Nurture Our Planet:

KELLOGG COMPANY 2020 GLOBAL PALM OIL MILESTONES

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OVERVIEW

Since 2009, Kellogg has been on a journey to responsibly source palm oil. We have continued to evolve our strategies and actions to ensure that we are incorporating best practices and learnings from our own experiences, our suppliers, peer companies and industry organizations. In 2020, we updated our Global Palm Oil Policy and action plans to reflect key interventions that can drive impact at scale and support sector alignment and best practices. We also released our first standalone Global Policy on Deforestation.

Kellogg uses less than 0.1% of the global palm oil produced. Despite our relatively small footprint in this commodity, as a global, plant-based food company, we have a responsibility to engage our suppliers, our supply chain and our industry to drive faster, more effective action to protect the environment and advance the cause of human rights. But we know we cannot achieve these goals alone. This is why we are working on multiple fronts to make sustainable palm oil the norm, not the exception.

Kellogg is committed to working with our global palm oil suppliers to support the production of sustainable palm oil from sources that are environmentally appropriate, socially beneficial and economically viable. Our supply chain engagement and collaborative industry participation helps to deliver on our efforts to support combatting deforestation, improving labor practices and supporting smallholders. Our work is aligned with the widely embraced guidance provided by the United Nations Guiding Principles on Business and Human Rights and the Consumer Goods Forum Priority Industry Principles. To demonstrate our commitment to transparency, we issue bi-annual reports regarding our palm usage that can be found on our Positions, Policies, and Milestones Reporting web page.

We are committed to sourcing palm oil produced in a manner that is environmentally, socially and economically sustainable. We also support the advancement of sustainable palm oil production through direct investment in on-the-ground projects and collaborative industry involvement. While current certification schemes have been instrumental in expanding and supporting sustainable palm oil production, we continue to see issues like deforestation and human rights violations plague this industry. In recognition of this, we continue to support sustainable palm oil production through a holistic and action-oriented platform.

Kellogg is committed to the following actions to help drive transformative impact:

Certification – Own Operations

In 2020, we strengthened our commitment to responsibly source palm oil by setting a goal of procuring 100% RSPO Physically Certified palm oil by end of 2025. Through this commitment, we are supporting the need for increased market demand of certified material to continue to incentivize palm suppliers to produce and purchase sustainable palm material. As part of this process, we will also refine our sourcing practices to build stronger alliances with key suppliers to foster investment and coordination to achieve long-term, sustainable transformation in the sector.

Internally, we are building and executing glide paths to ensure all our Kellogg facilities that use palm material achieve RSPO Supply Chain Certification.

Supply Chain Management

In 2019, Kellogg became the first manufacturer member of the Palm Oil Transparency Coalition (POTC). This membership reflects our ongoing efforts to reduce reporting burdens for our larger volume direct suppliers and allow those with more mature programs/higher volumes to receive more targeted support and increase alignment with other buyers.

In addition to POTC, we continue to partner with Proforest. As our main supply chain management partner, Proforest supports Kellogg with supplier data collection for traceability, volume reporting, mill lists and grievance support. Proforest also supports our engagement and capability building process with small to medium (SME) sized suppliers through active feedback, scorecard and survey analysis and supplier calls to ensure continuous improvement and compliance with Kellogg palm oil commitments.

Impact Incubator – Supporting Smallholders

We support and use certified palm oil, but we know this is only part of the solution to make sustainable palm oil the norm, not the exception and to achieve transformation in the palm sector through holistic approaches.

Smallholders and forest communities contribute 40% of the global palm oil supply but are under-supported in many supply chain programs. As part of our commitment to support sustainable palm oil production, we invest in programs at origin to support smallholder livelihoods, increase market access through certification support and provide training on regenerative agricultural production techniques. Throughout 2020 and 2021, and continuing into 2022, we partnered with Wild Asia, a regional NGO working in Southeast Asia, in their efforts to increase sustainable land management practices, improve smallholder livelihoods, protect biodiversity and enhance community resilience. More information can be found on page 21 of this report.

Industry Engagement

We are committed to advancing and supporting palm oil industry sustainability through collaboration. Kellogg is an active member of the Palm Oil Transparency Coalition, the Consumer Goods Forum HRC Palm Oil workgroup, the Palm Oil Collaboration Group, and is a founding member of the North American Sustainable Palm Oil Network. We participate in a number of other palm oil related industry group workstreams and maintain relationships with global and local NGOs.

RSPO Membership and Engagement

NASPON Membership and Engagement

Palm Oil Transparency Coalition

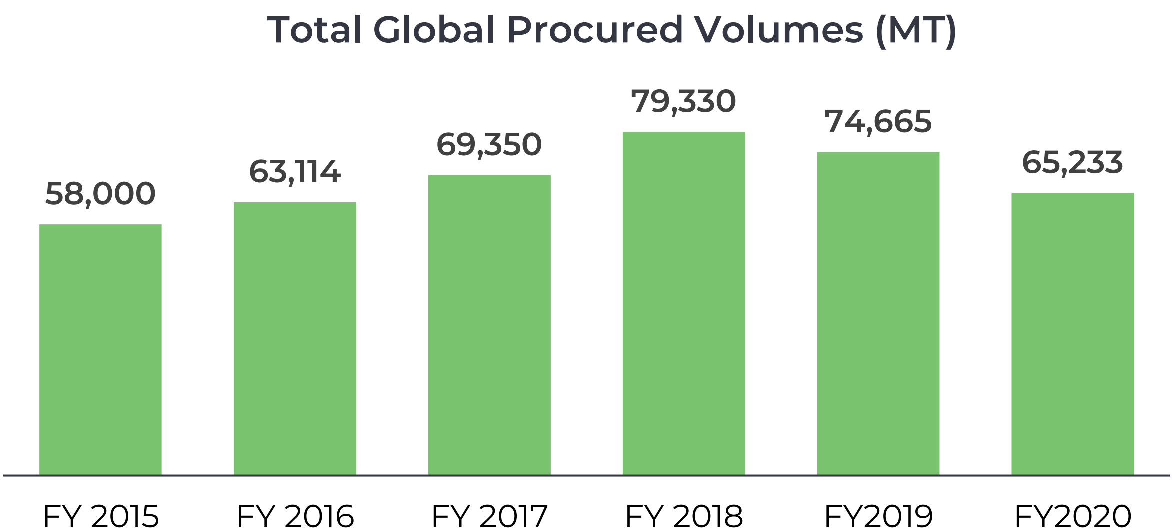
Tropical Forests Alliance 2020 Partner

Consumer Goods Forum

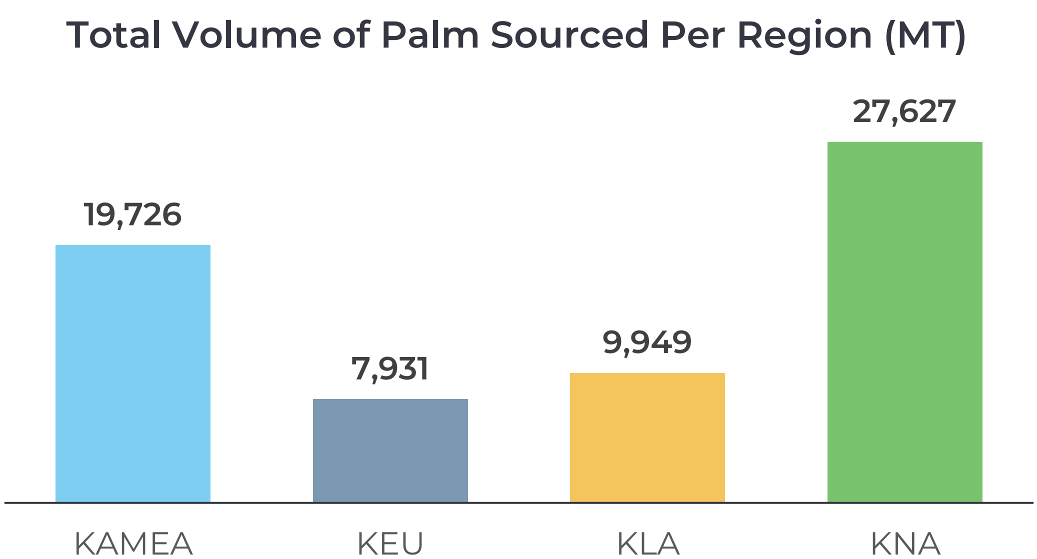
Ceres Guidelines Contributor

VOLUMES

In 2020, Kellogg sourced a total of 65,233 (MT) of palm oil (Crude Palm Oil and Palm Kernel Oil) in comparison to 74,665 (MT) in 2019, equating to an overall 12.6% decrease, or 9431 (MT). 13 suppliers sourced 95.8% of volumes.

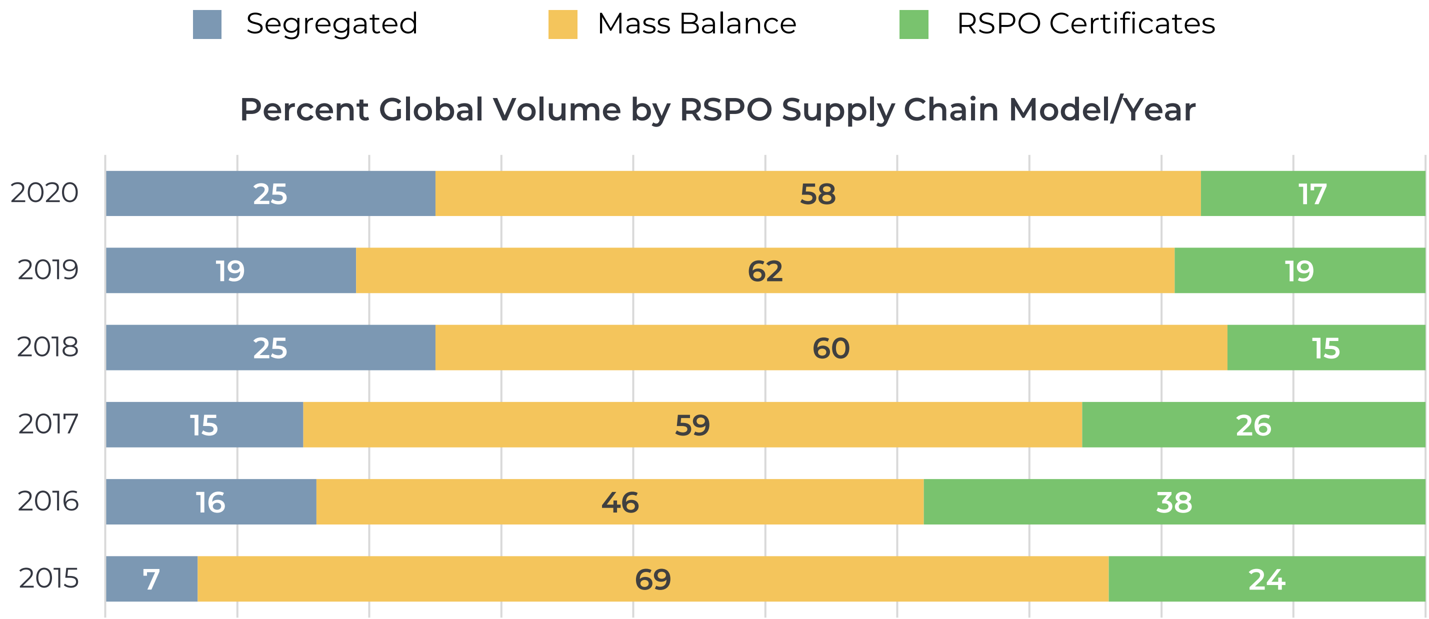


Regionally, the highest use of palm oil is in our North American (KNA) operations (42.4%), followed by Africa, Middle East, and Asia (KAMEA) (30.2%), Latin America (KLA) (12.2%), and Europe (KEU) (15.3%). This distribution is consistent with previous years. The largest overall reduction in volume was seen in North America, with a 20.6% decrease in volumes between 2019 and 2020.

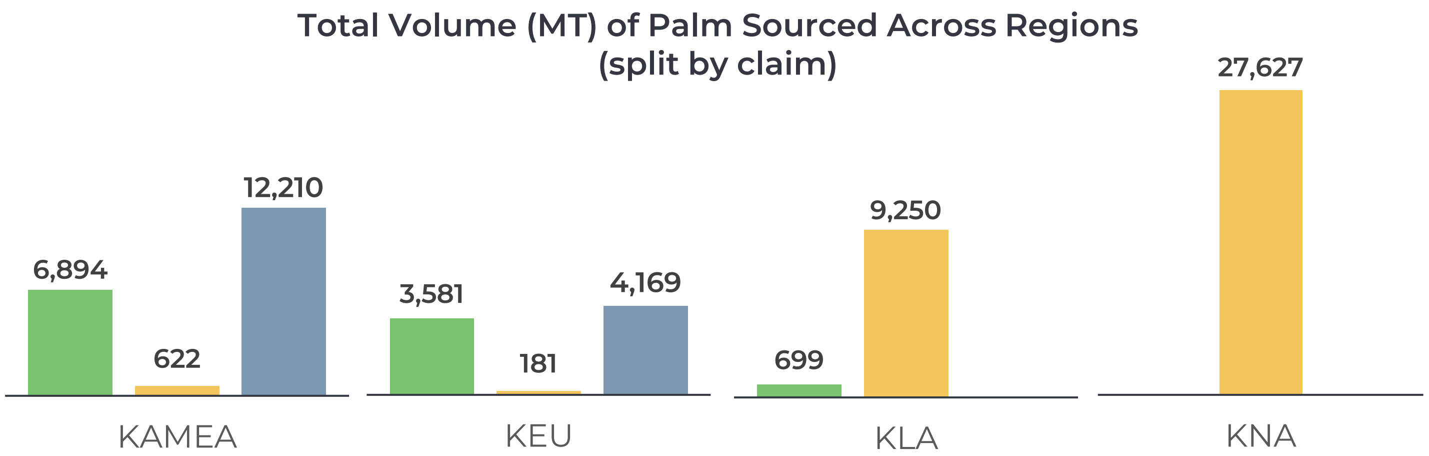


Supply Chain Certification Breakdown

83% of Kellogg's palm oil volumes were physically certified RSPO in 2020 (Segregated and Mass Balance), a 1% increase from 2019. Segregated material volumes increased over 2019 volumes, while both mass balance and the use of RSPO credits decreased from 2019.



Mass balance is predominantly used in North America (73%%) and Latin America (25%). Segregated material is used in both AMEA (75%) and Europe (25%). 62% of total RSPO Credit usage is from AMEA volumes.

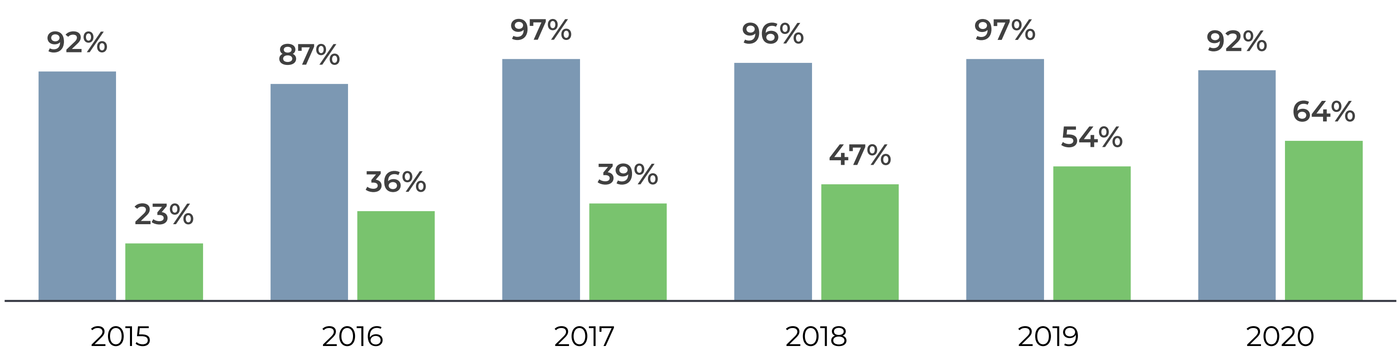


Traceability*

Traceable to mill   Traceable to plantation

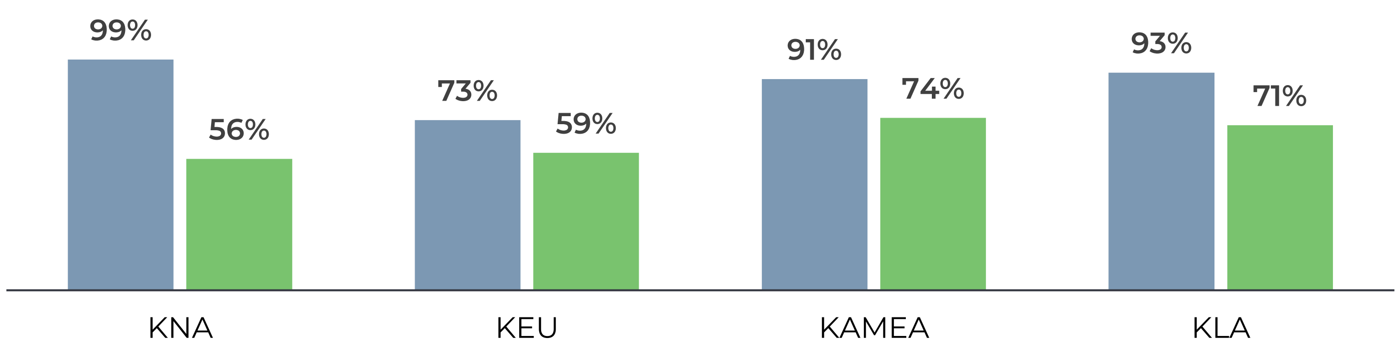
For 2020 procured volumes, Traceability to Mill (TTM) is 92% and Traceability to Plantation (TTP) is 64%. This is a 5% decrease in TTM reported from 2019; however, TTP has increased by 10%. The TTM decrease is attributed to 6% of suppliers categorized as 0% overall traceability due to lack of data provided throughout the assessment. The increase in TTP is a result of year on year increases as the sector becomes more proficient in gathering data.

Global Traceability by Year



TTM remains similar across regions , with slight decreases noted in AMEA and Latin America. The largest drop in TTM and TTP was found in Europe, primarily due to lack of data as a result of discontinuation of business with suppliers, who therefore did not report 2020 traceability. TTP has increased in North America by 25% and Latin America by 12%.

2020 Traceability by Region



*Based on self-reported data

SUPPLIER PERFORMANCE

Our suppliers are the key to achieving our commitments for sourcing sustainable palm oil and doing our part to support industry change in the palm oil sector. It is only through these partnerships and collaborative actions that we can achieve our collective goals to eliminate the social and environmental issues present within our supply chains.

For Kellogg, the foundation of these expectations are set forth in our Global Sustainable Palm Oil Policy, Global Supplier Code of Conduct, Human Rights Policy, Global Policy on Deforestation and Prohibition of Forced Labor Policy.

Proforest Assessment

Beginning in 2019, in partnership with Proforest, Kellogg began providing our direct Tier 1 suppliers annual Supplier Scorecards. The goal is to support the advancement of reporting on the sustainability of their palm oil operations, facilitate communication and provide recommendations to close current gaps in performance. In 2020, based on supplier responses and publicly available information searches, Proforest compiled Scorecards and Factsheets for a total of 16 suppliers, representing 9% of our total procured volumes. Assessed metrics include alignment to Kellogg expectations across several areas including policies, timebound implementation plans, supply chain engagement and management, grievances and publicly available reporting.

This enhanced, targeted effort for lower volume/smaller suppliers is to provide extra guidance and support to ensure our entire palm oil supply chain is improving in the overall sustainability of palm sourcing. We also want to ensure that those who may need more support to continue advancement in key areas have access to additional resources as needed. Due to varying factors, three suppliers (representing 3.3% of our total volume) were excluded from general analysis. The remaining 87.7% of volume, represented by 11 suppliers, was assessed through the Palm Oil Transparency Coalition (POTC) engagement process, detailed later in this report. Following are the results of the Proforest led assessments.

POTC

11 Suppliers
Volume: 57,204.83 MT
87.7%

PROFOREST

16 Suppliers
Volume: 5,875.92 MT
9%

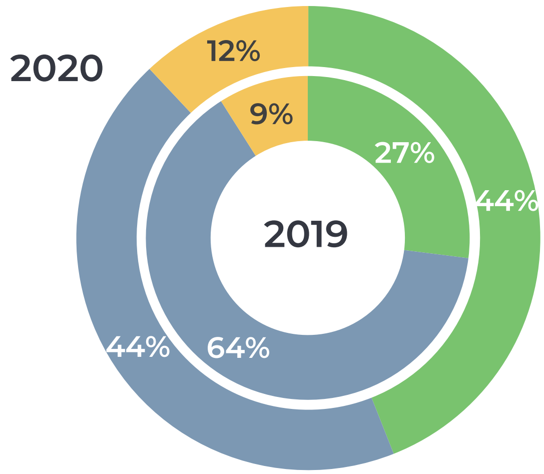
30 SUPPLIERS

30 Suppliers
Total Volume: 65,233 MT
100%

Proforest Assessment | continued

- Suppliers with adequate environmental RS policy
- Suppliers with no adequate environmental RS policy
- Suppliers with partially adequate environmental RS policy

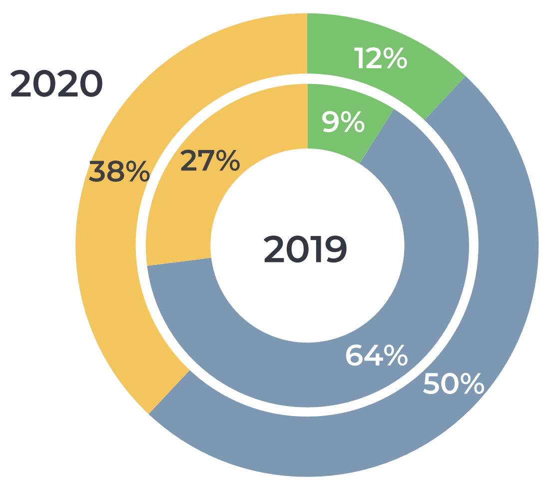
Environmental Policy



Of the surveyed 16 suppliers, representing 9% of our total volume, seven (44%) have an adequate responsible sourcing policy aligned to Kellogg requirements while seven (44%) do not. The remaining two (12%) are partially aligned, only meeting some of the criteria. Further engagement with those who do not, or only partially, meet our requirements continues through alignment calls and Proforest Factsheet and Scorecard feedback. Overall, performance has improved from 2019.*

- Suppliers with adequate social RS policy
- Suppliers with no adequate social RS policy
- Suppliers with partially adequate social RS policy

Social Policy



Of the surveyed 16 suppliers, two (12%) have an adequate responsible sourcing policy aligned to Kellogg requirements while eight (50%) do not. The remaining six suppliers (38%) are partially aligned, only meeting some of the criteria. Overall, performance continues to increase. Further engagement continues through the Scorecard feedback process with Proforest.*

*Five suppliers in 2019 did not supply in 2020 and seven suppliers in 2020 did not supply in 2019. The analysis presented on this page represents 9% of our total volumes.

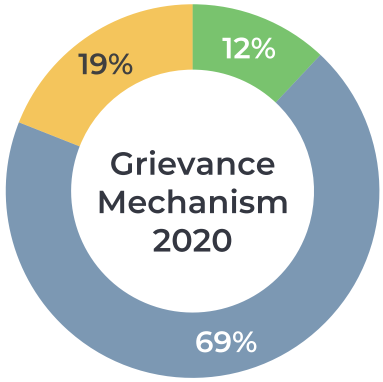
Proforest Assessment | continued

Suppliers meeting expectations

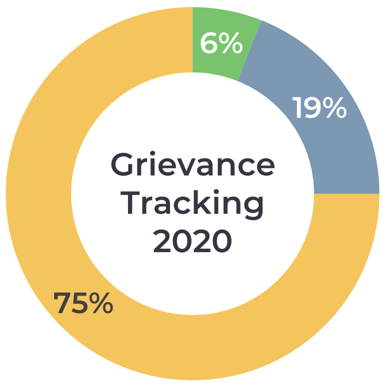
Suppliers not meeting expectations

Suppliers meeting partial expectations

Of the 16 surveyed suppliers, two (12%) have a fully functioning grievance mechanism/process that are aligned to Kellogg expectations. Eleven (69%) suppliers do not have an active or formalized grievance process. Three suppliers (19%) are partially aligned with Kellogg expectations.



Similarly, only three suppliers (19%) track grievances through a public log, 12 (75%) do not track grievances, and one supplier (6%) has been assessed as partially meeting expectations.



Four suppliers (25%) publicly report on their sustainability progress on palm oil, 11 suppliers (69%) do not, and one partially reports (6%).

As with other assessed metrics, feedback and potential next steps are aligned with our suppliers and opportunities for further support are available.*

* Some suppliers reported having a grievance mechanism and/or log and publicly reporting; however, there was no supporting documentation, i.e. link to website/further information provided if confidential, so were marked as not meeting expectations.

Palm Oil Transparency Coalition (POTC) Assessment

In 2020, we began to utilize the Palm Oil Transparency Coalition (POTC) survey and engagement process to reduce the reporting burden of our direct suppliers, specifically those already reporting to POTC. We also added four suppliers to this assessment to gain a deeper understanding of their supply chains and their internal management processes. In total, we engaged 11 of our direct suppliers through this platform, representing 87.7% of our procured volumes. Suppliers are assessed in five key areas: *Deforestation, Transparency, Governance, Labor,* and *Communities*. Within each area, there are a set of detailed technical questions that are used to determine an overall percentage of compliance with assessed criteria.

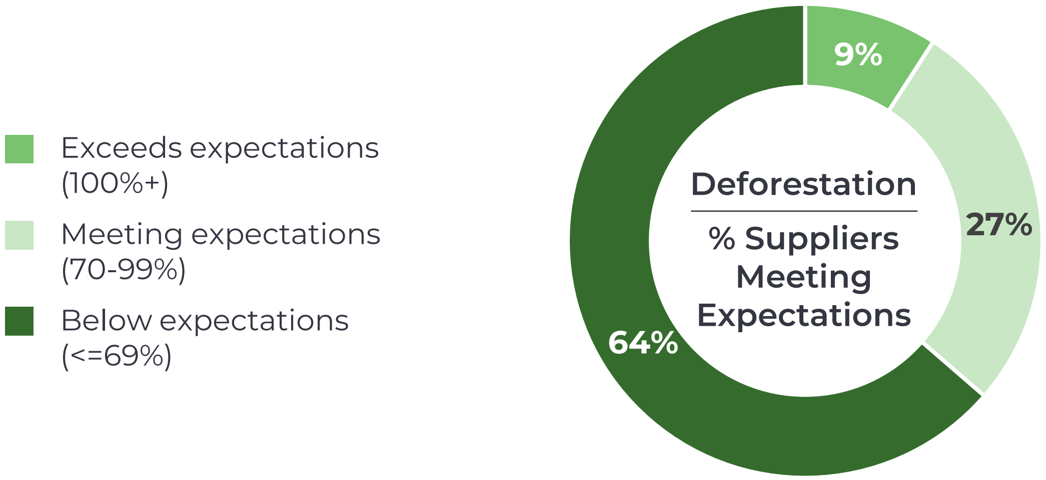
Supplier performance in these areas is varied and often depends on the maturity of internal programs, access to supply chain data and supply chain position (upstream, downstream, trader, manufacturer, etc.).

Similar to the Proforest process, each supplier is provided with a performance report and participates in a group call with POTC and their customers to review current gaps, clarify provided information and discuss capability building and resources for improvement.

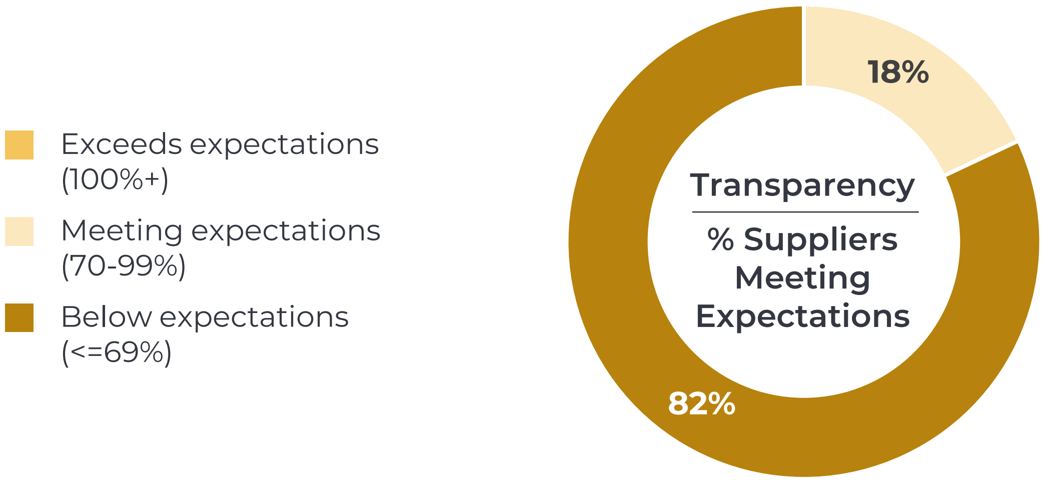
For our reporting, we show the percentage compliance scores among the 11 assessed suppliers and a sample of the criteria that are used in each area to determine these scores. Criteria are weighted based on guidance from an NGO Advisory Panel, including the World Wildlife Fund and the Forest Peoples Programme. Higher weightings are attributed to criteria measuring progress and verification, while lower weightings are given to commitments and target dates.

POTC Assessment | continued

Suppliers are assessed for the Deforestation area on several criteria. These include sourcing and verification for third-party produced material, applicability of deforestation related commitments across all operations, traceability, risk assessments, certification schemes, smallholder inclusion, deforested land recovery and pesticide use.

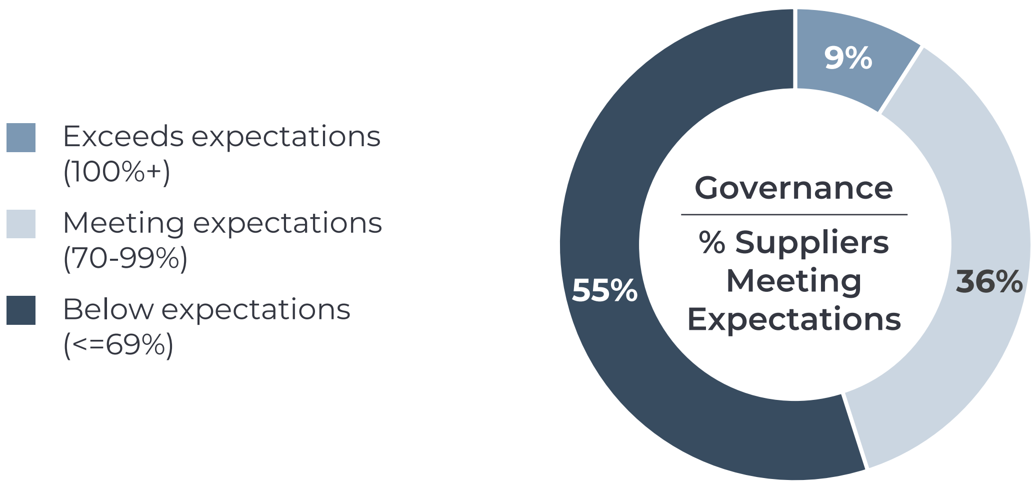


For Transparency, suppliers are assessed against criteria such as independent third-party verification of data, overall traceability, concession map disclosure (if applicable), mill disclosure and geolocations, monitoring and evaluation systems, general commitments, reporting and training.

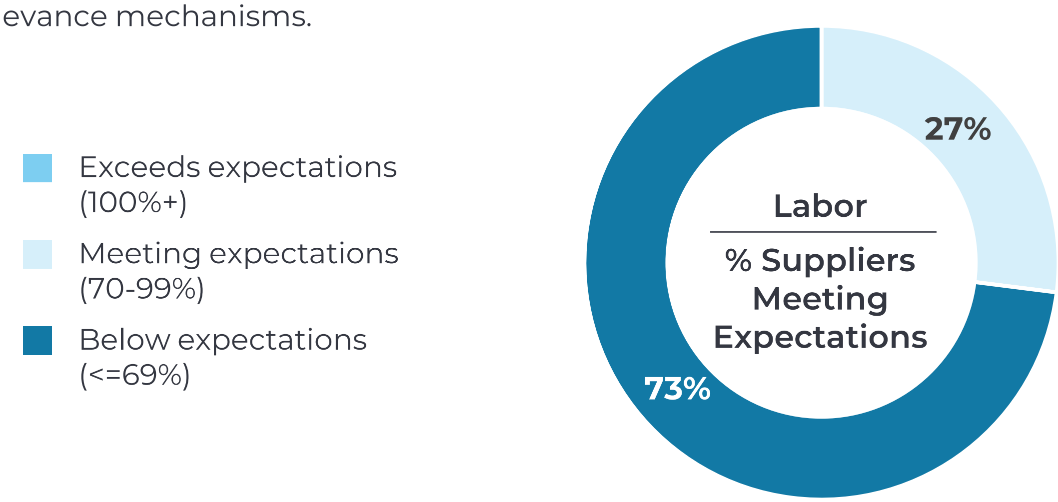


POTC Assessment | continued

Governance measurement criteria includes RSPO physical certification of operations and material, participation in collaborative initiatives, grievance process and procedures in place, supply chain management and supplier requirements, relevant overarching policies, pending complaints or negative external reports regarding operations and process for removing non-compliant suppliers.

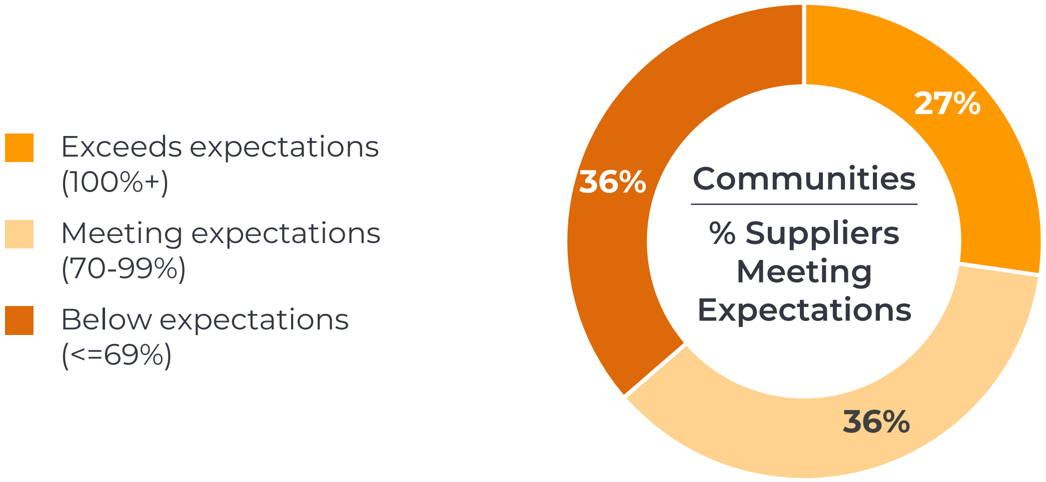


Labor criteria is measured against operational plans to mitigate child and forced labor in supply chains, responsible recruitment, pending complaints, risk mapping, direct supplier audits, internal audits, associated corrective actions, human rights due diligence processes, human rights defender protections, general KPIs, accountability, oversight, training, alignment to third-party expectations and grievance mechanisms.



POTC Assessment | continued

The Communities area criteria includes smallholder engagement processes, general policies such as Free, Priori, Informed Consent (FPIC) and land grabs, living wage measurements and school and educational support.



As we continue to engage these suppliers in this process, we expect to see year-on-year improvement in all categories. While the criteria assessed are extensive, we believe that with appropriate resourcing, access to capability building initiatives and collaborative partnership we can support improved performance and further the sustainability of supplier programs throughout the supply chain.

NDPE – Implementation Reporting Framework (IRF)

Beginning in 2020, Kellogg began engaging suppliers in reporting against the No-deforestation, No-peat and No-exploitation (NDPE) Implementation Reporting Framework (IRF). The NDPE IRF is a reporting tool designed to help companies systematically understand and track progress in delivering NDPE commitments in their palm oil supply chains. A consistent framework for reporting on these activities allows individual companies and the industry to collectively:

- *Understand what is required to deliver NDPE commitments*
- *Monitor progress*
- *Identify gaps*
- *Drive improvement*

The NDPE IRF is presented in survey format to refineries and other first aggregators to capture information regarding progress by mills in meeting NDPE commitments. It assesses a range of activities, from light touch engagements such as workshops, to more mature processes like satellite monitoring of concessions for no deforestation.

This information is used to assign the mill, or the volumes provided by the mill, to an identifying category group: *Unknown, Awareness, Progressing, Known Origin, Commitments and Starting Action* and *Delivering*. For more detail, please visit Understanding the NDPE IRF Profiles.

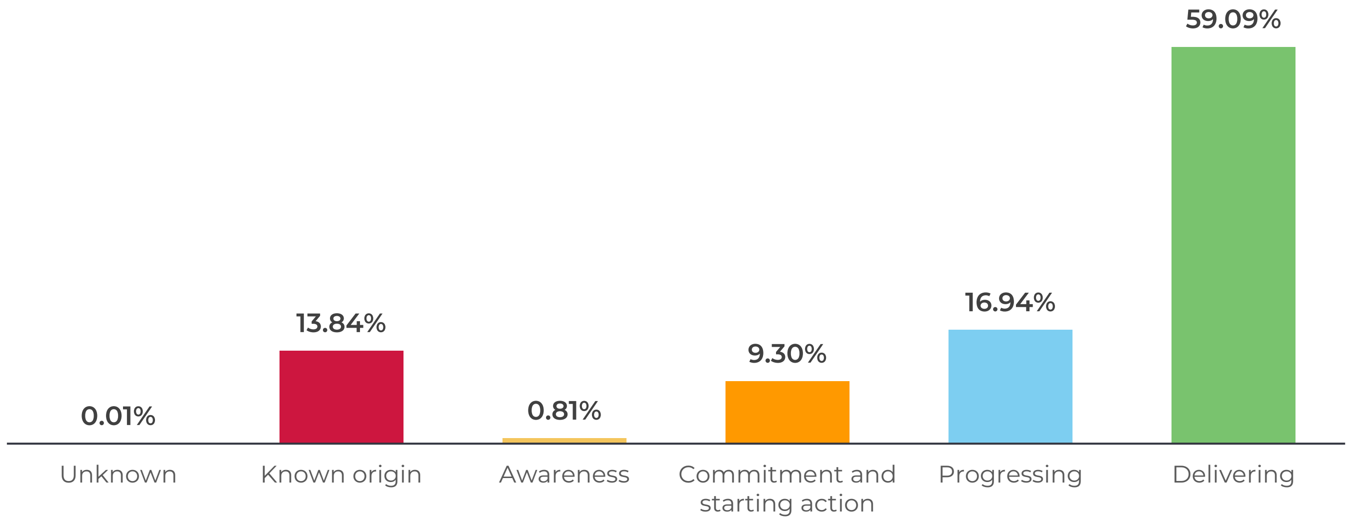
The NDPE IRF Active Working Group, convened through the Palm Oil Collaboration Group (POCG), of which Kellogg is a member, is advancing this methodology throughout the industry to better align on the current state of NDPE commitments throughout the palm supply chain to help coordinate collective action. For more information, please visit the NDPE IRF website.

As part of the ongoing socialization of the NDPE IRF process with our suppliers, Kellogg, supported by Proforest, will continue to engage with our T1 suppliers to build capacity for this reporting structure and improve the quality and quantity of data provided. We recognize that this is a new process for most but is necessary for aligning the industry on a standard approach to measuring and monitoring policies and programs related to NDPE issues present within global palm oil supply chains. This data is self-reported by suppliers and is not independently verified.

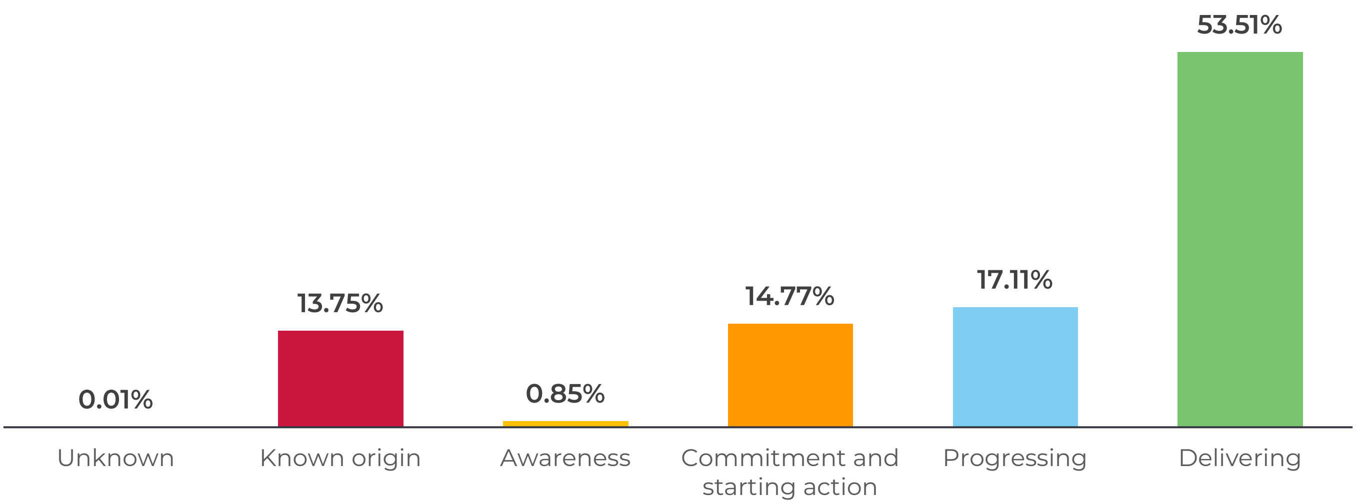
Kellogg NDPE IRF Profile

47% (14/30) of our Tier 1 suppliers provided full IRF profiles for the No Deforestation and No Peat assessments. The self-reported data presented below represents 83% of the palm oil volume Kellogg sourced in 2020 (54,332 MT).

Deforestation Progress at Production Level (SR)



Peat Progress at Mill Level (SR)

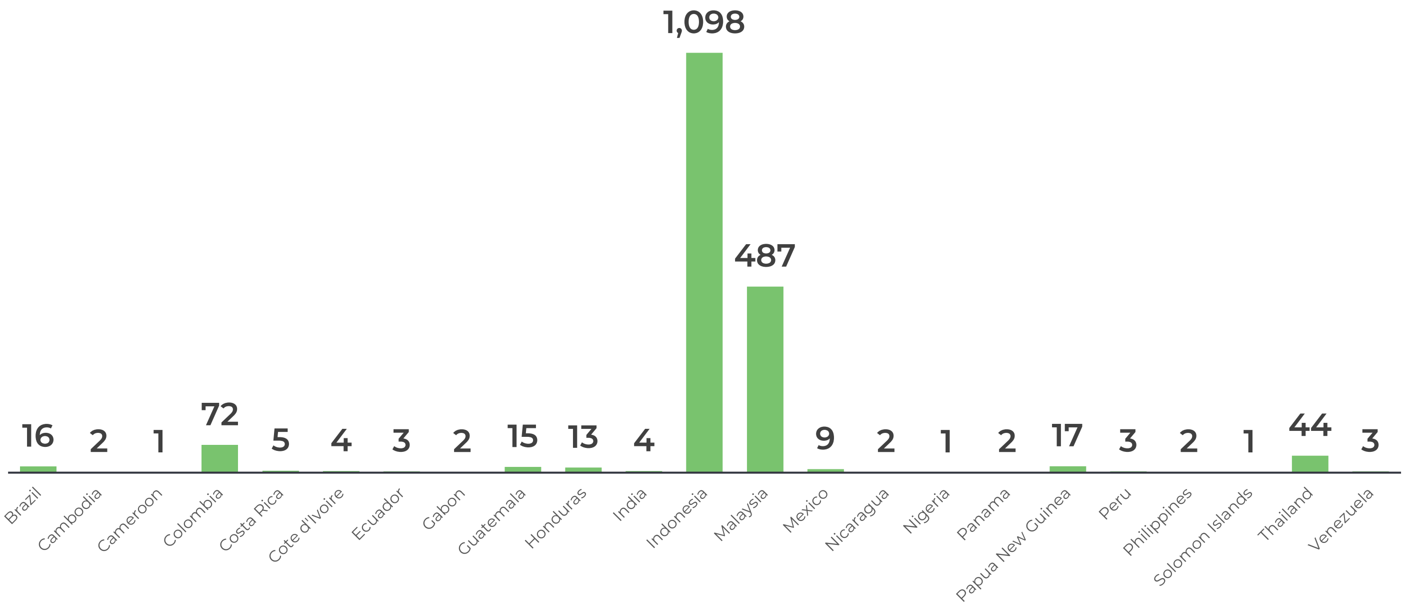


Supply Base at Country Level

Knowing where our procured palm material is sourced from is an important element of our supply chain management strategy. In the absence of full, verifiable traceability from suppliers and due to the use of RSPO schemes such as mass balance and credits, we are unable to pinpoint the exact mill or plantation that each MT of palm material comes from. We can, however, gain a general sense of our supply chain exposure by country level, and in some cases regionally. This information helps us action potential grievances that arise in our upstream supply chain and understand where our resources can best be used to support jurisdictional approaches and targeted on-the-ground programs such as our Impact Incubator work with smallholders.

- Overall *potential* mill exposure*: 1,806 mills spread throughout 23 countries
- Regional mill locations: Southeast Asia (91.6%), Latin America (8%), Africa (0.4%)
- Highest level country mill exposure: Indonesia (61%), Malaysia (27%), Colombia (4%), Thailand (2%)

Number of Mills by Country



* Kellogg does not directly source from all 1,806 mills. This number is based on the mill lists provided by each supplier for all reported volumes FY2020, and the number of mills associated with each supplying refinery. Without segregated or IP palm oil, it is not possible to know the exact mills or volumes that Kellogg sources from. Further information can be found in our FY 2020 Mill List on our website.

Southeast Asia

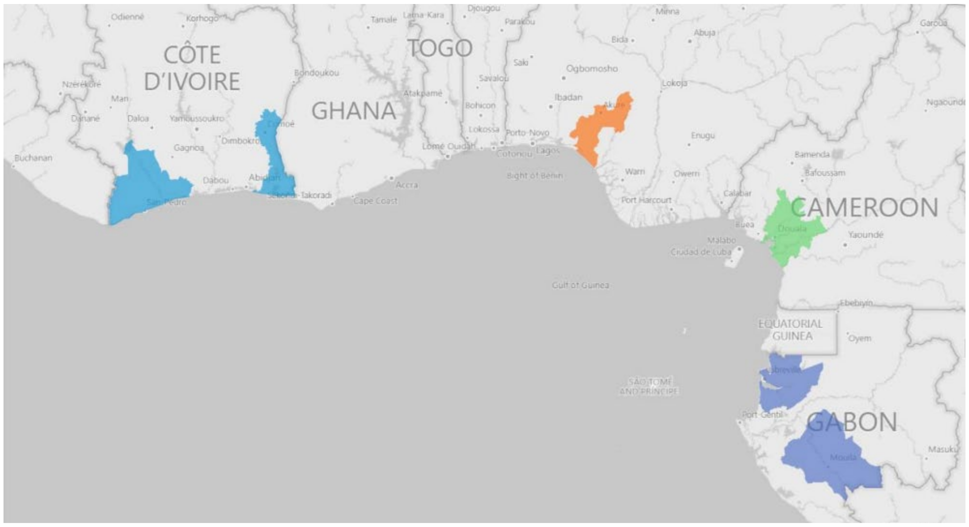
The majority of our volumes are sourced from Southeast Asian regions, specifically Indonesia and Malaysia. Within our collaborative industry group partnerships and working groups, resources and interventions are heavily concentrated to support the sustainable production of palm oil within this region. Issues such as deforestation, human rights, labor issues and government advocacy are all strategic elements of the work we contribute to through direct partnership and industry alignment.

Within other regions, we continue to look for right-fit opportunities to continue to support their efforts of working toward responsibly sourced palm oil and engage with our direct suppliers sourcing from these regions.

Country Level	Number of Mills
Cambodia	2
India	4
Indonesia	1098
Malaysia	487
Papua New Guinea	17
Philippines	2
Solomon Islands	1
Thailand	44

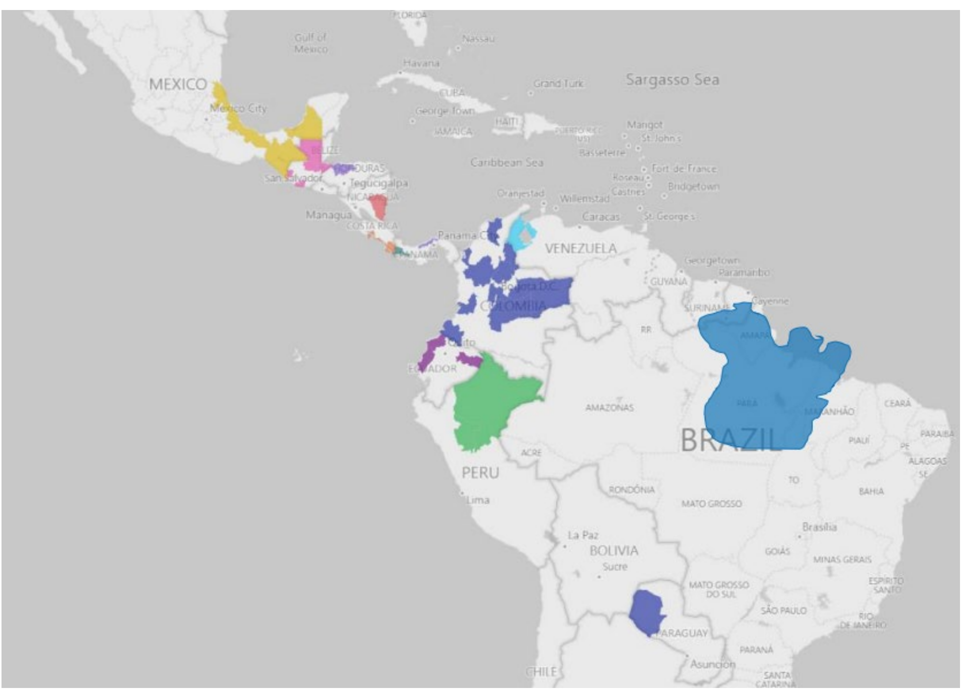
SOURCING REGIONS

Africa



Jurisdiction Level 1	Number of Mills
Cameroon:	**1**
Littoral	1
Cote d'Ivoire:	**4**
Bas – Sassandra	3
Comoé	1
Gabon:	**2**
Estuaire	1
Ngounié	1
Nigeria:	**1**
Ondo	1

Latin America



Country Level	Number of Mills
Brazil	16
Colombia	72
Costa Rica	5
Ecuador	3
Guatemala	15
Honduras	13
Mexico	9
Nicaragua	2
Panama	2
Peru	3
Venezuela	3

Supporting Smallholders

While we support and utilize certified palm oil, we believe that certification is only part of the solution to tackling issues within the palm oil industry like deforestation, human rights violations and increasing support for smallholders and forest communities. Smallholder operations have been shown to affect supply chain issues, such as deforestation, but they are still not provided the support needed to transform their practices to be more sustainable and efficient. Even though they contribute roughly 40% of globally produced palm oil, smallholder and forest communities continue to be underrepresented and under supported. Due to a lack of access to inputs such as fertilizer and high-quality seedlings and a lack of resources for best management practices such as pest control and cultivation techniques, smallholder operation's yields are 50% lower than large-scale commercial companies.

That's why Kellogg developed an Impact Incubator to work specifically with smallholders and forest communities in partnership with trusted NGOs and local stakeholders. This work will focus on combatting deforestation, supporting forest restoration and providing direct support to smallholder farmers and forest communities.

Through the Impact Incubator, we ensure that programs support small scale, regionally located farmers and communities. Wherever possible, we seek to scale solutions and activities. Engagement and collaboration with these groups will be the foundation for developing these programs. This will be done with respect for the autonomy of smallholders and communities and with recognition for their right to economic self-determination, while seeking to strike a balance between profitability and environmental and social protections.

Wild Asia Partnership

In July 2020, Kellogg partnered with Wild Asia, an impact-driven social enterprise based in Malaysia, as part of our Impact Incubator commitment to support the improvement of smallholder livelihoods and increase their access to market through formal certification. This two-year project integrates our objectives with the work Wild Asia has been doing through their Small Producer Inclusivity & Resilience Alliance (SPIRAL) and Wild Asia Group Scheme (WAGS) programs by funding increased farmer reach, crop diversification to increase income, regenerative agricultural practices to improve yields and providing support for a path to certified operations.

By partnering with Wild Asia, we support sourcing practices that are inclusive of smallholders, sustainable, NDPE-compliant and have a positive impact.

SPIRAL's objectives are to improve the livelihoods of smallholders and increase opportunities for local natural biodiversity conservation**.** The strategy for improving livelihoods is to increase profit per area by adopting global standards to add value to existing crops, reduce costs and reduce the need for chemical inputs by adopting natural farming methods. When applied to regions where there are High Conservation Values, the SPIRAL program provides an alternative model for enhancing biodiversity and increases the conservation viability of existing protected areas.

The WAGS program was designed to address challenges faced by independent smallholders by helping them improve their farming practices and supporting their compliance with international standards (e.g., RSPO). WAGS is essentially a management system that allows independent producers, irrespective of size, to be formed into and managed as Member Groups (MGs) to promote traceability, transparency and cooperation.

The WAGS certification program is an ongoing, annual program. The work of getting new members, preparing them for certification and audits and closing any non-compliances are all part of an annual cycle.

We encourage other companies in our supply chain to speak with us on how to get involved in this project, as we are open to working with other partners.

2020-2021 PROGRAM HIGHLIGHTS

To increase support for smallholder inclusivity in global supply chains, all producers in the project are verified through sustainable certification standards. They are provided with regular educational opportunities and progress towards meeting the national Malaysia Sustainable Palm Oil (MSPO) scheme and then, the global Roundtable for Sustainable Palm Oil (RSPO) standard is monitored.

2020 and 2021 presented an unprecedented challenge for organizations working on-the-ground. The COVID-19 situation hampered efforts to reach new producers to participate in WAGS due to the travel restrictions imposed in Malaysia. However, as the situation improved in the latter part of 2021, on the-ground activities have been reestablished with a continued goal of increasing the number of new producer participants and implementing new activities in 2022 onwards.*

STATUS AT THE START	PARTNERSHIP KPI	STATUS TODAY
464 Perak: 356 Johor: 108	Total certified small producers in WAGS West	Target: 564 producers 503 Perak: 395 Johor: 108
39 Perak: 39 Johor: 0	No. of new small producers (to be certified in 2022)	Target: 100 new producers 243 Perak: 243 Johor: 0
47,120 Perak: 29,020 Johor: 18,100	No. of certified volumes (MT)	Target: 50,000 MT 61,686 Perak: 43,586 Johor: 18,100

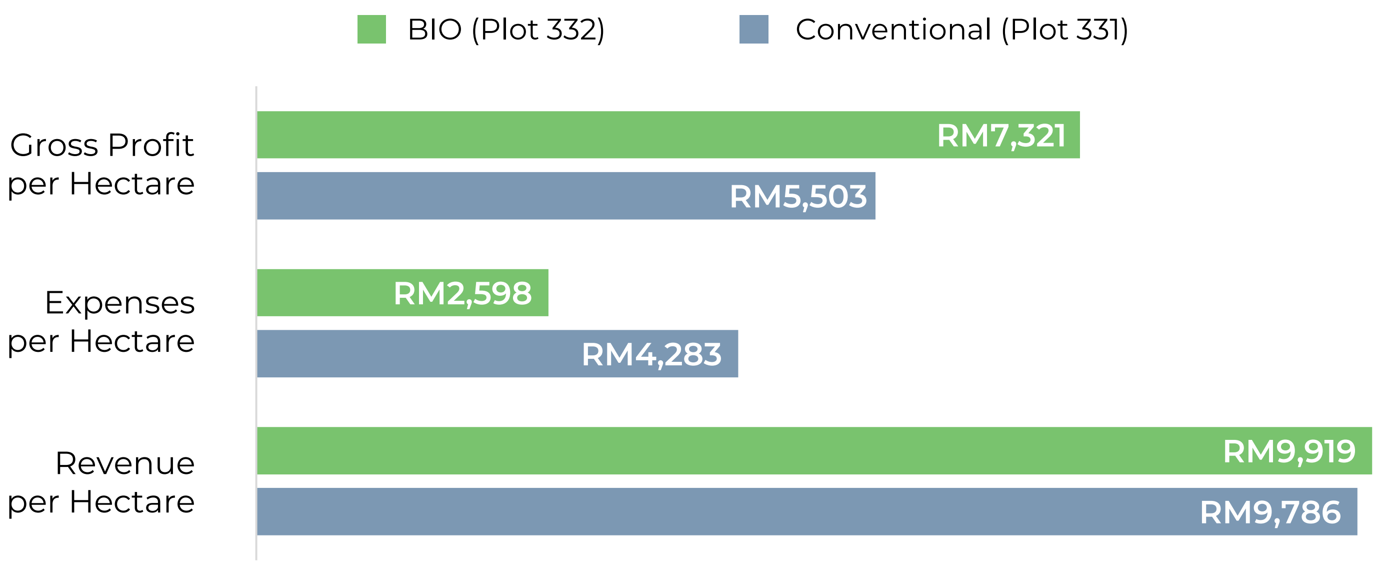
* The data reported here is representative of the full WAGS program, including the outcomes attained through funding from other project partners.

In addition to certification, we recognize that new regenerative models for agriculture are critical. As part of this project, we support Wild Asia's work in biointensive agriculture in West Malaysia. Our partner is expanding their "BIO Farms" program, which demonstrates the benefits of biointensive agriculture on working farms that adopt agroecological farming methods into their existing production systems. Smallholders with BIO Farms use practices to conserve and restore soils, including enhancing soils' biological activity with locally-made organic materials, while improving farm productivity and profitability (see below). The program's five-year goal is to promote smallholders' expansion in biointensive management across an estimated 100,000 hectares, with the potential to store an estimated 1 million MT of carbon as soil organic matter.*

Supporting the growth of working BIO Farms by smallholder producers

- 10 BIO demo plots established
- 10 hectares of total BIO demo plots

ECONOMIC COMPARISON BETWEEN CONVENTIONAL & BIO-FARM CASE STUDY: WAGS-139, 2019 ANALYSIS



BIO-Farm plot gross profit is 33% more than conventional plot.

* The data reported here is representative of the full WAGS program, including the outcomes attained through funding from other project partners.

2020-2021 PROGRAM HIGHLIGHTS

Photo by Elizabeth Fitt for Wild Asia

"Since joining WAGS, in addition to learning better farm management, I've also learned new things like how to apply empty fruit bunches, bio char and bio juice, which are methods under the WAGS BIO programme that help to improve soil health. By implementing more sustainable practices, I can ensure a better life for my children and the future generation. I hope that WAGS will continue to provide support and guidance so that more smallholders can manage their farms better and more sustainably."

– WAGS Member, Herzuza Dongkin