

**KnowTheChain Food & Beverage Benchmark Methodology
Version 2 (December 2017)**

SCORED DISCLOSURE

THEME 1 COMMITMENT AND GOVERNANCE

1.1 Commitment

The company:

(1) has publicly demonstrated its commitment to addressing human trafficking and forced labor.

1.2 Supply Chain Standards

The company's supply chain standard:

(1) requires suppliers to uphold workers' fundamental rights and freedoms (those articulated in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor;

(2) has been approved by a senior executive;

(3) is easily accessible from the company's website;

(4) is updated regularly, following internal review and input from external stakeholders; and

- The Kellogg Global Supplier Code of Conduct was first released in 2009. It was updated in 2014 and again, most recently, in 2018. The Code is reviewed every 3 years and updates are issued in accordance with company policy changes and industry direction as needed to ensure alignment with both internal and external stakeholders. The Code of Conduct is considered a “living document” and all changes are thoroughly reviewed by internal stakeholders, including corporate and regional department representatives from legal, procurement, quality, communications, and sales, and benchmarked against industry best practices and international standards and guidance.

(5) is communicated to the company's suppliers.

1.3 Management and Accountability

The company:

(1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies and standards that addresses human trafficking and forced labor; and

(2) has tasked a board member or board committee with oversight of its supply chain policies and standards that address human trafficking and forced labor.

1.4 Training

The company undertakes programs which include:

- (1) the training of all relevant decision-makers within the company on risks, policies, and standards related to human trafficking and forced labor; and
- (2) the training and capacity-building of suppliers on risks, policies, and standards related to human trafficking and forced labor, covering key supply chain contexts.

1.5 Stakeholder Engagement

In the last three years, the company has engaged relevant stakeholders by:

- (1) providing at least two examples of engagements on forced labor and human trafficking with policy makers, worker rights organisations, local NGOs, or other relevant stakeholders in countries in which its suppliers operate, covering different supply chain contexts; and
- (2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

THEME 2 TRACEABILITY AND RISK ASSESSMENT

2.1 Traceability

The company discloses:

- (1) the names and addresses of its first-tier suppliers;
- (2) the countries of below first-tier suppliers (this does not include raw material suppliers);
 - To fully support ongoing collective efforts to increase transparency and accountability within the palm oil industry, Kellogg released its first full mill list. This list includes Tier 2 and beyond companies, upstream raw material mill suppliers, country, and additional regional information. We continue to work with our Tier 1 suppliers to provide increasing transparency to all potential sources of palm oil and to disclose the names and locations of intermediary points along its journey through the supply chain. ([Kellogg Global Palm Supplier's Mills List](#))
 - In 2017, Kellogg again partnered with Proforest to begin mapping our global sugar cane supply chain. This includes identifying beyond tier 1 locations such as farms, mills, and ports of export. From this information, we are developing targeted engagement plans based on levels of risk present within supplier operations. (Slide 6 [Progress Against Forced Labor 2017](#))
 - Began mapping beyond tier 1 risk for global sugar cane suppliers including locations of sourcing, mills and refineries, and ports of export. (Slide 5 [Progress Against Forced Labor 2017](#))
 - For additional information regarding sourcing countries and our Top Ten Priority ingredients, please see our [Responsible Sourcing Milestones 2017](#). This includes known sourcing locations for Sugar Cane and Vanilla. Palm oil sourcing locations can be found in the aforementioned Mill List.
- (3) the sourcing countries of raw materials at high risk of forced labor and human trafficking; and

- See Slide 5 of [Progress Against Forced Labor 2017](#) for a list of Kellogg sourced commodity/country locations at high risk for forced labor. This list was derived from the U.S Department of Labor's ILAB tool. We looked at the commodity/country combinations flagged as high risk for forced labor and/or human trafficking. ([Progress Against Forced Labor 2017](#))

(4) some information on its suppliers' workforce.

2.2 Risk Assessment

The company discloses:

- (1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and
- (2) details on forced labor risks identified in different tiers of its supply chain.
 - Forced labour is one of those issues and we recognize it to be pervasive and profound in its ability to affect the lives of workers, families, and communities. We are committed to identifying and mitigating these risks through supplier screening, assessments, third-party audits, supplier engagement, direct worker feedback, and collaborative partnerships, taking appropriate action in accordance with our policies, Code of Conduct, and international and national human rights standards. (Slide 61 [Progress Against Forced Labor 2017](#))
 - Kellogg recognizes that sugar cane has unique risks, including environmental challenges, human rights risks, and risks to smallholder farmers and workers. This requires different strategies for each region in which we source sugar cane. (Slide 6 [Progress Against Forced Labor 2017](#))
 - In 2015, Kellogg conducted a risk assessment of its Turkish organic apple supply chain after identifying the operational region in Turkey as potentially high risk. Verisk Maplecroft assessed the level of exposure within the supply chain. Upon review, we determined more investigation was needed regarding issues of migrant worker rights, forced labour, debt bondage, child labour, wages, and working hours. (Slide 6 [Progress Against Forced Labor 2017](#))

THEME 3: PURCHASING PRACTICES

3.1 Purchasing Practices

Purchasing practices and pricing may both positively impact labor standards in the company's supply chain, and increase risks of forced labor and human trafficking. The company:

- (1) is taking steps towards responsible raw materials sourcing;
- (2) is adopting responsible purchasing practices in the first tier of its supply chain; and
- (3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts).

3.2 Supplier Selection

The company:

(1) assesses risks of forced labor at potential suppliers prior to entering into any contracts with them.

3.3 Integration into Supplier Contracts

The company:

(1) integrates supply chain standards addressing forced labor and human trafficking into supplier contracts.

3.4 Cascading Standards through the Supply Chain

The company:

(1) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain standards addressing forced labor and human trafficking.

THEME 4: RECRUITMENT

4.1 Recruitment Approach

(1) has a policy that requires direct employment in its supply chain;

(2) requires employment and recruitment agencies in its supply chain to uphold workers' fundamental rights and freedoms (those articulated in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work), including the elimination of forced labor; and

- This is the language from the updated [Global Supplier Code of Conduct](#) that specifies the requirements of the Code extend to all supply chain actors, including those beyond Tier 1 such as employment and recruitment agencies used by our suppliers. While this is assumed to extend to all tenets of the Code, Labor Agents/Agencies or any third party associated with recruitment are specifically mentioned in many of the clauses to highlight their inclusion. Even if they are not called out directly, each clause, as noted below, applies to all supply chain operations and actors. Please see our Global Supplier Code of Conduct 2018 for further details.
 - *“This Global Supplier Code of Conduct outlines the standards and business practices to which we require all of our direct and extended Suppliers to adhere. The scope of this requirement includes all tiers of suppliers, manufacturers, contractors, joint venture partners, agents, distributors, and consultants (each a “Supplier” and collectively “Suppliers”). It also extends to parent, subsidiary, agents, subcontractors, and affiliate entities and applies to all employees, including permanent, temporary, contract, foreign, or migrant workers (each an “Employee” and collectively “Employees”).”*

- *“Suppliers must respect their Employees by ensuring them, within the context of the Supplier’s business operations, a right to life, personal liberty, and personal security. Suppliers must comply with all applicable laws and regulations, including treaties and international standards such as the UN Global Compact’s Ten Principles, UN Guiding Principles, Universal Declaration of Human Rights, International Bill of Human Rights, OECD Guidelines for Multinational Enterprises, and the ILO’s Core Labour Standards as codified in the 8 core conventions”*

(3) discloses information on the recruitment agencies used by its suppliers.

4.2 Recruitment Fees

The company:

(1) requires that no worker in its supply chain pay for a job—the costs of recruitment should be borne not by the worker but by the employer ("Employer Pays Principle"); and

- *Per our [Global Supplier Code of Conduct](#), “Suppliers must follow the “Employer Pays Principle” and adhere to the tenet of the Priority Industry Principles that “No worker should pay for a job”. Employees shall not pay any fees or costs to the Supplier, Labour Agent/Agency, or any other third party associated with recruitment. Examples of fees and costs include, but are not limited to, legal fees, travel, lodging, passport and visa processing, medical exams, in-country support services, personal protective equipment, and training.”*

(2) takes steps to ensure that such fees are reimbursed to the workers, in the event that it discovers that fees have been paid by workers in its supply chain.

4.3 Monitoring and Ethical Recruitment

The company:

(1) takes steps to ensure employment and/or recruitment agencies used in its supply chain are monitored to assess and address risks of forced labor and human trafficking; and

- *We currently use a risk-based approach to auditing our Tier 1 suppliers. This year we have expanded this approach to encompass Indirect suppliers, including some Recruitment agencies.*
- *As part of our updated Code of Conduct we have specified that Labor Agencies/Agents or other third-party hiring entities that are utilized by our Suppliers are to conform with our requirements, specifically those associated with Forced Labor. Please refer to answer in Indicator 4.1 (2) for additional information.*

(2) provides details of how it supports ethical recruitment in its supply chain.

- *To better communicate our position on ethical recruitment, Kellogg has supported the dissemination and implementation of the CGF Priority Industry Principles. ([Progress Against Forced Labor 2017](#), slide 7)*
- *Our updated [Global Supplier Code of Conduct](#) also includes and calls out elements of the PIPs, requires adherence to the “Employer Pays Principle”, and specifically prohibits Kellogg Suppliers and/or Labor Agencies/Agents from charging recruitment*

fees. We also specify our requirements for Suppliers to provide clear contract and employment terms to Employees prior to the commencement of any employment activity.

- *“Suppliers, Labor Agents/Agencies, or other affiliates, shall not use any means of coercion such as intimidation, threats, or harassment, directly or indirectly, to pressure Employees into accepting or staying in a job. All Employees are to freely choose their employment and must be aware of all terms and conditions associated with their employment status, job functions, compensation, and process for termination of employment by either the Supplier or Employee. The Supplier, Agent/Agency, or other affiliate, shall provide this information to the Employee in their primary language and all contractual elements are to be agreed upon before the commencement of employment activities. Records of all Employee contracts and agreements should be kept and be available for review or verification purposes by Kellogg or an appointed third party. The Supplier shall act in accordance with the Priority Industry Principles’ tenet that “No worker should be indebted or coerced to work”*

4.4 Migrant Worker Rights

The company:

(1) takes steps to ensure migrant workers understand the terms and conditions of their recruitment and employment, and also understand their rights;

- Per the updated [Global Supplier Code of Conduct](#): *“Special attention to ensuring these rights are upheld should be given to those who are at heightened risk for vulnerability or marginalization such as women, young people, indigenous peoples, minorities, people with disabilities, and migrant or foreign workers.”*
- Please also refer to the section “Coercion” within the updated Code of Conduct for additional detail (also above)

(2) takes steps to ensure its suppliers refrain from restricting workers’ movement, including through the retention of passports or other personal documents against workers' will;

- Per the updated [Global Supplier Code of Conduct](#): *“Suppliers must not restrict Employees’ freedom of movement through confining, imprisoning, or detainment during or outside of work hours at any location, including worksites or Employee residences in accordance with the Priority Industry Principles’ tenet that “Every worker should have freedom of movement”. Suppliers shall not withhold, or keep in their possession, any Employee documents or items, including passports, identity papers, jewelry, ATM cards, or land deeds. All efforts should be made to provide Employees with safe and secure locations to keep such items, which they may access at any time without notification to, or intrusion from, any other individuals.”*

(3) takes steps to ensure migrant workers are not discriminated against, and not retaliated against, when they raise grievances; and

- Per the updated [Global Supplier Code of Conduct](#): *“Suppliers shall not engage in any form of retaliation including threats, intimidation, physical, or legal attacks against human or environmental rights defenders, or those exercising their rights to freedom of expression, association, peaceful assembly, or protest against the business or its operations.”*

(4) provides evidence of how it works with suppliers to ensure migrant workers' rights are respected.

THEME 5: WORKER VOICE

5.1 Communication of Policies

The company takes steps to ensure:

- (1) its policies and standards, which include human trafficking and forced labor, are available in the languages of its suppliers' workers; and
- (2) its human trafficking and forced labor policies and standards are communicated to workers in its supply chain.

- Per the updated [Global Supplier Code of Conduct](#): *“It is the Supplier’s responsibility to ensure compliance with both the intent and letter of this Code among all Employees and throughout its supply chain, including all sub-tier suppliers/individuals, through dissemination, education, and verification.”*

5.2 Worker Voice

The company:

- (1) works with relevant stakeholders to engage with and educate workers in its supply chain on their labor rights;
 - In Latin America, Kellogg was part of a stakeholder group with Solidaridad and Bonsucro to improve labor conditions in the sugar cane supply chain. Kellogg’s partnership with Solidaridad helped to fund the development of training materials which will reach approximately 25,000 workers for the 2017/2018 growing season in Latin America. These materials focus on helping train sugar cane workers on occupational health and safety, productivity of cane cutters, and addressing concerns of child labor. (Slide 6 [Progress Against Forced Labor 2017](#))
 - Kellogg co-sponsored supplier capability building training focused on human rights and forced labour in Mexican supply chains. Participants ranged from cane grower representatives, sugar company management, traders and refiners, NGOs , brands, and representatives from 4 Mexican Government Secretariats. (Slide 6 [Progress Against Forced Labor 2017](#))
 - Wilmar-BSR Supplier Workshop held in Medan Indonesia, with 60 participants representing 30 supplier companies, as well as Head of Labour Department for North Sumatra Province, with resulting report reviewed by Kellogg. (Slide 6 [Global Palm Milestones](#))

- Wilmar-BSR Supplier Workshop held in Pekanbaru Indonesia, with 53 participants representing 33 supplier companies, as well as Head of Labour (Slide 6 [Global Palm Milestones](#))

(2) takes steps to ensure that there are worker-to-worker education initiatives on labor rights in its supply chain;

(3) provides evidence of the positive impact of worker engagement in its supply chain; and

- In the fall of 2017, a second round of on site assessments and interviews were conducted. Control Union found that 94% of the farms visited were now in full compliance with farm chemical storage and disposal protocols vs 35% from 2016. This improvement can be attributed to updated and targeted training conducted by the supplier for contracted farmers and to the supplier's new system of coordinating direct container collections from farms. (Slide 6 [Progress Against Forced Labor 2017](#))
- Please also refer to the [Responsible Sourcing Milestones 2017](#) for further examples of programs creating positive impacts for workers in the supply chain

(4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.

- In 2017 Kellogg partnered with ASDA, Cargill and CARE to address barriers faced by women in cocoa farming communities and provide better access to training. Women farmers represent nearly half of Africa's agricultural workers, and are critically important to developing the full potential of African agriculture and food security. (See full story, Slide 16 [Responsible Sourcing Milestones 2017](#))
- Kellogg co-sponsored supplier capability building training focused on human rights and forced labour in Mexican supply chains. Participants ranged from cane grower representatives, sugar company management, traders and refiners, NGOs, brands, and representatives from 4 Mexican Government Secretariats. (Slide 6 [Progress Against Forced Labor 2017](#))

5.3 Freedom of Association

The company:

(1) describes how it works with suppliers to improve their practices in relation to freedom of association and collective bargaining;

(2) works with local or global trade unions to support freedom of association in its supply chain;

(3) takes steps to ensure workplace environments in which workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and

- Per the updated [Global Supplier Code of Conduct](#): *"Suppliers must respect the rights of their Employees to freely associate, organize, and bargain collectively, where allowed by law. Employees, or their representatives, shall be allowed to openly communicate with*

management regarding working conditions or management practices without fear of discrimination, reprisal, retaliation, intimidation, or harassment.”

(4) provides at least two examples covering different supply chain contexts of how it improved freedom of association for supply chain workers.

5.4 Grievance Mechanism

The company:

(1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chain is available to its suppliers' workers and relevant stakeholders;

- Per the updated [Global Supplier Code of Conduct](#): *“Suppliers shall provide means for confidential complaint/concern reporting to all Employees, taking into consideration the best practice guidelines highlighted in the [UN Guiding Principles](#). Issues should be addressed in a timely and respectful manner and include documentation of corrective actions. In addition to this, we encourage Suppliers to communicate the availability of Kellogg Company’s ethics hotline as a way for Employees throughout our collective supply chain to report grievances.”*

(2) takes steps to ensure that the existence of the mechanism is communicated to its suppliers' workers;

- *“In addition to this, we expect Suppliers to communicate the availability of Kellogg Company’s ethics hotline as a way for Employees to report grievances”* (see also above 5.4 (1) language from the [Global Supplier Code of Conduct](#))
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(3) takes steps to ensure that workers or an independent third-party are involved in the design or performance of the mechanism, to ensure that its suppliers' workers trust the mechanism;

(4) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and

- Please see Slide 4 of [Progress Against Forced Labor 2017](#)

(5) provides evidence that the mechanism is available and used by workers below tier one in its supply chain, or by relevant stakeholders in key supply chain contexts.

THEME 6: MONITORING

6.1 Auditing Process

The company has a supplier audit process that includes:

(1) non-scheduled visits;

(2) a review of relevant documents;

(3) interviews with workers;

(4) visits to associated production facilities and related worker housing; and

- Visits to associated production facilities are part of the SMETA 2-Pillar audit process for Service Providers
- Specific requirements are also called out in the [Global Supplier Code of Conduct](#): *“When living conditions are provided for Employees, either by the Supplier, a Labour Agent/Agency, or other affiliate, the facilities must be clean, safe, and structurally maintained in accordance with all applicable laws and regulations. Facilities should promote basic human dignity through access to potable water, sanitary food preparation areas, reasonable personal space, adequate heat and ventilation, clean and well-maintained bathrooms, and showers. All facilities must have clear and unrestricted exits for the event of a potential emergency situation.”*
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(5) supplier audits below the first tier.

- In 2016, we collaborated with our broker, primary supplier, and audit firm Control Union to assess the presence of, and/or potential for, salient human rights risks within the suppliers’ overall operations. The assessment consisted of on-site visits, interviews with farmers and workers, and document review during the 2016 harvest season to directly reach workers and assess risk due to the influx of temporary labourers during harvest activities. (Slide 6 [Progress Against Forced Labor 2017](#))

6.2 Audit Disclosure

The company discloses:

(1) the percentage of suppliers audited annually;

- Please see pg 40 of [Kellogg Corporate Responsibility Report 2017/2018](#) for percentage of suppliers with a recognized audit for 2017.

(2) the percentage of unannounced audits;

(3) the number or percentage of workers interviewed during audits;

- Audits include on site worker interviews according to SMETA best practice guidance, including determining the percentage of workers interviewed depending on the overall number of employees present within the facility being reviewed (Slide 5 [Progress Against Forced Labor 2017](#))

(4) information on the qualification of the auditors used; and (5) a summary of findings, including details regarding any violations revealed.

- In the absence of a qualifying body for social and ethical audits for auditors, we ask that our suppliers choose from firms that are members of the Sedex SSF. Should they wish to choose an auditing company that is not a member, we ask that they provide us the name of the company for review prior to signing any contracts.

THEME 7: REMEDY

7.1 Corrective Action Plans

The company's corrective action plans include:

(1) potential actions taken in case of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision;

- Please see “Investigative Process” on Slide 7 [Global Palm Milestones](#)

(2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, spot-checks, or other means;

- Please see “Investigative Process” on Slide 7 [Global Palm Milestones](#)

(3) potential consequences if corrective actions are not taken; and

- Per the [Global Supplier Code of Conduct](#): “*Kellogg reserves the right to verify compliance with this Code through internal or external assessment mechanisms such as, but not limited to, self-assessment questionnaires, independent assessments, surveys, and audits. We reserve the right to terminate any agreement or business relationship in which a Supplier does not comply with this Code.*”
- Per the [Global Supplier Code of Conduct](#): “*If Kellogg identifies violations with this Code, Kellogg will work with the supplier to remediate issues. If issues are not sufficiently resolved, Kellogg reserves the right to remove the Supplier from the supply chain.*”

(4) a summary or an example of its corrective action process in practice.

- Please see November – 2017 – March 2018 actions taken in regards to our supplier Wilmar on Slide 6 [Global Palm Milestones](#) for details on how Kellogg worked with the supplier, and other parties, to implement corrective action and improve social standards related to identified issues.
- Also refer to the issues identified in the Organic Apple supply chain in Turkey and actions taken to remediate issues in conjunction with the supplier (slide 6 [Progress Against Forced Labor Milestones 2017](#))

7.2 Remedy Programs / Response to Allegations

A. If no allegation regarding forced labor in the company's supply chain has been identified in the last three years, the company discloses:

(1) a process for responding to the complaints and/or reported violations of policies and standards; and

- Please see slide 4 of the [Progress Against Forced Labor Milestones 2017](#) for a description of our complaint process and slide 7 of the [Global Palm Milestones](#) for an overview of the investigative process.

(2) at least two examples of outcomes for workers of its remedy process in practice, covering different supply chain contexts.

- Please refer to the issues identified in the Organic Apple supply chain in Turkey and actions taken to remediate issues in conjunction with the supplier and their effect on workers (slide 6 [Progress Against Forced Labor Milestones 2017](#))
- Per slide 6 of the [Global Palm Milestones](#): *“Partnered with the worker voice company LaborLink to pilot the AIM Progress/Sedex Impact Measurement tool to measure and assess worker well-being at a palm oil processing facility through direct worker feedback using mobile technology. This work was reported publicly in our Progress Against Forced Labor Milestones report issued in June 2017. Follow-up actions included additional training to address gaps found during the assessments.”*

B.1. If one or more allegations regarding forced labor in the company's supply chain have been identified in the last three years, the company discloses:

- (1) a process for responding to the complaints and/or reported violations of policies and standards;
- (2) a public response to the allegation, which covers each aspect of each allegation;
- (3) outcomes of the remedy process in the case of the allegation(s); and
- (4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

B.2. If one or more allegations regarding forced labor in the company's supply chain have been identified in the last three years, and the company denies the allegation, the company discloses:

- (1) a process for responding to the complaints and/or reported violations of policies and standards;
- (2) a public response to the allegation, which covers each aspect of each allegation;
- (3) a description of what actions it would take to prevent and remediate the alleged impacts; and
- (4) that it engages in a dialogue with the stakeholders reportedly affected in the allegation, or requires its supplier(s) to do so.

NON-SCORED DISCLOSURE

Commitment to address forced labor in the supply chain

The company has developed measurable and time-bound commitment(s) to address forced labor in the supply chain.

Compliance with Regulatory Transparency Requirements

UK Modern Slavery Act

Where applicable, the company discloses annual statements under the Modern Slavery Act which fulfils the three minimum requirements (director signature, board approval, link on homepage).

California Transparency in Supply Chains Act

Where applicable, the company discloses a statement under the California Transparency in Supply Chains Act which fulfils the minimum requirements (conspicuous link on homepage, reporting against five areas).

Additional information

Please note the below information may be displayed on a company's scorecard, or may be used for KnowTheChain's analysis purposes more broadly.

Business model

To put the KnowTheChain analysis into context, companies are invited to disclose relevant information on their business model, such as sourcing countries, owned versus outsourced production, etc. [Note KnowTheChain reserves the right to edit the information provided]

Addressing forced labour risks related to third-party products

Where a company--in addition to own branded products--sells third party products, the company discloses how it assesses and addresses forced labor risks related to third party products (relevant for retail companies).