

# CORPORATE SOCIAL RESPONSIBILITY 2004



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GENERAL MILLS



A company like General Mills is many things. We are a marketer and a manufacturer. We are a customer and a supplier. We are a leader and an innovator. We are an advocate and an employer. We are a contributor and a benefactor.

In short, we are citizens – of our communities and our world.

As a leader in a highly visible industry, we have a responsibility, in our view, to be an active and engaged corporate citizen.

As one of the world's leading consumer products companies, we feel a commitment not only to our shareholders, our consumers, our customers and our employees, but also to the communities in which we work and to the world in which we live.

This review – our 2004 Corporate Social Responsibility Report – highlights some of the ways in which we demonstrate that commitment.

We welcome your consideration of this important aspect of our role as a corporate citizen.

Sincerely,

**Steve Sanger**  
Chairman of the Board and  
Chief Executive Officer





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# OVERVIEW

At General Mills, we have always believed in a need to be a contributing member of our communities.

General Mills is a marketer and manufacturer producing leading branded consumer food products sold in over 100 countries on six continents.

Every General Mills product must meet the high expectations of our demanding customers – the retailers who sell our products. At the same time, we must earn and maintain the trust of our consumers – the people who buy our category-leading brands.

Our products offer and deliver taste, nutrition, variety, convenience and value; but product safety and integrity are every bit as important to us. We ensure the safety of our products by holding ourselves to the highest standards of quality.

We take seriously our role as a marketer and advertiser. We are honest and ethical.

We will never knowingly mislead or misrepresent our products, our brands or our businesses.

We understand that a brand's relationship with consumers – and a company's relationship with customers and shareholders – is fundamentally founded on integrity and trust.

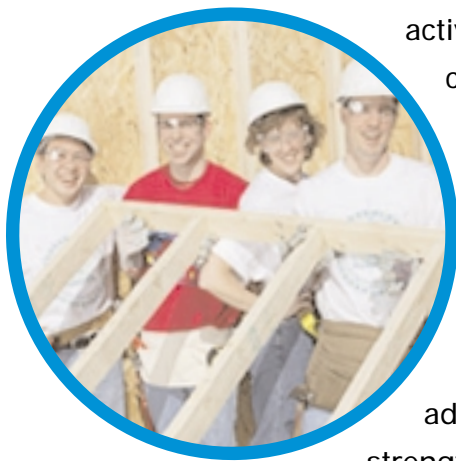




## OVERVIEW

We employ diverse, talented people who live our values and share our commitment to consumers and customers. Our employees are our most important asset. We provide development opportunities and design our compensation and benefit programs to retain and reward them, in keeping with our shareholders' long-term interests. We support our employees in leading well-rounded, satisfying lives, whether that means flexible work schedules or granting leaves of absence for personal needs.

We also work to build and strengthen the communities in which we live and work. Over 70 percent of General Mills U.S. employees are active as volunteers in their communities. And, in fiscal 2003, General Mills and the General Mills Foundation contributed over \$75 million in cash and in-kind donations to fight hunger, strengthen youth nutrition and fitness, support our schools, and advance the arts to build and strengthen the culture of our communities.



Our plant managers maintain contact with local leaders to ensure that the corporation's role is understood and to help address issues in the local community. Wherever we have corporate offices, manufacturing facilities or sales offices, we view the well-being of the community as linked and crucial to the well-being of the company.



# OVERVIEW



Finally, we strive to reduce our impact on the environment. General Mills is one of the largest users of post-consumer recycled paper in the world. We are continually looking for ways to reduce packaging, enhance resource conservation and reduce our energy usage.

These actions, in our view, demonstrate the commitment of a superior company with superior prospects for growth and success. These values have served us well for over 135 years, and they will continue to serve us well into the future.

We are publishing this report to outline our corporate responsibility initiatives and practices. If you have specific questions not addressed in this report, please [contact us](#).



# C O N S U M E R S



**W**e are a consumer products company. To continue to be successful, we must anticipate, identify and satisfy changing consumer needs.

General Mills has always felt a powerful responsibility to our consumers. In the early 20th century, General Mills began offering families the convenience of foods like *Bisquick* baking mix and *Wheaties* ready-to-eat cereal – both major innovations in packaged foods. Through the years, we have focused on offering consumers products that enhance nutrition, shorten cooking times, provide specific health benefits, enable on-the-go eating – and, of course, always taste great!



# CONSUMERS

Our commitment to health and nutrition has always played an important role in our success. We are constantly in touch with consumers to understand how their needs are changing and how we can help make their lives healthier, better and more enjoyable.

## COMMITMENT TO QUALITY

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

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



*General Mills is committed to creating high-quality products that consumers trust.*

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

We use state-of-the-art market research tools and techniques to gauge consumer perceptions and opinions about our products and the categories in which we compete. We constantly review our understanding of consumer needs and expectations so that our product formulation and manufacturing standards will be competitively superior.

This commitment to quality starts with our design standards, through which we ensure the safety of our products. Our design criteria often include margins of safety above and beyond the minimum legal requirements, because we know our customers expect and demand safe and competitively superior products from General Mills.

We have comprehensive quality management systems that operate on the principle of designing quality into every step of the process. Our quality management program stresses prevention to help ensure that quality problems do not occur anywhere



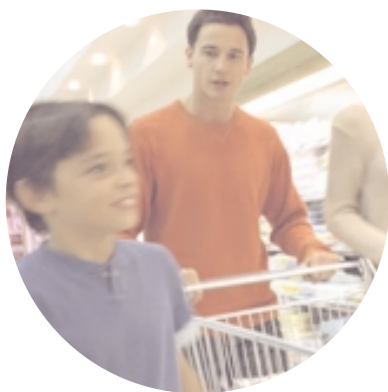


## CONSUMERS

throughout the entire life cycle of our products. We have both mandatory operations standards and supporting programs such as training and education for our employees and business partners.

Our mission is to be competitively superior in the view of our customers in both quality and value. We use key indicators, such as daily, monthly and quarterly quality scorecards and reports, to provide timely and relevant information on our performance, as well as alerts when enhancements are needed.

All General Mills packages sold in the United States and many sold elsewhere display a toll-free number that consumers can call with questions, compliments or complaints. Our Consumer Services group fields 1.2 million contacts per year via mail, toll-free lines, e-mail and the Internet.



*Consumer feedback is encouraged and appreciated at General Mills. U.S. consumers can call us toll-free at 1-800-328-1144, and all consumers can provide feedback through our Web site.*

Consumer comments, complaints and suggestions are continually monitored to ensure that we are listening to what our consumers and customers are saying. Benchmarking studies, industry roundtables and supplier meetings provide additional avenues to learn new ideas and approaches, and to further enhance the quality of our products.

Our corporate verification program to assess the quality of our internal control system's performance, either through audits or inspections, is an essential element of our quality management. We routinely verify that our policies and standards are being met using both internal staff and independent, third party experts. These assessment activities occur not only at our own plants, but also with the majority of our supply chain partners around the globe, including material suppliers, contract manufacturers and warehouse locations. Our senior management team uses information from these assessments to improve our operations.

Our commitment to quality stretches beyond our plants, to include our raw material suppliers, contract manufacturers and warehouse locations. We apply the same quality management standards to our suppliers as we do to our own plants. We

# CONSUMERS

require that suppliers comply with all legal requirements and maintain systems that ensure production and storage of high-quality and safe food materials. We require suppliers to adhere to agreements promising compliance with our policies. Our corporate verification programs and assessment activities extend to these operations as well.

In addition to our internal focus on product quality, General Mills continually demonstrates industry leadership in critical areas of food safety. We initiated the adoption of allergen labeling designed to increase awareness and reduce risk for allergic consumers, and we have shared these ideas with the entire food industry to create practices that are now industry standards.

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

Ultimately, it is our employees who make quality happen every day. We equip them with the skills, knowledge, support and reward systems to make the right calls at the right time. Continuous improvement is a highly valued quality strategy. We recognize the importance of seeking out both small incremental changes as well as “big” ideas, approaches and practices that are more innovative and transformational. We strive to stay at the forefront of new technology advances, especially when related to food safety.

Finally, we believe in employee compensation systems that reward desired results. We are particularly proud to note that a significant portion of incentive payments to technology and manufacturing employees are based on product quality, product safety and brand protection criteria specifically designed to assure that we are all working to produce brands that consumers trust and value.



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



# CONSUMERS

## Biotechnology

Agricultural biotech holds great promise for consumers, agriculture, and improved health and nutrition around the world. Whether the technology achieves its potential depends on broad consumer acceptance, which rests on the technology's ability to deliver tangible consumer benefits.

Notwithstanding our general support, we recognize that the development of this technology must be carefully regulated and not prematurely extended into new areas before adequate consumer acceptance is achieved.

In our view, the commercialization of new products, such as Roundup Ready wheat, should take place only after international regulatory and market reviews assure that they will be safe and widely accepted by consumers.

We support a rigorous, science-based regulatory framework in which the appropriate food safety entities review and endorse the safety of the technology as new applications are developed. We note that all current applications of biotechnology are regarded as safe by such bodies as the U.N. World Health Organization and the Food and Agriculture Organization, as well as the U.S. Food and Drug Administration and Health Canada.

We understand that some consumers prefer foods produced through conventional agriculture, and we will continue to offer consumers choices, where possible, through our use of identity preservation and organic production methods on some of our products.

Some countries require labeling of products that contain ingredients derived via biotechnology. General Mills follows labeling guidelines wherever we do business, although it has been our practice to source nonbiotech ingredients for our products sold in those countries. In markets where only conventionally grown ingredients may be sold, we

# CONSUMERS



*General Mills product lines are continuously renovated and expanded to contribute to the health and wellness of our consumers.*

comply through identity preservation systems backed by frequent monitoring and testing.

We continue to believe true market acceptance of biotechnology will depend on a broad base of scientific knowledge, global regulatory approvals, appropriate oversight and, ultimately, consumer acceptance.

## HEALTH AND WELLNESS

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As a global leader in the consumer food industry, one of General Mills' objectives is to continuously renovate and expand our product lines in ways that contribute positively to the health and wellness of our consumers.

Many of our products can offer specific health benefits as part of a balanced and healthy diet, such as cholesterol reduction, sensible weight management and reduced fat consumption, to name a few.

It is our goal to improve our established product formulations when we can do so without compromising performance or consumer satisfaction by reducing or eliminating ingredients that are best limited for some consumers (e.g., saturated fats, trans fats and salt) or by adding specific healthful ingredients (e.g., soluble fiber, whole grains, selected vitamins and minerals).

A major area of focus in new product innovation for General Mills is the development of new products that deliver specific health and nutritional options such as portion control, soy protein, natural or organic ingredients, and reduced caloric density.

We communicate the health and nutritional benefits of our products to consumers responsibly and appropriately. Advertising and promotion programs must meet strict internal company guidelines. We fully support the principles of the Child Advertising Review Unit of the National Advertising Division of the U.S. Better Business Bureau, and adhere to those principles in our product advertising.



## CONSUMERS

Our commitment to health and wellness has never been more important. Obesity is a significant health risk around the globe. Current incidence levels and trends, if left unchecked, will continue to accelerate the health problems associated with obesity, including diabetes and heart disease.

Solutions to the obesity problem will require the combined efforts of consumers, health professionals, the government and the food industry. As an industry leader, General Mills is committed to playing a positive role in helping to arrest these trends. We believe that obesity must be addressed via balance (in foods consumed), moderation (in caloric intake) and exercise (to help ensure that calories burned offset calories consumed). This approach of balance, moderation and exercise guides our actions and activities as a company.

We will continue to:

- Actively seek ways to reduce the caloric density of existing products without compromising on taste.
- Continue to expand our range of reduced calorie items in current product categories.
- Introduce new brands and products that help consumers manage weight.

We will also:

- Lead and participate in discussions that advance our views and beliefs about nutrition and healthy, active lifestyles.
- Support specific nutrition education and research programs designed to better understand and address the obesity issue.
- Fund, through the General Mills Foundation, programs that support youth nutrition and fitness.

# CONSUMERS



Bell Institute of  
Health and Nutrition  
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GENERAL MILLS

## BELL INSTITUTE OF HEALTH AND NUTRITION

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The General Mills Bell Institute of Health and Nutrition is committed to improving the health of our consumers.

This commitment is demonstrated through our support of nutrition education and public health initiatives. We offer numerous educational resources, free of charge, to health professionals. We provide information on important topics such as heart health, weight management and the health benefits of whole grains.

We also support over 50 national and regional health professional organizations, including the American Dietetic Association, the American Academy of Physician Assistants, and the American Academy of Family Physicians, sponsoring leadership events, symposia and educational sessions.

General Mills is proud to have consistently supported key public health initiatives. For example, General Mills enriches most of its grain products with folic acid – a public health initiative that has led to a 16 percent reduction in neural tube birth defects in the United States. We support the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) in the United States by providing free educational resources to WIC nutrition clinics. When the Dietary Guidelines for Americans recommended consuming more whole grains, we created an educational resource on the topic for health professionals. And, we often use our packaging to communicate public health messages, such as the Food Guide Pyramid, to our consumers.

In 2003, the General Mills Bell Institute of Health and Nutrition was honored with three awards for excellence in corporate leadership and nutrition education; they were:

- The American Dietetic Association Foundation's 2003 Corporate Award, in recognition of our long history of support of their programs and projects.



## CONSUMERS

- The Healthy Mothers, Healthy Babies Coalition of Georgia, an advocacy group for the health of pregnant women, infants and children, which recognized our efforts to improve the health of mothers and babies through folic acid fortification of our products and our educational programs for both consumers and health professionals.
- The Minnesota Dietetic Association's Golden Apple Award for excellence in nutrition education and service to the profession of dietetics.

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

# E M P L O Y E E S



Our employees are our most valuable resource. It is through our employees that all of our other goals and ambitions as a company are met.

One of General Mills' core values is a commitment to building an exceptional organization staffed with *Championship People*. We work hard to attract and retain a diverse group of talented, committed professionals. We strive to create and maintain a work environment, benefit programs and policies that respect employees and allow them to lead fulfilling, rewarding, well-rounded lives.



# EMPLOYEES



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

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

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

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

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

An employee climate survey is conducted every other year to capture and share the perspectives and feedback of employees regarding job satisfaction, work-life balance and other issues important to the company. And we share the results with employees both companywide, and by division, function, department and location.

# EMPLOYEES

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

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

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



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

## CODE OF CONDUCT

General Mills employees have a strong sense of honesty, integrity, accountability and responsibility. We publish and distribute to all employees a code of conduct booklet detailing the company's ethical standards. We also provide a Web site and a confidential, 24-hour toll-free ethics line for employees seeking advice or wishing to report a questionable situation on an identified or anonymous basis. Our Code of Conduct booklet is published in five languages.

# EMPLOYEES

At General Mills, we all have the responsibility to promote, and specifically senior management and financial officers have a responsibility to ensure:

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

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



*Workforce diversity fosters fresh thinking to improve our products and meet changing consumer tastes.*

## DIVERSITY

For General Mills, diversity is more than a commitment – it's a business strategy.

As a marketing company, General Mills knows that our brands and products have to appeal to a wide variety of tastes and needs. We believe that workforce diversity fosters fresh thinking and fresh ideas to improve our products and services to meet changing consumer tastes.

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



# EMPLOYEES

For many years, General Mills has placed great priority on hiring, retaining and promoting women and minorities. At the end of fiscal year 2003, 22 percent of General Mills U.S. employees were minorities, and 37 percent were women. We have also established specific targets for advancement of women and minority employees within the company. We are pleased to report that in fiscal 2003, women held 24 percent of General Mills corporate officer positions, and minorities held 11 percent. We have set our future goals higher.

General Mills supports seven employee networks through which employees celebrate and share their viewpoints with the rest of the company. Based at the World Headquarters, they include the American Indian Council; the Asian American Employee network; Betty's Family, a network for gay, lesbian, bisexual and transgender employees and supporters; the Black Champions Network; the Hispanic Employee network; the South Asian American Employee network; and the Women's Leadership Forum.

These organizations and the diversity of viewpoints they foster help make General Mills a great place to work for everyone. Network members share insights, help in recruiting and retaining employees, and give input regarding culture-building initiatives and the broader organizational climate.

## EMPLOYEE HEALTH

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

General Mills promotes the highest level of health and well-being for its employees. The company offers a broad spectrum of health education and wellness programs, preventive care, and medical treatment.

"Total You" is General Mills' voluntary interactive health and wellness program available to North American employees through the General Mills intranet. It promotes awareness of good physical, social and mental well-being to General Mills employees and their families. Total You helps

# EMPLOYEES

employees evaluate their current health and lifestyle and offers suggestions to improve or maintain a healthy lifestyle. Each month a new topic is highlighted and communicated using online resources.

General Mills also has created a partnership with the highly respected Mayo Clinic in Minnesota to provide access to health management resources for North American employees. This allows employees to receive personalized health risk assessments with recommendations for improving their health status.

The company promotes several wellness initiatives, including smoking cessation, weight management, stress reduction and healthy heart care. In addition, several company facilities have on-site fitness centers, while others subsidize memberships at local health clubs.



*General Mills offers fitness facilities at several locations.*

Many locations also have implemented programs designed to prevent off-the-job injuries and illnesses. These include blood pressure monitoring, cholesterol checks, influenza vaccinations, body mass index measurements, hearing exams and lung function tests. By emphasizing prevention, the company strives to eliminate and/or reduce nonwork-related injuries and illnesses.

General Mills provides high-quality, convenient medical care to enhance the overall health of company employees. Minor injuries and illnesses can be treated on-site at most locations, and, when necessary, referrals are made to outside physicians and specialists.

## EMPLOYEE SAFETY

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General Mills strives to be the safest consumer foods company in the world.

The safety of our employees is a top priority for General Mills. In addition to complying with

# EMPLOYEES

government regulations for safety in the workplace in every country in which we operate, General Mills also has established its own high standards and guidelines, including industry and company best practices, to further ensure a safe and healthy workplace. We operate and maintain equipment with workplace safety in mind, and conduct regular safety training programs to ensure that employees apply and follow proper safety procedures. Safe and healthy employees deliver better overall performance for our company and our shareholders.

## Safety Management Systems

We are committed to promoting safety in the workplace by setting standards of performance for those aspects of our business that may have safety impacts. Established safety management systems identify, track, report and promote workplace safety performance across all of our businesses.

## Auditing

Comprehensive safety auditing procedures are in place at all General Mills manufacturing facilities. Our protocols, which are based on the OHSAS 18000 standard, complement the compliance auditing program by establishing a baseline and a road map for sustaining our safety efforts.

## Workplace Injury History

Our primary concern is the health and welfare of employees. General Mills continually attempts to reduce the frequency and severity of employee injuries. Reducing the number and frequency of injuries also helps the company minimize time lost, reduce workers' compensation claims and reduce medical costs. From 2000 to 2003, the frequency of total injuries across General Mills' North American locations dropped by over 30 percent, and the frequency of lost time injuries fell by over 50 percent, from levels that were already among the best in our industry.



*Our Joplin, Mo., plant has  
clocked 7 million straight hours  
without a lost-time accident.*



# I N V E S T O R S



**A**s a publicly owned company, we are ultimately responsible to our shareholders.

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

Since General Mills' incorporation in 1928, the growth of our stock price has outpaced the Dow Jones Industrial Average by three full percentage points. In the 20 years through fiscal 2003, our returns were over half a percentage point better than the Dow, and more than two points better than the S&P 500 Index. The Washburn Crosby

# INVESTORS

## 20-YEAR SHAREHOLDER RETURN

(compound growth rate, price  
appreciation plus dividends)  
May 1983-May 2003



*General Mills' long-term  
performance has outpaced  
both the Dow Jones  
Industrial Average and  
the S&P 500 Index.*

Company, the predecessor to General Mills, began paying dividends in 1898, and the regular quarterly dividend has continued, without reduction or interruption, since that time.

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

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

Detailed financial information is available in our [annual report](#).

## 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 can pursue the strategic objectives of the company and ensure its long-term vitality for the benefit of stockholders.

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 unchanging, fundamental premise of our principles, however, is the independent nature of the board and its overarching responsibility to our stockholders.





# INVESTORS

## Board Independence and Composition

General Mills believes that a substantial majority of our 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 management.

All board committees, except the Executive Committee, are composed entirely of independent, outside directors, and all directors stand for re-election annually.

We also value diversity on our board of directors. As of fiscal 2003, General Mills had four women and three minority directors on its 14-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.

Board committee responsibilities are detailed in their charters (available in the most recent proxy statement), and reports of committee meetings are given to the full board, which acts on their recommendations. Board and committee self-evaluations are conducted annually.

## 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.

Review a full description of General Mills' guiding [governance principles](#).



# INVESTORS

## Management Governance and Compliance Systems

The company regularly evaluates business enterprise risk to ensure that significant risks are appropriately addressed, and routinely reviews the internal controls system to minimize risk. The Audit Committee of the board of directors receives frequent reports on the company's compliance activities.

All employees are provided an Employee Code of Conduct that contains our high expectations and standards of ethical behavior in the workplace.

Internal corporate policies provide guidance on compliance with the law and regulations. A broad group of employees is required to certify compliance with the key corporate policies annually.



# C O M M U N I T Y



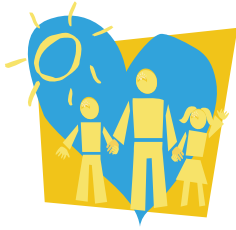
At General Mills, we are champions for a stronger community.

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

Strong, healthy communities breed strong, healthy businesses. All of our community involvement activities and programs are part of our Community Action function, which serves as a catalyst for community progress. Community Action works with communities to address societal needs with



# COMMUNITY



Community**Action**

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GENERAL MILLS

breakthrough ideas, championship people and financial resources.

General Mills has established a wide variety of outreach programs in the United States, and we are working toward similar programs internationally. We work through a variety of groups and initiatives, such as the General Mills Foundation, America's Second Harvest and the General Mills Champions program, to support and improve communities nationwide where we have General Mills facilities.

In the last year alone, General Mills and the General Mills Foundation contributed over \$75 million in cash and in-kind donations to fight hunger, strengthen youth nutrition and fitness, support our schools, and advance the arts to build and strengthen the culture of our communities.

## GENERAL MILLS FOUNDATION

The General Mills Foundation innovatively works with our communities to address societal needs with breakthrough ideas, championship people and financial resources.

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

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

In fiscal 2003, the General Mills Foundation and its employees and retirees contributed \$8.9 million to United Way campaigns in General Mills locations across the United States and Canada. For the third year in a row, General Mills was the largest



## COMMUNITY

contributor to the Greater Twin Cities United Way campaign with a gift of over \$5.9 million.

We also set the pace in supporting education, arts and culture, with a dollar-for-dollar match of employee and retiree contributions in these areas. This year, the General Mills Foundation matched gifts of nearly \$1.7 million to employee-supported accredited schools, colleges and arts and cultural organizations. The Foundation also funds scholarships to encourage the pursuit of post-secondary education. Over the past 10 years, General Mills and its foundation have contributed almost \$10 million toward scholarships and scholarship programs.

In total, General Mills and its foundation made contributions of more than \$75 million in fiscal 2003, and over the past 10 years have contributed more than \$400 million to build and support our communities.



*Over 70 percent of General Mills employees volunteer in their communities.*

## VOLUNTEERISM

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Over 70 percent of General Mills U.S. employees are active as volunteers in their communities. General Mills employee and retiree volunteers are community catalysts. They mentor schoolchildren one-on-one, helping them improve their reading and math skills. They offer their marketing, financial and other professional skills to numerous nonprofit agencies. They help build homes for low-income homebuyers or deliver meals to the elderly. Our employees and retirees demonstrate their personal commitment by freely giving of their time and talents as volunteers to help make our communities better places to live and work.

## BRAND PHILANTHROPY

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



## COMMUNITY



*General Mills brands support important causes such as health and education.*

The General Mills Box Tops for Education program, for example, had a record year in 2003, with more than 77,000 schools participating. Since Box Tops for Education began in 1996, General Mills has provided more than \$90 million for computers, playground equipment, textbooks, classroom materials and other needs to participating schools across America.

General Mills' Yoplait yogurt continues to be a steadfast supporter of women's health and wellness issues as National Presenting Sponsor of the Susan G. Komen Breast Cancer Foundation's Race for the Cure all across the United States, as well as through Yoplait's popular Save Lids to Save Lives program. Through its support of these and other initiatives, Yoplait USA and General Mills have contributed more than \$9 million over the last six years to support breast cancer research and education.

Cheerios sponsors the Mother Daughter Walk for Heart & Stroke in Canada, which takes place in six provinces. The event attracts more than 30,000 participants per year and has raised more than \$5.5 million toward research of heart disease and stroke. Cheerios also supports childhood literacy with its Spoonfuls of Stories program in the United States. In 2003, the brand gave away more than five million children's books inside boxes of Cheerios and donated \$500,000 to First Book, a nonprofit organization that puts new books in the hands of children from low-income families.



*The General Mills Champions program supports innovative organizations that encourage a balance of nutrition and fitness in children.*

## FITNESS PROGRAMS

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

The General Mills Champions program was launched in 2002 by the General Mills Foundation. Each year, the Foundation awards \$500,000 in grants to support innovative programs across the United States that



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instill good dietary and fitness habits in our young people. Our partners in this initiative are the American Dietetic Association and the President's Challenge.

As a component of the program, General Mills Champions sponsored nearly 13,000 kids in Minneapolis Public Schools who earned the Presidential Active Lifestyle Award by committing to 60 minutes of exercise five days a week for almost two months. In 2004, we will expand that sponsorship to additional schools across America.



*General Mills donates more than three semi-trailer loads of food every day to people in need.*



*General Mills initiated the Hawthorne Huddle, which reduced crime in an urban neighborhood by 40 percent.*

In a similar program, General Mills Canada and Active Healthy Kids Canada have together launched a school-based physical activity challenge program, which is to be targeted to more than one million students in over 4,000 schools across Canada.

## FOOD DONATIONS

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As one of the world's leading food companies, we are proud to be a leader in the fight against hunger. Each and every day across America, General Mills donates the equivalent of more than three semi-trailer truckloads of food to America's Second Harvest network, the largest hunger relief organization in the United States. In fiscal 2003, our contributions totaled more than 27 million pounds of food to help meet the needs of 217 food banks serving more than 60,000 charities.

## DIRECT SOCIAL INVESTMENT

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

As one example, six years ago General Mills initiated the Hawthorne Huddle to help a blighted urban Minneapolis neighborhood become a safer place for families. The Hawthorne Huddle is a monthly meeting that brings together community residents, educators, law enforcement, faith leaders and



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elected officials to address concerns in what was once a troubled community. The Huddle provides a forum for discussing issues and identifying solutions for the community. Recent statistics show that crime in the neighborhood is down more than 40 percent, and the General Mills Foundation is proud to have committed \$3 million toward new housing in the Hawthorne neighborhood, which is also home to a new community public school.

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

### SUPPORT FOR MINORITY-OWNED BUSINESSES

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We recognize that minority- and women-owned businesses are critically important to our business and to the future of our broader economy. By forging and cultivating lasting relationships with a diverse supplier base, we open new avenues of opportunity and promote mutually beneficial growth.

In 2003, General Mills purchased \$189 million worth of goods and services from women- and minority-owned businesses. For 2004, our corporate goal is \$200 million.

### GOVERNMENT RELATIONS

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





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*Dottie Shay, environmental coordinator at the General Mills plant in Chanhassen, Minn., identified and piloted a new environmentally friendly water treatment. Shay earned state and national recognition for her efforts.*

## ENVIRONMENT

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General Mills strives to be environmentally responsible in all of our activities and in every aspect of our business.

We believe we have a responsibility to be environmental stewards in our local communities and to operate our business within the many environmental regulatory requirements of the various countries, provinces, states and cities in which we live and work.

We continuously work to minimize our impact on the environment. Our facilities are designed to address environmental requirements and standards, including reduction of water and energy usage; control of air emissions and wastewater discharges from production operations; proper management of hazardous chemicals, such as ammonia, chlorine and various cleaning agents; minimization of solid and hazardous waste generation; and the prevention of spills or releases.

General Mills develops internal standards and guidelines, reviews new capital projects to verify compliance with environmental requirements, conducts periodic regulatory compliance audits, is actively involved with acquisitions and divestitures to address potential environmental issues, and regularly works to ensure proper management of ongoing environmental obligations.

## ENVIRONMENTAL MANAGEMENT SYSTEMS

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We operate in an environmentally responsible way and are committed to supporting environmental sustainability. We maintain high standards of performance for those aspects of our business that may have environmental impacts. We have established and implemented environmental management systems, designed to identify, track and report on key environmental parameters for our businesses. Each location has an environmental



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management system. Several international locations have achieved registration to ISO 14001, the global standard for environmental management systems.

### ENVIRONMENTAL AUDIT

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General Mills' environmental auditing process ensures that comprehensive environmental audits are completed on a regular basis at all of our facilities. All audit findings and recommendations are then tracked to resolution. We incorporate environmental management system assessments into our audits to provide environmental baselines and recommendations for improvement. In North America, we also contract with independent hazardous waste brokers to conduct both financial and environmental audits of selected hazardous waste disposal vendors annually.

### WASTEWATER EFFLUENTS

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Our goal is to manage any wastewaters or effluents in a manner that does not adversely impact the ground, 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.

At our North American manufacturing facilities, wastewater is typically discharged to a publicly owned treatment works where it is treated prior to release to the environment. In addition, most plants have permits that specify the quality parameters of the effluent.

General Mills international locations discharge wastewaters in accordance with local and country standards that at a minimum meet, and sometimes exceed, comparable requirements in the United States. The amount of effluent generated at all company locations is tracked and compared on a per unit basis. This allows the company to set water usage reduction targets and to identify impacts of various plant cleaning programs.



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## AIR EMISSIONS

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In the United States, air emissions are regulated by the Environmental Protection Agency (EPA), which sets air emissions standards. All of our plants adhere to all local, state, provincial and federal emissions regulations.

Our facilities in other parts of the world are also governed by air pollution regulations, although the approach may vary by country. Most facility air pollution permits are encompassed 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.

## WATER

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Water is critical to our manufacturing processes as an ingredient in many products, and as a cleaning agent in providing sanitary food processing facilities. We obtain water from reliable sources, use it efficiently, and set goals to reduce water usage where possible. We track the usage of water at each facility. This allows us to identify areas of high usage and target opportunities for water conservation. All incoming water is routinely tested for suitability, with treatment provided as necessary.

## TRANSPORTATION

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Our businesses strive to minimize the impact of transportation. We do this not only to reduce cost, but also to enhance logistics, mode of transport and vehicle efficiencies. All of these considerations can impact the efficiency of transport services and affect the air emissions and energy needs for these services.

## PACKAGING

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The integrity and safety of packaging is extremely important in food products. Where possible, our



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*General Mills is one of the largest users of recycled packaging in the United States, a practice we began using in the 1930s.*

products and packaging are designed to minimize environmental impact. Recycled or recyclable materials are used in packaging in accordance with food safety regulations where feasible.

General Mills has long focused on reducing packaging and solid waste. We began using recycled materials for the production of paperboard cartons in the 1930s. Today, we are among the largest users of recycled paper packaging in the United States.

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

## ENERGY

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All General Mills locations have programs and systems in place to track energy usage. Studies are often undertaken to identify large or unusual energy uses to both reduce the energy being consumed and the cost of energy.

Each General Mills location has a program in place to ensure continuing awareness of energy use and conservation. Businesses and locations monitor their energy use and have established appropriate energy conservation targets. In the United States, for example, General Mills has set a three-year goal of reducing energy usage by 5 percent; since fiscal 2000, our North American operations have reduced their total energy usage by 6 percent. International facilities reduced their energy usage by 3 percent in fiscal 2003 alone.

## GREENHOUSE GASES

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Our businesses are aware of the potential impact of greenhouse gases and are addressing the reduction



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*General Mills' North American operations have virtually eliminated large uses of ozone-depleting CFCs.*

of these emissions by focusing on energy conservation efforts.

General Mills is a member of the Business Roundtable, a public policy advocacy organization of CEOs of leading U.S. corporations. We are participating in its Climate RESOLVE initiative, which reports annually the member companies' greenhouse gas emissions to the U.S. Department of Energy beginning in 2003. The Business Roundtable initiative aims to reduce the generation of global warming gases by 18 percent from 2002 to 2012 on a Gross Domestic Product basis.

Food processing operations are not typically large direct generators of carbon dioxide, like power plants or refineries. The company has an internal task force to track and review these emissions, and to implement a cohesive program across our businesses. An energy usage tracking system has already been initiated and other sources of carbon dioxide also will be analyzed as part of our Climate RESOLVE involvement.

## OZONE DEPLETING SUBSTANCES

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Ozone depleting substances are reported to be responsible for the reduction in the protective layer of ozone surrounding the earth. Typically, these are chlorofluorocarbons (CFC) and hydro-chlorofluorocarbons (HCFC). Historically, these chemicals were used as coolants and refrigerants.

General Mills maintains internal guidelines and programs to reduce the release of ozone-depleting substances. It is also a company priority to re-engineer systems to replace the use of ozone-depleting substances.

Our operations have virtually eliminated large uses of CFC, and have established programs and made capital improvements to further eliminate HCFC. Any existing systems that contain these chemicals are closely monitored. General Mills' Bakeries and



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Foodservice division is a party to the U.S. EPA's voluntary reduction agreement within the baking industry.

### HAZARDOUS SUBSTANCES

General Mills regularly reviews the need for hazardous materials, and their usage is monitored and controlled. Hazardous materials include cleaners and sanitizers, ammonia, chlorine and pesticides.

Ammonia is an effective and highly energy-efficient refrigerant widely used around the world. General Mills complies with all regulations governing ammonia wherever we operate. Stringent safeguards and operational guidelines are in place to protect our workers, neighbors and communities from any accidental release or contact with ammonia. We continually look for ways to improve our safeguards and practices for handling and using ammonia to further minimize the potential impact on our environment and our employees.



*We continually look for ways to improve the safety and minimize the environmental impact of our manufacturing processes.*

Gaseous chlorine is used in the flour milling process, particularly for the production of cake flour. Chlorine breaks down the protein in wheat and allows for higher-rising cake flour. The reaction of flour and chlorine typically releases no chlorine, byproducts or waste products.

General Mills has been an industry leader in promoting the use of integrated pest management programs to control pests in crops, storage and food processing facilities while limiting the use of pesticides. The company uses a combination of methods to control pests, including sanitation, gases such as carbon dioxide, and intense heating of plant facilities.

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

General Mills has been a leader among large processed food companies in its effort to decrease



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the use of pesticides, and was a founding member of both the National Coalition for Integrated Pest Management and the National Integrated Pest Management Education Foundation. We continue to sponsor research on ways to reduce pesticide use in grain storage.

General Mills is a recognized supporter of the EPA's Pesticide Environmental Stewardship Program (PESP). The company supports the National Potato Council's partnership with EPA, helped to champion Integrated Pest Management (IPM) practices through potato processors in the Pacific Northwest, and sponsored research at Purdue University and Oklahoma State University to change the way grains are stored. Thorough cleaning of grain and control of the storage environment can help eliminate the need for post-harvest application of pesticides.

All General Mills organic products comply with organic guidelines, regulations and requirements regarding pesticide use.

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

## SUSTAINABLE DEVELOPMENT

The General Mills Sustainability Initiative is a companywide effort to responsibly manage the natural resource base that our business depends on.

As a leading consumer packaged foods company, we are committed to balancing our current and future resource needs with the natural resource requirements of future generations. This effort will drive financial, strategic and competitive advantage.

Our principle approach to sustainability is to become more "eco-efficient" – producing more from less. Reducing waste and pollution, using less energy per unit of production, and using fewer material



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





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resources is not only beneficial to the environment, but it also makes great business sense. Taking a life cycle approach to products and the production process as a whole, we can produce great food products that meet consumer needs while understanding the social and environmental impacts. We view environmental protection not only as our obligation, but also as an area of opportunity.

General Mills is fully committed to building environmental stewardship and excellence into our business strategy and our corporate culture. We believe that this approach expands our ability to create shareholder value.

Areas of focus include:

- Continually evaluating the total use of raw materials, fuels and utilities in production systems.
- Increasing energy efficiency across the corporation.
- Reducing or eliminating negative environmental impacts.
- Reducing waste and use of hazardous materials.
- Maximizing use of renewable resources.
- Maximizing reuse and recycling throughout the corporation.







## CORPORATE AWARDS

- Most Admired Companies, *Fortune* magazine, 2004
- 100 Best Companies to Work For, *Fortune* magazine, 2004
- Top 100 Employers, *Black Collegian* magazine, 2004
- Top 30 Companies for Executive Women, National Association for Female Executives, 2004
- 100 Top Companies for Training, *Training* magazine, 2004
- 100 Best Corporate Citizens, *Business Ethics* magazine (ranked No. 1), 2003
- America's Top Givers, *Business Week*, 2003
- America's 500 Top Companies, *Forbes* magazine, 2003
- Summit Award for Social Impact, Leeds School of Business at the University of Colorado at Boulder, 2003
- General Mills Champions Program recognition, American Society of Association Executives, 2003
- Top 10 in 100 Best Companies for Working Mothers, *Working Mother* magazine, 2003, 2002
- 50 Best Companies for Latinas, *Latina Style* magazine, 2003, 2002, 2001
- Top 100 Companies for Hispanics, *Hispanic* magazine, 2003, 2002, 2001, 2000
- 100 Best Places to Work in IT, *Computerworld* magazine, 2003, 2002
- Stratospheric Ozone Protection Award, Environmental Protection Agency, 2002
- Best Corporate Reputations, (ranked No. 5), Harris Interactive (based on 20 attributes, including social responsibility), 2002
- Catalyst award (best-in-class recognition for efforts toward the advancement of women), 2001
- 50 Most Powerful and Gay-Friendly Companies, Gay Financial Network, 2001
- Top 30 Companies for Supplier Diversity, *Working Woman* magazine, 2001