

## Statement on responsible palm oil sourcing

October 2018

### General Mills is committed to sourcing palm oil in a socially and environmentally responsible manner.

We are concerned about the palm oil supply chain and its impact on the environment, workers, and communities.

Palm oil expansion has contributed to deforestation and climate change, as well as other negative impacts on biodiversity, endangered species, and the broader environment. And despite being a highly productive crop that can offer a path out of poverty, unsustainable palm oil production practices can also threaten the rights of rural communities and indigenous peoples.

General Mills is a relatively minor user of palm oil. Nevertheless, we recognize that responsible users of even small amounts of ingredients can impact issues via principled purchasing practices. To help ensure our purchases do not contribute to deforestation of the world's rainforests or negatively impact the communities that depend on them, we will aim to source 100 percent of our palm oil from responsible and sustainable sources (a commitment we first made in 2010). This applies to all palm oil sourced by General Mills.

General Mills is a member of and supports the principles of the Round Table on Sustainable Palm Oil (RSPO), and RSPO efforts to encourage and certify sustainable palm oil production practices. To reinforce those principles, General Mills purchases RSPO certified palm oil to cover all of our volumes, and we only buy from RSPO members.

In addition, we will aim to source palm oil only from suppliers whose supply chains meet the following principles:

- Only legal sources
- No development of High Conservation Value (HCV) areas and/or High Carbon Stock (HCS) forests<sup>1</sup>
- No development on peat lands regardless of depth, and use of best management practices for existing plantations on peat
- No burning for new planting or replanting preparation
- Progressive reductions of greenhouse gas emissions
- Compliance with the [General Mills Supplier Code of Conduct](#) and [Policy on Human Rights](#) which describes our expectations in food safety, forced labor, child labor, abuse of labor, freedom of association and collective bargaining, discrimination and harassment, wages and benefits, work hours and overtime, health and safety, environment, and anti-corruption
- Respect for the right of all affected communities to give or withhold their free, prior and informed consent for plantation developments on land to which they hold legal, customary or user rights
- Measures to facilitate the inclusion of smallholders into the supply chain
- Traceability to the extraction mill and plans to extend traceability to the plantation.

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<sup>1</sup> See <https://www.hcvnetwork.org/>. *Using the High Carbon Stock Approach*: <http://highcarbonstock.org/>

- Resolution of all valid complaints and conflicts through an open, transparent and consultative process.
- Annual progress reporting to demonstrate how these requirements are being implemented.

As part of our commitment, General Mills has integrated responsible palm oil procurement guidelines into our sourcing strategies. As a principled purchaser, General Mills engages its suppliers in direct review of their palm oil production and sourcing practices, supported by our partnership with Proforest – and will continue to do so. If an audit or other highly credible source reveals or confirms that a supplier is seriously violating the stated principles, and if that supplier does not acknowledge and immediately move to acceptably remediate the concern, General Mills will move to suspend or eliminate palm oil purchases from the supplier in question.

We support transparency in palm production and will update our progress at least annually. General Mills supports increased levels of transparency in the palm oil supply chain which we believe is in the best interest of the entire sector. [Here's a list](#) of our current global direct palm oil suppliers. We have been gaining increased visibility to the upstream supply chain of our direct suppliers and have supplier mill visibility for 99 percent of purchases. The most recent list of mills supplying our direct suppliers can be found [here](#) and [here](#) and will be updated periodically. We are very supportive of those suppliers who have been publicly transparent about their upstream supply already and it is now an expectation for all our palm oil suppliers.

Hurdles remain in the palm industry. Use of certified sustainable trade mechanisms, such as eTrace certificates, may be necessary in smaller operations. But our objective is clear: General Mills aims to source 100 percent of our palm oil from responsible and sustainable sources.

#### **May 2018-Supplier Performance Update**

Due to unresolved concerns about the social and environmental record of Indofoods and Salim Group companies, General Mills has instructed its suppliers to remove palm oil originating from these companies from its supply chain. We are committed to sourcing palm oil in a socially and environmentally responsible manner and to working with suppliers to help them achieve that. We are acting to ensure that our supply chain remains aligned with our sustainable sourcing commitments. We will continue to monitor Indofoods' performance through third parties and ongoing engagement with our suppliers.

General Mills also confirms that palm oil from Repsa is no longer in our supply chain as a result of divestment decisions previously made in line with our policy by relevant direct suppliers.