

*Kellogg's*



**Modern  
Slavery  
Statement  
2022**

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## ABOUT THIS STATEMENT

This statement has been prepared on behalf of Kellogg Australia Holdings Pty Ltd ACN 102 893 952 and its wholly owned subsidiary Kellogg (Aust.) Pty Ltd.

Kellogg Australia is a leading food company which produces some of Australia's favourite breakfast cereal and snacks, including iconic cereal brands Corn Flakes, Rice Bubbles®, Sultana Bran® and Nutri-Grain®, as well as snacks such as K-Time® bars, LCMs® and Pringles®.

This report details our approach to protecting and advancing human rights within our operations and supply chain and outlines some of the key actions we are taking in response to identified and potential issues.

In preparing this statement, Kellogg Australia has engaged with a wide range of internal stakeholders across our local, regional and global business units.

Our Directors and senior leaders acknowledge their obligation to continually monitor the effectiveness of our Kellogg human rights protection framework and to ensure our expert teams deliver against the execution of our policies and procedures.

The statement has been approved by both Kellogg Australia Directors and our global human rights team.

## STATEMENT FROM OUR MANAGING DIRECTOR

Kellogg has been a family favourite in millions of Australian homes for almost 100 years. Our cereals are what good mornings are made of and along with our snack products form an integral part of many special moments shared together. From enjoying our Variety Packs on family camping trips, a bowl of Nutri-Grain® alongside our Iron Men and Women, a delicious LCMS® bar for an afterschool treat, or popping a can of Pringles on a classic Aussie road trip.

Creating food that people love and brands that they trust is what drives our business and our responsibility to make a positive impact in the world is our purpose and at the heart of all we do.

Purpose is part of the DNA of Kellogg. Our founder, W.K. Kellogg, believed that part of running a good business was doing good for society. This has guided our company for over a century, and it remains our promise to create Better Days, and a good and just world, today and for years to come.

We continue to lead with purpose and fulfill our founder's legacy by addressing the issues most important to our business through our ESG Strategy - Kellogg's Better Days Promise™ to create 3 billion better days for people around the world by 2030.

I'm passionate about how our company can help make a difference in the world and live the values of our founder by supporting our people and the communities where we operate. This includes safeguarding equity and equality within our own workforce and across our supply chain.

I'm proud of the progress we have made to date in helping to protect people's fundamental human rights. In 2022, we:

- continued to deliver our Human Rights action plans within our own operations, with our suppliers and where we source our ingredients.
- focused our efforts on driving greater visibility and understanding of the risks within our own operations through risk



assessments and audits.

- worked to remediate identified risks in partnership with our suppliers; and
- delivered programs to address human rights violations through partnerships with organisations including the Fair Labour Association and Wild Asia.

Looking forward, our people will continue to be well trained in understanding, identifying and addressing potential human rights risks within our supply chain, and we will expand our supplier risk assessments to gain greater visibility into risk beyond our direct suppliers. Across our Kellogg network we will continue to deliver programs that improve the livelihoods of farmers, agricultural workers and their families who grow and harvest the ingredients we use in our foods.

Kellogg Australia has always engaged in responsible sourcing and supply chain management and is pleased to publish our 2022 Modern Slavery Statement.

We recognise there is more to be done and are committed to living our founder's values by doing good in society and addressing and eliminating modern slavery risks within our supply chains.

Thank you,

**Anthony Holme,**  
Managing Director, Kellogg Australia and NZ

# INTRODUCTION



Our founder, W.K. Kellogg, once said, “Dollars have never been known to produce character, and character will never be produced by money. I’ll invest my money in people.”

These values and our vision of a good and just world continue to drive how we operate today. They are embedded in our [Kellogg’s® Better Days™ Promise](#) to advance sustainable and equitable access to food by addressing the intersection of wellbeing, hunger, sustainability, and equity, diversity and inclusion (ED&I) for 3 billion people by the end of 2030.

As a global company and one that has enjoyed nearly 100 years of sharing the breakfast table with millions of Australian families, we take our responsibility to protect and advance human rights seriously. Our commitments extend throughout our value chain – from the farmers that grow our food, the valued team members making our products, and to the people that enjoy our foods every day.

As a business we remain committed to building a resilient and responsible supply chain. One that addresses salient risks to communities around the world, from issues such as climate change and human rights, to driving for a world where everyone is not just fed but fulfilled through a strong ESG strategy.

This report, which supplements our Global Human Rights Milestones report, details our approach and the key actions we are taking to tackle this complex issue and protect fundamental human rights within our operations and supply chain.

We are focused on gaining greater visibility into the risks across our value chain and continuing to strengthen our processes to reduce the most notable risks identified.



**AS A BUSINESS WE REMAIN COMMITTED TO BUILDING A RESILIENT AND RESPONSIBLE SUPPLY CHAIN.**

## OUR STRUCTURE AND OPERATIONS



Kellogg is a leading global food company with manufacturing operations in 21 countries and products marketed in 180 countries.

### Our local operations

The Kellogg Australia business sources from both local and regional manufacturing facilities that produce cereal and snacks for the Australian and New Zealand markets.

In Australia, we produce most of our cereal at our local manufacturing site in Botany, NSW which has been in operation since 1928 and produces approximately 42 million kilograms of food each year. We also directly employ over 400 people through our corporate office, manufacturing and sales operations.

In addition to our locally owned and operated facilities, we work with local and global co-manufacturers. We also import cereal and snack products from other Kellogg owned sites in Europe, Asia and the United States.

### Supply Chain

Globally we work with over 20,000 Tier 1 suppliers. Agricultural commodities, including corn, wheat, rice, potato flakes, vegetable oils, fruit and nuts, sugar and cocoa are the principal raw ingredients used in our products, and carton board, corrugated cardboard and plastic are the principal packaging materials.

For our locally produced cereals, 87% of the ingredients we sourced in 2022 (including grains, grain-based ingredients, sugar and salt) were from Australian farmers in Southeast Queensland, the Riverina in NSW, Western Australia, South Australia and Victoria.

In addition to these locally sourced ingredients, we import a range of ingredients or products from around the world including sultanas, cocoa, palm oil and packaging materials.

### KELLOGG AUSTRALIA IN NUMBERS

87%

OF INGREDIENTS FOR LOCAL  
MANUFACTURING ARE  
SOURCED FROM AUSTRALIA

400+

PEOPLE EMPLOYED  
WITHIN AUSTRALIA

42M KG

OF FOOD PRODUCED  
ANNUALLY AT BOTANY

22

BRANDS SOLD  
IN AUSTRALIA

\*based on volume of ingredients sourced for Botany and co-manufacturers in Australia in 2022



## OUR APPROACH TO HUMAN RIGHTS

Kellogg is committed to, aligned with, and supports, all internationally recognised human rights as codified in the [International Bill of Human Rights](#) (including the [Universal Declaration of Human Rights](#)) and the eight International Labour Organisation (ILO) core conventions as set out in the [Declaration on Fundamental Principles and Rights at Work](#).

As signatories, we are also committed to upholding the ten principles of the [United Nations Global Compact](#) and the [Women's Empowerment Principles](#). We also reference and follow the [OECD Guidelines for Multinational Enterprises](#) and base our human rights work on the [United Nations Guiding Principles](#). Kellogg believes these rights are inherent for all human beings and we acknowledge that they are interrelated, interdependent, and indivisible.

We are committed to ensuring our operations do not infringe upon the human rights of others and that should adverse impacts be discovered, we will seek remediation aligned with Kellogg policies, international standards, and the expectations of our customers, consumers, and stakeholders.

We have made steady progress in our work to advance human rights and remain committed to protecting these rights not just in our own operations but across the breadth of our supply chain – from farmers and worker rights, to combatting forced and child labour, and ensuring a safe and healthy workplace for everyone.

Our actions are focused on building awareness and sharing best practices regarding salient human rights risks, increasing visibility and transparency within the supply chain, and moving beyond compliance to build an ethical and sustainable supply base.

In line with our Global Human Rights strategy, Kellogg Australia maintains a local governance framework to manage modern slavery risks in our local business and supply chain.

This framework is overseen by the Directors of Kellogg Australia and is managed day to day by a dedicated and passionate team including senior Kellogg leaders, subject matter experts and relevant cross-functional working groups.

Our Human Rights Strategy is informed by six Governance Areas, ensuring we have strong due diligence in place to respect and protect human rights.

These areas are detailed over the next 2 pages.

## Policies and procedures

Kellogg Company has a number of policies that focus on addressing and minimising human rights risks within our value chain. These include:

Our [Global Human Rights Policy](#) highlights the human rights risks identified within our operations and global supply chain and details our strategy for prevention and mitigation.

This is supplemented by our [Global Supplier Code of Conduct](#) and [Policy Statement Prohibiting Involuntary Labor](#), which guide our operations and inform our expectations for supplier and supply chain partnerships.

Our global [Palm Oil Policy](#) outlines our commitment to responsibly sourcing palm oil.

In addition, our [Deforestation Policy](#) supports our work to address human rights in our supply chain through land rights and human rights defenders.



## OUR HUMAN RIGHTS STRATEGY



## 6 GOVERNANCE AREAS

### Supplier Controls

In our supply chain we seek to understand the human rights issues of our direct suppliers and support actions to identify, mitigate and remediate issues.

Our [Global Supplier Code of Conduct](#) applies to all entities that we do business with, including suppliers, manufacturers, contractors, joint venture partners, agents, distributors and consultants.

We reserve the right to terminate our contracts with any supplier for violations of the Code of Conduct or associated corporate policies.

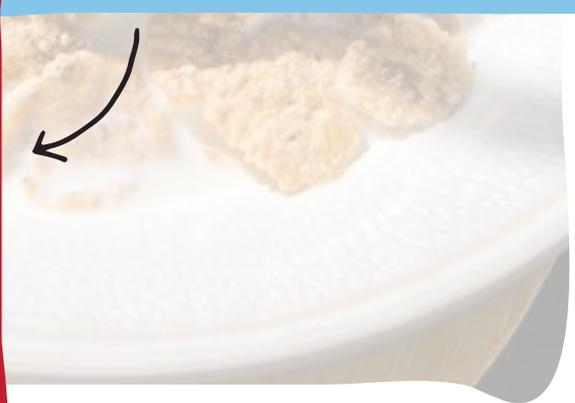
In addition to this, targeted supplier facilities may be subject to bespoke audits and assessments detailing policies and procedures related to labour practices to identify gaps that could indicate the possibility of, or potential for, human rights abuses or nonconformance.

### Training

Through ongoing training and development programs, we are working to ensure strong awareness and understanding across our procurement and supplier teams about the major human rights risks within our industry as well as our human rights strategy, policies and programs.

We run specific training for all employees within Kellogg Australia on the issue of Modern Slavery every two years.

In addition, we run global training on our grievance procedures and whistle blower policy.



# THE 6 GOVERNANCE AREAS OF OUR HUMAN RIGHTS STRATEGY (continued)

## Audits

Kellogg Company is committed to performing third party assessments on our owned operations in high-risk geographies to ensure compliance with our policies and commitments.

We primarily use the SMETA audit scheme, which enables businesses to assess their sites and suppliers based on their standards of labour, health and safety, environment and business ethics.

If during these audits significant findings are identified, they will be re-audited in one year's time; if no significant findings are identified, audits will be performed at a minimum of once every three years.

## Grievance

Internal accountability is an important aspect of Kellogg's corporate culture. Our Office of Ethics and Compliance (EoC) serves as a resource for guidance regarding Company policy and reporting issues related to ethics and business conduct.

Employees and suppliers are encouraged to contact the EoC without fear of retribution or retaliation. We protect the confidentiality of all reporting sources.

We provide an external-facing Ethics Hotline digital app to improve reporting and tracking of human rights issues and make this available to our suppliers and employees.

## Reporting and measuring

Kellogg Company ensures that performance is measured and proactively shared through external reporting.

As part of this we publicly report against our human rights and forced labour policies annually through our global [Human Rights Milestones Report](#), and our Australian Modern Slavery reports.

In addition, our Human Rights policies, processes, and practices are regularly reviewed as part of third-party global corporate benchmarking programs including Ethisphere, the Corporate Human Rights Benchmark and Know The Chain.



# IDENTIFYING HUMAN RIGHTS RISKS

Building on our global framework, Kellogg uses credible third-party data to understand the most salient risks within our operations and supply chain, and identify actions we can take to prevent, mitigate and remediate adverse human rights impacts.

Kellogg utilises a combination of publicly available indices from reputable sources, including [Sedex](#) Radar and our partnership with ELEVATE, to assess forced labour risks, and other material risks, for supplier operations by region and commodity.

When assessing risk, we consider key factors including the regional location of our operations, the sector and/or commodity we are sourcing from, degree of salience to industry identified issues, and other relevant supplier specific information from sources such as Sedex.

In 2022, we continued working with ELEVATE to assess, manage, mitigate and prevent risk – as well as taking steps for remediation and capability building in line with our human rights action plan. **See case study on page 12.**

In addition to partnering with our global team, Kellogg Australia has also continued to

conduct and strengthen its local supply chain mapping and risk assessments.

With a high proportion of our production and supply coming from within Australia, the risk of modern slavery for local citizens remains low, consistent with other G20 countries. However, like many local businesses, we are importing products and ingredients from countries where there may be potential human rights risks.

During our global and local risk assessments we have focused on identifying the countries and commodities where we need to gain greater visibility into our supply chain to identify the risks and take appropriate actions. We have identified seven key risks, which are outlined in our [Global Human Rights policy](#).

Some potential human rights issues within our supply chain are demonstrated below:

## AT RISK FACILITIES

Kellogg Company has conducted a thorough risk assessment of our owned facilities and are undertaking audits of any at risk sites

46

TOTAL OWNED FACILITIES

35%

CONSIDERED HIGH RISK

31%

HIGH RISK FACILITIES AUDITED 2022/2023

## AT RISK COMMODITIES

Commodity and country combinations that are high risk within the Kellogg Australia supply chain:



Palm Oil from Malaysia/Indonesia



Sultanas from Turkey



Cocoa from Ghana and Côte d'Ivoire

## OUR ACTIONS AND EFFECTIVENESS

In 2022, Kellogg continued to build on our global human rights action plan to identify, mitigate and address risks within our own operations, in partnership with our suppliers and at the ingredient source for high-risk commodities.

We have also continued to collaborate with industry peers, investors and a broad range of stakeholders to collectively address issues that are common within the food and beverage industry. We continue to be committed to providing grievance mechanisms for employees, suppliers, customers and the wider public.

We have made steady progress in our work to advance human rights and remain committed to protecting these rights not just in our own operations but across the breadth of our supply chain.

We continue to be recognised as leaders for our ethical and responsible business practices. In 2022, we were named as one of the most ethical companies in the world by Ethisphere and ranked 18th out of 127 companies in the Corporate Human Rights Benchmark. In 2023, we are also listed as one of RepTrak's Most Reputable Companies, with a reputation score of 81.7 within the Australian market.\*



### Ensuring strong governance framework within our own operations

Below is a summary of the key actions we have taken in 2022 to deliver against our human rights action plan:

#### Focus areas

- Carry out third-party audits in high-risk facilities
- All relevant ANZ and AMEA employees to undertake human rights training, every two years
- Implementing ongoing tailored training and a comprehensive onboarding process for procurement teams to ensure robust knowledge and awareness of the material risks relevant to our industry and business.

#### 2022 Actions:

- We have identified two of our Kellogg owned facilities that supply into Australia as higher risk. Both of these facilities were audited in the period of 2021-22.
- In 2022, 99% of our eligible employees completed our Combatting Modern Slavery training - the training will be run again in 2024.
- Modern Slavery training completed for Procurement team members who are involved in ANZ business - including Regional category managers and Operations Leads in our plants in Thailand and Malaysia that supply to Australia.

\* RepTrak score based on data collected between December 2022 and January 2023

## Identifying Risks and Building Capability with our Suppliers

### Focus areas

- 90% of in-scope suppliers registered and active on the Sedex platform and 90% of all sites linked to accurately track Tier 1 supply chain locations and assess current audit status.
- High risk commodities and suppliers to undergo specialised assessments and audits.
- Implement supplier capability programs.

### 2022 Actions:

- 87% in scope suppliers in AMEA are on Sedex.
- Continued our work with ELEVATE to implement assessments with high-risk Tier 1 suppliers and action remediation work including supplier capability programs.
- Initiated a new project with ELEVATE to engage Tier 2 suppliers that will be finalised in 2023.

## ELEVATE

Kellogg has partnered with ELEVATE since 2019 to develop a comprehensive long-term, data driven responsible sourcing strategy that addresses salient human rights risks within priority global Tier 1 ingredient and packaging supply chains.

The first two phases of this program focused on segmentation and categorisation of in-scope\* suppliers and execution of risk assessments for prioritised Tier 1 supplier sites.

Throughout 2020 and 2021, Kellogg and ELEVATE partnered with 16 suppliers representing 27 individual site locations to administer four types of risk assessments to help gain a deeper understanding of potential and actual human rights risks present within our direct supply chain.

Each site location was assigned at least one assessment type, based on criteria such as geographical location, primary facility operation, migrant worker presence, and inherent social risks.

These assessments included:

- Worker Voice Surveys
  - Worker Sentiment Survey, or
  - Critical Issues Survey
- On-site Social Assessment – ELEVATE Responsible Sourcing Assessment (ERSA)
- Child Labour Self-Assessment Questionnaire (SAQ)

Through these assessments we identified some specific risks including possible issues with wages and benefits, working hours, emergency evacuation, fire safety and management systems. There were no significant issues in child or forced labour.

Throughout 2022, the ELEVATE team and site representatives worked to identify potential root causes for issues, identify areas for improvement, participate in eLearning courses to share best practices, and support development of time-bound action plans to mitigate or remediate issues identified through the assessments.

We have also begun work on engaging with our T2 suppliers in the AMEA region as part of a Phase 4 pilot project to dive deeper into our supply chain. This program will be implemented in 2023.

\*Top 80% global spend suppliers plus all suppliers within high-risk categories for cocoa, palm oil and sugar cane

# ELEVATE

## Phase 1: 2020

### Supplier Segmentation

Segmenting sites according to risk to identify priority sites.

## Phase 2: 2021

### Specialized Tier 1 Tools

Implementing specialised assessments according to Priority Site risks.

## Phase 3: 2022

### Remediation & Capacity Building

Working with the sites on both their corrective actions and also capacity building on specific topic areas identified during the assessment.

## Phase 4: 2023

### Kellogg Australia T2 supplier engagement

In 2023 we will implement a new phase of our work with Elevate to engage with identified T2 suppliers in the Kellogg ANZ supply chain.

## PHASE 3: REMEDIATION

Based on the results of the specialised assessments, sites were guided through remediation.



**eLearning**



**Capacity Building**



**Evidence Review**

**Kick-off email**

Early March 2022

**Results Discussion Call**

March 2022

**Assign eLearnings**

March 2022

**3 Capacity building calls**

Monthly

**Project Close**

December 2022

## At Ingredient Origin

### Focus areas

- Implement global responsible sourcing and farmer engagement programs for high-risk commodities to address human rights risk at ingredient level and improve farmer livelihoods.

### 2022 Actions:

- Continued global farmer engagement projects on higher risk commodities including sultanas, palm oil and cocoa.
- Kellogg employees attended site visits at supplier palm oil plantations and Wild Asia project sites to gain visibility for on farm practices.
- Implemented our annual Kellogg Grower Survey (KGS) incorporating questions that help to highlight potential human rights risks on farm.

## WILD ASIA PROJECT - PALM OIL

Kellogg uses less than 0.1% of the global palm oil produced. Despite our relatively small footprint in this commodity, as a leading food company, we have a responsibility to engage with our suppliers, our supply chain and our industry to drive faster, more effective action to protect the environment and advance the cause of human rights.

In addition to utilising certified palm oil and being active members of the Roundtable on Sustainable Palm Oil (RSPO), we also work with partners to tackle issues relating to the palm oil industry like deforestation, human rights violations and increasing support for smaller holders and forest communities.

Kellogg has been working with [Wild Asia](#), an impact driven social enterprise based in Malaysia, since 2020. Through the partnership we are supporting smallholder farmer livelihoods and helping to increase their access to market through formal certification.



This partnership integrates with our sustainability and human rights objectives through Wild Asia's [Small Producer Inclusivity and Resilience Alliance \(SPIRAL\)](#) and [Wild Asia Group Scheme \(WAGS\)](#) programs by funding increased farmer reach, crop diversification to improve income, regenerative agricultural practices to deliver better yields and providing support for a path to certified operations.

By partnering with Wild Asia, we support sourcing practices that are inclusive of smallholders, sustainable, NPDE-compliant and have a positive impact.

WAGS supports small independent farmers to improve crop yields, earn a fair wage, and create products with minimal negative social and environmental impact.

Throughout 2020 and 2021 Covid 19 hampered efforts to reach new producers to participate in WAGS due to travel restrictions imposed in Malaysia. However, in late 2021 and 2022 on the ground activities were re-established with a continued goal to increase the new producer participation and implement new on the ground activities.

After the disruptions of Covid, 2022 saw 331 new producers and 19, 089 hectares certified. This takes the total since 2020 to 846 producers and 22, 154 hectare certified.

## TURKEY - SULTANAS

Kellogg started working with the Fair Labor Associations' (FLA) Harvesting the Future Project (HTF) in 2020 to help advance and protect human rights of the people farming and harvesting sultanas in Turkey, which we use in the production of our Australian cereals.

The project is engaging with eight of the most prominent sultana suppliers in the region and is working to address six priority issues:

- child labour, including the risk level for various commodities;
- hazardous work by young workers;
- informality of employment relations;
- excessive working hours, including for children;
- lack of payment of minimum wages; and
- lack of access to basic services, such as water, hygiene, sanitation and child protection.

Phase 2 of the HTF Project kicked off in 2021 and will run through to the end of 2023. This phase builds on the assessments carried out during Phase 1 and focuses on remediation and capability building for supply partners.

In 2022, the project has focused on delivering training to suppliers to improve recruitment

and employment practices and combat child labour.

Key highlights for 2022 include:

- Increased coordination and implementation of responsible recruitment principles and child protection programs in companies' supply chains.
- Six Child Protection and Remediation Systems Training sessions were delivered for supply partners.
- Project partners engaged in one-to-one consultancy on the establishment and improvement of Internal Monitoring, Child Protection Systems and Mechanisms, with training delivered ahead of the 2022 harvest.
- Field visits were held where 201 producers, 8 labor contractors, and 31 worker groups were assessed



## Collective Action

We know that we can't achieve change alone. We remain committed to engaging and partnering with peers and suppliers to find solutions to issues within our global supply chains.

It will be through collective action and industry engagement that we can work together to effect change and eliminate human rights violations in our global food systems.

Kellogg is an active participant in the following groups:

- Consumer Goods Forum Coalitions of Action on Human Rights and the Sustainable Supply Chain Initiative
- Roundtable for Sustainable Palm Oil
- United Nations Global Compact
- Palm Oil Transparency Coalition
- AIM Progress: Leadership team member and Responsible Recruitment Workgroup Co-Lead.



## Grievance Mechanism

Our [Ethics Hot Line](#) offers a confidential way for employees, suppliers, contractors and the general public to ask questions and report concerns in relation to ethics, compliance or any other requirements in our Global Code of Ethics and Supplier Code immediately and anonymously 24 hours a day, 7 days a week via telephone, internet or mobile app.

## 2022 HOTLINE COMPLAINTS



**465** Complaint tickets received

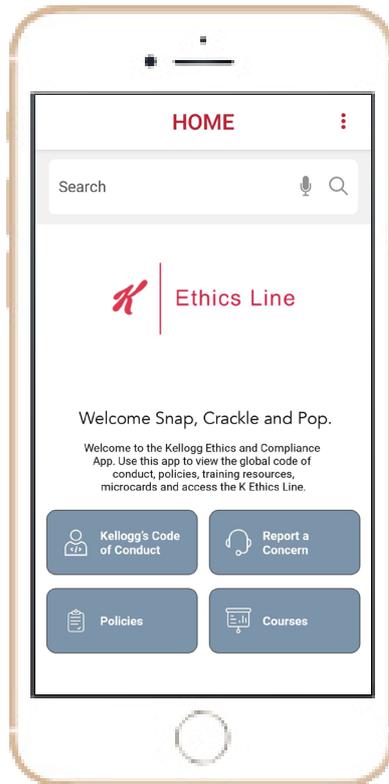
**445** Complaint tickets closed

**95.6%**

**196** Complaint tickets substantiated

**42.1%**

**GRIEVANCE APP**



# LOOKING AHEAD TO 2023



While we have made strong progress in our work to address human rights across our value chain, we continue to elevate our actions by transparently reporting and measuring our impact, and are committed to evolve and strengthen our approach over time.

To tackle issues like modern slavery and forced labour, we need to leverage best practices where we can and support innovative solutions through our continued collaboration.

We remain committed to furthering our efforts to increase visibility into the lower tiers of our highest risk areas and commodities.

Looking ahead we will continue to execute against our Human Rights action plans.

## Own operations

- Ensure all new procurement and supply chain employees are trained and understand the salient human rights risks within our industry, our human rights strategy and policies, and our industry programs.
- Continue auditing our high risks facilities to ensure continued compliance with internal and international standards of human rights due diligence.

## Supply Chain Operations

- Continue to implement ELEVATE specialised assessment tool with our next round of Tier 1 suppliers.
- Conduct an assessment program for identified Tier 2 suppliers within the AMEA region.
- Work with key labour hire partners in Thailand and Malaysia through participation in the AIM Progress Responsible Recruitment Program.

## At Ingredient Source

- We will continue engaging with our farmers through our Kellogg Growers Survey, gathering insights and supporting improvements on their farming practices and workers' training, including use of personal protective equipment (PPE) and integrated pest management (IPM) practices.
- We will continue our work with NGOs and other partners to implement on the ground projects throughout 2023.
- Work towards our 2025 Commitment of 100% RSPO Physically certified palm oil (Segregated / Mass Balance) in our own operations.