

# General Mills Sustainability-Linked Bond Framework



September 2021

## Contents:

1. Introduction
2. Approach to Sustainability
3. Rationale for Framework
4. Alignment with the Sustainability-Linked Bond Principles, 2020
  - 4.1 Selection of the Key Performance Indicator (KPI)
  - 4.2 Calibration of Sustainability Performance Target (SPT)
  - 4.3 Sustainability-Linked Bond Characteristics
  - 4.4 Reporting
  - 4.5 Verification

## 1. Overview

General Mills is a leading global food company whose purpose is to make food the world loves. This drives connection and trust with our consumers, and the idea of service builds engagement with our employees. Its brands include Cheerios, Annie's, Yoplait, Nature Valley, Häagen-Dazs, Betty Crocker, Pillsbury, Old El Paso, Wanchai Ferry, Yoki, BLUE and more. Headquartered in Minneapolis, Minnesota, USA, General Mills generated fiscal 2020 net sales of U.S. \$17.6 billion. In addition, General Mills' share of non-consolidated joint venture net sales totaled U.S. \$1.0 billion.

We are focused on our Consumer First strategy, which means deeply understanding the needs and lives of our consumers and moving quickly to meet those needs with our broad portfolio of brands. And since the acquisition of Blue Buffalo, we've expanded our definition of Consumer First to meet the needs of all members of the family, including the furry ones.

Over the years, we've continued to adapt and evolve our portfolio to serve our consumers and drive growth. We're proud of the portfolio we've built, highlighted by eight iconic brands that each represent more than \$1 billion dollars in retail sales worldwide.



## 2. General Mills' Approach to Sustainability

At General Mills, we boldly help heal the Earth through responsible farming practices and solve big problems to have a positive impact on the world.

### Food

- **Nutrition-** Our goal is to provide a diverse portfolio of products that contribute to the well-being of consumers and meet a variety of needs. We are committed to making food with passion and putting people first by improving the variety and nutrient density of our products.
- **Diverse consumer needs-** At General Mills, diverse and evolving consumer needs are at the center of our business. We include the voice of our consumers in every decision we make by understanding their needs, motivations, values and behaviors. We consistently monitor key food trends and macro forces that can drive change in the way people eat and interact with our brands. Key consumer driven macro trends that are influencing important initiatives at General Mills include joy, well-being, values and a shifting demographic landscape.





- **Food safety-** Safety is a priority for our company and central to our culture. Leading with safety – both in the workplace and the food we make – is one of the key operating principles that guides our work.
  - 100% of our facilities worldwide are audited and/or certified by third parties using globally recognized food safety criteria.
  - 91% of our company-owned production facilities are Global Food Safety Initiative (GFSI) certified.
- **Consumer education and marketing** - General Mills provides useful, fact-based information on packages to help consumers make informed dietary choices. Our product packages display accurate nutrition labeling as prescribed by regulations in the country of sale.
- **Transparency** - At General Mills, we are committed to increasing transparency about our food. We recognize that consumers, regulators, investors and other stakeholders seek information about our products and processes. Consumers want to know what's in their food, where it comes from and how it is prepared. They also want assurance that food has been grown and harvested in a responsible and sustainable manner that respects people, animals and the environment. As we continue our journey to increase transparency, our focus is on providing information to key stakeholders when and where they need it. For example, to help consumers learn more about what is in their food, we provide information in multiple ways – on packages, through our company and brand websites, on our brands' social media channels and on third-party sites, such as e-commerce and transparency platforms.

## Planet

Our business is rooted in the earth and has the power to help restore it. Threats to natural resources impact our business and our ability to feed an expanding population. To drive growth and increase resilience, we need to move beyond just sustaining our planet, and toward regenerating it. The largest environmental impacts related to our business occur outside General Mills operations. That's why we collaborate to drive change by promoting regenerative practices across our value chain, from farm to fork to landfill.

Our Areas of Focus:

- Climate change
- Regenerative agriculture
- Water stewardship
- Recyclable and reusable packaging

## People

At General Mills, it's all about our people. We're proud of our efforts to create a safe and inclusive workplace whether you're at a Cheerios plant, a meeting at headquarters or out in the sales field. And because people are our greatest resource in building our business and upholding our values, we invest in them within and beyond our office walls.

Our Areas of Focus:

- Human rights



- Workplace safety
- Ethics and compliance
- Global inclusion
- Employee engagement and development

### **Community**

General Mills philanthropy ties closely to our company's purpose, core business and food systems knowledge. We partner in innovative ways with nonprofits to harness our collective impact in key areas, while engaging employees through volunteerism. In short, we work to harness the power of food for good.

- Increasing food security
- Strengthening hometown communities
- Employee volunteerism

### **Supplier diversity and inclusion**

General Mills is committed to valuing diversity in all aspect of its supply chain. We have had an established Supplier Diversity Program in North America for over 50 years and have recently expanded our program globally. General Mills considers a diverse supplier as one that is at least 51% owned, managed, and operated by a person or persons that identify in one of the following groups:

- Minorities (in country where company is headquartered)
- Women
- LGBTQ+
- Veterans
- People with Disabilities

### **Our Latest Commitments**

In September 2020, we announced a pledge to reduce absolute greenhouse gas emissions by 30% across our value chain - from farm to fork to landfill - over the next 10 years.

We also committed to a long-term goal to achieve net zero emission levels by 2050<sup>1</sup>. The absolute greenhouse gas commitment was calculated using methodologies approved by the Science Based Target Initiative (SBTi) that model a level of emission reductions that science suggests is necessary to sustain the health of the planet. General Mills was also the first company to publish a goal approved by the SBTi in 2015.

Each step in the company's value chain has unique challenges and opportunities. General Mills has four key ambitions guiding its work to accelerate planetary health, healthy living ecosystems, and

---

<sup>1</sup> No recognized definition of net zero target is available in the market. Despite the lack of exact definitions, there are a few requirements that are expected from an organization that sets a net zero target. We have significant GHG emission reductions in line with 1.5C according to SBTi, rely on a limited amount of Negative Emissions Technologies and are transparent with the assumptions used when target setting.



thriving farmers and communities over the next 10 years, including:

- Reduce GHG emissions across the value chain by 30% by 2030 and net zero emissions by 2050 in alignment with the new SBTi 1.5°C guidance;
- Advance regenerative agriculture on 1 million acres of farmland by 2030 and activating programs in key sourcing regions;
- Design 100 percent of General Mills' packaging to be recyclable or reusable by 2030;
- Advance respect for human rights in the company's value chain in accordance with the United Nations Guiding Principles on Business and Human Rights.

### **RE100**

In April 2020, General Mills set a goal of 100% renewable electricity by 2030 as part of the RE100<sup>2</sup> global corporate initiative. To achieve this, the company is investing in renewable energy efforts to support the company's environmental objectives. Examples include two large-scale wind farms which will produce renewable energy credits (RECs), and anaerobic digestion (which captures and uses methane from waste to generate electricity). Internationally, the company is investigating renewable projects where it has energy-intensive operations.

## **3. Rationale for Framework**

Through the issuance of our Sustainability-Linked Bonds ("SLBs"), we aim to further use the power of our company to address green and social projects that align with our sustainability priorities and help us achieve our long-term goal of net zero emission levels by 2050 across scope 1, 2 and 3. We hope the issuance of our Sustainability-Linked Bonds will inspire other similar companies to do the same.

Our framework provides a high-level approach to our Sustainability-Linked Bonds and investors should refer to relevant documentation for any Bond transactions.

## **4. Alignment with the Sustainability-Linked Bond Principles, 2020**

The Sustainability-Linked Bond Principles<sup>3</sup> ("SLBP"), as administered by the International Capital Market Association ("ICMA"), are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance of a

---

<sup>2</sup> Led by The Climate Group in partnership with CDP, RE100 is a collaborative initiative bringing together the world's most influential businesses committed to 100% renewable power. Renewables are a smart business decision, providing greater control over energy costs while helping companies to deliver on emission reduction goals. RE100 members, including Global Fortune 500 companies, have a total revenue of over US\$5.4 trillion and operate in a diverse range of sectors – from information technology to automobile manufacturing. Together, they send a powerful signal to policymakers and investors to accelerate the transition to a clean economy.

<sup>3</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>



SLB. Our Sustainability- Linked Bond Framework is in alignment with the five core components of the SLBP:

1. Selection of Key Performance Indicator (KPI)
2. Calibration of Sustainability Performance Target (SPT)
3. Sustainability-Linked Bond Characteristics
4. Reporting
5. Verification


Sustainability-Linked Bonds are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ ESG objectives. In that sense, issuers are thereby committing explicitly (including in bond documentation) to future improvements in sustainability outcome(s) within a predefined timeline that are relevant, core and material to their overall business. SLBs are a forward-looking performance-based instrument. The proceeds of SLBs are intended to be used for general purposes; hence, the use of proceeds is not a determinant in our categorization.

## 4.1 Selection of the KPI

We have selected a relevant KPI and a related ambitious SPT to support Sustainability-Linked transactions.

GHG emissions across the value chain by scope*					
(metric tons CO <sub>2</sub> e)					
Value chain phase	2020			Total	2010 total
	Scope 1	Scope 2	Scope 3		
Agriculture and transformation	0	0	9,490,000	9,490,000	11,630,000
Packaging supply chain	0	0	1,340,000	1,340,000	1,360,000
Producing**	303,000	330,000***	526,000	1,160,000	1,760,000
Shipping	9,860	40,000	1,580,000	1,630,000	1,480,000
Selling	22,000	42,000	858,000	921,000	933,000
Consuming	0	0	2,900,000	2,900,000	3,540,000
<b>Total</b>	<b>335,000</b>	<b>412,000</b>	<b>16,700,000</b>	<b>17,400,000</b>	<b>20,700,000</b>

\*Fiscal year data; some segments do not add up to total due to rounding; see box below for methodology.  
 \*\*Data in the [Environmental data summary](#) are from wholly owned or controlled production facilities globally.  
 The data in this table include those locations as well as other wholly owned or controlled facilities globally (such as offices and Häagen-Dazs shops) as well as fleet vehicles.  
 \*\*\*This data is calculated using the market-based method.

KPI: Reduction of Scope 1 & 2 GHG Emissions		13 CLIMATE ACTION
SDG 13 – Climate Action		
<b>Key Performance Indicator (KPI):</b>	% reduction in Metric Tons of CO <sub>2</sub> e	
<b>Rationale:</b>	Climate change presents risks to our environment and our livelihoods. We are experiencing increased frequency, intensity and duration of extreme weather events that affect global food security and impact our ability to	



	<p>deliver quality products to our consumers and value to our shareholders. Climate change is also a human rights issue, impacting people’s rights to life, health, food, water, sanitation, standard of living, housing and property. It is imperative that our company and others combat the devastating impacts of climate change in order to protect both people and planet.</p>
<b>Baseline 2020:</b>	747 metric tons of CO <sub>2</sub> e
<b>Relevant Methodology and Benchmark Reference:</b>	<p>Providing food for a growing population with increased climate volatility and fewer resources is a challenge that affects our planet and our business. Science-based evidence suggests we must limit the global mean temperature rise to less than 1.5 degrees Celsius above preindustrial levels in order to avoid permanently altering the atmosphere and negatively impacting environmental, social and economic systems. That is why General Mills has set a science-based goal to reduce greenhouse gas emissions, in alignment with the new SBTi 1.5C guidance. Our approved target is to reduce our overall GHG by 30% across all scopes and, as a part of that, reduce our Scope 1&amp;2 (market-based) by 42% by 2030. Our initiatives to reduce Scope 1 and 2 emissions involve projects around energy efficiency in our plants, shifts to renewable electricity and other innovations as they become available</p> <p>We work with Quantis to calculate our global GHG emissions footprint each fiscal year, following the guidelines of the GHG Protocol Corporate Accounting and Reporting Standard. This footprint covers our complete value chain, from the farms that grow our ingredients to consumers who use our products.</p>

## 4.2 Calibration of the Sustainability Performance Target (SPT)

### **SPT: Reduction of Scope 1 & 2 GHG Emissions**

**Sustainability Performance Target:** Scope 1 and 2 GHG emissions % reduction equal to a minimum of 21% as measured by fiscal year-end 2025 compared to the 2020 baseline. The trigger will be achieving the GHG emissions target above.

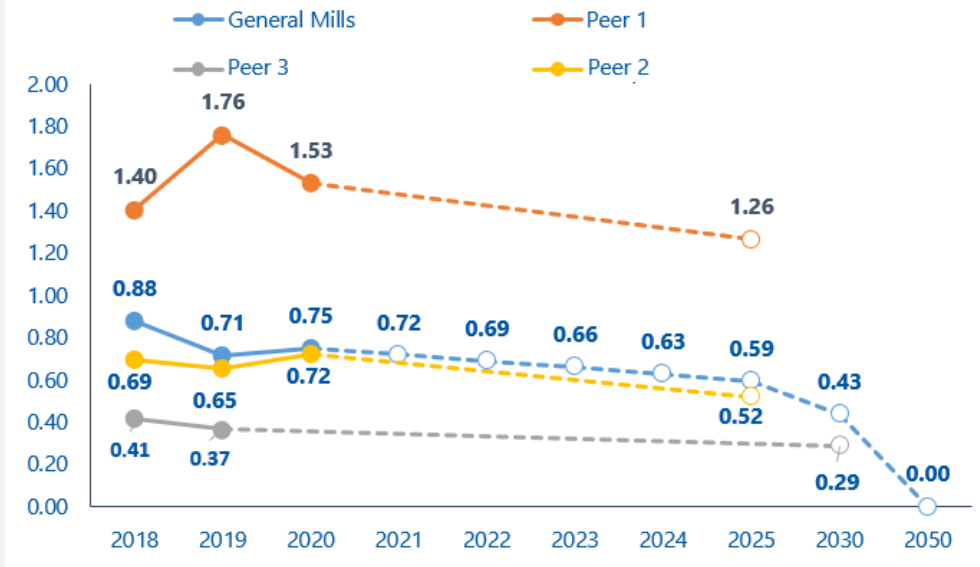
**Sustainability Performance Target Trigger:** Total % reduction of Metric Tons of CO<sub>2</sub>e produced at fiscal year-end 2025

**Sustainability Performance Target Observation Date:** May 25, 2025

**2020 Baseline:** 747 metric tons of CO<sub>2</sub>e



General Mills and Peers Historical Scope 1 and scope 2 GHG Emissions (million metric tonnes of CO<sub>2</sub>E)



**Factors that support the achievement of the targets:**

- Increase in renewable infrastructure and government support.
- Acquisition of a company with little to no energy footprint.
- We include the following in our planning:
  - Invest in proprietary plant breeding programs with the goal of providing farmers with seeds that deliver high-yield, high-quality crops despite climate variability.
  - Support innovation of practical tools for farmers to reduce their environmental impacts, especially GHG emissions. Provide technical assistance to growers in partnership with suppliers, NGOs and industry roundtables.
  - Support development of tools and systems that monitor climate change at the regional and farm levels with the goal of enabling more rapid adaptation to changes in weather.
  - Engage external experts/leaders on climate, agriculture and water to advise General Mills on our long-term climate adaptation efforts.
  - Engage multi-stakeholder groups to help address climate risk mitigation and adaptation such as the Dairy Sustainability Alliance, RSPO, Bonsucro, World Cocoa Foundation’s Cocoa and Forests Initiative, Ecosystem Services Market Consortium, Soil Health Partnership and the Soil Health Initiative.

**Risks to the target:**

- Acquisition of new companies with high energy footprint.
- Macroeconomic events, such as the COVID-19 pandemic.

### **4.3 Sustainability-Linked Bond Characteristics**

The financial characteristics of any security issued under this Framework, including a description of the selected KPI, SPT, step-up margin amount or the premium payment amount, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the relevant SLB).

For any bonds issued under this Framework, there will various Trigger Events impacting the financial characteristics of the security. The occurrence of a Trigger Event will result in a coupon step-up, accruing from date specified in the relevant bond (or an increase of the premium, as the case may be). The relevant timing of the potential coupon step-up will be specified in the bond documentation.

A step-up of the coupon shall be triggered if:

- a KPI has not achieved the SPT on the Target Observation Date;
- the verification (as per the verification section of this Framework) of the SPTs has not been provided and made public by the time of the Notification Date, as defined in the bond documentation; or
- the Company fails to provide Satisfaction Notice as of the Notification Date related to achieving the SPT, each as defined in the bond documentation.

Our calculation of the relevant KPI or SPT, including Greenhouse Gas Emissions, may exclude the effects of certain material acquisitions and/or material changes in laws or regulations applicable or relating to our production activities, in each case to be set forth, if applicable, in further detail in the terms and conditions of each our Sustainability-Linked Bonds.

### **4.4 Reporting**

Annually, and in any case for any date/period relevant for assessing the trigger of the SPT performance leading to a potential coupon adjustments, such as, a step-up of our Sustainability-Linked Bond financial characteristics, General Mills will publish and keep readily available and easily accessible on our website a Sustainability-Linked Bond update included within our Sustainability Annual Report including:

- i. Up-to-date information on the performance of the selected KPI, including the baseline where relevant;
- ii. a verification assurance report relative to the SPT outlining the performance against the SPT and the related impact, and timing of such impact, on a bond's financial performance; and
- iii. any relevant information enabling investors to monitor the progress of the SPT.

Information may also include when feasible and possible:



- i. Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis;
- ii. Illustration of the positive sustainability impacts of the performance improvement; and/or
- iii. Any re-assessments of KPI and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.

## **5 Verification**

Annually, and in any case for any date/period relevant for assessing the SPT performance leading to a potential coupon adjustment, such as a step-up of the Sustainability-Linked Bond financial characteristics, until after the SPT trigger event of a bond has been reached, General Mills will seek independent and external verification of our performance level against the SPT for the stated KPI by a qualified external reviewer with relevant expertise. The verification of the performance against the SPT will be made publicly available on our website.



## Disclaimer

This Sustainability-Linked Bond Framework (the "Framework") does not constitute a recommendation regarding any securities of General Mills or any affiliate of General Mills. This Framework is not, does not contain and may not be deemed to constitute an offer to sell or a solicitation of any offer to buy any securities issued by General Mills or any affiliate of General Mills. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe any applicable restrictions on distribution. Any bonds or other debt securities that may be issued by General Mills or its affiliates from time to time, including any Sustainability-Linked Bond, shall be offered by means of a separate prospectus or offering document in accordance with all applicable laws, any decision to purchase any such securities should be made solely on the basis of the information contained in any such prospectus or offering document provided in connection with the offering of such securities, and not on the basis of this Framework.

The information and opinions contained in Framework are provided as of the date of this Framework and are subject to change without notice. None of General Mills or any of our affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current General Mills policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the General Mills and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the General Mills as to the fairness, accuracy, reasonableness or completeness of such information. This Framework may contain statements about future events and expectations that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "target" and "will" or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any Sustainability-Linked Bond to fulfil environmental and sustainability criteria required by prospective investors.

This Framework does not create any legally enforceable obligations against General Mills; any such legally enforceable obligations relating to any Sustainability-Linked Bonds are limited to those



expressly set forth in the legal documentation governing each such series of Sustainability-Linked Bonds. Therefore, unless expressly set forth in such legal documentation, General Mills' failure to adhere or comply with any terms of this Framework, including, without limitation, failure to achieve any sustainability targets or goals set forth herein, will not constitute an event of default or breach of contractual obligations under the terms and conditions of any such Sustainability-Linked Bonds'. Factors that may affect General Mills' ability to achieve any sustainability goals or targets set forth herein include (but are not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, and other challenges.