

Responsible Sourcing Policy

1.0 Executive Summary

1.1 PURPOSE

This document is intended to be a living document that will be reviewed and updated as WK Kellogg Co builds and strengthens our responsible sourcing programs and commitments. This document outlines our approach, standards, and programs we currently have in place.

1.2 SCOPE

All WK suppliers are in scope, and responsible sourcing expectations are provided to all contracted suppliers. Some suppliers may be subject to additional programs as each may have a subset scope based on spend, volume, geographic location, and/or materials or services provided.

2.0 Policy

2.1 OVERVIEW

Governance & Responsible Parties

The procurement function at WK Kellogg Co develops and oversees our responsible sourcing policies and programs. The Chief Procurement Officer is ultimately responsible for the development and maintenance of the responsible sourcing policy. At the executive level, cross-functional teams comprised of Procurement, Wellbeing and Sustainability, Supply Chain, and Ethics and Compliance ensure our responsible sourcing commitments are aligned to corporate strategy.

Scope

All WK suppliers are in scope, and responsible sourcing expectations are provided to all contracted suppliers. Some suppliers may be subject to additional programs as each may have a subset scope based on spend, volume, geographic location, and/or materials or services provided.

Approach

WK Kellogg Co aims to source safe and quality food responsibly, by embedding sustainability into how we procure. We commit to collaborating with our suppliers as well as external partners, nonprofit organizations, industry groups, and other stakeholders to work towards a more sustainable supply chain for all.

Supplier Standards and Expectations

WK Kellogg Co's [Supplier Code of Conduct](#) ("Code") outlines our standards and business practices required of our suppliers. All direct and indirect suppliers (including manufacturers, contractors, joint venture partners, agents, distributors, and consultants) must agree to the Code in order to conduct business with WK. The Code addresses our expectations on business integrity, sustainability, ethical labor practices, and health and safety. In addition, suppliers are expected to comply with our [Human Rights Policy](#), and participate in applicable standards and programs detailed in this document.

Internal Procurement Systems and Processes

We consider the sustainability risks and opportunities throughout these procurement processes:

- Category strategy development and joint business planning
- Sourcing activities, such as supplier assessment and selection
- Supplier engagement and performance management

2.2 RESPONSIBLE SOURCING POLICIES AND PROGRAMS

I. Priority Ingredients and Raw Materials

Background

As a cereal company, WK Kellogg Co understands the importance of sustainable food production, as we all depend on limited agricultural lands and natural resources for growing food and fiber. We need to meet the demands for nutrition while ensuring we safeguard natural resources and our ecosystems. As a part of our Feeding Happiness platform, our *Make Eating Well Easy* pillar includes a commitment to protecting long term supply of our core ingredients through responsible sourcing and regenerative agricultural programs.

Approach

Each sourced ingredient is assessed across 16 environmental and social impacts as well as volume in order to identify our most material commodities. Examples of impacts include but are not limited to: climate, biodiversity/deforestation, soil health, labor risks and farmer livelihood. Our priority food ingredients are: corn, wheat, rice, sugar cane, sugar beet, cocoa, palm oil, raisins/sultanas, and freeze-dried strawberries. These ingredients make up over 90% of our purchased ingredients by weight. We will conduct a materiality assessment on a regular basis to ensure we are prioritizing where we can make the biggest impact.

WK Kellogg Co is working with a third-party independent research and data platform provider to define responsible sourcing by ingredient, assess our supply chain down to grower level, and set targets going forward. We aim to incorporate primary data - our suppliers and our growers' on-farm practices - to measure outcomes such as greenhouse gas emissions, soil health, and more, to better understand our impacts and determine strategies by commodity. Our approach will be

continuously reviewed and updated to ensure we are taking the best possible approach for the science available. Once our baseline and roadmap are established, we will publish our goals.

In addition to food ingredients, we are committed to sourcing our fiber packaging materials responsibly. For more details, see *Section II. No deforestation*. We are committed to supporting the transition to a circular economy, and ensuring our packaging materials are sourced sustainably. Our Procurement and R&D teams collaborate to ensure material sourcing is considered early in packaging design.

II. No Deforestation

Background

Forests are vital to human and planetary health as they provide food, fuel, fiber and medicine to support human health, in addition to environmental benefits such as regulating water cycles and filtering air pollution. Forests act as carbon sinks by absorbing carbon from the atmosphere, allowing for climate regulation. Yet, forests are under threat from agricultural activities, illegal and unsustainable logging, conversion to non-forest land use, and degradation from poor land management.

WK aligns with the Accountability Framework initiative's definition of deforestation, and defines it as the loss of natural forest as a result of conversion to agriculture or other non-forest land use, conversion to a plantation, or severe or sustained degradation.¹ Deforestation has been identified as the second leading cause of climate change, behind fossil fuel consumption, accounting for roughly 10% of global greenhouse gas emissions.² Deforestation is linked to both environmental and social impacts, as it is associated with the loss of biodiversity, desertification, soil erosion, flooding and livelihood disruption for forest-dependent communities. Globally, 750 million people inhabit forests while 1.6 billion depend on forests for their livelihoods.³

WK Kellogg Co aims to eliminate commodity-driven deforestation in our supply chain.

Approach

WK is committed to sourcing deforestation-free ingredients and have identified our high-risk, forest-based commodities: paper and fiber, and palm oil. As a buyer, we have a responsibility to ensure sustainable production of these commodities.

Our Code addresses supplier expectations around environment, deforestation, and land use rights. Suppliers must also adhere to the principle of Free, Prior and Informed Consent of Indigenous Peoples.⁴ Commodities must not come from high conservation areas (HCV) and High Carbon Stock areas, as defined in the High Carbon Stock Approach, using appropriate cutoff dates from commodity-specific certification programs WK recognizes, but no later than 2020.

¹ <https://accountability-framework.org/issues/deforestation-and-conversion/>

² <https://www.rainforest-alliance.org/articles/relationship-between-deforestation-climate-change>

³ https://files.worldwildlife.org/wwfcmprod/files/Publication/file/3peoo4s5i3_VoF.8.14.22.pdf?_ga=2.39228963.1052191214.1703024049-97927705.1701361462

⁴ <https://www.ohchr.org/sites/default/files/Documents/Issues/IPeoples/FreePriorandInformedConsent.pdf>

Additionally, the following outlines the ways we will approach each of our high-risk commodities.

Palm:

Oil palm trees are grown in tropical regions and is commonly found in both food and non-food packaged goods. Due to the efficiency and versatility of palm oil, global demand continues to rapidly increase. While palm oil has inherently good qualities, the irresponsible expansion due to demand has led to environmental degradation and unfair treatment of local peoples and communities.⁵

While the rise in clearing of forests for oil palm plantations started to recently decline (attributed to many companies adopting no-deforestation policies)⁶ deforestation risk has moved to smaller supply chains with no commitments in this space, such as producers and small companies illegally cultivating palm oil.

While our palm oil use represents an insignificant amount globally, we commit to sourcing responsibly by purchasing 100% mass balance Roundtable on Sustainable Palm Oil (RSPO) certified palm oil. Refer to *Section I. Priority Ingredients and Raw Materials* for more information on how we will assess and address. WK Kellogg Co will continue to assess and evolve our palm oil commitment.

Paper/Fiber:

Paper and paperboard production globally reached 460 million tons in 2021, a steady increase annually since 2000.⁷ The pulp and paper sector accounts for 13-15% of the total wood consumption, according to WWF. Increasing demand for packaging will put pressure on natural forests or lead to unsustainable management of tree plantations.⁸

WK Kellogg Co commits to 100% timber-based packaging to be from recycled, certified sustainable practices or forests, or low deforestation risk sources. This includes cartons, marketing displays, and corrugate.

WK Kellogg Co's most significant fiber purchases come from cartons and corrugate for packaging. Currently, our cartons utilize 100% coated recycled paperboard (CRB) from North American origins. Our corrugate averages about 54% recycled material. We work closely with our suppliers to monitor supply and when recycled product is not available, we use virgin material certified sustainable. We accept third-party certifications schemes that support sustainable forestry management, such as Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), or Programme for the Endorsement of Forest Certification (PEFC). Lastly, we avoid sourcing virgin fiber from high-risk regions as defined by the Consumer Goods Forum's Forest Positive Coalition

⁵ [Palm Oil | WWF \(panda.org\)](https://panda.org/)

⁶ [The Chain: Deforestation Driven by Oil Palm Falls to a Four-Year Low - Chain Reaction Research](https://www.chain-reaction-research.com/research/deforestation-driven-by-oil-palm-falls-to-a-four-year-low)

⁷ https://www.fao.org/3/cc8166en/online/cc8166en.html#chapter-2_4

⁸ <https://www.panda.org/discover/our-focus/forests-practice/forestry/pulp-and-paper/#:~:text=Increasing%20demand%20for%20pulp%2C%20paper,higher%20pressure%20on%20natural%20forests>

on Pulp, Paper and Fibre-based Packaging. WK Kellogg Co will continue to assess and evolve our sustainable fiber and packaging commitments.

Human Rights and Labor Due Diligence in our Supply Chain

Background

WK Kellogg Co works with more than 1,500 suppliers and partners so it is imperative we foster an ethical supply chain. Seven salient risks were identified for our operations, supply chain, and ingredient origin all of which are systemic challenges pertinent to food manufacturing due to the inherent risks of the commodities, geographies, and our operations across our supply chain. These salient risks align to the guidance of the UN Guiding Principles (UNGPs) as those that pose the greatest risk to people and that can have the most severe impact as a result of a company's activities or business relationships. For more details on our salient risks and how we are addressing them, refer to our [Human rights policy](#).

Approach

Within our supply chain, we will focus our supplier due diligence program on Tier 1 suppliers. We utilize Sedex, a third-party ethical trade service provider, to identify, assess, and manage risks within our supply chain.

At our Ingredients origin level, we will be assessing our risk and impacts through a third-party platform (mentioned in *Section I. Priority Ingredients and Raw Materials*) and ensure this is built into our high-risk commodity strategies going forward.

For more details on our human rights due diligence program, refer to our [Human rights policy](#).

Grievance reporting through our [Ethics Helpline](#) can be done without fear of retaliation from any supplier or partner in our supply chain. All external parties can use this helpline to report suspected violations of our policies. For details, refer to our [Ethics policy](#).

Animal-Based Ingredient Sourcing

As a cereal company, the vast majority of WK ingredients are plant-based. The small amount of animal-based ingredients used are mainly as binders or added nutrients (i.e., vitamin D). WK neither owns nor manages farms.

Supplier Engagement

Background

WK Kellogg Co is committed to seeking out suppliers to participate in our procurement processes that reflect the communities and consumers we serve, while also ensuring our customers, employees and supplier partners benefit from our partnerships.

Approach

WK is growing and developing sustainable relationships with businesses that reflect the varied experiences, backgrounds and perspectives of the communities and consumers we serve. We support small and local businesses through memberships with local business development councils.