

Kellogg's®

Modern Slavery Statement FY 2020



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1. MANAGING DIRECTOR'S WELCOME NOTE



People are the most important part of our business

As a leading food company, we have always been committed to protecting and advancing the cause of human rights across our value chain and we believe doing so is central to maintaining a responsible, ethical and equitable business.

This promise to respect and help advance human rights stems back to our founder W.K.Kellogg who always recognised that people were the most important part of our business. He instilled in us our K Values™ which are part of our company DNA – with Integrity, Accountability, Passion, Humility, Simplicity, and a focus on Success, these values guide the way we work with our business partners, within our communities and with each other.

We recognise that Kellogg and companies like ours have a major role to play in advancing and protecting human rights. To ensure that we are delivering on this, we are actively supporting human rights, both globally and locally, through a number of initiatives which include:

- Protecting farmers and worker rights, combatting forced and child labour, and ensuring a safe and healthy workplace for all.
- Driving equity, diversity and inclusion across our business through enhanced leadership commitments for equitable representation, investing in continued training and development and strengthening external multicultural partnerships.

Moreover, we're working to ensure human rights are protected, not only in our own operations but across the breadth of our supply chain. The actions we are taking both within our own operations and with our external partners are detailed within our global [Living Our Founder's Values Human Rights Report](#). These actions are positioned to drive the biggest impact.

These global policies and human rights strategies are the cornerstones of the work we undertake in Kellogg Australia and were strengthened by insights and actions driven by the local business landscape here.

We have passionate and dedicated people who are committed to ensure that Kellogg continues to lead with purpose to deliver to our social responsibility commitments.

I'm proud to share with you the progress we continue to make and to outline the priorities, action plans and governance we have in place to ensure we remain vigilant in reducing the risk of Modern Slavery in our own operations and our supply chain.

Thank you,

A handwritten signature in black ink that reads "Esme".

Esme Borgelt
Managing Director, Kellogg Australia and NZ

2. INTRODUCTION



For close to 100 years, Kellogg 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 takes steps to protect our people, our communities and our environment.

We understand that a critical part of running a good business is to also do good for society. This has been instilled in us by our founder W.K. Kellogg. As a global company we know we can influence positive societal change. Therefore, we can help to protect and advance human rights. We are focused on this throughout our global value chain - from our employees, to our suppliers, from our customers to our consumers and the people and communities where our foods are grown and made.

Globally, we have been working to protect and advance human rights for over a decade. We have a strong reputation with NGOs and customers, and our performance has been recognised in various global Human Rights benchmarks. In 2020, we ranked 13th in the Know the Chain global human rights benchmark and 14th in the Corporate Human Rights Benchmark across industries.

Our commitment to protecting fundamental human rights will always remain a priority for us. With an ongoing focus on evolving and strengthening our Human Rights strategy and governance efforts, we recently updated our [Global Human Rights Policy](#) - 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 Australia has continued this risk-based approach using credible third-party data to strengthen our understanding of the most salient risks in our local 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 we source.

This report, which is supported by our global [Living Our Founder's Values Human Rights Report](#), details our approach to protecting fundamental human rights within our operations and our supply chain, as well as outlining some of the key actions we are taking to continuously review, address and reduce the most salient identified risks.

We have been working to advance human rights for over a decade



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 group of companies.



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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 26 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 46 million tonnes of cereal out of the Botany facility (NSW) each year¹, we are a major contributor to the Australian economy through the procurement of a large percentage of Australian ingredients such as wheat, corn, rice and oats to name a few.

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

As of 2020, Kellogg Australia directly employs 411 people through our corporate office, manufacturing operations and sales operations.

We produce
46 million
tonnes of cereal
annually in Australia



94% made with 70% Aussie ingredients

¹ Based on Kellogg Australia 2019 - 2020 data

4. OUR STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Our operations

Our manufacturing site, where we produce most of the cereals sold in Australia is in Botany, NSW. This was the first cereal plant our founder built outside of the U.S. when he broke ground in 1928. 2020 marked the 92nd anniversary for our factory which has been a key part of the local Botany community, economy and employment.

In addition to our locally operated facility we also import some food products, predominantly snack foods, 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 predominately 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 several countries around the world and work with co-manufacturing sites to produce a small percentage of our foods, predominately snack foods.

Our relationship with Aussie farmers span 3 generations!



5. POTENTIAL RISKS OF MODERN SLAVERY PRACTICES IN OUR BUSINESS

In 2019 Kellogg Company published our global *Living Our Founder's Values Human Rights Report*. This report outlines our risk-based approach 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 assess our salient human rights risks, both for owned operations and within our supply chain.

ELEVATE

ELEVATE's segmentation services assess supply chain risk based on geography, sector and issue. It combines publicly available data sets such as the Global Slavery Index and the UN Human Development Index with proprietary supply chain category risk scores. The assessments include Forced Labour and Ethical Recruitment Surveys, Child Labour Assessment and Worker Sentiment Surveys.

Informed by this assessment, Kellogg has updated its policies, due diligence and reporting aligned to a risk-based approach. In partnership with Elevate, Kellogg has also identified high risk supplier sites and built a program to verify compliance against salient human rights issues.

Our Risk-based approach

- Kellogg utilises a combination of publicly available indices from reputable sources² including SEDEX and Elevate EiQ platform, 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.
- In 2019, Kellogg used the service SmartRisk to send real-time risk alerts gleaned from various online sources to our Procurement department and other related functions to increase response time to issues as they became known.
- 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 include on site worker interviews according to SMETA best practice guidance, including determining the percentage of workers interviewed.



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.

5. POTENTIAL RISKS OF MODERN SLAVERY PRACTICES IN OUR BUSINESS

Further building on the work done globally, Kellogg Australia has undertaken several actions in 2020 to further identify key risks relevant to operations and the supply chain of the Australian business. We conducted a local risk assessment covering 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. This exercise represented around 75% of our annual supplier spend.

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

According to KMPG³ the most salient risks for the Food, Beverage and Agricultural sector in Australia are mostly present in production, packaging and processing, as well as in the commodities sourced by Australian companies such as cocoa, coffee and palm oil.

In our previously referenced risk assessment, it was identified that Turkey was deemed a human rights risk due to its high prevalence of seasonal migrant workers in the agriculture industry.

Kellogg Australia sources sultanas from Turkey. As a result of the risk we have identified, we are now working with the Fair Labour Association (FLA) on a project to help improve the recruitment practices and employment conditions for workers and their families in Turkey. **Our project case study is included on page 14.**



3. 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

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



6. ACTIONS, DUE DILIGENCE AND REMEDIATION PROCESSES



Building on our global report and actions, Kellogg Australia has undertaken a number of actions and interventions over the last 12 months to further protect and advance human rights in our business.

Both internally and externally, we continue to focus on the most salient human rights risks, and we drive initiatives to maintain the effective operation of our human rights protection measures, and to monitor our progress.

Grievance App

Some of the key actions that Kellogg Australia has taken in 2020 are:

- We conducted a thorough analysis of our supply chain to strengthen our understanding of the salient human rights risks relevant to our industry and our overall operations.
- Our Kellogg owned operations, are subject to ongoing third-party auditing as part of our own and our customers governance programs.
- Our procurement and category teams, who are responsible for our supplier and co-manufacturing relationships, have undergone training on our human rights strategy and risk management framework. They fully understand the performance requirements inherent in their roles to execute against our policies and procedures.
- We maintain confidential channels for employees, suppliers and contractors to ask questions and raise any concerns in relation to human rights and other matters. In 2020 Kellogg Company have made enhancements which improve upon our existing grievance reporting mechanisms increasing the applicability and availability of this mechanism. This has included the development of a grievance digital app that can be utilised by employees, suppliers, supply chain workers, and consumers to alert us to any potential Human Rights violations in our supply chain.
- We are now working with the Fair Labour Association to improve recruitment and worker conditions for seasonal migratory labour in Turkish sultana & hazelnut suppliers as part of their Harvesting the Future project. (See case study on page 14)

7. MEASURING THE EFFECTIVENESS OF OUR ACTIONS

As we have outlined in both our global Human Rights and our Australian Modern Slavery reports we are steadfast in our commitment to protecting and advancing the cause of human rights across our value chain. We see this as a critical part of maintaining a responsible, ethical and equitable business.

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

This includes initiatives such as:

- Conducting an annual review of our operational risk assessment against the human rights framework and policy
- Reviewing and strengthening our risk management practices, where needed
- Collaborating with global stakeholders to have all our high-risk facilities audited and ensuring our in-scope suppliers have up to date Sedex Self-Assessment Questionnaires on file to assist risk profiling and commodity/country risk exposure.
- Maintaining confidential channels for employees, suppliers, contractors and the general public to ask questions and report any concerns in relation to human rights and other matters.



- Implementing ongoing training and onboarding programs for our procurement and operations teams to ensure a robust knowledge and awareness of the salient risks relevant to our industries and business and the Kellogg human rights protection commitments and governance framework and requirements for compliance within their roles.
- Continually assess our performance against industry peers through benchmark reports such as the Know the Chain global human rights benchmark and the Corporate Human Rights Benchmark.
- Facilitate projects such as the Fair Labour Association partnership, in addition to our global responsible sourcing and farmer engagement programs.

FUTURE COMMITMENTS

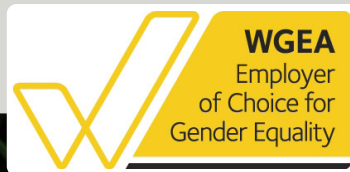
We have long been committed to protecting and advancing the cause of human rights across our value chain, which contributes to our [Better Days](#) global purpose platform.

We have made significant 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.

Kellogg Company remains active in several external collaborative groups. For example, this includes participation on the steering group for the AIM-Progress for Human Rights and the Consumer Goods Forum's Coalition on Human Rights.

We will continue to drive equity, diversity and inclusion across our business. We were awarded a WGEA citation for 2019 and 2020 in recognition of our commitment and leadership driving a diverse and inclusive business in Australia.

We remain committed to advancing and protecting human rights and will continue to execute against our human rights strategy in the three priority areas – own operations, supply chain and at ingredient origin. We will continually build our capability, embed the required work standards, diligently measure and transparently report on progress.



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

Sourcing Sultanas from Turkey

Kellogg currently use around 2,100 tonnes of sultanas annually to create a number of our cereals here 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.



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).

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. We have now encouraged two of our additional suppliers to come on board and engaged directly with project stakeholders through the monthly project partners meeting call. In 2021 we will continue to work with FLA to complete the mapping and risk assessment process and commence capability building with our suppliers.



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

Progress to Date

Harvesting the Future Project has been working on the ethical sourcing of sultanas since 2019, and in this time, it has achieved the following:



TRAINED
3,592
WORKERS ON THEIR RIGHTS



INVOLVED
178
WORKER GROUPS



ACCESSED
2 CITIES, **8** DISTRICTS
& **46** VILLAGES



REACHED
321
PRODUCERS



About the 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.



FAIR LABOR
ASSOCIATION®



“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
CEO, Kellogg Company

Kellogg's