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## Environmental Sustainability

### Our Environmental Commitment.

Kellogg Company is committed to minimizing the environmental impact of our businesses while being socially and economically responsible.

At Kellogg we strive to conduct and grow our business in a manner that protects the environment and demonstrates good stewardship of the world's natural resources. We work toward continual improvement through the development of specific programs that address the environmental cost and impact of our activities, products and services. These programs include a commitment to use resources efficiently, minimize waste, and promote resource conservation.

### Energy Improvements and Climate Change.

In 2006 we implemented a global energy-management program to promote conservation, manage energy use, and investigate energy savings opportunities, including alternative fuels and renewable energy.

In the U.S., Kellogg joined the Environmental Protection Agency's (EPA) Climate Leaders program, a voluntary government-industry partnership designed to measure



Focusing on efficiency improvements in our operations has helped reduce our energy consumption, thereby reducing our GHG emissions. Our energy use per pound of product produced has declined by more than 15% during the past 10 years.

Our Global Logistics team aggressively searches for ways to deliver more products with fewer vehicles and less energy use. Case-size adjustments, use of intermodal transport, and product sourcing choices all contribute to our saving thousands of gallons of fuel annually. For example, 8 million truck miles have been eliminated by making a case-size change for several cereal products. In addition, our fleet vehicles automatically shut down after five minutes of idle time.

**Packaging Efficiency.** Our packaging serves many important functions, such as protecting our products, maintaining freshness and providing a means to communicate to consumers.

Using advances in technology, our packaging team has proactively minimized packaging, reduced liner weight and paperboard quantity by millions of pounds

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and reduce greenhouse gas (GHG) emissions. The EPA works closely with each company in the program to review its GHG Inventory and Inventory Management Plan and provide guidance in setting a GHG emissions reduction goal. Kellogg Company's primary source of GHG emissions is the use of energy at our manufacturing facilities and in our transportation fleet.



annually. For example, 25 million pounds of paper packaging have been eliminated through a waste reduction initiative associated with bulk material shipping. By taking out the board on *Special K* bars, we've eliminated 4 million pounds of packaging, and liner reductions in 2006 eliminated more than 3 million pounds of plastic packaging.

We also look to optimize the use of materials that are recyclable and contain significant recycled content. In fact, the first box of *Kellogg's Corn Flakes* came off the line packaged in 100% recycled paperboard, and Kellogg has used recycled board for most of our products since 1906 – we are one of the largest users of recycled paperboard in the U.S.

**Waste Management.** We are always looking for ways to improve our waste management programs practicing the 3Rs: Reduce, Reuse, Recycle.

Our manufacturing facilities recycle more than 80% of waste generated. At two of our cereal plants, we implemented a program that diverts an additional 1,000 tons of waste per year from landfills to recycling. Our Bremen, Germany, plant sends zero waste to landfill, and our London, Ontario, Canada, plant is not far behind, with more than 95% of the waste generated onsite sent for recycling.

**Water Usage.** We are also doing our part to minimize water use. Our Queretaro, Mexico, plant was given the highest award with a "Recognition to Environmental Excellence," which will be awarded to the company from President Calderon. The plant reuses 57 million gallons of water every year. And earlier this year, washing equipment was redesigned to reduce water use by 7 million gallons.

**Where We Are Going.** In 2007 we implemented several innovative campaigns to promote the restoration of natural resources.

In Ireland, *Kellogg's Corn Flakes* "Give the Gift of Trees" campaign has donated more than 45,000 trees to the charity *Bóthar*. To see a rolling ticker that provides regular updates on the number of trees donated, please visit [www.kelloggs.ie/whatson/makealifeshine](http://www.kelloggs.ie/whatson/makealifeshine). The site also provides more information about the positive impact this project will have on communities in Africa.

In the U.S., Stretch Island Fruit Co., makers of *FruitaBü* fruit snacks, is helping fund the efforts of the Fruit Tree Planting Foundation. Orchards will be donated to public schools in low-income areas throughout the U.S. to provide

generations of students and teachers with healthy nutrition options and environmental education opportunities. The brand kicked off the partnership with the Fruit Tree Planting Foundation with three orchard plantings in 2007 and plans to fund the planting of 25 to 30 orchards by the end of 2008.

We recently formed a cross-functional Environmental Stewardship Council to further drive our sustainability efforts. Beginning in 2008 we are committed to providing greater transparency to our shareowners on the environmental impact of our business. Although we have many things to be proud of, we realize we are just beginning this challenging journey toward becoming an environmentally sustainable company.

Please visit [www.kelloggcompany.com](http://www.kelloggcompany.com) for more information and updates on our environmental sustainability efforts.

WHERE TREES GROW, FAMILIES GROW.

