

*Nurturing Our Planet:*

# KELLOGG COMPANY 2020 GLOBAL RESPONSIBLE SOURCING MILESTONES



*Kellogg's*  
**Better Days** 

*Our Commitment:*

Build resilient and responsible supply chains for our priority ingredients.

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Our *Kellogg's® Better Days* commitment aims to create Better Days for 3 billion people by the end of 2030. As part of that, we intend to build resilient, responsible supply chains through our commitment to meet our responsible sourcing goals for priority ingredients. We are working and tracking our progress toward nurturing people and our planet by supporting 1 million farmers and workers. We do this while also conserving natural resources across our value chain by meeting our science-based targets to reduce greenhouse gas emissions, reduce organic waste and provide sustainable packaging.

We have made tremendous progress toward our original 2020 responsible sourcing goals for our first-generation priority ingredients and have shared how our strategies continue to evolve as we learn with our supply chain partners.

1.

**We reached 98% of our original, 2020 responsible sourcing goals to responsibly source our first 10 priority ingredients** – wheat, corn/maize, rice, potatoes, sugar beets, sugar cane, fruits, palm oil, cocoa, vanilla – with clear opportunities to close the remaining gaps.

2.

**Our 2030 responsible sourcing goals will focus on our next-generation priority ingredients. We will continue to update our priority ingredients with regular environmental, social, & governance (ESG) materiality assessments.** Starting in 2021, we will keep most of our 10 priority ingredients; sunset vanilla; and add eggs, soy, oats, cheese, almonds, and hazelnuts to our priorities.

3.

**We're on track toward our goal to support 1 million farmers and workers by the end of 2030.** As of 2020, the *Kellogg's Origins™* program has partnered with more than 440,000 farmers, suppliers, and experts in 29 countries to promote farmers' climate, social and financial resiliency, with measurable environmental and social outcomes.



## How We Meet Our Responsible Sourcing Goals For Our Priority Ingredients

As a global, plant-based foods company, the ongoing success of our business depends on using high-quality ingredients to make foods enjoyed by people around the world. We source our priority ingredients through partnerships, purchased materials and programs that work to restore nature, protect and respect human rights, and support farmer livelihoods. Our strategies include a combination of third-party certification, direct investment at origin, and continuous improvement at a farm level chosen to address salient environmental and social opportunities and issues where we source our ingredients.

We implement these strategies in priority ingredients' supply chains. We announced our first generation of priority ingredients in 2015, with the goal of reaching 100% progress toward our responsible sourcing goals for our priority corn, wheat, rice, potato, fruit, sugar beet, sugar cane, palm oil, cocoa, and vanilla ingredients by the end of 2020. Over time, we recognized the dynamic nature of our supply chains and our business. With the launch of our *Kellogg's® Better Days* Global Purpose Platform, we added regular ESG materiality assessments to our responsible sourcing methodology to ensure our priorities and programs are responsive to changes in the world and our business. As the result of a 2020 ingredient materiality assessment, which we provided a summary of in our [2019 Responsible Sourcing Milestones](#), we added new priority ingredients – eggs, soy, oats, cheese, almonds, and hazelnuts – to our responsible sourcing goals for 2030. We also confirmed that we would complete our journey on our responsible sourcing goals for natural vanilla in 2021, given significant decreases in our sourcing volumes.

## Continuous Improvement

For row crops like corn, wheat, rice, potatoes, fruits, and sugar beets, we source our priority ingredients by measuring continuous improvement at the field and farm level across key environmental and social indicators of sustainable, responsible agriculture. In partnership with our suppliers, we have used industry-standard tools including the Cool Farm Tool, Field to Market's® *Fieldprint*® Platform, or SAI Platform's Farm Sustainability Assessment. Where equivalent industry tools are not available, we have used the [Kellogg Grower Survey](#), an annual farm management survey first launched in 2016 to document and measure on-farm management decisions with farmers over time. Each year, we collaborate with suppliers, project partners and farmers to collect this data and share results with producers. This annual process helps to identify opportunities with suppliers and farmers to support improvements.

In many cases, Kellogg and our partners have established *Kellogg's Origins* programs in our row crop sourcing regions to provide training and technical assistance and share best practices that improve farm productivity, regenerate soil health, protect species and habitats and reduce greenhouse gas emissions. This work both promotes farmers' climate, social and financial resiliency and contributes to our goal to reach 1 million farmers and workers by the end of 2030.

## Direct Investment and Certification

For crops like sugar cane, palm oil, cocoa, vanilla, and eggs, we source our priority ingredients using a combination of third-party certification and direct investment in our sourcing regions to address more severe impacts to people and planet, including but not limited to deforestation and human rights risks. Certification schemes like the Roundtable for Sustainable Palm Oil provide the foundation for responsible sourcing of these ingredients. We also invest in on-the-ground interventions to support farmers, particularly smallholder producers in regions with systemic challenges that supply chain models have only partially addressed to-date. Examples include our Impact Incubator for smallholder palm producers, detailed in our most recent Palm Oil Milestones, and our 2020 commitment to reach 16,000 cocoa producers through direct investment in our sourcing regions.

## Our 2020 Responsible Sourcing Goals

We have made tremendous progress since launching our first generation of responsible sourcing commitments in 2015. As of December 2020, we achieved 98% progress toward our goal to meet responsible sourcing milestones for our original 10 priority ingredients, detailed on the following pages. Through implementation of continuous improvement, certification, and direct investment strategies with 117 suppliers to-date, our supply chains have demonstrated greater transparency for millions of metric tonnes of ingredients and adopted farm and supply chain programs to promote environmental and social resilience.

While we have made steady year-over-year progress since 2015, we have fallen short of meeting 100% of our responsible sourcing goal in one of our ingredient categories. As of 2020, we have met the responsible sourcing goal for 84% of our cane sugar volumes, based on the expectations we defined for our supply chain in 2015. Creating resilient, responsible agriculture systems can be challenging, especially in regions where farmers produce under extraordinary circumstances. That's why we collaborate with suppliers and organizations around the world to inform and improve our efforts to responsibly source our ingredients. We share a brief preview of our next steps to evolve our strategy in our Sugar Cane profile (pg. 31) and will continue to publicly report on our efforts to continuously improve our responsible sourcing goals for this important commodity.

# 2020 Global Responsible Sourcing Milestones

# RESILIENT, RESPONSIBLE SUPPLY CHAINS

Responsible Sourcing Goals <sup>a</sup> 117 Ingredient Suppliers Engaged in 2020		2020 Priority Ingredients	Progress Toward 2020 Goal	Kellogg's Origins™ Programs
<b>Continuous improvement in environmental and social indicators</b>  <i>More than 180,000 hectares measuring continuous improvement</i>	<b>Drive continuous improvement</b> using the Kellogg Grower Survey or equivalent industry tool (e.g. <i>Fieldprint</i> ® Platform, Cool Farm Tool)	Corn/Maize	100%	✓
		Wheat	100%	✓
		Rice	100%	✓
	<b>Drive continuous improvement</b> using the Kellogg Grower Survey or equivalent industry tool (e.g. Cool Farm Tool)	Potatoes	100%	✓
	<b>Drive continuous improvement</b> in raisins, sultanas, and freeze-dried strawberries using the Kellogg Grower Survey	Fruits	100%	✓
	<b>Drive continuous improvement</b> using the Kellogg Grower Survey or equivalent industry tool (e.g. <i>Fieldprint</i> ® Platform, SAI Platform Farm Sustainability Assessment)	Sugar Beet	100%	✓
<b>Direct investment or certification in our ingredient sourcing regions</b>	Partner with our supplier, Symrise, to <b>support the climate and financial resilience</b> of 1,000 vanilla farmers and <b>protect land and biodiversity</b> in Madagascar	Vanilla	100%	✓
	Source cocoa ingredients through direct investments in our sourcing regions to <b>improve farmer livelihoods and support climate-smart agriculture practices</b>	Cocoa	100% <sup>b</sup>	✓
	Source granulated sugar from sugar cane responsibly <b>through industry certifications and continuous improvement programs</b> , especially for smallholder farmers	Sugar Cane	84%	✓
	<b>Original 2020 Goal:</b> <b>Purchase 100% certified palm oil volumes</b> as RSPO Certified Segregated or Mass Balance, or with RSPO Certificates	Palm Oil	100%	✓
	<b>Work toward 100% physically certified palm oil</b> by the end of 2025. Launch an Impact Incubator to support smallholders and forest communities and <b>accelerate the pace of change in the industry.</b>	Palm Oil	83%	✓

<sup>a</sup>In-scope ingredients for responsible sourcing are defined by major purchased commodity, representing over 80% of total, annual global volume.

<sup>b</sup>2020 goal for responsibly sourcing chocolate and cocoa ingredients based on farmer equivalency, calculated with 2014 chocolate and cocoa ingredient sourcing volumes.

## Trends from the Kellogg Grower Survey

With five years of measuring continuous improvement in farm management practices in our ingredient supply chains, we can not only share annual results with our suppliers and farmers, but also share publicly how farmers' practices have shifted over time. Since 2016, we have implemented the Kellogg Grower Survey (KGS) in our corn, wheat, rice, potato, and fruit supply chains to document and promote continuous improvement at a field level. For each of those five years, at least 68 suppliers have partnered with us to gather insights from an average of 872 farmers per year, responding from 27 countries. These insights have allowed us to identify encouraging continuous improvement trends over the course of the KGS program.

**Climate:** From 2016 through 2020, KGS responses increased each year by nearly 7% ( $p=0.043$ ), showing farmers are taking action to lessen their risk from extreme weather events. In other words, about 60 more KGS responses each year show farmers taking action to reduce climate risk.

**Soil Health:** Nearly 5% more responses each year ( $p=0.032$ ) show farmers are using 2 or more soil health practices, including but not limited to conservation tillage, cover crops and permanent soil cover, all of which can help to improve productivity and mitigate climate risk.

**Biodiversity:** Over 10% annual response increase ( $p=0.049$ ) show farmers have adopted biodiversity measures on farm.

These improvement trends are positive, and we celebrate farmers' accomplishments and commitment to continuous improvement within our supply chains. However, the trends also remind us of the significant work still ahead to help bring climate-smart, nature-positive agriculture practices to scale. This is why direct investment in our *Kellogg's Origins™* program (pg. 9) – where we partner with farmers, suppliers and experts around the world to promote practices that improve climate, social and financial resiliency – is essential for catalyzing change.

## The Road to 2030

In service of our Better Days 2030 commitments, we continue to evolve our responsible sourcing strategies to ensure our priority ingredients and programs are responsive to changes in the world and in our business. Following our 2020 ingredient ESG materiality assessment, in addition to maintaining responsible sourcing goals for 9 of our original 10 priority ingredients, we are adding six new ingredients to our priority ingredients for our 2030 commitment to build resilient, responsible supply chains. We have added these priority ingredients to our responsible sourcing programs in 2021 and will start publicly reporting our progress in 2022. Also in 2021, we will complete our responsible sourcing journey for natural vanilla with the conclusion of our three-year partnership with our supplier, Symrise, and smallholder vanilla producers in Madagascar. These changes follow a 2020 ESG materiality assessment our ingredients.

We detailed our materiality assessment process in our [Better Days methodology](#) and shared a summary in our [2019 Responsible Sourcing Milestones](#). Our methodology includes the option to reevaluate our ESG materiality on an ongoing basis during our journey to 2030 and update our priority ingredients as our business, our supply chains and the world continue to evolve. This transparency and continuous improvement is core to our commitments to nurture the planet and support farmers and workers in our supply chains.



# 2020 Global Responsible Sourcing Milestones

# KELLOGG'S ORIGINS™ PROGRAM



It all starts with farmers. They are the people who grow our food and steward our lands and waters. We created the *Kellogg's Origins™* program to build partnerships with farmers that support their climate, social and economic resiliency. We work with our ingredient suppliers, research institutions and non-profit organizations around the world to provide farmers and workers in our sourcing regions with training and technical assistance they need to improve farm productivity, regenerate soil health, protect species and habitats, reduce greenhouse gas emissions and improve their livelihoods in ways that protect and respect human rights.

## 2020 Global Responsible Sourcing Milestones

Our goal by the end of 2030 is to reach 1 million farmers and workers, including smallholders and women, with programs focused on climate, social and financial resiliency. As of the end of 2020, *Kellogg's Origins™* has reached more than 440,000 farmers in 29 countries around the world. Our [Global Kellogg's Origins™ map](#) showcases details from programs past and present. We have continued to develop new programs that bring renewed focus on building capability with partners farmers trust, including agronomists and crop advisors, and tackle barriers farmers face in adopting conservation or regenerative agriculture practices that support their long-term resilience.



**441,685**  
*Farmers reached*



**36,989**  
*Smallholders supported*

**15,414**  
*Women farmers supported*



**1,031**  
*Agronomists trained in 2020*



# 2020 Global Responsible Sourcing Milestones

## Climate

Globally, land use accounts for about 23% of greenhouse gas (GHG) emissions.<sup>1</sup> Agricultural communities are both vulnerable to the impacts of climate change and a source of nature-based climate solutions. For these reasons, climate resilience, reduced GHG emissions and improved productivity are global priorities for our *Kellogg Origins* program.

### 2020 Climate Milestones

[ **85 AUSSIE WHEAT FARMERS** +  **Cool Soil INITIATIVE** ]

#### MEASURED OVER 20,000 HECTARES OF WHEAT

to study the impact of changing farm management practices on improving soil health. Farmers also demonstrated climate resilience through improved nitrogen and water use efficiency to bounce back from extreme drought in 2018 & 2019.



**FARMERS PREVENTED  
2,858 METRIC TONS OF GHG EMISSIONS**

through soil health practices as part of our *Supporting US Farmers* collaboration in Michigan with The Nature Conservancy



#### ALTERNATE WET-DRY IRRIGATION TRIAL RESULTS\*

in partnership with IRTA & rice farmers in Spain



**57%\*\* LOWER GHGS**

**40% FEWER WATERING DAYS**

**4% HIGHER YIELD**



\* vs. a control    \*\* Modeled with the Cool Farm Tool

<sup>1</sup>Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems [P.R. Shukla, J. Skea, E. Calvo Buendia, V. Masson-Delmotte, H.- O. Pörtner, D. C. Roberts, P. Zhai, R. Slade, S. Connors, R. van Diemen, M. Ferrat, E. Haughey, S. Luz, S. Neogi, M. Pathak, J. Petzold, J. Portugal Pereira, P. Vyas, E. Huntley, K. Kissick, M. Belkacemi, J. Malley, (eds.)]. In press.

# 2020 Global Responsible Sourcing Milestones

## Nature

Nature is a source of solutions for resilient food systems and economies. *Kellogg's Origins* includes partnerships to help communities restore agricultural ecosystems in Kellogg sourcing regions, using nature-based solutions to boost farm productivity, as well as protect and restore ecosystems.

### 2020 Nature Milestones

SINCE 2015, **Kashi** HAS PAID

**MORE THAN \$4M  
IN PREMIUMS TO  
U.S. FARMERS** [ to convert ]

**10,000 ACRES  
OF FARMLAND  
TO ORGANIC**

Kashi® was the first American food company to offer a certified transitional program to U.S. farmers.

**OVER 1,000  
CERTIFIED CROP  
ADVISERS,**

[ & other trusted  
advisors to U.S.  
& Canadian  
farmers, joined ]

**TOWARDS  
MORE HOLISTIC  
IPM TRAINING,**

the first installment of the American Society of Agronomy's five-part, [North American Integrated Pest Management \(IPM\) Training Series](#) sponsored by Kellogg Company. The series has provided continuing education credits to advisers & agronomists on topics, including IPM for Regenerative Agriculture Systems, supporting farmers' decisions to manage pests in a way that protects people and planet.





## Corn/Maize

We meet our responsible sourcing goals for corn ingredients through continuous improvement at the farm level, using the Kellogg Grower Survey and equivalent industry tools like the *Fieldprint*<sup>®</sup> Platform. Key performance indicators include soil health, productivity and fertilizer efficiency. We also directly invest in programs that support farmers' climate, social or financial resilience.



## Corn/Maize 2020 Highlights

- Our multiyear partnership with CIMMYT, 225 Mexican corn producers and our suppliers exceeded its 2020 goal to reach 200 farmers who have begun producing yellow maize. The farmers received direct training to implement conservation agriculture practices and have improved their farm profitability by 36%. Because of this success, Kellogg and CIMMYT extended the partnership for another four years to expand a local sourcing model that restores healthy soils and promotes farmers' resilience. Sustainability goals will include, but not be limited to, hectares managed with conservation agriculture practices and greenhouse gas emission reduction.
- We continued our program to purchase verified responsibly sourced corn with Dacsa, our regional supplier, and farmers in Argentina. This expansion allowed us to responsibly source corn for all *Kellogg's Corn Flakes*®, *Frosties*®, and *Crunchy Nut*® sold in Europe in 2020. We used a [responsible sourcing protocol](#) modeled on protocols that are used by well-recognized, international non-governmental industry groups. An independent, third-party auditor verified that our ingredients had been produced with corn grown in accordance with environmental and social best practices.

## Corn/Maize 2020 Highlights | continued

- As part of our Supporting U.S. Farmers collaboration with The Nature Conservancy:
  - In Nebraska, 11 farmers are participating in a pilot project to interseed diverse cover crop mixes on 40 acres of corn rotations to help de-risk the implementation of this practice. The pilot will also help the partners better understand the effects of interseeding as they scale the practices to over 10,000 acres at these farms. Soil health and yield impacts from the project will be available after the 2022 harvest.
  - In Illinois and Indiana, farmers receive small grants and technical advice using practices that support the state's Nutrient Loss Reduction Strategy through the Saving Tomorrow's Agriculture Resources (STAR) initiative. In 2019, cover cropping implemented by S.T.A.R. farmers prevented more than 5,440 tons of CO<sub>2</sub>e from entering the atmosphere, or the equivalent of removing more than 13 million vehicle miles off the road. Impact metrics for the program in Illinois and Indiana will be available when this project phase concludes at the end of 2021.

For more information about our work in our corn/maize supply chains, please visit our [Global Kellogg's Origins™ map](#).



## Wheat

We meet our responsible sourcing goals for wheat ingredients through continuous improvement at the farm level, using the Kellogg Grower Survey and equivalent industry tools like the *Fieldprint*<sup>®</sup> Platform. Key performance indicators include soil health, productivity and fertilizer efficiency. We also directly invest in programs that support farmers' climate, social or financial resilience.





## 2020 Highlights:

- Kellogg joined a partnership with Mars Petcare, Manildra Group, Allied Pinnacle, Sustainable Food Lab, and leading researchers at Charles Sturt University and Food Agility CRC to launch the Cool Soil Initiative. This \$2.5 million "paddock to product" partnership will work with 200 Aussie wheat farmers over three years to adopt soil health practices, including cover crops and crop rotation, to improve resiliency to climate change. Partners have embraced the program, with 100% retention of participating farmers and more than 500,000 acres of farmland enrolled. If the Cool Soil Initiative can deliver a 0.1% increase in soil carbon across 1.7 million acres, the impact would be equivalent to removing more than 1 million cars from the road.
- Kellogg and TechnoServe expanded their multiyear partnership in India to launch the Improving Livelihoods for Smallholder Farming Households program to empower smallholder wheat farmers in five districts across Uttar Pradesh. The program's approach to making agriculture more sustainable and profitable – especially as COVID-19 severely impacted smallholder farmer economics in the region – includes enrolling women in local Farmer Interest Groups (FIGs) and Farmer Field Schools (FFSs) to provide training in Good Agricultural Practices (GAP) and promote their participation in agriculture. As of 2020, this program has successfully trained 2,719 farmers in 2020, 88% of whom are women.

## Wheat 2020 Highlights | continued

- In Michigan's Saginaw Bay watershed, our Supporting U.S. Farmers collaboration with The Nature Conservancy (TNC) incentivizes soil health practices and improved water quality through a pay-for-performance program. Since this phase of Kellogg's partnership with TNC began in 2019, the project resulted in 7,822 pounds of nitrogen load reductions, reduced sediment loads by 629 tons and prevented 2,858 metric tons of GHG emissions.
- Since 2013, Kellogg has worked with our miller, Heygates, and farmers in the United Kingdom to promote agricultural practices that improve farm performance and support environmental enhancements across our wheat sourcing region. In addition to the *Kellogg's Origins™* UK programs' years of partnerships to provide farmers with regular visits from experts to help them make best use of government environmental schemes, the program undertook a 2020 farm-level net zero assessment. Results published in 2021 showed [how arable farms can achieve net zero](#) in this region of the UK, confirming that up to 60% reduction in net emissions can be achieved by implementing pragmatic management practices and focusing on the most productive areas of the farm, while maintaining yield and financial performance.
- In January 2020, we set a goal to phase out the use of glyphosate as a preharvest desiccant in our wheat and oat supply chains in our major markets by the end of 2025. Our teams have developed work plans to reach this goal for key ingredients - including whole grains, cracked and rolled grains, brans, and flours - made from wheat and oats grown in United States, Canada, Mexico, France, the United Kingdom and Australia. We will prioritize progress in our oat supply chains first, then in wheat. Starting in 2021, three Kellogg suppliers have provided assurances that farmers in our oat and wheat ingredient supply chains do not use glyphosate as a preharvest crop desiccant. We will continue to partner with our suppliers to reach our 2025 goal and will report our progress in our 2021 Responsible Sourcing Milestones, with our total sourcing volumes confirmed for the year.



## Rice

We meet our responsible sourcing goals for rice ingredients through continuous improvement at the farm level, using the Kellogg Grower Survey, the *Fieldprint*<sup>®</sup> Platform, and the Cool Farm Tool. Key performance indicators include soil health, productivity, and fertilizer efficiency. We also directly invest in programs that support farmers' climate, social or financial resilience.



## 2020 Highlights:

- In Arkansas, our Supporting U.S. Farmers collaboration with The Nature Conservancy (TNC) provides rice farmers irrigation pump timers to manage irrigation efficiently and conserve water from the Alluvial Aquifer. Groundwater conservation is critical to meet Arkansas's thriving rice industry and drinking water needs, and excess groundwater pumping for irrigation can deplete aquifers and contribute to soil erosion from overirrigated fields. TNC and other local partners have installed irrigation timers on 30 Arkansas farms to manage water use on approximately 15,000 acres of land as of 2021, an increase from 27 farmers participating as of the end of 2020. As of 2020, the project has saved 4.72 billion gallons of valuable groundwater, with more impact to come in 2021.
- Rice grown in Spain's Valencia and Delta Del Ebro regions goes into *Kellogg's® Special K®* cereals and other foods across Europe, but local challenges with soil salinity and crop pests can make rice production challenging. In our *Kellogg's Origins™* Spain program, a local network of 68 farmers now managing over 12,000 acres (up from 10,900 acres in 2020) partners with Kellogg and the Institute of Agri-food Research and Technology to address these

## Rice 2020 Highlights | continued

challenges through training, field research and demonstration plots to promote practices that also support local ecosystems. The program also helped farmers implement native floral margins along rice fields to encourage beneficial insects, test diverse crop rotations with ryegrass, pea, oats and vetch, install on-farm habitat for natural pest predators, and implement irrigation strategies that reduce water use and greenhouse gas emissions without decreasing yield. The program also benefited farmers economically. By 2018, farmers reported an average 15% increase in production and an average profitability increase of €285 per hectare from their demonstration plots. Most recently, 2020 trials of new irrigation strategies have showed positive environmental and economic results. Trials of Alternate Wet-Dry irrigation showed 4% higher yield, 40% fewer watering days, 57%\* lower emissions (modeled with the Cool Farm Tool).

For more information about our work in our rice supply chains, including our partnerships with rice farmers in Thailand and South Korea, please visit our [Global Kellogg's Origins™ map](#). In addition, the [Midwest Row Crop Collaborative 2020 Impact Report](#) provides more information about our Supporting U.S. Farmers collaboration across Michigan, Illinois, Indiana, Nebraska and Arkansas, along with partners The Nature Conservancy and Walmart.



## Potatoes

We meet our responsible sourcing goals for potato ingredients through continuous improvement at the farm level, using the Kellogg Grower Survey and the Cool Farm Tool. Key performance indicators include soil health, productivity and fertilizer efficiency. We also directly invest in programs that support farmers' climate, social or financial resilience.

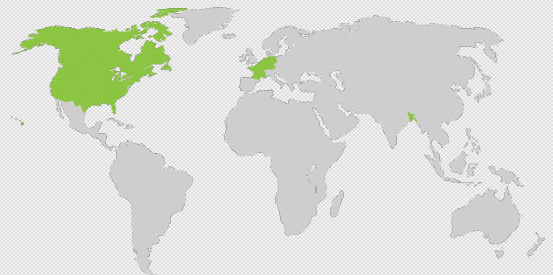


Progress toward  
2020 Responsible  
Sourcing Goal



Active Programs: **1**

Completed Programs: **3**



**7** Countries Represented

## 2020 Highlights:

- As one of the poorest countries in the world, Bangladesh has numerous political, economic, social and environmental challenges. However, Bangladesh is the third largest producer of potatoes in Asia, and potatoes are the second largest agricultural crop in Bangladesh. Kellogg has partnered with smallholder potato farmers for use in *Pringles*® for the Asian market. In 2014, Kellogg and SEBA Limited began working directly with smallholders to help improve farming methods that improved yields and boost incomes. Farmers have received technical training and new techniques and are given access to new markets. By 2017, crop yields were 25-100 percent higher compared to the national average, which resulted in higher profit margins for the contract farmers. In the 2019/2020 growing season, this partnership has directly engaged over 1,210 smallholder farmers, about 7% of whom were women. All farmers directly participating in the program have also converted to meeting 25% of their fertilizer requirements with organic fertilizers or green manure to build up soil organic carbon in their fields. About 2,000 farmers joined our 2019/2020 training sessions on better agronomic practices, and more than 3,000 visited our demonstration farms, extending learning experiences farmers beyond our supply chain could use in their own potato growing.

## 2021 Preview:

- Kellogg has recently partnered with Soil Capital, a firm of independent agronomists and financial professionals seeking to improve the economic and environmental performance of farms, to start work with farmers in France and Belgium supplying potatoes to one of our flake suppliers. Soil Capital's mission is to transition one million hectares to more profitable, regenerative agriculture by 2025. We look forward to sharing updates from this partnership.

For more information about our work in our potato supply chains, please visit our [Global Kellogg's Origins™ map](#).



## Fruits

We meet our responsible sourcing goals for raisins, sultanas and freeze-dried strawberries through continuous improvement at the farm level, using the Kellogg Grower Survey. Key performance indicators include soil health, productivity and fertilizer efficiency. We also directly invest in programs that support farmers' climate, social or financial resilience.





## 2020 Highlights:

As part of our Global Human Rights Strategy at origin, Kellogg and our Turkish raisin and sultana suppliers joined Harvesting the Future, an initiative led by the Fair Labor Association (FLA) and supported by the Sustainable Agriculture Initiative Platform (SAI) and Sustainable Spices Initiative (SSI). FLA is partnering with multi-national agribusiness, food and beverage companies, Turkey-based ingredient suppliers and the Turkish Ministry of Family, Labor and Social Services (MoFLSS) to improve recruitment and employment practices among seasonal migrant agriculture workers in Turkey. The multiyear project's activities cover multiple agricultural commodities, including grapes grown for raisins and sultanas, and support three expected outcomes:

1. Improved capacity of participants to tackle issues related to responsible recruitment that seasonal migrant workers face in the Turkish agriculture sector;
2. Increased adherence to national and international norms; and
3. Increased coordination and implementation of responsible recruitment principles in companies' supply chains.

During 2020, Kellogg worked together with FLA to engage our suppliers in the project and commence the supply chain mapping and risk assessment process. Two of our sultana suppliers were already active in the project prior to Kellogg joining, and we have now encouraged two additional sultana suppliers to come on board. Companies and suppliers, through risk assessments at the farm level, developed a shared commitment on six priority issues: 1) child labor, including the risk level for various commodities; 2) hazardous work by young workers; 3) informality of employment relations; 4) excessive working hours, including for children; 5) lack of payment of minimum wages; and 6) lack of access to basic services, such as water, hygiene, sanitation, and child protection. More results and next steps from Harvesting the Future are available in our 2020 Human Rights Milestones and joint reports with program partners.

For more information about our work in our fruit ingredient supply chains, please visit our [Global Kellogg's Origins™ map](#), our [profile of a California raisin farmer](#) and results from our [partnership with supplier Tree Top](#) to reduce food waste by sourcing "ugly fruit" for Kellogg's® Pop-Tarts® and Nutri-Grain® products.



## Sugar Beets

We meet our responsible sourcing goals for beet sugar using industry-accepted continuous improvement tools, including the *Fieldprint*<sup>®</sup> Platform and the equivalent of SAI Silver or higher third-party assurance. One hundred percent of the beet sugar volumes we source from Europe were provided by suppliers that have partnered with farmers to meet this SAI Silver assurance equivalency. We also directly invest in programs that support farmers' climate, social or financial resilience.



## 2020 Highlights:

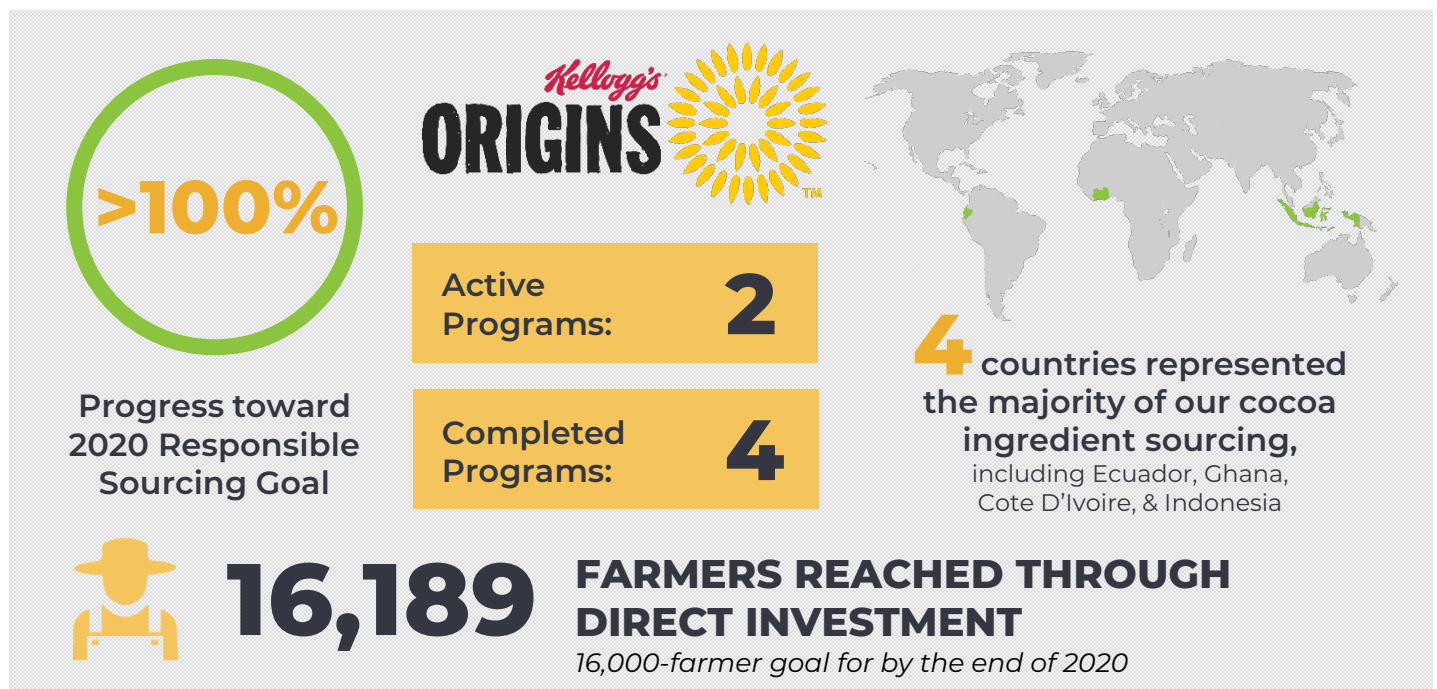
- In 2017, Kellogg joined our supplier United Sugar (American Crystal Sugar) and General Mills in a program to engage sugar beet farmers in the Red River Valley of Minnesota and North Dakota, the largest sugar beet growing region in the United States, in measuring continuous improvement using the *Fieldprint*® Platform. In 2018, Barry Callebaut joined the collaboration. This creates a platform that enables participating growers and value chain members to gain and share valuable insights about the impacts and benefits of their management decisions across several key resource issues and the bottom line. In 2020, the program reached 20 farmers managing more than 22,000 sugar beet acres, bringing the program's multiyear reach to over 150,000 sugar beet acres. About 7,500 of these 2020 acres represent Kellogg's 2020 beet sugar sourcing volume. Through this partnership, Kellogg will continue to work with all partners to grow the reach of the project and provide feedback on results to participating farmers.

For more information about our work in our sugar beet supply chains, including in Europe, please visit our [Global Kellogg's Origins™ map](#).



## Cocoa

We meet our responsible sourcing goals for our chocolate and cocoa ingredients through direct investment in our sourcing regions to improve farmer livelihoods and support adoption of climate-smart agriculture. In 2015, we set a goal to directly invest in programs that support 16,000 farmers by the end of 2020, based on estimates of the number of producers required to grow cacao for our ingredient purchases. We exceeded our five-year goal, reaching a total 16,189 farmers with programs in Central America and Africa designed to improve farmers' climate and financial resilience and promote gender equity.



## 2020 Highlights:

- In December 2019, the Kellogg Company partnered with TechnoServe to join support of farmers in the [Maximizing Opportunities in Coffee and Cacao in the Americas \(MOCCA\)](#) Project. This five-year initiative, funded by the US Department of Agriculture Food for Progress Project and implemented by a TechnoServe-led consortium, works with farmers in El Salvador, Guatemala, Honduras, Nicaragua, Ecuador and Peru. The program aims to help more than 100,000 farmers overcome the barriers limiting their capacity to effectively rehabilitate and renovate their coffee and cacao plants. MOCCA includes seven activities:
  1. Farmer training
  2. Build buyer-seller relationships
  3. Strengthen suppliers of genetic material for planting
  4. Support trade association service provision
  5. Augment research and dissemination
  6. Facilitate access to finance
  7. Bolster technological platforms

The contribution from Kellogg allowed TechnoServe to develop country-level, bespoke training materials to reach farmers directly who have an interest in crop diversification. TechnoServe gathered existing Spanish-language videos and training materials related to planting and cultivating cacao agroforestry systems and identified gaps in content that could be supported through the development of new material. A total of 4,169 coffee producers, across the consortium's five countries, received new training videos. More details and results from this program are available in our 2020 Human Rights Milestones.

For more information about our partnerships in our chocolate and cocoa product supply chains, please visit our [Global Kellogg's Origins™ map](#).



## Vanilla

As we shared in our [2019 Responsible Sourcing Milestones](#), in 2021, we will meet 100% of responsible sourcing goals for natural vanilla with the conclusion of our three-year partnership with our supplier, Symrise, in Madagascar. Though our vanilla sourcing volumes have decreased since 2015, when we first named vanilla a priority ingredient for our responsible sourcing goals, we are proud to continue this partnership and support people and the planet in a critical vanilla production region.

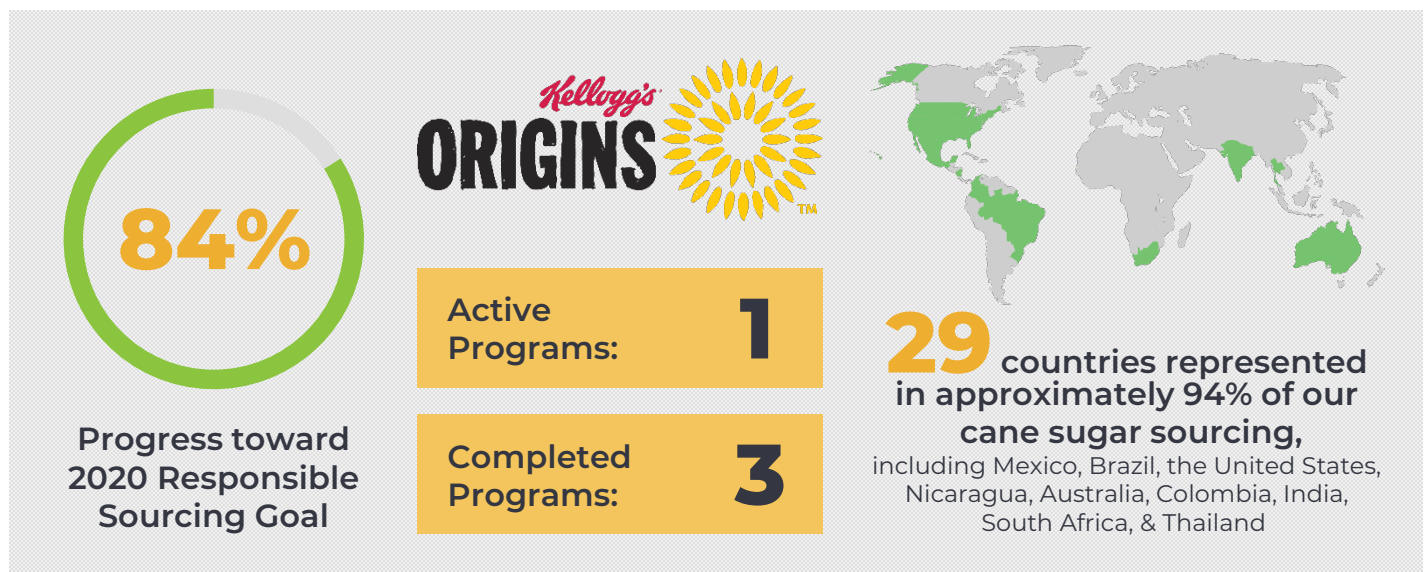
Kellogg partnered with Symrise, in coordination with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), to support conservation efforts in Madagascar and improve the livelihoods of 1,000 Malagasy smallholder vanilla farmers and their families in the Ankavanana region. The environment is fragile, with high soil erosion due to slash-and-burn practices for rainfed rice cultivation. This holistic program trains farmers to improve their climate and financial resilience. Climate-smart agriculture trainings include agroforestry and cover crops, integrated pest management, alternatives to slash-and-burn practices for rainfed rice, animal husbandry, and crop diversification to provide new farm income streams. Farmer Business Schools sponsored in local villages connect farmers to financial literacy programs that can help increase their crop value and make the most of their vanilla income.

The program also focuses on financial, community and family resources to support farmers' resilience through the support of village school associations, ensuring greater access to affordable education on agricultural skills that help farmers increase their incomes. Available advisory services cover a wide range of topics, including registration of farmers' households to Mahavelona, a mutual health care system, which includes free access to doctors and hospitals and subsidized costs for medicine. More results from this program are available in our [Vanilla Sourcing overview](#) and our 2020 Human Rights Milestones.



## Sugar Cane

We meet our responsible sourcing goals for sugar cane through a combination of traceability to mill and supply base; transparent mill operations with continuous improvement programs in place; and no worker, community or environmental grievances reported. In previous years, with the help of our partner, Proforest, we annually assessed our sugar cane supply operations to measure levels of third-party certification, environmental and social intervention programs and audit prevalence. Currently, we have shifted our focus to directly invest in programs that support farmers' climate, social or financial resilience.



## Progress To Date

Our use of sugar cane is primarily in the Americas and in our Asia Pacific business. While we have made year-over-year progress in responsibly sourcing our sugar cane ingredients since 2015, we have fallen short of our meeting 100% of our 2020 responsible sourcing goals for sugar cane. Responsible sourcing requires not only a focus on individual ingredient supply chains and suppliers, but also on the interconnected and dynamic root causes of environmental, social and economic challenges in global agriculture. This is especially challenging in the complex regulatory and trade landscape for sugar cane. Nevertheless, we continue to pursue 100% completion of our responsible sourcing goals by partnering with our suppliers, peers and industry groups to address systemic challenges in sugar cane.

Through our work in this commodity since 2015, we have learned that the greatest opportunities for impact are through direct interventions at origin, mill-level due diligence and targeting sourcing regions, which are critical to ensure we address some of the root challenges in this commodity. Below we have shared a summary of our work and partnerships to-date.

- **2016-17:** The Kellogg Company supported [Solidaridad](#) in developing training materials to address the causes of Chronic Kidney Disease from non-traditional causes (CKDnt), an epidemic affecting sugarcane cutters in Central America. This was part of a much larger initiative, funded by the Dutch Postcode Lottery, to address the root causes of the disease.
- **2016-17:** Kellogg participated in an industry group project, led through [AIM-Progress](#), to improve cane cutter working conditions in the Veracruz region of Mexico through improvements to water, rest and shade. With La Gloria Mill and implementation coordinators, ABC Mexico built shade shelter tents, increased access to potable water, provided additional personal protection equipment and facilitated workers' best practice training.
- **2017:** Kellogg partnered with University of Michigan graduate students to assess the current status of best practice adoption with U.S. sugar cane producers and identify areas of opportunity for collaboration with suppliers and farmers.



- **2018-2019:** Kellogg partnered with TechnoServe in a multiyear philanthropic initiative in Madhya Pradesh, India, promoting climate-smart agriculture practices with smallholder producers of multiple crops, including sugar cane. The U.S. Chamber of Commerce named this program its 2019 Citizens Award winner for [Best Economic Empowerment Program](#).
- **2019:** We are founding members of ASACAM, an alliance of companies, industry associations and the Mexican government, working together to drive improvements in sugar cane.

### 2021 Preview: Sugar Cane

As we evolve and improve our responsible sourcing strategy for cane sugar ingredients, we will share our progress and focus on ways we can support the greatest impact and systemic change through our sourcing relationships and direct investment. We're doing the following as we look toward our 2030 commitment:

- **Engaging our Tier 1 suppliers:** For suppliers with significant potential climate impacts, we will request disclosure of Scope 1 & 2 emissions and explore opportunities to partner on emission reduction projects. We will also continue to require suppliers in high-risk geographies, including Brazil to complete social accountability audits to ensure compliance with our Code of Conduct and Human Rights Policy.
- **Direct Investment at Origin:** In 2021, we expanded our partnership with Proforest in Mexico to invest in a program with goals to protect the health and safety of sugar cane cutters, who are particularly vulnerable to human rights risks in sugar cane supply chains. The program, among other objectives, provides free personal protective equipment to farmworkers and delivers trainings in health and safety practices aligned to compliance with four Bonsucro core criteria. This work is ongoing, and we will share more about this partnership in future reports.
- **Partnering with Industry:** We'll continue our active role in key global industry groups, including AIM-Progress, Consumer Goods Forum and Sedex, focused on human rights across commodities, including sugar cane, to work toward systemic solutions that protect the health and wellbeing of workers.

## Eggs

Kellogg Company uses a small volume of egg ingredients in some of our foods. We formally added eggs to our priority ingredients for responsible sourcing in 2020, recognizing work already underway to enact our animal welfare policies and commitments for these ingredients for the end of 2025.

We continue to focus our efforts on sourcing eggs from suppliers utilizing cage-free options that address impacts on animal welfare, food safety, worker and employee welfare and the environment. Since 2017, we have worked to enhance these efforts by phasing in 100 percent cage-free eggs in our largest global markets by the end of 2025. Each year, our largest markets represent more than 85 percent of the egg ingredients we buy globally.

## 2020 Highlights

- In 2020, we purchased nearly 5,118 MT of egg ingredients – including liquid egg, egg powder, and dried egg whites. We do not purchase shell eggs.
- Since 2018, we have reduced our global total egg ingredient volumes by 20%.
- More than 98% (approximately 5,050 MT) of our 2020 egg ingredients were sourced from our largest global markets, where we are working to source 100% cage-free volumes by the end of 2025.
- As of the end of 2020, 12% of our global egg ingredients are cage-free. Across our US and Canadian business, 13% of the egg ingredients we purchase are cage-free. Across our European business, 9% of egg ingredients are cage-free.

## 2021 Priority Ingredient Preview

Starting in 2021, we will add six new ingredients to our priority ingredients for our 2030 Better Days commitment to build resilient, responsible supply chains. These additions follow a 2020 ESG materiality assessment of our ingredients, summarized in our [2019 Responsible Sourcing Milestones](#). The previous section shared our 2020 progress toward sourcing cage-free eggs by the end of 2025, which we have publicly reported for years. Now, we will turn our attention to our additional, new priorities. We continue to work with our internal teams, partners and suppliers to determine the execution strategy for achieving responsible sourcing goals for these ingredients, using a risk- and context-based approach. This section provides a preview to these strategies, with the intent to report our progress starting in 2022. As noted previously, our [Better Days methodology](#) includes regular ESG materiality assessments through 2030 to update our priority ingredients as our business and the world evolve.



## Soy

Starting in 2021, Kellogg added soy to its priority ingredients for responsible sourcing. In 2017, Kellogg first signaled support for responsibly sourced soy by supporting the Amazon Soy Moratorium, joining the Cerrado Manifesto [Statement of Support](#) (SoS). Since then, soy has become a more important part of our business, from the growth of our *MorningStar Farms*<sup>®</sup> brand in the United States, to our 2017 acquisition of *Parati*<sup>®</sup> in Brazil. Nearly 95% of Kellogg soy ingredients were sourced from markets with low deforestation risk, such as the United States. However, for the remaining 5.1% of soy ingredients that were sourced from Brazil in 2020, deforestation and conversion of natural habitat are material risks in our supply chain. Our responsible sourcing strategies must address these risks.

By adding soy to our priority ingredients, we formalize our commitment to implement risk- and context-based responsible sourcing programs for our soy ingredients by 2030, with work beginning in 2021 and annual progress reporting to follow. We have introduced expectations for soy ingredients into our [Global Policy on Deforestation](#), released in 2020. Moving forward, we will focus these strategies on Brazil, where there is demonstrated risk of deforestation and land conversion. We will also explore opportunities to expand our *Kellogg's Origins*<sup>™</sup> program to soy producers in the United States, where we source the majority of our soy ingredients.

## Brazil

As noted in our [Global Policy on Deforestation](#), released in January 2020, for volumes sourced near high conservation value areas and vulnerable ecosystems, we push our soy ingredient suppliers to provide more and better traceability data to verify that their operations are neither directly or indirectly associated with illegal deforestation or land conversion activities. Suppliers sourcing from Brazil must maintain compliance with the Brazilian Forest Code and are encouraged to consult the IBAMA list before secondary purchases. We recognize that local legislation sometimes allows for legal land clearing and does not fully mitigate supply chain deforestation risk. This underscores the value of continuously improving ingredient traceability to identify deforestation- and conversion-free solutions for producers and Kellogg ingredients.

### Soy | Brazil continued

To continue our journey to responsibly source deforestation- and conversion-free (DCF) Brazilian soy, we have worked with our suppliers to improve traceability for our directly sourced soy ingredients and set our baseline for action toward our 2030 goals. In 2020, Kellogg directly sourced less than 6,550 MT of Brazilian soy ingredients. Our suppliers' sourcing locations for 94% of these volumes (less than 5% of global volume) were in areas of southern Brazil (including in Goiás, Minas Gerais, Mato Grosso do Sul, São Paulo, Paraná) where risk of future deforestation and land conversion is currently low. However, an estimated 5% of our Brazilian soy ingredients (less than 1% of global volume) were sourced from Mato Grosso, an area with confirmed deforestation risk, and an additional 1% (less than 1% of global volume) of our direct ingredient sourcing locations remains unmapped.

Moving forward, we will continue to proactively engage our suppliers to close gaps in our ingredient traceability. We will also continue our role in the Cerrado Manifesto SoS and the Consumer Goods Forum to advocate for practical solutions that deliver DCF supply chains and value the ecosystem services Brazilian soy farmers deliver when they produce sustainably and protecting natural lands.

### United States

While we focus on responsibly sourcing Brazilian soy ingredients, we are also working to expand our *Kellogg's Origins™* programs to connect U.S. soybean producers with technical assistance to promote soil health and water quality in our soy sourcing regions in Illinois. We will continue progress as we expand these programs.

## Oats

As noted in our 2020 updates for our wheat ingredients, in January 2020, we set a goal to phase out the use of glyphosate as a preharvest desiccant in our wheat and oat supply chains in our major markets by the end of 2025. Our teams have developed work plans to reach this goal for key ingredients - including whole grains, cracked and rolled grains, brans and flours - made from wheat and oats grown in United States, Canada, Mexico, France, the United Kingdom and Australia. We will prioritize progress in our oat supply chains first, then in wheat.

Starting in 2021, three Kellogg suppliers have provided assurances that farmers in our oat and wheat ingredient supply chains do not use glyphosate as a preharvest crop desiccant. Combined, we estimate that these suppliers will deliver over 90% of key oat ingredients for our North American business in 2021. We will continue to partner with our suppliers to reach our 2025 goal and will report our annual progress in our 2021 Responsible Sourcing Milestones, when our 2021 total sourcing volumes are confirmed.

## Almonds

Soil and water stewardship, enhanced biodiversity and pollinator health and climate resilience are material issues in our almond ingredient supply chains. We are pleased to share a preview from our U.S. almond supplier of their forthcoming sustainability program.

Blue Diamond Growers and its approximately 3,000 member-growers have a multi-generational history of sustainable almond growing. To further demonstrate that commitment, in 2020, Blue Diamond introduced an innovative Sustainability Incentive Program. The first-in-industry incentive of this scale, the plan rewards member-growers who document their practices and encourages progressively higher levels of commitment toward adopting additional sustainable measures in their almond orchards. This will enable Blue Diamond to share the cooperative's unique sustainability story more holistically.

The incentive program utilizes the internationally recognized Almond Board of California's California Almond Sustainability Program (CASP) which has been benchmarked by SAI Platform's Farm Sustainability Assessment at Gold equivalent. Other aspects of the program include recognition for obtaining Pollinator Partnership's Bee Friendly Farming certification and assessing on-farm greenhouse gas emissions and soil carbon sequestration.

## Hazelnuts

Kellogg sources some ingredients that contain hazelnuts grown in Turkey. Due to material social issues in this region, including farmer and worker rights and fair recruitment, we have added ingredients made with Turkish hazelnuts to our responsible sourcing priorities. We have begun work with our supplier to confirm the traceability of hazelnuts in our ingredients, as well as activities underway to protect farmer and worker rights, combat forced and child labor and ensure a safe and healthy workplace for all.

We will pursue these next steps in accordance with our evolved our Human Rights Strategy and updated [Human Rights Policy](#), which we released in 2020. We have long been committed to protecting, respecting and advancing the cause of human rights across our value chain. We undertook these policy updates to reflect an even more active approach toward engaging our suppliers to drive the biggest impact across our business, including our ingredient supply chains.

## Cheese

Cheese ingredients used in our our *Cheez-It*® brand are sourced in North America. Animal welfare and stewardship of greenhouse gas emissions in dairy production are both material issues in our cheese ingredient supply chains. To address these issues, all suppliers for these ingredients will continue to implement the National Dairy FARM Program, including the Animal Care standard and Environmental Stewardship (ES) module, with dairy producers in their supply networks. Through implementation of FARM ES, which provides a comprehensive estimate of greenhouse gas emissions and energy use on dairy farms and provides tools and resources for farmers to measure and improve their footprint, our suppliers have begun sharing with Kellogg annual greenhouse gas estimates to track our cheese ingredients' farm-level emissions over time.

These actions reflect our commitment to animal welfare, as well as contribute to our efforts to meet our 2030 and 2050 science-based targets for supply chain emissions reduction.



As a global, plant-based foods company, the ongoing success of our business depends on using high-quality, responsibly sourced ingredients to make foods enjoyed by people around the world. Through our Deploy for Growth Business Strategy and our *Kellogg's® Better Days* global purpose platform, we are committed to addressing the interconnected issues of nourishment, hunger relief and climate resiliency to create better days for 3 billion people and the planet by 2030.

Through our responsible sourcing goals, we are doing our part to support farmers' resiliency and the wellbeing of people and the planet. We're partnering with key stakeholder audiences to address some of the world's greatest challenges, including climate change, food insecurity, biodiversity loss, human rights and disruptions to the supply chain. We are also committed to maintaining transparency as we tackle these systemic challenges, in partnership with suppliers, farmers and trusted experts, especially as we evolve our responsible sourcing strategies to provide more effective solutions on the ground and in our supply.

For years, Kellogg has been working diligently toward our Better Days commitments to help feed people in need, responsibly source our ingredients and conserve natural resources. Although there are myriad important issues facing society today, we focus on the intersection of those that are most material to our business and where we can have the greatest impact given the reach of our operations, supply chain and value chain. Kellogg is committed to making significant contributions to several of the United Nations Sustainable Development Goals (SDGs). While all of our work ladders up to focus on the SDG2 – Zero Hunger, our responsible sourcing work also supports SDG5 – Gender Equality, SDG15 – Life on Land, and SDG17 – Partnerships for the Goals.

Working together, we can help to make a difference.