

# Corporate Social Responsibility

2008



NOURISHING LIVES · NOURISHING COMMUNITIES · NOURISHING THE FUTURE



.....  
GENERAL MILLS

**To our stakeholders:**

The past year was a very good one for General Mills. Not only did shareholders see a solid return on their investment,

but our many other stakeholders—including the communities in which we operate—gave us high marks as well.



Our mission at General Mills is Nourishing Lives. Every day we strive to live that mission through our branded products, the communities we serve and the way we work to preserve the environment for future generations.

- We Nourish Lives by providing great food products that meet or exceed expectations for safety, quality, convenience, value and, of course, great taste.
- We nourish communities by volunteering, donating money and food, supporting minority-owned businesses and creating healthy and safe workplaces for our employees.

- We nourish the future by establishing sustainable business and manufacturing practices that minimize our environmental footprint.

Our goal is to become one of the most socially responsible consumer foods companies in the world. That's a tall order, but we've been at it for a long time and are making progress.

We've been using recycled paperboard in our cereal boxes since the 1930s. Our well-recognized and long-standing corporate giving efforts are expanding internationally. And our record for promoting diversity—with our employees and suppliers—continues to be strong.

Our 2008 Corporate Social Responsibility report provides an update on our work in all of these important areas. Please take a moment to review it. We invite and welcome your comments.

Sincerely,

A handwritten signature in blue ink that reads "KJ Powell". The signature is written in a cursive, slightly stylized font.

Ken Powell  
Chief Executive Officer

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## A responsible corporate citizen

For decades, General Mills has built and maintained strong relationships with our many stakeholders.

Being a responsible corporate citizen—socially, economically and environmentally—is at the center of everything we do. Our integrated business philosophy has two key elements:

- Maximizing economic performance while minimizing our environmental footprint.
- Serving the needs and aspirations of consumers, customers, shareholders, employees and communities in a way that is mutually beneficial.

Every day we strive to be responsible corporate citizens by living our mission, which is Nourishing Lives. That mission includes nourishing communities and nourishing the future to ensure that the environment is preserved for future generations.



### High marks from stakeholders

As measured by our stakeholders, 2007 was a very good year for General Mills.

The company was once again included in Fortune magazine's list of its "Most Admired Companies," ranked No. 6 on Fortune's list of "Global Top Companies for Leaders," and was named by BusinessWeek magazine as one of the "Best Places to Launch a Career."

General Mills also was named as one of Working Mother's "Top 10 Best Companies" and as one of DiversityInc magazine's "Top 50 Companies for Diversity."

While many of the awards received in the past year recognize General Mills' work environment, others highlight the company's overall reputation, including its commitment to being a responsible corporate citizen.

General Mills ranked No. 6 in a survey conducted by The Wall Street Journal and Harris Interactive (and ranked No. 3 in the survey's "social responsibility" metric), and No. 10 in CRO (Corporate Responsibility Officer) magazine's "100 Best Corporate Citizens" list.

# Nourishing Lives™

We carry out our Nourishing Lives mission by measuring progress against specific goals.



*Improving health:* Our commitment is to improve the health profile of 40 percent of our retail portfolio by 2010.

## Nourishing Communities

*Acting responsibly:* We consistently strive to be a leader with our charitable giving, and strongly encourage employees to volunteer.

- In fiscal 2007, we donated more than \$82 million to communities across the United States, Canada and many other countries throughout the world.

- Seventy-eight percent of our U.S. employees volunteer in their communities.

## Nourishing the Future

*Caring for the environment:* Our five-year goals are to reduce:

- Water usage rate by 5 percent.
- Energy consumption rate by 15 percent.
- Greenhouse gas emission rate by 15 percent.
- Solid waste generation rate by 15 percent.

While balancing the needs of consumers, community members, shareholders and 28,000 employees can be challenging, we have made positive gains in all of these areas as measured by our many stakeholders.

## Cheerios: delivering on our mission

Perhaps the best example of how we nourish lives is with our flagship brand: Cheerios.

All of our cereal boxes – including Cheerios – are made from 100 percent recycled paperboard.

The thousands of tons of oat hulls we generate each year are used as a renewable fuel source.

And Cheerios are good for you – studies have shown that eating Cheerios can lower cholesterol.\*



All of these health and environmental benefits add up to make Cheerios – and its varieties such as Honey Nut Cheerios – the No. 1 selling cereal franchise in the United States.

\*Cholesterol Lowering Benefits of a Whole Grain Oat Ready-to-Eat Cereal. Nutr Clin Care.1998;1:6-12

# Serving up healthy products



While General Mills has made the commitment to improve the health profile of 40 percent of our total retail portfolio by 2010, we are starting from a nutritious base.

Every day, cereals from General Mills and Cereal Partners Worldwide, our joint venture with Nestlé, deliver nearly 60 million servings of whole grain around the world. About 27 million of those servings are in the United States.

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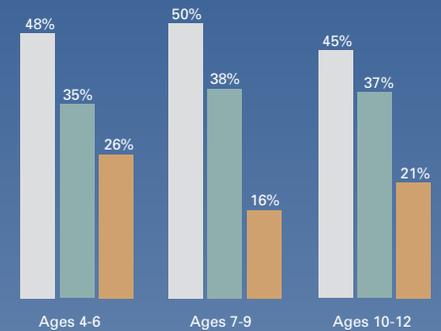
## Going with the (whole) grain

Every General Mills Big G cereal provides at least 8 grams, or at least half a serving of whole grains.

Kids who eat four to seven servings of cereal in 14 days, shown in the green bar in the chart below, are less likely to be overweight than kids who eat fewer than four servings, shown in the gray bar.

Kids who eat cereal more frequently—or more than seven servings in 14 days—shown in the orange bar, are even less likely to be overweight than kids who eat cereal less frequently.

Percentage of kids at risk of becoming overweight



- Fewer than four servings of cereal in 14 days
- Four to seven servings of cereal in 14 days
- More than seven servings of cereal in 14 days

Source: Albertson; JADA, December 2003

## Serving up healthy products

*continued from page 3*

Nearly 5 million servings of Yoplait yogurt are delivered each day to U.S. consumers. In 2007, General Mills introduced three new yogurt products with improved health benefits:

- Yo-Plus yogurt, with special cultures and fiber to help naturally regulate digestive health, was launched in August.
- Yoplait Kids yogurt drink – which has 25 percent less sugar than the average of leading kids yogurt and is fortified with omega 3-DHA (an important ingredient that helps support healthy brain growth and development in infants and young children) – was launched in July.
- Yoplait Kids yogurt – which is fortified with omega 3-DHA and also has 25 percent less sugar than the average of leading kids yogurt – was launched in February.

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*In 2007, General Mills introduced three new yogurt products with improved health benefits.*



# Serving up healthy products

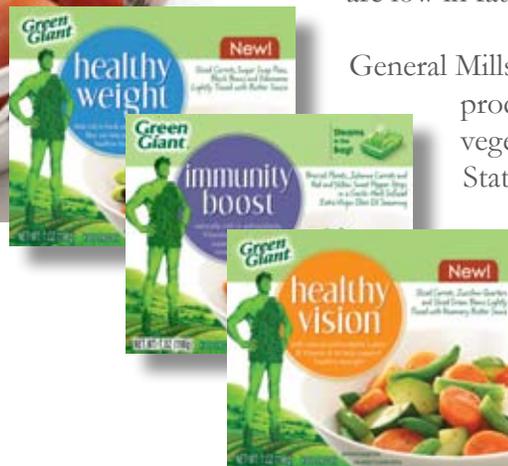
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Every year, more than 800 million pounds of Green Giant vegetables are served around the world. About 600 million pounds are served in the United States. With research showing that just

12 percent of Americans eat at least five servings of fruits and vegetables per day, Green Giant unveiled a new product line that we hope will encourage more people to eat vegetables.



The three varieties of frozen vegetable blends are each named for specific health benefits: Healthy Weight, Healthy Vision and Immunity Boost—the first of their kind in the frozen vegetable category. Each of the new healthy blends has less than 100 calories per serving, and they are low in fat.



General Mills is the largest producer of branded vegetables in the United States, and research has shown that frozen vegetables are just as nutritious as fresh.

## A leading marketer of branded organic foods

Consumers also can choose from many different organic foods produced by General Mills.

Cascadian Farm produces organic cereal, frozen fruit and vegetables, granola bars, fruit spreads and fruit juices. Muir Glen produces several more products, including organic tomato sauces, soups, salsas and ketchup.



## Making products healthier

General Mills is making steady progress on our 2003 commitment to make our already nutritious portfolio of products even better. As of September 2007, the nutrition profile of 34 percent of our retail portfolio had been improved, and we are on track to reach our goal of 40 percent by 2010.

General Mills products meet our new health standard in a variety of ways:

- Reducing the calories, fat, saturated fat, trans fat, sugar or sodium content by 10 percent.
- Increasing the beneficial nutrients, including vitamins, minerals and fiber, by 10 percent.
- Increasing the whole grain content to at least 8 grams of whole grain.
- Or by meeting FDA guidelines that allow a product to carry labels such as “heart healthy” or “healthy.”



### Big G and whole grain conversion

The biggest gains to date have been in our cereals. The conversion of our entire Big G cereal line so every cereal contains at least 8 grams of whole grains per serving was the biggest single health-driven product improvement in the history of our company.

### Yogurt and healthy weight

Also significant was the fortification of many of our Yoplait yogurt products with vitamins A and D, which represents just one facet of the health benefits of yogurt. Studies have shown a link between lower body weight and yogurt consumption.

Another key way we are making our products healthier is by ensuring that fiber is a key component in many of the products that we make.

### Fiber One is No. 1

In less than a year from its January 2007 launch, our Fiber One oats and chocolate chewy bars quickly became the No.1 selling bar in our grain snacks portfolio.



The bars contain 35 percent of the recommended Daily Value of fiber with a category-leading 9 grams of fiber in every bar and are 140 calories. But more importantly, people love the taste – proving that it’s possible to develop a great-tasting product that is good for you.

“They’re ooey, gooey, sticky, crunchy and chocolatey,” wrote one woman on the Hungry Girl Web site. “In fact, we think they taste better than any candy bar out there.”

# Trimming the fat (and other ingredients)

The push to improve the nutrition profile of our retail portfolio has resulted in more nutritious products reaching consumers.

Between 2005 and 2007, sales volume of improved products:

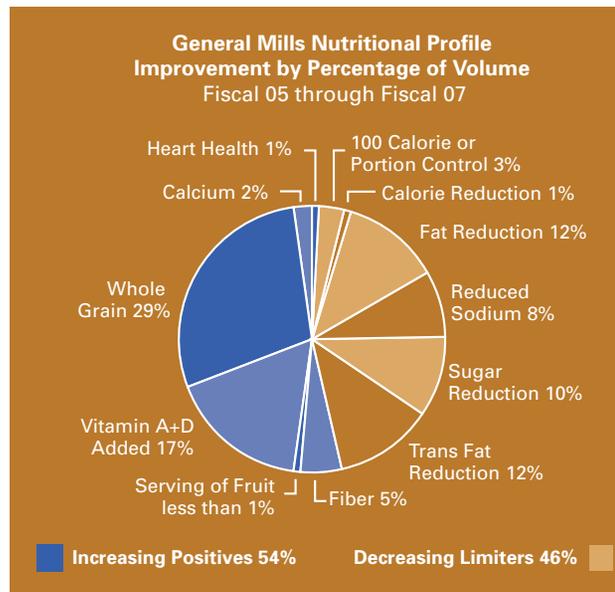
- With reduced fat have increased 12 percent.
- With reduced sodium have increased 8 percent.
- With reduced sugar have increased 10 percent.
- With reduced trans fat have increased 12 percent.

## Bell Institute of Health and Nutrition

Food and nutrition scientists at the General Mills Bell Institute of Health and Nutrition are continuously looking for new, healthy and safe ingredients that consumers will embrace.

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.

Bell Institute experts are a valuable resource for the business teams at General Mills, as well as for health professionals around the country.



## Heart Healthy Muffins

In July 2007, General Mills became the first food company to roll out a heart-healthy muffin for in-store bakeries.

The Heart Healthy Muffins have 30 percent fewer calories and 80 percent less fat than traditional muffins. What's more, each muffin has a half serving of whole grain (at least 8 grams) and 3 to 4 grams of fiber.



With a red heart on the label and brightly colored callouts of health claims, Heart Healthy Muffins were created to appeal to customers looking for a muffin that tastes good and is good for you.

So far, consumer response to this new product has been positive. The following comment was received on our Consumer Services hotline:

"I got some heart healthy muffins from you folks. I am so pleased. They are great. I love muffins and can not eat them because of cholesterol. You should let people know about these..."

## Calorie control and education

With obesity becoming a major health issue in the United States and around the world, much of our health focus has been on providing foods with fewer calories and educating people about how to make better food choices and to exercise.

### Lower calorie foods

More than 700 General Mills products contain 130 or fewer calories per serving, and more than 500 products have 100 calories or fewer per serving.

Among the new products introduced in 2007 with 100 calories or fewer are:

- Two varieties of Curves-branded granola bars.
- Curves-branded Whole Grain Crunch cereal.
- Five new varieties of Progresso Light soups.

*continued on page 9*



### Weight Watchers 'Zero' is a first

Five new flavors of Progresso Light soup introduced in 2007 are one of the first consumer packaged products to carry the Weight Watchers® Zero-Points® Value per serving distinction.

The Progresso Light soups have 4 grams of fiber, 60 calories per serving, and a full serving of vegetables. Weight Watchers members who are on the group's Flex Plan count their points each day on a system that evaluates calories, fat and fiber.



# Calorie control and education

*continued from page 8*



## Best Life Diet partnership

We also helped millions of people jumpstart their weight-management efforts with the Best Life Diet cookbook and promotion. The book, authored by Bob Greene—a best-selling author and Oprah Winfrey’s personal

trainer—appeared on the New York Times bestseller list of advice books.

The Best Life Diet includes more than 11 General Mills brands in its recipes. Many products—including Progresso soups, Green Giant vegetables and Yoplait yogurt—are featured in the book.

## Promoting healthy recipes

Our nutrition and culinary experts also look for new ways to create more healthful recipes. We continue to fund the Eat Better America Web site, which features “healthified” recipes for favorites such as gravy and pumpkin pie. Visitors to the site also can send in their own family’s favorite recipe for General Mills experts to consider. Our nutritionists review the submissions and post new recipes to make them healthier.

## A growing collection of healthy cookbooks

The Betty Crocker Kitchens recently released its “Whole Grains, Easy Everyday Recipes” cookbook, which is designed for people seeking to add whole grains to their diets.



In addition to recipes, the cookbook details the health benefits of whole grain, such as weight management, and highlights how eating whole grains can help manage or reduce the risk of heart disease and cancer.

A 2007 Food and Health survey conducted by the International Food Information Council found that 71 percent of people in the United States are trying to consume more whole grains.

Other health-oriented cookbooks published by the Betty Crocker Kitchens include the “Living with Cancer Cookbook,” “Win at Weight Loss Cookbook,” “Healthy Heart Cookbook” and the “Diabetes Cookbook.”

## Enhanced children's advertising guidelines

Building on guidelines that General Mills established long ago regarding marketing to children, General Mills strengthened its commitment to responsible advertising to kids.



In a July 2007 workshop sponsored by the U.S. Federal Trade Commission and the Department of Health and Human Services, the company enhanced its advertising guidelines by adding that

it would no longer advertise foods containing more than 12 grams of sugar per serving on programming targeted to children under age 12.

This additional guideline strengthened the company's existing children's advertising guidelines.

All of our products will meet this requirement by the end of calendar 2008, or they will no longer be advertised on programs targeted to children under age 12. More than 90 percent of company advertising met the new criteria as of the end of calendar 2007.

The company, in conjunction with several other food companies, also has pledged to limit advertising to children in Canada and the European Union. The provisions in the advertising pacts reached in Canada, the European Union and the United States are similar.

### Eat your greens

General Mills is working with a leading U.S. children's television network—Nickelodeon—to get kids focused on eating healthy—particularly by eating more vegetables.

General Mills developed a series of 15-second animated announcements that were shown on Nickelodeon that contain kid-friendly messages about healthy eating and active lifestyles.



Children also can visit a Web site, [MightyGiants.com](http://MightyGiants.com), to play games and to learn more about nutrition.

Familiar characters also were placed on packages of select Green Giant products. SpongeBob SquarePants, Dora the Explorer, and Diego from Go Diego Go! were each prominently displayed on bags of several types of Green Giant vegetables. The packages also have collectible stickers that parents can give to children as a reward for eating vegetables.

# Improved nutrition labeling

Our goal is to provide consumers with as much health information as possible in a readily understandable format so they can make informed food choices.

In an effort to better inform consumers, the company announced in July 2007 that it would add even more nutrition information on the front panel of cereals in the United States.

The new “Nutrition Highlights” enhanced labeling system now has six panels that display information about calories, saturated fat, sodium, sugar and other information.

The “Nutrition Highlights” panel replaces the “Goodness Corner,” which had three panels to highlight nutrition

information and had been on packaging since 2004. The new panel is similar to the design used on cereal packages developed by Cereal Partners Worldwide, our joint venture with Nestlé.

*The new enhanced labeling system now displays facts about calories, saturated fat, sodium, sugar and other information on the front panel of U.S. cereals.*



## Quality assurance



Easy-to-read freshness dates are now on more than 90 percent of General Mills food products – up from 75 percent just two years ago.

Easy to read freshness dates are important to consumers, so the decision was made to transform product codes for manufacturing and inventory use into consumer-friendly labels.

The three general categories of freshness dates are:

- *Sell by*: Means retailers should sell the product before this date, and consumers should buy it before this date.
- *Better by, Better if used by, and Best before*: Means “best quality and flavor if used before this date.”
- *Use by*: Means the manufacturer does not vouch for the product’s quality after this date.

To date, the response from consumers has been positive, and the number of calls concerning the shelf life of products has dropped by more than 10 percent in 2007.

## Food safety and defense

As a consumer foods company, General Mills is committed to the safety of the products we produce and market around the world. That commitment is fundamental to the way we do business. The priority we place on the safety and security of food products has long addressed issues such as spoilage and contamination, as well as allergenicity and ingredient simplification.

Our approach is preventive and proactive. We work hard to prevent problems before they occur, take extensive precautionary measures, and act at the first sign of a potential problem.

We maintain stringent internal standards and requirements to ensure safety across all processes and operations under the broad scope of food defense. We also continually review our processes and procedures.

We lead the industry in our food safety and security programs. More than 30 years ago, we developed the Hazard Analysis and Critical Control Points (HACCP) process with NASA. HACCP details a process for ensuring food safety by identifying critical stages in the production process in order to minimize or eliminate potential food safety issues. Today, the comprehensive HACCP preventive process is not only required of General Mills' businesses around the world, but it has also become the food industry's gold standard.

General Mills adopts and applies the same high safety and quality standards everywhere we do business.

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### Voluntary pizza recall

Upon learning of a possible connection between several cases of E. coli-related illnesses and Totino's and Jeni's pizzas with pepperoni topping in November 2007, General Mills launched an immediate internal investigation.

In cases such as this, the company's first priority is to protect the consumer, no matter what the business consequences might be.

The company issued a voluntary recall of more than 400,000 cases of pizza products in stores and in people's freezers – though a definitive link between these pizzas and E. coli O157:H7 was not established.

Our voluntary recall is yet another example of how General Mills lives its values: We are committed to assuring the safety of our products – and Nourishing Lives.

## Food safety and defense

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### **Enhanced labor standards and supplier code of conduct**

General Mills has a long-standing global labor standards policy that is designed to ensure “ethical and responsible conduct in every aspect of our business and in every location where we operate.”

This policy requires workers to be paid at least the minimum legal wage required in the country where the worker is employed, and prohibits the hiring of child labor and forced or prison labor. We hold our vendors, licensees and contract manufacturers to these same standards.

We are currently in the process of drafting a supplier code of conduct to clearly detail a comprehensive list of the standards we will require of our suppliers.

Although still in development, we expect this new policy to address enhanced labor standards, as well as standards concerning health and safety, the environment, and overall business integrity (including an anti-corruption standard). Additionally, we plan to begin a program of third-party ethical sourcing audits of our own plants and significant suppliers of finished goods to General Mills.

We also are working alongside other companies in the food industry to share best practices and create a common framework for ethical sourcing.

*General Mills has a long-standing global labor standards policy that is designed to ensure “ethical and responsible conduct in every aspect of our business and in every location where we operate.”*

# Biotechnology

While biotechnology continues to hold promise for its potential to deliver societal and environmental benefits, the ultimate success of this technology depends on its ability to achieve broad consumer acceptance and support around the world.



To win that acceptance, we believe biotechnology must move beyond production agriculture to delivering tangible societal benefits that consumers truly value.

For much of the past 10 years, the focus of biotechnology has been on production agriculture. While reducing pesticide use, increasing yields and boosting

farmer incomes (particularly in the developing world) is a benefit in itself, some consumers have not embraced biotechnology or biotech-derived ingredients.

## **Agricultural biotechnology and consumer choice**

Because of consumer reticence and the complexities it could add to grain marketing channels, we oppose the introduction of genetically enhanced wheat—even though we believe these crops to be safe to eat and safe for the environment.

The U.N. World Health Organization, the U.N. Food and Agriculture Organization, the U.S. Food and Drug Administration and Health Canada have uniformly and unanimously determined that such crops are as safe and acceptable as their conventional, non-genetically enhanced counterparts.

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*We believe biotechnology must move beyond production agriculture to delivering tangible societal benefits that consumers truly value.*

# Biotechnology

*continued from page 15*

General Mills accepts the rulings of these global food safety and regulatory authorities. Nevertheless, we acknowledge and respect that some people have significant concerns about biotechnology for ethical, religious and cultural reasons. As a consumer foods company, one of our core principles is to support consumer choice.

## Valuing consumer choice

We will continue to offer consumers choices of products, where possible, through our use of identity preservation systems and organic production methods.

Further, in the absence of globally harmonized approval and regulatory processes, General Mills advocates even greater scrutiny and stronger regulatory approaches regarding the development and testing of plant-made pharmaceuticals and plant-made industrial compounds.

Plant-made pharmaceuticals and plant-made industrial compounds have the potential to further complicate supply chain management practices. To date, we have been able to continue to service consumer needs without negative impact to our business. We continue to actively engage in discussion to assure this continues.

Specifically, we would urge that test plots be fully contained and wholly segregated from food crops to eliminate any risk of cross-mingling. To fully ensure the safety of world production via plants and grains, General Mills currently opposes moving to production any so-called “pharma-food” that would use a food crop or food grain to grow or produce plant-made pharmaceuticals or industrial compounds.

*General Mills advocates even greater scrutiny and stronger regulatory approaches regarding the development and testing of plant-made pharmaceuticals.*

## A leader in giving

General Mills has long been a leader in charitable giving and was recognized in December 2007 by the Minneapolis Regional Chamber of Commerce's Keystone Club for 28 years of philanthropic leadership. The club recognizes businesses that give at least 2 percent of their pretax profits back to the community. Since fiscal 2000, we have contributed 5 percent of our pretax profits to a wide variety of causes every year.



**General Mills  
Fiscal 2007 Contributions  
More than \$82 million**

In fiscal 2007, our company and foundation gave more than \$82 million – up about 10.5 percent from the \$74 million given in fiscal 2006. Our leadership in corporate giving has been recognized by others. In a November 2007 survey by BusinessWeek magazine to identify the “most-generous corporate donors,” General Mills ranked fourth when measured as a cash-giver as a percentage of pretax profits.

### Top grantmaker, United Way contributor

For the past two years, General Mills and our foundation also have been named by the Minnesota Council on Foundations as one of the top corporate grantmakers in Minnesota.

And for the past nine years, General Mills has been the largest contributor to the Greater Twin Cities United Way, donating more than \$44 million. Our facilities in other parts of the United States also have been singled out for their contributions.

### Donating food to those in need

General Mills is consistently ranked among the top five contributors of food in the United States.

During fiscal 2007, General Mills donated more than \$21 million in product to America's Second Harvest, the largest hunger relief organization in the United States.

America's Second Harvest network is made up of more than 200 food banks that support more than 50,000 agencies across the United States. General Mills has had a strong partnership with America's Second Harvest for more than 25 years.

General Mills also helps support victims of natural disasters with food donations to organizations such as the American Red Cross.

## Grants jumpstart healthy lifestyles

General Mills Champions for Healthy Kids<sup>SM</sup> initiative—which allocates \$10,000 grants to community organizations to promote healthy eating and active lifestyles among children—celebrated its five-year anniversary in May 2007.

Over the past five years, we've invested nearly \$11 million in youth and nutrition programs that have reached more than 2 million children. Each year, \$10,000 grants are awarded to 50 nonprofit organizations.

An analysis of the grants found the greatest impact was in getting kids to be more physically active. An additional benefit was an increased awareness of good nutrition.

Nearly half of these nonprofit organizations subsequently applied for more money from other funding sources, and nearly 80 percent of the programs have continued operating.



### Communities of Color grants

Since 2004, the General Mills Foundation has been helping improve the lives of thousands of Twin Cities residents through its Communities of Color grants.

Each year approximately 50 nonprofits, schools, and other organizations each receive a \$10,000 grant to support programming for the Twin Cities area's growing number of people of color, including immigrant communities. Since 2004, this \$500,000 annual program has served more than 200,000 people in the Twin Cities area.

Recent grants have gone to help organizations that provide support to:

- American Indian senior citizens raising their grandchildren.
- Young women to develop leadership skills.
- Somali students to receive help on homework.

## Reaching out globally

As we continue to expand internationally, we are taking our strong corporate citizenship values to various regions of the world.

### **African Women and Children's Hunger Project**

The General Mills Foundation is focusing more and more on international needs. A new global initiative in 2007

is a hunger abatement and economic development project in Malawi and Tanzania.

The Foundation has pledged \$5 million over three years to help women and children feed themselves in these resource-poor African countries. The initial phase of the project focused on packing "1 million meals for Malawi" in the United States for distribution at five Malawi schools.

The second phase, beginning in 2008, will focus on packing these meals in Africa, using local crops grown and processed with technical help from General Mills and others.

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### **International giving**

Reflecting the company's growing international presence, international giving has increased significantly in recent years. At 15, the number of grants approved for fiscal 2008, in fact, is more than double the number in fiscal 2007. The programs help people in many countries, ranging from Brazil to India, Australia to France.

The grants include support for:

- China Women's Development Foundation, which will help provide 1,000 families in northwestern China with fresh water.
- The Champions for Healthy Kids program in Canada, which will pave the way for girls aged 8 to 12 to improve their nutrition and fitness behaviors.
- A day care center in South Africa, a family center in the United Kingdom and an educational program in the Philippines.

These grants are in addition to disaster relief funding that has helped communities in Pakistan and Peru following earthquakes, in the Philippines after a typhoon and in Greece following a fire.

## Reaching out globally

*continued from page 19*

The meals, which are made up of rice, soy, vegetables, vitamins, minerals and chicken flavoring, were initially developed by Minnesota food scientists and have since been used as a relief food staple by organizations such as Feed My Starving Children.

### Promoting economic development

The hope is that an infusion of General Mills agricultural and food technology assistance will help promote local economic development in these two countries, which are among the poorest in the world.

According to the United Nations 2007-2008 human development index—a measure of life expectancy, literacy, education and standard of living—Malawi ranks 164th out of 177 countries worldwide, and Tanzania ranks 159th.

The focus is on women and children because in sub-Saharan Africa, women grow and prepare the lion's share of the food.



*The Foundation has pledged \$5 million over three years to help women and children feed themselves in Malawi and Tanzania.*

## Contract farmers in China

In the northeastern corner of China, a quiet revolution is helping transform the landscape of Yongqing Village.

Like millions of others across China, farmers here have toiled for generations and eked out what living they could by growing corn. In the fall, the color of gold rolls across the land, marking the year's bounty and, more figuratively, the family's fortune.



No villager, however, has ever amassed a fortune with corn in the past. With the vagaries of weather and government policies, cash for corn or other crops was far from a sure thing.

### Raising incomes

Today, Yongqing Village is finally living up to its name, literally translated as "Eternal Celebration."

Nearly all 1,800 residents are celebrating a better life because of their higher, guaranteed income for growing corn. Instead of growing for an uncertain marketplace, they are growing their crop for General Mills.

"This is unbelievable progress just in the last few years," Zhao Zhijun, head of the village, says as he points to signs of rural wealth. "These are all new houses. I never would have expected this. Before, we tried to keep a savings of 1,000 yuan (about US\$130). Now, savings are in the tens of thousands of yuan for each family."

The village's turn for the better began in 2003, when General Mills partnered with Xingda Group, a local grain processor, to arrange contracts with Yongqing farmers to grow corn for the Bugles it produces for Chinese consumers.

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*Instead of growing for an uncertain marketplace, the farmers of Yongqing Village are growing their crop for General Mills.*

## Contract farmers in China

*continued from page 21*

### Farming advice and guidance

To the farmers who signed up, General Mills provided seed, fertilizer and agronomic instruction and guidance, as well as two guarantees they never had before: a price that's higher than the market price and the promise to buy the farmers' entire crop.

"I built this house two years ago with money from the corn," says Liu Fuyou, explaining that his annual income has risen fourfold because of the higher price and the additional land he tilled to grow more corn. "I also learned more about seedlings and general management practices."

Today, nearly all 530 households are contract farmers for General Mills, and the amount of land under cultivation

for corn in the village has nearly doubled since the first contract season in 2003.

"I have gained so much from this arrangement," says Liu Fulin as he stands before his crib piled high with corn. "I hope it gets better year after year. What makes us farmers happy is good results."



### Sharing food safety best practices

General Mills also is working with the Chinese to improve food safety practices. In 2006, General Mills co-sponsored a joint conference sponsored by the Chinese Institute of Food Science & Technology (CIFST) and the Institute of Food Technologists.

At that conference, we shared the Chinese-language version of the HACCP (Hazard Analysis and Critical Control Point) safety system. We also conducted food safety seminars in several Chinese cities.

HACCP, which has emerged as the primary, internally managed system to identify and resolve food safety issues, was developed by The Pillsbury Company and the National Aeronautic Space Administration during the 1960s.

Then, in 2007, several top-ranking officials from the CIFST visited General Mills to gain more practical knowledge about how the company uses the system.

The knowledge-sharing on food safety practices has the potential to improve the safety of the food supply for millions of people in China and throughout the world.

## Doing well by doing good

General Mills brands have supported a number of causes through sales of products where a portion of the proceeds are funneled to a worthy cause such as K-8 education.



### Box Tops for Education

In 2007, the Box Tops for Education program surpassed the \$200 million milestone—the amount raised for U.S. K-8 schools over the past 11 years.

Schools can earn up to \$60,000 per year by participating in the Box Tops program:

- Up to \$20,000 per year by clipping the

Box Tops labels (worth 10 cents each) and sending them in through their Box Tops coordinator.

- Up to \$20,000 by participating in the Box Tops Marketplace, where school supporters can earn cash by shopping online at designated stores.
- Up to \$20,000 by buying books through the new Box Tops Book Club, where schools can earn one Box Top for every dollar spent on books through the Book Club.

### Spoonfuls of Stories

For the sixth year in a row, Cheerios is putting 5 million books inside boxes of Cheerios.

The 2007 initiative brings to 30 million the number of books distributed in boxes of Cheerios. In addition, Cheerios has donated more than \$2.5 million to support First Book, a nonprofit literacy organization, and its mission: to help get new books to children in low-income families.

### Box Tops 'the best of the bunch'

The Box Tops for Education program has established itself as one of the top cause-marketing programs of its kind in the country. PTO Today magazine, whose audience is 80,000 parent-teacher organizations, gave the program an "A" and a rave review.

"These guys have really figured this out," said the PTO Today article. "The best coordinator materials by far. New strong brands each year...The best of the bunch by far."

The PTO Today article noted that it took Box Tops just seven years to surpass the \$100 million fundraising mark while it took an older, competing program 30 years to reach that threshold.

"Add in the fact that the Box Tops program provides better marketing support, better customer service, a whole host of coordinator tools...and a deeper list of eligible products, and you can see that all programs are not created equal," said the article.



## Promoting breast cancer awareness and research

Throughout the years, our Yoplait brand has donated more than \$18 million to the Susan G. Komen for the Cure organization to promote breast cancer awareness and research.

This year, Yoplait teamed up with Wal-Mart and “The View” television program to promote its Save Lids to Save Lives program, where 10 cents is donated for every pink Yoplait yogurt lid that is sent in to be redeemed.

### Pink for the Cure

As significant as that exposure was, General Mills took the success of the Yoplait program and expanded it to 15 more brands, including Cheerios, Nature Valley granola bars and Progresso soups.

The expanded breast cancer awareness promotion, called “Pink for the Cure,”

was featured on “The Ellen Degeneres Show” in October 2007, bringing even more attention to the cause-marketing campaign.



In addition to the Yoplait donations, General Mills donated \$2 million to the Susan G. Komen for the Cure organization and pledged an extra one dollar—up to a maximum of \$100,000—for each personal story added to the company-sponsored PinkTogether.com Web site by Oct. 31.

The idea was to build an online community of hope. The promotional material featured photos of several General Mills employees who are survivors of breast cancer.

### Hitting close to home

Mary Bruckner, a 38-year-old sales analyst in General Mills’ Bakeries & Foodservice division who has been free of breast cancer for five years, said she was honored to tell her breast cancer survival story.



For the past 14 years, she and her family have walked the annual Susan G. Komen Race for the Cure to honor the grandmother, aunt and sister they have lost to the disease.

As thrilled as she was to participate in the company’s latest breast cancer effort, she said it was having a doctor on site at General Mills while she underwent chemotherapy that made the biggest difference to her.

“What was so awesome at General Mills is that I could have my blood checked once a week on site, and they would fax the results to my doctor,” says Bruckner. “I always felt General Mills was in my corner.”

## Aiding small towns and national parks in the U.S.



Two General Mills initiatives – one designed to aid small towns and the other to help U.S. national parks – continued to flourish in 2007.

### My Hometown Helper

Since the “My Hometown Helper” program was launched in 2006 by the

Hamburger Helper brand, more than \$230,000 has been given to 52 towns for a variety of needed community improvement projects.

Among the improvement projects:

- \$4,000 for a new piano for the Chesapeake High School Choral Boosters in Pasadena, Md.
- \$1,000 for new firefighter boots in Barney, N.D.
- \$1,500 to complete a \$4,500 decking project at the town fishing hole in Patterson, N.C.



### National Trails Day and trail restoration

The Nature Valley brand this year committed \$275,000 to two projects that will help improve national parks.

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### Nature in the city

In Canada, Nature Valley sponsored a contest to win one of three \$10,000 backyard makeovers and extended an even larger \$15,000 offer to the cities of Calgary, Montreal and Toronto to fund an urban beautification program called “Nature in the City.”



To promote the program, a garden-like setting was established in four cities where free plants were distributed to encourage people to add more greenery to their backyards.

In just two weeks, more than 25,000 people entered the contest, and the cities of Calgary, Montreal and Toronto embraced the beautification challenge.

## Aiding small towns and national parks in the U.S.

*continued from page 25*

Nature Valley donated \$100,000 to help the American Hiking Society celebrate National Trails Day on June 2 as well as many other events across the United States.

National Trails Day is designed to encourage people to discover, learn about and celebrate trails by participating in educational exhibits, trail dedications, instructional workshops and trail work projects.

Nature Valley also committed \$175,000 to the Save the Trails program, which helps repair trails in U.S. national parks.

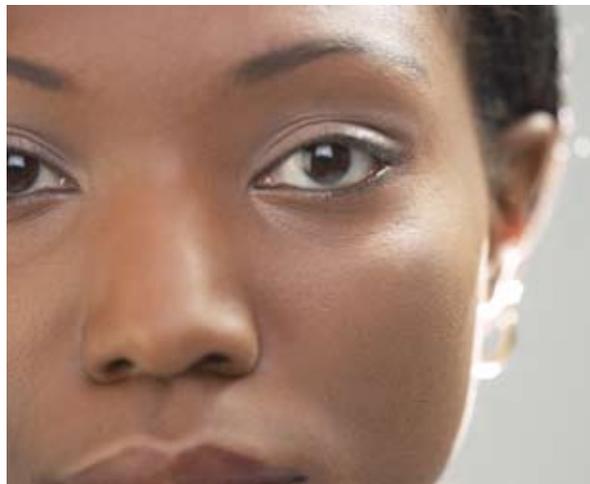


*The Nature Valley brand this year committed \$275,000 to two projects that will help improve U.S. national parks.*

## Embracing diversity

General Mills is well-known for its commitment to diversity, and nothing underscores that commitment more than the many awards the company has received from outside groups.

We continue to provide mentoring programs, pairing minority employees with senior-level managers and executives to improve communication. And our long-established employee networks – American Indian Council, Asian Heritage Network, Black Champions Network, Betty’s Family (gay, lesbian, bisexual and transgender employees and supporters), Hispanic Network, South Asian American Network, and Women in Leadership – continue to thrive and help us recruit top talent.



At the end of fiscal 2007, 19.4 percent of General Mills U.S. employees were minorities. And minorities now hold 10.3 percent of corporate officer positions.

Forty percent of U.S. employees are women. Women now hold 34 percent (41 of 123) corporate officer positions at General Mills.

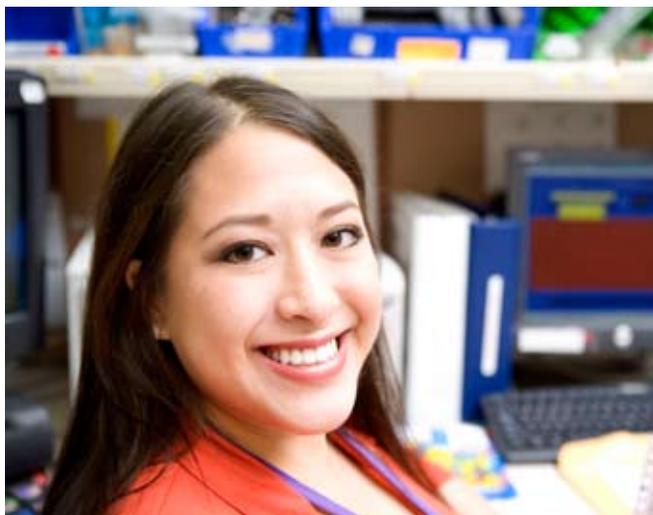
### Diversity-related awards

In 2007, General Mills received numerous awards from several different organizations for our ongoing diversity efforts. The following are a few of the awards:

- Top 50 Companies for Diversity, DiversityInc
- Best Companies for Multicultural Women, Working Mother magazine
- 50 Best Companies for Latinas, Latina Style magazine
- 40 Best Companies for Diversity, Black Enterprise magazine
- Best Places to Work for GLBT Equality, Human Rights Campaign
- Diversity Elite 60, Hispanic Business magazine
- Top 10 Companies for Executive Women, National Association for Female Executives

## Increased purchasing from minority-owned suppliers

Our commitment to diversity extends beyond employees to our suppliers. In fiscal 2007, the company spent \$352 million with minority-owned



suppliers – surpassing our \$300 million goal. That’s a 33 percent increase over fiscal 2006 and more than five times the spending level of 10 years ago (fiscal 1997).

And when you add women-owned suppliers into the mix, the figure is

even higher. In fiscal 2007, General Mills spent \$101 million with women-owned suppliers – an increase of 3 percent over fiscal 2006.

The minority-owned suppliers provide General Mills with a wide variety of products and services, ranging from office supplies to ingredients, from trucking services to energy.

In 2007, two groups singled General Mills out for our commitment to minority-owned suppliers:

- Top 10 in Companies for Supplier Diversity, Hispanic Business magazine
- America’s Top Organizations for Multicultural Business Opportunities (No. 13), DiversityBusiness.com

In total, General Mills spent \$453 million in fiscal 2007 with minority- and women-owned suppliers – an increase of 25 percent over fiscal 2006.

### Spanish-language outreach magazine

General Mills received several national and local awards in 2007 for forging closer ties with Latina communities throughout the United States with its Que Rica Vida magazine.

Que Rica Vida, which means “what a rich wonderful life” in Spanish, is written for Latina moms, mostly from Mexico, who are new to the United States and looking for guidance about education, nutrition, and health and wellness.

An article on nutrition, for example, explains the importance of checking your cholesterol levels regularly while also featuring information about the health benefits of Honey Nut Cheerios.

The company received the national “Hispanic Marketing Corporate Award” at the annual Hispanic Marketing Midwest Conference in April. And the governor of Minnesota, as well as the mayors of St. Paul, Minn., Houston, Los Angeles and Miami, also honored the company for its community outreach programs built around Que Rica Vida.

The 64-page magazine is published three times a year.

## Employee rating highest ever

Another General Mills “community” is our employees. By our internal measures, working at General Mills has never been better. The most recent employee climate survey, conducted in the fall of 2006, showed that our employees, on average, gave the company a 72 percent favorable rating—the highest on record.

That was up 4 percentage points from the 2004 survey, which until now had been the high-water mark for General Mills.

That General Mills is a great place to work—whether you’re just starting a career or are a seasoned veteran—was highlighted by two external awards the company received in 2007.

The company was named one of the “Best Places to Launch a Career”—ranking No. 20—by BusinessWeek magazine and one of the “Top 10 Companies for Leaders”—coming in at No. 6—by Fortune magazine.



### A great place to work

While employees think General Mills is a great place to work, many others outside the company think so, too. Among the notable awards the company received in 2007:

- Top 10 Best Companies, Working Mother magazine
- Best Places to Work in IT (No. 7), Computerworld magazine
- Top 10 Companies for Executive Women, National Association for Female Executives
- Top 10 in National Corporate Reputation Survey (No. 6), Harris Interactive
- Employer of the Year, Employee Services Management Association
- Training Top 100 (No. 5), Training magazine

## Expanding health programs

For more than a quarter century, General Mills has offered wellness resources to its employees, and the cornerstone of that effort has emphasized physical activity.



With walking paths, on-site fitness centers and the “EmbodimentHealth” Web portal operated by the Mayo Clinic, General Mills helps its employees maintain active lifestyles, healthy weight and emotional fitness. In addition, medical services are provided at several of our facilities to allow employees to have their blood pressure and cholesterol levels checked regularly.

That commitment to wellness was acknowledged in 2007 when The National Business Group on Health, a nonprofit organization of 266 large employers, named the company as one of 33 to receive its “Best Employers for Healthy Lifestyles” recognition. The company also was named a “Start! Fit-Friendly Company” by the American Heart Association.

General Mills uses a customized approach for each of its three distinct employee groups: corporate headquarters employees, manufacturing employees working in plants, and sales employees working from regional sales offices or their homes.

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### New England Journal of Health features General Mills

In an article titled, “Employer as Health Coach,” the prestigious New England Journal of Medicine singled out General Mills in its Oct. 11 issue for the company’s comprehensive approach to employee wellness.

“General Mills is one of a growing number of big U.S. companies that are tackling high medical costs by promoting wellness in their workforce,” said the article. “In effect, many companies are doing what public health experts have long advocated: trying to shift health care spending away from treatment and toward prevention.”

According to the article, only 23 percent of other large companies had onsite clinics in 2007.

## Expanding health programs

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Employees who participate in our wellness programs are asked to calculate their “health number” by answering seven questions about exercise, diet, alcohol intake, tobacco use, stress management and mood, seat-belt use, and cancer screening. They also are tested for their body-mass index, blood pressure, blood sugar and blood lipid levels.

Employees at high risk are urged to make lifestyle changes – on their own or with the company’s help. Those at intermediate risk are advised to consider changes.

To reach these employees, company programs focus on approaches such as online weight management tools, healthy cooking classes, exercise classes, weight-loss challenges, “Caring for Your Older Relative” workshops, and employee health promotions.

### Less is more

U.S. Sen. Tom Harkin (D-Iowa) had nothing but praise for General Mills and its strong employee wellness programs at a November 2007 event in Washington, D.C.

Noting the success of an innovative weight-loss program at the company’s plant in Cedar Rapids, Iowa, Harkin said, “This is just the kind of thinking we need. You’re doing a great job.”

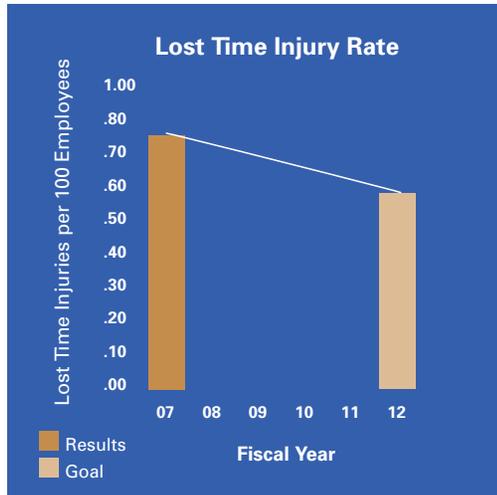
Twenty-five percent of the plant’s 750 employees participated in the 12-week Waist-O-Weigh weight-loss challenge that was modeled after “The Biggest Loser” TV show. The winning Flab-U-Less team of four lost a total of 269 pounds. Other programs at different plant locations also have been successful.



**Members of the winning Flab-U-Less team lost a combined total of 269 pounds during the Waist-O-Weigh challenge in Cedar Rapids, Iowa.**

# Improving employee safety

General Mills has one of the best employee safety records in the food industry. In addition to complying with government regulations around the world, the company also has established



its own high standards and guidelines, including industry and company best practices, to provide a safe and healthy workplace.

In fiscal 2007, global lost-time injury rates across General Mills decreased 5 percent from the previous year. Fifty-seven percent of all facilities had no lost-time injuries. The company also set a goal to reduce our lost-time injury rate by 25 percent over five years, using fiscal 2007 as a baseline.

We have well-established safety management systems that help us identify, track, report and promote workplace safety performance across all of our businesses. Comprehensive audits also are completed for all manufacturing facilities.

In addition to keeping employees safe, maintaining a safe and healthy work environment helps us minimize time lost and reduce medical costs.



**We have started to use vacuum-assisted lifting devices to move heavy bags of ingredients at our Rooty Hill, Australia, plant.**

## Corporate governance

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 integrity and 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 five women and three minority directors on its 15-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.

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*The fundamental premise of our principles is the integrity and independent nature of the board and its overarching responsibility to our shareholders.*

## Corporate governance

*continued from page 33*

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.

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.

*General Mills is firmly committed to integrity in its financial reporting and control activities.*

## Employee Code of Conduct

General Mills' global reputation as an ethical company depends on each employee acting consistent with the law, our policies and our values. General Mills employees receive a Code of Conduct that outlines our ethical expectations and provides practical tips and examples for how to act with integrity in every decision, every action, every day.

Employees also participate in scenario-based training to illustrate ethical decision-making in daily business activities.

Employees are encouraged to seek help when trying to determine the right course of action, either through their manager or the Ethics Line, which provides for anonymous reporting. The Ethics Line is available around the world 24 hours a day, seven days a week, through a toll-free phone number or the Web.

In 2008, we updated our Code of Conduct to reflect our increasingly global business. We also updated our Ethics & Compliance Web site to provide access to the Code, our corporate policies, online training and the Ethics Line for General Mills employees.

In support of the updated Code, posters highlighting key messages are posted in office and plant locations where employees do not have regular access to a computer.

The Code, the Web site and posters are all available in 11 languages to meet the needs of our global work force.

*The Code of Conduct has been updated to include a tagline that we hope is easier for employees to keep top of mind: "Every decision. Every action. Every day."*



## Ramping up environmental efforts

General Mills has long been a leader in its commitment to the environment and formalized its sustainability program in 2003.

That sustainability initiative received a boost when Gene Kahn, an organic foods pioneer who founded Cascadian Farm in 1972 and Small Planet Foods in 1997 (which were acquired by General Mills in 2000), was appointed vice president and global sustainability officer for General Mills on June 1, 2007.

The new position has expanded duties and more resources. This commitment will provide even more coordination to the company's global sustainability efforts.

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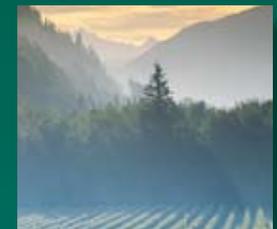


**Gene Kahn started an organic farm business in the early 1970s.**

### The heart of Cascadian Farm

Cascadian Farm, founded by General Mills Global Sustainability Officer Gene Kahn, is more than just a brand – it's a real place in the foothills of the North Cascades mountain range in the state of Washington.

The farm began in 1972 on a few acres, and, with the help of a small group of dedicated supporters, Cascadian Farm soon became a thriving organic food company, preserving and selling jams, frozen fruits and vegetables.



In 1998, with the addition of Muir Glen tomatoes, Cascadian Farm became part of Small Planet Foods. In 2000, Small Planet Foods was purchased by General Mills, giving Cascadian Farm the opportunity to bring quality products to even more people.

The Cascadian Farm Home Farm still harvests its berries by hand and, during the summer, opens a roadside stand where visitors can stop in for a dish of fresh, seasonal berries or homemade organic ice cream.

## Ramping up environmental efforts

*continued from page 36*

As the founder of an organic foods company more than 30 years ago, Kahn is widely recognized for his expertise in environmental sustainability and corporate social responsibility.

The sustainability team has developed one of the first pictures of the overall U.S. food industry's environmental impact, including its effect on greenhouse gas emissions, water use, energy consumption and solid waste generation.

The analysis and framework for measuring a company's environmental impact is being rolled out throughout General Mills so systematic improvements can be made.



### Food industry's environmental footprint

Our preliminary analysis shows that the U.S. food industry:

- Contributes 18 percent of the country's total greenhouse gas emissions, with U.S. agriculture responsible for half of them.
- Consumes 82 percent of total water use, with U.S. agriculture accounting for 80 of the 82 percent.
- Represents 5 percent of U.S. energy use, with the food processing sector representing just 1 percent of the 5 percent.
- Generates 28 percent of total municipal waste where food service, retail and consumer food usage is combined.

The sustainability team pored over vast amounts of data to assess the food industry's impact on the environment.

Global Sustainability Officer Gene Kahn presented this preliminary assessment to a recent Grocery Manufacturer's Association conference.

## Sustainable agriculture

Because agriculture is one of the biggest users of natural resources, we've worked on developing sustainable agricultural practices such as water conservation with

Since 1980, Green Giant sweet corn products have:

- Reduced the pounds of insecticides used by 80 percent.
- Reduced the number of insecticide applications by 40 percent.
- Reduced our costs to control insects by 37 percent.



our Green Giant brand and then working with contract growers around the world to apply these best practices.

We also have reduced the use of more potent insecticides in favor of types that have

less impact on the environment. What's more, by developing

higher yielding varieties of sweet corn, broccoli and other crops, we reduce the amount of land required to produce the same amount of food.

*By developing higher yielding varieties of sweet corn, broccoli and other crops, we reduce the amount of land required to produce the same amount of food.*

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## Sustainable agriculture

*continued from page 38*

We estimate that the development of higher-yielding sweet corn varieties over the next five years will reduce land use by 10 percent.

In 2007, our Agriculture Research department set ambitious goals to further reduce our environmental impact. The department set goals to:

- Reduce insecticide applications on sweet corn by 30 percent in the next three years.
- Reduce herbicide use by 5 percent on sweet corn over the next five years.
- Reduce water use in broccoli acreage by 50 percent by using more efficient drip irrigation technology.

In connection with drip irrigation technology, we plant non-economic cover crops that hold the soil and nutrients in place, which reduces fertilizer and pesticide runoff into streams and lakes. It also reduces soil erosion and creates wildlife habitat around agriculture areas.



**Farmers growing broccoli for Green Giant in Mexico are beginning to use drip irrigation technology, which reduces water consumption by 50 percent.**

### Green Giant: Environmental stewardship on the move

General Mills—particularly our Green Giant brand—is taking its world-class agricultural practices to many countries around the world, including Mexico, Peru, Canada and France. General Mills is working closely with growers to develop more environmentally friendly ways of growing vegetables such as sweet corn, green beans, broccoli, asparagus and artichokes.

Green Giant’s progress in reducing insecticide use in the United States over the past two decades also has been implemented with growers in Canada, France and Mexico.

The next wave of sustainable agriculture advancements is expected to be in irrigation and water management. Growers in Irapuato, Mexico, for example, are moving forward with plans to reduce water use in broccoli and cauliflower crops by 50 percent by using more efficient drip irrigation technology.

In addition to saving water, General Mills also provides hundreds of jobs in rural Mexico that help improve families’ standard of living.

## Caring for the environment

General Mills formalized its sustainable development initiative in 2003 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.

In the last two years, we established five-year goals for our plants to reduce our:

- Water usage rate by 5 percent.
- Energy consumption rate by 15 percent.
- Greenhouse gas emission rate by 15 percent.
- Solid waste generation rate by 15 percent.

We also have established a comprehensive system for benchmarking our progress against these goals.

### Environmental performance reporting

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 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.

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### Saving energy and water in the UK

Our dough facility in Berwick Upon Tweed, England, is striving to take care of the environment on several fronts.

This facility has fixed compressed air leaks, staggered the run times of fans in freezers, and reduced our lighting on weekends and holidays.

Since 2004, the plant has seen a double-digit improvement in our scoring of efficient electricity use. In fact, in the past year alone, we've posted a reduction of 2.4 million kilowatt hours. We calculate that the savings in kilowatt hours would run 2,000, 60-watt light bulbs around the clock for a year.

This facility also has reduced its water usage, through efforts such as recycling the steam from the sauce cooker.

This plant's employees recently began donating time to clean up the beach of their Berwick Upon Tweed seaside community.

# Caring for the environment

*continued from page 4*

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 weight 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.

## Energy

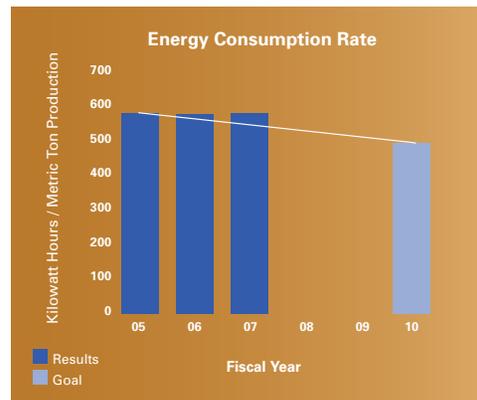
In fiscal 2007, our facilities used the equivalent of 585 kilowatt hours (KWH) per metric ton of production. In the second year of our five-year goal, we essentially used the same amount of

energy per metric ton of product as the two previous years.

This is partially explained due to changes in product mixes each year (some being more energy intensive and some being very light in weight) as well as the fact that most of the first two year's efforts have been focused on education and awareness of energy usage.

We expect to report energy reductions over the next few years as a consequence of all of the work done over the last two years.

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## More efficient lighting

Several General Mills plants have implemented lighting retrofit projects, which have resulted in more efficient lighting at less cost.



At our Lodi, Calif., plant, hundreds of lights throughout the facility were replaced with newer lights that are far more efficient, which resulted in the reduction of 1.4 million kilowatt hours per year.

Two General Mills customer service facilities also converted to energy-saving fluorescent lighting, which earned the company a Flex Your Power award from the state of California.

By replacing about 850 fixtures that used 465 watts each with fluorescent fixtures that consume less than half that wattage, we were able to dramatically trim our electricity use.

Not only did this save money, but better lighting also improved productivity and morale because our employees feel better about the work environment.

# Caring for the environment

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## Greenhouse gas

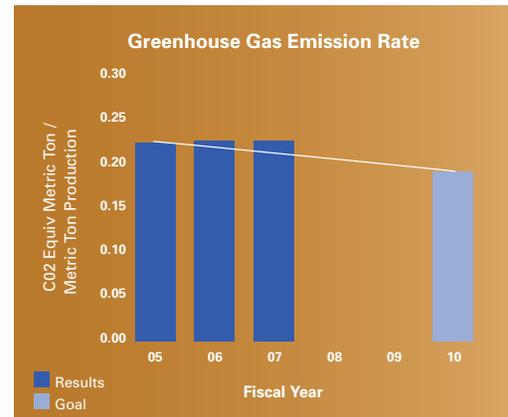
In fiscal 2007, our total emission of greenhouse gases due to energy use in production facilities, expressed as carbon dioxide (CO<sub>2</sub>) equivalents, was 0.23 metric ton equivalents per metric ton of production. This is the same amount that was emitted in fiscal 2006. Direct emissions from burning our fuel(s) were 26 percent of total emissions, or 0.06 CO<sub>2</sub> metric ton equivalents per metric ton of production.

Essentially, all of the greenhouse gases produced by the company's manufacturing plants are derived from energy usage. 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).

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.

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.

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*The company has implemented a comprehensive program across our manufacturing locations to track and review energy use. Essentially, all of the greenhouse gases produced by these facilities are derived from energy usage.*

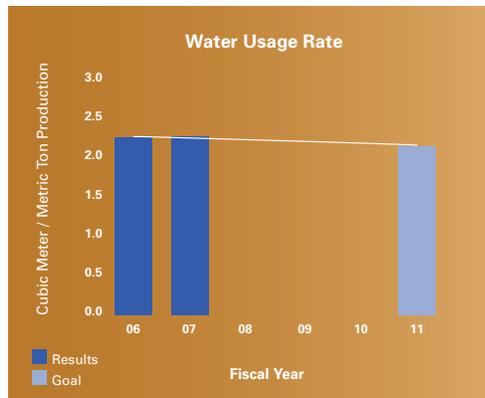
# Caring for the environment

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The company also is a participant in the Carbon Disclosure Project. 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.

## Water

In fiscal 2007, our total water use rate was approximately 2.23 cubic meters per metric ton of production—essentially the same amount used in fiscal 2006.



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.

Our water comes from private wells or municipal supplies, and is treated as necessary before use. We monitor water quality closely to protect both employees and our products.

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## Reducing water use at our Joplin facility

Our Joplin, Mo., plant was able to reduce its water usage by more than 14 million gallons per year by reusing water from air compressors for its cooling towers, switching to more dry cleaning than wet cleaning, and installing a high pressure, low volume cleaning system.



## Caring for the environment

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### **Wastewater**

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 wastewater in accordance with local and country standards that at a minimum meet, and sometimes are more stringent than comparable requirements in the United States.

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*We do not allow the discharge of any untreated sanitary wastewater onto land or into surface waters at any of our locations.*

## Caring for the environment

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### Air emissions

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 of dough products.

The greenhouse gas emissions are reported as carbon dioxide equivalents (see Greenhouse Gas section on page 42). Our emissions of food materials and ethanol are controlled to low levels and conform to the applicable permitted quantities.

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 also are 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.

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*Our primary air emissions are related to energy use, particulates from food materials, and some ethanol from flavorings or the fermentation of dough products.*



**This small dust collector at our Berwick, U.K., plant is used for collecting dust from food materials.**

## Caring for the environment

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### Ozone-depleting substances

Currently, in our North American locations, approximately 90 percent of our refrigeration needs are met with ammonia, which does not impact the ozone layer.



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.

General Mills 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.

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.

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*General Mills maintains internal guidelines and programs to reduce the release of ozone-depleting substances. Any existing systems that contain these chemicals are closely monitored.*

## Caring for the environment

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### Transportation

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 fuel because rather than shipping a partially loaded truck with heavy soup, we can fill the remainder of the truck with light-weight cereal.

Our businesses seek to minimize the impact of transportation. We do this not only to reduce cost, but also to enhance logistics and minimize our environmental impact. All of these considerations can

impact transport services and affect the resulting air emissions and energy needs.

### Packaging

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 2007, approximately 50 percent of packaging dollars for corrugated and cartons consisted of products made from 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.

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### Yoplait: trimming resource use

Our Yoplait yogurt business is making steady progress on reducing its environmental footprint.

Beginning in 2005, Yoplait trimmed the weight of packaging in various products, which saves more than 400 tons of plastic per year. Yoplait is now in the process of reducing packaging in more products, which will save even more plastic.

In addition, Yoplait is also working to improve how it sources raw ingredients and distributes finished product so our "total miles traveled" to produce each product can be reduced.



# Caring for the environment

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## Reduce, reuse, recycle

General Mills has long researched ways to reduce 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. Our cereal boxes are made from 100 percent recycled paperboard. 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.

Another example of reuse involves shipping containers. General Mills has received ingredients in reusable corrugated containers from one of its suppliers for over 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.

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## Recycling in Cincinnati

The idea that one person's trash is another's treasure is saving resources and money at General Mills' plant in Cincinnati, Ohio.

Between fiscal 2005 and fiscal 2007, the plant has reduced the amount of trash it sends to the landfill by about 42 percent – a reduction of nearly 450 tons of solid waste.

Instead of sending this waste to the landfill, the plant has found buyers for its corrugated cardboard, mixed paper, film and other trash. Even excess food discarded in the production process is being sent to farms to feed pigs and chickens.

Not only is the company saving money in landfill costs, but we are actually making money by selling these waste products.

The plant continues to expand its program and has a goal to recycle 100 percent of its waste.

## Caring for the environment

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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 using 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.

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### Resource-saving initiatives

Over the past few years, General Mills has ramped up its efforts to identify cost savings and then spending those savings in other areas such as research and advertising to further grow our business.

Many of these “holistic margin management” (HMM) initiatives have not only saved money, they’ve also resulted in reduced energy use, decreased use of natural resources and sometimes both.

Each of our divisions has set three-year HMM targets, which are reviewed every six months by senior management. These initiatives are being conducted throughout General Mills, including in its administrative functions.

One such initiative is designed to reduce costs by upgrading the printers with new features so documents can be scanned and placed in a network folder or e-mailed – rather than copied or faxed – which can be costly and take time. In addition, the default on the new devices is set so documents print on both sides of a sheet of paper, which also saves money and resources.

# Caring for the environment

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## Solid waste

In fiscal 2007, 0.061 metric tons of waste were produced worldwide per metric ton of finished goods – down from 0.065 metric tons of waste per metric ton of finished goods in 2006.



Overall, 88 percent of our solid waste was reused or recycled, while 12 percent was sent to landfills or incinerated.

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

## Hazardous materials

General Mills regularly reviews the need for hazardous materials, and their use 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.

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## 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.”



At our Buffalo, N.Y., plant, employees helped clean up Seneca Bluffs after a major storm. They raked, picked up debris, chipped branches, mulched plants and staked trees. The 15-acre site contains some of the last natural areas along the Buffalo River and is a favorite spot for bird watching, fishing and hiking.

# Caring for the environment

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## Going forward

General Mills strives to be the most environmentally sustainable consumer foods company in the world, and is committed to attaining and continually improving environmental performance and sustainability.

We define environmental excellence using industry-wide benchmarks and our own rigorous standards, which go beyond compliance.

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.



## Environmental commitment to communities

At our Chanhassen, Minn., facility, we partnered with the city's Department of Parks and Recreation to plant trees and shrubs in the rain garden in Lake Ann Park. The park's rain garden provides not only wildlife habitat and attractive landscaping, but also temporarily stores and filters runoff water, helping keep the local lakes and rivers healthier.



## A global corporate citizen

General Mills strives every day to live its mission of Nourishing Lives: Through its branded products, communities it serves and the way it works to preserve the environment for future generations.

As we continue to expand internationally, we are taking our strong corporate citizenship values to many more regions of the world.

Whether it's our customers in the United States, employees in Argentina, consumers in Europe, or contract growers in Asia, General Mills aspires to be the most socially responsible consumer foods company in the world.

We have made much progress in 2007 and hope to make even more in the coming years.



### Company Awards

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

- **100 Best Corporate Citizens,** Corporate Responsibility Officer (CRO) magazine (formerly Business Ethics), 2008, 2007, 2006, 2005, 2004, 2003
- **100 Best Companies to Work For,** Fortune, 2008, 2006, 2005, 2004
- **100 Top Companies for Training,** Training magazine, 2008, 2007, 2006, 2005, 2004
- **Most Admired Companies,** Fortune, 2008, 2007, 2006, 2005, 2004
- **Top 50 Companies for Diversity,** DiversityInc, 2008, 2007, 2005, 2004
- **Top 10 on Corporate Reputation Survey,** Harris Interactive, 2007, 2006, 2005, 2004, 2003, 2002
- **100 Best Companies,** Working Mother magazine, 2007 - 1996
- **Start! Fit-Friendly Company,** American Heart Association, 2007
- **40 Best Companies for Diversity,** Black Enterprise magazine, 2007
- **Best Places to Launch a Career,** BusinessWeek, 2007
- **Top Companies for Leaders,** Fortune, 2007
- **Diversity Elite 60,** Hispanic Business magazine, 2007
- **Best Companies for Multicultural Women,** Working Mother magazine, 2007, 2006, 2005, 2004
- **Best Employers for Healthy Lifestyles,** National Business Group on Health, 2007, 2006
- **Employer of the Year,** Employee Services Management Association, 2007
- **Best Places to Work for GLBT Equality,** Human Rights Campaign, 2007, 2005
- **Top 10 Companies for Supplier Diversity,** Hispanic Business magazine, 2007
- **Top 50 Corporations for Multicultural Business Opportunities,** Diversity Business.com, 2007, 2006, 2005, 2004
- **Top Companies for Executive Women,** National Association for Female Executives, 2007, 2006, 2005, 2004
- **50 Best Companies for Latinas,** Latina Style magazine, 2007, 2005, 2004, 2003, 2002, 2001
- **100 Best Places to Work in IT,** Computerworld magazine, 2007, 2006, 2005, 2004, 2003, 2002
- **United Way Summit Awards,** United Way of America, 2007, 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

### Sound corporate governance

In the 1980s, General Mills first approved a comprehensive policy statement to provide a framework for our safety and 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

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
- 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 also 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.