

KELLOGG COMPANY

2022 SUSTAINABILITY BOND IMPACT REPORT



Table of Contents

Overview	2
Sustainability Bond Framework	3
Funds Allocation	5
Featured Projects	6
Management Assertion	8
Report of Independent Accountants	9
Forward-Looking Statements	10

Our Commitment

In May 2021, Kellogg [announced](#) a EUR 300 million 8-year Sustainability Bond with an interest coupon of 0.50% per annum, a first for the global food company. This milestone is aligned with Kellogg's heritage and commitment to social responsibility.

This bond transaction is in line with [Kellogg's Sustainability Bond Framework](#), which facilitates the company's use of sustainable capital markets to finance or refinance eligible projects that align with its commitments. Kellogg's Sustainability Bond Framework has been reviewed by Sustainalytics, a second-party opinion provider, and is aligned with the Sustainability Bond Guidelines 2018 and the Social Bond Principles 2020.

The proceeds allocated to Kellogg's eligible global sustainability projects support significant progress already made against the company's Better Days Promise ESG strategy to address the intersection of wellbeing, hunger, sustainability and equity, diversity and inclusion, to achieve Kellogg's goal of creating Better Days for 3 billion people and the planet by the end of 2030. An amount equal to the net proceeds is used to finance or refinance projects within one or more of these categories: food security and sustainable food systems, renewable energy, energy efficiency, circular economy, environmentally sustainable management of living natural resources and land use, green buildings, and sustainable water and wastewater management.

The report covers the allocation of the net proceeds from the sustainability bond and the projects they support.



"Our founder, W.K. Kellogg, believed that part of running a good business was doing good for society. He was an early conservationist, a leading philanthropist and an original wellbeing visionary. With this legacy, we've inherited his commitment, and by purposefully integrating our ESG strategy – our Kellogg's Better Days Promise – into all aspects of our business, we drive meaningful social impact and business results."








-- Steve Cahillane, Chairman and CEO

2022 Sustainability Bond Impact Report






BOND FRAMEWORK

Use of Proceeds

Pursuant to our Sustainability Bond Framework, an amount equivalent to the net proceeds from our Sustainability Bond can be applied towards new, existing or prior Eligible Projects, which may include investments made by Kellogg up to 2 years prior to any Sustainability Bond issuance, in the following categories:

GBP / SBP Category	Eligibility Criteria and Example Projects	U.N. SDGs
Kellogg Sustainability Pillar: Nourishing with Our Foods		
Food Security and Sustainable Food Systems	Expenditures related to research and development on plant-based protein foods, which have lower GHG emissions and water efficiencies.	
Kellogg Sustainability Pillar: Feeding People in Need		
Food Security and Sustainable Food Systems	<p>Expenditures related to support for farmers in building social or climate resiliency, through the Kellogg Origins™ Program, in partnership with research, academic and non-profit organisations.</p> <p>Expenditures that are designed to reduce food loss or waste at the agricultural, production, retail, or consumer level (e.g., consumer education campaigns, training, Origins Program investment and ethical ingredient certifications like FairTrade International and Fair Trade USA).</p> <p>In-kind donations of food products at cost, provided that allocations to in-kind donations make up no more than 10% of the total allocations from any given Sustainability Bond issuance.</p>	 
Kellogg Sustainability Pillar: Nurturing Our Planet		
Renewable Energy	<p>Expenditures related to the construction, ownership, procurement, development, acquisition, maintenance, and operation of renewable energy including wind, solar, geothermal, and waste biomass with direct emissions of less than 100 g CO₂/kWh, and hydropower with power density of at least 5W/m², including:</p> <ul style="list-style-type: none"> On-site renewable energy Sourcing expenditures pursuant to long-term project-specific power purchase agreements (PPAs) or virtual power purchase agreements (VPPAs) that have an original contract term of at least 5 years Fees and expenses related to identifying, monitoring or reporting on associated projects 	 
Energy Efficiency	Expenditures related to projects that reduce energy consumption at office, manufacturing, warehousing or other facilities that improve energy efficiency, at that location, by at least 15%.	
Circular Economy	<p>Expenditures related to projects that support the circular economy, increase recycling or reduce organic or food waste. Examples include but are not limited to:</p> <ul style="list-style-type: none"> Procurement of Sustainable Timber Packaging materials, defined as recycled-content or third-party verified sustainably sourced materials (e.g., Forest Stewardship Council (FSC), Sustainable 	

Use of Proceeds

	<p>Forestry Initiative (SFI), Programme for the Endorsement of Forest Certification (PEFC), 100% Recycled Paperboard Alliance (RPA 100))</p> <ul style="list-style-type: none"> • Procurement of non-timber packaging materials that are recycled content, biodegradable or certified sustainable materials for use in product packaging • Investments in research and development for circular economy packaging design, including plastic reduction or increasing the recyclability of our products • Fees and expenses related with identifying, designing, monitoring and reporting on associated projects 	
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p>Expenditures related to activities that contribute to the sustainable management of living natural resources and land use as well as the natural ecosystem protection or restoration including:</p> <ul style="list-style-type: none"> • Procurement of raw materials certified by environmental or ethical certification organizations (e.g., Roundtable on Responsible Soy, Bonsucro, Cocoa Horizons, QAI Certified Transitional, USDA Organic, EU Organic, Canada Organic, SAI's Farm Sustainability Assessment (FSA) – Silver and Above, etc.) • Investments to protect or restore natural resources, such as sustainable agriculture, forestation, or water quality. 	
Green Buildings	<p>Expenditures related to new construction, upgrades, or build out of properties that have received or are expected to receive any of the following:</p> <ul style="list-style-type: none"> • LEED: Gold or Platinum • BREEAM: Excellent or Outstanding • Energy Star: 85 or above • Other equivalent internationally and/or nationally recognized certifications <p>Lease payments made by Kellogg or any of its subsidiaries where they are the sole tenant and buildings meet the aforementioned certifications</p>	 
Sustainable Water and Wastewater Management	<p>Expenditures related to activities that improve water quality, distribution efficiency and conservation such as:</p> <ul style="list-style-type: none"> • Investments in facilities and operations that improve water-use efficiency, including water recycling, water reuse projects, improvements in clean-in-place systems, or other operational processes • Investments to replenish watersheds in high water-risk areas, including tree plantings, rainwater harvesting, aquifer recharge, wetlands rehabilitation, or alternative crop rotations 	

2022 Sustainability Bond Impact Report

FUNDS ALLOCATION

Allocation Reporting

The Kellogg Treasury department tracks the allocation of proceeds and reports on the percentage of Bond proceeds allocated. It also specifies the percentage of proceeds allocated to the Use of Proceeds categories and the percentage of refinance of existing projects versus the funding of new projects.

Table 1: Allocation of Bond proceeds to Eligible Projects

Outstanding Bond issuance volume (net)	Percentage of allocated proceeds	Percentage of unallocated proceeds
EUR297.5m	100%	0%

Table 2: Allocation of Bond proceeds to different Use of Proceeds categories

Nourishing With Our Foods	
Food Security and Sustainable Food Systems	3%
Feeding People In Need	
Food Security and Sustainable Food Systems	9%
Nurturing Our Planet	
Circular Economy	71%
Environmentally Sustainable Management of Living Natural Resources and Land Use	17%

Circular Economy - Sustainable Packaging

The way our foods are packaged ensures their safety, freshness and great taste. We also consider the impact of our packaging on the environment. Our founder, W.K Kellogg, understood the importance of sustainable packaging and these dual considerations when introducing the very first boxes of Kellogg's Corn Flakes made from recycled content.

Today, Kellogg continues to responsibly source timber-based packaging. We are also signatories to the Ellen McArthur New Plastics Economy Global Commitment and are proud to say we have one of the smallest plastic packaging footprints among peer food companies.

- In 2015, we sought to ensure all timber-based packaging was and will continue to be made from 100% recycled paper OR certified sustainable sourcing.
- In 2018, we expanded our commitment to work toward 100% reusable, recyclable or compostable packaging by the end of 2025.
- In 2019, we targeted including 10% recycled content across our total global plastics footprint (by weight) by the end of 2025.
- In 2022, we added a goal of 5% reduction in virgin plastic usage in our plastic packaging by the end of 2025.

To achieve our 2025 packaging goals, our framework involves three approaches:

- Reduce packaging across our portfolio by decreasing total packaging weight wherever possible.
- Exclude the use of certain plastic items and packaging materials from our operations.
- Redesign packaging to be recyclable or compostable.

In 2021:

- 76% of our total packaging globally is recyclable, reusable or compostable through readily accessible curbside service at scale, including 14% of our plastic packaging.
- 83% of our total packaging globally is recyclable through curbside, in-store or mail-in recycling options, including 72% of our plastic packaging.
- 44% of our total packaging is made from recycled content.

Food Security and Sustainable Food Systems – Sustainable Proteins

By 2050, the global population is expected to increase to more than 9 billion¹. The food supply will need to more than double in a sustainable manner to feed people without further depleting the planet². An animal-first food system simply can't meet this challenge. At Kellogg, we know that we must encourage consumption of more plant-based foods. We understand the significant role we must play as a food developer and advocate for plant-based diets to make adoption of this way of eating easier, tastier and more healthful.

[1] <https://www.un.org/en/chronicle/article/feeding-world-sustainably>

[2] <https://www.wri.org/insights/how-sustainably-feed-10-billion-people-2050-21-charts>



Food Security and Sustainable Food Systems - Partnering with Food Banks

Kellogg works closely with food banks on six continents in more than 26 countries to help feed people in need, including Food Banks Canada, which has more than 500 member food banks; the Mexican Foodbank Network of 50 food banks; European Food Banks Federation; and Feeding America, with 200 member food banks.

As a founding partner of The Global FoodBanking Network, we have long understood the benefit of a strong food banking infrastructure to help address hunger around the world. We've helped establish several new food banks and launched a collaboration with the Food Bank Regional Network for Africa and the Middle East to help address food waste and support a school feeding program in Cairo, Egypt.

Environmentally Sustainable Management of Living Natural Resources and Land Use - Procurement of raw materials certified by environmental or ethical certification organizations

As part of our Kellogg's™ Better Days Promise ESG strategy to create Better Days for 3 billion people by the end of 2030, we are committed to supporting 1 million farmers and agronomists and to building resilient and responsible supply chains for our priority ingredients. In accordance with our [Better Days methodology](#), we select our priority ingredient for responsible sourcing with regular environmental, social, & governance (ESG) materiality assessments.

Our strategies include a combination of direct investment at origin, third-party certification and continuous improvement at a farm level. Examples of certifications include the Roundtable for Sustainable Palm Oil, USDA Organic and Certified Transitional program.

Management Assertion Regarding Kellogg's Use of Proceeds

Management of Kellogg Company (Kellogg) is responsible for the completeness, accuracy, and validity of Kellogg's management assertion. Management asserts that the net proceeds of €297,537,000 from the May 20, 2021 issuance of the €300,000,000 0.500% Senior Notes due May 20, 2029 was allocated to finance, in whole or in part, existing Eligible Projects during the period from May 20, 2019 (two years prior to the issuance of the Senior Notes) through December 31, 2021 in accordance with the Eligible Project assessment criteria set forth below.

Kellogg Eligible Projects and Allocation of Proceeds as of December 31, 2021 (in millions)	Kellogg Eligible Project Assessment Criteria ¹
Circular Economy (Nurturing Our Planet) €209.8	Expenditures related to projects that support the circular economy, increase recycling or reduce organic or food waste. For the purposes of this assertion, expenditures ² related to: <ul style="list-style-type: none"> Purchases of sustainable packaging materials, defined as third-party verified sustainably-sourced materials (e.g., Forest Stewardship Council, Sustainable Forestry Initiative).
Food Security and Sustainable Food Systems (Feeding People in Need) €27.6	Expenditures that are designed to reduce food loss or waste at the agricultural, production, retail, or consumer level. For the purposes of this assertion, expenditures ² related to: <ul style="list-style-type: none"> In-kind donations of food products at cost, provided that allocations to in-kind donations make up no more than 10% of the total allocations from this issuance.
Environmentally Sustainable Management of Living Natural Resources and Land Use (Nurturing Our Planet) €50.2	Expenditures related to activities that contribute to the sustainable management of living natural resources and land use, as well as the natural ecosystem protection or restoration. For the purposes of this assertion, expenditures ² related to: <ul style="list-style-type: none"> Purchases of ingredients certified as organic by United States Department of Agriculture (USDA) verified certifiers.
Food Security and Sustainable Food Systems (Nourishing with Our Foods) €9.9	Expenditures related to research and development on plant-based protein foods, which have lower GHG emissions and water efficiencies. For the purposes of this assertion, expenditures ² related to: <ul style="list-style-type: none"> Research and development on plant-based protein foods which have 30-40% lower GHG emissions compared to animal proteins and water efficiencies.
€297.5	Total Allocation of Proceeds to Eligible Projects
¹ For descriptions of the Eligible Projects to which the proceeds may be used, refer to the Use of Proceeds section of the Prospectus Supplement filed by Kellogg with the Securities and Exchange Commission on May 12, 2021. ² Expenditures were paid in US dollar and translated to Euro using the daily average foreign exchange rate on the date of the transaction.	

Report of Independent Accountants



Report of Independent Accountants

To the Board of Directors of Kellogg Company

We have examined the accompanying management assertion of Kellogg Company (Kellogg) that the net proceeds of €297,537,000 from the May 20, 2021 issuance of the €300,000,000 0.500% Senior Notes due May 20, 2029 was allocated to finance, in whole or in part, existing Eligible Projects during the period from May 20, 2019 (two years prior to the issuance of the Senior Notes) through December 31, 2021 as defined in management's assertion. Kellogg's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Only the information included in the management assertion of Kellogg on page 8 is part of our examination engagement. The other information in this Kellogg Company 2022 Sustainability Bond Impact Report has not been subjected to the procedures applied in our examination engagement, and accordingly, we make no comment as to its completeness and accuracy and do not express an opinion or provide any assurance on such information.

In our opinion, management's assertion that the net proceeds of €297,537,000 from the May 20, 2021 issuance of the €300,000,000 0.500% Senior Notes due May 20, 2029 was allocated to finance, in whole or in part, Eligible Projects during the period from May 20, 2019 through December 31, 2021 is fairly stated, in all material respects.

A handwritten signature in black ink, reading "PricewaterhouseCoopers LLP".

Detroit, Michigan
October 17, 2022

PricewaterhouseCoopers LLP, 500 Woodward Avenue, Detroit, Michigan 48226

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Forward-Looking Statements

This Report contains "forward-looking statements" about our Better Days Promise and our sustainability goals. This statement is made on the basis of the Company's views and assumptions as of this time and the Company undertakes no obligation to update this statement unless required by law. These statements are not a guarantee of future performance; and actual events or results may differ materially from these statements. Investors should consult the Company's filings with the Securities and Exchange Commission (including the information set forth under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2022, and in the Company's Quarterly Report on Form 10-Q for the quarterly period ended July 2, 2022) for information about certain factors that could cause such differences. Copies of these filings may be obtained upon request from the Company's Investor Relations department or on the Company's web site at <http://www.kelloggcompany.com>.