



Responsible sourcing

► Material issues: Animal welfare; commodity availability; human rights; responsible sourcing | GRI 102 12-13, 40, 42-44, FP11-12

Supplier responsibility

Our supplier base is large, complex and global, with thousands of suppliers in more than 25 countries. We address responsible sourcing issues through a multifaceted approach, including supplier assessments, audits, and direct engagement.

Our [Supplier Code of Conduct](#), the backbone of our program, outlines our expectations. It covers four pillars of responsible sourcing: human rights, health and safety, the environment and business integrity. We include the Code in purchase orders, contracts and ongoing interactions with suppliers to drive adoption and continual improvement throughout our supplier base.

Owned locations and co-packers:

Since 2009, third-party firms have conducted independent audits of our owned locations and co-packers, which cover human rights, health and safety, the environment and business integrity. (These are separate from food safety audits.) In fiscal 2018, we transitioned co-packers to the Sedex Members Ethical Trade Audit (SMETA) protocol. This framework is widely recognized by companies in the food sector, which enables suppliers to share audit results with customers and improve efficiency. Another benefit is that remediation of identified non-compliances will be managed and independently verified by a third-party. By fiscal 2020, our co-packers will follow the same overall audit process as our Tier 1 suppliers.

We require corrective action plans and resolution for any identified non-compliances. In fiscal 2018, 67 of our owned locations and co-packers were audited, representing about 28 percent of the total, compared to 62 locations the prior year. Assessment frequency 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 findings and determine next steps. Regular progress review meetings occur until the issue is resolved.

Tier 1 suppliers: During fiscal 2017, we worked with Bureau Veritas (BV) to expand and elevate our responsible sourcing program in our Tier 1 supplier base. After conducting a high-level risk assessment and segmentation of 2,300 Tier 1 direct supplier* facilities worldwide, we identified about 1,200 facilities that have inherent risk, based on 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 began inviting facilities globally to participate in our responsible sourcing program.

We require facilities identified as having inherent risk to complete a self-assessment

Audit results in fiscal 2018				
Type of location	Number of audits	Locations with non-compliances	% resolved*	% in process*
Owned locations	20 (6 North America, 14 international)	12	100%	0%
Co-packers	47 (26 North America, 21 international)	31	84%	16%
Tier 1 suppliers	53 (38 North America, 15 international)	51	89%	11%

*As of November 2018. Represents percentage of locations with all non-compliances resolved (fourth column) and percentage of locations with resolution underway (fifth column).

and provide supporting documentation on policies, procedures and previous audits, when available. Depending on the results, some facilities are required to undergo an onsite third-party audit, based on the SMETA protocol, covering human rights, health and safety, the environment and business integrity. These facilities develop corrective action plans to address identified non-compliances. During fiscal 2018, 196 Tier 1 supplier facilities completed self-assessments and 53 underwent third-party audits.

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. We also have a dedicated responsible sourcing manager who oversees our work in this area.

We are integrating supplier responsibility into our global sourcing standards and processes. As of fiscal 2019, 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.
- Meet with strategic suppliers twice a year to discuss progress and provide feedback using a performance scorecard, which includes responsible sourcing. Continual improvement is required.

To ensure alignment across the function, all sourcing employees complete online learning on our Supplier Code of Conduct. In 2018, we also trained more than 190 supply chain employees on our responsible sourcing, supplier diversity and sustainable sourcing programs as part of formal onboarding for all new global sourcing employees.

*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.