

Supplier responsibility program ► Material issues: Human rights; supply chain relationships | GRI 412-1, 3

Our supplier base is large, complex and global, so we pursue a multipronged approach to addressing responsible sourcing issues. This includes General Mills' owned locations and co-packers, and an expanded approach for first-tier suppliers launched in June 2017.

Owned locations and co-packers:

Since 2009, third-party firms have conducted independent audits of our owned locations and co-packers, which cover health and safety, business integrity, human rights and environmental responsibility. (These are separate from [food safety audits](#).) We require corrective action plans and resolution for any identified non-compliances. In fiscal 2017, 62 of our owned locations and co-packers were audited, representing

about 25 percent of the total, compared to 73 locations the prior year. Frequency of assessment is based on each site's performance in past audits.

When significant issues arise in audits, a Critical Finding Alert email is issued to key General Mills team members, including regional leadership, division counsel and subject matter experts. This group gathers to review the relationship with the facility, discuss the findings and determine next steps. A regular check-in meeting occurs to review progress the facility has made until the issue is resolved.

First-tier suppliers: During fiscal 2017, we worked with Bureau Veritas (BV) to expand and elevate our responsible sourcing program in our first-tier supplier base. After conducting a high-level risk

assessment and segmentation of our 2,300 first-tier direct supplier* facilities worldwide, we identified about 1,200 facilities that have inherent risk, based on analysis of environmental, social and governance factors. We also assessed suppliers that provide raw materials or ingredients covered by our sustainable sourcing goals, as well as natural and organic products. During fiscal 2018, we plan to assess additional direct suppliers and also include indirect suppliers.

Beginning in fiscal 2018, we will require facilities identified to have inherent risk to complete a self-assessment and provide supporting documentation on policies, procedures and previous audits (when available), to provide further visibility regarding potential risk exposure. Depending on the results, some facilities will also be required to undergo an onsite third-party audit, based on the [Sedex Members Ethical Trade Audit \(SMETA\) protocol](#), covering health and safety, business integrity, human rights and environmental responsibility. Those facilities will

develop corrective action plans to address identified non-compliances.

Governance and integration: Our supply chain and sourcing executive leadership teams have accountability for our responsible sourcing programs. These teams meet at least twice a year to review progress.

To ensure alignment across the function, all sourcing employees complete online learning on our [Supplier Code of Conduct](#).

We are integrating supplier responsibility into our global sourcing standards and processes. As of fiscal 2018, all General Mills buyers:

- Include a standardized supplier responsibility review in their category strategies.
- Evaluate the risk of prospective suppliers, using due diligence guidance.
- Include language in contracts related to social and environmental performance, if appropriate.
- Assess suppliers' success in meeting expectations and provide ongoing feedback.

Audit results in fiscal 2017				
Type of location	Number of audits	Number of non-compliances	% resolved	% in process
Owned locations	16 (7 North America, 9 international)	12	91%	9%
Co-packers	46 (31 North America, 15 international)	31	71%	29%

Sustainable sourcing ► Material issues: Commodity availability; human rights; smallholder farmers; supply chain relationships | GRI 102-12, 13, 203-1, 2, 204-1, FP4

We focus on improving the environmental, social and economic impacts of raw material sourcing. This helps ensure availability of the ingredients we need to make our products and aligns with our core values. It also helps us meet our customers' growing desire to understand

the link between the food they purchase and its origin. Using limited resources and natural systems more efficiently is essential to feeding a growing population.

We continue to make progress toward our goal to sustainably source 100 percent of our 10 priority ingredients by 2020. In

fiscal 2017, we achieved 76 percent, up from 69 percent the prior year. We move our supply chain toward sustainable sourcing through origin-direct investment, continuous improvement and verification efforts with farmers and supplier partners, connected data partners and NGOs.

To drive progress toward our 2025 goal to reduce absolute GHG emissions across our full value chain by 28 percent (compared to 2010), we are increasingly looking at our full global raw materials purchasing through a climate lens.

*Direct suppliers provide ingredients or commodities used in our food products or packaging. Indirect suppliers provide products or services such as office supplies, telecommunications, and travel that support our business more generally.