Our Water Journey: From Seed to Spoon
100+ Year Heritage, Progressive Growth

- 1906 - Kellogg Company founded
- 1920 - Overseas expansion into UK, Australia
- 1940 - Canadian expansion
- 1950s - Latin America, Mexico entry
- 1960s - Asia, Japan entry
- 1960 - Expands into select Frozen Food products in U.S. and bars
- 1970s - Enters biscuits, cookies, crackers with Keebler acquisition
- 1980 - Acquired Pringles
- 1980 - Wilmar International joint venture
- 1990s - Numerous iconic foods launched from the 1930s to the 1980s
- 2000 - $14.6 billion in sales
- 2012 - Acquired Kashi and MorningStar Farms soy-based vegetarian foods
- 2013 - Acquired majority stake of Bisco Misr, Egyptian biscuits company
- 2014 - 2015
Why Sustainability Matters

- We care about our consumers
- Sustainability fits with our core values
- Creates trust, strengthens loyalty, drives demand
It’s in Our DNA

• Our founder, W.K. Kellogg, believed in sustainability

• August 2014 we expanded our goals for conserving natural resources and added new commitments for responsible sourcing
GLOBAL SUSTAINABILITY COMMITMENTS

Supporting the livelihoods of individuals, families and communities that rely on us and on whom we depend.

Conserving natural resources where our ingredients are sourced and our foods are made.

Driving consumer demand by building trust and love for our foods.
GLOBAL SUSTAINABILITY COMMITMENTS

Responsible Sourcing

- Responsible sourcing top 10 ingredients/materials by 2020
- Sustainable Agriculture: Continue enabling farmers and millers to implement more sustainable farming practices
- Smallholder Farmers: Identify smallholder farmers and build programs to improve agronomic practices and business skills
- Women Farmers/Workers: Identify women in the value chain and develop programs to help improve their livelihoods, families, and communities
By 2020, we will responsibly source 10 priority ingredients as defined by continuous improvement and direct investment:

- Corn
- Rice
- Wheat
- Potatoes
- Fruits (berries, raisins/sultanas)
- Sugar Cane
- Sugar Beet
- Vanilla
- Palm Oil
- Cocoa
Responsible Sourcing

We will be measuring continuous improvement within our supply chain on these main areas:

- Resilience to Climate Change
- Greenhouse Gas Emissions
- Fertilizer Optimization
- Water Use and Water Quality
- Soil Health
- Social Metrics
Risk Assessments and Direct Measurement

• To identify our priority ingredients, risk assessments were performed by trusted third parties like WWF and TechnoServe based on:
  – Environmental risks
  – Social risks
  – Kellogg materiality

• We are using industry standard tools, like Field to Market, or our Kellogg Grower Survey to engage suppliers and farmers on the ground to measure continuous improvement

• We will analyze data to understand trends and bring resources to share best management practices
Example Engagements in the U.S.

Corn:
• With a focus on water quantity and quality, we have worked with our supplier Bunge to measure continuous improvement in the corn belt, beginning in 2010 and expanding to 250,000 representative acres in 2015.

Wheat:
• As part of the USDA’s Regional Conservation Partnership Program, we are working with The Nature Conservancy and Michigan Agribusiness Association on water quality in the Great Lakes, and launching Kellogg’s ORIGINS Great Lakes wheat program

Rice:
Responsible Sourcing

- We are focused on enriching the lives of the farmer families, and/or communities from which we source key ingredients.

- We will support smallholder farmers and women growers.
Global Sustainability Commitments

Natural Resource Conservation

Conserving Natural Resources:
- **Energy**: By 2020, expand low carbon energy use in plants by 50%.
- **Packaging**: Continue adding value to foods and the planet via increased resource-efficient packaging.
- **Water**: By 2020, implement reuse projects in at least 25% of plants, reduce usage by additional 15% and continue watershed quality support.
- **Waste**: By 2016, increase to 30% number of plants sending zero waste to landfill.
Conserving Natural Resources

• Taking conservation efforts to the next level by continuing our 2008 commitments to further conserve natural resources with focus on energy, water, waste and packaging

• We’ve already exceeded waste to landfill goals twice

• In 2014, announced new goals with 2015 performance for our baseline
Building on Our Water Success

• By 2020, Kellogg is committing to:
  • Support watershed quality
  • Reduce water use by additional 15%*
  • Implement water reuse projects in at least 25% of our plants

*Per metric tonne of food produced
33,000 Kellogg employees worldwide

Approximate employee numbers by region:

- 18,000 North America
- 4,000 Latin America
- 9,000 Europe
- 2,000 Asia Pacific
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, or more than 33.5 million gallons per year.
Example Projects in the U.S.

At our Zanesville, Ohio, facility, we installed a Reverse Osmosis (RO) system followed by a zeolite softener on their boiler to improve the quality of the feed water. This 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 in 2014.
Water Risk Assessment

External Datasets focused on regional water trends

+ 

Local knowledge about water risks and opportunities

= 

Overall water risk rating for each manufacturing site
External Tools

• Utilized three leading external data sets
  • World Business Council for Sustainable Development (WBCSD) Global Water Tool
  • World Resources Institute (WRI) Aqueduct Water Risk Atlas
  • World Wildlife Fund Water Risk Filter
• Consider exposure to current and future conditions with regard to water quantity and quality
Sample data set
2014 Results – Current Water Risk

Average Composite Risk - Survey Results + External Tools
Engaging Consumers

GLOBAL SUSTAINABILITY COMMITMENTS
Kellogg’s Global Breakfast Food Beliefs

We believe in the power of breakfast – we know a better breakfast leads to a better day.

We believe our grain-based breakfast provides a superior start to your day.

We seek the very best grains, and we believe those grains must be sustainably grown and responsibly sourced.

We believe in providing great-tasting, high quality breakfast foods that delight families every morning.

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.
Consumers: Sharing Our Story

• Sharing our story with consumers at www.OpenForBreakfast.com
• Focus on
  • Nutrition
  • Community
  • Sustainability
• Gives our suppliers and growers a platform to share their stories about the ingredients as well

• A BIG emphasis on ‘small’
What Is The Veg Of Allegiance™?

The Veg of Allegiance is a program that encourages people to do something great for themselves and the world by eating less meat and more vegetables and veggie-based protein – specifically by pledging to go meatless for at least one meal every week.

How Does It Work?

People can take the pledge on MorningStarFarms.com, on select social media channels like Facebook and Twitter and at activations during the Just What The World Ordered™ Tour.
THANK YOU!

www.KelloggCorporateResponsibility.com