



Corporate  
Social  
Responsibility

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2007



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GENERAL MILLS



GENERAL MILLS

No. 1 General Mills Blvd.  
Minneapolis, MN 55426

General Mills takes its responsibilities as a world citizen seriously. As one of the world's leading consumer foods companies, we hold ourselves to high standards in this regard.

Our 2007 Corporate Social Responsibility Report details our commitment to corporate citizenship. It outlines the results and progress of key social and environmental programs, and highlights some of the new initiatives we have implemented in the past year.

General Mills also sets high standards for promoting and enhancing the sustainability of our operations. We constantly strive for improvement and superior, sustainable results, as outlined in this report.

Our mission is to Nourish Lives – innovating to make people's lives healthier, easier and richer tomorrow than today. To our consumers, our customers, our employees and our investors, we pledge to also strive to nourish our communities and our world.

Sincerely,

Steve Sanger  
Chairman of the Board and  
Chief Executive Officer



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# Overview

As a global marketer and manufacturer of leading, branded food products, General Mills takes seriously its role as a steward for our businesses, our communities and our world.

Our products are sold in over 100 countries on six continents.

Every General Mills product must meet the demanding standards of our consumers – the people who buy our category-leading brands.

Our products offer consumers good taste, health benefits, convenience, variety and value. In addition, food safety and integrity are every bit as important to us as they are to those who eat our products. We hold ourselves to the highest standards of quality and work with everyone along the product chain – from vendors providing raw materials to retailers and foodservice operators selling our products – to maintain safe, high-quality products.

We believe in offering consumers a variety of food options to support a nutritious, balanced diet. We've been able to reduce the number of calories in products, add calcium, reduce fat, increase fiber, reduce sodium, add vitamins and reduce sugar. We've also added options for portion control with single-serve, two-pack and resealable pouches that allow consumers to control the number of servings per meal.

General Mills is committed to maintaining the highest standards for responsible advertising and marketing, especially in advertising that reaches children. Strong [marketing guidelines](#) ensure that we advertise and market responsibly.

We recognize that a brand's relationship with consumers and the company's relationship with its employees and shareholders is founded on integrity and trust.

Our brands may be our lifeblood, but our employees are our most valuable asset. We employ a diverse group of talented people who live our values and share our commitment to quality performance. We provide our employees with career opportunities that grow their skills and talents as well as ongoing training and development. We also support them in leading well-rounded, satisfying lives with such things as comprehensive health benefits, flexible work schedules and personal

# Overview

leaves of absence. Our compensation and benefit programs are designed to reward employees while also supporting long-term shareholder interests.

We have a history of good corporate performance that has driven solid returns for our shareholders, including stock price appreciation and the payment of dividends without interruption or reduction for the past 108 years.

Our track record of good performance also allows us to give back to the communities in which we live and do business. In fiscal 2006, General Mills and the General Mills Foundation contributed \$74 million in cash and product donations (more than 5 percent of company pretax profits). That amount includes more than \$20 million in Foundation grants targeting youth nutrition and fitness initiatives, education, social services, and arts and culture.

In addition, we support volunteerism with approximately 78 percent of our U.S. employees volunteering in their communities. General Mills volunteers share their professional expertise by serving on nonprofit boards, mentoring and tutoring young students, cooking and serving meals to the needy and elderly, and building houses for families.

Finally, as good corporate citizens, we strive to reduce our impact on the environment. We continually look for ways to conserve resources, reduce energy usage and minimize packaging. General Mills will continue to establish and maintain policies and programs that consistently improve and deliver superior sustainability results.

Since opening our first mill in 1866, our values have served us well, and they'll continue to guide us well into the future. In this report, you'll find more detailed information on our corporate responsibility initiatives and practices, as well as updated results from our 2006 report. If you have specific questions not addressed in this report, please contact us through our Web site at [www.generalmills.com](http://www.generalmills.com).



## Consumers

We are a leading global manufacturer and marketer of consumer foods products.

Our global brand portfolio features Green Giant, Betty Crocker, Pillsbury, Häagen-Dazs, Old El Paso, Nature Valley and more. Our U.S. portfolio includes some of America's best-loved brands, including Cheerios, Wheaties, and other Big G cereals; Yoplait yogurt; Green Giant vegetables; Betty Crocker desserts, snacks and dinner mixes; Nature Valley snacks; and Progresso ready-to-serve soups.

Our brands must deliver the very highest quality, and at the same time change and improve continuously to meet consumers' evolving tastes and preferences.

Our focus on health and nutrition has played an important role in our success since the earliest days of our company. We are continually reaching out to consumers to better understand how their needs are changing and how we can help make their lives healthier, easier and richer. We are nourishing lives – and our commitment to advancing health and wellness is an important part of our mission.

We offer consumers products that enhance nutrition, shorten preparation times, provide specific health benefits, enable on-the-go eating and – of course – taste great!

### Commitment to Quality

Every day, millions of consumers around the world demonstrate their trust in our brands and our company by choosing General Mills products for themselves and their loved ones. We know that every day we must live up to their expectations to remain worthy of their trust.

Consumer confidence in our brands and our services is based on General Mills' reputation for quality and value achieved and maintained over many years. That's an asset we hold dear, and a responsibility we take very seriously.

## Consumers

Direct contact with our consumers is a vital part of our product development efforts. We use state-of-the-art market research tools and techniques to gauge consumer perceptions and opinions about our products and the categories in which we compete. We continually review our understanding of consumer needs and expectations so our product formulation and manufacturing standards will remain competitively superior.

Because we know our customers expect and demand safe and competitively superior products from General Mills, our commitment to quality starts with design standards, through which we ensure the safety of our products.

Our comprehensive quality management systems also are designed to ensure quality in every step of our product manufacturing. Our quality management program stresses prevention to help ensure that quality problems do not occur during design, manufacture or distribution of our products. We have mandatory operations standards and supporting programs such as training and education for our employees and business partners.

General Mills is committed to developing and delivering brands that consumers trust and value. We strive to be competitively superior in the view of our consumers in both quality and value. We use key indicators – such as daily, monthly and quarterly quality scorecards and reports – to provide timely and relevant information on our performance, and have put in place mechanisms to provide alerts when enhancements are needed.



*General Mills is committed to developing and delivering brands that consumers trust and value.*

## Consumers

We closely monitor consumer comments, complaints and suggestions to stay on top of consumer trends and sentiments. All General Mills packaging displays a toll-free number or other contact information that consumers can use to submit questions, compliments or complaints. Our Consumer Services group fields 1.2 million contacts per year via mail, toll-free lines, e-mail and the Internet. Benchmarking studies, industry roundtables and supplier meetings provide additional avenues to learn new ideas and approaches, and to further enhance the quality of our products.

Our corporate verification program, which assesses the quality of our internal control system's performance – either through audits or inspections – is an essential element of our quality management. We routinely verify that our policies and standards are being met using both internal staff and independent, third-party experts. Our senior management team uses information from these assessments to improve our operations.

Our commitment to quality stretches beyond our plants to include our raw material suppliers, contract manufacturers and warehouse locations. We apply the same quality management standards to our suppliers as we do to our own plants. We require that suppliers comply with all legal requirements and maintain systems that ensure production and storage of high-quality and safe food materials. We require suppliers to adhere to agreements promising compliance with our policies. Our corporate verification programs and assessment activities extend to these operations as well.

In addition to our internal focus on product quality, General Mills continually demonstrates industry leadership in critical areas of food safety. We initiated the adoption of allergen labeling designed to increase awareness and reduce risk for allergic consumers, and these practices provided the framework for the 2006 Food Allergy Labeling legislation.

General Mills was named the first award recipient from the Food Allergen and Anaphylaxis Network, a consumer advocacy group, for our leadership. Similarly, Anaphylaxis Canada honored General Mills for the development of its comprehensive allergen management policy.

This same leadership extends to the area of microbiological food safety.



*General Mills initiated the adoption of food allergen labeling, a practice that is now an industry standard.*

## Consumers



*General Mills was one of the first major food companies to introduce certified organic products to the marketplace.*

We routinely work with leading scientific experts, benchmark with other food manufacturers and meet with the regulatory community to ensure that our control programs are robust and deliver against our high food safety standards.

We recognize the importance of seeking out both small incremental changes as well as “big” ideas, approaches and practices that are more innovative and transformational. We strive to stay at the forefront of new technology advances, especially when related to food safety and security. Continuous improvement is a highly valued quality strategy.

Finally, we believe that our quality and manufacturing employees are the critical links in our quality chain. We also believe in employee compensation systems that reward desired results, and we have designed support and reward systems that enable and encourage our employees to make the best decisions regarding our products.

We are particularly proud to note that a significant portion of incentive payments to technology and manufacturing employees are based on product quality, product safety and brand protection criteria specifically designed to ensure that we are all working to produce brands that consumers can continue to trust and value.

### Biotechnology

As a consumer foods company, General Mills is constantly innovating to create solutions to meet changing consumer needs and preferences.

We believe that biotechnology holds promise, in that light, for its potential to benefit human health and nutrition.

We note that all current applications of biotechnology are regarded as safe by such bodies as the U.N. World Health Organization and the Food and Agriculture Organization, as well as the U.S. Food and Drug Administration and Health Canada. General Mills accepts the rulings of these global authorities, and strongly supports a rigorous, science-based regulatory framework within which appropriate food safety entities review the safety of technologies as new applications are developed around the world.

General Mills currently opposes the introduction of biotechnology applications in wheat. New genetically engineered grains should only be commercialized, in our

## Consumers

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view, after international regulatory and market reviews have ensured they will be safe and widely accepted by consumers. Because the current focus on production agriculture benefits is unlikely to win that broad consumer support, we currently oppose the commercial introduction of biotech wheat.

To ensure the safety of the world's food production capabilities, General Mills also currently opposes moving to production so-called "pharma-foods" that would use food crops or food grains to grow or produce plant-made pharmaceuticals or industrial compounds.

For consumers who prefer foods produced through specific agricultural approaches, General Mills will continue to offer consumers choices of products, where feasible, through our use of identity preservation and organic production methods. In markets where only conventionally grown ingredients may be sold, General Mills complies through identity-preserved sourcing, backed by monitoring and testing. In countries that require labeling of products that may contain ingredients derived from biotechnology, General Mills complies and labels accordingly, just as we follow all content and labeling guidelines wherever we do business.

Consumers will only embrace a new technology when they come to value the benefits that technology delivers.

General Mills continues to believe that the future of biotechnology hinges on a broad base of common scientific knowledge, global regulatory approvals and appropriate oversight. But, ultimately, we believe the future of this technology hinges on consumer acceptance.

General Mills will continue to participate in this discussion to ensure that the interests and concerns of food consumers around the world are reflected and addressed.

## Food Defense

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General Mills is fully committed to the defense of the food products we produce and distribute. Our strong focus on both the safety and security of food products has long addressed not only issues such as spoilage and contamination, but also

## Consumers

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intentional tampering. We work hard to determine ways to prevent problems before they occur – including deliberate attempts to compromise product safety.

We have set and maintained internal requirements for tamper-evident packaging design for many years to help consumers identify potential issues.

We view food defense as an umbrella under which facility security, personnel practices and food safety control programs reside in unison. General Mills has a senior-level, cross-functional Food Security Council to provide decision making, guidance and direction to the company.

We have implemented a policy supporting security standards and individual manufacturing plans for our North American operations, with actions under way to expand this policy to our locations around the world. Food defense has been added as a component of our verification programs.

As a leader in the food industry, we meet regularly with regulatory agencies to discuss issues related to food safety and food defense. In the United States, this includes the Department of Homeland Security, the Food and Drug Administration and the Department of Agriculture. These interactions, along with those of other companies, provide an opportunity to learn best practices and provide input to key regulatory developments.

General Mills was one of the first food companies to apply for and receive certification as a partner in a joint government-industry initiative called Customs-Trade Partnership Against Terrorism. This significant ongoing effort provides further evidence of our commitment to our consumers, customers and shareholders.

## Health and Wellness

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We offer a broad portfolio of products to meet changing consumer needs and preferences, lifestyles and occasions. Among consumer concerns, none is more important than issues of health and wellness.

General Mills has a focused health and wellness strategy. It addresses the most important health concerns that consumers have today: weight management, heart health, and living a healthier, more active lifestyle.



*We are committed to delivering brands that fit the changing needs of consumers, including convenient products that offer on-the-go eating.*

## Consumers



We offer consumers a variety of products to fit their lifestyles or dietary needs.

Many General Mills products offer specific health benefits as part of a balanced and healthy lifestyle. We've been able to reduce the number of calories in products, add calcium, reduce fat, increase fiber, reduce sodium, add vitamins, reduce sugar and even add plant sterols that can help lower cholesterol.

We know we can enrich lives if we can help people enhance their well-being through food – with innovations that impact health. General Mills has reformulated all of its Big G cereals to include and deliver the health benefits of whole grains. Whole grains have been found to reduce the risk of heart disease, diabetes and certain cancers. Choosing whole grains may also help in weight management.

In addition to whole grain cereals, other examples of our focus on health and nutrition include more convenient ways to eat Green Giant vegetables, reduced-sodium Progresso soups and 100-calorie popcorn and Chex Mix. As a low-calorie snack option, Nature Valley Fruit Crisps also deliver a full serving of fruit in each pouch.

As General Mills develops new products to create or expand options for consumers, we will continue to communicate their benefits and attributes. We fully support the principles of the Child Advertising Review Unit of the U.S. Better Business Bureau and adhere to those principles in our advertising.

We also have stringent internal [guidelines](#) for advertising foods to children, including:

- No product containing more than 175 calories per serving may be advertised to children 12 or under.
- Products containing 175 calories or fewer per serving must also either meet the U.S. Food and Drug Administration "healthy" criteria per labeled serving, or provide at least a half serving of a food targeted by the 2005 Dietary Guidelines for increased consumption by children.
- No product may be advertised on any program targeting preschool children.
- General Mills does not allow product advertising or marketing to children in K-12 schools. Our only in-school presence is the sale of General Mills products through foodservice distributors, and the [Box Tops for Education](#) program – controlled by parents and school administrators – through which General Mills has donated more than \$175 million to schools across America since 1996. Box Tops funds have helped schools purchase everything from textbooks to computer kiosks to art supplies to playground equipment.

## Consumers

We recognize the increasing concerns many consumers have about their weight. Obesity is a growing health risk around the world. While individual consumer behaviors hold the key to weight management, we believe the food industry can be part of the solution – and that companies like General Mills can and should help consumers achieve a healthier, more active lifestyle.

We participated, for example, in the Best Life Diet, a new book by Bob Greene, a physiologist and personal trainer. We also teamed with Luminari, a network of doctors and health experts, and Rodale, publisher of *Runner's World* and *Prevention* magazines, to develop [EatBetterAmerica.com](http://EatBetterAmerica.com), a Web site that delivers clear, concise health information, exercise tips and recipes to consumers who put health at the forefront.

We believe a healthy lifestyle consists of balance (in foods consumed), moderation (in caloric intake) and exercise (to help burn and offset calories consumed). This approach of balance, moderation and exercise is the cornerstone of our actions as a company.

At General Mills:

- Our portfolio of products can fit in a balanced diet and healthy lifestyle. We offer consumers a broad array of choices to fit their lifestyles or dietary needs.
- We continue to introduce new products that can help consumers manage their mealtime and dietary choices.
- We clearly identify the nutritional makeup of our products and, when appropriate, flag particular benefits or ingredients.
- We communicate the attributes and benefits of our products in all marketing channels and applications.

*We offer convenient meal solutions with quality products to meet changing consumer lifestyles.*



## Consumers

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- We support specific, targeted nutrition education and research to better understand and address nutrition and health issues.
- We provide information and tools to help consumers achieve a healthier, more active lifestyle.
- We fund programs that support youth nutrition and fitness.

Our goal is to innovate to make people's lives healthier, easier and richer today than yesterday. We are nourishing lives – and our commitment to advancing health and wellness is an important part of our mission.

### Bell Institute of Health and Nutrition

General Mills' Bell Institute of Health and Nutrition reflects the company's ongoing commitment to health and nutrition issues. The mission of the Bell Institute and its staff of doctorate- and master-level scientists and registered dietitians is to help in the development of food products and nutrition information.

With backgrounds in nutrition science, public health, clinical nutrition and food science, Bell Institute experts are a valuable resource for the business teams at General Mills, as well as for health professionals in the United States and Canada. Scientists in the Bell Institute contribute to research on whole grains, cereal micronutrients and breakfast, and publish research and scientific articles in leading peer-reviewed journals.

Through our sponsorship of leadership events, symposia and educational sessions, we support over 50 national and regional health professional organizations, including the American Dietetic Association, the American Academy of Physician Assistants, and the American Academy of Family Physicians.

Through the guidance provided by the Bell Institute of Health and Nutrition, General Mills is proud to consistently support key public health initiatives. For example, we enrich most of our grain products with folic acid – a public health initiative that has led to a 16 percent reduction in neural tube birth defects in the United States.



## Consumers

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We support the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in the United States by providing free educational resources to WIC nutrition clinics.

In conjunction with the release of the 2005 Dietary Guidelines for Americans and USDA's new food guide pyramid – MyPyramid – that recommend consuming more whole grains, we created an educational resource on the topic for health professionals and have provided insight for the reformulation of many of our products to include whole grains.

Product packaging is often used to communicate public health messages, such as the USDA Food Guide, to our consumers.

The General Mills Bell Institute of Health and Nutrition and its employees have been honored with awards for excellence in corporate leadership and nutrition education from organizations such as the American Dietetic Association Foundation; the Healthy Mothers, Healthy Babies Coalition of Georgia; and the Minnesota Dietetic Association.

Find more information regarding the General Mills [Bell Institute of Health and Nutrition](#) and other company nutrition initiatives on our Web site.



## Employees

One of General Mills' core values is a commitment to building an exceptional organization staffed with *Championship People*.

We work hard to attract and retain a diverse group of talented, committed professionals. We strive to create and maintain a work environment, benefit programs and policies that support employees and allow them to lead fulfilling, rewarding, well-rounded lives. We also have developed many programs to promote the health and safety of our 28,000 employees worldwide.

To develop the capabilities needed to build *Championship Brands*, foster *Championship Innovation* and deliver *Championship Performance* – our other core values – General Mills supports and provides many opportunities for continuous personal growth. Our annual Performance Management and Individual Development Planning processes provide focus to ongoing employee development. Additionally, job rotations, internal and external training programs, educational reimbursement, and mentoring programs are available to many employees to supplement the training and development they receive on the job.

We foster a collaborative environment and place a priority on open and candid communication. Company meetings, held several times a year, are broadcast live on our company intranet to General Mills facilities, with copies available to employees unable to view the live broadcast. Businesses, functions and locations also hold regular face-to-face meetings that enable employees to stay abreast of key business initiatives and voice any concerns to management.

Our company intranet also provides access to company information and support services. Human resources information and company policies are available online in most of our manufacturing plants and remote locations.

Our companywide e-mail newsletter delivers daily news about our company, competitors, customers, consumer trends and the issues facing our industry. Employees are able to provide feedback or comment through the newsletter and intranet.

## Employees

An employee climate survey is conducted every other year to capture employee perspectives and feedback regarding job satisfaction, the balance between work and personal life, and other issues important to our employees and the company. We share the survey results with employees companywide and also break down and share the results of individual divisions, functions, departments and geographic locations.

General Mills works actively to shape our culture as a dynamic, high-energy organization. Employees are excited by the challenges of working for an innovative industry leader and work hard to achieve company goals. Yet, at the same time, we do not lose sight of the importance of balance and the quality of life both on and off the job.

We strongly believe that by maintaining a supportive and flexible work environment, the company will benefit through greater innovation, commitment, employee creativity and productivity. Summer hours, flex-time, part-time work, job sharing and telecommuting are available in many locations to help meet individual and organizational needs.

General Mills also provides a variety of convenient, high-quality on-site services at several company locations that are intended to enrich the quality of life for our employees. These services include medical staff to handle minor illnesses and injuries, prescription service, eye care, preventive dentistry, physical therapy, health assessment and consultation, and immunizations. Fitness facilities and wellness programs are available at many locations. In addition, we have progressive programs to assist with a variety of family situations, such as illness, childbirth, adoption and military leave.

*Open and candid communication is a top priority at General Mills.*



# Employees

## Code of Conduct

General Mills employees have a strong sense of honesty, integrity, accountability and responsibility. We publish and distribute a Code of Conduct booklet to all employees explaining the company's ethical standards, and employees receive scenario-based training on the Code of Conduct to help illustrate our ethical standards in their everyday work experience. We also provide a Web site and a confidential, 24-hour toll-free ethics line where employees can seek advice or report a questionable situation on an identified or anonymous basis. Our Code of Conduct booklet is published in five languages.

At General Mills, we all have the responsibility to promote and ensure the following:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- Fair and accurate accounting, financial reporting practices and recordkeeping.
- Full, fair, accurate, timely and understandable disclosure in U.S. Securities and Exchange Commission reports and other public communications made by the company.
- Compliance with applicable governmental laws, rules and regulations.
- Prompt internal reporting of violations of our Code of Conduct to appropriate people.
- Accountability for adherence to our Code of Conduct.

Amendments to our Code of Conduct may be made only with approval of the board of directors.

*General Mills publishes an ethical standards booklet in five languages.*



# Employees

## Diversity

At General Mills, we value the diversity of our work force as part of our overall business strategy.

We understand that our products must appeal to a wide variety of tastes and needs. We believe that work force diversity fosters fresh perspectives and ideas to improve our products and services to meet changing consumer tastes.

We value the many ways in which people may differ, including gender, race, nationality, education, sexual orientation, religion, lifestyle and political persuasion. We feel strongly that the things that make us unique as individuals also make us more valuable. Every day, we see the power of different viewpoints at work.

For many years, General Mills has placed great priority on hiring, retaining and promoting women and minorities. At the end of fiscal 2006, slightly more than 20 percent of General Mills U.S. employees were minorities, and nearly 40 percent were women. We have also established specific targets for advancement of women and minority employees within the company. We are pleased to report that in fiscal 2006, women held 33 percent of General Mills corporate officer positions, and minorities held 10 percent.

General Mills supports seven employee networks through which employees celebrate and share their backgrounds and viewpoints with the rest of the company.



**WOMEN IN LEADERSHIP**



Asian American  
Employee Network



Hispanic Network  
GENERAL MILLS



South Asian American Network



GENERAL MILLS  
**BLACK CHAMPIONS NETWORK**



General Mills  
American Indian Council

## Employees

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Based at company headquarters, they include the American Indian Council; the Asian American Employee network; Betty's Family, a network for gay, lesbian, bisexual and transgender employees and supporters; the Black Champions Network; the Hispanic Employee network; the South Asian American Employee network; and the Women in Leadership Network.

We also provide mentoring programs for minority employees, pairing them with senior-level managers and executives to improve communication and understanding at all levels of our organization.

These organizations and the exposure to varied viewpoints they foster help make General Mills a great place to work for everyone. Network members share insights, help in recruiting and retaining employees, and give input regarding culture-building initiatives and the broader organizational climate. They also provide input to our marketing brand teams to help better connect with our consumers.

Over the past five years, General Mills has earned several awards recognizing leadership in diversity, including "Top 50 Companies for Diversity" from *DiversityInc* and others that can be found on page 47 of this report.

## Employee Health

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General Mills promotes a culture of health and well-being for employees. The company offers a broad spectrum of health education and wellness programs, preventive care and medical treatment. "Total You," "TriHealthalon" and "Health Number" programs are specifically designed to target common health risks.

The TriHealthalon program, now in its 20<sup>th</sup> year, promotes physical, mental and social well-being for our sales employees with competitions and incentives.

Total You, for office-based employees, focuses on fitness, nutrition and well-being. New topics are highlighted and communicated in conjunction with events and activities on-site at General Mills locations. Initiatives include smoking cessation programs, Fun Friday fitness activities, heart health, cancer screening, weight management programs, and charity walks, runs and bicycle events.



*Our health and wellness programs help employees maintain a healthy lifestyle.*

## Employees

The “Health Number” program, sponsored in conjunction with our safety staff, centers on our supply chain employees. Voluntary testing includes blood pressure, cholesterol, body mass index and blood sugar. Health risk factors are identified, and local programs are offered to improve fitness levels and to reduce on- and off-the-job injuries.

Services to enhance personal and professional well-being and happiness are offered in conjunction with our LifeWorks program. LifeWorks provides a 24-hour “Well-being Help Line” and other employee assistance services to all U.S. employees.

Several facilities have on-site fitness centers, while others subsidize membership at local health clubs. General Mills also partners with the Mayo Clinic to provide an online personalized Health Risk Assessment, lifestyle planners and educational resources. Throughout General Mills, employees have the opportunity to evaluate their current lifestyles and are provided guidance to maintain or improve their health.

The Health Services clinic at our headquarters location offers same-day appointments that allow for the evaluation and management of minor illnesses and injuries before they become serious. A preventive health program provides many clinical services necessary to prevent common chronic conditions, and includes cardiac and cancer screening, counseling, preventive dental services and international travel vaccinations. General Mills also offers flu shots at all U.S. locations and offers (or encourages) the vaccination at all international locations. Health Services staff work closely with our benefits program administrators to help employees “get the right care, at the right place at the right time.”

*General Mills offers fitness facilities at several locations, including this one at our Cedar Rapids, Iowa, plant.*



# Employees

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## Employee Safety

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The safety of our employees is a top priority for General Mills. For the past 30 years, the company has experienced decreasing injury rates and has one of the better safety records in the food industry.

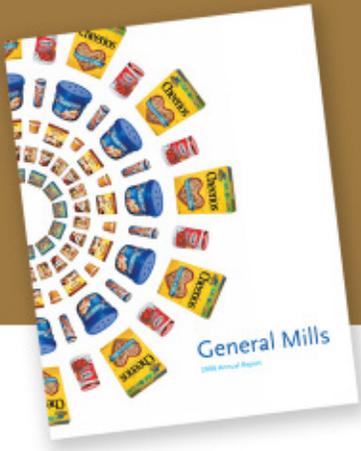
In addition to complying with government regulations around the world, General Mills also has established its own high standards and guidelines, including industry and company best practices, to provide a safe and healthy workplace.

We operate and maintain equipment with workplace safety in mind, and conduct regular safety training programs to ensure that employees apply and follow proper safety procedures. Safe and healthy employees deliver better overall performance for our company and our shareholders.

We have well-established safety management systems that help us identify, track, report and promote workplace safety performance across all of our businesses.

We conduct comprehensive audits at all General Mills manufacturing facilities. Our protocols, which are based on international management systems such as the OHSAS 18000 standard, complement the compliance auditing program by establishing a baseline and a road map for sustaining our safety efforts.

The health and welfare of our employees is one of our primary concerns. General Mills continually works to reduce the frequency and severity of employee injuries. In addition to keeping employees safe, this helps us minimize time lost, reduce workers' compensation claims and reduce medical costs. In the last year, lost-time injury rates across General Mills have decreased by 29 percent. Fifty-five percent of all facilities had no lost-time injuries.



# Investors

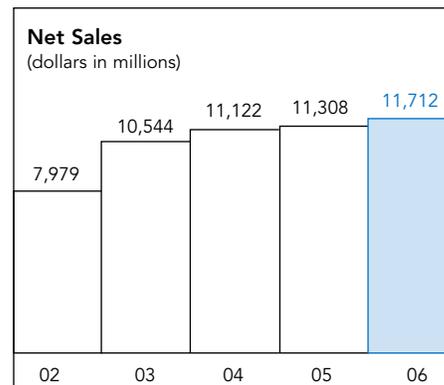
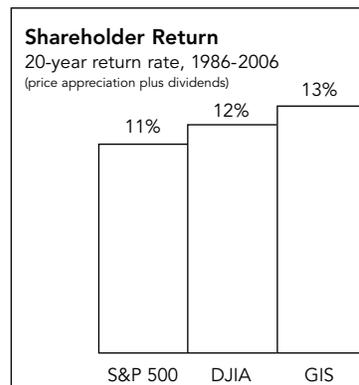
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Annual Report

As a publicly owned company, we are ultimately responsible to our shareholders.

Superior returns to investors result from superior performance. But over the long term, that performance cannot be sustained without strict corporate governance policies and the highest standards of ethics.

Since General Mills' incorporation in 1928, the growth of our stock price has outpaced the Dow Jones Industrial Average by almost three percentage points. In the 20 years through fiscal 2006, our returns outpaced those of the Dow Jones Industrial Average, and were approximately two points better than the S&P 500 Index. The Washburn Crosby Company, the predecessor to General Mills, began paying dividends in 1898, and regular quarterly dividends have continued, without reduction or interruption, since that time.

We strive not only to meet our business objectives, but also to present ourselves clearly, representing our progress and growth in truthful, fair and accurate ways. We are committed to full and understandable disclosure in all reports and documents filed with the U.S. Securities and Exchange Commission and all other public communications. We communicate important news about General Mills (GIS) on a timely basis to protect the interests of investors, disclosing the same financial information simultaneously to all categories of investors. We also respond directly to [shareholder requests](#) online or through our toll-free phone number in the United States at 1-800-245-5703.



## Investors

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As a corporation, General Mills' primary objective is to make a profit. We believe that the best way to sustain profitability is to strike a balance that serves and advances all of our stakeholders' interests.

Detailed financial information regarding our most recently completed fiscal year is available in our [annual report](#).

## Corporate Governance

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General Mills has a long-standing commitment to good corporate governance practices. These practices provide an important framework within which our board of directors and management pursue the strategic objectives of the company and ensure its long-term vitality for the benefit of shareholders.

Our corporate governance principles and practices have evolved over many years. The board's Corporate Governance Committee reviews them annually and, when appropriate, recommends changes to the board. The fundamental premise of our principles, however, is the independent nature of the board and its overarching responsibility to our shareholders.

### Board Independence and Composition

General Mills believes that a substantial majority of its board members should be independent, non-employee directors. The board has adopted criteria for independence based on those established by the New York Stock Exchange. Director affiliations and transactions are regularly reviewed to ensure there are no conflicts or relationships with the company that might impair a director's independence from the company and our auditors.

All board committees are composed entirely of independent, non-employee directors, and all directors stand for re-election annually.

We also value diversity on our [board of directors](#). As of the writing of this report, General Mills had four women and three minority directors on its 13-member board.

### Board Performance and Operations

Board meetings and background materials sent to directors focus on the company's key strategic, leadership and performance issues.

## Investors

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Executive sessions without management directors present are scheduled at each board meeting. The Chair of the Corporate Governance Committee acts as presiding director at executive sessions.

### Director Code of Conduct

All directors are governed by the company's Director Code of Conduct. The Corporate Governance Committee of the board ensures compliance with the Director Code.

A copy of our Director Code of Conduct, along with charters for all board committees can be found online in the [Corporate Governance](#) section of [www.generalmills.com](http://www.generalmills.com).

### Management Governance and Compliance Systems

General Mills is firmly committed to integrity in its financial reporting and control activities. The Employee Code of Conduct establishes our high expectations and standards of ethical behavior in the workplace, particularly in the area of financial reporting and control. The company employs a comprehensive internal control framework that includes definitive policies and procedures, effective internal control standards, and regular monitoring and auditing activities to ensure our business is appropriately controlled and our financial reporting complies with all regulatory standards.

Our management assertions regarding the integrity of our financial reports and internal control systems are supported by a rigorous and regular testing process across all of our material financial reporting activities with further testing and review by our internal audit function and our external auditors.

All employees are provided an [Employee Code of Conduct](#) that contains the company's expectations for ethical behavior and our internal communications process to report any potential conflicts with the Code. Additionally, a broad group of management-level personnel are required to certify compliance with the key corporate policies annually.

The Audit Committee of the board of directors receives regular updates on our financial reporting and control activities. The Audit Committee also reviews the company's actions in the area of risk management and broader compliance activities.



## Community

At General Mills, we are champions for a stronger community.

We strive to build and strengthen the communities in which we live and work. We encourage our employees to become active in their communities. We seek to positively impact not just the immediate community, but also the broader surrounding community as a responsible corporate citizen.

Strong, healthy communities produce strong, healthy businesses. All of our community involvement activities and programs are part of our Community Action function, which serves as a catalyst for community progress. Community Action works with many local groups to address societal needs with breakthrough ideas, championship people and financial resources.

General Mills has established a wide variety of outreach programs in the United States, and we are working to increase our involvement internationally.

We work through a variety of groups and initiatives, such as the United Way, America's Second Harvest and the General Mills Champions for Healthy Kids<sup>SM</sup> program, to support and improve communities nationwide where General Mills facilities are located.

In fiscal 2006 alone, General Mills and the General Mills Foundation contributed more than \$74 million in cash and in-kind donations to fight hunger, strengthen youth nutrition and fitness, and support our schools and social services. Our contributions also advance the arts to build and strengthen the culture of our communities.

### General Mills Foundation

For over 50 years, the General Mills Foundation has supported nonprofit organizations in the Twin Cities of Minneapolis and St. Paul and in other U.S. communities where our manufacturing facilities are located. The Foundation makes grants in the areas of youth nutrition and fitness, social services, education, and arts and culture. View a complete listing of our [Foundation grants](#).

# Community



CommunityAction

GENERAL MILLS

United Way agencies across North America count on General Mills to step up and lead the way in corporate giving. U.S. and Canada employee and retiree contributions are matched dollar-for-dollar by the General Mills Foundation.

In fiscal 2006, the General Mills Foundation and its employees and retirees contributed more than \$10 million to United Way campaigns in General Mills locations across the United States and Canada. For the fifth year in a row, General Mills was the largest contributor to the Greater Twin Cities United Way campaign with a gift of more than \$6.6 million. We also set the pace in supporting education, and arts and culture, with a dollar-for-dollar match of employee and retiree contributions in these areas.

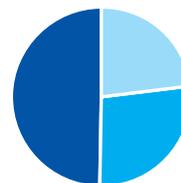
Last year, the General Mills Foundation matched gifts of nearly \$2 million to employee- and retiree-supported accredited schools, colleges and arts and cultural organizations. The Foundation also funds scholarships to encourage the pursuit of post-secondary education. Over the past 10 years, General Mills and the General Mills Foundation have contributed more than \$10 million toward scholarships and scholarship programs.

Three years ago, the Foundation introduced the Celebrating Communities of Color grants. The \$500,000 initiative awards 50 grants to nonprofit groups in the Twin Cities that work with new immigrants and other communities of color.

Since the General Mills Foundation was created, it has awarded more than \$370 million to support our communities.

**Fiscal 2006 Donations to Community**  
(represents 5 percent of company pre-tax profits)

● Food Donations	\$17.3 million
● Foundation Grants	\$20.2 million
● Strategic Philanthropy/ Corporate Contributions	\$36.7 million
<hr/>	
	\$74.2 million



# Community

## International Giving

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General Mills initiated an international giving strategy in fiscal year 2004. Our objective with this initiative is to support key international General Mills communities through focused financial support. Locations are prioritized based on a variety of factors, including strategic importance, community need, employee leadership, local philanthropic practices and guidance from our international employees.

In fiscal 2006, we contributed more than \$150,000 to General Mills communities in South Africa, Argentina, Brazil and Mexico, including a \$10,000 grant to Saboreo y Comparte (Enjoy and Share), a program that provides healthy meals, educational sessions and a safe haven for thousands of underserved children throughout Mexico.

## Disaster Relief

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In response to Hurricanes Katrina and Rita, the General Mills Foundation contributed \$1 million in cash relief and \$1 million in product donations over a six-month time period in fiscal 2006. The cash donations included:

- \$400,000 to Habitat for Humanity
- \$100,000 to the Congressional Black Caucus Foundation Hurricane Relief Fund
- \$100,000 to the UNCF Special Fund for colleges ravaged by hurricanes, specifically to rebuild Dillard and Xavier Universities
- \$100,000 to America's Second Harvest
- An employee match and grant to the American Red Cross of \$288,000

Finally, in response to the devastating earthquake in Pakistan, General Mills and the General Mills Foundation contributed \$250,000 to relief efforts.

## Volunteerism

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Over 78 percent of General Mills U.S. employees are active as volunteers in their communities. General Mills employee and retiree volunteers mentor schoolchildren one-on-one, helping them improve their reading and math skills. They offer their marketing, financial and other professional skills to numerous nonprofit agencies. They help build homes for low-income homebuyers or deliver meals to the elderly.



*A majority of employees are active volunteers. Habitat for Humanity brings volunteers together to build homes for low-income buyers.*

## Community

Our employees and retirees demonstrate their personal commitment by freely giving of their time and talents as volunteers to help make our communities better places to live and work.

### Brand Philanthropy

Many General Mills brands have become almost synonymous with important causes close to the hearts of people everywhere.



Since 1996, America's schools have earned more than \$175 million for computers, playground equipment, textbooks, classroom materials and other needs by collecting Box Tops for Education coupons from General Mills products. More than 95,000 K-8 schools are enrolled in the program.

General Mills' Yoplait brand continues to be a steadfast supporter of women's health and wellness issues as National Presenting Sponsor of the Susan G. Komen Breast Cancer Foundation's Race for the Cure events all across the United States, as well as through the popular Yoplait Save Lids to Save Lives program. Through its support of these and other initiatives, Yoplait USA and General Mills have contributed more than \$15.5 million over the last eight years to support breast cancer research and education.

Cheerios supports childhood literacy with its Spoonfuls of Stories program in the United States. Since 2002, the brand has given away more than 25 million children's books inside boxes of Cheerios. General Mills and the General Mills Foundation have also donated more than \$2 million to First Book, a nonprofit organization that puts new books in the hands of children from low-income families.

*General Mills' Yoplait brand is a steadfast supporter of Susan G. Komen Breast Cancer Foundation's Race for the Cure events all across the United States.*



## Community

"A Healthy BET" is an initiative that teams Honey Nut Cheerios cereal and General Mills with the Black Entertainment Television Foundation to help African-American women eat healthy and stay physically active. The initiative began in December 2003.

### Nutrition and Fitness Programs

Thousands of children across the United States and Canada are getting help to develop the skills they need to maintain a healthy balance of nutrition and fitness throughout their lives through a variety of successful programs.

The General Mills Champions for Healthy Kids program was launched in 2002 by the General Mills Foundation. Each year, the Foundation awards \$500,000 in grants to support innovative programs across the United States that instill good dietary and fitness habits in our young people. Our partners in this initiative are the American Dietetic Association and the President's Challenge.

As a component of the program, General Mills Champions sponsored 8,500 kids in Minneapolis Public Schools who took part in the Presidential Active Lifestyle Award program by committing to 60 minutes of exercise five days a week for almost two months. This year, we will expand that sponsorship to additional schools across America.

Our nutrition and fitness initiatives align with our company mission of nourishing lives by helping kids pursue lifelong habits of healthy, active lifestyles.

*Getting the skills they need to maintain healthy nutrition is one of the goals of General Mills' Champions for Healthy Kids program.*



## Community

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### Food Donations

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As one of the world's leading food companies, we are proud to be a leader in the fight against hunger. Each and every day across America, General Mills donates the equivalent of more than two semi-trailer truckloads of food to America's Second Harvest network, the largest hunger relief organization in the United States. In fiscal 2006, we contributed over \$17 million of food products to help meet the needs of more than 200 food banks serving more than 60,000 charities.

### Direct Social Investment

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In addition to charitable giving, General Mills also lends executive time and expertise to address local social issues.

Ten years ago, General Mills initiated the Hawthorne Huddle to help a blighted urban Minneapolis neighborhood become a safer place for families. The Hawthorne Huddle is a monthly meeting that brings together community residents, educators, law enforcement, faith leaders and elected officials to address concerns in what was once a troubled community. The Huddle provides a forum for discussing issues and identifying solutions for the community. In 2006, Minneapolis Mayor R.T. Rybak served as a panelist at the May Hawthorne Huddle meeting, emphasizing his commitment to reducing crime in North Minneapolis. The General Mills Foundation is proud to have committed \$3 million toward new housing in the Hawthorne neighborhood, which is also home to a new community public school.

In fiscal 2003, Harvard Business School published a case study analyzing General Mills' role in the Hawthorne Huddle as a model for corporate citizenship and direct social investment in engaging and building local communities.

### Support for Minority-Owned Businesses

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General Mills is committed to establishing and growing successful business relationships with increasing numbers of qualified minority- and women-owned suppliers. Fulfilling this commitment is important to our shareholders, our increasingly diverse consumer base, the communities in which we operate and, ultimately, the success of our company.

## Community

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Recognizing that minority- and women-owned businesses need to be mentored and developed, General Mills has worked closely with organizations such as the Metropolitan Economic Development Council (MEDA) over its 35-year history to help fund business development programs for minority entrepreneurs. We also have taken a role in funding Milestone Capital, a nonprofit organization that provides equity funding for the growth of minority businesses.

In addition, by partnering with organizations such as the National Minority Supplier Development Council (NMSDC) at both the national and local level, we actively seek out new vendors in strategic areas of need as well as promote the use of minority suppliers throughout our entire supplier base.

In fiscal 2006, General Mills purchased \$380 million worth of goods and services from minority- and women- owned businesses. For fiscal 2007, we have set an aggressive corporate goal of \$410 million.

## Government Relations

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As a corporate citizen, we also feel we have a responsibility to engage in ongoing dialog with policy-makers and governments on issues where we have a clear and relevant perspective. As laws and regulations are developed, we are proud to lend our voice to the collective debate – and we encourage all stakeholders to do the same. We believe that good-faith collaboration can result in better policies that reflect the underlying principles of democratic and representative government.



## Our World

Although it is the responsibility of all companies to operate their businesses in accordance with applicable environmental requirements, General Mills' mission is to go beyond compliance and deliver sustainable business value.

We work to minimize any potential adverse impacts on the environment associated with our operations. Our facilities are designed to address environmental requirements and standards, including: reduction of water and energy use; control of air emissions and wastewater discharges from production operations; proper management of potentially hazardous materials; minimization of solid and hazardous waste generation; and the prevention of spills or releases.

General Mills develops internal standards and guidelines, consults on new capital projects to verify compliance with environmental requirements, conducts periodic regulatory compliance audits, and regularly works to ensure proper management of ongoing environmental obligations. Our use of raw materials, our manufacturing methods, our selection of packaging and the distribution of our products are all focused on providing our customers and consumers the best quality products while working to sustain the environment.

We are proud of our record and are committed to be environmental leaders in the food industry.

### Sustainable Development

The United Nations Food and Agriculture Organization has defined sustainable development as "the management and conservation of the natural resource base and the orientation of technological and institutional change in such a manner as to ensure the attainment and continued satisfaction of human needs for the present and future generations."

General Mills started a formal sustainable development initiative in 2002 that focuses on how we can further build on our strong heritage of positive environmental stewardship and improve the management of the natural resource base used in running our businesses.

## Our World

It should be noted that the company has little direct contact with agriculture. The company sources most of its grain for milling from the U.S. or Canada and purchases these commodities by specifying quality aspects as opposed to contracting with individual farmers. The only exception is approximately 40,000 acres of wheat grown in Idaho. In this case, we do monitor planting, fertilizing and harvesting operations.

We also contract directly with farmers for some Progresso, Green Giant and organic ingredients. Our agronomists are heavily involved with growing vegetables on about 12,000 acres in Mexico for Green Giant and Progresso. At Small Planet Foods, which markets organic products under the Muir Glen and Cascadian Farm brands, our commitment to sustainable agriculture is illustrated by the approximate 20,000 acres devoted to organic products.

In terms of other food ingredients, we do not buy raw agricultural goods but only processed/value added ingredients. The vast majority of such food ingredients are purchased from selected food ingredient suppliers.

The following steps for sustainable development have been taken or are in the process of being developed:

- Researched General Mills' use of raw materials, energy consumption, impact on the air and water from manufacturing, and materials used in packaging.
- Benchmarked current sustainable development programs in the food and other manufacturing industries.
- Advanced General Mills' research knowledge base of requirements for developing sustainable products and packaging.
- Improved recognition and reporting of plant operations efforts toward continuous improvement in minimizing our environmental footprint.
- Expanded General Mills' Worldwide Sourcing pilot program with major suppliers to understand their commitment and performance of their respective environmental management systems.
- Created an internal Online Sustainable Development University to familiarize General Mills employees with foundational understanding and challenges of sustainability in the food industry.



*Our organic agricultural scientists work with growers to develop eco-efficient approaches to organic production, which we use to produce Muir Glen tomatoes and other organic products.*

## Our World

### Environmental Performance Reporting



*Each manufacturing facility, such as this one in Arras, France, must identify, track and report on key environmental parameters.*

Our environmental performance tracking generally follows the Global Reporting Initiative (GRI-G3) standards. The scope is global and encompasses all of the manufacturing facilities operated by General Mills. In addition to meeting regulatory requirements, we have taken the following actions.

- We operate in an environmentally responsible way and are committed to supporting environmental sustainability in our plants and our communities.
- We have established and implemented environmental management systems designed to identify, track, audit and report on key environmental parameters for each manufacturing location.
- We have identified and set goals for the most significant uses of energy and the resulting air emissions, the uses of water and its treatment, the use and recycling of materials, and the disposal of wastes.

Each of our production sites is required to submit results of their activities throughout the year in each of these areas of environmental impact. To account for variations of size and production at different facilities, we normalize the data based on the production of finished goods.

### Environmental Auditing

General Mills performs comprehensive safety and environmental compliance audits on a regular basis at all of our facilities. All audit findings and recommendations are tracked to resolution. We also incorporate environmental management system assessments and best practices into our audits as well as recommendations for improvement.



*General Mills performs comprehensive safety and environmental compliance audits at all of our facilities.*

# Our World

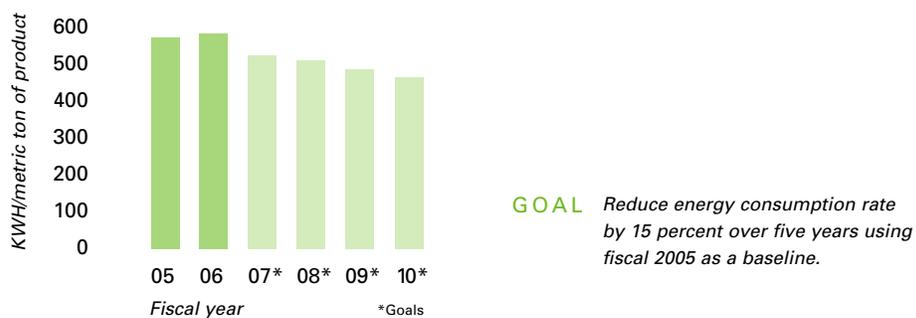
## Energy

Energy is required in most stages of our operations for heating and cooling, lighting, and for operating equipment. One environmental consequence of using energy is the release of carbon dioxide. This increases the “greenhouse effect” of the atmosphere resulting in climate change such as global warming. This could potentially affect our sourcing of agricultural products.

General Mills has programs in place to monitor energy use and conservation efforts. Studies are being conducted to identify large or unusual energy uses to both reduce the amount being consumed and the associated cost. Our facilities monitor their energy use and have established energy conservation targets. For example, the use of compressed air in food plants is considered to be energy intensive. At our Wellston, Ohio, facility, compressed air system upgrades delivered over \$200,000 in savings and an additional \$60,000 was achieved from improved leak management.

In fiscal 2006, our facilities used the equivalent of 586 kilowatt hours (KWH) per metric ton of production.

### Energy Usage



# Our World

## Greenhouse Gases

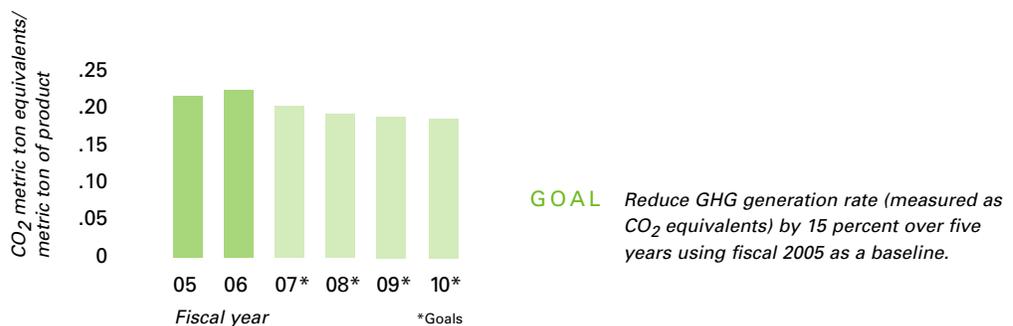
The primary greenhouse gas (GHG) emitted from our use of energy is carbon dioxide (CO<sub>2</sub>). This is a result of burning fossil fuels, either directly at our facilities, or indirectly from electricity generated at power stations. We use natural gas, fuel oil and propane, as well as electricity derived from various sources. We have no significant emissions of other greenhouse gases such as methane, nitrogen oxides or hydrofluorocarbons (HFCs).

General Mills is a member of The Business Roundtable, a public policy advocacy organization of CEOs from leading U.S. corporations. We are participating in its Climate RESOLVE initiative, which annually reports the member companies' greenhouse gas emissions to the U.S. Department of Energy.

Food processing operations are not typically large direct generators of carbon dioxide. However, the company has implemented a comprehensive program across our businesses to track and review energy use. We use the Climate Leaders Greenhouse Gas Inventory Protocol to calculate our greenhouse gases due to energy use in the United States and plan to move to similar reporting for international sites in the future.

In fiscal 2006, our total emission of greenhouse gases due to energy use in production facilities, expressed as carbon dioxide (CO<sub>2</sub>) equivalents, was 0.23 metric ton equivalents per metric ton of production. Direct emissions from burning our fuel(s) were 26 percent of total emissions, or 0.06 CO<sub>2</sub> metric ton equivalents per metric ton of production.

### Greenhouse Gas Generation



# Our World

## Water



At our Covington, Ga., plant, reusing treated wastewater in nonfood contact applications such as cooling has resulted in an annual savings of 51.5 million gallons, or enough water to serve nearly 400 homes a year.

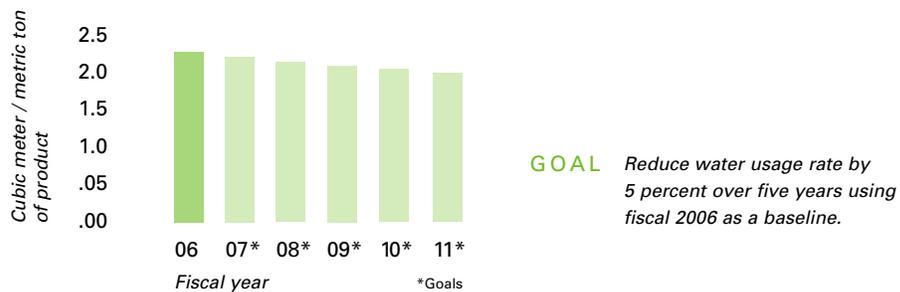
Water is critical to food manufacturing. It is used as an ingredient, a coolant, and to clean and sanitize manufacturing equipment. We obtain water from reliable sources, use it efficiently and have set goals to reduce water usage where possible. We track the usage of water at each facility to identify areas of high usage and target opportunities for water conservation.

Water quality is important to our products and our processes, and all of our businesses are committed to managing water use and wastewater discharges responsibly. Our water comes from private wells or municipal supplies, and is treated as necessary before use. We monitor water quality closely to ensure the safety of our employees and our products.

Conservation of water provides a key opportunity to reduce our environmental footprint and protect our natural resources. Last year, our manufacturing facility in Covington, Ga., completed construction of a wastewater treatment facility capable of producing effluent of drinking water quality that can be reused in nonfood contact applications. Aside from saving the company over \$400,000 per year in municipal water and sewer fees, this project eliminated the need for the municipality to expand their water and wastewater utilities.

Our total water use rate in fiscal 2006 was approximately 2.22 cubic meters per metric ton of production.

### Water Usage



## Our World

### Wastewater

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*General Electric presents our Wellston, Ohio, facility with their Ecomagination Award for innovative wastewater management. This initiative reduced risks to local water supplies while improving the ecological viability of areas affected by former mining operations.*

We manage wastewater effluent in a manner that does not adversely impact the soil, water or air. We do not allow the discharge of any untreated sanitary wastewater onto land or into surface waters at any of our locations, and we work with local authorities to comply with wastewater treatment requirements.

Our North American manufacturing facilities typically discharge wastewater to publicly owned treatment works where it is treated prior to release to the environment. These plants are subject to permits or regulations that specify the quality parameters of the effluent. General Mills' international locations discharge wastewaters in accordance with local and country standards that at a minimum meet, and sometimes exceed, comparable requirements in the United States.



*A new wastewater treatment operation was installed in Shanghai, China, in 2006.*

### Air Emissions

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Our primary air emissions are related to energy use (carbon dioxide and other products of combustion), particulate emissions from food materials (cereal, flour, sugar, grain), and some ethanol from flavorings or the fermentation in dough products.

The greenhouse gas emissions are reported as carbon dioxide equivalents (see Greenhouse Gases section on page 37). Our emissions of food materials and ethanol are controlled to low levels and conform to the applicable permitted levels.

## Our World

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In the United States, air emissions are regulated by various government agencies that set regulatory standards. Our plants adhere to local, state and federal emissions regulations.

Our facilities in other parts of the world are also governed by air pollution regulations, although the approach may vary by country. Most facility air pollution permits are included within site operating licenses. These licenses can restrict the amount of particulate matter and combustion byproducts that can be emitted. In many areas, these permits also enforce site boundary standards for odor and noise.

### Ozone-Depleting Substances

Some man-made chemicals used in refrigeration, air conditioning, fire suppression equipment and pest control can cause damage to the earth's protective ozone layer. Chemicals implicated as ozone depleting substances (ODS) include halons, chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs) and methyl bromide. The company is not adding any new ODS-containing equipment or chemicals and is phasing out the existing ODS usages over time.

Currently in our North American locations, approximately 90 percent of our refrigeration needs are met with ammonia, which does not impact the ozone layer. The company maintains internal guidelines and programs to reduce the release of ozone-depleting substances. Any existing systems that contain these chemicals are closely monitored. Our international plants have eliminated all uses of CFCs and HCFCs. International refrigeration needs are met with a combination of ammonia, CO<sub>2</sub> and HFC (hydrofluorocarbons) systems.

*This ammonia system was recently installed to provide cooling for a process room at Irapuato, Mexico.*



## Our World

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Methyl bromide is used as a fumigant by General Mills, mainly in its flour mills. Over the years, the company has implemented processes and procedures such as heat treatment, improved cleaning procedures and non-ODS alternatives to reduce or replace methyl bromide.

### Transportation

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General Mills does not own any fleet transportation but does contract for services. Our Logistics staff reduces transportation energy demands by balancing loads and arranging for back-hauling. For example, pallets of cereal and soup can be shipped together to reduce energy because of their differences in weight.

Our businesses focus on minimizing the impact of transportation. We do this not only to reduce cost, but also to enhance logistics and efficiencies. All of these considerations can impact transport services and affect the resulting air emissions and energy needs.

### Packaging

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General Mills has always focused on packaging. A variety of materials are used in packages with the safety of the foods dictating what is used for any specific product. Recycled or recyclable materials are used whenever feasible in accordance with food safety regulations. In fiscal 2006, approximately 50 percent of packaging dollars for corrugated and cartons was spent for recycled materials.

Manufacturing facilities track the amount of packaging materials used on products sold, both in direct packaging materials and also in secondary (transportation) packaging. Any packaging material received at processing facilities is also tracked to determine how it is disposed or recycled. Additionally, we work with suppliers to minimize the packaging they provide.



*By re-formulating the contents of key ingredients in certain product lines, the amount of packaging was decreased, thus eliminating nearly 1 million pounds of paper fiber per year.*



*Recently, we reduced the thickness of metal used on the easy-open ends of Progresso soup cans, saving 358 tons of steel per year.*

## Our World

### Reduce, Reuse and Recycle

General Mills has long focused on reducing packaging and solid waste. We began using recycled materials for production of paperboard cartons in the 1930s. Today, we are among the largest users of post-consumer recycled paper packaging in the United States. And we continue to find ways to use recycled fiber to replace virgin fiber where it makes sense. For example, for some of our frozen Pillsbury products, we are replacing solid unbleached sulfate cartons that have no post-consumer recycling (PCR) content with cartons that are made with 100 percent recycled fiber of which at least 35 percent is PCR. Even though the cartons with PCR are heavier, we still achieve reductions of 10 percent to 30 percent in packaging resources, energy consumption and virgin material content.



*Oat hulls are loaded into trucks at our Fridley, Minn., plant for future use as biomass fuel. In 2006, approximately 20,000 tons of oat hulls were used for making insoluble fiber and 70,000 tons were burned as a biomass fuel.*

Another example of reuse involves shipping containers. General Mills has received cartons in reusable corrugated containers from one of its suppliers for the past 10 years. Each container makes five to 10 trips between our supplier's plant and General Mills plants before it is recycled, saving about 200 to 300 tons per year relative to the use of one-way corrugated cases.

We use materials from renewable resources or recycled materials where feasible and reduce the amount of waste that is sent to landfills by finding ways to recycle it or use it for other purposes. Because our manufacturing uses food materials (grain, milk, fruit), we have many opportunities for reusing unwanted byproducts as animal feed.

General Mills produces several oat-based products including Cheerios. Oats are ground into oat flour, resulting in large quantities of oat hulls as a byproduct. In the past it was difficult to dispose of them. Today, they are used for producing insoluble fiber (as a healthy food ingredient) and as an energy source. Oat hulls from making cereal have been found to be a viable biomass fuel that burns cleaner than coal.

Materials used in packaging and equipment also present opportunities for recycling. Glass, metals, cardboard and plastics are collected for recycling. Many sites have established recycling programs for paper, cans and reusable photocopier cartridges. Overall, the proportion of waste material discarded at the end of the food manufacturing process is very small.

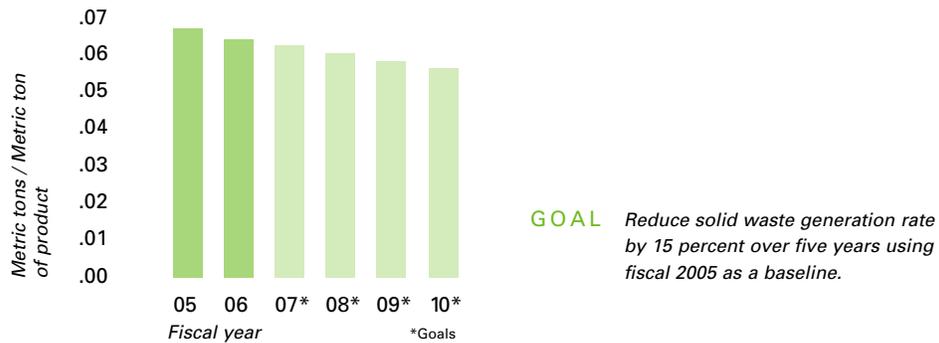
## Our World

### Solid Waste

When our wastes cannot be reused or recycled, we use methods and measures to minimize environmental impacts.

From the total waste produced globally during fiscal 2006, 88 percent was reused or recycled, while 12 percent was sent to landfills or incinerated. Overall, 0.065 metric tons of waste was produced worldwide per metric ton of finished goods.

#### Solid Waste Generation



A dry ice "blaster" is used to clean various parts of our Chanhassen, Minn., facility. This has not only resulted in a reduction in employee cleaning time, but also a reduction in use of water and cleaning chemicals that would have been discharged to the sanitary sewer.

### Hazardous Materials

General Mills regularly reviews the need for hazardous materials, and their usage is monitored and controlled. Hazardous materials can include cleaners and sanitizers, refrigerants, pesticides and processing chemicals.

Each General Mills facility that uses hazardous materials conducts reviews, develops response plans, and implements training and communication programs for employees and their community in case of an accidental release.

### Integrated Pest Management

General Mills has long taken a unified and systematic approach to regulating pest populations called Integrated Pest Management (IPM). The National IPM Network has defined IPM as "a sustainable approach to managing pests by combining

## Our World

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biological, cultural, physical, and chemical tools in a way that minimizes economic, health, and environmental risks.”

The IPM concept includes the integration of control measures into a total management system. Such measures include: improved sanitary design; better and more frequent inspections; implementation of Good Manufacturing Practices (GMPs); modification of temperature and other environmental factors; use of pheromones and growth regulators; and pesticides. IPM does not just rely on chemicals for pesticide control. Thus, IPM incorporates several different approaches into one unified program.

Historical pest control methods required a substantial use of hazardous materials. General Mills has been an industry leader in promoting the use of integrated pest management programs to control pests in crops, storage and food processing facilities while limiting the use of pesticides. General Mills developed the system of “degree growing days,” which became the cornerstone of modern integrated pest management. The company uses a combination of methods to control pests, including sanitation and intense heating of plant facilities.

We have a pesticide monitoring program for both ingredients and finished food products, and work closely with suppliers to monitor pesticide use, analyze ingredients and eliminate pesticide residues.

General Mills has been a leader among processed food companies in its effort to decrease the use of pesticides, and is a founding member of both the National Coalition for Integrated Pest Management and the National Integrated Pest Management Education Foundation. We also continue to sponsor research on ways to reduce pesticide use in grain storage.

*Green Giant in Irapuato, Mexico, has helped local growers significantly reduce their use of organo-phosphate pesticides on vegetables like broccoli.*



# Our World

## Environmental Commitment to Communities

General Mills is committed to environmental stewardship in our communities. Every year employees at locations all over the world team together and pitch in to make our communities "greener." Projects include park and nature trail improvements, ecologically sensitive area cleanups, roadside pickups and environmental outreach.



Every year, the Midland, Ontario, manufacturing facility assembles a team to work at the Wye Marsh Wildlife Center. General Mills employees have worked on a variety of improvements at the marsh, which is a critical nesting area for Trumpeter Swans.



Over 40 employees from our Mount Waverley, Australia, manufacturing facility participated in the National "Business Clean-Up Day." The General Mills team collected over 100kg (220 pounds) of rubbish from Fairway Reserve and Scotchman's Creek areas.

Gigante Verde (Green Giant) in Irapuato, Mexico, has worked the past several years to reforest an area in the community. Employees have planted in excess of 400 trees.



## Our World

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### Going Forward

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General Mills is committed to attaining and continually improving environmental performance and sustainability.

We define environmental excellence using industrywide benchmarks and our own rigorous standards, which go beyond compliance. For our facilities to achieve internal standards for environmental performance, they must demonstrate success in both the implementation and measurable outcomes of our policies and programs. In this way, we develop sustainable systems that consistently improve and deliver superior results.

Our ongoing challenge is to effectively prioritize resources, given the large number of sustainability recommendations received from both internal and external stakeholders.

We believe that nothing we do is worth putting people or the environment at unreasonable risk, that every pollution incident is preventable, and that all employees are entrusted with environmental protection responsibilities. General Mills strives to be the most environmentally sustainable consumer foods company in the world.

# Corporate Awards

We take pride in the awards and recognition we have received. They illustrate our commitment to being the “company of champions.”

- Top 10 on Corporate Reputation Survey, Harris Interactive, 2007, 2006, 2005, 2004, 2003, 2002
- 100 Best Corporate Citizens, *Corporate Responsibility Officer* (CRO) magazine (formerly *Business Ethics*), 2007, 2006, 2005, 2004, 2003
- Most Admired Companies, *Fortune*, 2007, 2006, 2005, 2004
- Top 50 Companies for Diversity, *DiversityInc*, 2007, 2005, 2004
- Employer of the Year, Employee Services Management Association, 2007
- Best Places to Work for GLBT Equality, Human Rights Campaign, 2007, 2005
- 100 Best Companies to Work For, *Fortune*, 2006, 2005, 2004
- 100 Best Companies for Working Mothers, *Working Mother* magazine, 2006 - 1996
- Best Companies for Women of Color, *Working Mother* magazine, 2006, 2005, 2004
- Top 10 Companies for Supplier Diversity, *Hispanic Business* magazine, 2007
- Top 50 Corporations for Multicultural Business Opportunities, Diversity Business.com, 2007, 2006, 2005, 2004
- 100 Top Companies for Training, *Training* magazine, 2007, 2006, 2005, 2004
- Top Companies for Executive Women, National Association for Female Executives, 2007, 2006, 2005, 2004
- Best Employers for Healthy Lifestyles, National Business Group on Health, 2006
- 100 Best Places to Work in IT, *Computerworld* magazine, 2006, 2005, 2004, 2003, 2002
- United Way Summit Awards, United Way of America, 2006, 2004
- Top 50 Companies for Black MBAs to Work, *Black MBA* magazine, 2006
- Leadership in Board Diversity, National Association of Corporate Directors, Minnesota Chapter, 2006
- America’s Top Givers, *Business Week*, 2005, 2004, 2003
- Blue-Ribbon Companies, *Fortune*, 2005
- 50 Best Companies for Latinas, *Latina Style* magazine, 2005, 2004, 2003, 2002, 2001
- Top 100 Companies for Hispanics, *Hispanic* magazine, 2005, 2003, 2002, 2001, 2000
- EPA Pesticide Stewardship Award, Environmental Protection Agency, 2005



# Appendix

General Mills has long been, and continues to be, committed to sound corporate governance.

Our governance practices are documented in guidelines adopted by our board of directors and are updated periodically. In the 1980s, General Mills first approved a comprehensive environmental policy statement to provide a framework for our environmental programs. This policy has evolved to reflect our businesses and the requirements that may affect them. Our most recent policy is published below.

## Workplace Safety and Environmental Protection Corporate Policy Statement

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General Mills will operate in a manner that promotes a safe workplace and protection of the environment. The responsibility and accountability for effective injury prevention and pollution prevention rests with each employee and each business unit manager.

1. Every business unit manager and each employee shall comply with all applicable laws, regulations and Company standards pertaining to workplace safety and environmental protection.
2. Our efforts are based on the following values:
  - Injuries and pollution are preventable.
  - Nothing we do is worth getting injured or damaging the environment.
  - Everyone is responsible for their own safety and protecting the environment.

Each business unit will implement a safety and environmental management system based on the following areas:

- Commitment of management and expectations for employees
- Involvement of all employees
- Goal setting and action planning
- Checking and corrective action
- Technical and regulatory programs
- Safe and environmentally-sound practices

## Appendix

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- Effective training for all employees
- Continuous improvement of our programs and standards

In the event of an incident, it must be thoroughly investigated to find the root causes and prevent recurrence. Business units need to manage injuries to ensure that employees receive appropriate care and return to useful employment as soon as medically able. They must also respond in a timely and effective manner to a spill or release to protect employees, the public and the environment.

3. Our Department of Health, Safety and Environment shall: (a) develop, implement and administer effective safety and environmental programs, (b) develop guidelines and programs to assist in complying with government regulations, (c) review and audit safety and environmental programs, (d) advise the Company on potential safety and environmental risks, including those involved with acquisitions and divestitures, and (e) lead efforts toward continuous improvement in safety and environmental protection; in consultation with the Law Department and other appropriate personnel.
4. Our Law Department shall work with the business units and the Department of Health, Safety and Environment to identify and manage risks associated with safety and environmental issues, and shall provide legal advice and guidance regarding safety and environmental laws.

### Acknowledgments

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We would like to recognize the valuable input provided through our membership with Ceres, a coalition of investors, environmental organizations and other public interest groups that work with companies to advance their environmental and social performance.