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*Kellogg's*

**Corporate Responsibility Report**  
Nourishing Families So They Can Flourish And Thrive

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# Condensed Report, Same Strong Commitment

At Kellogg, we are driven by the desire to nourish families so they can flourish and thrive. This desire guides our corporate responsibility (CR) strategy and initiatives, which we organize into four pillars: Marketplace, Community, Environment and Workplace.



Although our report is shorter, our commitment to being a socially responsible company is as strong as ever. For example, we continue to implement high standards for food safety and quality, provide food donations to communities in need, work hard toward our environmental goals, and promote diversity and inclusion in our workforce. We also see an important role for ourselves as educators about the many nutritional benefits of a cereal breakfast.

These and other CR efforts help to support our overall business strategy of winning in breakfast, becoming a global snacks leader, expanding our frozen foods business and succeeding in emerging markets.

We hope you enjoy reading the highlights of our recent CR work. And as always, we welcome your comments and feedback at [corporateresponsibility@kellogg.com](mailto:corporateresponsibility@kellogg.com).

John Bryant  
President and Chief Executive Officer  
April 2014

In 2013 we decided to change our reporting cadence such that we publish a full-length corporate responsibility report every other year, with a summary report, like this one, in the intervening years. This decision is based on research into industry best practices and how other top reporters share their stories and data.

## For More Information

Scan the QR codes throughout this report with your smartphone to access more information on our corporate responsibility-related activities. If you don't already have one, a QR code reader can be easily downloaded from your favorite app store.

The QR code to the right links to our corporate responsibility reports from previous years.



## Our Global Reach

At Kellogg Company, our vision is to enrich and delight the world through foods and brands that matter. With 2013 sales of \$14.8 billion, the company makes more than 1,600 foods

marketed in more than 180 countries. The map below shows the countries where Kellogg manufacturing operations are located and from which we source our primary grains.



## Cereal: A Great Start To The Day



Scan this QR code to watch the video "Good Mornings Begin Here."

Nutritionally speaking, breakfast is the most important meal of the day. And cereal has been a breakfast table mainstay for more than a century.

Low-calorie, nutrient-dense and typically low in cholesterol, cereal is one of the best breakfast choices available. A meal of *Kellogg's*® cereal and one cup of skim milk offers a tasty combination of protein and grains that help recharge the body.<sup>1</sup>

Cereal with milk helps ensure that people get many of the nutrients they might otherwise miss, such as calcium, Vitamin D and potassium. Meanwhile, study after study has proven that people who start the day with a cereal breakfast tend to weigh less.

Research also shows that 90 percent of people in the U.S. do not get the recommended amount of fiber in their diets. *Kellogg's*® has more cereals that are a good source of fiber (3 grams) than any other U.S. food company.

Beyond the nutrition benefits, cereal with milk offers economic advantages, too. At about 50 cents (USD) per serving, cereal with milk provides an affordable, quick and convenient way to start the morning.

Despite all the positives, there continue to be misconceptions and confusion about cereal's nutrition value. That's why we work to educate consumers, as well as health care professionals, about the benefits of breakfast cereal. On our packaging and our websites we offer a wealth of science-based information regarding the role that eating cereal can play in maintaining healthy weight, boosting nutrient intake and providing a breakfast that is lower in calories, fat, sodium and sugar when compared to other common breakfast choices.



<sup>1</sup> A cereal and milk breakfast includes one serving of cereal plus one cup (8 oz.) of skim milk.



# Marketplace

With our foods, we focus on enhancing nutrition benefits and meeting the varied demands and tastes of our global consumers. Whether breakfast foods, frozen meals or snacks, we produce great-tasting, high-quality foods that are

sourced, manufactured, marketed and sold safely and responsibly. We also help educate consumers about nutrition and the importance of breakfast, especially a cereal breakfast, for getting a great start.

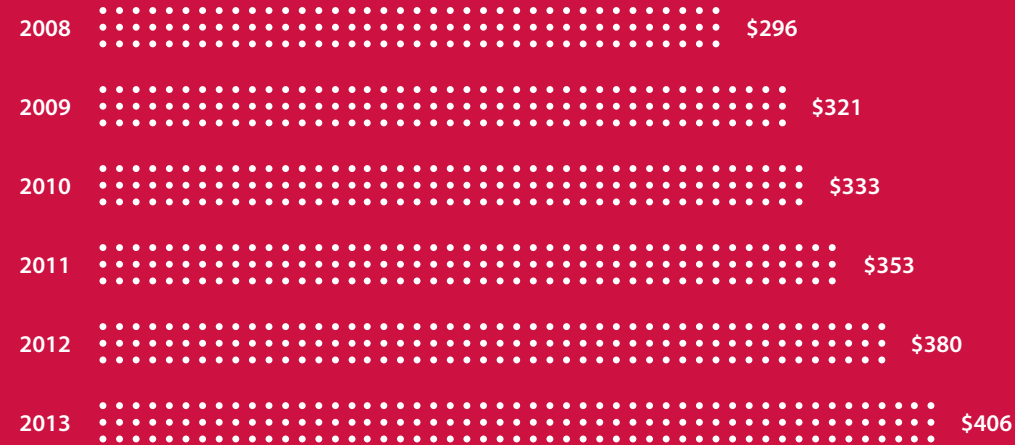
## Ensuring Supply Chain Accountability

Kellogg is committed to responsible sourcing across our supply chain. In early 2014, we strengthened our Global Supplier Code of Conduct to clarify the standards we have for our suppliers. The updated Code further outlines our

expectations around business integrity, quality, health and safety, environmental sustainability, and management practices. We will implement social compliance validations of our Code for all direct suppliers by 2015.

## Supporting The Growth Of Diverse Suppliers<sup>2</sup>

Money spent among first-tier diverse suppliers (in millions)



### Million Dollar Club

47 diverse first-tier suppliers with which we spent \$1 million or more in 2013.

<sup>2</sup> Diverse suppliers are companies owned by women, people of color, disabled individuals, service-disabled veterans and individuals from the LGBT (lesbian, gay, bisexual, transgender) community.

## Producing Safe, High-Quality Foods

The safety and quality of our foods is one of our highest priorities. Indeed, our reputation depends on it. We have a robust suite of programs and processes to ensure that our products comply with government regulations and meet our own strict standards. Our Kellogg Food Safety Plan is founded on the comprehensive Hazard Analysis Critical Control Points (HACCP) food safety system and integrates all of our food safety programs into one plan. Also, all Kellogg manufacturing plants and our contract manufacturing facilities are aligned with the Global Food Safety Initiative.

### Supplier Audits

Auditing is a critical part of our food safety systems. In 2013, we evolved to a risk-based approach to how frequently we audit each supplier. Key suppliers for higher-risk items, such as nuts, seeds, vegetables, chocolate, dairy products and packaging materials that surround our foods, may be audited annually. Lower-risk materials and proven, high-performing suppliers may be audited on an 18- to 36-month cycle.

2013	<b>604</b> Supplier Audits	<b>83</b> Packaging Supplier Audits
2012	<b>917</b> Supplier Audits	<b>134</b> Packaging Supplier Audits

## Spreading The Word On Nutrition



Scan this QR code to visit our nutrition-focused website for global health care professionals.

We want to help our consumers make informed dietary choices, and we know health care professionals are among the most trusted sources of nutrition information. That is why we launched *kelloggsnutrition.com*, a website for health care professionals, in 2012 and expanded it to more regions globally in 2013. The website

serves as a resource for health care professionals who are looking to stay current on the latest research or who are seeking resources to share with patients and clients. The site provides updated summaries of research on topics ranging from breakfast and fiber to digestive health and weight management.



## Enhancing The Nutritional Benefits Of Our Food

We are on a continuous journey to improve the nutrition credentials of our foods while maintaining the great taste our consumers know and love. In recent years, we have focused on adding nutrition elements that are key to good health, such as fiber, whole grains, protein, vitamins and minerals. At the same time, we have been reducing sodium, sugars and fat across our product lines.



## Innovating Around The Globe



Each year, we debut a wide range of foods that build upon the latest food trends and meet the needs of today's consumers. Innovations from 2013 included the following:

### Hot Oats / India

We launched two new savory versions of *Heart to Heart Oats*® for the Indian market. Made with 100 percent whole grain oats, both varieties are high in fiber.

### Porridge / South Africa

*Kellogg's All-Bran® Instant Porridge*, a serving of which offers one-third of daily fiber requirements, is the second hot cereal introduced by Kellogg in South Africa in two years.

### Special K® / Europe

This new three-grain blend of barley, wheat and rice flakes boasts 78 percent more whole grains, 40 percent less saturated fat and 11 percent less sodium than the prior version.

### Nutri-Grain® Beverage / Australia/New Zealand

With 9.5 grams of protein and 4.2 grams of fiber in 250 milliliters, our new *Nutri-Grain*® beverage offers consumers the convenience of on-the-go nutrition at breakfast or any time.

### Special K Nourish™ Hot Cereal / North America

This unique multi-grain blend boasts quinoa, oats, wheat and barley – plus real fruit and crunchy nuts – with 5 grams of fiber, at least 7 grams protein, and less than 200 calories.



# Community

Our founder, W.K. Kellogg, was known as one of the great philanthropists of the 20th century. Today, we follow in his footsteps, focusing our work where we believe we can make

the biggest impacts. Our global signature cause – hunger relief and breakfast programs – ties to the key elements of our business.

## Providing Breakfasts For Better Days™

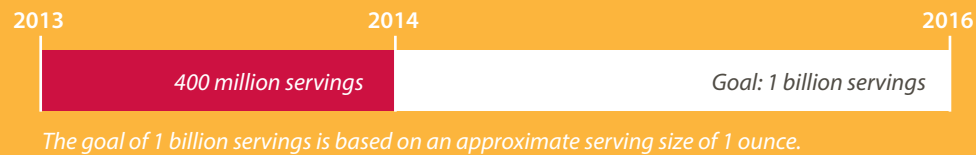


Scan the QR code to learn more about Breakfasts for Better Days.™

We believe in the power of breakfast to feed better days and better lives. Over the last few years, we have developed a more strategic approach to our philanthropic giving, culminating in the 2013 launch of our *Breakfasts for Better Days*™ global signature initiative. Through this program, Kellogg and Kellogg's Corporate Citizenship Fund have pledged to donate 1 billion servings of cereal and snacks – more than half of which are breakfast – by the end of 2016. We are expanding breakfast programs

around the globe, maximizing product donations and advocating for the important role breakfast plays in the diet. In the first year of the initiative, we donated more than 400 million servings of products, of which 230 million servings were breakfast foods.

## Kellogg's Breakfasts for Better Days™



## Sharing The Power Of Breakfast With Children



In many countries, there is no such thing as a government-sponsored free or reduced price school breakfast program. We support and promote school-based "breakfast clubs" to fill those gaps. In 2013, as part of our global *Breakfast for Better Days*™ commitment, we provided funding for 98 breakfast projects in

Brazil, Colombia, Costa Rica, Denmark, Ecuador, France, Germany, Guatemala, Ireland, Italy, Mexico, Peru, Puerto Rico, Russia, Spain, Sweden, Turkey, the U.K. and Venezuela to provide nearly 540,000 breakfasts by the end of 2014. Included in this figure are approximately 100,000 breakfasts that will be provided to children in Uganda and Malawi through our breakfast program with the charity Seeds for Africa.

In the U.K., our Give a Child a Breakfast campaign raises money for breakfast clubs through the sales of our cereal. Since the program began in 2011, we have distributed nearly \$1 million (USD) to 1,100 breakfast clubs in the U.K. and Ireland.

## Contributing To World Food Day

We live in a world where one in eight people faces daily food insecurity. To bring attention to the fight against hunger, the Food and Agriculture Organization of the United Nations established October 16 as World Food Day. As part of this, we coordinated our first

company-wide global service project for employees. Together, employees from 28 countries and the company donated nearly 100,000 pounds of food – much of it Kellogg products. Employees also volunteered their time to help 94 community programs.



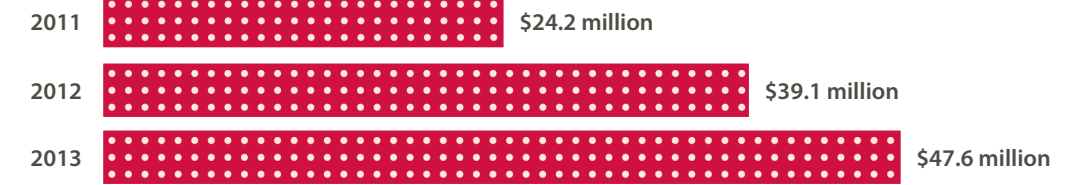
Scan the QR code to learn more about World Food Day.

## Our Charitable Donations

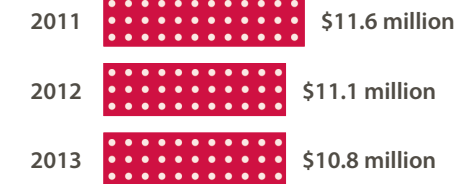
We make charitable donations through the Kellogg Company and through Kellogg's Corporate Citizenship Fund. In 2013, we

supported a variety of nonprofits and charities, providing \$13.4 million in cash and \$47.6 million in food.

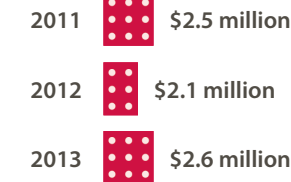
### In-Kind Contributions<sup>3</sup>



### Cash Contributions



### Brand Philanthropy



<sup>3</sup> Products valued at cost of goods sold (COGS), except for cookies donated to the Red Cross for its blood drive programs. In-kind donations fluctuate year to year.

## Delivering Food In Times Of Disaster

In 2013, as part of our *Breakfasts for Better Days*™ initiative, we established a new mobile relief center that can be deployed in the U.S. to deliver Kellogg foods to areas struck by disasters. When disaster strikes, one of the first things a community needs is nutritious, ready-to-eat foods. Our shelf-stable products – especially cereals – can provide sustenance to people whose lives have been upended by tornadoes, earthquakes, hurricanes

and other natural disasters. We're quick to respond when disaster hits to help bring nourishment and hope to those who need it most. In 2013, we sent food to communities hit by a devastating tornado in Moore, Oklahoma, in May, to flooded neighborhoods in Colorado in September, and to parts of the U.S. Midwest following more than 60 tornadoes in November.





# Environment

As a global food company, we depend on natural resources – including water, energy and healthy agricultural ecosystems – to make our products. More than ever, consumers want to know how their food is grown, and we have been actively engaging with farmers and other suppliers

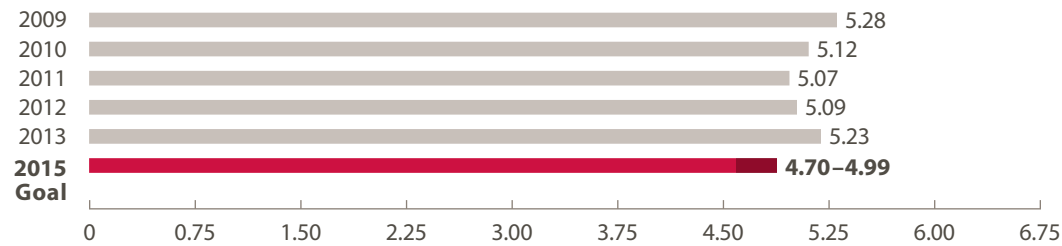
on issues relating to sustainability. We are also committed to reducing our overall packaging, as well as increasing its recycled content and its recyclability. We strive to conduct our business in a way that reduces our environmental impacts and drives environmental improvements.

## Our Environmental Performance

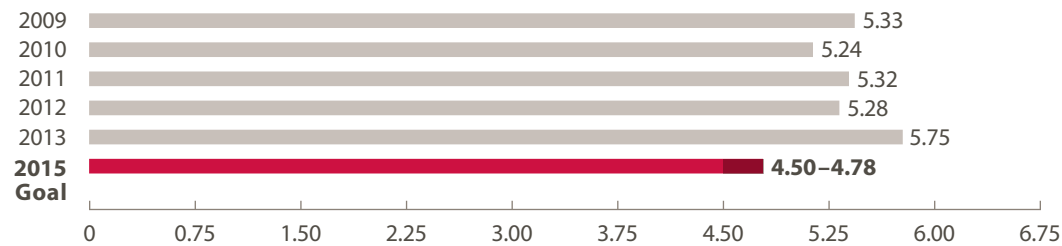
Our manufacturing operations are working hard to reduce energy use, greenhouse gas (GHG) emissions and water use per metric tonne of food produced by 15–20 percent from 2005 to 2015. They are also aiming to decrease waste sent to landfill per metric tonne of food produced by 20 percent from 2009 to 2015 (after already reducing this metric by 41.5 percent from 2005 to 2009). As seen below, we experienced slight upticks in several of these metrics in 2013,

due largely to changes in our product and manufacturing mix, notably the inclusion of our Pringles plants in the data for the first time. Kellogg acquired Pringles in mid-2012. In an effort to accelerate our progress toward the 2015 goals, each plant has developed an action plan that includes defined responsibilities, completion dates and designated contributions toward the overall targets.

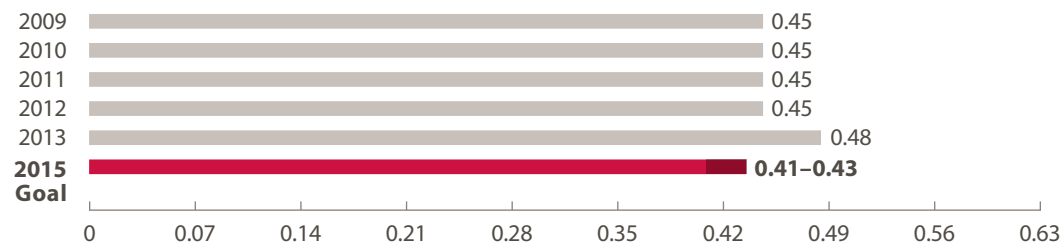
### Water Use<sup>4</sup> (in cubic meters)



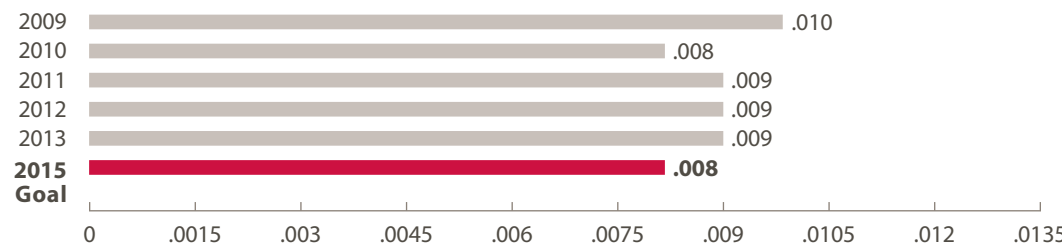
### Energy Use<sup>4</sup> (in gigajoules)



### GHG Emissions<sup>4</sup> (in metric tonnes)



### Waste Sent to Landfill<sup>4</sup> (in metric tonnes)



<sup>4</sup> per metric tonne of food produced

## Engaging With Our Growers



Scan the QR code to learn about our new palm oil commitment.

In recent years, we've been working more closely with the farmers who grow our grains to help drive sustainability improvements. In the Delta del Ebro region of Spain, for example, we are supporting activities that benefit our farmers and the natural environment, including training modules for growers and demonstration farms. We are also working with wheat farmers in the U.K. and rice growers in the U.S., among other efforts.

In 2013 we engaged with stakeholders on the issue of palm oil, and in early 2014 we updated our sustainable palm oil commitment to include the concept of full traceability. We also pledged to source from plantations that are not only environmentally sustainable but protect human and community rights as well.

We have also increased our focus on women growers and smallholder farmers. In early 2014, we sponsored five quinoa growers

and an agronomist from the Andes region to attend a research symposium in the U.S. There, the native farmers learned about best practices to increase their yields and served as a voice for indigenous growers, including a women's cooperative called Suma Kamana. In total, the programs we sponsor have helped enhance the livelihoods of more than 500 growers who help supply quinoa for our *Special K Nourish™ Hot Cereal*.

In Mexico, our partner CIMMYT founded MasAgro, an initiative that brings together smallholder and women farmers together with agricultural research and development organizations to raise and stabilize their crop yields and increase incomes.

Kellogg also continues to support Mexico Tierra de Amaranto, a program that teaches community members to grow and harvest amaranth, a nutrient-rich native grain.



« Our increased focus on women and smallholder growers includes work with quinoa growers from the Andes region, such as the farmers shown here.

Credit: Diego Nuñez de Arco for Andean Naturals.

## Encouraging Consumers To Recycle



Scan the QR code to see our video on the recycling of Pringles snack cans in our Asia Pacific market.

Our packaging work focuses on improving the sustainability profile of our packaging and encouraging consumers to recycle it after use. Here are some examples from 2013.

- In Australia we support the REDcycle program, which collected over 800,000 Kellogg's wrappers and/or cereal box liners. This accounts for 3.26 metric tonnes of wrappers/cereal liners. The amount of recovered Kellogg packaging increased from 1.36 metric tonnes in the first half of 2013 to 1.9 metric tonnes in the second half – an increase of 39 percent.

- We earned a prestigious AmeriStar award from the Institute of Packaging Professionals for our Kashi stand-up cereal bag made from 15 percent post-consumer high-density polyethylene (HDPE) – an industry first.

- In the U.S. we have helped to pioneer the How2Recycle labeling system developed by the Sustainable Packaging Coalition. We were the first in the marketplace to add How2Recycle labels to the outside of our product packages highlighting the recyclability of our boxes.



# Workplace

At Kellogg, our people are our most important resource, and we are keenly aware that our success today and tomorrow depends on our employees. In all of our global locations, we put a strong emphasis on workplace safety and work life

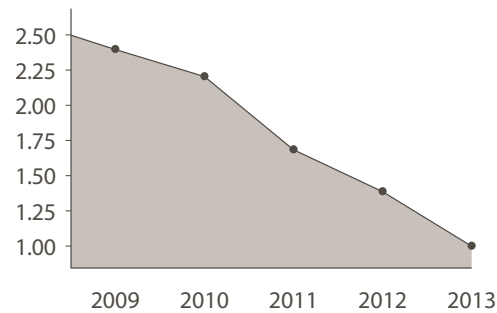
balance, and we invest in the development of our workforce and the skills of our future leaders. We also seek to maintain a diverse and inclusive workforce, and we are consistently recognized among the top U.S. companies for diversity.

## Keeping Our People Safe

We believe that occupational injuries and illnesses are preventable, and we want our employees around the world to work in safe and secure environments. In 2013 we updated our Environment, Health and Safety (EHS) policy, broadening it to include all global employees, not just those who work in manufacturing environments. The policy makes clear that, in all settings,

we do not tolerate unsafe behaviors or conditions in our workplaces and that we seek to continuously improve our safety culture and performance, with an ultimate goal of zero injuries and illnesses. As seen below, we made excellent progress on our safety metrics in 2013, with our Total Recordable Incident Rate down 29 percent and our Lost Time Incident Rate down 33 percent since the previous year.

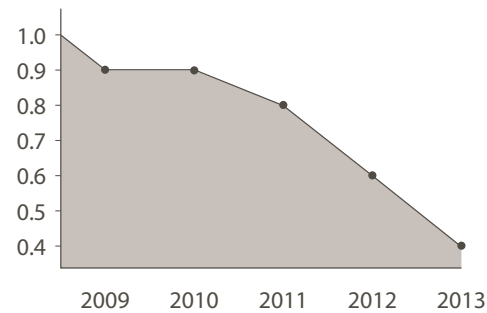
Total Recordable Incident Rate<sup>5</sup>



<sup>5</sup> Total Recordable Incident Rate = (the total number of recordable cases x 200,000 hours)/total labor hours worked. The 200,000 hours represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for incidence rates.

<sup>6</sup> Lost Time Incident Rate = (the total number of incidents that resulted in days away from work x 200,000 hours)/total labor hours worked.

Lost Time Incident Rate<sup>6</sup>



## Supporting The Military, Recruiting Veterans



In 2013 we launched a veterans-focused recruiting strategy in the U.S. to better reach this important pool of potential employees. Military-experienced individuals are disciplined, dedicated and bring a wealth of relevant skills and experience that translate well into roles within our company. By partnering with KVets & Supporters – our Employee Resource Group for veterans – and several external organizations, we have worked to better understand how veterans' expertise can best be put to use in our company and to better ease veterans' transition to our civilian workforce. Since launching the strategy, our recruitment of military veterans has increased 5 percent.

« Our May 2013 Dine-In event hosted members of the 1-334th Battalion from Fort Custer.

## Developing Our People To Grow With Us

In 2013 we introduced K Power to Grow, our new employee development model. K Power to Grow includes nine dimensions for success, with each dimension containing a set of knowledge areas, skills and attributes against which Kellogg managers around the world can assess employees and employees can assess themselves. One key aspect of the new model is a focus on consumers, with each employee asked to think about how they can positively influence brand equity and consumer satisfaction. All global employees are encouraged to use K Power to Grow and the accompanying trainings and resource materials to help drive success individually and collectively across the company.



## Advancing Diversity And Fostering Inclusion



Scan the QR code to read Features, our D&I Report.

We are committed to a diverse and inclusive workforce – one in which all employees feel valued, included and inspired to do their best. We want a workforce that mirrors the diversity of our consumers, and our efforts to achieve that vision have been acknowledged by numerous organizations. In 2013, we advanced 17 spots to #32 on *DiversityInc's* prestigious list of Top 50 Companies for Diversity. We were also recognized by *Working Mother* for our policies and practices in support of professional parents. And, we are regularly listed among the Human Rights Campaign's "Best Places to Work for LGBT Equality."

In the U.S., we sponsor seven Employee Resource Groups, which enable employees to engage with each other and with Kellogg. We also have 13 Diversity and Inclusion (D&I) Councils – 12 in the U.S. and one in Canada – which work to foster D&I in particular functional areas of the company.

### Kellogg Board of Directors

7 men, 5 women  
9 Caucasian, 1 Hispanic, 2 African-American

### U.S. Workforce

65% men, 35% women  
69% Caucasian, 31% people of color







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