

## Commitment

As a socially responsible company, Kellogg has been committed to responsibly sourcing palm oil since 2009. All of the palm oil we use is sourced through a combination of the Roundtable of Sustainable Palm Oil (RSPO) Certified Segregated supply chain, RSPO Mass Balance mixed-source supply chain and the purchase of GreenPalm certificates.

Kellogg is committed to working with our 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 adherence to the principles within our [Global Supplier Code of Conduct](#).

## Protect Forests

- No development of High Carbon Stock forests and High Conservation Value areas
- No burning in the preparation of new plantings, re-plantings or any other developments
- Progressively reduce greenhouse gas emissions on existing plantations
- Adherence to all relevant national laws, as well as RSPO or equivalent certification criteria

## Protect peat lands

- No new development on peat areas regardless of depth
- Apply Best Management Practices for existing plantations on peat

## Protect human and community rights

- Respect and support the Universal Declaration of Human Rights
- Respect and recognize the rights of all workers regardless of gender, including contract, temporary and migrant workers
- Prohibit use of forced and child labor, and human trafficking
- Respect Land Tenure Rights, including the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent to all new development or operations on lands to which they hold legal, communal or customary rights
- Facilitate the inclusion of smallholders into the supply chain
- Resolve all valid complaints and conflicts through an open, transparent and consultative process

## Implementation Plan

We are continuing work to implement the above commitments in the following ways:

- Communicating this commitment to our direct suppliers.
- Requiring our suppliers to trace palm oil to plantations that are independently verified as legally compliant, meet the above principles for protecting forest, peat lands, and human and community rights, and comply with all RSPO principles and criteria, with a target of December 31, 2015 for traceability with action plans to close gaps.
- Participating as a member of the RSPO and requiring that 100 percent of the palm oil we use comes from suppliers that are RSPO members, and operate in compliance with the RSPO Principles and Criteria.
- Requiring, through our [Global Supplier Code of Conduct](#), that our suppliers commit to ethical business practices, respecting human rights, and reducing their impact on the environment.
- Asking our suppliers to demonstrate a progressive reduction in the GHG emissions of the plantations that they source from and report on the GHG emissions of their operations.
- Supporting the Consumer Goods Forum pledge to help achieve zero net deforestation by 2020, as a member of the organization.
- Reporting annual progress for achieving the above commitment against which we publicly report.

## Milestones

Although Kellogg is a very small user of palm oil, we have directly engaged with our global palm oil suppliers since our work to responsibly source palm oil began in 2009. Each year, our progress has continued:

- In 2009 and 2010, we purchased GreenPalm certificates to cover some of our palm oil use.
- In 2011, we began purchasing GreenPalm certificates to cover 100 percent of our global palm oil use.
- In 2012, we began being using a combination of RSPO Certified Segregated and Mass Balance supplies of palm oil for Europe and continued our commitment to cover 100 percent of the remaining palm oil used globally with the purchase of GreenPalm certificates.
- In 2014, we were able to begin using RSPO Mass Balance for palm oil used in the U.S. and continued our commitment to cover 100 percent of the remaining palm oil used globally with the purchase of GreenPalm certificates.
- In 2014, all of the palm oil we use is sourced through a combination of RSPO Certified Segregated supply (7%), Mass Balance supply (66%), or covered by the purchase of GreenPalm certificates (27%).
- In 2015, 100% of the palm oil we use in the U.S. and Canada is RSPO mass balance certified and Kellogg facility audits are complete.
  - In Europe, work continues to transition all supply to 100% RSPO Segregated. We are currently 61% segregated supply, with the remainder being Mass Balance until Kellogg facility audits are completed.
  - GreenPalm Certificates purchases for remaining global palm oil usage will be placed by the end of March 2015.

## Supplier Engagement

- The top three suppliers by volume in 2014 were ADM, Cargill and Wilmar.
- By January 2015, Kellogg Company has had at least two action planning calls with every supplier globally to ensure understanding of Kellogg Company policy, formation of action plan and address region-specific questions.
- Specific questions regarding the Leuser Ecosystem: 5 have responded (there is some sourcing from this region, with plans in place to address risk), which represents the majority of our suppliers. We will continue to work with remaining supplier volume to understand their risk and be clear in our message that they must address concerns.

## Supplier Progress

- In January 2015, two of our largest suppliers have worked with The Forest Trust to map their supply to mill, representing roughly half of our raw palm oil within global our supply chain.
- One supplier has their external reporting dashboard fully functional online and a second supplier will soon have external progress reporting completed as well.

## Procurement Integration

- In January 2015, Kellogg Company has implemented procurement protocols to ensure supplier sustainability and traceability is incorporated into all sourcing events.

## Traceability Tools

- In February 2015, Kellogg is in the process of signing agreements with KnownSources (FoodReg) to use their traceability tools to connect our suppliers to our supply chain sourcing for Indonesia and Malaysia. We expect this will ease the reporting burden/privacy concerns for our suppliers – a major obstacle for our suppliers which we have heard in our discussions with them – by aligning with other CPGs using this tool.