

Kellogg Co.

TICKER
 NYSE:K

MARKET CAPITALIZATION
 US\$24 billion

HEADQUARTERS
 United States

COMPLIANCE
UK Modern Slavery Act: [Disclosure available, but not compliant](#)
California Transparency in Supply Chains Act: [Yes](#)
COMMITMENTS
[None](#)
OVERALL RANKING

2 out of 38

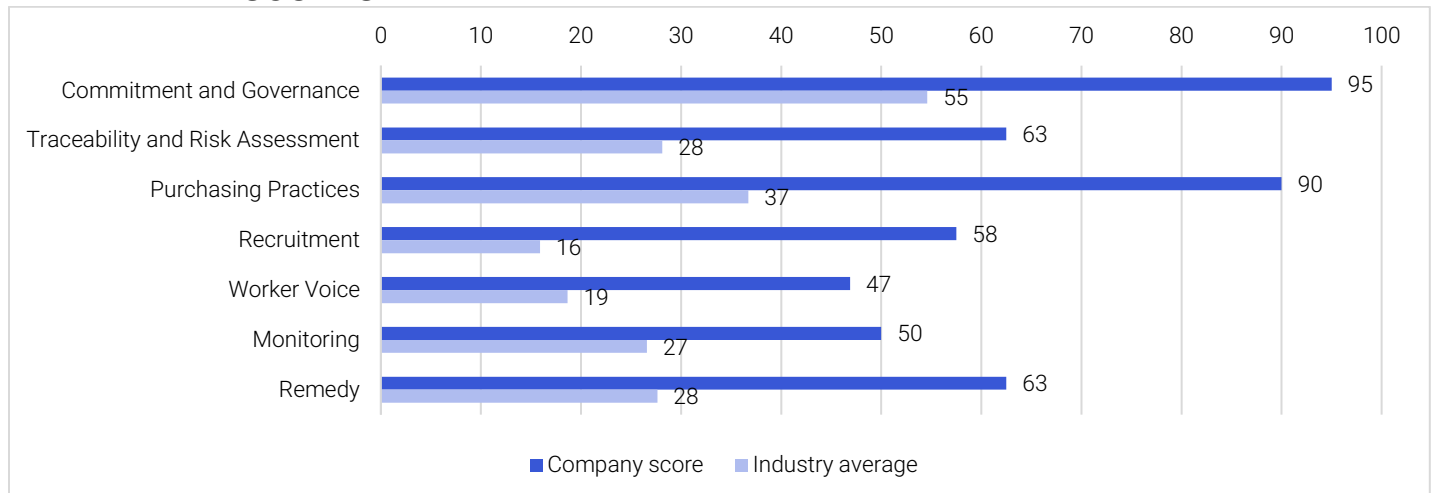
(2016: 7 out of 20)

OVERALL SCORE

66 out of 100

SUMMARY

Kellogg Co. (Kellogg), a manufacturer and marketer of cereal and convenience foods, ranks second out of 38 companies, disclosing more information on its forced labor policies and practices than its peers across all themes. Compared to 2016, the company improved its rank from seventh to second. Since 2016, the company improved by disclosing management and accountability for its supplier code, supplier training, and information on responsible purchasing practices. Further the company improved by updating its supplier code to integrate the Employer Pays Principle, by expanding its auditing scope to include some recruitment agencies used by suppliers, and by providing details on corrective action plan processes for suppliers. Notably, the company has the highest score on the themes of commitment and governance and purchasing practices. Additional steps the company could take to address forced labor risks in its supply chains, include strengthening its disclosure and practices on the themes of recruitment, worker voice, and monitoring.

THEME LEVEL SCORES


LEADING PRACTICES

Management and Accountability: Kellogg states that, “at the working level”, human rights are managed collaboratively by the Sustainability, Procurement, Legal, and Ethics & Compliance functions. At the senior leadership level, human rights are managed by the heads of the Legal and Compliance, Human Resources, and Global Supply Chain departments, and overseen by the Chief Sustainability Officer, who reports to the Vice President of Global Communications, Philanthropy, and Sustainability. It states that “[t]his group meets quarterly.” In addition, the company has set up a monthly cross-functional meeting to assess and track Kellogg's global activities and inform policy and strategy regarding human rights.

Supplier Training: Kellogg states it has contributed to, supported, and sponsored supplier trainings individually and in coordination with external industry groups and peer companies. For example, it discloses that, together with its palm oil suppliers Wilmar, BSR, and other palm oil buyers it provided training to small and medium suppliers in Indonesia on responsible labor practices. Kellogg notes that it has hosted “Supplier Days” for North American suppliers “to disseminate best practices, including awareness building for forced labor issues”. It also states that it cohosted a training in Mexico with AIM-PROGRESS and industry peers to educate sugar cane suppliers on issues such as forced labor.

Purchasing Practices: Kellogg discloses that responsible sourcing—which, according to the company's definition, includes labor rights—is amongst five priority supplier engagement areas. It states it established a “joint business planning process” with its key suppliers that includes the evaluation of its responsible sourcing practices. Kellogg specifies that issues such as purchasing practices, ordering, lead-time expectations, production schedule changes, and complicated specifications for ingredients and sizes are discussed with suppliers and that responsible sourcing is also embedded in global sourcing events and category development.

In addition, Kellogg discloses that procurement leadership and category managers are responsible for the execution of the Global Sustainability Commitments, including social accountability, which is reflected in their annual performance plans and annual incentives.

NOTABLE FINDINGS

Traceability: Kellogg discloses identifying information on the workforce in its supply chains. For example, it states that it has engaged in data and information gathering on workers in parts of its Turkish apple supply chains. Together with a certification body, it completed worker interviews and farm assessments to learn about living conditions, wage payment structures, and employment situations of migrant workers in the region. Kellogg further discloses that it worked with a nonprofit organization to gather and analyze data on risks to smallholder farmers and workers, especially women, across its supply chains for its priority crops. As an example, it discloses conducting a gender assessment to gather information about women farmers in its cocoa supply chains.

Worker Voice: Kellogg discloses it participated in a pilot with AIM-PROGRESS and LaborLink using mobile worker voice technology to gather feedback on working conditions directly from supplier employees based in Malaysia and India.

Corrective Action Plans: Kellogg states that, for severe violations detected during audits, it has a “Critical Response Action Plan” to alert senior executives and assess plans for immediate remediation of the issues. The company states to use desktop review, spot-checks, and/or follow-up audits to ensure that the identified issues have been remedied. Kellogg provides an example of implementing corrective action after identifying a lack of documentation verifying that wages were paid in full and timely to workers on Turkish apple plantations. Kellogg states that, after its intervention undertaken with an audit firm, the supplier improved its processes to require documentation of payments and signatures from harvest workers, as well as related training. Notably, Kellogg followed up and interviewed workers to ensure that they are aware of the new payment processes, their pay levels, and when payments are made.

OPPORTUNITIES FOR IMPROVEMENT

Recruitment: While the company has integrated the Employer Pays Principle in its supplier code and has expanded its auditing approach to some recruitment agencies, the company may consider taking steps to ensure that recruitment fees are reimbursed to workers in its supply chains in the event that it discovers that fees have been paid by them. Further, the company is encouraged to develop a policy that requires direct employment in its supply chains and to disclose information on the recruitment agencies used by its suppliers. It may further consider taking steps to ensure migrant workers are not discriminated against, and not retaliated against, when they raise grievances.

Worker Voice: The company is encouraged to take steps to ensure that there are worker-to-worker education initiatives on labor rights in its supply chains, and to provide evidence of the positive impact of worker engagement in its supply chains. In addition to discussing freedom of association with suppliers and assessing them on the topic at different stages of the engagement process, the company is encouraged to disclose how it supports suppliers to improve their practices in relation to freedom of association. The company may further consider working with local or global trade unions to support freedom of association in its supply chains and, where there are regulatory constraints on freedom of association, taking steps to ensure workplace environments allow workers to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues).

Monitoring: The company may consider disclosing information on the results of its supplier audits, including the percentage of suppliers audited annually, the percentage of unannounced audits, the number or percentage of workers interviewed, and a summary of findings, including details regarding any violations.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes.](#)