Annie's

Sustainability Highlights FY2019

General Mills

Triple Bottom Line Operating Unit

Our Mission And Vision For The Future

We believe that food choices matter.

Our mission is to care for the planet and its people through the food we make and the land we impact.

Our vision is for General Mills to become the company most trusted to care for the planet and its people.

Contents

About this report

In 2018, Annie's joined together with Cascadian Farm, EPIC Provisions, and Muir Glen to form a new Operating Unit within General Mills called the Triple Bottom Line Operating Unit. This report covers the sustainability strategy of the Triple Bottom Line Operating Unit and key projects that Annie's has contributed to in fiscal year 2019 (June 2018 May 2019).

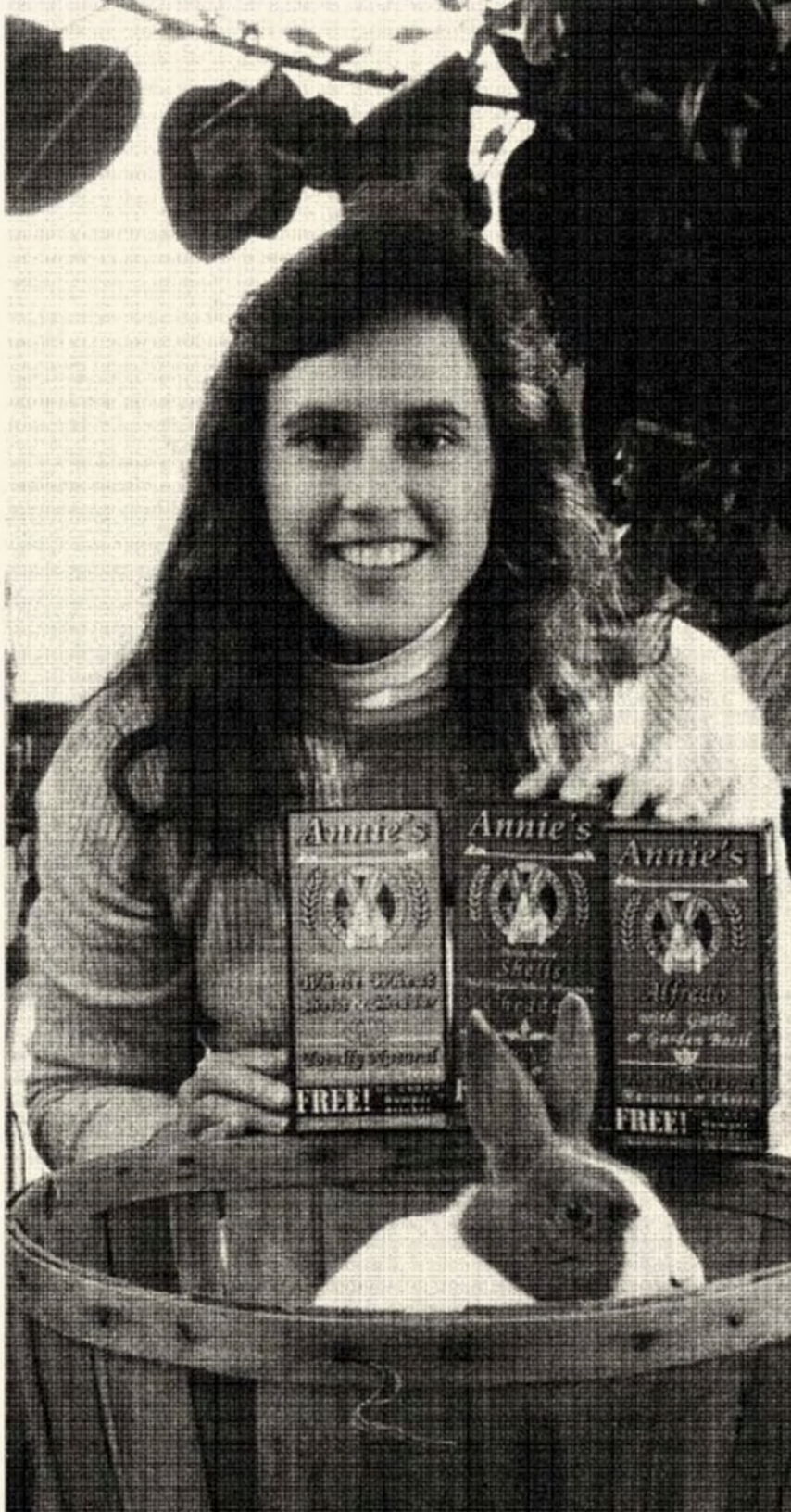
Annie's has published a sustainability report each year since 2011, aligned with the Sustainable Food Trade Association metrics. To see our past sustainability reports, visit www.annies.com/our_mission.

To learn more about all of General Mills' sustainability initiatives, see the 2019 Global Responsibility Report at www.generalmills.com/en/Responsibility/Overview.

Annie Withey believed it was possible to build a socially conscious and successful business. This was her mission in 1989, when she wrote her name, address, and phone number on the very first boxes of Annie's Mac and Cheese. Her legacy lives on as Annie's strives to change the future for our kids, starting with food.

Our mission is to cultivate a healthier, happier world by spreading goodness through nourishing foods, honest words and conduct that is considerate and forever kind to the planet.

ANNIE WITHEY



Introducing the Triple Bottom Line Operating Unit

In 2018, Annie's, Cascadian Farm, EPIC Provisions, and Muir Glen joined together as a new Operating Unit within General Mills. We proudly named our group of brands after our fierce collective commitment to mission: The Triple Bottom Line Operating Unit is committed to driving positive outcomes for the planet, people, and profit.

Every business depends on the planet and people, but accounting for impact across a triple bottom line is still uncommon. Yet it's also an opportunity to adapt for innovation and growth.

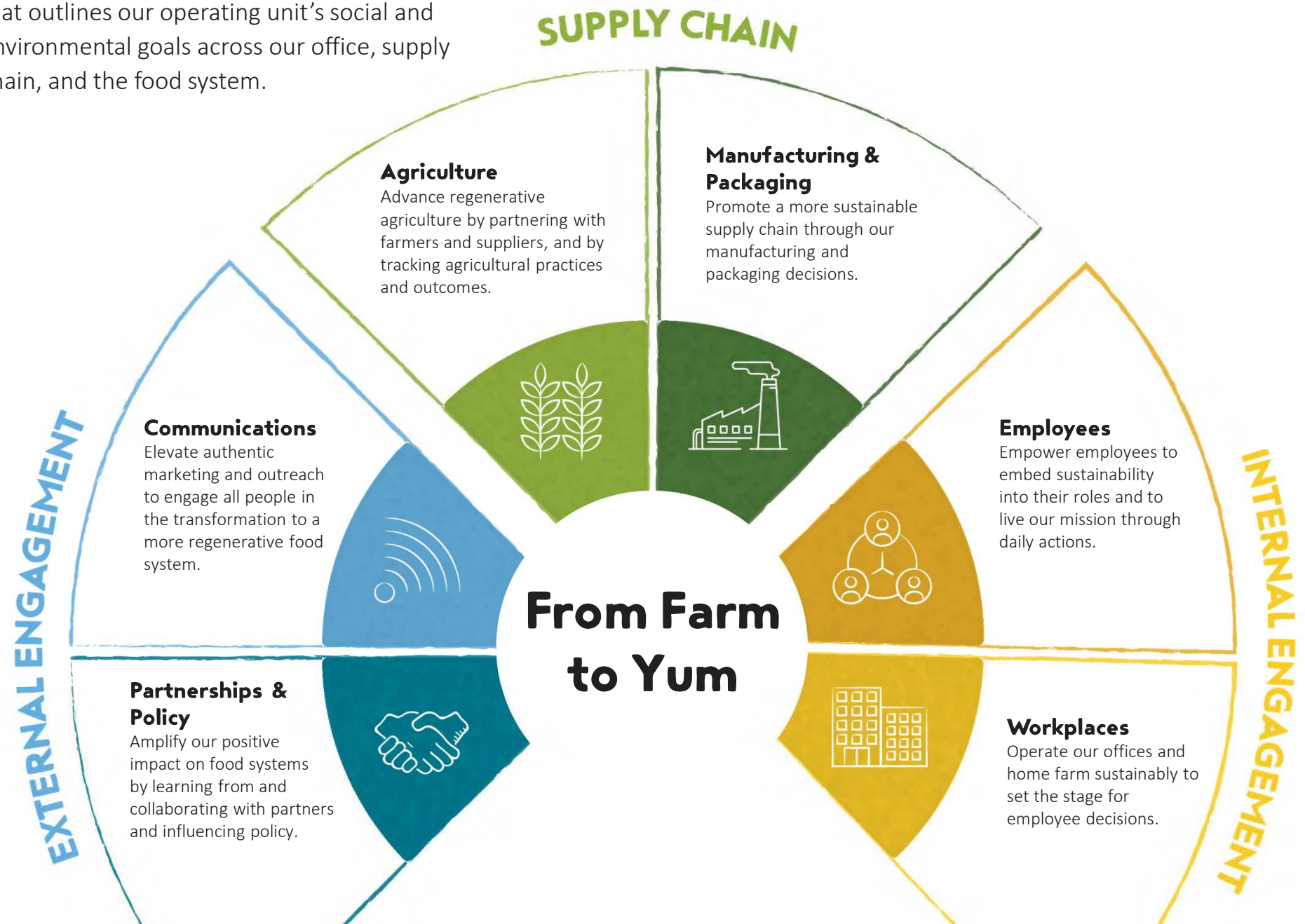
Accounting for the triple bottom line helps our operating unit grow responsibly by:

- Growing the financial top and bottom lines with a view toward the long term
- Counting externalities: knowing the true costs of operation, including social and environmental costs that don't hit a traditional balance sheet
- Finding win-wins through resource efficiency and waste avoidance
- Creating value through authentic actions and messaging that drive trust, competitive advantage, and innovation

Across the brands in the Triple Bottom Line Operating Unit, our mission is to care for the planet and its people through the food we make and the land we impact. While each brand has unique product offerings and core consumers, the decisions we make across all four brands strive to advance the balanced triple bottom line.

From Farm to Yum: Our Sustainability Strategy

Farm to Yum is the comprehensive framework that outlines our operating unit's social and environmental goals across our office, supply chain, and the food system.



Developing Key Performance Indicators

The business world has standard metrics to track and prioritize profitability. Developing equally strong metrics for impact on the planet and people allows us to understand and act on a triple bottom line business model.

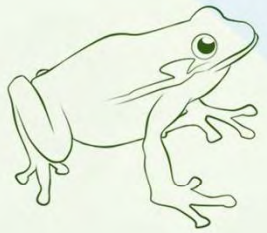
Historically, companies have focused on financial metrics that are an integral part of the business vernacular – metrics like return on investment, margin expansion, and cost savings. If we are to transition to a triple bottom line business model, we need to balance those metrics with equally weighted metrics related to the planet and people.

Each of our brands has a strong heritage of sustainability with its own approach to measuring impact. Annie's has published annual sustainability reports since 2011, aligned to the Sustainable Food Trade Association metrics; EPIC has published an annual Impact Journal since 2017; and both Muir Glen and Cascadian Farm have had a strong history of sustainability since their founding and through prioritizing organic products.

As we advance our sustainability work and bring our four brands together as part of the Triple Bottom Line Operating Unit, we sought to develop KPIs that:

- Articulate environmental and social impact with precision and credibility
- Can be embedded into all aspects of our business and considered in decision making processes
- Can be calculated efficiently
- Resonate with and inspire a broad audience internally and externally
- Are keystone indicators of the big picture

In selecting appropriate indicators, we've asked ourselves questions such as: What long-term outcomes do we want to drive? How do we choose metrics that are salient to our business and meaningful in their context? How do we collect data about our spheres of influence that we don't directly control – like upstream impacts of our supply chain and downstream impacts of our messaging campaigns? This year, we worked with consulting group HowGood to answer these questions.



Ecologists use **keystone species** as indicators to quickly understand the big picture in a complex ecosystem. For example, amphibians are highly sensitive to environmental conditions, so they are a good keystone indicator for the overall health of an ecosystem – without having to measure every single variable.

Key Performance Indicators for the Planet and People

We developed a set of 9 keystone KPIs that will help us track progress toward long-term outcomes.

The KPIs will help us track data and make decisions that move our business toward the desired outcomes in each area. They may evolve over time with improvements in technology, science, and internal capabilities. We carefully selected long-term desired outcomes to ensure they will remain relevant to our business for decades to come. Additional details are included throughout the report. **Below is each KPI on the left and its corresponding desired outcome on the right.**

Supply Chain

Soil Health	
Percent of acres in the supply chain working to improve soil health	Soil is regenerated and sequesters carbon; reduced greenhouse gas emissions related to soil degradation

Animal Welfare	
Average % of lifespan spent on pasture for animals in our supply chain	Animals are healthy, able to express natural behaviors, and positively interact with the ecosystem

Pesticide Avoidance	
Pounds of synthetic pesticides replaced with USDA certified organic methods	Farms are healthy, thriving, diverse ecosystems that contribute positively to biodiversity

Shared Economic Value	
Percent of people in our supply chain making progress toward a living income	People in our upstream supply chain have the resources they need to survive and thrive

Manufacturing Emissions	
CO_2e emissions from manufacturing per pound of product	Greenhouse gas emissions are net zero

Circular Packaging	
Percent of packaging that is circular	Robust markets for recycled content and bio-based packaging

External Engagement

External Communication	
Percent of our consumers who believe their food choices have an impact beyond their own personal health	Consumers believe their food choices have an impact beyond their own personal health and act on that belief

Partnerships & Policy	
Number of regenerative agriculture and triple bottom line champions engaged directly and through our partnerships	Create an enabling environment for triple bottom line businesses, with a focus on regenerative agriculture

Internal Engagement

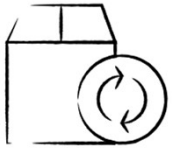
Internal Engagement	
Percent of key roles working on priorities related to the KPI's	Full organizational commitment to the triple bottom line at all levels

Supply Chain Sustainability

Our supply chain represents our biggest opportunity for positive impact.

Ingredients

As a food company, ingredient sourcing is our biggest lever for impact. Through our sustainable sourcing strategy, we aim to maximize positive impact on natural resources and farming communities.

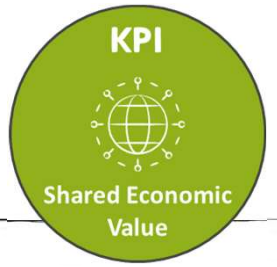


Packaging

We strive to minimize the amount of packaging we use, while prioritizing low impact materials and considering end-of-life outcomes.

Manufacturing

We work with manufacturing partners who are aligned with our environmental and social responsibility values. We collect detailed quantitative data about resource consumption and employee well-being annually and provide resources to empower them to improve.



We recognize that some of the world's most vulnerable people contribute to our supply chain as farmers and workers.

According to the USDA, more than 50% of US farms did not turn a profit in 2017.[1] Human rights issues like slavery and child labor are present in complex global supply chains, but are hard to trace and prevent. An estimated 152 million children are engaged in child labor worldwide, and 71% of them work in agriculture. Over 4.3 million children are engaged in forced labor.[2]

KPI: Percent of farmers and workers in our supply chain making progress toward a living income

Desired outcome: People in our upstream supply chain have the resources they need to survive and thrive

Living Income Definition: *Sufficient income from wages, self-employment, and/or other sources to provide a decent but basic standard of living. All members of the household have access to food, water, housing, education, healthcare, transportation, clothing and other essential needs including provisions for unexpected events.*[3]

[1] USDA National Agricultural Statistics Service, 2017 Census of Agriculture (2019).
[2] ILO Global Estimates of Child Labor, Results and Trends, 2012-2016 (2017).
[3] Anker, R and Anker, M. via Global Living Wage Coalition's Living Income Community of Practice (2017).

Farming is the Foundation of our Business

Farming plays a critical role in our business, and we are committed to advancing agricultural practices that positively impact people and the planet.

The food industry contributes to some of our most pressing sustainability challenges like soil degradation, biodiversity loss, and climate change. In fact, the global food system accounts for an estimated one third of global greenhouse gas emissions, up to 80% of which stems from agricultural production.[4] As a food company, we recognize our opportunity and responsibility to address this challenge.

Our sustainable ingredient sourcing strategy seeks not only to reduce harm, but to create positive impact by regenerating natural resources and farming communities. We strive to gain visibility to the people and places growing our ingredients, while building relationships with suppliers and producers and quantifying our impact in agriculture. In cases where full visibility to the farm level is not possible, we leverage rigorous 3rd party standards like organic and fair trade to provide a baseline level of assurance that our core ingredient values are being met.

Our Sustainable Sourcing Strategy

GROW ORGANIC

Build programs to help increase organic farmland

ENSURE TRANSPARENCY

Gain visibility back to the farmers and regions that grow our top 14 ingredients

SEEK THIRD PARTY ASSURANCES

Identify 3rd party certifications (beyond organic) that enable transparency and accountability

MEASURE IMPACT

Quantify supply chain impact; identify and evaluate outcomes at the farm level

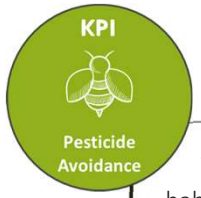
[4] Vermeulen, et al. “Climate Change and Food Systems.” Annual Review of Environmental Resources. (2012)

Ingredient Sourcing Minimum Requirements

This year, we developed a unified sustainable sourcing strategy across our four brands.

After identifying 14 collective priority ingredients based on purchasing volume and risk, we completed an in-depth risk assessment for each ingredient and developed minimum sourcing requirements. The requirements we chose address farm-level risks and provide a baseline level of assurance that our ingredients align with our environmental and social values. We aim to go above and beyond these requirements, but these help serve as a baseline to safeguard the integrity of our brands. Although not all our products carry on-pack certification, we believe they provide valuable assurances for our internal decision-making.

In some cases, gaps exist between our current sourcing practices and the requirements. These gaps can be attributed to factors like a lack of supply availability for certified ingredients and the fact that this is the first year we are implementing new codified requirements across all four brands. We are actively working to close these gaps.



The impact of certain farming practices on invertebrates, bird habitat, watersheds, and migration corridors can be detrimental to wildlife. Agricultural inputs can run off into waterways, leading to oxygen-depleted marine zones that negatively impact marine life. Farmers, farmworkers and their families can have adverse health impacts from exposure to synthetic pesticides.[5] Consumers can also be exposed to these pesticide residues on their food.[6]

KPI: Pounds of synthetic pesticides replaced with certified organic methods

Desired outcome: Farms are healthy, thriving, diverse ecosystems that contribute positively to biodiversity

[5] von Ehrenstein, Ondine S. et al. "Prenatal and infant exposure to ambient pesticides and autism spectrum disorder in children: population based case-control study." *British Medical Journal*. 2019.

[6] Hyland, C et al. "Organic diet intervention significantly reduces urinary pesticide levels in U.S. children and adults." *Environmental Research*. 2019.

Confining animals, rather than keeping them on pasture, has implications for the animals' health and wellbeing and has environmental and social impacts.

KPI: Average percent of lifespan spent on pasture for animals in our supply chain

Desired outcome: Animals are healthy, able to express natural behaviors, and interact with the ecosystem in a way that is beneficial for the animals, soil fertility, and the ecosystem

Our Key Ingredients

We focus our ingredient sourcing strategy on our top 10 priority ingredients, selected based on risk and volume.

% compliant with Triple Bottom Line Operating Unit minimum requirements

WHEAT

>99% USDA Organic

OATS

99% USDA Organic

CACAO

>99% fair trade

EGGS

100% cage free

SUGARCANE

99% USDA Organic

TAPIOCA

100% USDA Organic

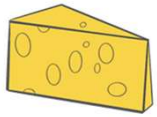
CANOLA

100% non GMO

PALM

100% RSPO Verified

DAIRY



33% USDA Organic

We are still determining our minimum requirement for dairy.

PORK

0% USDA Organic, GAP Step 3+ or animal welfare approved

Organic Matters

The Triple Bottom Line brands are leveraging decades of historical commitments and experience to continue to advance organic.

Early leaders of the organic movement emphasized that successful farming depends on the health of all natural resources on the farm and in its surroundings. The USDA organic standard is a robust and comprehensive legal framework dedicated to minimizing synthetic pesticides through the use of cultural and preventative practices before the application of approved organic crop protection products. But the organic standard goes beyond this: organic farmers emphasize healthy, living, nutritionally balanced soil as the foundation of crop, livestock, and human health, and of sustainable and successful farming.[7] The Organic standard provides a framework for farmers to choose practices that are not harmful to human health or the environment and that are consistent with organic principles.

Today, less than 1% of the farmland in the U.S. is certified organic. General Mills' acquisition of Cascadian Farm and Muir Glen in 2000, and Annie's in 2014 represents the company's commitment to organic and helping to expand organic acreage.

Organic means:

Healthier Soil

Organic farmers use biological fertilizer inputs and management practices such as cover cropping and crop rotation to improve soil quality and build organic matter.

Water Quality

Improved water quality benefits the environment and people from reduced nitrate contamination.

More Biodiversity

More biodiversity means that bees and other beneficial critters can do their essential jobs.

Animal Welfare

Stronger animal health and welfare result from requiring good nutrition and living conditions, year-round access to the outdoors, low-stress handling, and no antibiotics or added growth hormones.

Healthier Farmers

Farmers, farm workers and farm communities have reduced exposure to synthetic pesticides.

Climate Change Mitigation

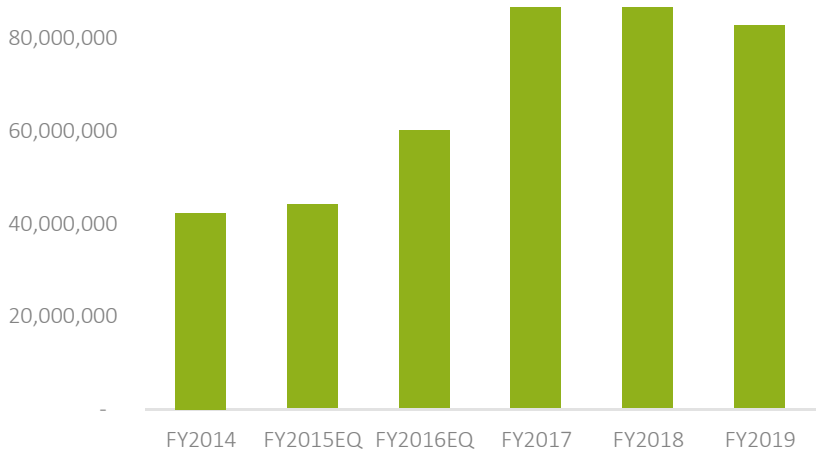
Improved soil organic matter helps soil absorb and store more carbon and other nutrients.

[7] The National Organic Farming Handbook. USDA. November 2015.

Our Commitment to Organic

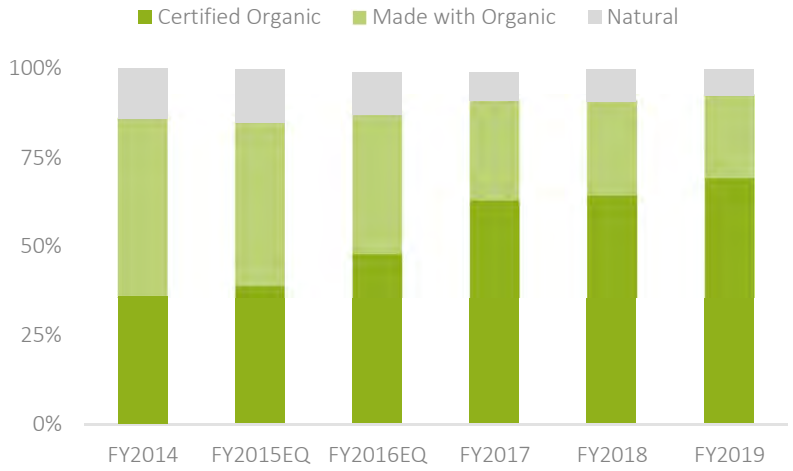
We invest in organic ingredients because we believe that organic farming systems benefit consumers, farmers, and ecosystems.

Pounds of organic ingredients purchased



The launch of our first certified organic mac and cheese in 1998 marked our early commitment to organic agriculture. Since then, we have launched hundreds of organic products. In FY2019, Annie's purchased 83 million pounds of organic ingredients, double the amount purchased in FY2014, before we joined General Mills.

Percent of sales certified or made with organic



92.5% of our sales in FY2019 were certified organic or made with organic, demonstrating our continued commitment to supporting organic farmland. Since our acquisition by General Mills in FY2015, the percent of our product sales that are certified organic has risen from 39% to 69%, highlighting our ongoing efforts to get certified organic products into the hands of more consumers.

Note: After Annie's joined General Mills in 2014, fiscal years 2015 and 2016 were adjusted to 13 months each in order to close a two month gap. Equivalent fiscal years were calculated by taking the total amount for the 13 month period and multiplying by 12/13.

Organic Conversion at Scale

In 2018, Annie's and General Mills partnered with Midwestern BioAg (MBA) to support the conversion of 34,000 acres of conventional farmland in South Dakota to regenerative, organic management.

Farmers managing the land are planting diverse crop rotations like alfalfa and red clover to protect and enrich the soil, and they are applying other regenerative practices to build healthy soil. When the transition is complete in 2020, the farm will supply organic wheat for Annie's Mac & Cheese.

This type of long-term, direct contract is unprecedented for the company and the food industry. The security that our agreement provides is enabling a transition of such consequential scale.

This image shows cover crops emerging in October at Gunsmoke Farm.

Our Longstanding Commitment to Organic

Our commitment to supporting organic farmers dates back to the 1990's, when the USDA organic standard was developed and Annie's launched our first ever certified organic mac and cheese.

Our commitment to organic comes to life through the relationships we build with our ingredient suppliers and their grower networks. These growers recognize that organic is about more than minimizing synthetic pesticides; they take steps to implement practices that build upon the organic standard to yield positive outcomes in soil health, biodiversity, and farmer economic resilience.

Supplier Spotlight: Organic Valley

We've been working with Organic Valley since 2008 to source dairy from the 2,000-farmer cooperative. Organic Valley's model ensures that dairies receive a stable pay price, buffering risk from fluctuating milk prices in the market.

In partnership with Organic Valley, The Carbon Cycle Institute, and the California Resource Conservation Districts, we helped three farms in California develop carbon farm plans. These plans help farmers identify and implement climate-beneficial farming practices like cover cropping, application of compost, and rotational grazing. The carbon farm plans suggest that by implementing recommended climate-beneficial practices, farmers would be able to offset a significant proportion of their emissions.

McClelland Dairy's Carbon Farm Plan suggests that implementing all recommended practices would offset about 41% of the annual methane emissions from their total herd, on a mere 10% of their total land. We are encouraged by the potential to offset greenhouse emissions and sequester carbon through the implementation of regenerative agriculture practices on dairy operations. Organic Valley hopes to soon bring carbon farm planning to other Organic Valley farmers across the country.

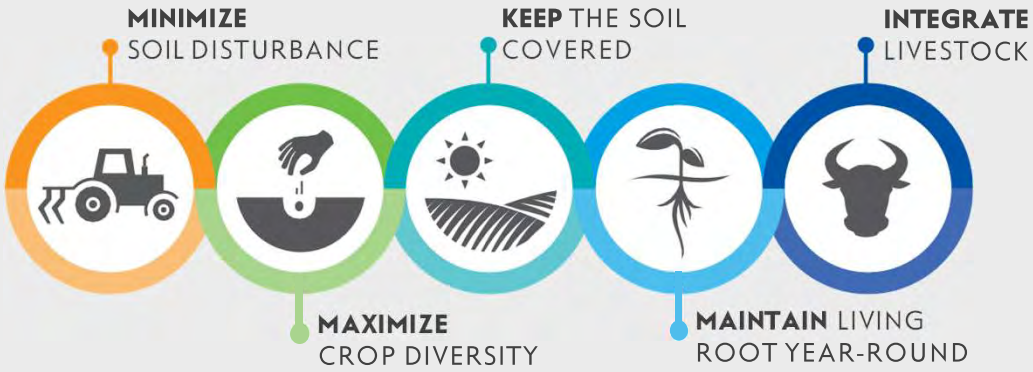
Advancing Regenerative Agriculture

Building on our longstanding commitment to organic agriculture, we're helping advance regenerative farming practices that build soil health, foster biodiversity, and promote resilient farming communities.

Regenerative agriculture is a promising solution for addressing climate change. Regenerative practices work with nature to pull carbon from the air (CO_2) and store it in the soil, where it nourishes a network of life and helps reduce greenhouse gas emissions in the atmosphere. Regenerative agriculture can also help shift the paradigm on how we grow food, so that we have a more holistic lens that accounts for agriculture's inherent connection to natural resources and living systems.

We define regenerative agriculture as farming that protects and intentionally enhances natural resources and farming communities.

5 Core Principles of Regenerative Agriculture



3 Key Outcomes

Improve soil health

Foster biodiversity

Promote economic resilience in farming communities

Advancing Regenerative Agriculture

We advance regenerative agriculture through three strategic levers.

PRODUCTS

Source from farmers using regenerative practices and develop products that create a marketplace for ingredients that promote regenerative systems.

PARTNERSHIPS

ORGANIC FARMING RESEARCH FOUNDATION

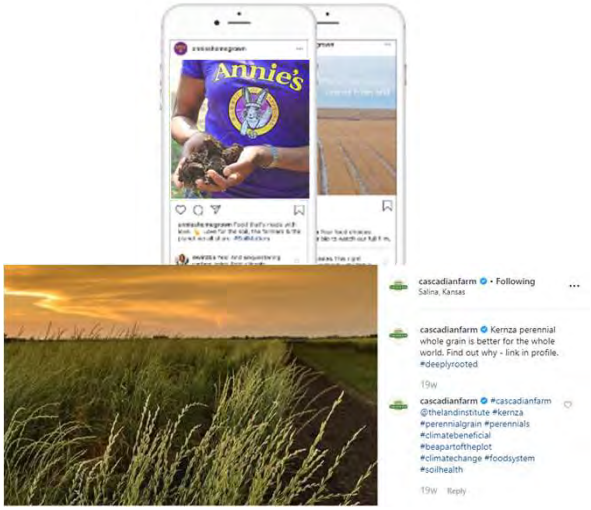
THE LAND INSTITUTE

XERCES SOCIETY for Invertebrate Conservation

Savory Institute

Improve agricultural systems through catalytic partnerships and research.

EDUCATION



Build awareness and support for regenerative agriculture by educating and inspiring others.

Measuring Farming Practices: General Mills Regenerative Agriculture Self-Assessment

Version 2.0 of the General Mills Regenerative Agriculture Self-Assessment is a user-friendly open-source tool for farmers to understand alignment between their agricultural practices and the principles of regenerative agriculture.

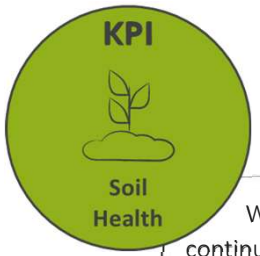
This practices-based assessment includes farming techniques that align with five recognized principles of regenerative agriculture, which research suggests lead to positive outcomes in our key impact areas of soil health, biodiversity, and economic resilience in farming communities. It is also designed to help companies gain visibility to farm-level practices within their supply chains.

Following the launch of Version 1.0 in 2018, we spent 15 months piloting the inaugural version in our supply chain while collecting feedback from farmers, scientists, and other stakeholders. We hosted farmer roundtables across the U.S., engaging 140 farmers who helped hone the content of the self-assessment so it can be useful to farmers across diverse agricultural systems.

We are implementing the tool with key General Mills suppliers to empower farmers to explore how their practices align with regenerative agriculture principles. We are also using the tool to track progress toward our General Mills commitment to advance regenerative agriculture on one million acres by 2030 (see www.GeneralMills.com/RegenAg for more information about this commitment).

We have collected responses from 26 farms representing over 25,000 acres of farmland in the U.S. and Canada.

Farmer roundtable
Midwest Organic & Sustainable Education Service Conference, WI



While the research on outcomes continues, we recognize the importance of assessing agricultural practices as a proxy for farm-level impact.

KPI: % of acres in the supply chain working to improve soil health
Desired outcome: Soil is regenerated and sequesters carbon; reduced greenhouse gas emissions related to soil degradation.

Measuring Farm-level Outcomes

Our approach to regenerative agriculture seeks to connect best practices to measurable outcomes. We're working collaboratively with farmers, scientists, and partner organizations to build measurement systems that track farm-level impact.

We are starting our measurements on 51 farms across three regions: the Red River Valley in Manitoba, Western Manitoba/North Dakota, and Eastern Saskatchewan. Of those 51 farms, 45 are receiving regenerative agriculture coaching that has been customized specifically for their fields. Six remaining farms, two per region, will serve as conventional control farms that will be used for comparison purposes so we can track the impact of implementing regenerative practices.

In this photo, a field technician from Ecdysis Foundation is using a sweep net to collect insect samples from a farm in Western Manitoba.

Measurement Protocols

Soil Health

Soil is a complex ecosystem that forms the base of the food chain for humans and all land animals. Soil also plays an essential role in balancing earth's ecosystems and our climate. Healthier soil can hold more water, increase resilience to floods and droughts, maintain nutrients, and purify water.

MEASURED EVERY 3 YEARS

Soil health: Soil structure, microbial diversity and abundance, soil penetration resistance, nutrient availability, and active carbon

Soil functions: water infiltration rate, water holding capacity, microbial respiration

Soil carbon sequestration: meter-deep soil organic carbon stocks

Biodiversity

Diversity in crop varieties, grazing animals, wildlife, and pollinators helps to build farm ecosystems that are robust against disease, pests, and extreme weather events. Plant health, function, and biomass can improve and increase with diversity.

MEASURED ANNUALLY

Plant diversity: plant species, canopy cover, erosion control effectiveness

Insects inventory: soil, foliar, and airborne invertebrate bio-inventories assessed during cash crop flowering and cover crop growth

Breeding bird survey: Species, location, and behavior of common and rare birds

Farmer Economic Resilience

By fostering natural nutrient cycling, regenerative agriculture practices can build farm fertility and resilience over time. This supports healthy yields and reduces the resources needed to combat system stressors like pests, natural disasters, and diseases.

MEASURED WEEKLY

Field operations: Cash and cover crop varieties, time of planting, seed treatments, seed and planting cost, livestock operations, and tillage practices

Inputs: Name and amount of fertilizer, herbicide, fungicide, pesticide, and biological amendments used, method of application, and type of pest or disease being controlled

Economic data: cost of inputs and operations, crop yield, and livestock revenue

Products Direct from the Farm

We're partnering with four innovative Montana farmers to create two of our top mac and cheese items. These products include identity-preserved, organic pasta ingredients grown with regenerative practices like cover cropping, diverse crop rotations, and integrated livestock management.

We're proud to develop multi-year contracts and source ingredients directly from four farmers, building important relationships with growers, giving us visibility into the practices used to grow the ingredients, and helping enhance market certainty for the growers.

Through these partnerships, we added spelt to an Annie's product for the very first time! Spelt is a nutrient dense type of ancient wheat, which is well adapted to the changing climate where these farmers live in northern Montana. A crop rotation of golden peas also helps improve soil health by adding nitrogen to the soil and adds protein to our noodles!

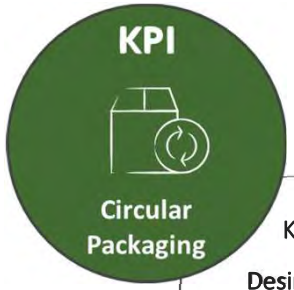
Beyond advancing regenerative farming principles in our own supply chain, these products help connect consumers to the people and places growing their food.

Packaging

We're committed to designing our packaging to have a positive impact on people and the planet.

Packaging plays a critical role in preserving the safety, nutrition, and quality of the food we make. It also presents sustainability challenges through the materials used in production and the waste generated when improper disposal occurs.

We aim to lower our packaging footprint by thoughtfully optimizing design, sourcing sustainable materials and ensuring proper recovery of our packaging. We hold ourselves accountable not only for how we make our products, but what happens to them after they're enjoyed.



KPI: % of packaging that is circular

Desired outcome: Robust markets for recycled content and bio-based packaging

Our definition of circular packaging means that: Packaging is made of 100% recycled content or agricultural byproducts; the packaging is widely recyclable by the end user or compostable in situations where the packaging is inherently mixed with food waste.

Our Sustainable Packaging Strategy

INPUTS
We have embedded sustainability into the material selection process and continue to work towards a closed loop system for all packaging.

OUTPUTS
We choose materials that are recoverable (recyclable or compostable) when possible. We also use the How2Recycle label to help consumers dispose of packaging properly.

OPTIMIZATION
We design packaging that balances the needs of product preservation with efficient transportation and minimized waste.

how2recycle.info®

Variation in recycling programs, unclear labeling, and inaccurate recyclability claims make proper recycling a challenge. The How2Recycle label was created by the Sustainable Packaging Coalition to provide consistent and transparent on-package recycling information to consumers in North America.

100% of Annie's products display the How2Recycle label.

Packaging

Annie's is the first major brand in the U.S. to commercialize recycled content in a cereal liner.

INNOVATOR AWARDS

In FY2019, Annie's partnered with Charter NEX and Envision Plastics to debut a new cereal liner that uses at least 35% postconsumer recycled HDPE. The package was the winner of this year's Sustainable Packaging Coalition Innovator Award for the innovative materials and creative educational graphics on the back of the packaging that help children learn how to recycle.

The recycled plastic in the liner comes from milk jugs and similar containers recycled through curbside recycling programs. Using this recycled content in the liner reduces energy use by 25% and carbon emissions by 33%. All Annie's cereal boxes are already made from 100% recycled paper.

By including recycled content, we increase demand for recycled plastics, driving municipalities to collect the materials. In addition, the liner is recyclable through the store drop-off program.

The Annie's Friends cereal box also includes special consumer-facing messaging around the use of recycled content and a game that can teach children how to recycle.

35% postconsumer recycled HDPE used

25% Reduced energy required to make the packaging

33% reduced packaging-related carbon emissions

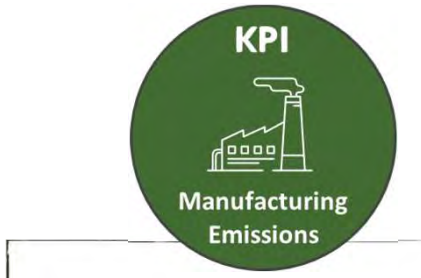
Manufacturing

We work with manufacturing partners who are aligned with our environmental and social responsibility values.

Improving our understanding of the impact that our manufacturers have on the environment, their employees, and the communities in which they are located is crucial to mitigating risk in our supply chain, identifying opportunities, and making improvements. Our goal is to motivate and empower our manufacturing partners to continuously improve their environmental and social impact.

Each year since 2010, Annie's has asked our manufacturers to respond to a questionnaire to benchmark their performance on topics related to environmental and social responsibility. Over the past two years, we have adapted the questionnaire to collect accurate and actionable quantitative data in five key areas: energy, waste, water, employee wellbeing, and community engagement. This year, for the first time, we administered the questionnaire to the manufacturers for our entire operating unit.

We work with our manufacturing partners to donate excess products to Feeding America, a national network of food banks.



KPI: CO_2e emissions from transformation and manufacturing per pound of product
Desired outcome: Greenhouse gas emissions are net zero

FEEDING AMERICA

103,242 meals

donated to Feeding America by Annie's manufacturers in FY2019

External Engagement

We're on a journey to elevate the importance and urgency of knowing where food comes from, how it's grown and made, and why it matters. We aim to communicate with and learn from the industry and our consumers to amplify our impact.

We seek to advance a more regenerative food system by forming strategic partnerships, advocating on policy, and funding research. We also partner with the General Mills Foundation to advance sustainable agricultural systems.

We strive to connect eaters to the people and places that grow their food through thoughtful packaging design, in-store displays, and digital content.

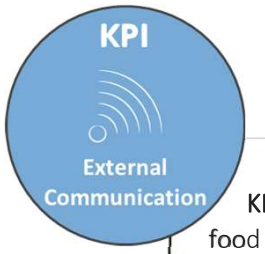
The Triple Bottom Line Operating Unit donated over $1.5 million to non-profit organizations in FY2019.

Partnership & Policy Goals

- Advance regenerative and organic agriculture
- Inspire and educate people and cultivate the next generation of food and farming leaders
- Support and empower farming communities

KPI: Number of regenerative agriculture and triple bottom line champions engaged directly and through partnerships

Desired outcome: Create an enabling environment for triple bottom line businesses, with a focus on regenerative agriculture



KPI: Percent of our consumers who believe their food choices have an impact beyond their own personal health

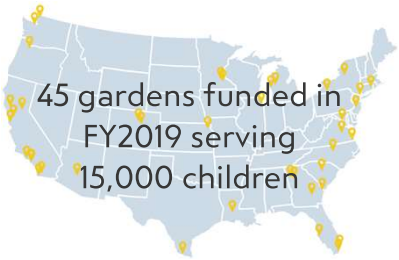
Desired outcome: Consumers believe their food choices have an impact beyond their own personal health and act on that belief

Inspiring the Next Generation

We believe that showing children how food is grown can change their lives.

Food Corps

Annie's partners with FoodCorps, a national nonprofit that connects kids to healthy food in schools, while training the next generation of leaders in education, school food, agriculture and public health. Annie's and FoodCorps are working together to create a future in which all kids know what healthy food is, care about where it comes from and eat it every day. This year, Annie's employees got their hands dirty with a FoodCorps service member and students in a school garden when we painted raised garden beds.



Grants for Gardens

Annie's Grants for Gardens program began in 2007 and supports schools to create and upgrade gardens that help students start thinking more holistically about their food, their communities, and the planet. In the past 12 years, we've funded over 500 school gardens.

Sustainable Agriculture Scholarships

Since 2000, Annie's has supported young adults studying sustainable agriculture by providing college scholarships. We are thrilled to support students who share our mission to leave the planet better than we found it by advancing the principles of regenerative agriculture.

Industry Collaboration

Collaborating with others helps amplify our voice to effect meaningful change.

Sustainable Food Trade Association

The Sustainable Food Trade Association is an association of organic food companies and a hub for businesses to learn, improve performance, communicate results, and share best practices. We leverage educational trainings and webinars on relevant sustainability topics and network with peers who share sustainability values.

Climate Collaborative

By working together with industry peers, we know we can go a lot farther in tackling the problems that climate change presents. The Climate Collaborative is a project of the Sustainable Food Trade Association and OSC^2 and is a platform for companies to make public commitments to take bold action at scale to reverse climate change. Annie's supported the launch of Climate Collaborative as a founding committed company in 2017. Since then, General Mills brands have made public commitments to tackle climate change in seven areas: agriculture, food waste, transportation, energy efficiency, short-lived climate pollutants, forests, and packaging. We support Climate Collaborative's industry engagement strategy by serving on the Advisory Board and by sharing our tools and work with the industry.

Sustainable Food Lab

The Sustainable Food Lab is working to help organizations implement innovations in sustainability in the mainstream food system. They provide a space for pre-competitive collaboration between non-profits, businesses, and researchers. They also host conferences and learning journeys that bring together food system professionals to learn about food and farming connections.

Organic Grain Council

We are a founding member of the U.S. Organic Grain Collaboration, now part of the Organic Trade Association Grain, Pulse, and Oilseed Council. The Council prioritizes efforts to increase the domestic supply of organic grain by funding research, field days and other educational events. In FY2019, we supported the Organic Agronomy Training Service (OATS) that brings technical support to agricultural professionals working with organic and transitional farmers.

Policy

We support policies that advance the organic standard, protect natural resources, and benefit farmers.

Organic Trade Association

The Organic Trade Association (OTA) is committed to promoting and protecting the organic standard for farmers, the environment, the public and the economy. The OTA helped shape Farm Bill 2018, bringing key wins for organic industry players. Each year, members of our team travel to Washington, D.C. to meet with Congress to advocate for policies that promote and protect organic integrity and advance its continuous improvement. Annie's leadership has served on OTA's Board of Directors since 2008; Bob Kaake, the Triple Bottom Line Operating Unit's R&D leader, is currently serving.

Triple Bottom Line Operating Unit team members walking the halls of Congress during Organic Week 2019

National Sustainable Agriculture Coalition

The National Sustainable Agriculture Coalition (NSAC) takes a systems approach to sustainable agriculture – working at the intersections between farmers, the land, and the food we eat. NSAC uses grassroots power to advance policies on a number of issues, including: soil, water, and biodiversity; rural economic and community development; and organic programs. We have supported NSAC's work for the past several years and consider them an expert resource on federal policy programs.

Advancing Research and Farm-based Support

Collaborating with research institutions helps ensure that scientists have the resources and perspectives they need to pioneer long-term solutions that work for farmers and the food industry.

Organic Farming Research Foundation

Organic farmers face unique challenges, such as availability of organic seeds, livestock breeds adapted to organic systems, pest and weed management techniques, and training using approved organic methods. More research and training programs are needed to support farmers to meet growing consumer demand for organic. OFRF seeks to advance scientific research on organic systems by sponsoring research, disseminating research results to farmers interested in transitioning to organic, and educating the public and policy decision-makers about organic farming issues.

South Dakota State University

General Mills funds South Dakota State University's Wheat & Oat Sustainability on the Northern Great Plains program, for research to increase productivity in organic and regenerative farming systems. The Northern Great Plains is a key oat and wheat origin for Annie's, Cascadian Farm, and other General Mills brands like Cheerios. Through breeding and on-farm trials, the program will help farmers adopt regenerative practices like extended rotations of wheat and oats to improve environmental outcomes.

The Organic Center

Through our partnership with The Organic Center, we support research and programs that advance best practices within organic systems. We support The Organic Center's efforts and specifically funded research to explore the link between management practices and soil health outcomes, which informed policy decisions like the 2018 Farm Bill.

Xerces Society

35% of food crops globally depend on pollinators for reproduction, and without pollinators, our food supply and our ecosystems are severely at risk. We partner with the Xerces Society to collaborate on research and training to scale up integrated pest management best practices in North America in corn, oats, soy, and wheat. We also work with Xerces to protect, restore, and establish pollinator habitats – especially on some of our suppliers' farms.

Supporting Young Farmers and Sustainable Food Leaders

As a food company, we want farming and food to be an exciting career opportunity for the next generation.

Young Farmers Fellowship

Through funding from General Mills, The Stone Barns Center is collaborating with the National Young Farmers Coalition and Arizona State University to design, develop, and launch a 6-month farmer fellowship program focused on regenerative agriculture. We are supporting the program's development and first year pilot.

The average age of farmers in the U.S. is 57.5[7], and young farmers are facing unprecedented challenges to creating viable careers in agriculture. We recognize the need to help cultivate the next generation by providing resources, supporting farmer advocacy, and bringing young farmers together to ensure that they have a chance to succeed. The Young Farmers Fellowship will create a peer cohort that supports participants' development as both practitioners and ambassadors of regenerative farming.

In the pilot year of the fellowship, the cohort will include six to ten "next generation" farmers. The program will target farmers who are producing row crops, grains, oilseed and/or integrated livestock in the country's midsection who are working on a transition to regenerative practices.

As a key component of the program, the fellows will receive advocacy training from the National Young Farmers Coalition to prepare them to take a leadership role in engaging with state and federal farm policy. The National Young Farmers Coalition is a leader in engaging young farmers around public policy to support the future of agriculture.

[8] USDA National Agricultural Statistics Service, 2017 Census of Agriculture (2019).

University of California, Berkeley Haas Sustainable Food Initiative

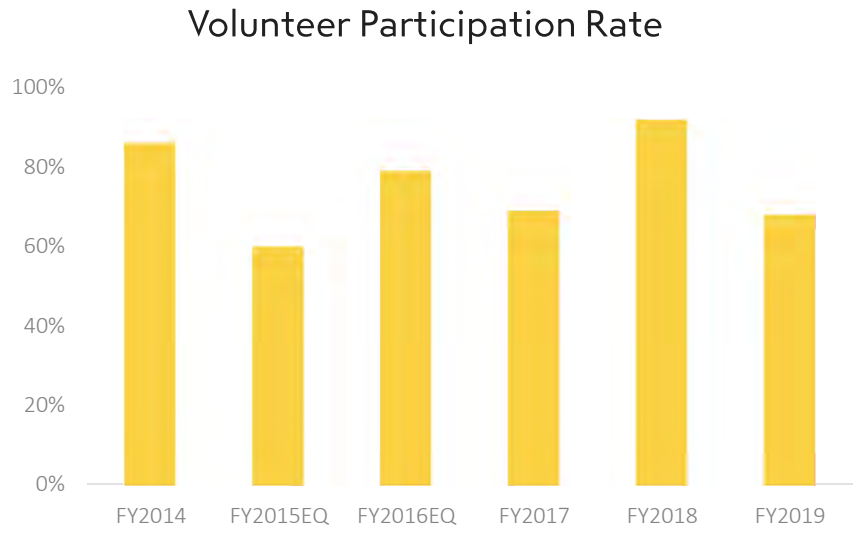
The Haas Sustainable Food Initiative (SFI) launched in 2018 as part of the Center for Responsible Business at UC Berkeley. SFI serves as a hub for sustainable food entrepreneurship, innovation and responsible leadership at Haas and seeks to connect the business school with other sustainable food efforts across the campus. This bold new collection of coursework, research, events and career placements is equipping a new generation of business leaders to tackle the global food challenge. Our Operating Unit is a founding partner for the new initiative.

Employee Engagement

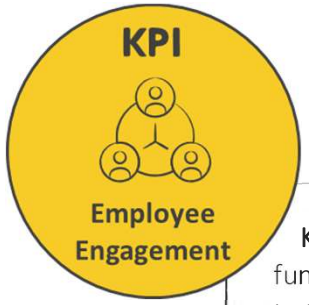
We lead by example by operating sustainable workplaces, engaging employees in sustainability, and living our mission every day.

Our sustainability incentive program encourages employees to be environmental ambassadors and invest in sustainable lifestyles. Our incentives help employees choose alternative transportation for their commutes, switch to the most fuel-efficient/low emission vehicles, and make energy-saving home improvements.

To amplify our impact, we coordinate volunteer events that align with our mission and brand. We choose a variety of activities to foster full employee engagement, and we also support employees to volunteer for organizations of their choice during work hours.



68% of the Triple Bottom Line Operating Unit employees volunteered in FY2019, down from 92% in FY2018.



KPI: Percent of key roles in each function working on priorities related to the KPI's

Desired outcome: Full organizational commitment to the triple bottom line at all levels

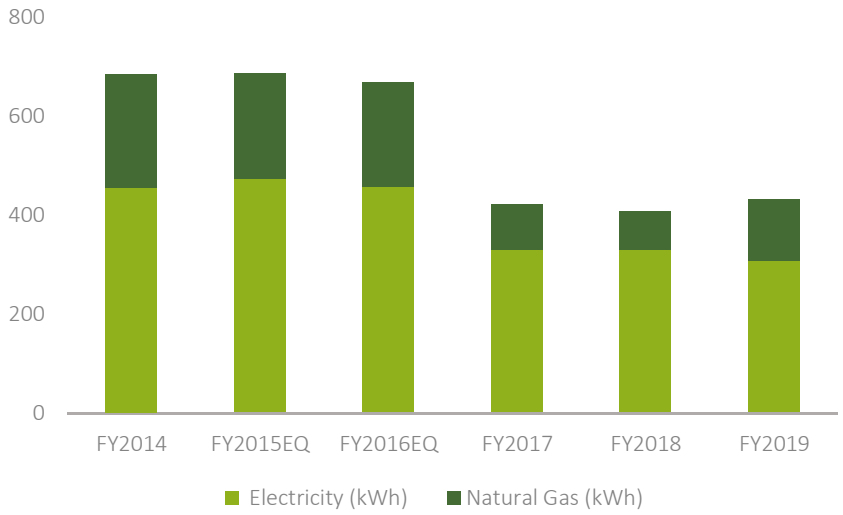
Our Berkeley Office

We strive to minimize the environmental impact of our office.

Even though the environmental footprint of our office is much smaller than that of our supply chain, we emphasize a culture of sustainability to positively frame the decisions our employees make each day. We have maintained our LEED Gold certification since our office renovation in 2012, and we continue to be a registered Alameda County Green Business.

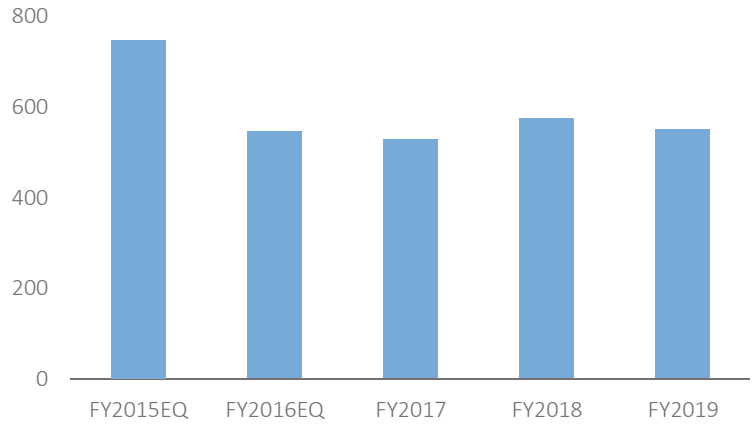
This year, we installed two electric vehicle charging stations in our parking lot, complimenting our employee incentive program that provides partial reimbursement for electric vehicles.

Office Energy Use (MWh)



Our office energy use increased by 6% over FY2018, resulting in a 4% increase in energy related greenhouse gas emissions. While our electricity consumption decreased 7%, fuel consumption increased 60%. This is likely due to increased use of our HVAC system during California's catastrophic wildfire season and a major construction project.

Office Water Use (CCF)



Since investing in water efficiency retrofits in FY2015, water consumption has remained at a lower baseline. Our office water consumption decreased 4% over last year, likely due to fluctuations in the number of onsite employees.

What can you do?

Be mindful of what you eat, where it comes from, and what you waste.

Seek transparency: ask questions; be curious.

Visit farms and learn from farmers.

Make values-aligned purchases: know what your investments support.

Vote: know your Congressional representatives and engage in policy.

Whether you're making decisions as a business or an individual, know that your food choices matter.