



## **CORPORATE GOVERNANCE GUIDELINES**

### **December 5, 2014**

The following Corporate Governance Guidelines (“these Guidelines”) have been adopted by the Board of Directors (the “Board”) of Kellogg Company (the “Company”) to assist the Board in the exercise of its responsibilities to the Company and its share owners. These Guidelines should be interpreted in the context of all applicable laws and the Company’s amended restated certificate of incorporation (the “Certificate of Incorporation”), bylaws (the “Bylaws”) and other corporate governance documents, and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. These Guidelines are subject to modification by the Board, and the Board shall be able, in the exercise of its discretion, to deviate from these Guidelines from time to time, as the Board may deem appropriate or as required by applicable laws and regulations.

### **1. Director Qualifications**

The Board will have a majority of directors who meet the criteria for independence of the New York Stock Exchange and the Securities Exchange Act of 1934 (the “Exchange Act”), with the Board to affirmatively determine that these directors are independent, and disclose that determination, to the extent required. The Nominating and Governance Committee (the “Nominating Committee”) is responsible for developing the criteria for, and reviewing periodically with the Board, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. These criteria will include members’ independence, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board. The Nominating Committee also will consider a combination of factors for each nominee, including (a) the nominee’s ability to represent all shareholders without a conflict of interest; (b) the nominee’s ability to work in and promote a productive environment; (c) whether the nominee has sufficient time and willingness to fulfill the substantial duties and responsibilities of a director; (d) whether the nominee has demonstrated the high level of character and integrity expected by the Company; (e) whether the nominee possesses the broad professional and leadership experience and skills necessary to effectively respond to the complex issues encountered by a multi-national, publicly-traded company; and (f) the nominee’s ability to apply sound and independent business judgment. Nominees for directorship will be recommended to the Board for approval by the Nominating Committee in accordance with these criteria and the policies, principles and requirements in its charter. The invitation to join the Board should be extended on behalf of the Board by the Lead Director (as defined below) or the Chairman of the Board.

The size of the Board is set from time to time (consistent with the Bylaws and Certificate of Incorporation). The Board prefers approximately 12 members, but is willing to expand the Board in order to add an outstanding candidate or to prepare for departures of directors.



It is the sense of the Board that individual directors who change the principal responsibility or occupation they held when they were elected to the Board should volunteer to resign from the Board. It is not the sense of the Board that in every instance the directors who retire from, or change, such responsibility or occupation should necessarily leave the Board. There should, however, be an opportunity for the Board, through the Nominating Committee, to review the continued appropriateness of Board membership under the circumstances. To be clear, any officer of the Company who is a director shall volunteer to resign from the Board when such individual ceases to be employed by the Company.

Directors should not serve on more than four other boards of public companies in addition to the Company's Board. Directors are expected to advise the Chairman of the Board and the Lead Director in advance of accepting an invitation to serve on another public company board or assignment to any other public company's audit or compensation committee. No director may be nominated to a new term if he or she would be age seventy-two or older at the time of the election; provided however, from time to time, the Board may re-nominate an independent director for additional terms if the Board determines that due to their unique capabilities and / or special circumstances such re-nomination is in the best interest of the Company. No director shall serve as a director, officer or employee of a competitor of the Company (as determined by the Board in its sole discretion).

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they have the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole. In order to assure the appropriate balance between members with new and different perspectives and those with a deep understanding of the Company built up over many years, the Nominating Committee will review a director's continuation on the Board each time such director's term of office expires. This will also allow each director the opportunity to conveniently confirm his or her desire to continue as a member of the Board.

## **2. Director Responsibilities**

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. In discharging that obligation, directors are entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's Certificate of Incorporation, Bylaws and any indemnification agreements, and to exculpation as provided by state law and the Company's Certificate of Incorporation and Bylaws.



Directors are expected to attend the annual meeting of shareholders and all or substantially all of the Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting and shall preserve the confidentiality of confidential material given or presented to directors. Directors are also expected to comply with stock ownership guidelines, as they may be in effect from time to time.

The offices of Chairman of the Board and Chief Executive Officer may be at times combined and at times separated. The Board has discretion in combining or separating the positions as it deems appropriate in light of prevailing circumstances. The Board of Directors believes that the combination or separation of these offices should continue to be considered as part of the succession planning process.

The Board believes that it would be beneficial to the Company to designate one of the directors as a lead director (the "Lead Director"), whose duties shall be more fully described in these Guidelines. It is the sense of the Board that the Chair of the Nominating Committee should be designated as the Lead Director, however, that designation shall be reviewed by the Board from time to time.

The Chairman will establish the agenda for each Board meeting, which shall be approved by the Lead Director. At the beginning of the year, the Chairman will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen), with the agendas also being subject to approval by the Lead Director. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board and/or Committee meeting each year.

The Lead Director shall review and approve meeting schedules to assure that there is sufficient time for discussion of all agenda items and shall approve all information sent to the Board. The Lead Director shall also serve as liaison between the Chairman of the Board/Chief Executive Officer and the non-management directors.

The non-management directors will have the opportunity to meet in executive session as often as they deem appropriate, but it is the sense of the Board that the non-management directors shall meet in executive session at least three times annually. In addition, the Lead Director may call an executive session of non-management directors at any time, consistent with the Bylaws and Certificate of Incorporation. The Lead Director shall preside at these meetings, and at all other meetings of the Board of Directors at which the Chairman of the Board is not present, and his or her name will be disclosed in the annual proxy statement. In order that interested parties may be able to



make their concerns known to the non-management directors, the Company shall disclose a method for such parties to communicate directly with the Lead Director. If requested by major shareowners, the Lead Director will ensure availability for consultation and direct communication.

The Board believes that the management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, however, it is expected that Board members would do this with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

### **3. Board Committees**

The Board will have at all times an Audit Committee, a Compensation Committee and a Nominating Committee. All of the members of these committees will be independent directors under the criteria established by the New York Stock Exchange and all members of the Audit Committee will be independent under the Exchange Act. In order for a director to qualify as independent, the Board must affirmatively determine that such director is independent, and disclose that determination, to the extent required. Committee members will be appointed by the Board upon recommendation of the Nominating Committee, which shall consider the expertise of individual directors among other matters. It is the sense of the Board that consideration should be given to rotating committee members periodically and rotating Committee Chairs every five years or so (other than the Chair of the Nominating Committee), but the Board does not feel that rotation should be mandated as a policy. The Chair of the Nominating Committee will be selected as provided in that Committee's charter.

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

The Chair of each committee, in consultation with the committee members will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of the year each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). The schedule for each committee will be furnished to all directors.

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance, and the Company shall bear all



fees and expenses associated with any such retention. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

#### **4. Director Elections**

In an uncontested election of directors (that is, the number of nominees is equal to the number of seats open) any nominee for Director who receives a greater number of votes “withheld” from his or her election than votes “for” such election shall promptly tender his or her resignation to the Nominating Committee (following certification of the shareholder vote) for consideration in accordance with the following procedures.

The Nominating Committee will promptly consider such resignation and will recommend to the Qualified Independent Directors (as defined below) the action to be taken with respect to such offered resignation, which may include (i) accepting the resignation; (ii) maintaining the director but addressing what the Qualified Independent Directors believe to be the underlying cause of the withheld votes; (iii) determining that the director will not be renominated in the future for election; or (iv) rejecting the resignation. The Nominating Committee will consider all relevant factors including, without limitation, (i) the stated reasons why votes were withheld from such director; (ii) any alternatives for curing the underlying cause of the withheld votes; (iii) the tenure and qualifications of the director; (iv) the director’s past and expected future contributions to the Company; (v) the Company’s director criteria; (vi) the Company’s Corporate Governance Guidelines (of which this Policy is a part); and (vii) the overall composition of the Board, including whether accepting the resignation would cause the Company to fail to meet any applicable SEC or NYSE requirement.

The Qualified Independent Directors will act on the Nominating Committee’s recommendation no later than 90 days following the date of the shareholders’ meeting where the election occurred. In considering the Nominating Committee’s recommendation, the Qualified Independent Directors will consider the factors considered by the Nominating and Governance Committee and such additional information and factors the Board believes to be relevant. Following the Qualified Independent Directors’ decision, the Company will promptly disclose in a Form 8-K the decision whether to accept the resignation as tendered (providing a full explanation of the process by which the decision was reached and, if applicable, the reasons for rejecting the tendered resignation).

To the extent that any resignation is accepted, the Nominating Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

Any director who tenders his or her resignation pursuant to this provision will not participate in the Nominating Committee’s recommendation or Qualified Independent Directors’ consideration regarding whether or not to accept the tendered resignation. Prior to voting, the Qualified Independent Directors will afford the director an opportunity to provide any information or statement that he or she deems relevant. If a majority of



the members of the Nominating Committee received a greater number of votes “withheld” from their election than votes “for” their election at the same election, then the remaining Qualified Independent Directors who are on the Board who did not receive a greater number of votes “withheld” from their election than votes “for” their election (or who were not standing for election) would consider the matter directly or may appoint a Board committee amongst themselves solely for the purpose of considering the tendered resignations that would make the recommendation to the Board whether to accept or reject them.

For purposes of this Policy, the term “Qualified Independent Directors” means:

- a. All directors who (1) are independent directors (as defined in accordance with the NYSE Corporate Governance Rules) and (2) are not required to offer their resignation in accordance with this Policy.
- b. If there are fewer than three independent directors then serving on the Board who are not required to offer their resignations in accordance with this Policy, then the Qualified Independent Directors shall mean all of the independent directors and each independent director who is required to offer his or her resignation in accordance with this Policy shall recuse himself or herself from the deliberations and voting only with respect to his or her individual offer to resign.

This Policy will be summarized or included in each proxy statement relating to election of directors of the Company.

## **5. Director Access to Officers and Employees**

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Secretary or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the Chief Executive Officer on any written communications between a director and an officer or employee of the Company.

The Board welcomes regular attendance at each Board meeting of senior officers of the Company. If the Chief Executive Officer wishes to have additional Company personnel attend on a regular basis, this suggestion should be brought to the Board for approval.

## **6. Director Compensation; Charitable Contributions**

The form and amount of director compensation will be determined by the Nominating Committee in accordance with its charter, which will conduct an annual review of director compensation. Director compensation shall be in an amount which is competitive with the market and is geared towards attracting and retaining highly-





qualified, independent professionals to represent the Company's shareholders. The Nominating Committee will consider a director's compensation when determining such director's independence.

The Company will make charitable contributions in line with established priorities and practices, and the recipients of these charitable contributions may include organizations affiliated with directors. However, the Company will not make charitable contributions at the request (or on behalf) of any independent director.

## **7. Director Orientation and Continuing Education**

All new directors must participate in the Company's Orientation Program, which should be conducted as soon as possible, preferably within two months of the meeting at which the new director is elected. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Global Code of Ethics and Code of Conduct, its principal officers, and its internal and independent auditors. In addition, the Orientation Program will include visits to Company headquarters. All other directors are also invited to attend the Orientation Program. Each director should maintain the necessary level of qualifications to perform the responsibilities of a director and member of any committee of which such person is a member. The Company shall also provide continuing education to the directors consistent with the Board Education Policy. The Secretary shall also be responsible for keeping the Board abreast of corporate governance developments, and, generally, the Board expects to have at least one continuing education presentation per year.

## **8. Chief Executive Officer Evaluation and Management Succession**

The Nominating Committee will make a recommendation to the independent members of the Board annually regarding the Chief Executive Officer's performance. The Compensation Committee will make a recommendation to the independent members of the Board annually regarding the Chief Executive Officer's compensation. The independent members of the Board will then use these recommendations to conduct an annual review of the Chief Executive Officer's performance and determine his or her compensation. The Nominating Committee shall make a report to the Board on succession planning at least once annually. The entire Board will work with the Nominating Committee to evaluate potential successors to the Chief Executive Officer. The Chief Executive Officer should make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

## **9. Annual Performance Evaluation**

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. The assessment will focus on the Board's contribution to the



Company and specifically focus on areas in which the Board or management believes that the Board could improve.

#### **10. Amendments, Modifications and Waivers**

These Guidelines, and the charters of the Board committees, may be amended, modified or waived by the Board and waivers and amendments of these Guidelines may also be made by the Nominating Committee, subject in each case to timely compliance with all applicable disclosure requirements.