

Kellogg's



**Modern
Slavery
Statement
FY 2021**

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1. MANAGING DIRECTOR'S MESSAGE

Our people and our communities are at the core of Kellogg and our values are an integral part of who we are. We are committed to protecting and advancing the cause of human rights across our value chain and believe that doing so is central to maintaining a responsible, ethical, and equitable business.

From our earliest days, Kellogg has been a purpose-driven organisation. As a leading food company, we understand our responsibility to uphold and respect the rights of people across our organisation and global supply chain.

Our founder W.K. Kellogg always believed that people were the heart and soul of any business. He instilled the K Values™ of Integrity, Accountability, Passion, Humility, Simplicity, and a focus on Success which form part of our company DNA. These values guide the way we work with our business partners, within our communities and with each other.

We understand that a critical part of running a good business is to also do good for society. As a global company we know we can influence positive societal change. Our social responsibilities also extend throughout our global value chain – from our employees, to our suppliers, stakeholders, people who enjoy our foods, civil society, and to the people and communities where our foods are grown and made. Our founder's values live on today in our Deploy for Growth global business strategy, which starts with "people must be our competitive advantage."

Our commitment to protecting fundamental human rights will always remain a priority for us and is reflected through our [Better Days Promise ESG Strategy](#). With an ongoing focus on evolving and strengthening our Human Rights strategy and governance efforts, we updated our Global Human Rights Policy in 2020 – leveraging the UN Guiding Principles to take a risk-based approach to ensure we drive the biggest impact on human rights priorities, while acknowledging the limitations of our reach. You can learn more about our work [here](#).

Building on our global framework, Kellogg is using credible third-party data to strengthen our understanding of the most salient risks in our operations and supply chain. Unsurprisingly, these risks are not dissimilar to those faced by peer organisations who operate in the food, beverage, and grocery sector, with risk considerations including the regions we operate in and the commodities from which we source. This report details our approach to protecting fundamental human



People must be our competitive advantage

rights within our operations and our supply chain, as well as outlining the key actions we are taking to continuously review, address and reduce the most significant risks identified.

In the ANZ business we are committed to ensuring Kellogg continues to lead with purpose to deliver benefits to people, communities, and the planet. In order to help create Better Days for Australians and New Zealanders, we're focused on reducing our environmental impact while increasing our social impact, and we have donated over 43 million serves of food to families in need since 2013. We're also working closely with our Aussie wheat farmers and suppliers as we have for over 90 years, through our investment in the Cool Soil Initiative. A true paddock to product partnership, the project builds on our Better Days commitments by improving soil health and reducing Green House Gas emissions. Of the 42 million kilograms of cereal we produce each year at our plant in Botany, the majority are made using high-quality Aussie ingredients made possible through the strong relationships we share with our farmers.

I'm pleased to share the progress we have made on our action plan from last year's report, and the governance we have in place to ensure we remain vigilant in identifying and reducing the risk of Modern Slavery in our own operations and our supply chain.

Thank you,

Anthony Holme,
Managing Director, Kellogg
Australia and NZ

2. INTRODUCTION



For close to 100 years, Kellogg's has been a feature at the breakfast table in millions of Australian family homes. We take the trust that Australians put in us to feed their families very seriously, and that's why we have a relentless focus in our business on being a company that not only makes great quality foods but also one that protects our people, our communities and our environment.

We are focused on protecting and advancing human rights throughout our global value chain - from our employees, to our suppliers, customers, consumers and the people and communities where our foods are grown and made. We will also continue to drive equity, diversity and inclusion across our business, and were awarded a WGEA citation for 2020 and now 2021-2023 in recognition of our commitment and leadership driving a diverse and inclusive business in Australia.

Globally, we are committed to resilient and responsible supply chains, including responsible sourcing that respects and advances the cause of human rights. Through our Kellogg's [Better Days](#) Promise ESG Strategy, we're committed, by the end of 2030, to supporting 1 million farmers, women and workers through programs focused on climate, social and financial resiliency. These programs are built

through stakeholder engagement and by partnering with suppliers, NGOs, research groups and others to provide incentives, training, and/or technical assistance to deliver social and environmental outcomes. To date, we've positively impacted more than 440,000 farmers and workers through 40+ Kellogg's Origins™ programs worldwide.

This report, which supplements our global [Living Our Founder's Values: 2020 Global Human Rights Milestones](#), details our progress from our 2020 Modern Slavery Statement, the key actions we are taking to protect fundamental human rights within our operations and our supply chain, and how we will continuously review, address and reduce the most salient, identified risks.

We will continue to drive equity, diversity and inclusion across our business

3. REPORTING ENTITY

This report is prepared on behalf of Kellogg Australia Holdings Pty Ltd ACN 102 893 952 and its wholly owned subsidiary Kellogg (Aust.) Pty Ltd. Both companies have their principal place of business located at 41-51 Wentworth Avenue, Pagewood, NSW 2035 Australia and are part of the global Kellogg Company group of companies.



4. OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Kellogg Australia is a leading food company which produces some of Australia's favourite breakfast cereal and snacks. We have over 22 brands that are sold in Australia, including our iconic cereal brands Corn Flakes, Rice Bubbles®, Sultana Bran® and Nutri-Grain®, as well as family favourite snacks such as K-Time Bars®, LCMs® and Pringles®.

Producing approximately 42 million kilograms of food each year in Australia¹, we are a significant contributor to the Australian economy through the procurement of a large amount of Australian ingredients such as wheat, corn, rice and oats.

For the cereals we produce here in Australia, over 94 percent are made with at least 70 percent Australian ingredients.

Kellogg Australia directly employs over 400 people through our corporate office, manufacturing operations and sales operations.

We produce
42 million
kilograms of cereal
annually in Australia



94% made with 70% Aussie ingredients

¹ Based on Kellogg Australia 2019 - 2020 data

Our operations

Our main manufacturing site, where we produce most of our cereals sold in Australia is in Botany, NSW. This was the first cereal plant our founder, W.K. Kellogg, built outside of the US when he broke ground in 1928. 2021 marked the 93rd anniversary for our factory which has been a key part of the local Botany community, economy and employment.

In addition to our locally owned and operated facilities we also import some products from other Kellogg owned sites all around the world including Europe, Asia and the United States.



Local and abroad



Our supply chain

For our cereal products produced in Australia, we predominantly source our ingredients locally. We have relationships with farming communities in South East Queensland and the Riverina area in NSW that span three generations.

As a global food manufacturer, we also source ingredients from countries around the world and work with co-manufacturing sites to produce a small percentage of our foods, mainly snack foods.



5. IDENTIFYING HUMAN RIGHTS RISKS ACROSS THE GLOBAL SUPPLY CHAIN

Strengthening our supply chain risk assessment

In 2021, Kellogg Company signed on to participate in a human rights due diligence assessment project with industry group the Consumer Goods Forum (CGF) to further strengthen our commitment and work on addressing forced labour risks within our own operations. To operationalise this objective, through the CGF, we have entered a five-year partnership with Fair Labor Association, a labour and human rights expert organisation.

The Fair Labor Association provides technical assistance in the form of a structured, and scalable approach with tools and training to help us identify forced labour risks in our owned operations and help us develop action plans to address them. We are currently focused on two locations for this project, however throughout the course of the engagement we hope to assess our broader operations.

The goal of this program is to help Kellogg deliver robust human rights due diligence in all operations by 2025 in line with our public commitments and emerging legislation globally.



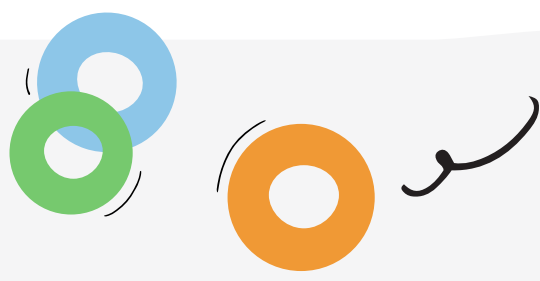
ELEVATE

As mentioned in our 2020 [Living Our Founder's Values: Global Human Rights Milestones](#), we continue to adopt a risk-based approach both globally and locally to addressing both potential and actual human rights risks that our supply chain operations may cause or contribute to, both directly and indirectly. Kellogg Company undertook a third-party verification exercise with [ELEVATE Ltd.](#) to develop a comprehensive long-term, data driven responsible sourcing strategy that addresses salient rights risks within priority Tier 1 ingredient and packaging supply chains. This work enables the scalability of current programs and supports the Kellogg's Better Days platform. To date, this program has had two phases: segmentation and supplier categorisation and execution of risk assessments, beginning with prioritized Tier 1 suppliers according to human rights risk.

During the first phase of this work [ELEVATE's segmentation services](#) mapped the global supply chain based on inherent sourcing risks and business leverage insights to determine which segments of the supply chain provide the greatest opportunity for Kellogg to influence change. This analysis drew on ELEVATE's intelligence risk landscape which assesses supply

chain risk by geography, sector, and issue. It combined publicly available datasets such as the Global Slavery Index and the UN Human Development Index with proprietary supply chain category risk scores. This was combined with Kellogg's geographical and sourcing data to create enhanced visibility into existing sourcing practices and supplier relationships to generate insights and measures for identifying and prioritising our highest risks.

ELEVATE's resulting analysis grouped suppliers into different segments. These groupings provided Kellogg with data-driven inputs for resource allocation in order to achieve performance improvements, mitigate risk, and maximise supply chain impact.



For the execution phase of this work, Kellogg partnered with suppliers at sites deemed high priority based on the phase one segmentation process. Each site location was assigned at least one assessment type. The type of assessment administered was chosen based on criteria such as geographical location, primary facility operation, migrant worker presence, and inherent social risks. For more information, please find the Global Human Rights Report [here](#).

Actioning on the learnings from this pilot, Kellogg and Elevate are developing a plan for supporting participating suppliers to enable them to act on the findings from these assessments and remediate identified issues. We are also taking feedback from our suppliers regarding their experiences with this program to incorporate into future human rights due diligence work.

As in our own operations, our goal is to ensure a safe and sustainable working environment for all workers in our supply chain operations.

Our Risk-based approach

- Kellogg utilises a combination of publicly available indices from reputable sources including SEDEX Radar and third-party segmentation, to assess forced labour risk for supplier operations by region and commodity.
- Risk factors include regional location of operations and sector or commodity degree of salience to industry identified issues, and supplier specific information.
- Targeted facilities are asked to complete a robust self-assessment detailing policy and procedures related to labour practices to identify gaps that could indicate the possibility of or potential for human rights abuses or nonconformance.
- Audits for in-scope facilities include on site worker interviews according to SMETA best practice guidance, including determining the percentage of workers interviewed.



As well as being part of Kellogg Company's overall global risk assessment approach mentioned above, Kellogg Australia continues to conduct a local risk assessment focusing on our own operations and our supply chain.

The assessment was informed by internal subject matter experts, stakeholder consultations, reputable open-source databases² and participation in industry groups discussing human rights within our sector.

In line with our global risk-based approach and concentrating on where we can have the greatest impact, we focused our efforts on our largest direct and indirect suppliers for three key manufacturing sites including our operations in Australia, Malaysia and Thailand.

We also looked at those commodities and services that were identified as higher risk for the Australian food and beverage industry. In Australia, as in other G20 countries, it remains the case that while there is low risk of modern slavery to local citizens, many companies are importing products and ingredients from countries where there may be potential risks.

In last year's report (2020) we identified that Turkey was deemed a human rights risk due to its high prevalence of seasonal migrant workers in the agriculture industry. We believe this continues to be the case.

Kellogg Australia sources sultanas from Turkey. As a result of our risk assessment, we have continued our work with the Fair Labour Association to improve the recruitment practices and employment conditions for workers and their families in Turkey.

Our project case study 2021 update is included on page 16.

Our Modern Slavery focus ★



2. Third-party sources including the US Dept of Labour's 2018 List of Goods Produced by Child Labour or Forced Labour, Elevate EiQ data, Modern Slavery Risks, Rights & Responsibilities: A Guide for Companies & Investors, the Australian Council of Superannuation Investors, conducted by KPMG, Feb 2019.

6. ACTIONS, DUE DILIGENCE AND REMEDIATION PROCESSES: 2021 OVERVIEW

In line with our global Human Rights protection framework, Kellogg Australia maintains a local governance framework to manage modern slavery risks in our local business.

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 Australia Human Rights Strategy is informed by 6 Governance Areas.

Human Rights Strategy Focus Areas

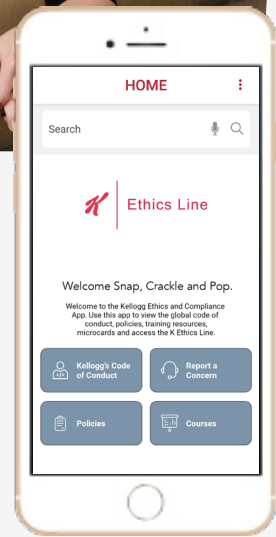




Kellogg Australia is committed to transparently reporting on our actions and their continued effectiveness to address modern slavery, further protecting and advancing human rights in our business.

Both internally and externally, we continue to evaluate our actions by focusing on consistent improvements and measuring our impacts over time.

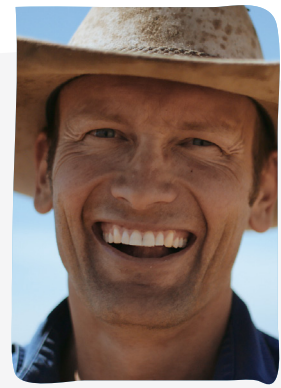
Grievance App



Some of the key actions that Kellogg Australia has taken in 2021 include:

- Continuing to conduct a thorough analysis across the breadth of our supply chain to strengthen our understanding of the most important human rights risks relevant to our industry and our overall operations.
- Continuing our partnership with Elevate to assess human rights risks relevant to our supplier operations.
- Occasionally, our Kellogg owned operations are subject to third-party auditing as part of our own and our customers' governance programs. External audits were undertaken at our plants in Malaysia and Thailand in 2021 and we have taken actions where any suggested improvements have been identified. COVID-19, border closures and travel restrictions made conducting audits more difficult during 2021, however we have continued our due diligence activities through trialling remote auditing.
- In 2021, a refreshed Code of Ethics and training module was rolled out to our workforce. To reinforce the training, a 16-month series of communications will be shared to bring Code provisions to life.
- Collaboration with our Australian customers to assist in their modern slavery reporting requirements, sharing information on our supply chain.
- Although many businesses in Australia and around the world were adversely impacted by the effects of COVID-19 including lay-offs, lockdowns and other disruptions, Kellogg Australia has worked hard to pivot our business strategy, maintain our manufacturing operations and continue to supply the foods that our consumers love during this difficult time. Over the past two years, we have invested heavily in leading COVID safety practices in our workplaces to keep our workers safe and our critical operations running. This has ensured continued work and income to all of our employees, contractors and the workers in our extended supply chain both in Australia and abroad.

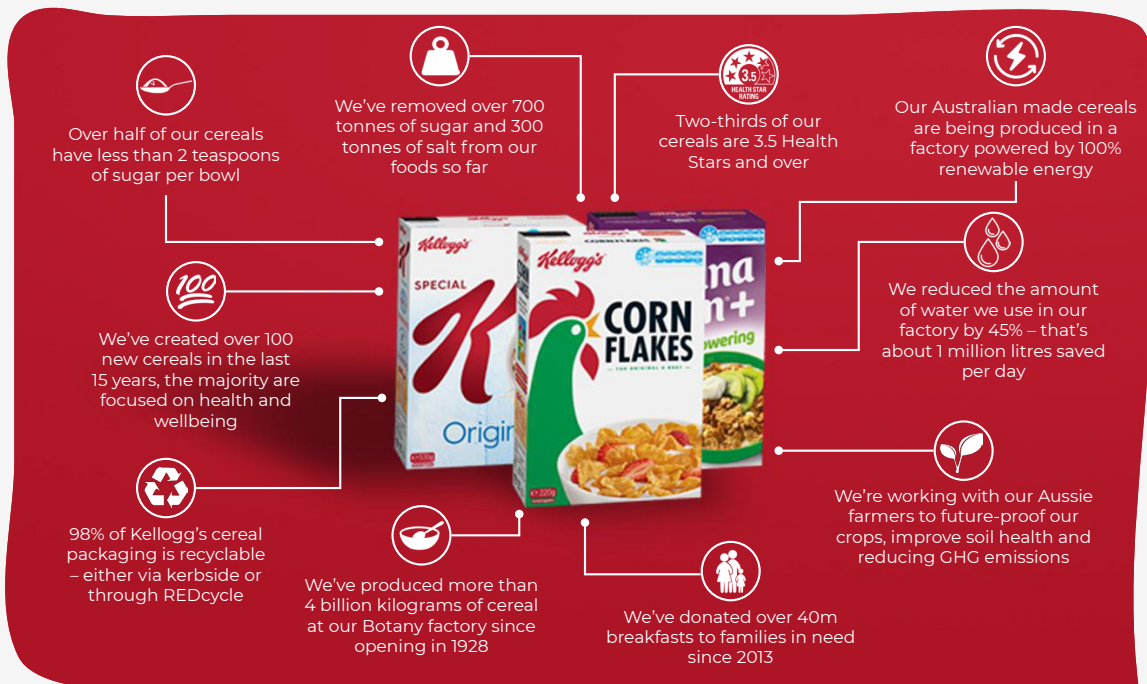
7. OUR ACTIONS: HOW ARE WE TRACKING?



In FY21 we made steady progress towards our commitment to protect, respect, and advance the cause of human rights across our value chain. Kellogg was proud to be recognised by Fortune Magazine in its 2021 World's Most Admired Companies list. Kellogg earned the No. 6 ranking in the global food products industry. Among Kellogg's highest-ranked attributes in 2021 were social responsibility, use of corporate assets, innovation, long-term investment value and quality of products.

Locally in 2021, the Global RepTrak Study showed that Kellogg Australia and New Zealand achieved the highest corporate reputation score of almost 85%.

In the wake of the COVID-19 pandemic, we evolved our Human Rights Strategy and updated our Human Rights Policy to reflect an even more active approach to engaging with our suppliers and internal facilities to ensure we are positioned to drive the biggest impact across our business. Our modern slavery risk management will continue to evolve across our operations and supply chain so we can identify emerging risks.



To inform our strategy, we consulted with external stakeholders, suppliers, trusted non-government organisations and industry experts to identify enhancement opportunities and we're taking several actions because of it, these include:

- Launching an external-facing Ethics Hotline digital app to improve reporting and tracking of human rights issues and making this available to our suppliers and employees.
- Enlisting an international consulting firm to conduct ongoing assessments of human rights risks across our supply chain and establishing verification of human rights protection in high-risk sites with Tier 1 suppliers and within our internal operations.
- Educating and engaging employees and suppliers on this issue through company-wide training and embedding human rights protections into day-to-day business.
- Investing in programs at ingredient origin that address root cause issues for human rights issues.
- Expanding annual reporting and communications of human rights progress to stakeholders, customers, and consumers.

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.

This includes initiatives such as:

- Continuing to conduct reviews of our operational risk assessment against the human rights framework and policy.
- Reviewing and strengthening our risk management practices, where needed.
- Continuing to execute third-party audits in all our high-risk facilities.
- Coordinating with our in-scope suppliers to complete the updated Sedex Self-Assessment Questionnaires to assist risk profiling and commodity/country risk exposure.
- Maintaining confidentiality mechanisms for employees, suppliers, contractors and the public to ask questions and report any concerns in relation to human rights and other matters.
- Implementing ongoing training and a comprehensive onboarding process for our procurement and operations teams to ensure a robust knowledge and awareness of the salient risks relevant to our industries and business. This includes the Kellogg human rights protection commitments and governance framework and requirements for compliance within their roles.
- Continually assessing our performance against industry peers through benchmark reports such as the [Know the Chain](#) global human rights benchmark and the [Corporate Human Rights benchmark](#).
- Continuing to facilitate and develop projects such as the Fair Labor Association partnership, in addition to our global responsible sourcing and farmer engagement programs.

Our human rights protection framework



8. FUTURE COMMITMENTS

As a responsible global corporate citizen, we are committed to upholding and advancing the cause of human rights across our value chain, which contributes to our **Better Days Promise ESG Strategy**.

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 protecting farmers and worker rights, to combatting forced and child labour, and ensuring a safe and healthy workplace for everyone, particularly in light of the COVID-19 pandemic.

We will progress the work streams we established in FY21 such as offering refresher modern slavery internal training modules and continuing to streamline risk-based alignment plans and workflows. The training will be designed to help remind those in leadership, management, procurement and risk management of their roles in identifying, assessing and addressing modern slavery risks. It educates employees on modern slavery, the impacts of modern slavery on an organisation, identifies ways to mitigate risks, and how to report on modern slavery within our operations and supply chain, to recognise victims of modern slavery.

We plan to conduct further risk assessment mapping with our manufacturing facility in Malaysia in the near future. We will also advance our Fair Labor Association project with sultanas in Turkey and commence further work in Phase II to build upon completed activities and continue support for our suppliers and their responsible sourcing journeys.



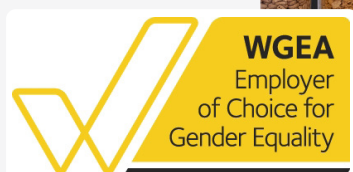
2030 Commitment

Kellogg Company is driving growth through purpose, addressing the interconnected issues of wellbeing, food security and climate to help end hunger and create Better Days for 3 billion people by the end of 2030



We will continue to drive equity, diversity and inclusion across our business. We were awarded a WGEA citation for 2020 and now 2021-2023 in recognition of our commitment and leadership driving a diverse and inclusive business in Australia.

We will continue to execute against our human rights strategy in the three priority areas – own operations, supply chain and at ingredient origin. As we increase and broaden our understanding and management of modern slavery risks, our actions will continue to evolve. Throughout this process we will ensure we always build our capability, embed the required work standards, and diligently measure and transparently report on progress.



9. CASE STUDY: FAIR LABOR ASSOCIATION'S - HARVESTING THE FUTURE

Sultanas in Turkey

Kellogg currently uses around 2,100 tonnes of sultanas annually in the production of a number of our cereals in Australia. The sultanas we use are from Izmir in Turkey.

While we don't source directly from farms but via a number of suppliers, Turkey was identified during our risk assessment as a country posing potential human rights risks. This was due to its high use of seasonal workers who migrate to agriculture production areas across the country.



UPDATE ON ACTIONS TO ETHICALLY SOURCE OUR SULTANAS

In 2020 we joined [Fair Labor Associations'](#) (FLAs) [Harvesting the Future Project](#) which aims to help improve recruitment and employment conditions for seasonal migrant agriculture workers and their families in Turkey.

Supported by the [Sustainable Agriculture Initiative\(SAI\)](#) and [Sustainable Spices Initiative \(SSI\)](#) the FLA project engages multi-national agri-businesses, local NGOs, food and beverage companies, Turkey-based suppliers, and the Ministry of Family, Labor and Social Services (MoFLSS).

Working towards 6 priorities

To address some of the concerns around the working and living conditions of the migrant workers, the project engages with project partners and their suppliers through supply chain mapping and risk assessments, developing social compliance and training programs. They also visit small-holder farms during peak production months to better understand on farm risks such as hazardous work, the groups working on farm, working and living conditions, and repatriation.

During 2020 we worked together with FLA to engage our suppliers in the project and commence the supply chain mapping and risk assessment process. Two of our sultana suppliers were already active in the project prior to us joining and have been involved from the start. In 2021, we encouraged two of our additional suppliers to come on board.

As a result of Kellogg's partnership, the project has now been able to engage with eight of the most prominent sultana suppliers in the region.



Companies and suppliers, through risk assessments at the farm level, developed a shared commitment on six priority issues:

- 1** Child labor, including the risk level for various commodities.
- 2** Hazardous work by young workers.
- 3** Informality of employment relations.
- 4** Excessive working hours, including for children.
- 5** Lack of payment of minimum wages.
- 6** Lack of access to basic services, such as water, hygiene, sanitation, and child protection.

We are currently working with the FLA and our sultana suppliers to assess the potential for further work in Phase II to build upon completed activities and continue support of their responsible sourcing journey.

Progress to Date

Harvesting the Future Project has been working on the ethical sourcing of sultanas since 2019. To date, it has achieved the following:

TRAINED 89 COMPANY & SUPPLIER OFFICIALS

on decent work, child labor, hazardous work for children and child protection in partnership with UNICEF.

12 SUPPLIERS LAUNCHED

child labor monitoring and remediation programs and started communicating these requirements to their producers and labor intermediaries which recruit workers.

105 LABOR INTERMEDIARIES

received training on child labor and decent work.

79 LABOR INTERMEDIARIES

were legally registered with support of the Turkish Ministry of Labour. The project provided a forum to regularly engage with the government agencies.

20 SUPPLIERS

mapped their upstream supply chains, covering 746 small producers. Several suppliers became aware, for the first time, of the prevalence and root causes of child labor and other labor rights violations in their supply chains. Child labor ranged from 5 percent to 45 percent of the workforce, depending on up the commodity.

363 LABOR INTERMEDIARIES

registered in an online database and mapped 528 worker groups (family members, extended family, and friends traveling together) comprising of 9,440 workers across six commodities.

The project established a new multi-stakeholder collaboration at scale on issues of labor migration, child protection, and responsible recruitment. The project improved the capacity of the participants to tackle core labor rights challenges and increased coordination and implementation of responsible recruitment principles and child protection programs in companies' supply chains. By helping companies improve working conditions, the project provided a set of standards relevant to government regulators, investors, buyers, and consumers.

About the Fair Labor Association :



FAIR LABOR ASSOCIATION

The Fair Labor Association promotes and protects workers' rights and improves workplace conditions through collaboration among business, civil society, and colleges and universities. The FLA conducts transparent and independent monitoring to ensure that rigorous labor standards are upheld wherever FLA affiliates source their products, identifies root causes of non-compliances, and proposes solutions to workplace problems.



“From our earliest days, Kellogg has been a purpose-driven organization, a company with a heart and soul.

Our visionary founder, W.K. Kellogg, instilled in us the understanding that a critical part of running a good business also is doing good for society.

For more than a century, Mr Kellogg’s values have inspired our philanthropy, sustainability, and social equity work.

That’s why we have always worked hard to make sure that our company and our business practices deliver benefits to people, to communities and to the planet.

Today, we take very seriously our commitments and our support of the communities we serve. It is the foundation of everything we do.”

— Steve Cahillane
Chairman of the Board and CEO, Kellogg Company

Kellogg's