

Kellogg's 2014 Corporate Responsibility Report

NOURISHING FAMILIES SO THEY CAN FLOURISH AND THRIVE



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WELCOME

At Kellogg Company, we seek to nourish families so they can flourish and thrive. That's our company's purpose, and we aim to fulfill that purpose in responsible and sustainable ways.

In this report, we describe our corporate responsibility activities and developments in our four pillar areas of Marketplace, Workplace, Environment and Community, including performance against our 2015 environmental goals. We have also included a stand-alone section on Responsible Sourcing, which discusses issues that span several of the pillars and are of increasing importance to our stakeholders. The report also highlights our new and ambitious 2020 Sustainability Commitments and our recently announced Kellogg's Global Breakfast Food Beliefs.

ABOUT THIS REPORT

This report was prepared using the Global Reporting Initiative (GRI) G3 Guidelines. GRI has verified that the report has been prepared according to the GRI Guidelines at Application Level B. The [GRI Index](#), available separately on our website, contains supplementary information on a variety of topics.

Our most recent GRI-based report was published in April 2013. In April 2014, we produced an abbreviated summary report, and this year we are again releasing a full-length, GRI-based report. Going forward we will continue to produce a full report every other year with abbreviated reports in between.

This report focuses primarily on activities and progress that occurred during 2014, but developments in 2013 and early 2015 are covered in some cases to provide context or note particular points of progress. All data and other information relate to Kellogg Company's wholly owned and majority-owned operations around the world.

We welcome your feedback on this report and on our corporate responsibility practices generally. Please feel free to contact us at corporateresponsibility@kellogg.com.

MESSAGE FROM OUR CEO



All companies must evolve and adapt to remain relevant. But to evolve successfully, they need a strong and stable foundation on which to build.

Over the years, Kellogg Company has evolved from being primarily a cereal company to being a cereal, snacks and frozen foods company. Throughout this transition, we have been guided by the legacy of W.K. Kellogg, who founded our company more than a century ago, and his passion for people, quality, innovation and nutrition. Today, this legacy is embodied in our company vision—to enrich and delight the world through foods and brands that matter—and our ***K Values***™, which together form the firm foundation that underpins all of our work.

Since our last report, we took several bold steps forward in our evolution toward becoming an even more responsible and transparent corporate citizen. First, we announced a broad and ambitious set of 2020 Sustainability Commitments, which reflect our renewed focus on sustainability not just in our own operations, but across our value chain. Through these commitments, we are seeking to further reduce our own environmental impacts, help our agricultural suppliers and farmers implement sustainable agricultural practices, and support more smallholder and women

farmers. Second, we shared our Kellogg's Global Breakfast Food Beliefs, which illuminate the company's focus and commitments relating to our *Kellogg's®*-branded breakfast foods. We know that consumers care deeply about nutrition, sustainability and communities, and that they are more likely to purchase Kellogg foods—specifically breakfast foods—when they understand our commitment to those areas and have a sense of shared values. Our Food Beliefs will help us continue to earn a place at breakfast tables for generations to come.

Also in 2014, we began to implement Project K, our four-year global program to drive efficiencies and effectiveness and better align our production with demand. Project K will help to create a more global structure through global category teams, streamline our end-to-end transactional processes and build the supply chain of the future. It will also serve as a catalyst for growth as we reinvest the savings created through these efficiencies. Throughout the implementation process, we're committed to maintaining consistency of service to our valued customers, partners, suppliers and other key stakeholders.

Even as we continue to evolve and prepare our company for future growth, our performance has earned us several accolades. In 2014 we were ranked 139 in *Newsweek's Green Rankings*—up from 365 in 2013. In 2015, we were again recognized as one of the World's Most Ethical Companies by the independent Ethisphere Institute—the seventh time Kellogg has received that designation.

As we continue with Project K, respond to ever-changing consumer tastes and needs, and work to meet our new commitments, we will undoubtedly evolve and change further. We have made good progress in our corporate responsibility efforts, but we know there is always room for improvement and growth. As we make our way forward on this journey, we will look to the strong heritage and values of our founder to keep us grounded and focused and to help us deliver on our commitments.

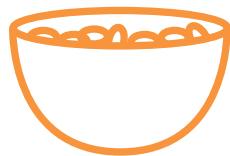
A handwritten signature in black ink, appearing to read "John Bryant".

John Bryant
Chairman and Chief Executive Officer
April 2015

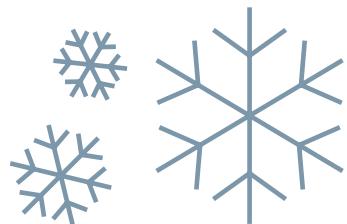
ABOUT KELLOGG COMPANY

With 2014 net sales of

\$14.6 BILLION



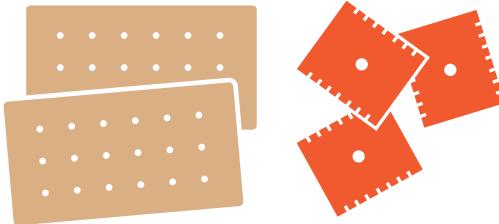
Kellogg is the world's leading cereal company



2ND

largest producer of cookies, crackers and savory snacks

A LEADING NORTH AMERICAN FROZEN FOODS COMPANY



WE ARE PUBLICLY TRADED (NYSE: K) AND HEADQUARTERED IN BATTLE CREEK, MICHIGAN.

Kellogg Company manages its operations through eight operating segments based on product category and/or geography: U.S. Morning Foods; U.S. Snacks; U.S. Specialty; U.S. Frozen; Canada; Europe; Latin America; and Asia Pacific.

To learn more visit www.kelloggcompany.com.

KEY BRANDS

Kellogg's®	Kashi®
Keebler®	Pringles®
MorningStar Farms®	Eggo®
Cheez-Its®	Bear Naked®
Pop-Tarts®	Nutri-Grain®



OUR OPERATIONS¹

Worldwide employees.....	33,000	2014 net sales.....	\$14.6 billion
Number of countries where our products are marketed.....	>180	2014 shareholder return.....	+10.3%
Number of countries where our products are made.....	19	2014 diluted earnings per share.....	\$1.75
Number of foods.....	1,600	2014 cash flow ²	\$1.2 billion
2014 net income attributable to Kellogg Company	\$632 million	2014 operating costs.....	\$13.6 billion
		2014 capital expenditures.....	\$582 million
		2014 income taxes.....	\$187 million
		2014 community investments.....	\$53.7 million

MANUFACTURING OPERATIONS



 Countries with Kellogg manufacturing facilities

¹ All data in this report are in U.S. dollars, unless otherwise noted.

² Kellogg-defined cash flow is net cash provided by operating activities reduced by capital expenditures. The company uses this non-GAAP financial measure to inform management and investors of the amount of cash available for debt repayment, dividend distribution, acquisition opportunities and share repurchases.

OUR STRATEGY

Our corporate responsibility efforts can only thrive if our company thrives. On the business side, Kellogg Company is actively working to:

- **Win in breakfast**
- **Become a global snacks leader**
- **Expand frozen foods**
- **Win in emerging markets**

In November 2013, to help drive progress in all four areas of this business strategy, we announced Project K, a four-year efficiency and effectiveness program. Project K is expected to generate significant financial savings, which will then be reinvested in the business to help drive future growth.

In 2014, as part of Project K, we worked to ensure that we are operating the right number of plants and production lines—in the right locations—to better meet our current and future production needs and the evolving needs of our customers. In North America, for example, we announced consolidations in both our cereal and snack networks, including the closure of several plants where we had excess capacity. At the same time, we opened a new Pringles plant in Kutno, Poland, and announced the construction of a new Pringles plant in Malaysia and a new cereal plant in India.

Another key work stream of Project K has been our Global Business Services (GBS) initiative. GBS is helping Kellogg drive growth by simplifying work and innovating processes so that our Kellogg team worldwide can focus on making and selling great food. Through GBS, Kellogg has invested heavily in improved processes and ways of working, enabled by technology. Running our business more effectively and efficiently will deliver savings that allow Kellogg to improve gross margins and renew our position as a category growth leader.

OUR CORPORATE RESPONSIBILITY STRATEGY

Several years ago, we conducted a comprehensive materiality analysis to identify our company's key corporate responsibility issues. The analysis took into account areas of importance to both us and our stakeholders. We then organized these key issues into four categories, or pillars: Marketplace, Workplace, Environment and Community. The graphic on the following page illustrates where our key corporate responsibility issues arise in the various stages of our value chain.

These issues and our four pillars have formed the basis of our corporate responsibility strategy and reporting. For this year's report, we created a fifth section on Responsible Sourcing, which includes topics that span several of the other pillar areas. We have developed programs and initiatives to drive progress in each of the pillar areas, as described in this report. As discussed in the Environment section, for example, we developed four quantitative goals—for reducing normalized energy use, greenhouse gas (GHG) emissions, water use and waste to landfill by 2015—to help reduce the environmental impacts of our production facilities (see p. 61).

We plan to update our materiality analysis and the graphic on the following page over the next two years as we prepare to report according to the Global Reporting Initiative's new G4 standards.



OVERVIEW

OUR STRATEGY » CORPORATE RESPONSIBILITY ACROSS THE VALUE CHAIN

CORPORATE RESPONSIBILITY ACROSS THE VALUE CHAIN

Addressing corporate responsibility strategically requires an understanding that the issues occur at multiple stages of our company's value chain.

Key Elements	Sourcing	Manufacturing	Transport	Customer	Consumer
Marketplace					
Nutrition and Health	🛒	🛒		🛒	🛒
Responsible Marketing				🛒	🛒
Consumer Information and Labeling				🛒	🛒
Product Quality and Food Safety	🛒	🛒	🛒	🛒	🛒
Responsible Sourcing/Supplier Diversity	🛒	🛒	🛒	🛒	🛒
Workplace					
Governance and Ethics	👤	👤	👤	👤	👤
Employee Learning and Development		👤	👤		
Diversity and Inclusion		👤	👤		
Compensation and Benefits		👤	👤		
Occupational Health and Safety		👤	👤		
Labor Statistics		👤	👤		
Environment					
Environmental Impact Reduction	🌿	🌿	🌿	🌿	🌿
Packaging	🌿	🌿	🌿	🌿	🌿
Sustainable Agriculture	🌿			🌿	🌿
Community					
Strategic Corporate Philanthropy	🏡	🏡		🏡	🏡
Community Development	🏡	🏡	🏡	🏡	🏡
Employee Volunteerism	🏡	🏡			🏡

OVERVIEW

OUR STRATEGY » OUR 2020 SUSTAINABILITY COMMITMENTS

OUR 2020 SUSTAINABILITY COMMITMENTS

Even as we continue to work toward our 2015 environmental goals, we recently announced a new set of 2020 Sustainability Commitments, listed below and discussed in more detail in the Responsible Sourcing and Environment sections of this report. These new commitments represent our core values as a business, demonstrate the behaviors our consumers trust and expect, and reflect our desire to help communities and families thrive.

To help guide us as we work to achieve the commitments, we have formed a new Sustainability 2020 Governance Team. Made up of five senior executives and led by our Chief Sustainability Officer, the team will meet several times a year to assess progress toward the commitments, help inform strategic decisions and address any barriers to achieving progress.

RESPONSIBLE SOURCING

Responsibly source, by 2020:

- Corn, wheat, rice, potatoes, sugar (beet and cane), cocoa, palm oil, fruits (berries, raisins/sultanas) and vanilla using a combination of certification and documented continuous improvement
- Validate social compliance across all direct suppliers by 2015

Sustainable agriculture:

Continue to help agricultural suppliers, millers and farmers to:

- Adapt and be resilient to climate change
- Optimize use of fertilizer inputs
- Estimate GHG emissions and measure continuous improvement
- Optimize water use and enhance watershed quality
- Improve soil health

Smallholder farmers:

- Identify the parts of our supply chain with smallholder farmers
- Build programs to help small-scale producers improve their livelihoods through agronomic practices and improved business skills

Women farmers and workers:

- Identify parts of our supply chain with a high prevalence of women farmers/workers
- Develop programs to provide resources and education that improve the livelihoods of women farmers/workers, their families and their communities

CONSERVING NATURAL RESOURCES

Energy, by 2020:

- Expand use of low-carbon energy in our plants by 50%
- Reduce energy use and GHG emissions in our plants by an additional 15% (per metric tonne of food produced) from 2015 performance

Water, by 2020:

- Support watershed quality
- Implement water reuse projects in 25% of our plants
- Reduce water use in our plants by an additional 15% (per metric tonne of food produced) from 2015 performance

Waste, by 2016:

- Increase to 30% the number of our plants sending zero waste to landfill

Packaging:

- Maintain commitment to having 100% of our timber-based packaging from either recycled content or from certified sustainable sources
- Further implement resource-efficient packaging, as measured by improved performance for recycled content, recyclability and food-to-package ratios

OVERVIEW

OUR STRATEGY » KEY DATA SUMMARY

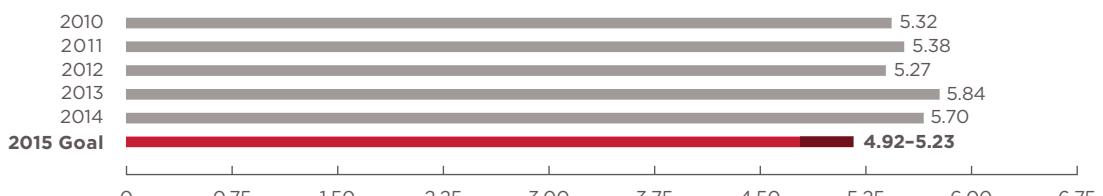
KEY DATA SUMMARY

ENVIRONMENT³

(data are per metric tonne of food produced)

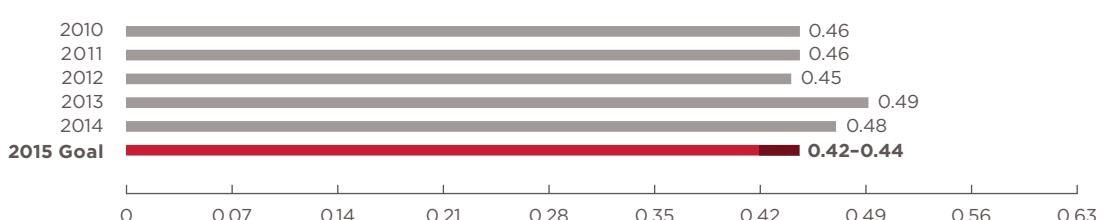
Energy Use

(in gigajoules)



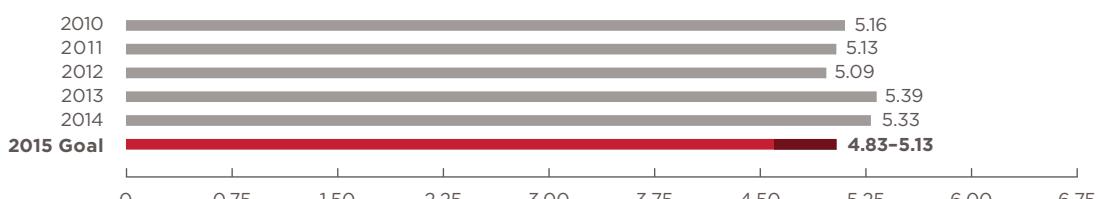
GHG Emissions

(in metric tonnes)



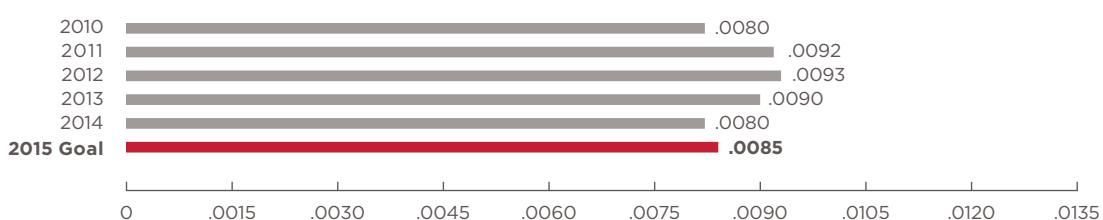
Water Use

(in cubic meters)



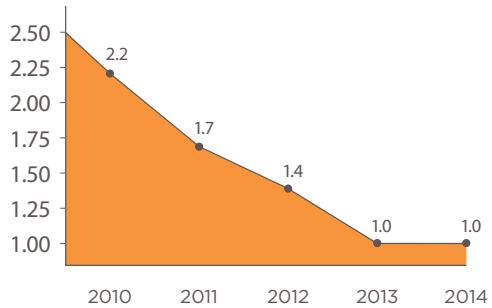
Waste Sent to Landfill

(in metric tonnes)

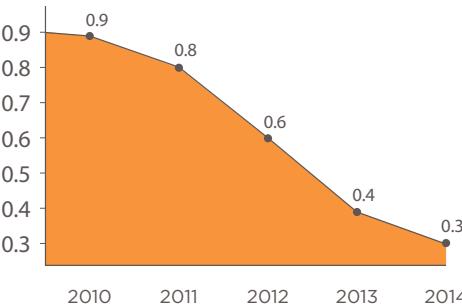


EMPLOYEE SAFETY

Total Recordable Incident Rate⁴



Lost Time Incident Rate⁵



³ Our environmental data are for our global manufacturing facilities only. They do not include our transportation fleet, offices or warehouses. The data for past years have been adjusted slightly from our previous report, reflecting improvements in our data gathering, tracking and auditing processes.

⁴ Total recordable incident rate = (the total number of recordable cases x 200,000 hours)/total labor hours worked. In this formula and the one below for lost time incident rate, 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 the incidence rates.

⁵ Lost time incident rate = (the total number of incidents that resulted in days away from work x 200,000 hours)/total labor hours worked.

OVERVIEW

OUR STRATEGY » KEY DATA SUMMARY

KEY DATA SUMMARY, CONTINUED

CHARITABLE CONTRIBUTIONS

Cash Contributions

2010		\$10.5 million
2011		\$11.6 million
2012		\$11.1 million
2013		\$10.8 million
2014		\$11.2 million

In-Kind Contributions

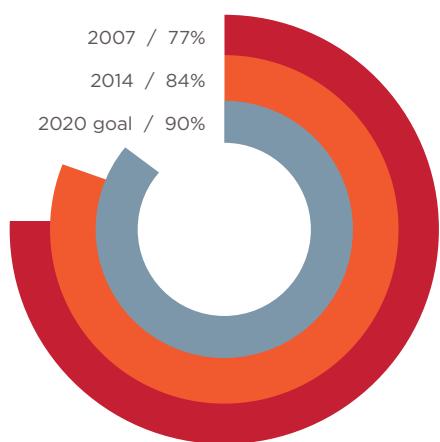
2010		\$18.5 million
2011		\$24.2 million
2012		\$39.1 million
2013		\$47.6 million
2014		\$40.4 million

Brand Philanthropy

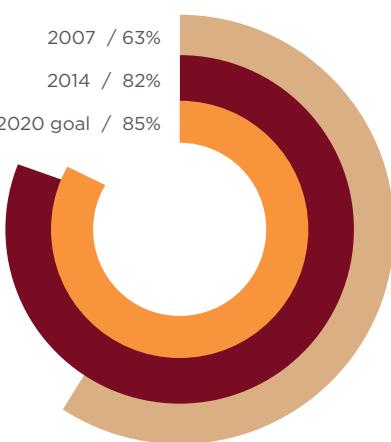
2010		\$2.9 million
2011		\$2.5 million
2012		\$2.1 million
2013		\$2.6 million
2014		\$2.1 million

NUTRITION⁶

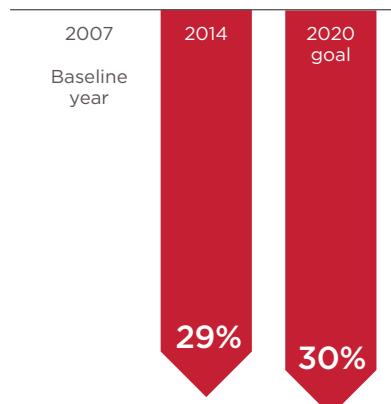
Percent of cereals with 10g or less of sugar per 30g serving



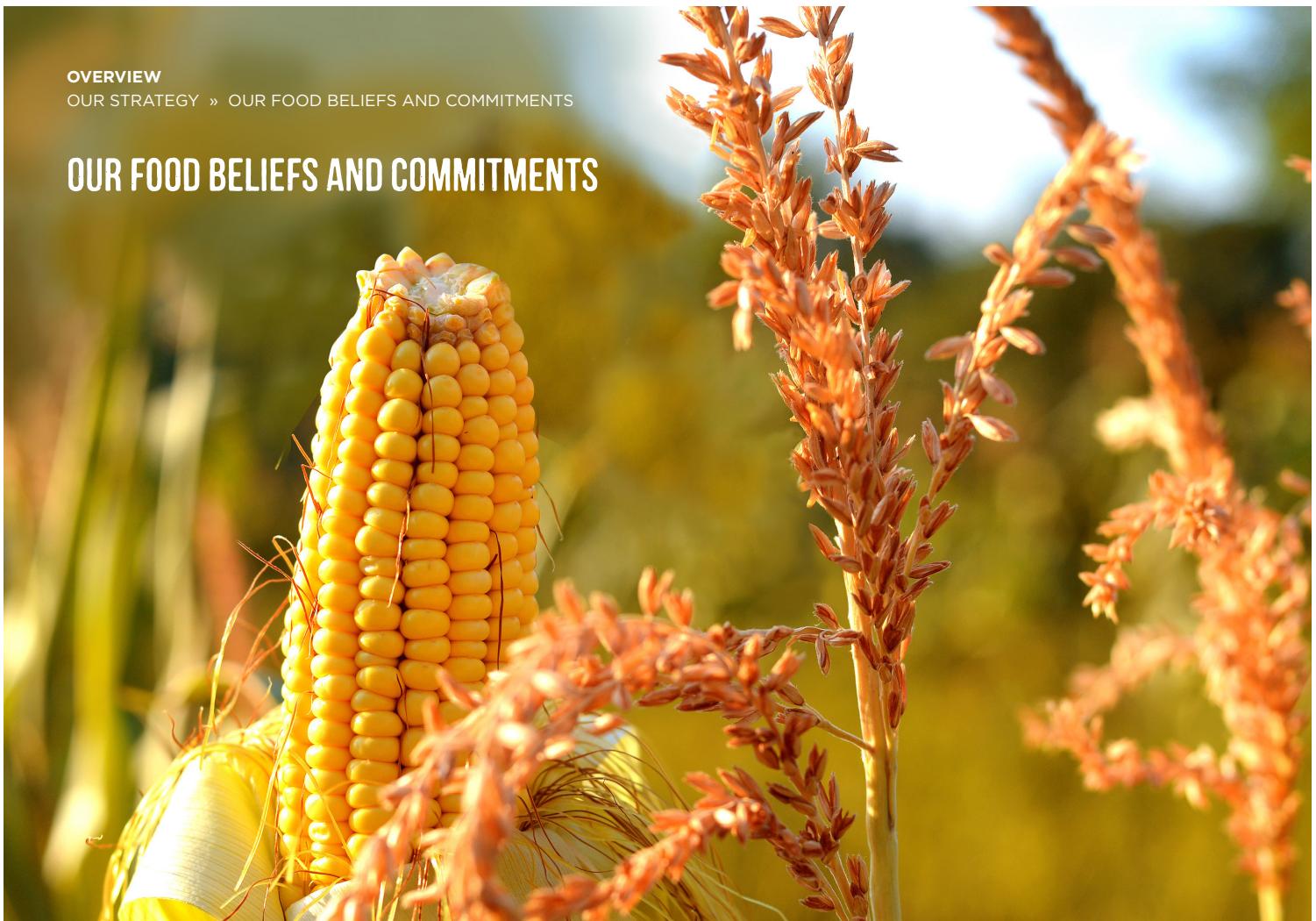
Percent of cereals with 150mg or less of sodium per 30g serving



Percent of sodium reduction in cereals (since 2007)



OUR FOOD BELIEFS AND COMMITMENTS



In early 2015, we announced our five Kellogg's Global Breakfast Food Beliefs, which are as follows:



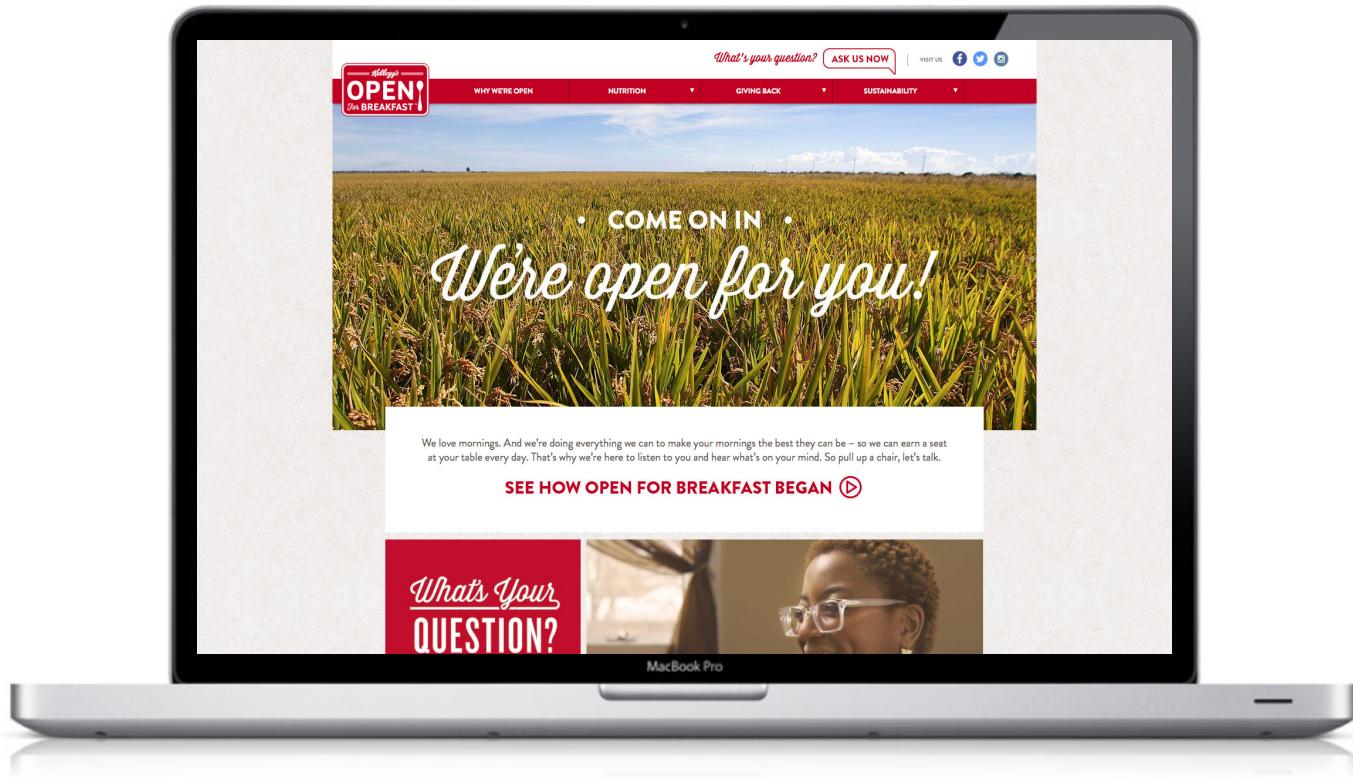
1. We believe in the power of breakfast.
2. We believe our grain-based breakfast provides a superior start to your day.
3. Because grains are at the heart of our breakfast foods, we seek the very best grains, and we believe the best grains are those that are sustainably grown and responsibly sourced.
4. We believe in providing great-tasting, high-quality breakfast foods that delight families every morning.
5. We are committed to contributing to a healthier world through a journey of continually developing better breakfast foods and encouraging a healthy and active lifestyle.

These Food Beliefs, which are discussed further in the Marketplace section (p. 33), were developed to help reinforce the benefits of our Kellogg's breakfast foods among consumers and to drive passion and advocacy for our foods among employees. Our implementation of the Food Beliefs includes a set of specific goals for the increase of beneficial nutrients, such as protein and fiber, and the reduction of sugar and sodium, in our cereal portfolio by 2020.

OVERVIEW

OUR STRATEGY » ENGAGING WITH STAKEHOLDERS

ENGAGING WITH STAKEHOLDERS



As a global, publicly owned company, we understand the importance of listening to and communicating with stakeholders who are interested not only in our financial performance but also in our corporate responsibility efforts. Our stakeholders include our employees, consumers, retail customers, suppliers, investors, governments, nongovernmental organizations, dietitians and health care professionals, and the communities in which our facilities are located. We regularly engage with these stakeholders in the normal course of business and through focused efforts aimed at addressing specific issues (e.g., palm oil sourcing (see p. 19)). Also, we expect that individuals from all of these stakeholder categories may be interested in this report, and we kept them in mind in preparing the content.

We have wanted to do more to create a two-way dialogue with our stakeholders. So in early 2015 in the U.S., we launched ***Open for Breakfast***, a new initiative

designed to engage with consumers about *Kellogg's*® foods. More than ever, people want to know what's in their food, how it's made and what companies are doing to contribute to a better world. *Open for Breakfast™* provides a forum in the digital and social media space to hear what's on peoples' minds and share stories about our foods, our commitments to communities around the world and our pledge to care for the environment. Through this initiative, we will bring the company's nutrition, community and sustainability commitments to life—and answer consumer questions—through videos, infographics, interviews and more. The content will provide a glimpse into how the company is working toward a better world through real conversations with Kellogg employees, partners and third-party experts such as farmers, nutritionists and teachers.

See p. 5 of the **GRI index** for additional information on how we engage with our stakeholders.

LIVING OUR VALUES

Kellogg Company is committed to conducting our operations in a legal, ethical and responsible manner. Our ***K Values™*** guide our approach to business and engagement with stakeholders, while our Global Code of Ethics—called *Living Our Values*—guides the business practices of all employees worldwide. We also have a global Supplier Code of Conduct, which is discussed in the Responsible Sourcing section on p. 20.

In 2013, we refreshed our **Global Code of Ethics**. The previous version was primarily a series of specific guidelines and focused on the *K Value™* of “integrity”; the new, enhanced version references all of our *K Values™* and provides greater discussion of context, aspirations, principles and leadership characteristics. Notably, the updated Code also addresses issues relating to responsible sourcing, and states that our position on human rights is compatible with both the

United Nations Universal Declaration of Human Rights and the core conventions of the International Labour Organization.

The Code also includes information on how employees may confidentially report—via web or phone—suspected violations of the Code. We developed an online training course about the new Code and began trainings in the first quarter of 2015.

We have also recently strengthened our approach to addressing anti-corruption and anti-bribery, in response to government focus on these issues and our expansion into more emerging market economies. In 2014, we commissioned an expert third-party assessment of our practices and programs relating to anti-corruption and anti-bribery. We are now considering the recommendations and will make adjustments as necessary.

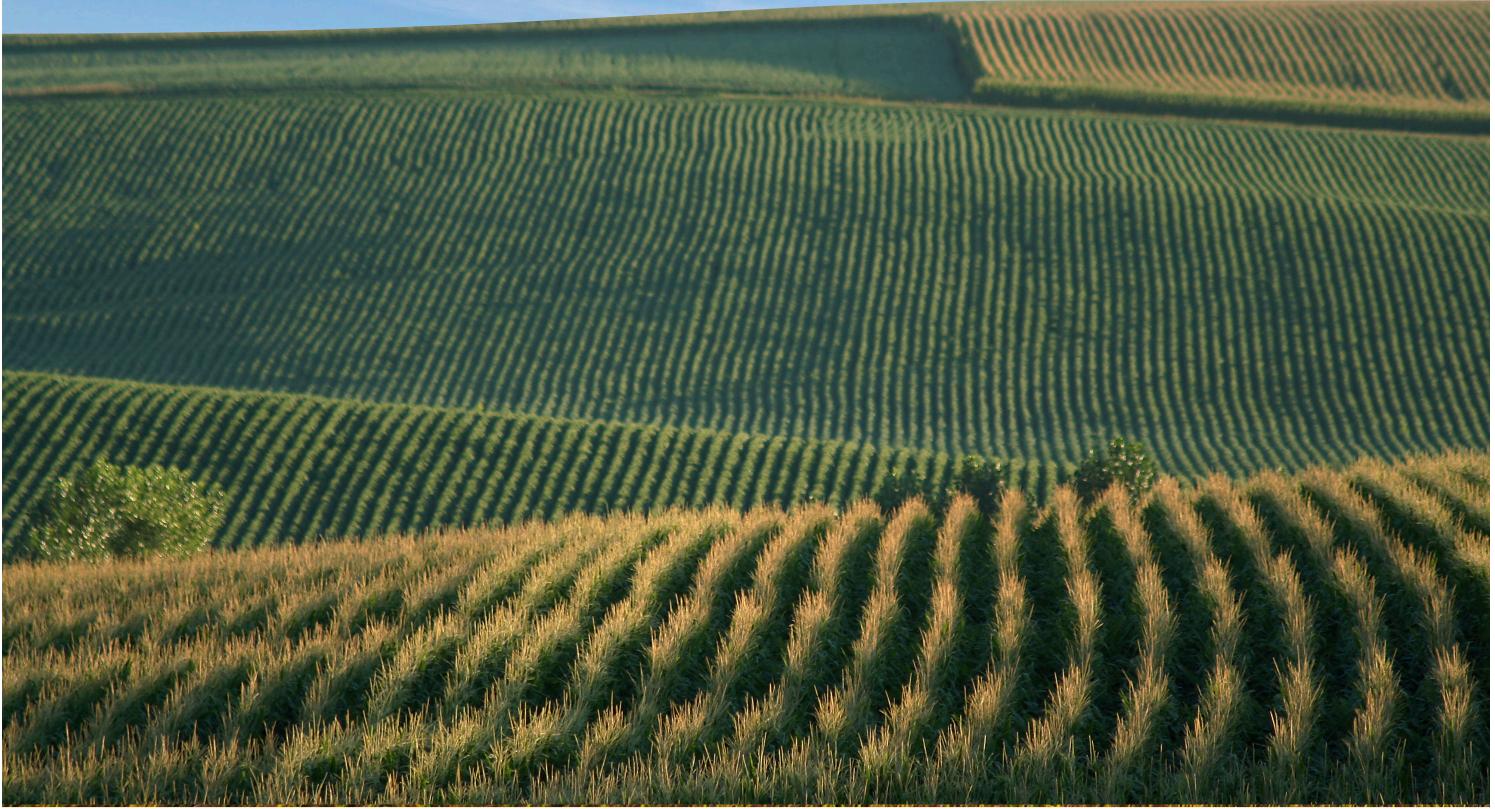


K Values™

Integrity
Respect
Accountability
Passion
Simplicity
Success
Humility
Hunger



RESPONSIBLE SOURCING



In this section:

- Strengthening the Sustainability of Our Supply Base
- Our New Sourcing Commitments
- Ingredients and Materials
- Sustainable Agriculture
- Smallholder and Women Farmers
- Supplier Diversity

STRENGTHENING THE SUSTAINABILITY OF OUR SUPPLY BASE



As a global food company, we have the opportunity to influence responsible and sustainable behavior throughout our value chain. In doing so, we can drive environmental, economic and social progress far beyond our own walls.

In fact, the environmental, economic and social impacts and opportunities of our supply base—i.e., the companies that provide ingredients, packaging and services to Kellogg—are much greater than those of our direct operations. For example, we source grain for our cereals from thousands of farmers around the world, including corn from smallholder farmers in India and rice from smallholder farmers in Thailand. In those and other locales, our ingredient purchases are important contributors to local farming economies. By supporting our suppliers' sustainability efforts, we can amplify the commitment to corporate responsibility and sustainability that's at the core of our values.

Over the past several years, we have worked to find the most impactful ways to support sustainability and responsibility improvements in our supply base, from developing our first Supplier Code of Conduct in 2009—and updating it in 2014—to further building relationships with our agricultural suppliers and the farmers from whom they buy. In 2014, as discussed throughout this section, we made a step change forward by announcing our new 2020 Sustainability Commitments, half of which relate to responsible sourcing.

OUR NEW SOURCING COMMITMENTS

Our new 2020 Sustainability Commitments, outlined in full on p. 9, for the first time extend our public commitments beyond the operations and activities under our direct control. Specifically, we have pledged to responsibly source a number of key ingredients by 2020. The commitments also expand our efforts to work directly with agricultural suppliers, millers and farmers and to improve the sustainability of their operations. While we have been doing this kind of work for several years, the new commitments significantly broaden the range of ingredients and materials on which we will focus. The commitments also explicitly outline our intent to help improve the livelihoods of smallholder and women farmers.

We developed these commitments through a process that considered the materiality to our business of the ingredients we source, based on both volume and social and environmental risk. We also applied learnings from our existing work with suppliers and growers, and we received input from external stakeholders such as the World Wildlife Fund, The Nature Conservancy, Oxfam and others.

With these new sourcing commitments, we will help support the livelihoods of the individuals, families and communities who rely on us and on whom we depend. We will help drive the conservation of natural resources where we source and produce our foods. And we will use

the stories generated from these efforts to connect with our consumers, transparently sharing the journey of our food from the farms to their homes.

In support of our 2020 Sustainability Commitments, we made further public commitments at the United Nations Climate Summit in September 2014. At that event, Kellogg Chairman and CEO John Bryant pledged to help improve the livelihoods of 15,000 smallholder growers through on-the-ground engagement projects around the world. We also joined the newly formed Global Alliance on Climate Smart Agriculture, a coalition of 30 governments, companies, research organizations and nongovernmental organizations (NGOs).



INGREDIENTS AND MATERIALS

As part of our new Sustainability Commitments, we will responsibly source—by 2020—our 10 global key ingredients, including corn, wheat, rice, potatoes, sugar (beet and cane), cocoa, palm oil, fruits (berries, raisins/sultanas) and vanilla. By *responsibly source* we mean supporting continuous improvement in environmental and social indicators through a combination of certification, direct investment in programs on the ground, and/or documented continuous improvement in the places where these ingredients are grown.

To help ensure that we use a consistent global approach for documenting continuous improvement, we recently developed the Kellogg's Origins™ Grower Survey tool. This tool, which incorporates common elements from tools already in use by industry groups and other food and beverage companies, will help to establish baselines against which we will measure improvement for our ingredients when certification isn't available or appropriate. The Kellogg's Origins™ Grower Survey asks farmers for data on environmental, social and economic indicators such as energy, water and fertilizer use; number of smallholder and women farmers and existing supporting programs (where appropriate); and climate risk and adaptation measures.

We will use the survey in collaboration with our key and strategic suppliers; these suppliers will then work with the growers supplying their mills or operations to complete the surveys. Kellogg will also share the consolidated results of the surveys with the participating suppliers, for them to share with their growers. Suppliers can share the results with all growers in their grower community at "grower days" or other events at which learnings and opportunities identified through the survey results can be discussed.

Another aspect of this responsible sourcing commitment is to validate social compliance across all direct suppliers by 2015, which is discussed on p. 21.



2020 SUSTAINABILITY COMMITMENT

We will responsibly source, by 2020:

- Corn, wheat, rice, potatoes, sugar (beet and cane), cocoa, palm oil, fruits (berries, raisins/sultanas) and vanilla using a combination of certification and documented continuous improvement
- Validate social compliance across all direct suppliers by 2015

PALM OIL

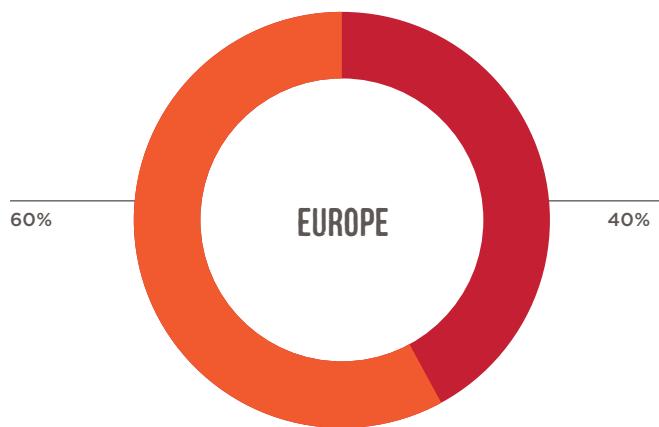
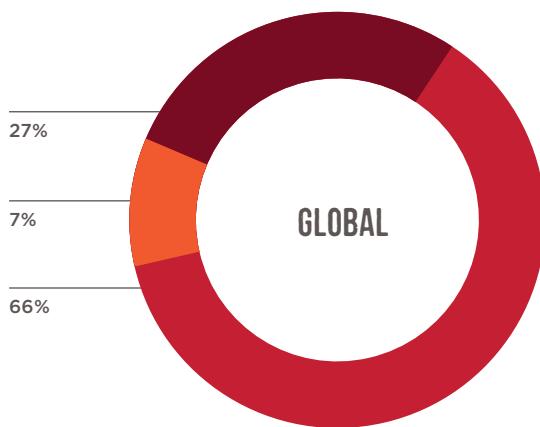
Palm oil continues to be an ingredient of particular focus in our responsible sourcing efforts. Palm oil is grown and produced in Southeast Asia and is widely used in foods, soaps and cosmetics. The rapid expansion of palm oil production has been associated with human rights violations and the destruction of tropical forest habitats and peat lands.

Although Kellogg uses a very small amount of palm oil globally, we have been working since 2009 to improve the sustainability and responsibility of our palm oil sourcing. We have made improvements every year, and in 2014 we announced an ambitious expansion of our [palm oil commitment](#). Specifically, we are committed to working with our direct, global palm oil suppliers to source fully traceable palm oil to known and certified sources that are environmentally appropriate, socially beneficial and economically viable, in order to protect forests and peat lands as well as community and human rights. We are requiring our direct suppliers to trace palm oil to plantations that are independently verified while also maintaining adherence with the principles and criteria of the Roundtable on Sustainable

Palm Oil (RSPO). Our target for traceability is December 31, 2015, with action plans in place to close any gaps.

Since 2011, all of the palm oil we use globally has been sourced through a combination of RSPO-certified segregated supply, RSPO “mass balance” (mixed-source) supply, and the purchase of GreenPalm certificates. (GreenPalm is a program that provides growers with financial incentives for growing sustainable palm oil. Since 2009, we’ve been purchasing GreenPalm certificates to cover some of our palm oil use.) In 2012, we began using mass balance palm oil in Europe, and in 2014 we were able to shift our direct U.S. palm oil use to mass balance supply as well.

OUR DIRECT PALM OIL SOURCING IN 2014



AN ETHICAL SUPPLY CHAIN

As a responsible, global corporate citizen, we seek to do business only with suppliers who obey the law and operate fairly and ethically. We hold all of our suppliers to the same high standards of integrity to which we hold ourselves. We are committed to responsible and sustainable sourcing and expect our suppliers to share that commitment. Our expectations and requirements for our suppliers regarding business integrity, product quality, health and safety, labor standards, sustainability and land use, and business management practices are detailed in our Global Supplier Code of Ethics.

OUR THREE-PHASED APPROACH

To ensure our suppliers understand and comply with our expectations and requirements for an ethical supply chain, we have adopted a three-phased approach involving awareness, education and verification:

1. We ensure awareness of our expectations and requirements by publishing and promoting our Global Supplier Code of Conduct and incorporating it into our supplier agreements.

2. We use external supplier events to provide training on our Global Supplier Code of Conduct and responsible sourcing.
3. We verify the compliance of suppliers considered to be at higher risk for violations using Sedex, the Supplier Ethical Data Exchange.

OUR NEW GLOBAL SUPPLIER CODE OF CONDUCT

A key element of our responsible sourcing approach is our **Global Supplier Code of Conduct**, which sets expectations for our supplier companies around the globe and across our supply chain.

In 2014, we updated both our Global Supplier Code of Conduct and our separate Global Code of Ethics for our employees (see p. 14) as part of our regular review of standards and potential risks. We made the Global Supplier Code of Conduct simpler for suppliers to understand, and we emphasized our intention to partner with those businesses that support our company's vision, purpose and values.

The new Global Supplier Code of Conduct will help us to influence and drive progress in supplier behavior. The Code states, for example, that we expect our agricultural suppliers to support our corporate responsibility commitments by implementing sustainable operating and farming practices and agricultural production systems. Suppliers must strive to reduce or optimize agricultural inputs; reduce GHG emissions, energy and

water use; improve soil, and minimize water pollution and waste, including food waste and landfill usage. Also, the Code prohibits discrimination against women farmers and workers and forbids the use of involuntary labor and any child labor as defined and prohibited by International Labour Organization guidelines. We reserve the right to terminate any agreement or business relationship in which a supplier does not comply with the Code.

Following the release of our updated Global Supplier Code of Conduct in early 2014, we engaged with suppliers throughout the year to ensure they are aware of what is expected of them. A senior executive in each supplier organization is required to sign the Code, which is also included in all new and updated contracts. By the end of 2014, we had determined that companies representing 85 percent of our global procurement spend had signed the Code. This is a significant undertaking but it has ensured that our suppliers and our employees are aligned on expectations.

VALIDATING SOCIAL COMPLIANCE

As part of our 2020 Sustainability Commitments, we have begun assessing and validating ethical performance compliance through a collaborative organization called Sedex, which works with buyers and suppliers around the world to deliver improvements in responsible sourcing. Sedex offers a secure, online database for storing, sharing and reporting on suppliers' responsible sourcing information. Sedex has two main aims: to ease the burden on suppliers facing multiple audits, questionnaires and certifications; and to drive improvements in ethical performance. Sedex's secure, online database allows supplier companies to answer a single, uniform questionnaire about their labor standards; health, safety and environmental practices; and business ethics. By using this common platform, we're able to validate the ethical practices of higher-risk suppliers while minimizing "audit fatigue" (i.e., multiple requests from multiple customers).

We are prioritizing Sedex assessments based on suppliers' geography or the nature of what they supply. We consider manufacturers located in certain regions—those with fewer government policies or less enforcement of existing policies—to be operating with a potentially higher level of human rights risks. We expect the suppliers we have identified as exposed to higher risk to sign up for Sedex, which helps to clarify and identify any potential social compliance risks.

After filling out the Sedex questionnaire, suppliers that continue to demonstrate high risk are asked by Kellogg to have an independent audit performed. To date, auditing has been focused primarily on suppliers of "premiums"—the small gifts and promotions we distribute through mail-in promotions and store giveaways—which is where the highest risks have been prevalent.

Kellogg's SOCIAL ACCOUNTABILITY IN SUPPLY CHAIN

To ensure responsible sourcing in the Kellogg supply chain, suppliers will be asked to participate in the process illustrated below. Note that the number of suppliers represented at each step is simply illustrative of the process; there are no specific targets for each stage.

ALL SUPPLIERS:

Are expected to follow the Kellogg Global Supplier Code of Conduct, with high-risk and high-spend suppliers self-certifying through our Supplier Management Portal.



ALL DIRECT AND INDIRECT SUPPLIERS:

Will be internally assessed based on inherent risk of their crop, product and/or country.



ALL "HIGH-RISK" SUPPLIERS:

Will be asked to sign up for Sedex and complete a self assessment to further clarify risk.



ANY SUPPLIERS THAT STILL DEMONSTRATE "HIGH RISK":

Will be asked to provide or complete an audit for verification of compliance with the Kellogg Global Supplier Code of Conduct.



SUSTAINABLE AGRICULTURE

At Kellogg, grains are at the heart of our foods, and we believe the best grains are those that are sustainably grown and responsibly sourced. Our grower engagement programs around the world demonstrate our commitment to lead the way in promoting sustainable agriculture for grains.

We have invested significant time and resources in recent years working with growers, millers, breeders, NGOs, universities and retailers to promote sustainable growing practices. This work aligns with our company's purpose to nourish families so they can flourish and thrive. It also aligns with consumers, who increasingly care about where their foods come from and how they are grown. Examples of our recent efforts in the U.S., Europe and South America are provided on the following pages.

Our work in this area to date forms the foundation for one of our 2020 Sustainability Commitments, shown below. Our efforts to implement this commitment will primarily be conducted through the Kellogg's Origins™ program, which began in Europe and is now being expanded globally to include all

of our sustainable agriculture work. Kellogg's Origins™ puts a particular emphasis on connecting growers with other agricultural experts to help improve soil health and nutrient efficiency, and on using practices that help support the environment and biodiversity.



2020 SUSTAINABILITY COMMITMENT

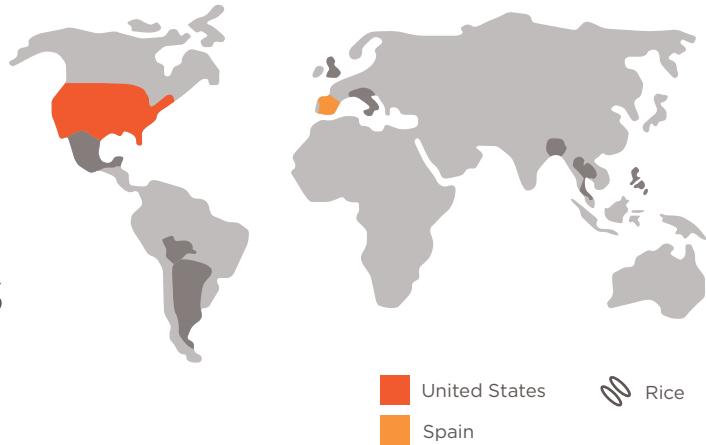
We will continue to help agricultural suppliers, millers and farmers to:

- Adapt and be resilient to climate change
- Optimize use of fertilizer inputs
- Estimate GHG emissions and measure continuous improvement
- Optimize water use and enhance watershed quality
- Improve soil health

OUR EFFORTS IN 2014

The following are recent examples of our efforts to foster more sustainable agricultural practices in our value chain.

The shaded countries on the maps are those in which we are working with agricultural suppliers. Those highlighted in color are discussed on the given page.



PARTICIPANTS IN RICE PROGRAM WORK TO REDUCE ENVIRONMENTAL FOOTPRINTS

For our U.S. and Canada markets, all of the rice for *Rice Krispies®* cereals and *Special K®* products is grown in the U.S. Kellogg has been buying rice from Louisiana since *Rice Krispies®* was launched in the 1920s, and for the past four years we have been partnering with the Louisiana Rice Mill and the Louisiana State University Agriculture Center to implement and expand the Kellogg's Master Rice Grower Program. This voluntary certification program has four tiers that growers can achieve—Bronze, Silver, Gold and Platinum. To achieve the Gold and Platinum tiers, participants must develop a farm-specific conservation plan in partnership with the federal Natural Resources Conservation Service, among

other requirements. In 2014, six Platinum-level and seven Gold-level certifications were awarded. These certifications represent measurable improvements in rice growing practices. Also in Louisiana, we are one of several supporters of the Southwest Louisiana Regional Conservation Partnership. The Regional Conservation Partnership Program (RCPP) was created by the 2014 Farm Bill and will provide federal funding for grower conservation projects. In southwest Louisiana, this partnership will provide growers with in-kind support and \$1.3 million in cost-share funding for the implementation of conservation practices on their working lands and the provision of habitat for migratory birds.

SHOWCASE RICE FARMERS IN SPAIN ACHIEVE HIGHER YIELDS USING SUSTAINABLE PRACTICES

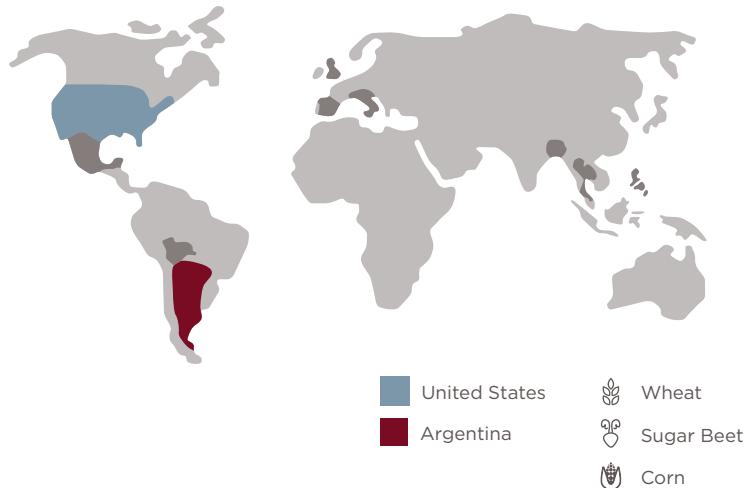
The rice-growing region of northeastern Spain, where the Ebro River meets the Mediterranean Sea, is the source of much of the rice used to make *Kellogg's Rice Krispies®* and *Special K®* for the European market. The challenges in this area are many: rice yields are relatively low; plant diseases and invasive pests pose serious threats; and strict agro-environmental practices must be followed due to the rice-growing area being in a region deemed ecologically important by two international bodies (Ramsar and UNESCO). To help rice farmers increase their yields while employing sustainable agricultural practices, we introduced our *Kellogg's Origins™* program to the region in early 2013.

The program includes farmer training in sustainable best practices, access to farms that are modeling these best practices, free soil tests, and support for natural heritage solutions for pests. In 2013 and 2014, the *Kellogg's Origins™* program helped plant almost 20,000 yellow irises and tufted grasses at the edges of the rice paddies (as the plants' strong root systems help protect against soil erosion), install 200 boxes for bats (which eat insect pests) and plant 140 native trees. More than 30 rice growers in Spain are taking part in the program, and together they've achieved yields more than 10 percent higher than the region's average.

RESPONSIBLE SOURCING

SUSTAINABLE AGRICULTURE » OUR EFFORTS IN 2014

OUR EFFORTS IN 2014, CONTINUED



■ WORKING WITH CORN FARMERS IN THE U.S. MIDWEST TO IMPROVE WATER USE EFFICIENCY

For the past five years, we have been working with our supplier Bunge Milling to engage corn farmers in Nebraska in measuring continuous improvement in outcomes-based metrics using the *Fieldprint®* Calculator, a tool developed by Field to Market: The Alliance for Sustainable Agriculture. (Kellogg is a long-time member of Field to Market.) The objective of the data tracking is to measure improvements across environmental measures indicators such as irrigated water use efficiency, water quality, GHG emissions, soil carbon, energy use efficiency, soil

conservation yields and land conservation use efficiency. Also, growers are able to benchmark against their peers. In 2014, this work with corn farmers in Nebraska to improve water use efficiency was expanded to include corn growers in Illinois, Indiana and Kansas where we hope to achieve similar results with a larger number of growers over time. The corn from these states is used to make Kellogg products with corn grits for our Canada and U.S. markets, including Kellogg's *Corn Flakes®* and *Frosted Flakes®*.

■ CORN FARMERS IN ARGENTINA LEARN SUSTAINABLE GROWING PRACTICES

In Argentina, where we purchase corn for products such as Kellogg's *Corn Flakes®* and *Special K®*, we helped more than 200 farmers gain access to information about sustainable agriculture practices. This work has included

special events for farm technicians at which best practices are discussed, as well as the publication of a booklet on best practices that was widely distributed and well received.

■ COALITION LOOKS TO REDUCE IMPACTS FROM WHEAT AND SUGAR BEET PRODUCTION IN MICHIGAN

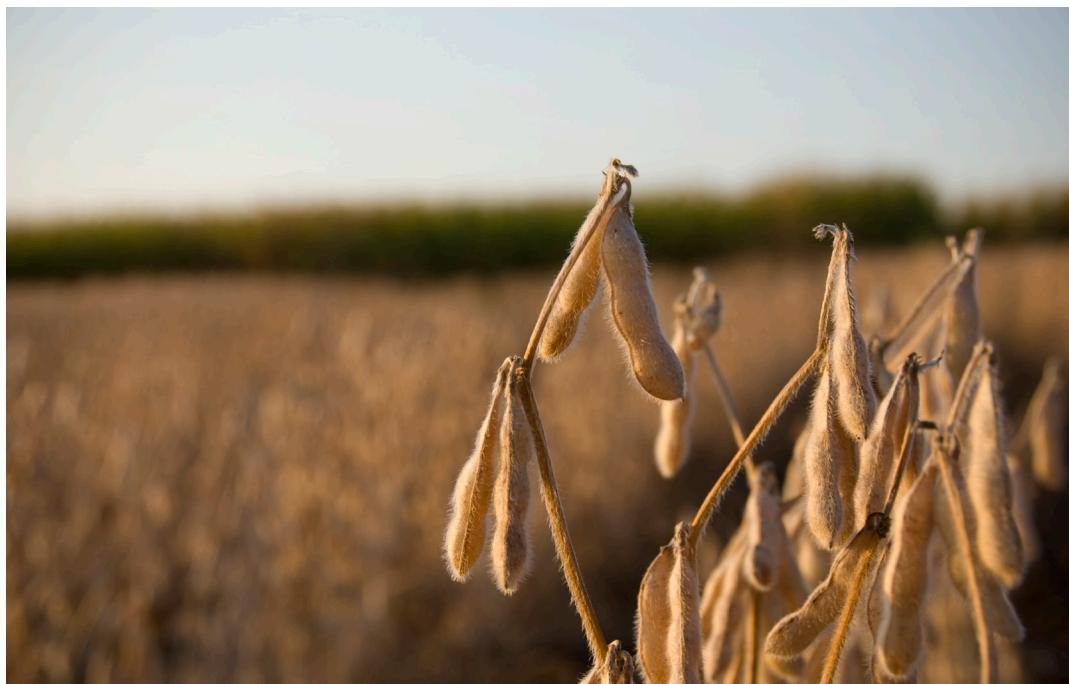
The Saginaw Bay watershed, the largest drainage basin in Michigan, feeds into Lake Huron and is where the soft white winter wheat and sugar beets for Kellogg's *Frosted Mini-Wheats®* and other products are grown. The area has water pollution challenges linked to agriculture and industry and is part of a Great Lakes critical conservation area. We have joined a wide range of stakeholders—including conservation groups, grain suppliers, food companies and state and federal agencies—in supporting the Saginaw Bay watershed Regional Conservation

Partnership. This partnership is another project of the federally funded RCPP discussed on p. 23. In Michigan, with leadership by the U.S. Department of Agriculture, The Nature Conservancy and the Michigan Agri-Business Association, the partnership's goal is to improve farmers' conservation practices so as to improve soil and water quality and stem nutrient runoff into the Great Lakes. We will be working with our suppliers and growers of wheat and sugar beets in the area to measure continuous improvement in 2015 and beyond.

ADDITIONAL PARTNERSHIPS

Nearly all of our sustainable agriculture work is done in partnership with other organizations, as illustrated in the previous examples. We are also involved in the following four additional partnerships:

- We are active members of the **Sustainable Agriculture Initiative (SAI) Platform** in both Europe and Australia. This food industry effort aims to share knowledge, raise awareness and support the implementation of sustainable agriculture principles and practices broadly. In 2014, we initiated the SAI Platform's Sustainable Rice Project Group, which will focus on speeding up the practical implementation of sustainable rice-growing practices based on a common industry standard.
- We are also a member of the **Consumer Goods Forum**, a coalition of food manufacturers and retailers working to achieve zero net deforestation by 2020. As part of this organization, we have pledged to not purchase soy products from tropical deforested regions. Instead, we purchase soy almost exclusively from the U.S. Our timber-based packaging pledge (see p. 70) and aspects of our palm oil commitment have also been informed by our membership in this organization.
- We are co-founders of the **Sustainable Rice Platform**, which seeks to develop and deploy global standards for sustainable, resource-efficient rice production. The Platform is a joint initiative of the United Nations Environment Program, the International Rice Research Institute, Louis Dreyfus Commodities, Mars and Kellogg. A new sustainable rice-growing standard was “road-tested” for the first time by Kellogg rice growers in Spain in December 2014, with favorable results.
- In 2014, we joined the **Cool Farm Alliance** and are now testing the Cool Farm Tool to model and estimate GHG and associated reductions in our global agricultural supply chain. The Cool Farm Tool is a simple, transparent GHG calculator for agriculture that we believe will help us in delivering on our commitments.



As a member of the Consumer Goods Forum, we have pledged to not purchase SOY PRODUCTS from tropical deforested regions.



GENETICALLY MODIFIED CROPS

We recognize that genetically modified organisms (GMOs) are a topic of increasing public discussion. Genetic modification is a breeding technique that results in grains with desirable traits to produce heartier crops and ingredients with consistently high quality. Breeding methods like this have been used for decades to improve the seed varieties that are planted by farmers.

The GMOs in our foods are mostly found in a few ingredients we use (such as corn and soy) and result from the seeds selected by U.S. farmers. According to the Center for Science in the Public Interest, a 2011 study found that approximately 88 percent of all field corn and 94 percent of all soybeans grown in the U.S. are genetically modified. Genetically modified ingredients have been around in the U.S. for the last 20 years. U.S. and international food safety authorities that have studied these crops—including the World Health Organization, the U.S. Department of Agriculture and the American Medical Association—have found that they are safe.

Consumers in some markets prefer non-GMO foods, and the regulatory situation and local availability of crops outside the U.S. also differs considerably from that in the U.S. Kellogg Europe has a procurement and management system that includes full traceability from seed to supplier to ensure a non-GMO supply chain. The grain we use in Australia and New Zealand for our cereals and snack bars is Australian-sourced, non-GMO grain. The grain we use in Brazil is also locally sourced and non-GMO. In the U.S., we offer consumers a choice with our *Kashi®* brand, which is a leading producer of non-GMO foods in the U.S.



SMALLHOLDER AND WOMEN FARMERS

Both smallholder and women farmers play critical roles in the global food supply, fostering food security in their own families and in the rural and impoverished communities in which they may live. Kellogg acknowledges the key role smallholder and women farmers play in global food security, which is why two of our new 2020 Sustainability Commitments specifically call on us to develop and support programs that assist these types of farmers.

In 2014 we worked with TechnoServe, an international nonprofit organization, to identify the parts of our supply chain with the highest likely prevalence of smallholders and women, as well as the risks and opportunities they face. This assessment is important because supply chains in developing countries are often fragmented and nontransparent, involving multiple traders who aggregate across hundreds of thousands of smallholders and then sell to numerous buyers. This limits transparency into the extent of smallholder and female participation.

Going forward, we will use the information from this assessment to identify and prioritize programs for

smallholder and women farmers that provide resources and education to improve productivity and livelihoods. The programs will focus on topics such as practices for improved yields, crop diversification, adaptation of crop varieties, integrated pest management, post-harvest storage technology and waste reduction, access to markets, access to clean water and more.

We recognize that farmer organizations can play a key role in supporting smallholder farmers, and that stable and long-term business commitments are important for smallholder farmers. And, as mentioned previously, our Global Supplier Code of Conduct requires our suppliers to not discriminate against women farmers or workers.



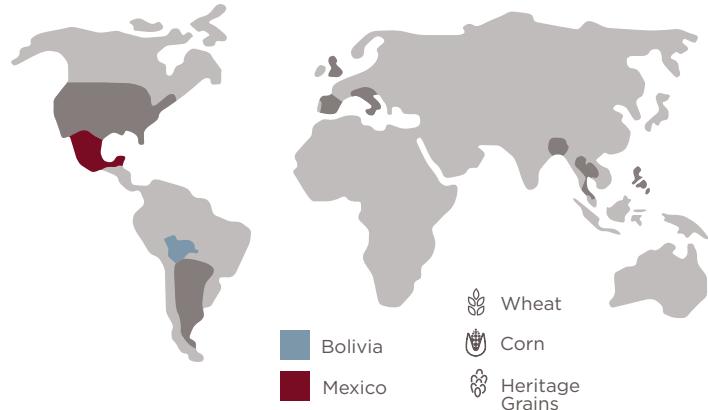
2020 SUSTAINABILITY COMMITMENTS

We will:

- Identify the parts of our supply chain with smallholder farmers
- Build programs to help small-scale producers improve livelihoods through agronomic practices and improved business skills
- Identify the parts of our supply chain with a high prevalence of women farmers/workers
- Develop programs to provide resources and education that improve the livelihoods of women farmers/workers, their families and their communities

SMALLHOLDER AND WOMEN FARMERS, CONTINUED

Our recent work supporting smallholder and women growers directly includes the following:



SUPPORTING QUINOA GROWERS IN BOLIVIA

In the high Andean plains of Bolivia, we have partnered with our supplier Andean Naturals to support more than 700 farmer families, as well as a women-run farm cooperative, who grow quinoa. We purchase the quinoa for use in *Special K Nourish™ Hot Cereal* and *MorningStar Farms®* products. Our grower cooperatives ensure that the grower communities keep 10 percent of their crop for personal use to protect their long heritage with this staple. In early 2014, we sponsored five quinoa growers and an agronomist from this region

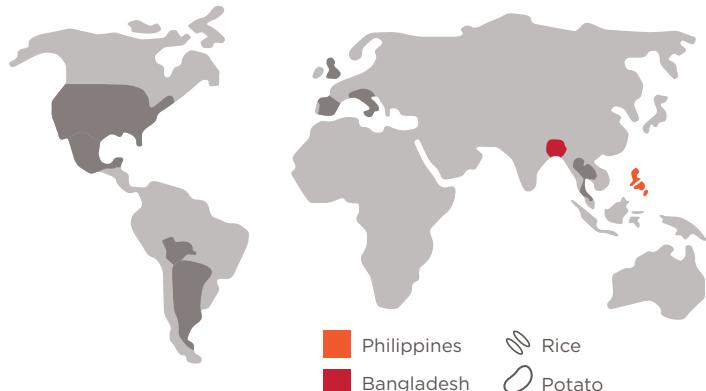
to attend a research symposium in the U.S. Andean Naturals and their partner organization Root Capital also provide soil health testing, financial training and assistance in organizing cooperatives. Two grower cooperatives have received financing due to improved financial knowledge gained during this training, and Andean Naturals and Root Capital will continue to measure the social and environmental outcomes of these engagements into the future.

PROGRAMS FOR SMALLHOLDER FARMERS IN MEXICO

In Mexico we help to support MasAgro, an initiative founded and run by CIMMYT, the International Maize and Wheat Improvement Center. MasAgro brings smallholder and women farmers together with agricultural research and development organizations to raise crop yields and increase incomes. Our funding for this program has helped support development and training for smallholder farmer groups. We also continue to provide funding to Mexico Tierra de Amaranto, a program that teaches community members in Mexico to grow and harvest amaranth, a nutrient-rich native grain. The objective of this program is to combat malnutrition and poverty in marginalized areas.



SMALLHOLDER AND WOMEN FARMERS, CONTINUED



■ FUNDING FOR FEMALE INDIGENOUS RICE FARMERS IN THE PHILIPPINES

In the terraced mountain province of Luzon in the Philippines, a community of farmers—more than 90 percent of them women—have been growing heirloom rice varieties for generations. These grains often have high nutrient levels, taste exceptionally good, and may be more resilient to climate changes, bacteria and insects. Through a partnership with the

International Rice Research Institute and other global and regional organizations, we are funding training sessions and equipment that will improve these farmers' agronomic practices and entrepreneurial skills. These activities will also help to preserve the cultural identity of these indigenous farmers and of the Philippine Rice Terraces, a UNESCO World Heritage Site.

■ IMPROVING THE LIVELIHOODS OF POTATO GROWERS IN BANGLADESH

As one of the poorest countries in the world, Bangladesh has numerous political, economic, social and environmental challenges. However, Bangladesh is also the fourth-largest producer of potatoes in Asia, with total production of 4.3 million metric tonnes. We are working locally in Bangladesh to develop a value-added supply chain of potatoes for use in Pringles for the Asian market. Through our partnerships with suppliers and the

U.S. Agency for International Development, we have engaged with more than 1,000 Bangladeshi smallholder farmers to support their livelihoods and expand the use of sustainable agricultural practices. Through these relationships, we hope to help farmers reduce food waste after harvest, improve sustainable growing practices and yields, and enable the right mechanisms for continued market growth.

SUPPORTING WOMEN'S EMPOWERMENT

Kellogg Company is a signatory to the United Nation's Women's Empowerment Principles. We not only endorse these Principles, we do our best to live them every day through our company's values, as we engage with women who are consumers, employees, suppliers and community leaders.

We bring our support of women's empowerment to life in numerous ways. For example, through our *Special K®* brand in Europe, Kellogg is partnering with Chime for Change, a global campaign for girls' and women's empowerment. Its purpose is to raise awareness of the issues women are facing in Europe and across the globe and to crowdfund

projects in the areas of health, education and justice, to improve women's and girls' lives.

Special K® is seeking to help girls and women locally and globally with our Chime for Change "25/25/25 commitment" by the end of 2015. Through this commitment, *Special K®* is taking the Chime for Change message to 25 million households in Europe; inspiring 250,000 voices to join the Chime for Change community; and funding projects that will inspire further fundraising to help improve the lives of 25,000 women in Europe and the world.

See p. 73 for more on our community giving efforts.

SUPPLIER DIVERSITY

Our supplier diversity program strengthens communities and provides business opportunities for diverse companies while strengthening our own business at the same time. We are proud to purchase goods and services from a diverse supplier base that includes companies owned by disabled individuals; ethnic minorities; lesbian, gay, bisexual and transgendered (LGBT) individuals; service-disabled veterans; and women.

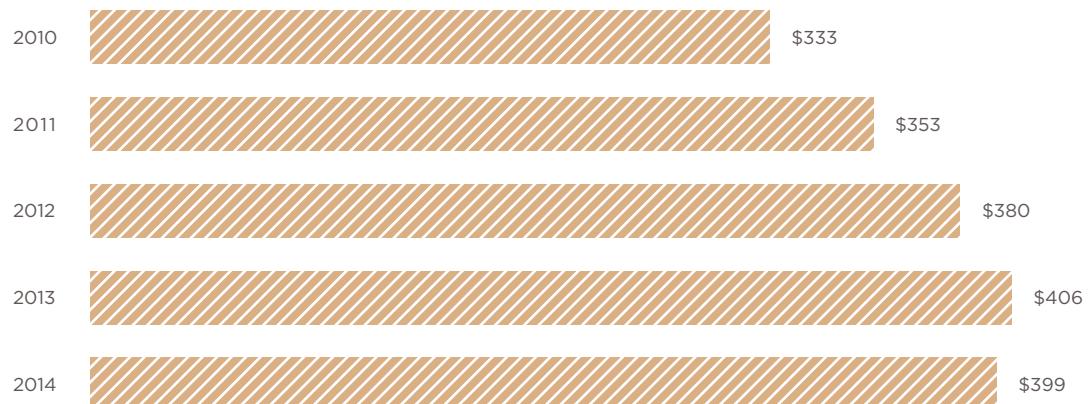
In 2014, we spent \$399 million, or 6.7 percent of our total North America spend, with first-tier diverse suppliers (i.e., those from whom we buy directly). While our supplier diversity program has grown significantly since we first launched it more than 20 years ago, our spending was down slightly in 2014

for a variety of reasons, including ownership changes at several key suppliers.

In recent years, we have worked with our supplier companies to help diverse business owners obtain the correct certifications and alert them when these certifications expire. We have also been working with our suppliers to help them report and validate information about their own diverse supply base—our second-tier suppliers.

Ultimately, we know that a diverse supply base—large suppliers, small suppliers and suppliers owned by people in all demographic groups—makes us more agile as a company and brings different strengths and values to the table. And that makes Kellogg stronger.

MONEY SPENT ON FIRST-TIER DIVERSE SUPPLIERS⁷ (IN MILLIONS)



Million Dollar Club

50 diverse first-tier suppliers with which we spent \$1 million or more in 2014.

SOJOURNER TRUTH AWARD

Each year, Kellogg gives the Sojourner Truth Award to the certified diverse supplier that has the strongest supplier diversity program of its own—that is, that spends the most on other diverse suppliers. In 2014, the award went to Bay Corrugated Container Inc. of Michigan, which reported that 5.75 percent of its total 2014 spend was with other certified diverse suppliers.

“Kellogg is very good about communicating their growth strategies to suppliers. Every year they host an all-day Supplier Day, during which top executives explain to suppliers the company’s plans for the coming year. That kind of open communication is really unique to Kellogg, and it helps us plan how to meet the company’s needs.”

- Armand DeTorres, president and CEO, Metro Packaging & Imaging, a New Jersey-based, minority-certified supplier of printed folding cartons



MARKETPLACE



In this section:

- Our Foods, Our Responsibilities
- The Power of Breakfast
- Health and Wellness Education and Research
- Innovations and Renovations
- Packaging and Labeling
- Responsible Product Marketing
- Product Safety and Quality

OUR FOODS, OUR RESPONSIBILITIES



As a global food industry leader, we're constantly looking for new ways to nourish and delight our consumers. From breakfast foods to snacks to frozen meals, our products appeal to a broad variety of tastes and nutrition needs.

Part of our approach to product development is a focus on improving the nutritional value of our foods. Whether we are increasing nutrients and ingredients that consumers want more of and need (such as fiber and whole grains) or reducing those they want less of (such as sodium and sugars), we hold fast to one key objective:

offering great-tasting foods that people love while making, marketing and selling them safely and responsibly. We are also committed to informing consumers about nutrition so they can make informed choices about their food purchases.

OUR FOODS, OUR RESPONSIBILITIES, CONTINUED

In early 2015, we announced our Kellogg's Global Breakfast Food Beliefs, which include commitments to bring our best to consumers each day. This is a responsibility we take very seriously. After all, we know how important delicious food is in bringing people together, to share a moment and create a lasting memory. To continue to earn our place at breakfast tables now and in the future, these core beliefs guide us. Among these beliefs, which are laid out on p. 12 and described in more detail later in this section, are specific targets for providing more beneficial nutrients, such as protein and fiber, and reducing sugar and sodium in our *Kellogg's®*-branded cereal portfolio in core markets⁸ by 2020.

The world is changing, and consumer expectations are changing along with it. While Kellogg has a rich history of building trust with consumers, we know we must continue to earn that trust each and every day.

Our consumers drive our actions, and we take into account their evolving tastes, perceptions and definitions of nutrition and wellness.

TOWARD A HEALTHIER WORLD

Good nutrition and simple grains are at the heart of our company, our products and our heritage. After all, our visionary founder, W.K. Kellogg, aspired to make "quality products for a healthier world."

A century later, we uphold his legacy by responding to consumer preferences and incorporating the latest scientific advancements in our ongoing journey to enhance the nutrition delivered through our foods. While we make a variety of foods—some with more healthful nutrition profiles and others meant for occasional indulgence—we closely monitor the latest science and actively support new research to understand how our company can contribute to health and wellness.



THE POWER OF BREAKFAST

At Kellogg, we believe in the power of breakfast. Building on the heritage of our founder, we also believe that a grain-based breakfast can provide a superior start to one's day.

Kellogg's Corn Flakes® cereal was created in 1906, kicking off more than a century of dedication to delivering nutrition in cereals that people love to eat. In the years that followed, we became the first food company to hire our own dietitian; we also opened our own research labs and kept current with nutrition science around the world. The evidence backs up what we've always known: Cereal with milk is a great choice for breakfast.

Recent studies sponsored by Kellogg in the U.S.,⁹ Mexico¹⁰ and Canada¹¹ have all shown that children who have a cereal and milk breakfast get more of the nutrients they need (such as vitamin D, calcium and

iron), compared to children who choose another breakfast or who skip the morning meal altogether. Our [nutrition website](#) includes more information on the latest research.

In recent years, we've been adding to our foods more positive nutrients and ingredients that are essential to good health—including fiber, whole grains, protein, vitamin D and other key vitamins and minerals.

See the Community section (p. 73) for more about how our belief in the power of breakfast is fueling our signature philanthropic cause, *Breakfasts for Better Days™*.

**DID YOU
KNOW
ONLY
4%**

of daily added sugar intake in the U.S. comes from cereal.¹²

50¢

THE AVERAGE
COST OF A
SERVING OF
CEREAL
WITH MILK
IN THE U.S.

Sharing three or more family meals per week (including breakfast) pays off for kids, making them:

- 24%** more likely to eat healthy foods
- 35%** less likely to have eating disorders
- 20%** less likely to eat unhealthy foods
- 12%** less likely to be overweight¹³

9 Kevin Miller and Victor Fulgoni III. Ten-year trend in nutrient intakes among different breakfast habits of children and teenagers. FASEB J April 2014 28:810.4.

10 Salvador Villalpando, Vanessa De la Cruz Gongora, Alejandra Contreras Manzano, Filiberto Beltran-Velazquez, Deisy Hervert-Hernandez. Mexican children consuming breakfast and ready-to-eat cereals had a higher intake and adequacy of micronutrients than breakfast skippers: ENSANUT 2012 (130.4); FASEB J April 2014 28:130.4.

11 Susan I. Barr, et al. Breakfast consumption is positively associated with nutrient adequacy in Canadian children and adolescents. British Journal of Nutrition 112:08 (2014): 1373-1383.

12 U.S. Department of Agriculture and U.S. Department of Health and Human Services. Dietary Guidelines for Americans (DGA), 2010. 7th Edition, Washington, DC: U.S. Government Printing Office, December 2010.

13 AJ Hammons and BH Fiese. (2011) Is frequency of shared family meals related to the nutritional health of children and adolescents? Pediatrics. 127(6):e1565-74.

GIVING CONSUMERS MORE OF WHAT THEY WANT: FOODS WITH FIBER FOR HEALTH

A high-fiber diet is associated with benefits for overall digestive and heart health. Yet few people actually meet the daily fiber recommendations. In fact, average fiber intakes of both children and adults are only about half of the recommended daily amounts.

Eating breakfast is one of the best ways to encourage people to get more foods with fiber in their diets. A simple bowl of cereal with fiber, along with fruit and milk, provides not only fiber, but also potassium, vitamin D and calcium—nutrients that many consumers need more of.

Kellogg offers more cereals with at least a good source of fiber (3 grams) and at least one-half serving of whole grains (8 grams) than any other food company in the U.S. And, our Kellogg nutrition teams work to educate influencers and health care professionals so they, in turn, can help consumers close what is known as “the fiber gap.”

**67% OF AMERICANS
THINK THAT THEY ARE GETTING
ENOUGH FIBER IN FOODS THEY
CONSUME EACH DAY.**

— YET —

**95% OF AMERICANS
COME UP SHORT ON FIBER
EACH DAY. MOST AMERICANS
ONLY REACH 50% OF
THEIR RECOMMENDED INTAKE.**



DIETARY FIBER: GOOD FOR YOUR WALLET

Eating foods with dietary fiber may not only be good for your health. It may be good for your wallet.

The number of doctor visits due to digestive regularity and other issues has grown considerably in the U.S. over the last 20 years, contributing to an increase in health care costs. Part of the solution may be as simple as eating more high-fiber foods each day.

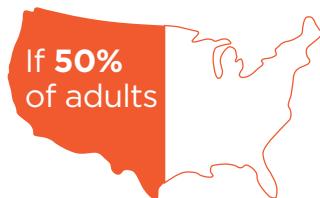
A recent health economic study, commissioned by Kellogg Company, shows a potential health care savings of \$12.7 billion per year if U.S. adults were to increase their dietary fiber intake to about 25 grams, the minimum level recommended by health experts for adults. Currently, fewer than one in 10 Americans meets the recommended daily fiber intake.

In this study, an independent team of researchers from the nutritional sciences, epidemiology and health economics evaluated the direct medical costs associated with regularity problems among adults in the U.S. The team developed a model to determine the potential dollars that could be saved through preventive, lifestyle-related measures—in this case, by increasing the intake of foods with dietary fiber.

According to the study, even if only half of the U.S. population increased their dietary fiber intake by just 3 grams a day, we could still see more than \$2 billion in health care cost savings.

A similar study in the U.K., also sponsored by Kellogg, found that eight out of 10 women aren't getting enough fiber, resulting in digestive health costs to British businesses of £1.2 billion every year. The study found that a quarter of women skip breakfast at least twice a week, which can contribute to symptoms of poor digestive health.

FIBER COST SAVINGS



If 50%
of adults



If 100%
of adults

added to their
daily diets...



3

GRAMS FIBER

9

GRAMS FIBER

the U.S. could
potentially save

\$2

BILLION

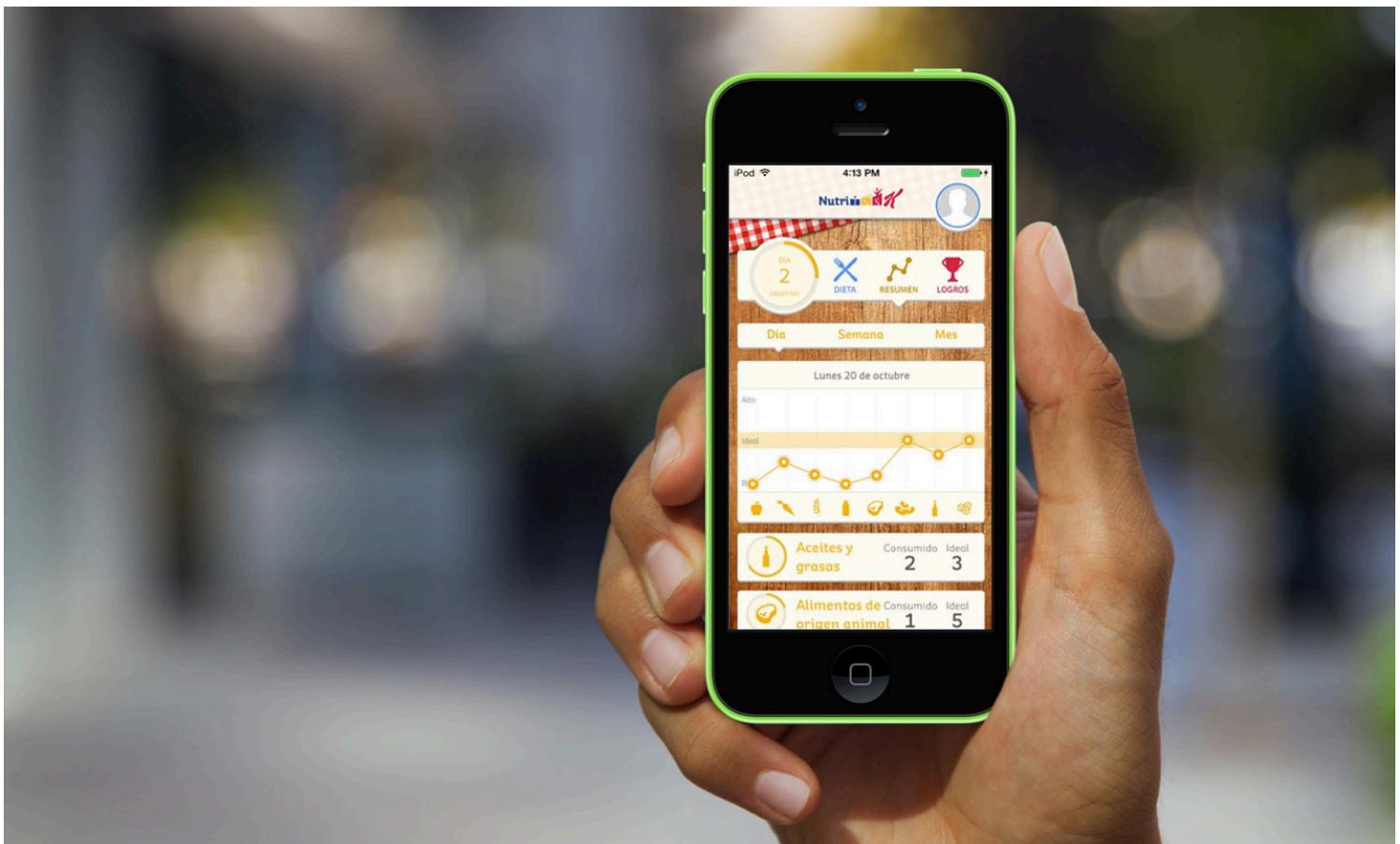
\$12.7

BILLION

in annual medical costs associated
with occasional irregularity¹⁴

NUTRI INSK®

In Latin America, our Nutri INSK® mobile phone app is empowering consumers to make healthier food selections and to reinforce wellness habits. The free app (available for iOS and Android devices) allows users to keep track of the foods they eat throughout the day and provides food choice recommendations based on the individual's calorie and nutrient needs. Users also receive daily tips on maintaining a healthy lifestyle through diet and exercise.

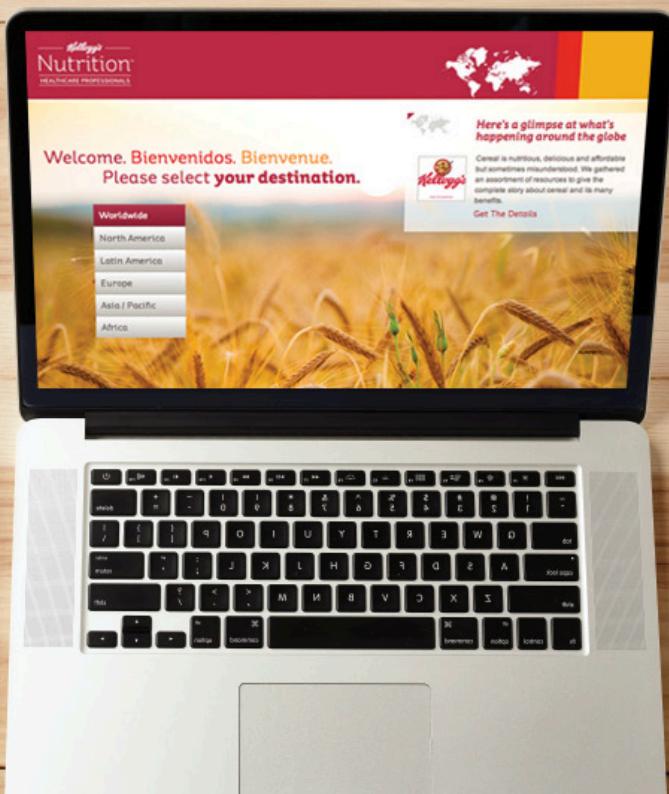


VITAMIN D

Starting in 2011, we began adding vitamin D to our cereals sold in the U.K. and Ireland, where pediatricians were witnessing a rise in childhood cases of rickets, a bone disease resulting from vitamin D deficiency. As of 2015, all fortified Kellogg's kids cereals sold in Europe have added vitamin D. In 2014, we partnered with the British Nutrition Foundation to convene scientists and

influencers from 10 European countries to review the dietary intakes and status of vitamin D in the European population. The aim was to understand the scale of vitamin D deficiency in Europe and develop suggestions for solutions, including fortification of cereals and other foods.

HEALTH AND WELLNESS EDUCATION AND RESEARCH



Our nutrition heritage is reflected in the work of our professionals, including registered dietitians, regulatory and labeling experts, and food and nutrition scientists. Our nutrition teams create resources for consumers, assist in new product development, provide nutrient and ingredient information for packaging, support and conduct scientific research, and host and sponsor continuing education programs and symposiums, all in support of our overall business.

Kellogg's global [website for health care professionals](#) provides access to the latest research, information and tools, tailored toward nine international markets plus an overall worldwide site. We share news with nutrition professionals on everything from breakfast and snacking to diabetes and weight management. Several of our regional sites—such as those for South Africa, Japan and Germany—provide information in other languages, including continuing education opportunities.

Our nutrition professionals are also active in key health care conferences. In 2014, for the second time, we exhibited at the annual American Academy of Pediatrics (AAP) National Conference, presenting information on the benefits of breakfast and fiber to more than 15,000

pediatricians and child health care providers. A bilingual fiber brochure, developed by the AAP and sponsored by Kellogg, was provided at the event. More than 500,000 copies of the brochure have been distributed to pediatricians' offices around the U.S. or purchased through the AAP website.

In India, we presented our findings on the breakfast habits of consumers at conferences for nutritionists and health care professionals. The India Breakfast Habits Study, which was commissioned by Kellogg and surveyed 3,600 people in four major Indian cities on their breakfast behaviors and attitudes toward the morning meal, found that one in four people—and one in three teens—claim to skip breakfast.

In Mexico, a video we produced called out the benefits that iron and calcium provide to the brain and bones, respectively.

AN AUSTRALIA/NEW ZEALAND EXAMPLE

Our nutrition team in Australia and New Zealand recently set out to remind health care professionals that cereal with milk is the best source of iron and calcium for young children. The information below was distributed to as many as 24,000 health care professionals.

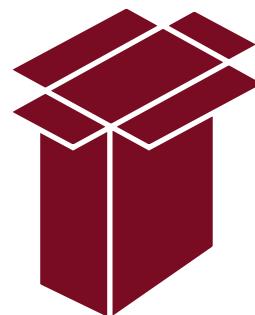
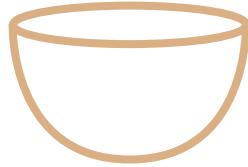
CEREAL AND MILK: #1 FOR IRON AND CALCIUM

Many young kids struggle to get enough

IRON AND CALCIUM

in their day¹⁵

At breakfast, children who choose cereal get about twice the iron and calcium of those who don't¹⁷



Children who choose cereal are more likely to meet their nutrient requirements for the day¹⁷

Breakfast cereal is the largest contributor of iron in Australian children's diets^{15,16}



IRON AND CALCIUM ARE IMPORTANT NUTRIENTS FOR DEVELOPING BRAINS AND GROWING BONES



A bowl of Kellogg's® cereal with a glass of milk provides up to 30% of a young child's daily iron and calcium needs¹⁸

Contributors of iron in a **4- to 8-year-old** child's diet¹⁶

22.9%	13.3%	4.8%	2.2%	1.6%	0.3%	0.4%
Breakfast cereals	Breads and rolls	Red meat and meat dishes	Potatoes	Eggs and egg dishes	Leaf and stalk vegetables	Nuts and nut products

Contributors of iron in a **9- to 13-year-old** child's diet¹⁶

18.7%	10.6%	7.1%	2.9%	1.4%	0.6%	0.4%
Breakfast cereals	Breads and rolls	Red meat and meat dishes	Potatoes	Eggs and egg dishes	Leaf and stalk vegetables	Nuts and nut products

Find out more at kellogghealthprofessionalanz.com

15 Australian Government Department of Health and Ageing. 2007 Australian National Children's Nutrition and Physical Activity Survey, 2012. www.health.gov.au.

16 Australian Bureau of Statistics. Australian Health Survey: Nutrition First Results - Food and Nutrients, 2011-12 4364.0.55.007, Canberra 2014.

17 Flinders University. Analysis of the 2007 Australian National Nutrition and Physical Activity Survey. Commissioned by Kellogg Australia New Zealand, 2012.

18 NHMRC Nutrient Reference Values 2005 for 4-11 years. A serving of Kellogg cereal and 250ml of milk typically has 3mg of iron and 300mg of calcium.

HEALTH AND WELLNESS EDUCATION AND RESEARCH, CONTINUED

We also support nutrition research. For example, for the sixth consecutive year, Kellogg's Institute of Nutrition and Health in Mexico awarded grants to five of that country's top researchers. The 2014 recipients will share \$1.6 million pesos—a 60 percent increase from previous years—for research that ranges from controlling diabetes to the role of vitamin D supplementation in young children to improving nutrition in vulnerable populations. This year, we received more than 125 applications from 54 research institutions.

BELGIUM

We provide an endowment to the Katholieke Universiteit Leuven for a chair in Cereal Science and Nutrition. Initiated in 2010, the program supports research to advance cereal science and nutrition, including building greater understanding of the health benefits of wheat. A new research and development facility in Leuven, which opened in 2013, employs a team of 20 Kellogg researchers who work side-by-side with university faculty and staff to develop new food concepts and products.

CANADA

We were a sponsor of a one-day workshop entitled "Advances in Carbohydrates and Fibre in Nutrition" at the Canadian Nutrition Society. The event drew more than 250 dietitians and nutrition professionals and brought together renowned researchers from around the world to discuss the most current science, perspectives and controversies around carbohydrate nutrition.

EUROPE

We recently launched a five-year partnership with the World Gastroenterology Organisation to collaborate on new areas of research and work together on educational programs targeting health care professionals. One of the first joint projects will be spreading the word about the consequences of inadequate fiber intake and, in particular, preventing digestive health disorders.

Online Resource

KelloggsNutrition.com—our online resource for health care professionals—doubled in global reach between January 2013 and the end 2014. As of December 2014, more than 14,000 users from around the world had registered.

Kellogg's MyBowl

Our MyBowl concept builds on the U.S. Department of Agriculture's MyPlate campaign to help people follow the nutrition recommendations of the 2010 Dietary Guidelines for Americans. Kellogg's MyBowl shows how easy it is to apply those recommendations to a bowl of cereal. ChooseMyBowl.com features tips, tools and other resources to help people make smart choices and enjoy a variety of foods to get more nutrition from meals served in bowls. MyBowl also helps consumers understand the importance of portion control, with illustrations that help to "right-size" a cereal meal.

When we launched MyBowl in May 2013, we offered paper bowls that could be ordered with toolkits to help health care professionals educate their clients on building a better bowl. The paper bowls were so successful that we ran out of them—some 110,000 in total. Overall, health care professionals ordered more than 500 toolkits. In addition, we surveyed a representative sample of consumers who received MyBowl information. About 66 percent of them said they would eat a cereal breakfast more often.

INNOVATIONS AND RENOVATIONS

Consumers put their trust in our company to deliver great-tasting and wholesome foods. We have a responsibility to bring our best to consumers every day—and it's a responsibility we take very seriously. To continue to earn our place at breakfast tables, we have established our Kellogg's Global Breakfast Food Beliefs to guide us. (See p. 12 for the full text of the Food Beliefs.)

As part of these Food Beliefs, we announced targets in early 2015 for our *Kellogg's®*-branded cereals that will help to make our foods even better. We have already been on this journey for many years, but this is the first time we're setting public commitments¹⁹ for the future.

We have established four specific pledges that we will achieve by 2020. We have chosen 2007 as our baseline because that's the year we ramped up company-wide efforts to reduce the sugar and sodium content in our cereal portfolio, particularly in cereals that are tailored for children. At that time, we also put better systems in place to track the sugar and sodium content of our products in our core markets.

Our new commitments focus as much on the addition of beneficial ingredients as the reduction of ingredients that consumers want less of.



SPECIFICALLY, BY 2020 WE PLEDGE TO:

- Add more beneficial nutrients, including protein and omega 3 fatty acids; increase the variety of grains and plant-based ingredients to provide protein, fiber and whole grains; and ensure that 100 percent of our cereals have at least one nutrient that consumers don't get enough of, such as vitamin D, fiber or iron.
- Reduce sugar in our foods so that 90 percent of our ready-to-eat cereals have 10 grams or less of sugar per 30 gram serving.
- Reduce the sodium in our cereals on average by more than 30 percent. At least 85 percent of our ready-to-eat cereals will have 150 milligrams or less of sodium per 30 gram serving.
- Increase nutrition education and active lifestyle communications by 50 percent.

Already, we have demonstrated significant progress, reducing sodium, for example, by 29 percent between 2007 and 2014. We have put tremendous time, effort and research into improving the nutrition profiles of our cereals wherever we can, applying new technologies and formulas that lower sugar and sodium without impacting the tastes our consumers know and love.

Much of this we have done in "stealth" mode—in other words, gradually, and without fanfare, over time—so consumers wouldn't notice we had enhanced the nutrition profiles of their favorite cereals. By the end of 2014, 84 percent of our cereals had 10 grams or less of sugar and 82 percent had 150 milligrams or less of sodium per 30 gram serving.

INNOVATIONS AND RENOVATIONS, CONTINUED

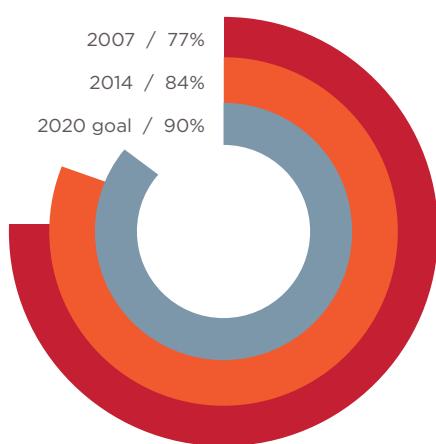
While it may seem like we don't have far to go to hit our 2020 commitments, making those last reductions to reach our targets is the toughest part. We liken it to a weight-loss plateau; the first pounds are easy to shed but it gets harder and harder to reach your goal the closer you get to it. Sodium is especially challenging. In addition to providing flavor, sodium is essential to the texture and preservation of our foods.

Meanwhile, we are working to develop metrics that will demonstrate progress toward our commitments around beneficial nutrients. For starters, we need to define the nutrients that consumers don't get enough of, since these can vary widely by region. For example, in some

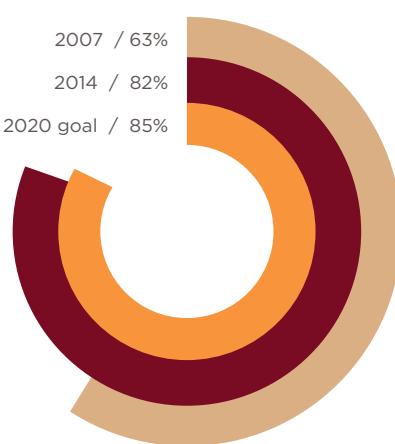
locations, such as northern Europe, vitamin D is considered a beneficial nutrient. In other locations, fiber may be more essential to the local population. Once we identify nutrients of need, we can track our progress toward the 100 percent target.

OUR NUTRITION COMMITMENTS²⁰

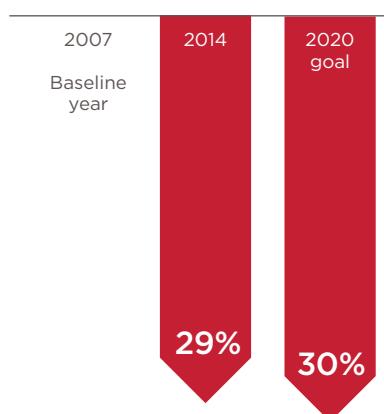
Percent of cereals with 10g or less of sugar per 30g serving



Percent of cereals with 150mg or less of sodium per 30g serving



Percent of sodium reduction in cereals (since 2007)



KELLOGG SCIENCE ADVISORY BOARD

At Kellogg, we employ some of the world's top technical experts in food science and nutrition. But even the best can gain wisdom and insight from an outside perspective.

That was the inspiration for the Kellogg Science Advisory Board (SAB), created in 2010 to help guide Kellogg into a position of leadership in cereal science and nutrition. The 10-member board keeps our technical teams up to date with the latest advances in food and nutrition sciences.

They ask us tough questions about our strategies and plans so we can make the right decisions for our company and for our consumers.

The SAB, which met twice in 2014, included experts from many of our regions of operation, including Belgium, Finland, France, Japan, the Netherlands, the Philippines and the U.S. Their expertise includes food science, cereal and crop science, food processing and nutrition.

INNOVATION AND RENOVATION EXAMPLES

Every year, we introduce many new and enhanced products that meet consumer wants and needs for improved health and wellness. Examples from 2014 and early 2015 include the following:

Product	Location	Description
	LATIN AMERICA	We reformulated two popular kids' cereals—Zucaritas® Power Balls and Choco Krispis® Pops—to provide 25 percent less sugar compared to the original formulas. The cereals also now include vitamin D and a combination of whole grains.
	EUROPE	We renovated Kellogg's Corn Flakes®, reducing sodium totals from 150 milligrams to 135 milligrams per 30 gram serving.
	UNITED STATES	We introduced two new Special K® cereals. Special K® Protein Cinnamon Brown Sugar Crunch provides 11 grams of protein with a half cup of skim milk. Special K® Gluten Free features multi-grain flakes made out of corn, sorghum and rice. It also provides a good source of fiber, often a concern for people who are avoiding gluten.
	UNITED STATES	We released two varieties of Eggo® Gluten Free waffles. The waffles contain 2 grams of fiber, 4 grams of sugar, 4 grams of protein and 15 grams of whole grain.
	AUSTRALIA/ NEW ZEALAND	We launched three new varieties of Special K® Nourish cereal. Each variety contains a mixture of fruits and nuts and a blend of multigrain flakes mixed with oat, quinoa and rye clusters, bran twigs and rolled oats. The cereals contain no artificial colors, flavors or preservatives.
	UNITED STATES	We introduced Froot Loops® Bloopers, which are made with whole grains and provide a good source of fiber and 10 grams of sugar per serving. We also lowered the sugar content of Frosted Flakes® to 10 grams per serving. We have reduced the sugar content of this popular cereal by 17 percent since 2007.
	UNITED STATES	When a grain sprouts, it releases vital nutrients and enzymes. Kashi's new Sprouted Grains Multi-Grain organic cereal is made with 100 percent sprouted grains in whole grain flakes made from wheat, brown rice, oats, barley, spelt and amaranth.
	JAPAN	Our new "half-fat" granola, made with barley as a base, is the only granola with a low-fat claim in Japan, contributing just 1.1 grams of fat per 40 gram serving.

INNOVATION AND RENOVATION EXAMPLES, CONTINUED

Product	Location	Description
	EUROPE	We launched a range of whole grain mueslis and granolas that deliver 40 to 70 percent whole grains and up to 10 grams of fiber per 100 grams. For example, the new <i>Special K® Multi-Grain Porridge</i> contains five whole grains (oats, barley, wheat, spelt and rye) and 30 percent less fat than similar products.
	UNITED STATES AND CANADA	New <i>Rice Krispies® Multi-Grain Shapes</i> are made with rice and whole grain, providing a good source of fiber with 6 grams of sugar per serving. The newly released <i>Kellogg's Jif™ Peanut Butter</i> cereal has 100 calories and 8 grams of whole grains per serving.
	AUSTRALIA	Our <i>All-Bran® High Fiber Muesli</i> contains 25 percent more fiber than other mueslis in that country.
	LATIN AMERICA	A reformulated <i>All-Bran® Flakes</i> portfolio increased fiber by 10 percent, boosted whole grain content from 17 grams to 20 grams per serving and reduced sodium by 20 percent.
	CANADA	New <i>Kellogg's To Go Breakfast Shakes</i> offer 10 grams of protein, 5 grams of fiber and 22 essential nutrients.

REDUCING CALORIES, TOGETHER

In 2010, Kellogg joined with 15 other top food and beverage companies to make a promise: We would reduce 1.5 trillion calories from our products in the U.S. marketplace by 2015. The Healthy Weight Commitment Foundation pledge reached its target—and then some. According to an independent analysis funded by the Robert Wood Johnson Foundation, the companies sold 6.4 trillion fewer calories in the U.S. in 2012 than we did in the 2007 baseline year. In other words, we hit our goal three years early, exceeding our pledge by more than 400 percent.

The analysis, conducted by researchers at the University of North Carolina at Chapel Hill, showed the biggest calorie reductions came from sweets and snacks; grain foods, such as cereals and granolas; fats, oils and dressings; and carbonated soft drinks.

PACKAGING AND LABELING

We believe nutrition literacy is crucial in helping consumers make informed food choices for themselves and their families. Through on-pack labeling and website content, we provide comprehensive nutrition and ingredient information, including details on calories, fiber, fats, sugar and other nutrients, for all of our foods.

Back in the 1930s, Kellogg was among the first companies to include nutrition labeling and product information on boxes. Starting in 2005, we pioneered front-of-pack Guideline Daily Amounts (GDAs) to give consumers information on calories, sugar, sodium and other nutrients in our cereals. This fact-based labeling system, which is in place in many of our global markets, complements the more detailed nutrition and ingredient labels found on the side or back panels of packaging. (Some countries, but not all, have laws requiring such labels.)



Kellogg is a member of the International Food & Beverage Alliance (IFBA), which recently adopted a common global approach to front-of-pack labeling for implementation by all member companies by the end of 2016. This will include labeling the energy, or caloric, value for products on the front of food packages worldwide, something Kellogg has already started implementing for many of our foods.

IFBA's principles on nutrition labeling, which Kellogg follows, require that the front-of-pack information be objective and fact- and science-based; presented in a legible, clear and visible format; and understandable to consumers and enable them to make informed dietary decisions.

In the U.S. in 2012, the food industry began rolling out Facts Up Front, a simple and easy-to-use labeling system that displays key nutrition information straight from the Nutrition Facts Panel right up front. Facts Up Front labels display how many calories and how much saturated fat, sodium and sugar is in each serving. At the end of 2014, 100 percent of our U.S. *Kellogg's®*-branded ready-to-eat cereals and snack bars had Facts Up Front labels. Visit www.factsupfront.org to learn more about this labeling system.



RESPONSIBLE PRODUCT MARKETING

Kellogg is committed to the responsible marketing and communication of our products. Our Worldwide Marketing and Communication Guidelines (WWMCGs) provide a consistent global framework for responsible marketing practices, including our advertising and marketing approach for digital and traditional media, in-school activities, licensed characters, contests and promotions.

The WWMCGs also include rules related to privacy protection. We regularly evaluate the guidelines to make sure they remain relevant and appropriate.

In the U.S., we adhere to the revised guidelines from the Better Business Bureau's Children's Food and Beverage Advertising Initiative (CFBAI), a voluntary, self-regulatory program. The CFBAI's latest pledge, which took effect at the end of 2013, is designed to shift the mix of foods advertised to children under age 12 toward healthier dietary choices. These new criteria provide more transparent and consistent marketing guidelines across categories and companies. We have adopted CFBAI criteria in the U.S. when they exceed our own internal Kellogg standards; we follow our own standards when they are more stringent than the revised CFBAI's guidelines.

We also participate in IFBA's commitments regarding marketing to children under 12 years of age.

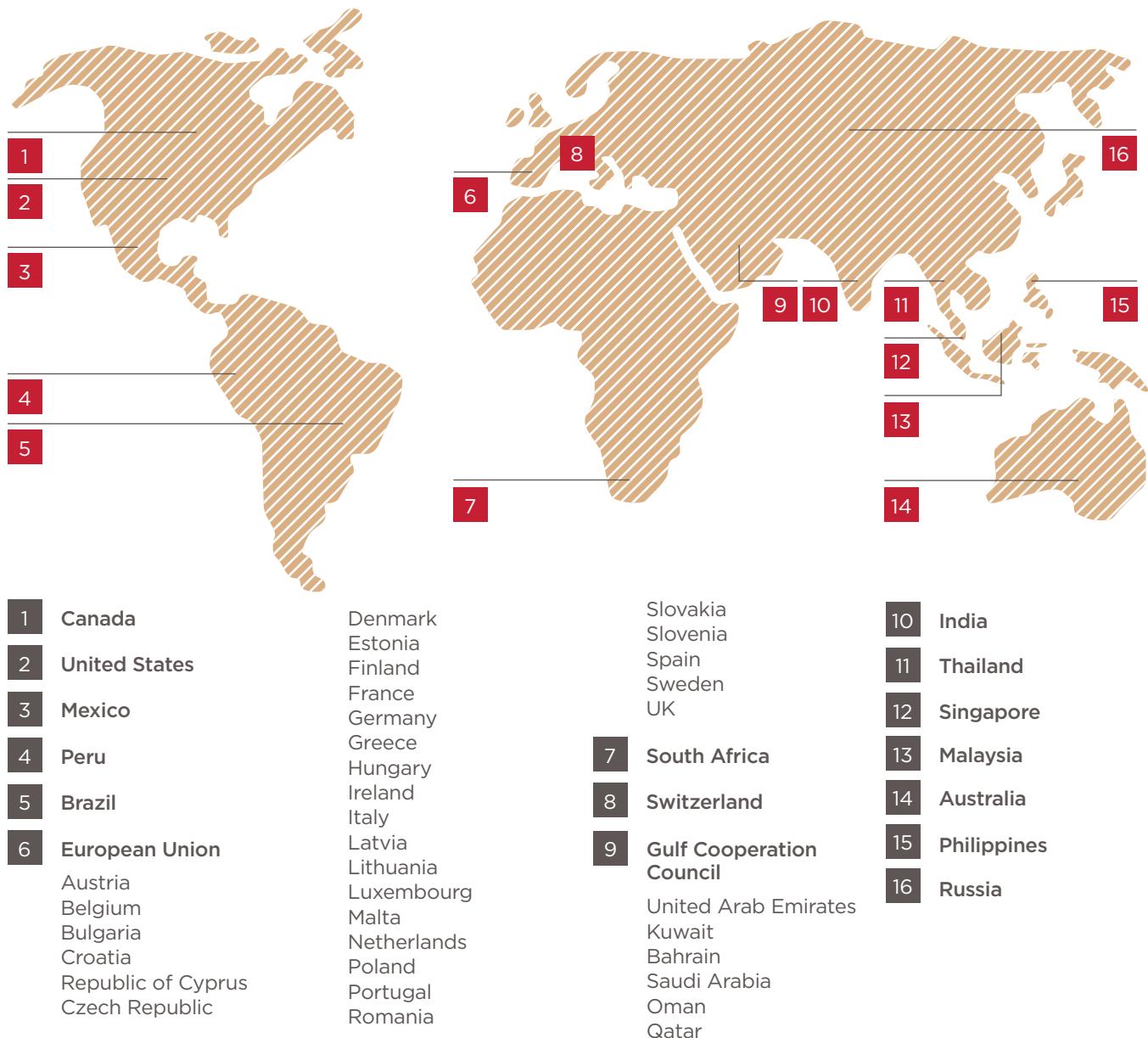
In the European Union, we follow a pledge that targets advertising to children under 12 toward those products that meet specific nutrition criteria based on scientific evidence and both national and international dietary guidelines. The EU Pledge also limits communication in primary schools, unless requested or agreed to by school administration.

We also recently signed on to Singapore's Responsible Advertising to Children Pledge, along with 13 other leading food and beverage companies. The pledge mirrors the commitments made by IFBA members. And in Australia, we met our commitment through the Food and Health Dialogue—a joint government/industry public health initiative—to reduce sodium by 15 percent in ready-to-eat cereals that exceed 400 milligrams of sodium per 100 grams of cereal by the end of 2013. In Mexico, we participate in the PABI Code (a self-regulatory code for advertising food and nonalcoholic beverages). The PABI Code helps avoiding misleading communications and promotes healthy lifestyles, especially for children under age 12.



PLEDGE PROGRAMS WORLDWIDE

We have committed to national self-regulatory pledges in every region where Kellogg operates. Though these national pledge programs share many similarities, the individual nature of each brings local attention to commitments Kellogg has made on our own and through industry associations such as IFBA.



IFBA COMMITMENTS

The International Food & Beverage Alliance, a global food company consortium of which Kellogg is a member, has played an important role in addressing public health nutrition issues for more than a decade. In 2014, each IFBA member committed to making

specific corporate pledges related to product reformulation and development. Our IFBA commitment is not specific to particular countries. It applies to whatever countries we do business in, which includes many more than those marked on the map.

PRODUCT SAFETY AND QUALITY

Kellogg's reputation is dependent upon the safety and quality of the foods we make and sell around the world. Our comprehensive programs and processes are designed to maintain compliance with government regulations and our own strict quality and safety standards. Our proactive food safety and quality approach starts at the very top of our organization. Food safety continues to be one of our four operational priorities, along with people safety, customer service and financial excellence.

Our Kellogg Food Safety Plan (K-FSP) 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. We updated the K-FSP in 2012 and 2013 to stay ahead of, and in alignment with, the landmark Food Safety Modernization Act in the U.S. We relied on a cross-functional Kellogg team of key leaders from quality, food safety, operations and legal to create a safety plan that goes above and beyond the industry standards.

We have voluntarily participated in the Global Food Safety Initiative (GFSI) since 2009 and require all of our manufacturing plants and our contract manufacturing facilities to be GFSI-certified. We also require GFSI certification and a Kellogg internal audit for all ingredient suppliers.

In addition, we draw on the expertise of our Kellogg Food Safety Advisory Board, comprised of six external experts who provide advice and counsel on food safety and food defense on an ongoing and as-needed basis.

PRODUCT RECALLS

We issued four minor voluntary product recalls in 2014—one each in Brazil, Canada, Japan and the U.S. We had no reports of any injuries or adverse reactions relating to these recalls.



PRODUCT SAFETY AND QUALITY, CONTINUED

FOOD SAFETY AUDITING

Auditing is an essential element of our food safety approach. Key suppliers for higher-risk items, such as nuts, seeds, vegetables, chocolate, dairy products and food packaging materials, may be audited annually. Lower-risk materials and proven, high-performing suppliers may be audited on an 18- to 36-month cycle.

2014

693

Supplier Audits

209

Packaging Supplier Audits

2013

604

Supplier Audits

83

Packaging Supplier Audits

KEEPING AN EYE ON THE FUTURE

Our Global Scientific and Regulatory Affairs Department tracks emerging food safety and nutrition regulatory issues and evaluates their potential significance to our company. The department's objective is to identify, understand and influence these evolving technical regulatory issues so that we can produce safe and wholesome foods while protecting our brands. The department's experts in toxicology, microbiology and food science focus on potential issues that may impact our company.

For example, the team has been supporting food industry research related to U.S. Food and Drug Administration concerns around the safety of partially hydrogenated oils, the source of most artificial trans fats. Kellogg Company has already removed trans fats from more than 95 percent of our products.

FOOD AND NUTRITION SCIENCE SCHOLARSHIP

At Kellogg, we make every effort to maintain the inside track to recruit the nation's best and brightest collegiate scholars in the field of food and nutrition science. That's why we recently endowed a scholarship at Tuskegee University in Alabama. The Theodora Morille-Hinds

scholarship, named for our vice president of global quality and technical standards, gives our company unique access to a pool of talent and allows us to give an annual scholarship to a deserving student in the field.



WORKPLACE



In this section:

- Implementing a Shared Vision, Together

- Health and Safety
- Employee Wellness
- Diversity and Inclusion

- Labor Standards
- Talent Management

IMPLEMENTING A SHARED VISION, TOGETHER

Kellogg Company is made up of thousands of employees working on six continents, performing many different jobs in areas ranging from manufacturing and distribution to retail and business management.



What binds us all together—and keeps us moving forward—is our shared vision to enrich and delight the world through foods and brands that matter. To that end, we have developed programs and policies that prioritize workplace safety and employee engagement.



Over the past year, we have continued to implement Project K—our multi-year efficiency and effectiveness initiative focused on unlocking cost savings that will be invested in the company's strategic aims to grow the business (see p. 7). Throughout, we have remained committed to keeping employees informed of major decisions and to maintaining high standards of excellence in our employee-focused programs.

HEALTH AND SAFETY

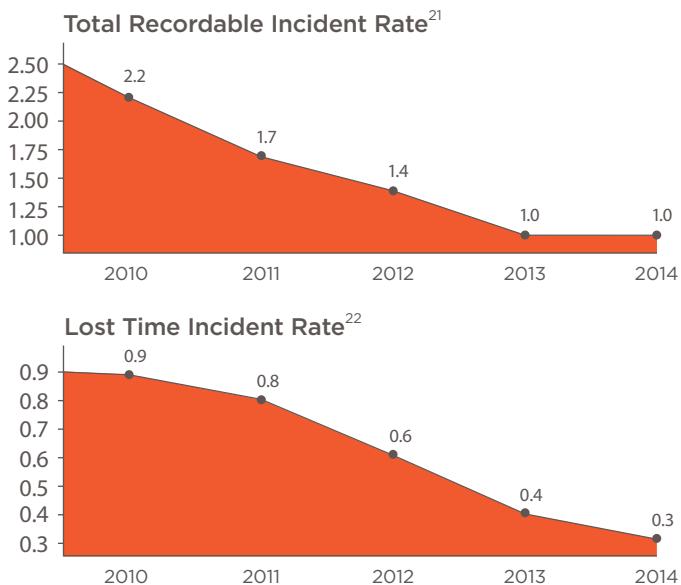
The goal of our Environment, Health and Safety (EHS) team is to deliver value through a culture that ensures zero injuries and illnesses and minimizes our impact on the planet and the communities where we live, work and source ingredients. Kellogg and our EHS team believe that all workplace accidents are preventable, and we have an ultimate goal of achieving a zero incident rate.

Over the past few years, we have steadily improved our safety record, as measured through both our total recordable incident rate (TRIR) and lost time incident rate (LTIR). (See charts at right.) In 2014 our LTIR improved from 0.4 to 0.3 while our TRIR rate held steady at 1.0. In more exact terms, the rate actually dipped to 0.98. Also, we have consistently achieved TRIRs that are significantly better than the industry average, which stood at 5.0 in 2013, the latest figure available.

While our overall safety performance has been strong, we are deeply saddened that in 2014 we experienced two workplace-related fatalities—one in our Augusta, Georgia, plant and one in our Springs, South Africa, plant. While these were two separate and unrelated incidents, in two very different parts of our Kellogg world, both shared a common thread: two of our valued colleagues left for work and did not return home.

In response to, and in an effort to learn from, these tragic losses, we have used our corrective action process to identify and prevent similar types of risk in our facilities around the globe. We are also performing a thorough review of all EHS standards and programs and updating guiding documents where needed to ensure that our processes are relevant and robust. In addition, our *K Value™* “We Are All Accountable,” asks us each to personally commit to the success and well-being of our teammates and to embrace the belief that achieving a healthy and safe environment starts with “me.” We recognize that it takes diligent, consistent effort to sustain good performance and avoid incidents, and we remain fully committed to ensuring the safety of our people while at work.

EMPLOYEE SAFETY



Strengthening Safety Performance Through Employee Engagement

Kellogg Company's Manchester, England, plant has steadily improved its safety performance over the last five years. To help sustain these safety gains, the plant's Health and Safety (H&S) team worked with 35 union-appointed, volunteer H&S representatives to run workshops and collect staff feedback to identify the best approach for further strengthening the safety culture. One outcome was that H&S representatives began presenting at all quarterly business meetings, to communicate the important role that each of the 500 plant employees play in contributing to safety performance. In addition, the representatives set up a “safety hot desk” outside the cafeteria, to engage with plant workers on safety issues regularly and share new ideas. These efforts have paid off, as the plant achieved zero LTIs and TRIs in 2014. Plant employees plan to continue both the safety hot desk and the quarterly safety sessions through 2015 and beyond.

²¹ Total recordable incident rate = (the total number of recordable cases x 200,000 hours)/total labor hours worked. In this formula and the one below for lost time incident rate, 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 the incidence rates.

²² Lost time incident rate = (the total number of incidents that resulted in days away from work x 200,000 hours)/total labor hours worked.

BUILDING A CULTURE OF SAFETY AT EVERY LEVEL



To drive further progress toward our goal of zero incidents, we are building a culture of safety at every level of the organization. In order to do this, we are actively engaging and training company and front-line leaders—not just EHS managers—on our global safety standards and requirements.

In addition, in 2014 we started focusing heavily on “near-miss” reporting, to shift the conversation about safety away from what *did* happen to include what *could have* happened. We are working to build a culture in which every employee feels comfortable reporting near misses, to help better understand our safety risks and embed stronger programs.

For 2015, in order to drive continued improvement, we are focusing on three key areas: culture and capabilities; systems and tools; and ways of working. Our “culture and capabilities” work, for example, focuses on personal accountability from the highest levels of the organization on down. And, through our newly adopted Kellogg Work Systems program, we are standardizing safe working practices across the global organization.



“At the Cary plant, the plant manager, union leadership and the workforce proactively worked together to make a good safety culture into a great safety culture—as evidenced by the reduction in injuries, increased productivity and improvement in morale. Combined with OSHA’s Rising Star award, it doesn’t get any better than that.”

- Harvey Liss, Culture Change Consultants, Inc.

EMPLOYEE WELLNESS

At Kellogg, we believe that to live well, you must be well. The health and wellness of our employees is very important to us.

Over the past two years, we have continued our hallmark employee wellness programs while also offering new ways to incentivize healthy choices. In 2014, we transitioned many aspects of our *Feeling Gr-r-reat™* health management program—which focuses on fitness, wellness and disease prevention for U.S. employees—to a new web-based system that offers innovative online engagement tools. While more of *Feeling Gr-r-reat™* is now online, however, the in-person program elements remain strong.

Through *Feeling Gr-r-reat™*, employees can receive health assessments, on-site biometric health screenings, condition management coaching and free flu shots, as well as utilize on-site fitness facilities at some of our locations and take part in Weight Watchers at work. In addition, our *Feeling Gr-r-reat™* Ambassador Network is made up of more than 100 employees across the U.S. who help to educate their colleagues about good health practices, using on-site screenings and fitness challenges as a rallying point.

By completing confidential health assessments and screenings, employees can better understand the key indicators of their current health profile and any potential risks. In 2014, 67 percent of U.S. employees took part in a *Feeling Gr-r-reat™* health screening event. In addition to the personal health benefits, eligible participants are rewarded with cash payouts or discounts on their health care plans.



Our health and wellness initiatives are not limited to our U.S. locations. Our regional offices around the globe also offer programs to help Kellogg employees stay fit and healthy. In Canada, for example, employees can take advantage of our on-site fitness center, while our offices in Australia and New Zealand offer Q&A sessions with health experts as well as fitness classes.

WORK/LIFE EFFECTIVENESS



The feedback collected in our 2012 and 2013 Global Opinion Surveys showed us that work/life effectiveness is a high priority for our employees. Accordingly, it is an ongoing human resources priority for Kellogg. We have focused on coaching and educating employees on available resources to enable them to better balance the demands of work with demands at home.

One important way we provide support is through our flexible and remote working policies, which allow employees to work from home or create compressed schedules to better fit their busy lifestyles. We also train managers on how to best implement flexible and remote work arrangements and provide web-based tools that help teach employees how to work more efficiently and reduce the amount of time they need to spend in the office.

Our Global Work Life Portal—used by about 7,600 employees in 2014—acts as a central hub for online learning tools, including a prioritization calculator, time management training and best practices for meeting effectiveness. The portal was first introduced in 2013 (in English only), and in October 2014 we launched Spanish and Portuguese language versions for our Latin America region.

CAMILLE A.

Customer Service Supply Chain Analyst at Kellogg and mother of three, says flexible work scheduling has made a considerable difference in her work/life balance:

“Having this flexibility allows me to get a jump start on my work day, be more organized and feel prepared to assist our customers in a more effective manner.”

DIVERSITY AND INCLUSION

We live in an increasingly diverse and interconnected world. And at Kellogg, we recognize that building a workforce and leadership team that encompasses diverse perspectives is a crucial component of our continued success in the marketplace. We take an active approach toward diversity and inclusion—helping to ensure that everyone feels welcome in the workplace and providing programs that increase opportunities for all our employees.

In 2014, we launched the Cross-Cultural Leadership Development Program (CCLDP) in the U.S. as part of our wider K Power to Lead management education initiative (see p. 59). The purpose of the CCLDP is to help build a more diverse talent bench. Through webinars and interactive, full-day sessions, program participants, their managers and company leaders work to foster leadership capabilities and develop cross-cultural competencies that can lead to more fruitful collaboration. We plan to expand the program across our North America region in 2015 to reach more people of color and their managers.

The CCLDP is a strong complement to our new Executive Cross-Cultural Mentoring Program, in which members of our Global Leadership Team are paired with senior talent from across our global business that have a different cultural background. We have received excellent feedback on this program to date and plan to expand it further in the future.

We recognize that diversity is a complex subject that requires a creative, open-minded approach to achieve new levels of success. That's why in 2014 we initiated an Unconscious Bias Training Program to help leaders identify hidden barriers that might impede our path to success.

KELLOGG BOARD OF DIRECTORS



“Companies who integrate cultural intelligence into leadership development programs are more successful in advancing diversity and inclusion within the organization. Kellogg is fully committed to this program and the success of its participants.”

-Trudy Bourgeois, **Center for Workforce Excellence**, program facilitator for the Cross-Cultural Leadership Development Program

DIVERSITY AND INCLUSION, CONTINUED

We have long worked to make Kellogg an employer of choice for women. In 2014, we took a step further by expanding globally our Women of Kellogg (WOK) Employee Resource Group (ERG)—one of seven company ERGs with a specific focus. We launched new WOK chapters first in Europe, then in Latin America, and we are planning an Asia Pacific launch later in 2015. We're also pleased to have made *Working Mother* magazine's 2014 list of 100 Best Companies. This recognition was earned, in part, due to our strong paid maternity leave, paternity leave, flexible work and dependent care reimbursement policies.

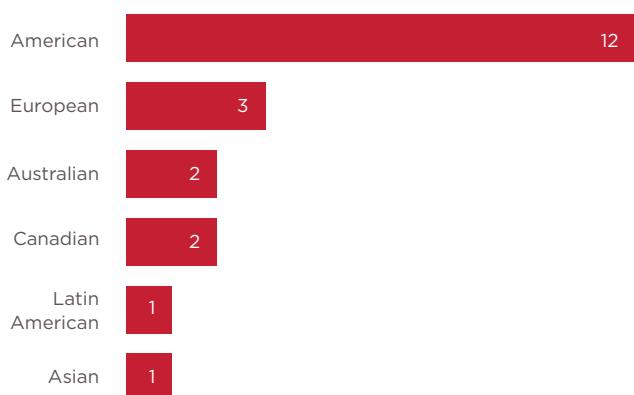
GLOBAL LEADERSHIP TEAM BY GENDER



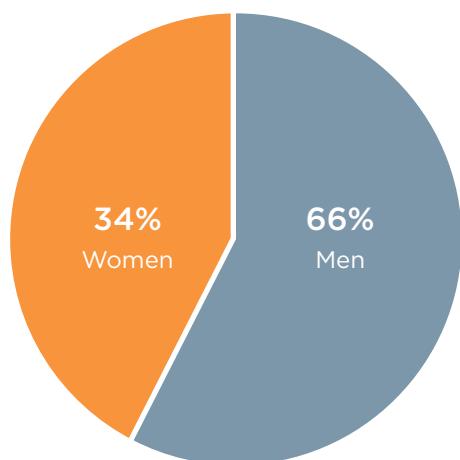
It's also notable that we now have one of the more gender-balanced boards of directors in corporate America, with seven men and five women as members. According to Catalyst, a nonprofit that seeks to expand opportunities for women in business, just 17 percent of Fortune 500 board positions were held by women in 2013. (Our Chairman and CEO, John Bryant, has served on Catalyst's own board of directors since 2011.) At the senior executive level, we have nine women and 13 men on our Global Leadership Team, as of the end of 2014.

For more information on our efforts to promote diversity and inclusion within and outside the company, please see www.KelloggDiversityandInclusion.com.

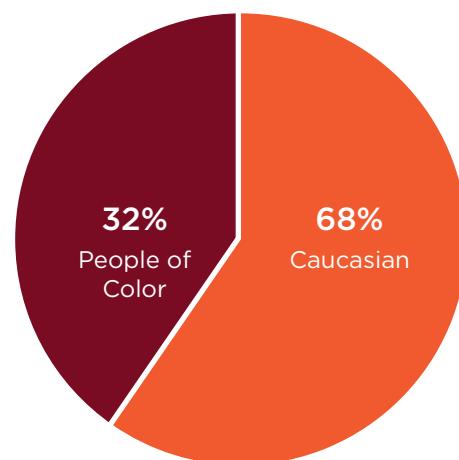
GLOBAL LEADERSHIP TEAM BY NATIONALITY



U.S. WORKFORCE BY GENDER



U.S. WORKFORCE BY RACE/ETHNICITY



LABOR STANDARDS

Kellogg is committed to maintaining high labor standards at our facilities around the world. We follow the laws and regulations in the locations where we operate, and we work to uphold the human rights of all our employees.

We regularly audit our manufacturing and distribution facilities to ensure compliance with government regulations and Kellogg policies relating to employment practices. We also occasionally use external audits, in areas such as the administration of benefits and payroll, to confirm our compliance.

Our desire to achieve business success while holding ourselves to high ethical standards is reflected in our *K Values*™, one of which is: “We act with integrity and show respect.” This *K Value*™ informs our approach to labor management. In 2014, approximately 40 percent of our employees were covered by collective bargaining

agreements. We remain committed to negotiating fair and competitive contracts with employees at all locations and recognize that their important work helps to ensure the long-term success of the company.

Our high standards are also extended up the supply chain through our Global Supplier Code of Conduct, which requires suppliers to treat their employees with fairness, respect and dignity and to promote a work environment that is free of harassment, discrimination, child labor, forced labor, corporal punishment or other forms of physical coercion. (See p. 20 for more information.)



TALENT MANAGEMENT

At Kellogg, we understand the critical importance of investing in our people. For two years we have been developing a new, integrated talent management approach that will help us to improve business results by better aligning our efforts around the full “hire-to-retire” employee lifecycle. In 2014, we began bringing this approach to life through a series of new talent development programs offered by our W.K. Kellogg Leadership Academy.

The content of the new programs is driven by our cornerstone “success model” called K Power to Grow (see graphic). 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 their own performance as well as that of their employees.

Among our new programs is our first comprehensive, multi-pronged leadership development program aimed at General Managers (GMs) and Country Managers (CMs). This intensive, year-long program—which includes personal assessments, executive coaching and Harvard University programming—graduated its first class of 22 participants (about half of our GM population) in March 2015. As part of this program, the participants split into “action learning teams” to study one of four Kellogg business topics: packaging sustainability, talent management, e-commerce and government relations. Participants in the action learning teams worked together to analyze and propose solutions to these important opportunities.

Another key element of our new talent management initiative is K Power to Lead, a development program launched in 2014 that helps our “leaders of leaders”—a critical population for business success—reach their full potential and set good examples through their behavior and character. The program helps leaders better understand their personal working styles and how to improve their effectiveness and collaboration.

We have also rolled out 13 new web-based training programs for first-time and front-line leadership. Collectively known as Leadership Essentials, these



development modules cover topics related to Kellogg-preferred practices and management effectiveness. The modules became available to Kellogg leaders around the world in late 2014.

In addition, in 2014 we launched new executive pre-hire assessment and onboarding programs. These programs are designed to ensure that we choose leaders with the right skills, capabilities and attributes, and then set them up for maximum success. Building upon existing onboarding techniques, the new structured, year-long onboarding program helps executives hired from outside the company make the transition into their new jobs as smoothly as possible.

Finally, in 2014 we refreshed our “Grow With Us” commitment to developing and retaining employees by launching a global, internal career site. The site allows our employees to identify opportunities for career advancement anywhere Kellogg operates around the world. The new site has been attracting an average of 6,000 unique visitors every month.

“Strong leadership is extremely critical for us to succeed as a business. The GM/CM Leadership Development program will enable us to create even better leaders and help us take Kellogg to the next level in terms of our ability to succeed in the marketplace.”

- Sangeeta Pendurkar, Managing Director,
Mumbai, India



ENVIRONMENT

In this section:

- Conserving Natural Resources in Our Operations
- Greenhouse Gas Emissions and Energy Use
- Water Use
- Waste to Landfill
- Sustainable Packaging
- Employee Environmental Initiatives

CONSERVING NATURAL RESOURCES IN OUR OPERATIONS

Environmental stewardship is a major element of Kellogg Company's corporate responsibility strategy.

We have been working for years to continually improve our environmental performance and conserve natural resources in the facilities where our foods are made. Specifically, we have been dedicated to reducing our energy use, greenhouse gas (GHG) emissions, water use and waste sent to landfill. We also work with our suppliers—whose collective impacts are greater than our own—to help them reduce their environmental footprints (see p. 22).

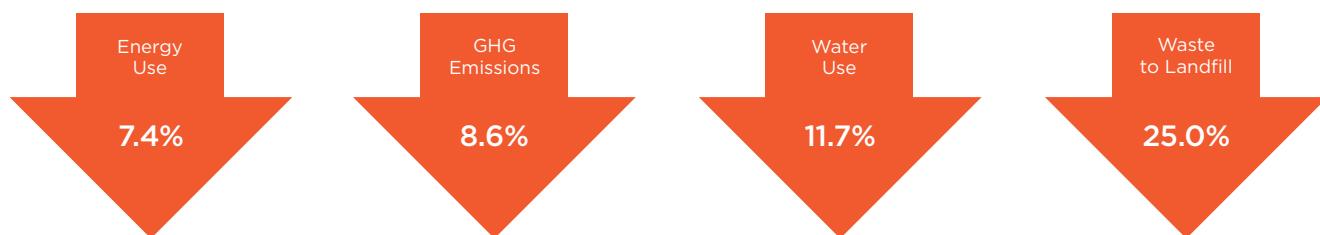
GOALS FOR 2015

Our current operational goals are to:

- Reduce our facilities' energy use, GHG emissions and water use (per metric tonne of food produced) by 15–20 percent from 2005 to 2015.
- Decrease our waste sent to landfill (per metric tonne of food produced) by 20 percent from 2009 to 2015. We set this new target after achieving a 41.5 percent waste-to-landfill reduction from 2005 to 2009—far exceeding our original 20 percent reduction goal.

As detailed in this section, we met our waste goal in 2014 and are on track to meet our water goal. We have made progress toward our energy and GHG goals but may fall short of meeting them in 2015, due primarily to changes in production mix and volumes. Nonetheless, we continue to work toward these targets and expand on our energy- and GHG-reduction initiatives across our global operations.

Progress Toward 2015 Goals (reduction from baseline through 2014)



OUR 2020 SUSTAINABILITY COMMITMENTS

While we work toward our 2015 goals, we have already announced new commitments that will drive further progress from 2015 to 2020. These 2020 Sustainability Commitments include targets for reducing our energy use, water use and GHG emissions by an additional 15 percent (per metric tonne of food produced) from our 2015 performance.

The new commitments also expand and broaden our efforts. Through them, for example, we are seeking to increase by 50 percent our number of plants using low-carbon energy; implement water reuse projects in 25 percent of our plants; and increase to 30 percent the number of plants sending zero waste to landfill. All of our 2020 Sustainability Commitments, including those relating to our suppliers, are detailed on p. 9.

GREENHOUSE GAS EMISSIONS AND ENERGY USE

Climate change threatens to alter and impact agricultural systems all over the world. As a food company, our most significant climate change risks and impacts occur upstream in our agricultural supply chain. To address them, we have developed initiatives to help our suppliers reduce their emissions where possible (see p. 22), even as we continue to work to minimize energy use and its associated GHG emissions in our own facilities.

In 2014, we took steps to strengthen our approach and public commitment to addressing climate change. For example, we published [a new climate policy](#) that outlines our key efforts and pledges.²³ In this policy, we commit to—among other things—further defining and disclosing our estimated total supply chain GHG emissions, including emissions from our agricultural suppliers, by December 2015.

We also participated in the United Nations Climate Summit in New York, where our Chairman and CEO John Bryant delivered remarks during an invitation-only event focused on agriculture, food security and nutrition. During the Summit, we signed on to the Joint Statement for Agriculture, Food Security and Nutrition, as well as the New York Declaration of Forests. We also joined Business for Innovative Climate and Energy Policy, a coalition of businesses committed to working with policy makers in the U.S. to pass meaningful energy and climate legislation to enable a rapid transition to a low-carbon economy. All of these initiatives reinforce our commitment to contribute to substantial, scalable solutions that address the impacts of climate change on food security and global nutrition.

We continue to submit our energy and emissions data to the CDP (formerly Carbon Disclosure Project).²⁴ In 2014, we earned a disclosure score of 94 out of 100 (measuring the level of transparency of our response) and a performance score of B (measuring how

effectively the company is addressing climate risk). Our 2014 submission identified some of our largest agricultural suppliers as well as volumes of key ingredients and their associated, estimated emissions, which represents an expansion of our reporting of emissions that occur upstream in our value chain. We also continued to disclose our water emissions and forest impacts to the CDP.

Our CDP carbon submission outlines in detail the climate-related risks and opportunities we face as a global food company. The risks include, for example, increased costs associated with climate regulations, cap-and-trade programs and carbon taxes, primarily in Europe, as well as the varied and uncertain effects of changing weather patterns on our agricultural ingredients.

We are working toward our operational energy and GHG emissions goals for 2015, as noted on the next page. Going forward, among our new Sustainability Commitments, shown below, are new energy and GHG goals for 2020. We define *low-carbon energy* as renewable energy (solar, wind, hydro) and cogeneration (combined heat and power systems, fuel cells). For this commitment we will not count grid-supplied power that comes from alternative energy sources, as we want to focus on increasing direct low-carbon energy use in our own facilities.

2020 SUSTAINABILITY COMMITMENT

- Expand use of low-carbon energy in our plants by 50%
- Reduce energy use and GHG emissions in our plants by an additional 15% (per metric tonne of food produced) from 2015 performance

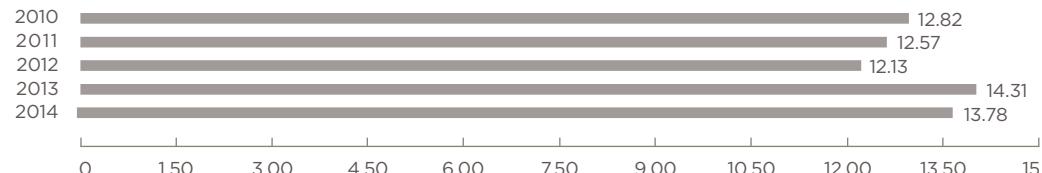


OUR 2014 ENERGY AND GHG PERFORMANCE²⁵

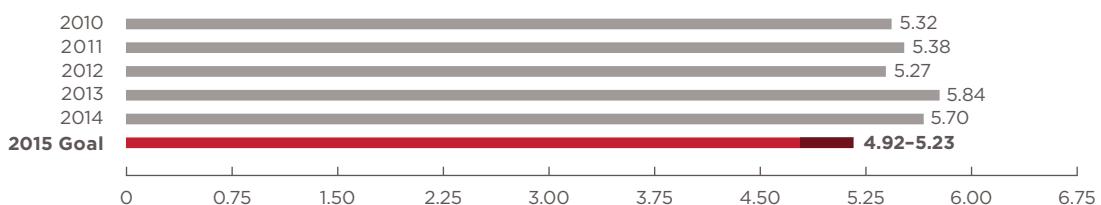
As seen in the charts, our energy use per metric tonne of food produced decreased by 2.4 percent in 2014. It is down 7.4 percent since our baseline year of 2005. Our GHG emissions per metric tonne of food produced decreased by 2.0 percent in 2014; they are down 8.6 percent since 2005.

While our performance is currently trending in the right direction, it appears we will not achieve our 2015 energy or GHG goals. This is due largely to changes in our product and manufacturing mix, in particular the inclusion of our Pringles plants for the first time in 2013. With our new commitment to increase the number of plants using low-carbon energy by 2020, we should start to see greater improvements in our GHG emission reductions.

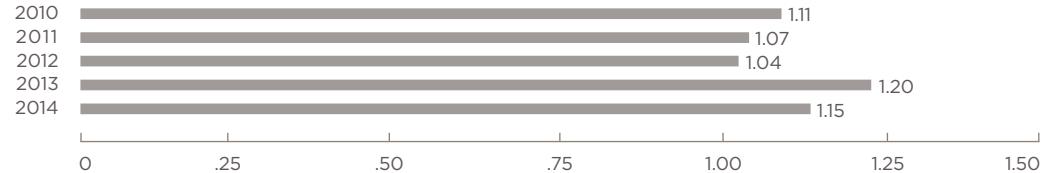
Total Energy Use
(in millions of gigajoules)



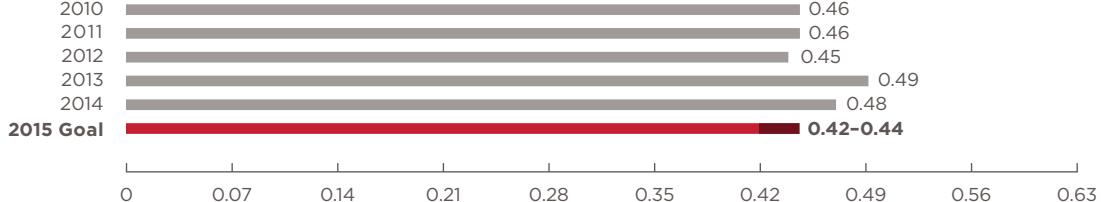
Energy Use Per Metric Tonne of Food Produced
(in gigajoules)



Total GHG Emissions
(in millions of metric tonnes)



GHG Emissions Per Metric Tonne of Food Produced
(in metric tonnes)



²⁵ These data are for our global manufacturing facilities only. They do not include our transportation fleet, offices or warehouses. The data for past years have been adjusted slightly from our previous report, reflecting improvements in our data gathering, tracking and auditing processes.

POINTS OF PROGRESS IN OUR ENERGY USE AND GHG EMISSIONS

UNITED STATES

At our facility in San Jose, California, where *Eggo*[®] waffles are made, we installed on-site fuel cell technology that generates 1 megawatt of electricity. This Bloom Box, as it is known, converts natural gas into electricity using an extremely efficient electromechanical reaction. The Bloom Box provides half of the electricity needed to run the plant and will reduce our total system carbon dioxide (CO₂) emissions by an estimated 980 metric tonnes annually.

AUSTRALIA

Our facility in Botany, Australia, reduced its energy use per metric tonne of food produced by 12.65 percent in 2014 through the installation of energy-efficient LED lighting and the shifting of equipment to an automatic “energy-saving mode” after 15 minutes of inactivity, among other advancements.

INDIA

In India, we installed biomass-fueled boilers at our facilities in Taloja and SriCity that provide some of the energy needed at the facilities. The solid biofuel—which is derived from agricultural waste—is considered “carbon neutral,” since the CO₂ emitted when this plant material is burned is offset by the CO₂ that was absorbed while it was growing. Also, the biomass generates only a negligible amount of sulfur dioxide when burned, and it is less expensive than the furnace oil we previously used. The ash generated during the process is recycled and sold for brickmaking.

UNITED KINGDOM

At our facility in Manchester, U.K., we reduced our energy use per metric tonne of food produced by 7.39 percent over the past two years. This improvement was due to capital investments in new HVAC equipment, a new and more-efficient chiller, and a heat pump that now delivers 25 percent of on-site hot water, as well as voltage optimization, LED lighting installation, air leak fixes and other measures.

UNITED STATES

Our Battle Creek, Michigan, facility has reduced its energy use 5.48 percent in the past year due to a wide variety of energy-efficiency projects, including a cooling tower upgrade and boiler optimization. The facility’s engineering department worked closely with the local utility company to apply for rebates for these efforts, which helped to enable the quick activation of projects that required significant upfront investment. Since 2009, the Battle Creek facility has completed more than 20 projects that were eligible for a total of more than \$600,000 in rebates.

COLOMBIA

In Colombia, we’ve worked diligently to build a culture of sustainability that helps reduce energy usage through trainings that teach employees environmentally savvy practices and through an electronic software system that manages energy when equipment is not in use. Our Bogota facility received an Entrepreneur Environmental Excellence Program Certificate (Level III) for the plant’s sustainability achievements.

OPTIMIZING TRANSPORT EFFICIENCY

In addition to our facility-based efforts, we continually work to improve the energy efficiency of methods for transporting supplies to our facilities and our foods to market. In the U.S., our Kellogg-operated truck fleet and 97 percent of our contracted truck fleet are enrolled in the U.S. Environmental Protection Agency's SmartWay program. SmartWay is a partnership among government, business and consumers to help reduce fuel use and improve air quality.

In Germany, 100 percent of the corn and rice we use, which makes up 40 percent of all the raw materials we use, is now shipped by barge directly to the Bremen facility, reducing our GHG emissions by nearly 75 percent compared to truck shipments. In the U.K., at least six trucks per day have been taken off the roads in the past 18 months by acquiring longer trucks with larger

capacity and by utilizing shipping canals. We estimate this has eliminated 50 metric tonnes of CO₂ emissions each year. And in our Valls facility in Spain since 2009, we have increased from 8 percent to 20 percent the shipments of ingredients transported by sea and rail, instead of road.



WATER USE

Around the globe, fresh water resources are under pressure from climate change, population growth, industrial and agricultural uses, and aging or inefficient infrastructure. Increasingly, businesses and communities are recognizing the critical importance of preserving and protecting water supplies.

We have been working to minimize and optimize water use in our facilities in line with our 2015 water-reduction goal noted on the next page.²⁶ We use water as an ingredient in our products; for heating, cooling, cleaning and, in some locations, irrigation; and for employee hygienic use.

Kellogg assesses the risk of water availability by using a combination of internal, site-specific surveys and external sources to determine an overall water risk score for each of our facilities. The surveys pull together information on physical, regulatory and social risk factors. The external sources include three leading datasets that consider exposure to current conditions (including water quantity and quality as well as regulatory and social issues) and projected changes in water quantity over time.

Based on our assessment, which was updated in 2014, the sites within our organization that have the highest levels of water risk include Omaha, Nebraska; San Jose, California; Valls, Spain; and Linares, Mexico. While all Kellogg manufacturing facilities have established water-efficiency goals and are implementing water-saving initiatives, we are paying particularly close attention to water use in these locations.

We submit our water use data and a detailed accounting of our water-related risks to the CDP Water Program. Potential future risks to our facilities noted in our water submission include increased water costs and even constraints on growth. In 2014, Kellogg was one of a select group of companies whose water submission was scored by the CDP. We earned an 18 out of 20 for our response; the average score was 13.

Among our new 2020 Sustainability Commitments for water (see below), we have pledged to implement new water reuse projects in 25 percent of our plants by 2020. Virtually all of our plants currently reuse water for non-food-contact purposes, so this goal is focused on implementing new projects that increase the number of times water is used—e.g., for cooling or irrigation—before being discharged.

“[Kellogg Company’s] water strategy is well integrated throughout your business and you have made public policy commitments on water. You have a detailed understanding of water risks and impacts as well as your own water use.”

—Cate Lamb, Head of Water, CDP, in a 2014 letter to Kellogg about our CDP water submission

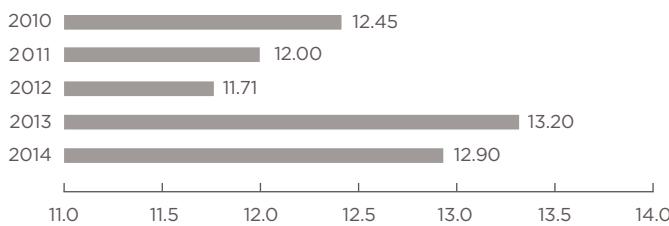
2020 SUSTAINABILITY COMMITMENT

- Support watershed quality
- Implement water reuse projects in 25% of our plants
- Reduce water use in our plants by an additional 15% (per metric tonne of food produced) from 2015 performance

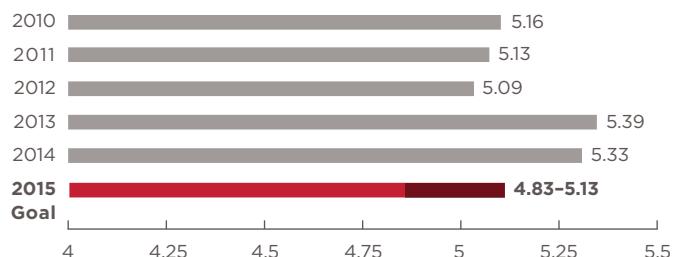
OUR 2014 WATER USE PERFORMANCE²⁷

As seen in the charts, our water use per metric tonne of food produced was essentially flat in 2014. It is down 11.68 percent since our baseline year of 2005. We are putting an increased focus on water in 2015, and as a result we expect to meet our water reduction goal.

TOTAL WATER USE (IN MILLIONS OF CUBIC METERS)



WATER USE PER METRIC TONNE OF FOOD PRODUCED (IN CUBIC METERS)



POINTS OF PROGRESS IN OUR WATER USE

- At our **Zanesville, Ohio**, facility, a group of employees suggested installing a new technology that reuses the water needed to make steam for the cooking appliances. The technology enables the water to be recirculated up to 50 times and also delivers significant energy savings. This project and others helped to reduce the facility's water use by 17.55 percent per metric tonne of food produced in 2014.
- Our cereal facility in **Battle Creek, Michigan**, employs a dust-control system that promotes employee safety and facility cleanliness but uses large quantities of water. In 2014 we made several

changes to the system, such as adjustments to its computer settings and the reuse of water from nearby equipment. These changes reduced the plant's annual water usage by 10 percent per metric tonne of food produced, or more than 33.5 million gallons per year.

- Our **Anseong, South Korea**, facility, reduced its water use by 9.06 percent per metric tonne of food produced in 2014, largely through employee behavioral changes.

WASTE TO LANDFILL

As part of our broad commitment to reducing hunger globally, we have long worked to minimize and recycle food waste. We also work to decrease other wastes from our facilities or divert them for beneficial reuse.

About 6 percent of our waste globally now ends up in a landfill. This percentage is slightly higher than in previous years, but only because our total waste generated has decreased markedly—including by nearly 36 percent in 2014 alone. That progress is a result of working with our plants to move up the “waste pyramid” (see graphic below) with a focus on reducing the generation of waste in the first place.

The remaining 94 percent of our waste is recycled (i.e., for cardboard and metals) or otherwise diverted. For instance, for years we have repurposed food waste by selling it to livestock producers for use as animal feed. And more than ever, we are also seeking to “rescue” both raw ingredients and finished products

and donate them to feed people in need. A very small portion of our waste—approximately 1 percent—is sent for energy recovery via incineration.

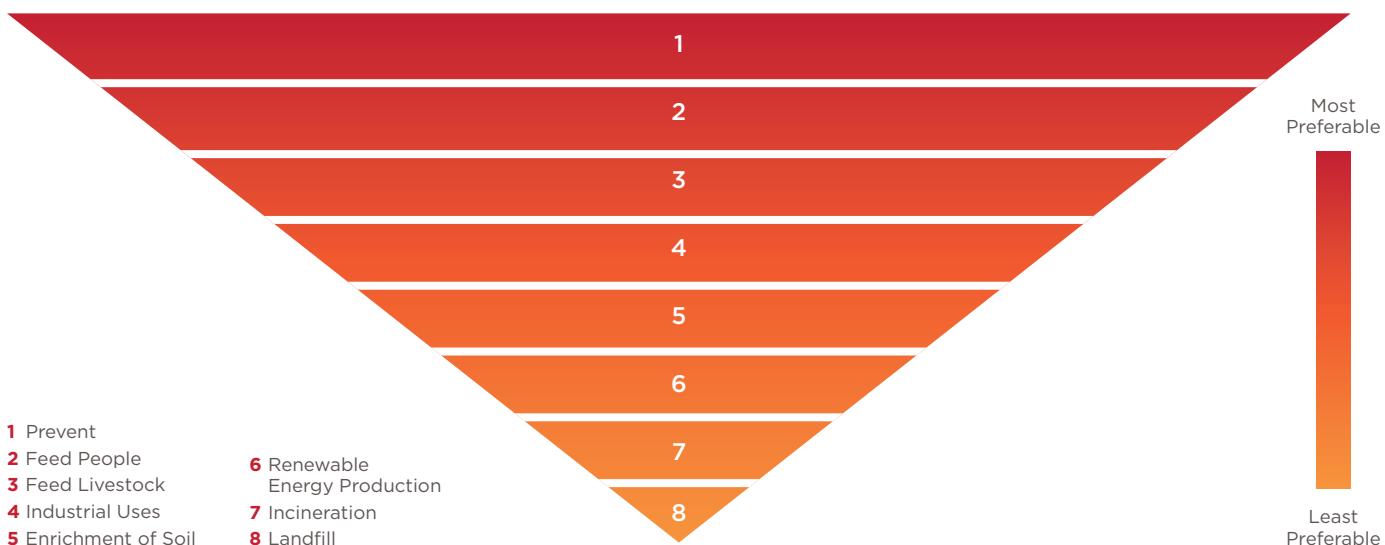
We have had goals for reducing waste to landfill since 2008, and all of our sites are working to both reduce total waste and increase the amount of waste recovered through recycling or other forms of reuse. Our new 2020 Sustainability Commitments include a goal for even more plants to achieve zero waste to landfill (see below).

2020 SUSTAINABILITY COMMITMENT

Increase to 30% the number of our plants sending zero waste to landfill by 2016.

THE WASTE PYRAMID

We use this model to help our facilities understand the most and least preferable options for handling waste.



ENVIRONMENT

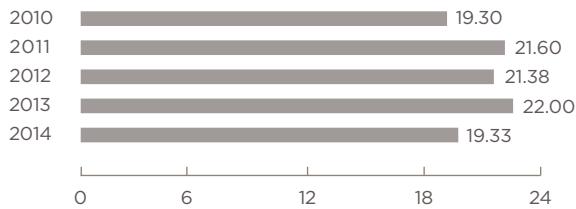
WASTE TO LANDFILL » OUR 2014 WASTE TO LANDFILL PERFORMANCE

OUR 2014 WASTE TO LANDFILL PERFORMANCE²⁸

As illustrated in the charts, our waste to landfill per metric tonne of food produced decreased by 12.1 percent in 2014. We've decreased waste to landfill by 25.0 percent since our baseline year of 2009, and as such we have successfully met our 2015 goal.²⁹ This achievement is due to a variety of efforts at all of our plants, many driven by our employee GoGreen Teams. These Teams have worked with facility staff to help increase recycling and composting and reduce waste at its source.

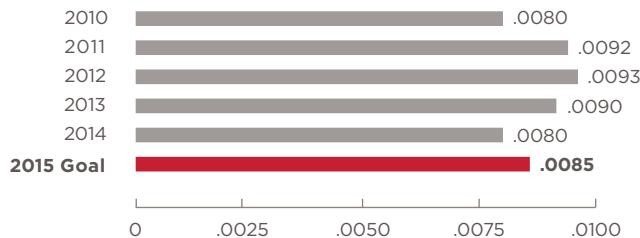
Total Waste Sent to Landfill

(in thousands of metric tonnes)



Waste Sent to Landfill Per Metric

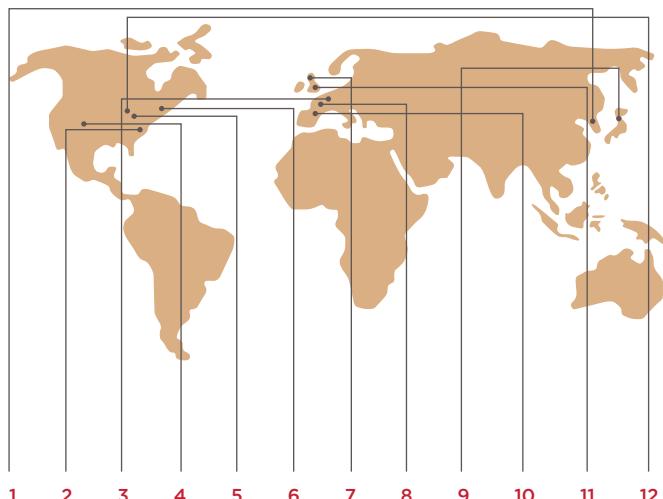
Tonne of Food Produced (in metric tonnes)



POINTS OF PROGRESS IN WASTE-TO-LANDFILL REDUCTION EFFORTS

Our **Chicago 31st Street** snacks facility in Illinois began revamping its recycling program in February 2014. The plant purchased new recycling containers and placed them in optimal locations. They also began recycling items they hadn't before, such as the cardboard cores at the center of packaging bag rolls, and composting food waste from employee cafeterias. As a result, the plant reduced its waste to landfill by 68.78 percent per metric tonne of food produced in 2014. Employee engagement has been essential to achieving and maintaining this performance; the plant's employee GoGreen Team meets monthly to discuss waste-reduction ideas. These efforts were nominated for a *K Values™* Award, one of Kellogg Company's most important internal recognitions.

KELLOGG PLANTS THAT HAVE ACHIEVED ZERO WASTE TO LANDFILL



- | | |
|---------------------------------------|----------------------------------|
| 1 Anseong, South Korea | 7 Manchester, UK |
| 2 Blue Anchor, New Jersey, USA | 8 Mechelen, Belgium |
| 3 Bremen, Germany | 9 Takasaki, Japan |
| 4 Clearfield, Utah, USA | 10 Valls, Spain |
| 5 Grand Rapids, Michigan, USA | 11 Wrexham, UK (2 plants) |
| 6 Lancaster, Pennsylvania, USA | 12 Wyoming, Michigan, USA |

²⁸ These data are for our global manufacturing facilities only. They do not include our transportation fleet, offices or warehouses. The data for past years have been adjusted slightly from our previous report, reflecting improvements in our data gathering, tracking and auditing processes.

²⁹ We actually first met this goal in 2010 but then fell back a bit.

SUSTAINABLE PACKAGING

Kellogg has been developing and implementing sustainable packaging solutions for more than 100 years. Since 1906, our cereal boxes have been made with recycled content. We've expanded our commitments so that today, any forest-product-based packaging material we use that does not contain recycled content is made from certified sustainably grown virgin fiber. As a member of the Consumer Goods Forum, we've committed to continuing and even improving this sustainable packaging performance in order to help achieve zero net deforestation from tropical forests. We've also included packaging-related commitments in our new 2020 Sustainability Commitments (see box).

2020 SUSTAINABILITY COMMITMENT

- Maintain commitment to having 100% of our timber-based packaging from either recycled content or from certified sustainable sources
- Further implement resource-efficient packaging, as measured by improved performance for recycled content, recyclability and food-to-package ratios

We are continually evaluating leading-edge packaging materials for our products—packaging that will both protect our foods and have a smaller environmental footprint. We seek to improve the sustainability of our packaging in three key areas: the package-to-food ratio, percent recycled material content, and percent materials that are commonly recoverable.

In 2013, we began to research and implement new, simple ways to reduce the amount of packaging for Kellogg's® cereals. In one case, we reduced the size of the boxes' bottom flap, improving the package-to-food ratio by 26 percent. The new box design is now used by all of our cereal brands.



SUSTAINABLE PACKAGING, CONTINUED

We often work with others in our industry to drive packaging improvements more broadly. In the U.S., for instance, we are a founding member of the American Institute for Packaging and the Environment (AMERIPEN), which works to promote science-based decision-making regarding packaging. We are also a member of the Sustainable Packaging Coalition.

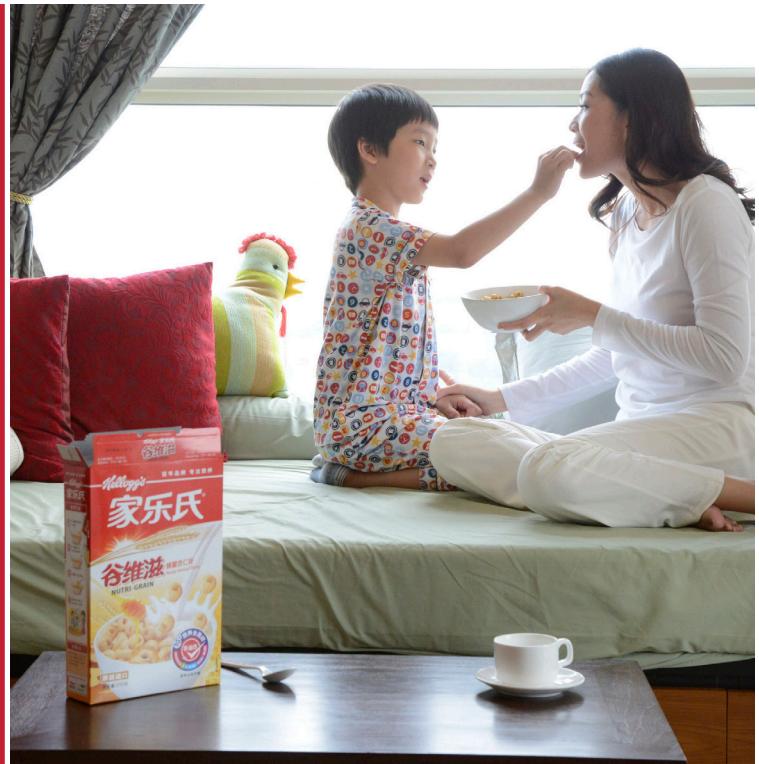
In addition, we encourage consumers to recycle our foods' packaging. While most consumers are aware that the boxes that contain our foods are recyclable, we wanted to increase recycling of the bags, or liners, that hold the foods in the boxes. Most of our cereal, cracker and waffle box liners are made of high-density polyethylene (HDPE), which is coded as #2 flexible plastic (the same material used to make plastic grocery bags). Number 2 flexible plastics can be recycled, but the recycling symbol is not typically printed on the plastic bags or liners, causing confusion among many consumers as to its recyclability. We

are undertaking initiatives to help people recognize the liners that are recyclable and encourage them to recycle this material.

In the U.S., for example, we have helped lead the use of the How2Recycle labeling system, developed by the Sustainable Packaging Coalition, by adding recycling guidance logos onto almost all of our packaging. In Australia, we support a national recycling program for flexible plastics called REDcycle. All of the plastics collected through that effort are made into benches and donated to local schools.

"I commend your partnership with REDcycle and other packaging solutions Kellogg has adopted including the use of recycled material in cereal boxes and initiatives to educate consumers that liners can be recycled."

— Steve Beaman, Director, Waste and Resource Recovery, New South Wales (Australia) Environment Protection Authority



EMPLOYEE ENVIRONMENTAL INITIATIVES



We have employee engagement teams at Kellogg locations all over the world working to build a sustainability culture within Kellogg. These GoGreen Teams, as they are often called, draw on the ideas of passionate employees and encourage people to make more sustainable choices both inside and outside of work. The following is a small sampling of activities conducted by these teams in 2014.

- In **Taloja and SriCity, India**, our plants held a special celebration for World Environment Day that included a poster competition and the planting of about 100 trees.
- In **Maracay, Venezuela**, our employees staffed a booth at the local Earth Day celebration, where they provided information on natural resources conservation. Employees held raffles and handed out leaflets on conserving water and recycling.
- In July, employees at our facility in **Bogota, Colombia**, took a day to focus on environment, health and safety issues and our *K Values*™. The event included a variety of fun activities such as games and skits that made important points about safety and proper waste classification, in particular.
- Employees at our Queretaro facility in **Mexico** organized a week-long, environmentally focused summer camp for employees' children. More than 40 youths took part in the camp, which included activities such as building a solar oven and learning how to segregate recyclables.
- In April, to celebrate Earth Day, Kellogg **Canada** employees participated in the sixth-annual Community Clean Up of the Creek. Armed with gloves, bags and pick-up sticks, employees ventured to the nearby Etobicoke Creek to collect trash, in an effort to clean up and beautify our facility's "backyard."



COMMUNITY



In this section:

- A Signature Cause
- Our Hunger Relief Strategy
- Charitable Contributions

A SIGNATURE CAUSE

At Kellogg Company, we have a rich and storied history of community investment. W.K. Kellogg, who was considered one of the foremost philanthropists of the 20th century, gave away virtually all of his wealth.

More than 100 years later, our founder's legacy of generosity has evolved into a holistic strategy that focuses on global hunger relief, with an emphasis on breakfast. Our *Breakfasts for Better Days*TM signature cause, which launched in early 2013, aligns with our business as the world's leading cereal maker.

Through many generations, Kellogg consistently supported numerous charities and initiatives that were doing critical work in our communities. In 2012, we refocused our philanthropic giving to take better advantage of our strengths as a food company. By implementing a single, long-term charitable cause, we are using our resources more effectively to make a difference. And as a food company, it simply makes good sense for us to focus on global hunger relief, food insecurity and the importance of breakfast for children in particular.

We set a goal to provide 1 billion servings of cereal and snacks—more than half of which are breakfast—to people in need around the world by the end of 2016. One out of every nine individuals worldwide faces food insecurity every day.³¹

In the first two years of the *Breakfasts for Better Days*TM initiative, Kellogg Company and the Kellogg Company Fund donated more than 900 million servings of products, of which more than 500 million were breakfast foods. This puts us well on track to reach 1 billion servings by the end of 2016.

*Breakfasts for Better Days*TM Progress



The goal of 1 billion servings is based on an approximate serving size of 1 ounce.

OUR COMMITMENT

Be the leading corporate advocate for breakfast, providing 1 billion servings³⁰ of cereal and snacks, more than half of which are breakfast, to children and families in need around the world by the end of 2016.

Kellogg's Breakfasts for
Better DaysTM

"One of the most beneficial services that could be bestowed upon civilization is to make the lives of little children happier, healthier and more promising for their adult years."

- W.K. Kellogg

OUR HUNGER RELIEF STRATEGY



Our hunger relief strategy focuses on the importance of breakfast, leveraging our assets and our heritage as a cereal company. We have identified three pillars for *Breakfasts for Better Days*™:

ONE



Expanding breakfast programs

TWO



Maximizing products donations

THREE



Advocating for breakfast

In addition to our philanthropic *Breakfasts for Better Days*™ efforts, we also engage our consumers by encouraging them to support local hunger relief efforts through the purchase of Kellogg's®-branded cereals. In many markets, an incremental donation from our company is triggered by purchasing participating items as part of a cause campaign. We're also engaging our employees, rallying them in the fight against hunger through programs on World Food Day (see p. 81) and other targeted events during the year.

① EXPANDING BREAKFAST PROGRAMS

In classrooms around the world, many children show up to school hungry. In the U.S., the federal government provides breakfast for low-income children who don't receive a morning meal at home. But participation rates are about half what they should be. In other countries, there are no government-sponsored meal programs; instead, school-based "breakfast clubs" help children start their school days with full bellies, ready to learn.

In 2014, we continued to expand our partnerships and programs around the world to give children the fuel they need to start their days. As part of our *Breakfasts for Better Days*[™] initiative, the Kellogg Company Fund provided \$1 million in grants to increase participation in breakfast programs for U.S. schoolchildren during the 2014–15 academic year.

The grants—which were distributed to the nonprofits Action for Healthy Kids, the Food Research and Action Center, and No Kid Hungry, a campaign of Share Our Strength—will enable even more schools to purchase equipment or cover other startup costs that help children begin the day with a nutritious breakfast. While the federal government provides cash subsidies for breakfast foods, schools often lack the infrastructure and equipment to reduce barriers and support innovative strategies so that more children can participate in the program. Often, the solution is surprisingly simple and affordable, such as a mobile cart to bring breakfast into classrooms, or a portable cooler to keep milk for cereal chilled.

For the 2013–14 school year, and in partnership with Action for Healthy Kids, our support helped increase daily participation in school breakfast programs by an average of 30 percent in a total of 207 schools across the U.S. With the Food Research and Action Center, average daily participation in school breakfast programs across 16 high schools nearly doubled during the 2013–14 school year.

At the Rosa Parks Elementary School in Toledo, Ohio, for example, a Kellogg grant provided assistance to set up a "grab-and-go" breakfast program, where children can take a bag filled with cereal, milk and fruit to enjoy during their first period in class.

More than 20 million students in the U.S. receive a free or reduced-price school lunch. But fewer than half of those students receive free or reduced-price breakfast.³²



"Working with schools to assure that more students start the day with a nourishing breakfast means healthier, better educated kids. It means that students are focused less on growling stomachs or 'hunger headaches' and more on their studies. Improving school breakfast participation is a win for students and schools, and we're proud to partner with the Kellogg Company Fund in these efforts. Kellogg's leadership on breakfast has contributed to the more than 300,000 additional children receiving breakfast during the last school year."

– Jim Weill, President, Food Research and Action Center

GLOBAL BREAKFAST CLUBS

Kellogg and the Kellogg Company Fund have been supporting breakfast programs in more than a dozen countries around the world for many years.

For more than 10 years, we have supported Breakfast Clubs of Canada, helping to feed over 130,000 kids in 1,200 breakfast clubs from coast to coast. Through the clubs and our longstanding support of Food Banks Canada, we helped to provide more than 10 million servings of food in 2013 alone.

In the U.K., we have been aware for some time that kids who attend school-based breakfast clubs may not have an opportunity to have breakfast during school holidays. For this reason, we piloted a project to serve morning meals during the summer break, offering breakfast in 14 communities over a six-week period. In total, the project served about 6,000 breakfasts, helping families maintain a stable routine when school is not in session.

In Spain, Kellogg was recognized by the mayor of Madrid in 2014 for our work running breakfast programs for more than 400 students in four schools in Madrid and Valencia. A group of Kellogg volunteers comes to the school regularly, through the entire school year, to serve breakfast to the children and spend time with them. The recognition was part of International Volunteer Day (December 5), which was established by the United Nations.

Overall across Europe in 2014, Kellogg provided 37 million servings of cereal and snacks through food banks and food redistribution charities and more than 1 million breakfasts through community-based breakfast programs funded by the Kellogg Company Fund.

In Mexico, the Kellogg Company Fund continues its support of breakfast programs with the Lorena Ochoa Foundation and Rafa Márquez Foundation. Together, they provide 20,000 servings each month of *Kellogg's*®

cereals. In addition, our work with the Mexican Food Bank Association delivered 36,000 breakfasts in 2014. In Colombia, our partnership with ABACO (the Colombia Food Bank Association) and three local companies provides complete daily breakfasts for 3,300 children in nine cities.

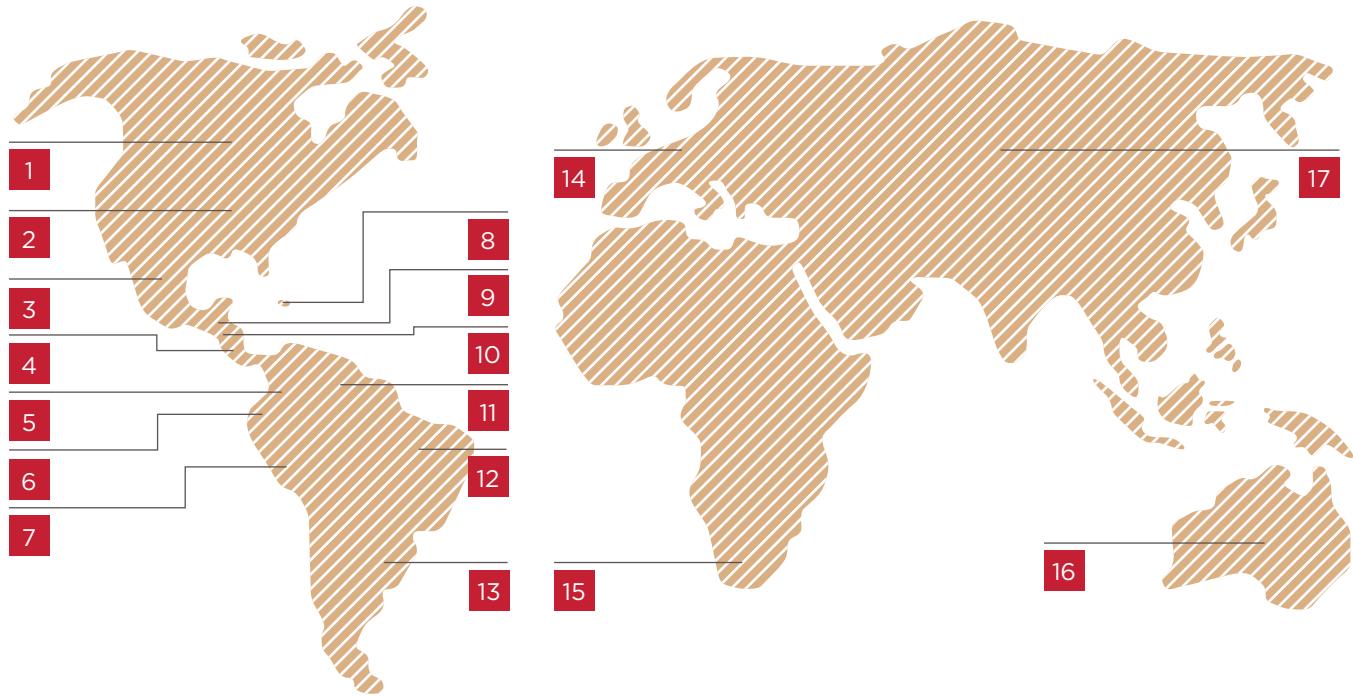
Through partnerships with regional food bank networks, Breakfast Buddies programs and other nongovernmental organizations in Australia, New Zealand, South Africa, India, Korea, Japan, China and Singapore, our Asia Pacific region has helped provide more than 18 million servings since the launch of *Breakfasts for Better Days*™.



COMMUNITY

OUR HUNGER RELIEF STRATEGY » WHERE WE SUPPORT BREAKFAST PROGRAMS AND CLUBS

WHERE WE SUPPORT BREAKFAST PROGRAMS AND CLUBS



1	Canada
2	United States
3	Mexico
4	Costa Rica
5	Colombia
6	Ecuador
7	Peru
8	Puerto Rico
9	Guatemala
10	El Salvador
11	Venezuela
12	Brazil
13	Argentina
14	European Union
15	South Africa
16	Australia
17	Russia

"The kids who have breakfast come to school bubbly, loving, smiling and active, and look forward to the day ahead. Students who skip breakfast are gloomy, tired, passive and don't want to play or participate. A hungry child struggles to follow what is going on in the classroom."

—Khuziwe Shiba, elementary teacher, Ikwezi Primary School in Mofolo North, Soweto

"Without corporate partners like Kellogg, these vital school breakfast programs for at-risk students simply wouldn't exist. Most of us have no idea what it's like to have to go to work or school hungry. But these students tell us they're here every day because they know this is where they can get a nutritious breakfast, thanks to generous companies like Kellogg."

—Lisa Clowery, Director National Corporate Relations, Breakfast Club of Canada

"Our students come to school looking forward to the breakfast room and having some food and being able to interact with other children around a table. I don't think they ever got that at home."

—Fiona Gray, primary school teacher, Bankstown, Australia

"Thanks to our alliance with Kellogg, we currently support 3,300 children who did not have breakfast before. Now, nine cities are providing proper nutrition for boys and girls so they can learn and focus."

—Ana Catalina Suárez Peña, Executive Director, Colombian Food Bank Association (ABACO)

MAXIMIZING PRODUCT DONATIONS

We are maximizing our product donations to make an even greater impact. Our goal is to donate food to those who need it most. We are creating regional donation policies and procedures so we can be sure we are helping families in need.

In the U.S., we have partnered with Feeding America for more than 30 years to ensure our food donations reach the people who need it most. Over the past five years alone, Kellogg has given more than \$142 million³³ worth of food to Feeding America and its national network of food banks. We also work with Feeding America to distribute food in the wake of natural disasters. In 2014, Kellogg Mexico received an award in recognition of its 15 years of support to BAMX (Mexico's Food Banks

Association). BAMX is one of the largest food rescue associations in Latin America and works with 61 food banks in the country.

In addition, we support The Global FoodBanking Network (GFN), which Kellogg helped to found in 2006. The GFN supports food bank systems outside the U.S. in more than 30 countries.

DISASTER RELIEF

Our mobile relief center can be deployed in the U.S. to deliver our foods to areas struck by disasters. The *Breakfasts for Better Days™* Disaster Relief Center brings much-needed goods to residents, emergency shelters and relief workers as part of our goal to provide 1 billion servings of cereal and snacks to those in need.

In early 2014, the mobile disaster relief center responded to a series of severe spring storms in the

Midwest and Southern portions of the U.S. In Nebraska, for example, we donated about 348,000 servings of food following twin tornadoes that ripped through several communities in June.

In September, a trailer containing our cereals was donated to support Baja California following Hurricane Odile. The donation was made with the support of the Mexico Food Bank Association.



ADVOCATING FOR BREAKFAST

As a leading corporate advocate for breakfast, we want to help guide and shape conversations on how to address hunger. Since the launch of *Breakfasts for Better Days*™, we have played leadership roles in prominent conferences on hunger relief in the U.S. and Latin America, while also organizing important influencer events at Kellogg offices elsewhere in the world, including the U.K., Germany and Spain. In the U.S., for example, we participated in and sponsored events including the National Anti-Hunger Policy Conference, the Hunger Free Communities Summit, and Together at the Table Hunger & Poverty Summit, among others.

Our advocacy work extends *Breakfasts for Better Days*™ to consumers through campaigns that activate food or cash donations, depending on the region, with purchases of specific products. These include "Give a Child a Breakfast" (U.K.), "Buy a Box, Give a Bowl" (Canada), "Give a Child Breakfast" (U.S.), "Buy a Box, Feed a Child" (South Africa), "Buy a Box = Give a Bowl" (Europe), "Buy This Box, Help Someone in Need" (Latin America) and "Great Starts with Woolworths" (Australia).

In the U.S., the consumer campaign triggers an incremental cash donation from the company to Action for Healthy Kids to help increase participation in school breakfast programs.

In Europe, the "Buy a Box = Give a Bowl" campaign triggered a donation of one incremental bowl (30 grams of cereal) donated for each box purchased. As a result, we donated 56 million servings of cereal to kids and families in need through 9,300 food banks, food redistribution charities and other community organizations in 16 countries, including Belgium, Denmark, Germany, Greece, Italy, Spain and the U.K.



Spreading the Word in South Africa

In South Africa, we launched a targeted consumer campaign to encourage shoppers to buy our cereals and support incremental cereal donations for school-based breakfasts. Watch the [TV commercial](#) we ran in 2014 to generate support and spark a national conversation around the importance of breakfast in a country where nearly one out of every five children doesn't eat breakfast.

WORLD FOOD DAY

World Food Day was established by the Food and Agriculture Organization of the United Nations to bring attention to the fight against global hunger. We're leveraging the day to rally consumers and employees to join us in our *Breakfasts for Better Days™* work.

Our employees enthusiastically supported the Oct. 16, 2014, event. Collectively, employees and the company donated nearly 150,000 pounds of food—much of it Kellogg products—through activities in 30 countries around the world, surpassing our 2013 efforts. Our employees sorted donations at food banks, served meals to hungry families, packed breakfast gift boxes, and delivered cases of cereal to those in need, among countless other efforts.

In the U.S., World Food Day follows on the heels of our United Way campaign. In 2014, Kellogg raised almost \$6.4 million for United Way, including pledges from our employees and retirees that are matched dollar-for-dollar by the Kellogg Company Fund and fundraisers. United Way has committed to dedicating 25 percent of our match for breakfast and hunger relief initiatives. More than 1,300 Kellogg employees participated in United Way Days of Caring volunteer service projects in 2014.



COMMUNITY

OUR HUNGER RELIEF STRATEGY » GLOBAL WORLD FOOD DAY ACTIVITIES

GLOBAL WORLD FOOD DAY ACTIVITIES

UNITED STATES

Food drives in 35 Kellogg locations benefited 27 food banks in communities large and small, and many Kellogg groups volunteered with Feeding America food banks or affiliates as part of our United Way Days of Caring efforts.

LATIN AMERICA

Hundreds of employees volunteered for hunger relief projects in 11 countries, with substantial Kellogg funding also supporting school breakfast programs and food banks in impoverished cities and towns throughout the region.

EUROPE

Employees from 15 locations across Europe supported food drives and volunteered at food banks and local school breakfast clubs, along with other hunger-related community projects. More than 4,000 pounds of food were donated, and the efforts will benefit 20 charitable organizations.

CANADA

In recognition of World Food Day, Kellogg Canada employees rallied together to help fight hunger in the community. In keeping with our *Breakfasts for Better Days™* global pledge, the team packed nearly 1,000 breakfast boxes for children from the local breakfast clubs—all of which were delivered by employee volunteers. Through our support of breakfast clubs, we're continuing to help feed more than 130,000 kids in 1,200 clubs from coast to coast. The employee food drive also collected an impressive 700 pounds of food for the local food bank.

ASIA PACIFIC

Across the region, employees packed breakfast gift boxes and participated in food drives, among other activities. In New Zealand, for example, the team worked with the Salvation Army and donated 64,000 servings of cereal packed by employee volunteers in nine centers in Auckland. More than 15,000 pounds of cereal and snacks were donated to Second Harvest Japan. And we also donated 52,525 servings of breakfast for hungry kids and families, in partnership with the Next Generation Health & Growth Foundation in China.

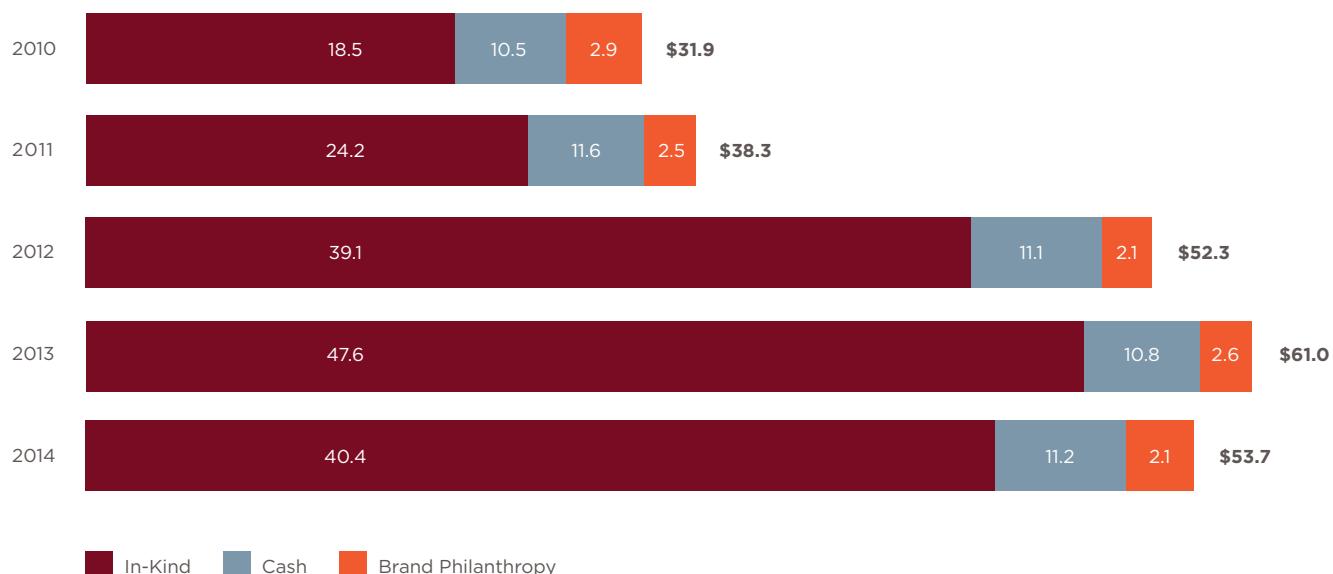


CHARITABLE CONTRIBUTIONS

We make charitable donations through Kellogg Company and the Kellogg Company Fund. For 2014, we achieved our goal of donating the equivalent of 2 to 2.5 percent of pre-tax annual profits through both cash and in-kind contributions.

CHARITABLE CONTRIBUTIONS 2010–2014: \$237.2 MILLION

(\$ in millions)



BE A GOOD COOKIE

Between 2011 and 2014, our Keebler brand donated 6 million cookies per year to the American Red Cross through the Be a Good Cookie program. Historically, the Red Cross has served a cookie to every blood donor as a way to say thank you and to replenish the body following a donation. We ended the program in December 2014.

Total donations: 24 million cookies

W. K. KELLOGG FOUNDATION

The **W.K. Kellogg Foundation** (WKKF), established in 1930 as an independent, private foundation by founder and breakfast cereal pioneer W.K. Kellogg, is among the largest philanthropic foundations in the U.S.. As legally separate entities, WKKF receives its income primarily from the W.K. Kellogg Foundation Trust, and the trust is Kellogg Company's largest share owner. In 2014, the Kellogg Company paid nearly \$137 million in dividends to the trust to support the foundation's work with children, families and communities.

Kellogg's THANK YOU

2014 Corporate Responsibility Report



www.kelloggcorporateresponsibility.com

