



# Better Days, Brighter Tomorrows

## Corporate Responsibility Report

EXECUTIVE SUMMARY

At Kellogg Company, we are guided by our unwavering belief in even better days and brighter tomorrows. And we have been since our company was founded, more than 100 years ago.

Back then, Kellogg Company was a small, family-owned business selling just one product – *Kellogg's Corn Flakes*®. Today we are a large public company selling a broad array of cereals, snacks and frozen foods in 180 countries. In May 2012 we grew even larger with our acquisition of the Pringles business from Procter & Gamble.

This change in our scale and scope did not happen overnight. Instead, it's been a steady evolution focused not only on the bottom line, but on building our business in a way that benefits our consumers, employees, customers, the communities in which we operate, the environment and society as a whole.

Along this journey, we have found what many others know too – that corporate responsibility and growth are not mutually exclusive. In fact, key aspects of corporate responsibility – such as nutrition, workplace diversity, environmental performance and sustainable agriculture, to name just a few – can and do help to support our company's continued success. That's part of why we have integrated the principles and practices of corporate responsibility into our everyday work.

We know we have an opportunity – an obligation, even – to increase our positive impacts on society and the environment and enable our people to progress and improve, even as we also work to grow our business. And, we welcome the chance to continue to help create better days and brighter tomorrows for everyone we touch.

**John Bryant**  
President and Chief Executive Officer  
April 2013

# 2012

### Our Reporting

Our 2012 Corporate Responsibility Report describes our efforts and results in four key performance areas, or pillars: **Marketplace, Workplace, Environment and Community**. It also addresses the topic of **Hunger Relief, which cuts across all of these areas**. The full report (with references and additional data) is available online – just click on the “Corporate Responsibility” tab at [www.kelloggcompany.com](http://www.kelloggcompany.com). This executive summary provides a snapshot of our key efforts and achievements.

[www.kelloggcompany.com](http://www.kelloggcompany.com)

## *Kellogg's* Breakfasts for Better Days™

### Focus on Hunger Relief

As a global food company, we believe it is important to support issues relating to nutrition, particularly hunger. We recently launched a new corporate philanthropy initiative, called *Breakfasts for Better Days*™, focusing on hunger relief and programs that provide breakfast for children and families. As the world's leading cereal company, we have committed to providing 1 billion cereal and snack servings – more than half of which are breakfast – to children and families in need around the world by the end of 2016.

FEEDBACK

\$5

THE GLOBAL FOODBANKING NETWORK

We welcome your feedback on our reporting at [corporateresponsibility@kellogg.com](mailto:corporateresponsibility@kellogg.com). To encourage your input, we will make a one-time, \$5 donation to The Global FoodBanking Network for every person who sends feedback through Nov. 1, 2013, on the 2012 report, up to \$10,000 total.

# Community

## Our New Philanthropic Giving Strategy

Feeding the hungry has long been one of our core social initiatives. From food donations during times of disaster to breakfast programs for schoolchildren, providing food for those who need it is inherent to who we are and what we do. In early 2013, we announced a new corporate philanthropy initiative that makes hunger relief – breakfast programs in particular – our signature cause. By the end of 2016, Kellogg will provide 1 billion cereal and snack servings – more than half of which are breakfast – to children and families in need around the world.

*Kellogg's* Breakfasts for **Better Days™**

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2012 Charitable Contributions

\$ 52.3 Million

Community Investments

23.4 Million Lbs. Overall Food Donations

## Breakfast Clubs

All too frequently, and all around the globe, teachers struggle to educate children who come to school hungry. In some countries, including the U.S., governments provide breakfast for children who don't receive a morning meal at home. In other countries, government-sponsored breakfast programs do not exist. In those nations, we support and promote "breakfast clubs" that offer meals at school. School-based breakfast clubs are a proven – and cost-effective – way to tackle child hunger in the mornings while simultaneously improving students' academic performance, behavior, attentiveness and attendance rates.



We donated 6 million cookies to American Red Cross blood donors through our "Be a Good Cookie" program.



## Supporting Community Development

In addition to our hunger relief efforts, our philanthropic programs focus on community development and physical fitness activities. In Australia, for example, we support the **Stephanie Alexander Kitchen Garden Foundation**, which helps schools build gardens and develop curricula on nutrition, gardening and cooking. Since 2009, the Kellogg Australia Charitable Foundation has contributed more than \$450,000 to this organization, which reaches about 35,000 children across Australia.

## From Food Waste to "Food Rescue"

Every year, an estimated 1.3 billion tons of food produced for human consumption is lost or wasted, according to the Food and Agriculture Organization of the United Nations. This waste, which totals about a pound of food per person per day, occurs all along the supply chain – from agricultural production to manufacturing to retailing to home consumption. And yet, in stark contrast, millions of people also go hungry each day. At Kellogg, we have for years repurposed food waste from our manufacturing facilities for use as animal feed. But more than ever, we aim to "rescue" food that would be diverted – raw ingredients as well as finished products – and donate it to feed people in need. To do this, we're making changes within our own operations, and we're working with our retail partners to find solutions.



# Marketplace

## Enhancing Nutrition

We believe that all foods have a place in the diet – with balance and moderation. We are committed to further improving existing products (and developing new ones) by increasing the nutrition elements that are essential to good health – fiber, protein, vitamins and minerals, to name some of our primary efforts. We also emphasize responsibly reducing sodium, sugars and fats across our product portfolio and put particular focus on creating new foods that offer nutrition, convenience and great taste – attributes for which we've always been known.

We introduced many new and updated products in 2012 and early 2013 that respond to consumer nutrition needs, including the following:



In the U.S., many varieties of **Rice Krispies®** and **Mini-Wheats®** with **2X** the folic acid (50% of the Daily Value), a nutrient essential during pregnancy.

Two new **kid-focused cereals** for our U.S. market: **Scooby Doo®** and **Cinnamon Jacks®**, each a good source of fiber.



Several **“on-the-go”** products, including our **European Nutri-Grain® Breakfast Biscuits**, **designed** for those who don't have time for a sit-down morning meal.

A reformulated version of **Kellogg's Honey Loops®** in **India** that includes four varieties of **grain**, up from three.



## Our Commitment to Responsibility

### Sourcing Responsibly

We are committed to maintaining an ethical and transparent supply chain free of forced labor, including slavery and human trafficking.

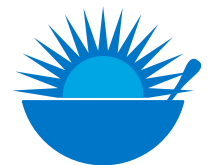
### Responsible Product Marketing

We are committed to the responsible marketing and communication of our products to help shoppers make informed choices about the foods they enjoy. Our Worldwide Marketing and Communication Guidelines provide a consistent global framework for responsible marketing practices. Since Jan. 1, 2009, we have not marketed to children under age 12 those products that do not meet our Kellogg Global Nutrient Criteria. Kellogg does not market any products to children under 6 years old.

### Nutrition Education

We are committed to informing consumers and health care professionals about nutrition, enabling them to make choices that meet their dietary needs. These concepts are core to our Kellogg Company Nutrition Policy, which we review annually to ensure we communicate nutrition information with transparency and openness.

## The Benefits of Breakfast Cereal







Most people know that breakfast is the most important meal of the day. And a cereal breakfast ranks among the best choices for that meal, providing the nutrients that many of us – especially children – might otherwise miss. In addition, regular cereal eaters, including those who eat kids' cereals, tend to have lower body mass indexes (BMIs) and are less likely to be overweight than those who eat cereal less frequently.

# Environment

## Progress Toward Our Goals

We work hard to minimize the environmental impact of our manufacturing operations. Four key goals, shown in the table below, drive our efforts. We are on track to meet our water use and waste to landfill goals, while we need to accelerate our progress in the areas of energy use and greenhouse gas (GHG) emission reductions to meet our goals.

Environmental Aspect	Baseline Year	2015 Goal	Reduction as of Dec. 31, 2012
 Water Use	2005	15-20% reduction	13.2%
 Energy Use	2005	15-20% reduction	7.4%
 GHG Emissions	2005	15-20% reduction	7.4%
 Waste to Landfill	2009	20% reduction	11.6%

(Our goals are "per metric tonne of food produced" and are for our manufacturing facilities only.)

## Our Commitment to Reducing Deforestation

As a member of the Consumer Goods Forum (CGF), we support the CGF's pledge to help achieve zero net deforestation globally by 2020. We are taking the following actions on commodities we purchase that are or can be sourced from areas of tropical deforestation:

### Palm Oil

Although Kellogg is not a large buyer of palm oil, we have been committed to supporting the development of sustainably grown palm oil since 2009. In fact, all of the palm oil we use today is 100 percent sustainably sourced through a combination of GreenPalm certificates, mass balance and segregated supply. Also, 100 percent of the palm oil we use comes from suppliers who are members of the Roundtable on Sustainable Palm Oil, a multi-stakeholder organization (of which Kellogg is also a member) working worldwide to ensure that palm oil production is economically viable, environmentally appropriate and socially beneficial.

### Forest and Paper Products

In 2012, 84 percent of our food cartons globally were made from recycled fiber content, and 48 percent of the corrugated material we used globally to transport our products was made from recycled content. Of the forest-product-based packaging material we use that is not recycled, more than 99 percent is made from virgin fiber that is certified sustainably grown. We are committed to having 100 percent of our virgin stock certified sustainably grown by the end of 2013.

### Soy

We do not purchase soy products from tropical deforested regions. Instead, we purchase soy almost exclusively from the U.S., with some supply for our Latin American operations sourced from Argentina. We remain committed to this sourcing strategy to ensure our soy is not from deforested lands.

## Making Transport More Sustainable

In the U.K., we are part of a pilot project that is testing longer semi-trailers for product delivery, each of which can hold 15 percent more product than a typical truck. We are utilizing the longer trucks on just one key route to date, but we estimate even this single change will mean avoiding the equivalent of 80 metric tonnes of CO<sub>2</sub> emissions per year.



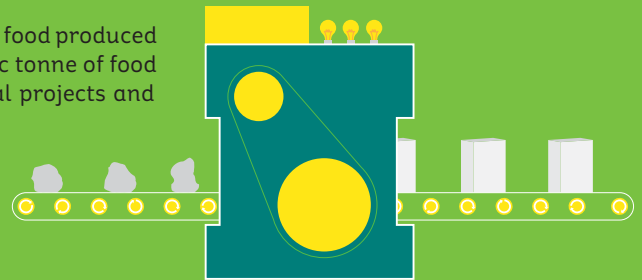
## A Very Sticky Problem: Reducing Water Use in Our Rome (Georgia) Plant

Our plant in Rome, Georgia, makes *Rice Krispies Treats*®, among other things. And the fact is, *Rice Krispies Treats*® are very sticky.

Because of this, the plant traditionally used a lot of water to clean its conveyor belts. Several years ago, plant engineers set to work designing and installing a new conveyor belt-washing system that would use less water. Their designs evolved through several iterations, getting more and more efficient each time. The most recent upgrade was installed in 2012.

Due to this new system – plus other changes such as a re-piping project that enabled the plant to decommission a large boiler – the Rome plant succeeded in reducing its water use (per metric tonne of food produced) by 69 percent in 2012. Since 2005, the baseline year, they've reduced this measure by 80 percent.

The plant has also reduced its energy use per metric tonne of food produced by 23 percent since 2005, and its waste to landfill per metric tonne of food produced by 37 percent since 2009, through myriad capital projects and process upgrades.



## Where Are Our Ingredients Grown?

There's no question that Kellogg is a global company with a global supply chain. But most of our ingredients are grown and sourced in the same regions as the manufacturing plants where they are made into our popular and delicious foods. While many factors go into determining where we source our ingredients (including cost, quality, availability and so forth), the "localness" of the supply is one important criteria.

## Promoting Sustainable Agriculture

At Kellogg, we know that our most significant environmental impacts occur in our supply chain, in the growing of agricultural ingredients. According to a new report by World Wildlife Fund, agriculture is the single-largest driver of deforestation on Earth, the largest user of water, the biggest user of chemicals and the most significant source of water pollution. Nearly all of the foods we make at Kellogg are derived from simple grains, and fortunately, grains have a lower environmental impact than many other foods.

As a responsible food company, we want to do our part to minimize the impacts of agricultural production and help the agricultural sector be more sustainable. Toward that end, we are working with breeders and growers and in partnership with other organizations. For example:

- We participate in several multi-stakeholder groups working to drive sustainability, including the Sustainable Rice Platform and Field to Market: The Alliance for Sustainable Agriculture.
- We are sponsoring a Rice Master Grower program in Louisiana – together with rice farmers, the Louisiana Rice Mill and the Louisiana State University AgCenter – to drive continued progress in the sustainability of rice farming in that region. We have also been working closely with rice growers in Spain, and we fund rice breeding research and training for rice scientists in Thailand and Vietnam.
- We are working closely with more than 200 farmers in Argentina who grow corn for us, in part to help improve the sustainability of growers' agricultural practices.
- We support a program in Mexico that helps smallholder farmers learn how to grow amaranth, a unique native grain that's very nutritious. The program has been particularly successful in giving rural women a means to earn income for their families.



# Workplace

## Employee Safety

Employee safety has always been a priority at Kellogg. We want all Kellogg employees to work in safe and secure environments and to return home safely each day.

To fulfill this vision, we are developing world-class safety programs, with an ultimate companywide goal of zero injuries and occupational illnesses. Beginning in 2012, people safety was added as a performance measure in our annual bonus plan program for people managers and executives.

We achieved significant safety progress in 2012 – progress that reflects the enthusiasm and hard work of our team members at Kellogg locations around the globe. All told, more than 100 Kellogg sites globally had a Total Recordable Incident Rate under 1.0, which is excellent.

In 2012:



## Diversity and Inclusion

To ensure our success in the marketplace, it is essential that we understand our consumers – who they are and what they like and value. To do that well, we need a workforce that mirrors the diversity of our consumers. We also want a corporate culture in which all employees feel included and valued at work and inspired to do their best. We see diversity and inclusion as key drivers of business success, and we are working to accelerate our progress toward a more diverse and inclusive workforce.

In the U.S., our seven Employee Resource Groups (ERGs) offer one way for employees to engage with each other and with Kellogg. The ERG for veterans – K Vets & Supporters – was launched in 2012 to honor military service and strengthen the company's ability to effectively recruit and "onboard" veterans. For more information, see [www.kelloggdiversityandinclusion.com](http://www.kelloggdiversityandinclusion.com).

## Kellogg Board of Directors

**9 Men 4 Women**

11 Caucasian, 1 Hispanic, 1 African-American



This piece was printed using soy based inks.



## Our K Values™

At Kellogg Company, our K Values™ are lived each day and felt throughout the organization. They form the basis of our corporate culture and help to foster community among our employees.

In brief, our K Values™ state that we act with integrity and show respect. We are all accountable. We are passionate about our business, our brands and our food. We have the humility and hunger to learn. We strive for simplicity. And we love success.

## 2012 Awards and Recognitions

Ethisphere Institute  
**World's Most Ethical Companies**

Forbes  
**World's 100 Most Reputable Companies**

Corporate Responsibility Magazine  
**100 Best Corporate Citizens List**

Newsweek  
**Green Rankings (both the U.S. and global lists)**

DiversityInc  
**Top 50 Companies for Diversity**

Human Rights Campaign  
**100% score on the annual Corporate Equality Index**

Forbes  
**World's 100 Most Innovative Companies**

Interbrand  
**Best 100 Global Brands**

See our full report online for a complete list, at [www.kelloggcompany.com](http://www.kelloggcompany.com).

## Talent Management

In 2012, we rolled out our Leadership Essentials program in Latin America and Asia. Leadership Essentials covers an array of management, leadership and employee development skills, tailored to the manufacturing environment. It enables plant managers and supervisors to continue to broaden their skills and engages them more directly in the success of the company. In the U.S., more than 75 percent of our plant managers and supervisors completed this program (under its original name of Supervisor Success) in 2011 and 2012.