WORKPLACE

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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.

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.
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.
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.

“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
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.

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.
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