

## SECOND PARTY OPINION (SPO)

---

Sustainability Quality of the Issuer and Sustainability-Linked Bonds

General Mills

27 September 2021

### VERIFICATION PARAMETERS

---

**Type(s) of instruments contemplated**

- Sustainability-Linked Bonds

**Relevant standard(s)**

- Sustainability-Linked Bond Principles (“SLBP”), as administered by the International Capital Market Association (“ICMA”)

**Lifecycle**

- Pre-issuance verification

**Validity**

- As long as General Mills’ Sustainability-Linked Bond Framework (September 27, 2021) and Sustainability Performance Target benchmark remain unchanged

## CONTENTS

SCOPE OF WORK .....	3
GENERAL MILLS BUSINESS OVERVIEW .....	3
ISS ESG SPO ASSESSMENT SUMMARY .....	4
ISS ESG SPO ASSESSMENT.....	6
PART 1 KPI SELECTION & SPT CALIBRATION .....	6
PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES .....	14
PART 3: LINK TO GENERAL MILLS’ SUSTAINABILITY STRATEGY .....	17
ANNEX 1: Methodology .....	22
ANNEX 2: ISS ESG Corporate Rating.....	23
ANNEX 3: Quality management processes .....	25
About ISS ESG SPO .....	26

## SCOPE OF WORK

General Mills (“the issuer” or “the company”) commissioned ISS ESG to assist with its Sustainability-Linked Bond Framework by assessing three core elements to determine the sustainability quality of the instruments:

1. The sustainability credibility of the KPI selected and Sustainability Performance Target (SPT) calibrated – whether the KPI selected is core, relevant and material to the issuer’s business model and sector, and whether the associated target is ambitious.
2. General Mills’ Sustainability-Linked Bond Framework (September 27, 2021 version) and structural components of the transaction – benchmarked against the Sustainability-Linked Bond Principles (“SLBP”), as administered by the International Capital Market Association (“ICMA”).
3. Sustainability-Linked Bond’s link to General Mills’ sustainability strategy – drawing on General Mills’ overall sustainability profile and related objectives.

## GENERAL MILLS BUSINESS OVERVIEW

General Mills is a global food company headquartered in Minneapolis, Minnesota, USA. The company’s brands include Cheerios, Annie’s, Yoplait, Nature Valley, Häagen-Dazs, Betty Crocker, Pillsbury, Old El Paso, Wanchai Ferry, Yoki, BLUE and more. In fiscal 2020, General Mills generated net sales of U.S. \$17.6 billion and its share of non-consolidated joint venture net sales totaled U.S. \$1.0 billion.

The company’s portfolio is highlighted by eight iconic brands that each represent more than \$1 billion dollars in retail sales worldwide.



## ISS ESG SPO ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY <sup>1</sup>
<p><b>Part 1:</b></p> <p><b>KPI selection and SPT calibration</b></p> <p>KPI</p> <p>“Reduction of Scope 1 &amp; 2 GHG Emissions”</p> <p>SPT</p> <p>“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”</p>	<p><b>KPI selection: Relevant and core to issuer’s business model and sustainability profile. Material to the company’s direct operations but not material to the whole Corporate Value Chain<sup>2</sup>.</b></p> <p><b>Sustainability Performance Target (SPT) calibration:</b></p> <ul style="list-style-type: none"> <li>• <b>Less ambitious against issuer’s past performance from a quantitative perspective but in line with past efforts to reach its long-term objective</b></li> <li>• <b>Ambitious against issuer’s sectorial peer group</b></li> <li>• <b>Ambitious against the Paris Climate Goals<sup>3</sup></b></li> </ul> <hr/> <p>The KPI selected is relevant and core to the issuer’s business model and consistent with its sustainability strategy. The KPI is considered as material to General Mills’ operations and activities that the company has direct control of (Scope 1 and 2 emissions). However, it is considered as not material to the whole Corporate Value Chain as it does not cover Scope 3 emissions, representing 96% of the issuer’s GHG emissions in 2020. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable.</p> <p>The SPT calibrated by General Mills is ambitious against sectorial peers and against the Paris Climate Goals. However, ISS ESG finds the SPT calibrated by General Mills is less ambitious from a quantitative perspective but in line with the company’s past efforts to reach its long-term objective. The SPT is an interim target for General Mills’ 2030 goal to reduce absolute GHG emissions by 30%, which has been approved by the SBTi to be consistent with reductions required to keep global warming to 1.5°C. The target is set in a clear timeline, is benchmarkable and is supported by a credible strategy and action plan.</p>
<p><b>Part 2:</b></p> <p><b>Alignment with the SLBP</b></p>	<p><b>Aligned with ICMA Sustainability-Linked Bond Principles</b></p> <hr/> <p>The issuer has defined a formal framework for its Sustainability-Linked Bonds regarding the selection of KPI, calibration of Sustainability Performance Target (SPT), Sustainability-Linked Bond characteristics, reporting and verification. The framework is in line with the Sustainability-Linked Bond Principles (SLBP) administered by the ICMA.</p>
<p><b>Part 3:</b></p> <p><b>Link to issuer’s sustainability strategy</b></p>	<p><b>Consistent with issuer’s sustainability strategy</b></p> <hr/> <p>General Mills is committed to reducing its absolute greenhouse gas emissions across its value chain, each step having its own unique challenges and opportunities. To address these challenges, General Mills has four key ambitions guiding its work to accelerate planetary health, healthy living ecosystems, and thriving farmers and communities. This includes reducing GHG emissions across its value chain, advancing regenerative</p>

<sup>1</sup> ISS ESG’s evaluation is based on the engagement conducted from July to September 2021 and on General Mills’ Sustainability-Linked Bond Framework (September 27, 2021 version).

<sup>2</sup> <https://ghgprotocol.org/standards/scope-3-standard>

<sup>3</sup> <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf>

agriculture, reducing food loss and waste, and advancing the respect for human rights in the company's value chain. Furthermore, as part of the [RE100](#)<sup>4</sup> global corporate initiative, the company invests in renewable energy projects such as large-scale wind farms, producing renewable energy credits (RECs), and anaerobic digestion<sup>5</sup>.

According to the ISS ESG Corporate Rating published on 2021-08-05, the issuer According to the ISS ESG Corporate Rating published on 2021-08-13, General Mills shows a high sustainability performance against the industry peer group on key ESG issues faced by the Food Products sector. The issuer is rated 9<sup>th</sup> out of 212 companies within its sector. The issuer is exposed to one severe controversy related to alleged complicity in occupied Palestinian territories.

The KPI selected by the issuer is related to the mitigation of direct and indirect climate change, topics which have been determined by ISS ESG to be a material ESG risk for the Food Products sector, and which have been identified as a key priority in the issuer's sustainability strategy. Thus, ISS ESG finds that future issuances will contribute to the issuer's sustainability strategy thanks to the KPI's clear link to one of the key sustainability priorities of the issuer and among the most material ESG risks for the Food Products sector.

<sup>4</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>5</sup> Anaerobic digestion: captures and uses methane from waste to generate electricity

## ISS ESG SPO ASSESSMENT

### PART 1 KPI SELECTION & SPT CALIBRATION

#### KPI 'Reduction of GHG Emissions (Scope 1 and 2)'

##### 1.1. KPI selection

###### KPI selected by the issuer

###### FROM ISSUER'S FRAMEWORK

- **KPI:** Reduction of Scope 1 and 2 GHG Emissions (% reduction in metric tons of CO<sub>2</sub>e)
- **SPT (2025):** 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.
- **Medium-term goal (2030):** Achieve 30% reduction in absolute GHG emissions across General Mills' entire value chain by 2030
- **Long-term goal (2050):** Achieve net zero emission levels by 2050
- **Rationale:** Climate change presents risks to the environment and our livelihoods. The world is experiencing increased frequency, intensity and duration of extreme weather events that affect global food security and impact General Mills' ability to deliver quality products to its consumers and value to its 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 General Mills and others combat the devastating impacts of climate change in order to protect both people and planet.
- **Relevant methodology and benchmark reference:** Providing food for a growing population with increased climate volatility and fewer resources is a challenge that affects our planet and General Mills' 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. The company's approved target is to reduce its overall GHG by 30% across all scopes and, as a part of that, reduce its Scope 1 and 2 (market-based) by 42% by 2030. General Mills' initiatives to reduce Scope 1 and 2 emissions involve projects around energy efficiency in its plants, shifts to renewable electricity and other innovations as they become available. General Mills works with Quantis to calculate its global GHG emissions footprint each fiscal year-end, following the guidelines of the GHG Protocol Corporate Accounting and Reporting Standard. This footprint covers its complete value chain, from the farms that grow its ingredients to consumers who use its products.
- **Baseline:** 747 metric tons of CO<sub>2</sub>e (Scope 1 and 2)
- **Baseline period:** 2020
- **Scope:** This KPI applies to General Mills' Scope 1 and 2 emissions, which covers approximately 4% of the company's total produced emissions.

###### Materiality and Relevance

Mitigation of direct and indirect climate impacts is considered a key ESG issue faced by the Food Products sector, according to key ESG standards for reporting and ISS ESG assessment. Companies of this sector are highly GHG emissions intensive, namely in the process of animal farming and processed

food. According to a UN-backed study, more than one-third of global anthropogenic GHG emissions can be attributed to the way we produce, process and package food<sup>6</sup>.

Other indicators that have a significant impact across the sector include impacts on soil and biodiversity along the value chain and the conversation of aquatic ecosystems and water along the value chain, according to ISS ESG's proprietary rating methodology.

ISS ESG finds that the KPI selected by the issuer is:

- **Relevant** for the Food Products sector as its companies are responsible for and exposed to risks related to this KPI, as mitigating the direct and indirect climate impacts of operations is one of the key ESG issues for the sector.
- **Core** to the issuer's business as this KPI will have an impact on the core activities and processes of the company's manufacturing facilities. Initiatives to reduce Scope 1 and 2 emissions involve projects around the energy efficiency in its plants, shifts to renewable electricity and other innovations as they become available. This includes the company's Five-Step Energy Reduction processes in which it works with manufacturing plants to establish energy programs, conduct energy analyses, develop and execute improvement plans, and validate results. This process historically focused on facilities with significant spending on energy and has recently evolved to include all General Mills manufacturing facilities by focusing on improvement efforts on common systems such as compressed air, lighting, and hot steam/water. Furthermore, through two virtual power purchase agreements, General Mills is working to shift its energy consumption to renewable energy. Thus, reducing GHG emissions affects key processes and operations that are core to the business model of the issuer.
- **Moderately Material** to General Mills from an ESG perspective:
  - The KPI selected is material related to the direct operations and activities of the issuer as it covers 100% of Scope 1 and 2 emissions. However, the KPI is not material to the whole corporate value chain as Scope 3 emissions are not included in the scope of this KPI, which represented approximately 96% of General Mills' total GHG emissions in 2020.
  - However, it is worth noting that the company's rationale for not including Scope 3 in the KPI is because the GHG protocol guidance and accounting for Scope 3 interventions, like regenerative agriculture, are still in development. Accounting methodologies for Scope 1 and 2 emissions are clearly defined across industries and within the company's control.

### Consistency with overall company's sustainability strategy

#### General Mills' key priorities:

##### **Food**

- **Nutrition:** provide a diverse portfolio of products that contribute to the well-being of consumers and meet a variety of needs.

<sup>6</sup> <https://news.un.org/en/story/2021/03/1086822>

- **Diverse consumer needs:** General Mills consistently monitor key food trends and macro forces that can drive change in the way people eat and interact with its 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:** Leading with safety – both in the workplace and the food it makes – is one of the key operating principles that guides the company’s work.
  - 100% of facilities worldwide are audited and/or certified by third parties using globally recognized food safety criteria.
  - 91% of 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. The product packages display accurate nutrition labeling as prescribed by regulations in the country of sale.

## **Planet**

The largest environmental impacts related to the business occur outside General Mills operations. Thus, General Mills collaborates to drive change by promoting regenerative practices across its value chain, from farm to fork to landfill.

Areas of focus:

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

## **People**

At General Mills, people represent the company’s greatest resource in building its business and upholding its values. The company seeks to create a safe and inclusive workplace whether at a Cheerios plant, a meeting at headquarters or out in the sales field.

Areas of focus:

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

## **Community**

General Mills philanthropy ties closely to the company’s purpose, core business and food systems knowledge. The company partners in innovative ways with nonprofits to harness a collective impact in key areas, while engaging employees through volunteerism.

Areas of focus:

- Increasing food security
- Strengthening hometown communities



- Employee volunteerism

### Supplier Diversity and Inclusion

General Mills is committed to valuing diversity in all aspects of its supply chain. The company has had an established Supplier Diversity Program in North America for over 50 years and has recently expanded the 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

### General Mills' key objectives:

General Mills has four key ambitions guiding its work to accelerate planetary health, healthy living ecosystems, and 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.

The KPI defined in the issuer's Sustainability-Linked Bond Framework contributes to General Mills' objectives around climate change and as part of this objective, the issuer has also defined a target to achieve net zero emission levels by 2050.

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

### Measurability

- **Material scope and perimeter:** The KPI selected covers 100% of General Mills' direct operations. However, the KPI does not cover Scope 3 emissions, which represented approximately 96% of the issuer's total GHG emissions in 2020.
- **Quantifiable:** The KPI selected is measurable and quantifiable. GHG emissions (Scope 1 and 2 emissions) are widely disclosed and standardized in the market. The issuer is referring to key reporting and accounting protocols for GHG emissions, such as the GHG Protocol.
- **Externally verifiable:** The KPI is externally verifiable given that it is calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. General Mills has worked with Quantis to calculate its global GHG emissions footprint each fiscal year-end since 2015, while its baseline year for 2020 has been externally verified by Apex Companies. The

issuer commits to get a third-party verification of its GHG accounting and of the KPI considered under this transaction annually and for any date/period relevant for assessing the trigger of the SPT performance leading to a potential adjustment in the instrument characteristics.

- **Benchmarkable:** By referring to commonly acknowledged GHG accounting standards and protocol, the KPI is easily comparable with the data reported by other companies and with international targets such as the Paris Agreement. Benchmarking of the SPT in relation with this KPI has been analyzed in section 2.

**Opinion on KPI selection:** *ISS ESG finds that the KPI selected is relevant and core to the issuer's business model and consistent with its sustainability strategy. The KPI is considered as material to General Mills' operations and activities that the company has direct control of (Scope 1 and 2 emissions). However, it is considered as not material to the whole Corporate Value Chain as it does not cover Scope 3 emissions representing the majority of the issuer's GHG emissions. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable.*

## 1.2. Calibration of SPT

### SPT set by the issuer

#### FROM ISSUER'S FRAMEWORK<sup>7</sup>

**Sustainability Performance Target (2025):**

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.

**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 Dates:** May 25, 2025

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

**Strategic 2030 Goal and Selection of Methodology for Calculating the SPT:**

The SPT has been calculated using methodologies approved by the SBTi. This SPT is an interim target for achieving General Mills' 2030 goal to reduce absolute GHG emissions across its value chain by 30% by 2030. General Mills' 2030 goal has been validated by the SBTi to be in line with a 1.5°C scenario.

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

- Increase in renewable infrastructure and government support.
- Acquisition of a company with little to no energy footprint.
- General Mills includes the following in its 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.

<sup>7</sup> This table is displayed by the issuer in its Sustainability-Linked Bond Framework and has been copied over in this report by ISS ESG for clarity.

## Ambition

### Against company's past performance<sup>8</sup>

Indicator	2018	2019	2020	2025 - Target	CAGR '18-'20	CAGR Baseline-'25
GHG Scope 1 and 2 Emissions (million metric tons of CO <sub>2</sub> e)	0.88	0.71	0.75	0.59	-7.7%	-4.7%
YoY Reduction (%)		-19.32%	5.63%			

Source: *General Mills as of September 2021*

From the baseline period 2020 to the 2025 target, the compound annual reduction rate is -4.7%. In absolute terms, this will be a 21% decrease in GHG Scope 1 and 2 emissions from 0.75 million metric tons of CO<sub>2</sub>e during the baseline period to 0.59 million metric tons of CO<sub>2</sub>e in 2025. Compared to General Mills' historical performance, between 2018 and 2020, the company achieved a 15% reduction in GHG Scope 1 and 2 emissions, or an annual reduction rate of -7.7%. However, General Mills has achieved significant reductions of Scope 1 and 2 emissions in the past through its aggressive stance on energy efficiency through project-based initiatives. Furthermore, achieving its goal will require additional capital and significant transformation of General Mills' facilities, including reaching 100% Renewable Electricity in all its owned facilities.

Thus, ISS ESG concludes that the SPT is less ambitious compared to the issuer's past performance from a quantitative perspective but in line with past efforts to achieve its long-term objective as General Mills has already achieved significant reductions of Scope 1 and 2 emissions, and reaching its goal requires additional capital and significant transformation.

### Against company's sectorial peers

ISS ESG conducted a benchmarking of the SPT set by General Mills against a peer group composed of 212 companies in the Food Products universe derived from the ISS ESG Universe. Out of its sectorial peers, General Mills is one of 19 companies with GHG emissions and reduction targets approved by the SBTi.

ISS ESG concludes that the SPT set by the issuer is ambitious compared to the peer group derived from the ISS ESG universe.

### Against international targets

#### Paris agreement

General Mills' targets have been assessed against the SBTi criteria and approved by the SBTi, a collaboration between Carbon Disclosure Project, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature.

General Mills' approved target is to reduce its overall GHG emissions by 30% across all scopes and, as a part of that, reduce its Scope 1 and 2 (market-based) by 42% by 2030. The SBTi confirms that the targets covering greenhouse gas emissions from company operations (Scope 1 and 2 emissions) are consistent with reductions required to keep warming to 1.5°C. Moreover, the SPT's annual reduction

<sup>8</sup> The growth projected in the table is indicative and does not represent exact expected values for the company from 2021 to 2025.

of 4.7% exceeds the SBTi's absolute contraction approach of 4.2% annual reduction rate<sup>9</sup> to keep warming to 1.5°C.

Thus, ISS ESG concludes that the SPT set by the issuer is ambitious against the Paris Climate Goals. According to the SBTi, the SPT is in line with the Paris agreement and a 1.5° Celsius warming scenario.

### UN Sustainable Development Goals

In addition, ISS ESG, using a proprietary methodology, assessed that the SPT achievement would have a positive contribution to the SDG 13 "Climate Action".

### Measurability & Comparability

- **Historical data:** The issuer provided three years of historical data. The issuer selected 2020 as the baseline for the SPT as this is the most recent available data.
- **Benchmarkable:** By referring to commonly acknowledged GHG Accounting Standards and Protocol, the KPI is easily comparable with the data reported by other companies.
- **Timeline:** The issuer defined a precise timeline related to the SPT achievement, including the target observation date, the trigger event and the frequency of SPT's measurement.

### Supporting strategy and action plan

General Mills aims to reduce Scope 1 and 2 emissions by focusing on projects around energy efficiency in its plants, shifts to renewable electricity and other innovations as they become available. This includes the company's Five-Step Energy Reduction process that involves working with manufacturing plants to establish energy programs, conduct energy analyses, develop and execute improvement plans, and validate the results. This process also historically focused on facilities with significant spending on energy and has recently evolved to include all General Mills manufacturing facilities, focusing on improvement efforts on common systems such as compressed air, lighting, and hot steam/water.

Furthermore, as part of its efforts to reduce Scope 2 emissions, General Mills has set a target that by 2030, 100% of its energy consumption will be from renewable energy sources, particularly wind power.

This action plan is perceived as credible to support the achievement of the SPT set by General Mills.

**Opinion on SPT calibration:** ISS ESG finds that the SPT calibrated by General Mills is less ambitious against the company's past performance from a quantitative perspective but in line with past efforts to reach its long-term objective, ambitious against sectorial peers, and ambitious against the Paris Climate Goals. The SPT is an interim target for General Mills' 2030 goal to reduce absolute GHG emissions by 30%, which has been approved by the SBTi to be consistent with reductions required to keep global warming to 1.5°C. The target is set in a clear timeline, is benchmarkable and is supported by a credible strategy and action plan.

<sup>9</sup> <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf> p. 16

## PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES

### Rationale for Framework

#### FROM ISSUER'S FRAMEWORK

Through the issuance of its Sustainability-Linked Bonds ("SLBs"), General Mills aims to further use the power of its company to address green and social projects that align with its sustainability priorities and help it achieve its long-term goal of net zero emission levels by 2050 across Scopes 1, 2 and 3.

General Mills hopes the issuance of its Sustainability-Linked Bond will inspire other similar companies to do the same.

General Mills' framework provides a high-level approach to the company's Sustainability-Linked Bond and investors should refer to the relevant documentation for any Bond transactions.

**Opinion:** ISS ESG considers the Rationale for Issuance description provided by General Mills as aligned with the SLBP. The issuer has created and committed to publicly disclose the framework and relevant documentation in a comprehensive and credible manner.

### 2.1. Selection of KPI

ISS ESG conducted a detailed analysis of the sustainability credibility of KPI selection available in section 1 of this report.

**Opinion:** ISS ESG considers the Selection of KPI as per the description provided by General Mills as aligned with the SLBP.

- **KPI:** ISS ESG finds that the KPI selected is relevant and core to the issuer's business model and consistent with its sustainability strategy. The KPI is considered as material to the operations and activities that the company has direct control of (Scopes 1 and 2). However, it is considered as not material to the whole Corporate Value Chain as it does not cover Scope 3 emissions representing the majority of the issuer's GHG emissions. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable.

### 2.2. Calibration of Sustainability Performance Target (SPT)

ISS ESG conducted a detailed analysis of the sustainability credibility of SPT is available in section 1 of this report.

**Opinion:** ISS ESG considers the Calibration of Sustainability Performance Target (SPT) description provided by General Mills as aligned with the SLBP.

- **SPT:** ISS ESG finds that the SPT calibrated by General Mills is less ambitious against the company's past performance from a quantitative perspective but in line with past efforts to reach its long-term objective, ambitious against sectorial peers, and ambitious against the Paris Climate Goals. The SPT is an interim target for General Mills' 2030 goal to reduce

*absolute GHG emissions by 30%, which has been approved by the SBTi to be consistent with reductions required to keep global warming to 1.5°C. The target is set in a clear timeline, is benchmarkable and is supported by a credible strategy and action plan.*

### 2.3. Sustainability-Linked Bond Characteristics

#### FROM ISSUER'S FRAMEWORK

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 SPT 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.

General Mills' 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 its production activities, in each case to be set forth, if applicable, in further detail in the terms and conditions of its Sustainability-Linked Bond.

**Opinion:** *ISS ESG considers the Sustainability-Linked Bond Characteristics description provided by General Mills as aligned with the SLBP. The issuer gives a detailed description of the potential variation of the financial characteristics of the securities, while clearly defining the KPI, associated SPT and their calculation methodologies. The issuer takes into consideration potential extreme / exceptional events that could substantially impact the calculation of the KPI, the restatement of the SPT and/or pro-forma adjustments of the baseline or KPI scope.*

### 2.4. Reporting

#### FROM ISSUER'S FRAMEWORK

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.

**Opinion:** ISS ESG considers the Reporting description provided by General Mills as aligned with ICMA's Sustainability-Linked Bond Principles. This will be made publicly available annually and include valuable information, as described above.

## 2.5. Verification

### FROM ISSUER'S FRAMEWORK

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 General Mills' website.

**Opinion:** ISS ESG considers the Verification description provided by General Mills as aligned with the SLBP. The issuer plans on having all annual values of the SPT published and verified. This will outline the performance against the SPT, and the related impact of such impact on the securities' financial characteristics.



## PART 3: LINK TO GENERAL MILLS' SUSTAINABILITY STRATEGY

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
<b>GENERAL MILLS, INC.</b>	<b>FOOD PRODUCTS</b>	<b>1</b>	<b>VERY HIGH</b>

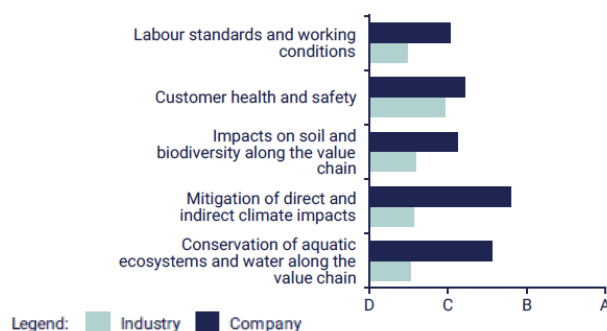
This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the Food Products sector and obtains a Decile Rank relative to industry group of 1, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

### ESG performance

As of 2021-08-13, this Rating places General Mills 9<sup>th</sup> out of 212 companies rated by ISS ESG in the Food Products sector.

Key challenges faced by companies in terms of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

#### Key Issue Performance



### Sustainability Opportunities

While General Mills' product portfolio also contains few comparatively healthy products, such as frozen vegetables, the company also produces a large number of products, such as sugary cereals, which are associated with a relatively high risk regarding health and nutrition. Furthermore, the company aims to increase the share of certified organic products in its product portfolio. So far, the organic share in the company's net sales is estimated to lie below 10% of net sales.

### Sustainability Risks

A good approach to manage most environmental challenges is evident, although some strategies are not yet implemented on an extensive scale. For example, the company states that its sources 100% of its 10 priority ingredients sustainably, but for some of the raw materials, such as wheat, the definition of 'sustainable sourcing' is rather weak. Further measures have been implemented to advance regenerative agriculture on US farmland. Yet, the company is still facing allegations of deforestation in its palm oil supply chain in Indonesia.

A structured approach is in place to ensure water conservation in agricultural production and the company is committed to contribute to the reduction of agricultural water use and pollution, but the implementation of respective measures has yet to be amplified. With regard to climate change, the company has implemented a comprehensive strategy which includes a science-based target for its

own operations and its supply chain. From a social perspective, General Mills has implemented robust measures to ensure food safety in its production. Yet, its targets to improve the nutritional values of its products (regarding e.g., sugar, fat and sodium) only relate to some product groups and lack in detail. Labor-related aspects in own operations, such as equal opportunities, are targeted by reasonable efforts, including the implementation of a health and safety management system which, however, does not seem to be certified to a relevant international standard. The company's supply chain management regarding labor rights is backed by a good supplier code and some procedures and measures to ensure compliance have been implemented, but the coverage of those measures could still be increased. As a signatory to the UN Global Compact, the company is committed to respect internationally recognized human rights. However, provisions to ensure these rights in the raw materials supply chain appear limited. In addition, the company, through its controlled subsidiary General Mills Israel Ltd., is facing major allegations of failing to respect the right to self-determination in territories under disputed occupation by Israel.







### *Governance opinion*

Regarding General Mills' governance structure, the board members are all independent of the executive management team, except for the company's chairman of the board (Jeffrey L. Harmening, as at September 28, 2020) who holds the position of CEO. However, there is a lead independent director in place. Additionally, fully independent committees in charge of audit, nomination and remuneration have been set up. The company discloses its remuneration policy for executives, including long-term components, which could incentivize sustainable value creation.

Regarding the governance of sustainability, a fully independent sustainability committee is in place. Additionally, the company reports that sustainability performance objectives are integrated into the variable remuneration of members of the executive management team. However, no details are available. General Mills has established a code of ethics covering a variety of important issues such as conflicts of interest, corruption, insider dealings, facilitation payments, and gifts and entertainment. The code is available in relevant languages and compliance risk assessments and trainings are conducted. Yet, the company's statement on the non-retaliation of whistleblowers remains at a general level and there is no indication that General Mills also conducts compliance audits.

*Sustainability impact of products and services portfolio*

Using a proprietary methodology, ISS ESG assessed the contribution of General Mills’ current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along General Mills’ production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
<b>Dairy-based products (with limited processing), plant-based food products (very high nutritional value)</b>	7%	CONTRIBUTION	
<b>Food/agricultural products (certified organic)</b>	6%	CONTRIBUTION	 
<b>Plant-based food products (very high nutritional value)</b>	2%	CONTRIBUTION	
<b>Food products (highly processed and/or critical nutrient level), food products (promoting malnutrition)</b>	70%	OBSTRUCTION	 
<b>Others</b>	N/A	NO NET IMPACT	N/A

*Breaches of international norms and ESG controversies<sup>10</sup>*

The company is facing a severe controversy related to alleged complicity in disputed territories (occupied Palestinian territories).

General Mills, Inc., (GM) through its controlled subsidiary General Mills Israel Ltd. (GM Israel), has yet to demonstrate how its activities in connection with territories under the disputed occupation by Israel are consistent with expectations on responsible business conduct for companies operating in conflict-affected areas, including in territories under dispute. In communication with ISS ESG in

<sup>10</sup> It is worth noting that even if ISS assesses negatively General Mills’ alleged complicity in disputed territories, General Mills has provided additional information on these topics such as the use of natural resources, in particular water and land, for business purposes of the manufacturing facility in the Atarot Industrial Park being one of several activities listed in the report. According to General Mills, around 50 percent of the plant’s workers are Palestinian and the facility has a history of continuing employment and employee satisfaction. Many of the plant’s Palestinian workers have been employed at the facility for several years, working alongside Israeli colleagues. To conclude, according to the company, every employee has full social benefits without prejudice to race, religion or nationality.

September 2020, the company confirmed that it supplies baked goods for its Pillsbury brand from a factory located in the Atarot industrial zone in the West Bank. It further stated that it does not hold any stake in the factory, which is owned by an independent entity, but disclosed that it has placed permanent personnel on site to monitor quality. Both GM and its Israeli subsidiary are among the companies identified in the United Nations (UN) database released in February 2020, which includes business entities involved in certain activities for the period 1 January 2018 to 1 August 2019. The NGOs Danwatch and the Norwegian People’s Aid have also highlighted GM’s operations in the West Bank. Businesses operating in the settlements under the disputed occupation by Israel are alleged by human rights organizations, such as Human Rights Watch (HRW) and Danwatch, to be “inextricably linked to, and benefit from, Israel’s privileged and discriminatory treatment of settlements at the expense of Palestinians.” Decisions released by the UN General Assembly, the International Court of Justice (ICJ) and the UN Security Council contend that the settlements are contrary to international humanitarian law. The UN Security Council has called on “[s]tates not to provide Israel with any assistance to be used specifically in connection with settlements in the occupied territories.” The Israeli government, however, maintains that Israel’s presence in the territories is not illegal and has highlighted its strong ties to the area. The UN Working Group on the issue of human rights and transnational corporations and other business enterprises has nonetheless determined that “business enterprises doing business, or seeking to do business, in or connected to the Israeli settlements in the OPT [Occupied Palestinian Territories] need to be able to demonstrate that they neither support the continuation of an international illegality nor are complicit in human rights abuses.” While there is no indication that the company or its subsidiary have undertaken a human rights due diligence exercise demonstrating that its activities in the West Bank are aligned with expectations on responsible business conduct, in September 2020 GM disclosed to ISS ESG that it is aware of the established frameworks and guidance for responsible business conduct in the disputed territories and is currently conducting a review of next steps.

*Contribution of the KPI to sustainability objectives and key ESG industry challenges*

ISS ESG mapped the KPI selected by the issuer for its SLB with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Food Products sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of the KPI selected.

KPI SELECTED	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
<b>Greenhouse Gas (GHG) Emissions (Scope 1 and 2)</b>	✓	✓	Contribution to a material objective

**Opinion:** *ISS ESG finds that the KPI financed through this SLB is consistent with the issuer’s sustainability strategy and material to a limited extent to ESG topics for the issuer’s industry. The KPI selected by the issuer is material to mitigating direct emissions but not material to mitigating indirect emissions. The rationale for issuing Sustainability-Linked Bonds is clearly described by the issuer.*

## DISCLAIMER

1. Validity of the SPO: For General Mills' Sustainability-Linked Bond issuances as long as the Sustainability-Linked Bond Framework (September 27, 2021 version), SPT benchmarks and structural securities characteristics described in this document do not change.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer's use of products and services from ICS by emailing [disclosure@issgovernance.com](mailto:disclosure@issgovernance.com).

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

Deutsche Börse AG ("DB") owns an approximate 80% stake in ISS HoldCo Inc., the holding company which wholly owns ISS. The remainder of ISS HoldCo Inc. is held by a combination of Genstar Capital ("Genstar") and ISS management. ISS has formally adopted policies on non-interference and potential conflicts of interest related to DB, Genstar, and the board of directors of ISS HoldCo Inc. These policies are intended to establish appropriate standards and procedures to protect the integrity and independence of the research, recommendations, ratings and other analytical offerings produced by ISS and to safeguard the reputations of ISS and its owners. Further information regarding these policies are available at <https://www.issgovernance.com/compliance/due-diligence-materials>.

© 2021 | Institutional Shareholder Services and/or its affiliates

## ANNEX 1: Methodology

### ISS ESG Corporate Rating

The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

### Alignment of the concept set for transactions against the Sustainability-Linked Bond Principles, as administered by ICMA

ISS ESG reviewed the Sustainability-Linked Bond Framework of General Mills, as well as the concept and processes for issuance against the Sustainability-Linked Bond Principles administered by the ICMA. Those principles 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.

ISS ESG reviewed the alignment of the concept of the General Mills' issuance with mandatory and necessary requirements as per the Appendix II - SLB Disclosure Data Checklist of those principles, and with encouraged practices as suggested by the core content of the Principles.

### Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles, ISS ESG conducted an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT. ISS ESG analysed if the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy thanks to its long-standing expertise in evaluating corporate sustainability performance and strategy. ISS ESG also reviewed if the KPI is appropriately measurable by referring to key GHG reporting protocols and against acknowledged benchmarks.

ISS ESG analysed the ambition of the SPT against General Mills' own past performance (according to General Mills' reported data), against General Mills' Food Products peers (as per ISS ESG Peer Universe and additional data), and against international benchmarks when available and the UN SDGs (according to the ISS ESG proprietary methodology). Finally, ISS ESG evaluated the measurability & comparability of the SPT, and the supporting strategy and action plan of General Mills.

## ANNEX 2: ISS ESG Corporate Rating

The following pages contain the methodology description of the ISS ESG Corporate Rating.

### Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

**ESG Corporate Rating** - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

**Analyst Opinion** - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

**Norm-Based Research - Severity Indicator** - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

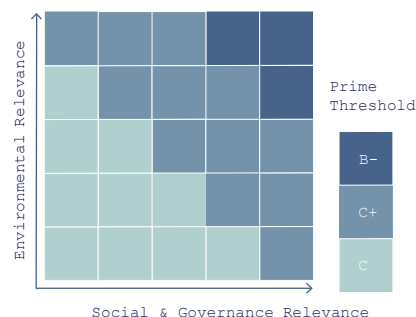
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

**Decile Rank** - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

**Distribution of Ratings** - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

**Industry Classification** - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



**Industry Leaders** - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

**Key Issue Performance** - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

**Performance Score** - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

**Rating History** - Development of the company's rating over time and comparison to the average rating in the industry.

**Rating Scale** - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

**Sources of Information** - A selection of sources used for this report is illustrated in the annex.

**Status & Prime Threshold** - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

**Transparency Level** - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.



## ANNEX 3: Quality management processes

### SCOPE

General Mills commissioned ISS ESG to compile a Sustainability-Linked Bond SPO. The Second Party Opinion process includes verifying whether the Sustainability-Linked Bond Framework aligns with the Sustainability-Linked Bond Principles and to assess the sustainability credentials of its Sustainability-Linked Bond, as well as the issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion

- Sustainability-Linked Bond Principles, as administered by the ICMA

### ISSUER'S RESPONSIBILITY

General Mills' responsibility was to provide information and documentation on:

- Framework

### ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Sustainability-Linked Bond to be issued by General Mills based on ISS ESG methodology and in line with ICMA's Sustainability-Linked Bond Principles.

The engagement with General Mills took place from July to September 2021.

### ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

## About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For Information about SPO services, contact:

**Federico Pezzolato**

SPO Business Manager EMEA/APAC

[Federico.Pezzolato@isscorporatesolutions.com](mailto:Federico.Pezzolato@isscorporatesolutions.com)

+44.20.3192.5760

**Miguel Cunha**

SPO Business Manager Americas

[Miguel.Cunha@isscorporatesolutions.com](mailto:Miguel.Cunha@isscorporatesolutions.com)

+1.917.689.8272

For Information about this SLB SPO, contact: [SPOOperations@iss-esg.com](mailto:SPOOperations@iss-esg.com)

### Project team

#### Project lead

Karsen Bell  
Analyst  
ESG Consultant

#### Project support

Armand Satchian  
Associate  
ESG Consultant

#### Project supervision

Viola Lutz  
Associate Director  
Deputy Head of Climate Services