have donated US\$278.5 million.

2012-2016: **\$278.5 Million** Product Donation (COGS) Cash Brand Philanthropy
(\$ in millions)



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, WKKF receives its income primarily from the W.K. Kellogg Foundation Trust, and the Trust is Kellogg Company's largest shareowner. In 2016, Kellogg Company paid nearly US\$140 million in dividends to the Trust to support the Foundation's work with children, families and communities.



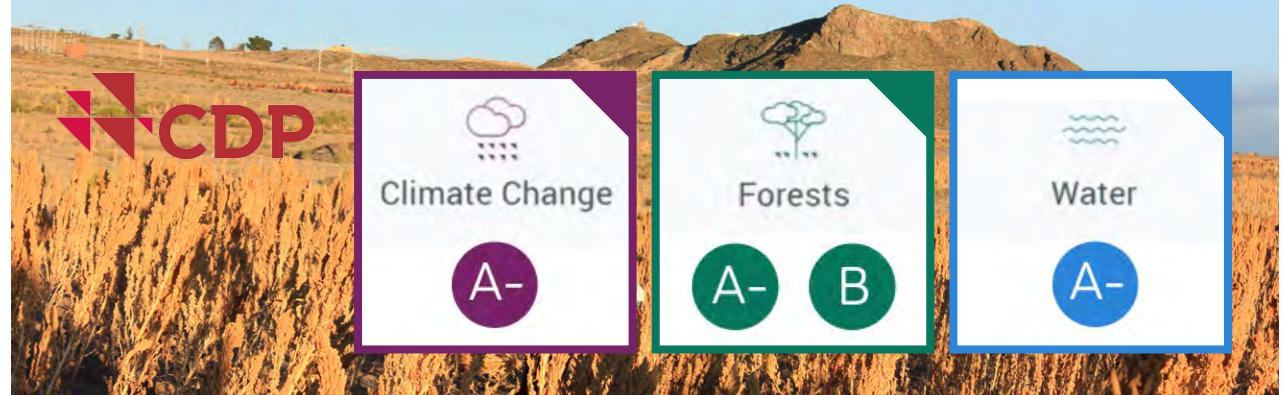
A key element of fighting hunger and feeding potential is our support for those who grow our ingredients. That's why we're helping improve the livelihoods of farming families and communities around the world. In 2016, we announced that we'd achieved our goal – four years early – of providing information on climate smart agriculture to increase yields and improve climate resiliency to more than [15,000 smallholder farmers](#) in our direct supply chain. And in 2017, we announced similar support for [10,000 women farmers](#). We're excited about these outcomes and our ongoing work to reach 500,000 farmers around the world by the end of 2025, including women who play important roles in global agriculture.

This commitment is part of our overall sustainability strategy that includes conserving natural resources and sourcing responsibly. It also aligns with our support of U.N. Sustainable Development Goal #2 to help end hunger by addressing food security and sustainable agriculture, Goal #5 to ensure gender equality, Goal #12.3 to reduce food waste and loss, and Goal #13 to take climate action. Our progress is highlighted below. Additional details are also available in our [2016 Year-End Sustainability Milestones](#).

Conserving Natural Resources and Protecting Against Climate Change

Doing all we can to protect the long-term availability of the ingredients we use in our foods, and the livelihoods of the people who grow them, is vitally important to the continued success of our company. That's why we are taking action to help tackle the inter-connected issues of hunger and robust food systems in the face of a changing climate. We are helping to conserve natural resources and have specifically committed to reducing energy use and greenhouse gas emissions, reducing the water we use and waste we generate, reducing food loss and waste, and using resource-efficient packaging.

Annually, Kellogg reports its environmental data to the CDP. This global organization assesses our data and determines a rating for our performance. Our 2016 performance is summarized below. Our full CDP rating can be accessed at www.cdp.net. More information can also be found [here](#).

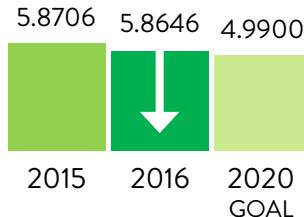


Environmental Data

This data includes Pringles®, which was not included in our 2015/2016 Corporate Responsibility Update

ENERGY USE

Per metric tonne
of food produced
(in gigajoules)

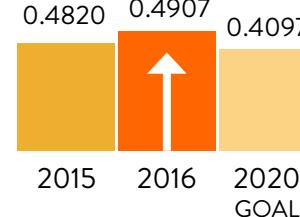


Total
(in millions of
gigajoules)

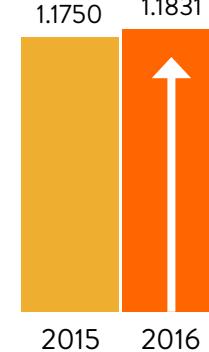


GHG EMISSIONS

Per metric tonne
of food produced
(in metric tonnes)

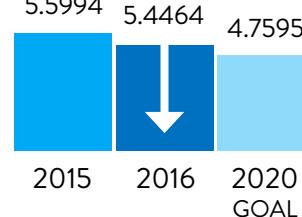


Total
(in millions of
metric tonnes)

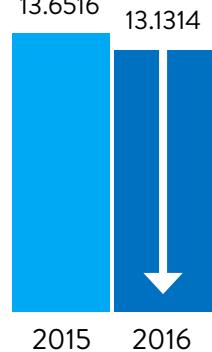


WATER USE

Per metric tonne
of food produced
(in cubic meters)



Total
(in millions of
cubic meters)





REDUCING Energy Use & Greenhouse Gas Emissions

By 2020, we intend to expand the number of our plants using low-carbon energy by 50 percent; already we've done so by nearly 30 percent. We also are committed to reducing energy and greenhouse gas (GHG) emissions in our plants by an additional 15 percent (per metric tonne of food produced) from our 2015 performance. This latter commitment was further strengthened when we set a science-based reduction target for reducing Scope 1 and 2 emission in our own operations by 65 percent by 2050. In the first year of this commitment, we've reduced absolute Scope 1 and 2 emissions by 0.2%.^{4,5}

Because our own manufacturing and upstream agriculture are the largest sources of GHG emissions in our value chain, we also are asking our direct material suppliers to report their emissions through the CDP Supply Chain platform. This data will inform our baseline against which we'll track our collective progress toward our 2050 commitment to reduce Scope 3 emissions by 50 percent.^{4,5}

⁴ Manufacturing 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.

⁵ These additional commitment targets for Scope 1, 2 & 3 emissions were announced at the 2015 COP21 Climate Conference and were reviewed and approved by the Science-Based Targets Initiative, a joint effort of CDP, UN Global Compact, World Resources Institute and World Wildlife Fund.

In 2016, we struggled to make significant progress toward our energy and GHG emission reduction goals; decreasing energy use by 0.1 percent and increasing GHG emissions by 1.8 percent (per metric tonne of food produced).



Numerous factors contributed to our increased GHG emissions:

- In several countries where we operate, drought conditions have decreased the generation of clean energy from hydropower.
- The decreasing prices of fossil fuels has encouraged some countries to generate more electricity from these non-renewable sources.
- Our growing Pringles® business requires more energy (and water) to produce than other Kellogg foods.

We are working with partners and utilities to help green the electrical grid. We also are investing in infrastructure, training and system enhancements in our operations to reduce our energy and water use.

We did make progress in some areas:

- Three of our plants reduced their energy use this year by more than 10 percent, including Linares, Mexico; Kutno, Poland; and Springs, South Africa.
- Pringles® plants in Kutno, Poland and Jackson, Tennessee, U.S. reduced their energy use by 17 and 10 percent, respectively, by replacing more than 9,000 lights with newer LED technology and operating more efficiently as a result of increased production.
- Our Blue Anchor Eggo® plant in New Jersey installed fuel cells in late 2016 that are expected to reduce emissions by approximately 8 percent. Like those also used at our San Jose, California plant, the fuel cells use natural gas to cleanly and efficiently produce electricity that is powering some of the facility's manufacturing operations.
- Our Linares, Mexico cereal plant reduced their energy use by more than 20 percent and GHG emissions by nearly 18 percent through numerous initiatives. Additionally, they began to convert away from propane to natural gas, which is a lower carbon source, as the main source of fuel for the plant.



[Oxfam](#) – which works to create lasting solutions to poverty, hunger, and social injustice – reported that Kellogg “exceed its industry peers in setting and implementing robust science-based emission reduction targets.”



REDUCING Water Use

Around the globe, fresh water resources are under pressure from climate change, population growth, industrial and agricultural uses, and aging or inefficient infrastructure. Increasingly, businesses and communities are recognizing the critical importance of preserving and protecting water supplies. We respect the human right to water as defined by the [United Nations Committee on Economic, Social and Cultural Rights](#) and [General Assembly](#). As a member of the communities where we source ingredients and make our foods, we work to reduce water use and our impact to community water sources.

We use a combination of internal knowledge and external sources to determine an overall water risk score for each of our manufacturing facilities. Based on this 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 locations⁶.

We are on track to deliver our 2020 commitment to reduce our global water use by 15 percent (per metric tonne of food produced) from our 2015 baseline, and to implement water reuse projects in 25 percent of our plants. In 2016, we reduced our water use by 2.7 percent and have implemented water reuse products at 9 percent of our manufacturing facilities.



Within in our facilities in 2016:

- Seven plants reduced their water use by more than 20 percent including: Kutno, Poland; Springs, South Africa; Pskov and Severskaya, Russia; and the following plants in the U.S. – Chicago, Illinois; Rossville, Tennessee; and Allyn, Washington.
- Our cereal plants in Linares, Queretaro and Toluca, Mexico have reduced water use through a number of efforts, including increasing dry-cleaning methods and replacing a steam boiler with a new, more efficient model.
- Our Manchester, U.K. cereal plant began using processed water that has been treated through the onsite reverse osmosis plant. Since October 2016, 20m3/day of treated water is being reused in the cooking process.

In 2016, World Wildlife Fund and Ceres, as part of their joint AgWater Challenge, recognized our work to support water conservation. Kellogg, along with six other companies, was selected as one of their first [AgWater Stewards](#).



For some time, we've been working with farmers, NGOs, governments and others to improve the quality of watersheds in the regions in which we source our ingredients. Most recently we have:

- Joined ten companies and NGOs to form the [Midwest Row Crop Collaborative](#) to help address local and macro water challenges like hypoxia in the Gulf of Mexico and groundwater quality in the Upper Mississippi River Basin.
- Partnered with the Sustainable Agriculture Initiative Platform and the Italian Government's National Rice Research and Agronomy Centre to help rice growers nestled at the base of the Italian Alps improve water use, productivity and achieve greater climate resiliency.

⁶ Water 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.



During our first-generation of sustainability commitments from 2005-2015, Kellogg reduced waste to landfill (per metric tonne of food produced) company-wide by 62 percent. In 2014, as we launched our second-generation of sustainability commitments, we set a target to ensure that 30 percent of our plants send zero waste to landfill. Going forward, we are committed to reducing total waste by 15 percent (per metric tonne of food produced) by 2020, using 2015 as our baseline.

In 2016, we saw solid progress against our waste reduction goals. Twenty-five percent of our plants sent zero waste to landfill. While this fell slightly short of our target, we are proud of our progress. Overall, we reduced our total waste to landfill by 6.1 percent in 2016 (per metric tonne of food produced).



Within our facilities in 2016, 12 plants reduced their waste to landfill by more than 20 percent including: San Paulo, Brazil; Belleville, Canada; Taloja, India; Linares, Queretaro and Toluca, Mexico; Vyazma, Russia; and in the U.S. – Florence, Kentucky; Atlanta and Rome, Georgia; Chicago, Illinois; and Muncy, Pennsylvania.

Focusing On Food Loss And Waste

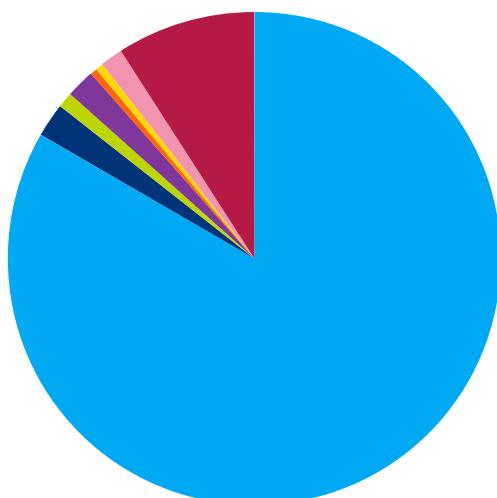
As a global food company, we take a holistic view of waste across our value chain. Doing so aligns with our compatible priority of reducing hunger. As a member of the [Consumer Goods Forum](#), we are doing our part to reduce per capita global food waste at the retail and consumer level, and to reduce food losses along the production and supply chains, including post-harvest losses. To support these 2030 efforts, Kellogg was one of the first U.S.-based companies to join [Champions 12.3](#) and to become a U.S. Food Loss and Waste 2030 Champion, signing onto a joint initiative between the U.S. Environmental Protection Agency and the U.S. Department of Agriculture.

Through our Postharvest Loss Reduction Program, Kellogg research and development teams, scientists and sustainability team members work collaboratively to reduce food loss at the farm. We have funded research and partnered with others worldwide to identify ways of reducing food loss, often in conjunction with sustainable agriculture practices.

Edible food is donated to people in need; in cases where this is not appropriate, food waste is used for animal feed. The chart below indicates the volumes and destinations of food waste from our global manufacturing operations in 2016. This 2016 data will serve as the baseline against which we will continue to report.

Additional information about our food loss and waste methodology and its alignment with the World Resources Institute Food Loss and Waste Standard can be found [here](#).

KELLOGG 2016 FOOD WASTE BY DESTINATION



Animal Feed	83%
Biomaterial/Processing	2.6%
Codigestion/Anaerobic Digestion	1%
Compost/Aerobic processes	1.9%
Controlled Combustion	0.4%
Land Application	0.5%
Landfill	1.5%
Sewer	9%

Packaging

Around the world, 100 percent of the timber-based packaging Kellogg uses comes either from recycled content or certified sustainable sources. We also continue to look for opportunities to introduce more resource-efficient packaging that includes more recycled content, is more recyclable and/or reduces food-to-package ratios.

For example, we recently reduced the size of cereal boxes in the U.S., while maintaining the same amount of food in each box. As a result, also reduced the size of the shipping cartons that hold these packages, reducing packaging material by up to 1 million pounds.

We also are members of packaging covenants in Australia and Singapore, working with other companies to design more sustainable packaging and increase recycling.



Kellogg's

Sourcing Responsibly

The quality of the ingredients in our foods are measured in different ways by different people. Some focus on taste, others focus on nutrition profile, yet others focus on convenience. All of them are important. We also – like more people today – care deeply about how our ingredients are grown, where they come from and the people who grow them. That's why we've committed to [responsibly sourcing 10 priority ingredients by 2020](#). We believe we can have the greatest impact by concentrating our work on the farmers who grow these ingredients. Our intent is to support continuous sustainable agriculture improvements in the growing practices of farmers in the regions from which we source.

Our first step is to gather benchmarking data using either our Kellogg Grower Survey or other tools such as the Field to Market® Fieldprint® calculator, Cool Farm Alliance's Cool Farm Tool, and Sustainable Agriculture Initiative's Farmer Self-Assessment. Once we have this data identifying the needs of local farming communities, we partner with stakeholders including suppliers, farmers, scientists and NGOs, as appropriate, to provide:

- Research and technical assistance on climate smart agriculture;
- Training on farm management and agronomic practices; and,
- Access to markets and financial resources.

These sustainable agriculture projects are part of our global *Kellogg's Origins™* Program. Operating in 21 countries, the program currently benefits 294,000 farmers in regions from which we source, including some not necessarily in our direct supply chain.

Kellogg's Origins projects provide farmers with support on climate smart agriculture practices (help improve resilience, increase yields, optimize fertilizer and water irrigation, improve soil health and reduce GHG emissions), as well as projects that support farmer and worker livelihoods (research, training, market access and financing).

A composite image featuring a portrait of Rita, a Michigan wheat farmer, on the left and the Kellogg's Origins logo on the right. Rita is a woman with long blonde hair, smiling at the camera. The Kellogg's Origins logo consists of the words "Kellogg's ORIGINS" in a stylized font, with a yellow sunburst graphic below it. The background of the image is a textured, burlap-like pattern.

Rita

A Michigan, U.S. wheat farmer and member of the new *Kellogg's Origins™ Great Lakes Wheat Program*, Rita still works on the farm where she grew up. [Here](#), she shares her perspective on the importance of sustainable farming practices, both for her family and families worldwide.

Improving Sustainable Agriculture

Around the world, the adoption of sustainable agriculture practices is helping to improve the environment and the lives of farmers and farming communities, especially smallholders and women. These practices are also critical to making sure there is enough food for everyone. Though our *Breakfasts for Better Days* commitment to create 3 billion Better Days for people around the world by the end of 2025, we are committed to 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. We're especially looking at how we can support [smallholders](#) and [women](#) around the world who play significant roles in agriculture, but often face challenges of injustice and inequality. This work aligns with our support of the U.N. Sustainable Development Goal #5 – Gender Equality, and Goal #2 – Zero Hunger.

We've already seen some early successes and look forward to many more.

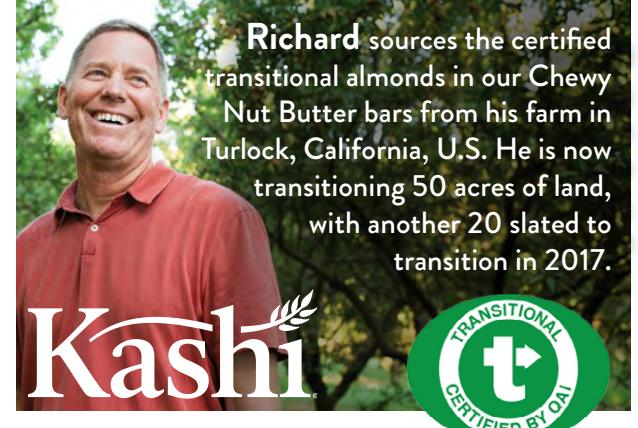
- In the U.S., where less than 1 percent of all farmland is [Certified Organic](#), transitioning conventional farmland to organic takes up to three years and requires more costly farming practices, but crops have historically been sold at conventional prices. To help farmers make the shift, Kashi® pioneered the [Certified Transitional Standard](#) (identified with an on-pack seal), purchasing ingredients from farmers at a premium to help them offset the costs of moving to organic.
- In Thailand, we helped introduce a new medium-grain rice variety for Kellogg's Rice Krispies® and Special K® cereals, not previously grown in the region. This work engaged 700 farmers, 60 percent of whom are women, who now have a long-term market for a non-GMO rice variety that is also high-yielding and pest resistant.



Introducing
a new medium-grain
rice variety in Thailand
engaged **700**
FARMERS

60% ARE WOMEN

Kellogg's



Richard sources the certified transitional almonds in our Chewy Nut Butter bars from his farm in Turlock, California, U.S. He is now transitioning 50 acres of land, with another 20 slated to transition in 2017.

Kashi



Improving The Sustainability of Palm Oil

Although, at Kellogg, we use a small amount of palm oil, we have been working since 2009 to improve the overall sustainability and our responsible sourcing of this ingredient. World Wildlife Federation recognized our work in their [Palm Oil Scorecard](#), and our new partnership with ProForest gives us greater traceability data to support the goals outlined in our [Global Sustainable Palm Oil Policy](#).





Living Our

• FOUNDER'S VALUES •

Our founder, W.K. Kellogg, was a true visionary. He aspired to “make quality products for a healthier world,” and established what is today one of the world’s leading food companies – Kellogg Company. He also aspired to make a difference in the lives of children and founded one of the largest philanthropic foundations in the U.S. – the W.K. Kellogg Foundation. Mr. Kellogg’s values continue to inspire us today. They are the cornerstone of our *K Values*™, the high standards to which we hold ourselves accountable. As we grow, it is paramount that these fundamental beliefs remain at the core of all we do. To ensure that this is the case, all our employees recently participated in refreshed *K Values*™ training.

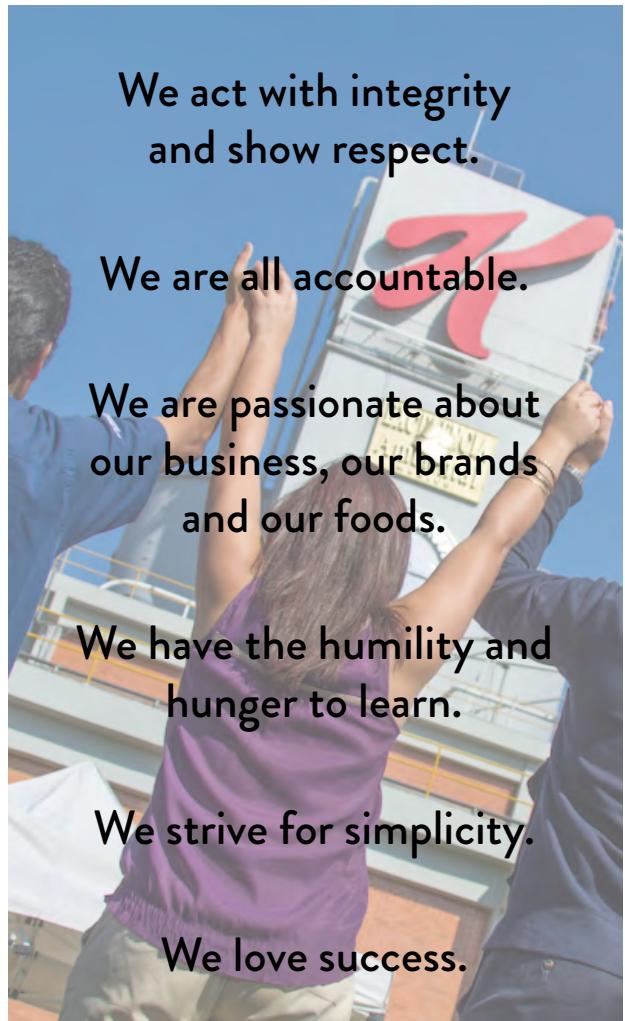
We believe that Mr. Kellogg would be proud of how his company has expanded and continues to serve families on six continents. Kellogg has received numerous [honors and recognitions](#), including:

- Ethisphere Institute World’s Most Ethical Companies; and
- [Corporate Human Rights Benchmark](#) – ranked highest U.S.-based company.



K Values

Integrity & Respect • Accountability • Passion
Simplicity • Success • Humility & Hunger



Operating Ethically

In today's interconnected and interdependent world, the actions of one person can easily affect many. Of course, we follow all applicable laws and regulations in the countries where we operate, but we believe we must do more.

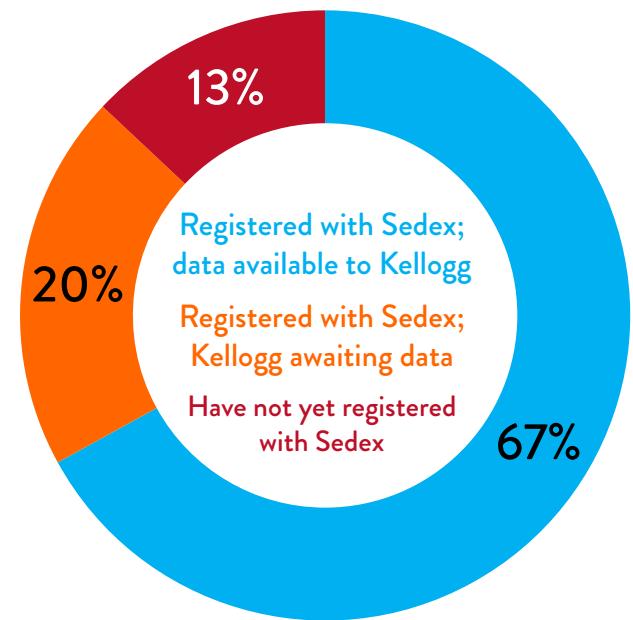
To guide our employees in the important decisions they make daily, our [Global Code of Ethics](#) details how employees are expected to live our values in the workplace, with our consumers, in the marketplace, in our communities and for investors. The Code addresses important topics like anti-corruption, anti-competitive behavior, data protection and human rights. We conduct ongoing training on the Code for all employees and regularly review and update it as appropriate. For example, in 2014 we hired outside experts to assess our anti-corruption compliance program. They helped us identify and address gaps that improved the due diligence we conduct of potential acquisitions and joint ventures in geographic locations known for higher risks of corruption.

We hold our supplier partners to the same level of accountability to which we hold our own employees and facilities. Similar to our employee Code, our [Global Supplier Code of Conduct](#) communicates our expectations for the companies that provide ingredients, packaging, premium items, and other products and services to Kellogg. It covers all our expectations from protecting human rights to prohibiting child labor to respecting the right to organize.

All suppliers are expected to follow the Kellogg Global Supplier Code of Conduct. Additionally, the top 80 percent of our ingredient and packaging suppliers in each region, by spend, are asked to join [Sedex](#) (the largest collaborative platform for sharing ethical supply chain data) and complete a self-assessment to further

clarify risk. Any suppliers that demonstrate "high risk" are asked to provide or complete a third-party audit for verification of compliance with the Kellogg Global Supplier Code of Conduct. We also internally assess all in-scope direct and indirect suppliers based on inherent risks of their product, service and/or country.

SEDEX GLOBAL SUPPLIER PROGRESS



Should we find incidents of non-compliance, we first work with the supplier to understand root causes and process improvements, hoping to implement long-term solutions. The Code states that Kellogg may cease doing business at any time if a supplier is found to be in violation. In 2016, we did so once after learning of human rights violations in the [palm industry](#).

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 referenced above, these commitments are outlined in our [Human Rights Position Statement](#) and our [Policy Statement Prohibiting Involuntary Labor](#).

Across Our Supply Chain

We have continued to expand our human rights issues monitoring and compliance verification process by:

- Forming a cross-functional team of leaders that meets monthly to assess and track our global activities and inform our human rights policy and strategies.
- Integrating third-party economic, environmental and social risk ratings into our overall risk management process. Suppliers determined to have high-risk potential are asked for additional details to fully assess how they are managing these risks.
- Addressing human-right risks through Sedex self-assessments and third-party social compliance audits referenced above. Sedex self-assessments for our own manufacturing facilities also ensure proper internal implementation of our Human Rights Position and procedures.

Within Our Operations

Just as we have a responsibility to support those impacted by our value chain, we also have a responsibility to those within our company. We strive to be a responsible employer, offering competitive benefits and rewards packages, an environment where success is celebrated, and policies that support a healthy workplace. While we have made strategic business decisions necessary for the future of our company that resulted in some roles being eliminated, these decisions were difficult because of the impact on affected employees. We did everything we could to help our employees manage through these transitions.



Working together to make sure people are safe at work is a priority. Every Kellogg workplace has an Environment, Health and Safety (EHS) Committee and our comprehensive EHS Management System provides us with important information we use to make continuous improvements across our operations. We believe all workplace accidents are preventable and are striving to achieve a zero incident rate. In the past year, we've continued to make progress toward this goal against our two primary metrics. Our Total Recordable Incident Rate fell to 1.16 and our Lost Time Incident Rate dropped to .57. Both are significantly below the industry [benchmarks](#) of 4.7 and 1.3, respectively, and near or lower than our interim goal to be a world-class company with rates of less than one.



Embracing Diversity And Inclusion

Having a diverse and inclusive workforce that represents the people around the world who enjoy our foods is the right way to run our company. It also helps ensure that we are immersed in the preferences and mindsets of consumers. For this reason, we strive to build a culture that invites and embraces one another's differences. We're especially honored to have been named to DiversityInc's Top 50 Companies for Diversity for the sixth year, and to have been recognized as a Top Company for Executive Women by the National Association of Female Executives, a Winning Company by 2020 Women on Boards, Working Mother Best Companies for Women in India, and a Top 50 Employer by Equal Opportunity Publications. Additionally, Forbes identified Kellogg as a World's Most Reputable Company and Fortune included us as a World's Most Admired Company.

Of course, our D&I efforts don't focus on our workforce alone. We also purchase from small and diverse suppliers, help to support nonprofit organizations that promote diversity and inclusion, and work to develop products that nourish and delight a diverse range of people around the world. More information on our efforts in this important area is available in our most recent [Features Diversity and Inclusion Annual Report](#).



I'M AGAINST BULLYING
#SPIRITDAY



Top 50 Companies
for Diversity



Top Company for
Executive Women



Winning Company



Top 50 Employer



Kellogg employees in North and Latin America, with 12 of the company's brands, participated in globally supporting Spirit Day, taking a stand against bullying, particularly of LGBTQ youth.



THANK YOU

for your interest in Kellogg Company's corporate responsibility efforts to nourish families so they can flourish and thrive.

We welcome your questions and feedback at
corporateresponsibility@kellogg.com.

Connect with us

