



National Packaging Covenant

**GENERAL MILLS
2008 REPORT**



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1. Introduction

On behalf of General Mills, I am pleased to present the 2008 General Mills Action Plan Report as a signatory to the National Packaging Covenant.

This report covers data and information pertaining to the period 01 August 2007 to 31 July 2008. The contact person, to whom all queries should be directed, is:

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As managing director of General Mills Australia/New Zealand I am pleased to see the following report submitted which shows our continued support and commitment to the National Packaging Covenant. In the past 12 months our business has been working toward achieving Class A accreditation from Oliver Wight. This has and will continue to improve our overall business processes, which in turn has led to a reduction in waste. This is another way in which we continue to work on minimizing the environmental impact from our overall business.

Luis Merizalde

Managing Director
General Mills Australia/New Zealand



2. Executive Summary

This report covers the period 01 August 2007 to 31 July 2008, for which IDAS data has been submitted.

Overall General Mills has continued to grow within both local and export markets during the 2007/2008 period. This has been achieved through the organic growth of our existing core brands and new line extensions.

We have completed the implementation of down gauged film for our Tortilla products that began in August 2007. Through collaboration with our film supplier we have continued to evaluate alternative film structures that will again reduce the total amount of material being used. These materials are undergoing trials including shelf life evaluation to determine their suitability for implementation in mid 2009.

We also conducted a benchmarking exercise to identify areas of opportunity for our packaging. Through this we identified that our inner carton gauge for our Betty Crocker box products was higher than some of our competitors. Working with our carton board supplier we reduced our board gauge by 10% without impacting performance. This is being implemented in August 2008 and will result in an annual reduction of 13.6Tonne of carton board for our Betty Crocker Brand.

During 2007 another major project was in development that aimed to convert RSC outers to wraparound outers for our OEP Tortilla products. This was originally planned to reduce the amount of corrugated board used, however due to distribution requirements we have had to increase the board grade on some of the products which has nullified some of the gains. The project implementation was also delayed to October 2008, therefore this will now form part of next year's report.

We also collaborated with our rigid tub and lid supplier to identify an opportunity to down gauge an in mould label used in our Latina Sauce Lids by 16%.

The ratio of product to packaging by weight increased this year from 4.15 to 4.76. The two main drivers of this outcome were the reduction in composite film usage for our Tortilla products and the reduction in sales of products containing glass & metal. Consequently the mix of products sold led to a slight increase in the level of total non recyclable packaging from 17.6% to 18.9%.



3. Product Range

In 2007/2008 General Mills continued to invest within its core businesses. One of the key initiatives for our business in the past 12 months was preparing for Oliver Wight Class A accreditation. This has been a business wide initiative that aims to improve our business processes and reduce waste. Examples of waste reduction include reducing paperwork requirements in the factory and thus paper, reducing write off by improved supply/demand planning.

Staff numbers are stable at approximately 550, employed at manufacturing sites in Melbourne, Sydney, Brisbane and East Tamaki in New Zealand. The turnover for the Australian business was in the \$100 – 250 Million turnover bracket. As we continue to invest in our growth, we are mindful that we must find ways to reduce, reuse or recycle packaging materials

General Mills produces and markets a range of products under the brand names shown in the following categories:

ITALIAN

Latina: A range of fresh pasta, sauces and breads in a number of varieties and pack sizes.

MEXICAN

Old El Paso: A range of ambient Mexican food and snack products such as meal kits, dips, salsa's, beans, seasonings, tortillas, and sauces.

CAKE MIXES

Betty Crocker: A range of cake, muffin, slice, frosting and single serve products.

SPREADS

Pecks: A range of meat and fish based spreads.

BAKERY PRODUCTS

***Van den Bergh's
& Croissant King:*** Bakery products sold predominantly through foodservice and distributor channels

General Mills also distributes the Pataks brand in Australia



4. Packaging At General Mills

Packaging is an integral part of the supply chain of raw materials used by our company and in the delivery of our finished products to our customers.

We continue to maintain an on-going dialogue with packaging material and packaging system suppliers and are regularly assessing alternatives. We continue to run quarterly technical and procurement reviews with our key packaging suppliers who are also signatories to the covenant. This includes a constant review of opportunities to reduce the impact of packaging throughout the life cycle of our products.

We also continue to review with our marketing teams, opportunities to develop new and existing packaging, in the form of function or decoration. The impact of any packaging change made is reviewed by our new product development teams before progressing to commercial development.

We are now also actively aiming to benchmark our packaging materials with best practice in the market place. This is helping to identify areas of opportunity for now and the future and will be an ongoing process.

Packaging represents a cost to us and while changes can be motivated by a range of factors, the over-riding consideration is the integrity of our products when finally opened by the consumer.

Raw materials and retail products are packed in a range of materials and may in some cases combine several different items, each requiring a unique package.

Materials used include:

- Carton board, usually printed
- Thermoformed composite plastic pouches
- Plastic bags/pouches with multi-layer material structures used to attain specific barrier properties
- Glass jars
- Metal lids
- Metal cans
- Plastic tubs and lids - Polypropylene
- Multi-layer flexibles, for sachets; structure depending on contents
- Labels, Polypropylene and paper
- Corrugated cartons, for shipping and collating
- Shrink-wrap film, for collating on pallets



5. Packaging Stewardship At General Mills

In response to the pressure to contain costs and remain competitive, but in keeping with our goals of providing the highest degree of integrity for our product when delivered, initiatives relating to packaging minimisation have been continued through 2007 & 2008.

We continue to recycle all multi-wall paper bags, cartons and cardboard used within our operations. Where shipping cartons are sufficiently intact, they are sold to a secondary user.

Rented, reusable pallets are used throughout our handling and distribution system. The small number of disposable pallets on which a few imported products arrive, are made available to local industries.

We continue to specify Lined palecons for raw materials such as egg pulp & blended dry mixes allowing their return to the supplier. Bulk delivery and on-site silo storage is used wherever possible to eliminate raw material packaging/container disposal and manual handling issues.

As part of our internal process improvement to gain Oliver Wight Class A accreditation we have also worked on reducing our finished good and packaging write off through improved planning. This has now been tracked for over a year, with the last 5 months showing a 23.2% reduction.

Raw material handling will continue to be an area of opportunity to reduce the impact of packaging, whilst improving handling, safety and efficiencies.



6. KPI Performance

All KPI's required for brand owners have been reported on in the IDAS. The key data from this is also included below.

KPI 1 – Total weight of consumer packaging

1A – Tonnes of packaging by material type and source

Material	Locally sourced - Tonnes	Imported sourced – Tonnes
Paper	455	17
Cardboard – Standard	1468	14
Plastics – PP	175	51
Glass	2476	48
Steel	163	149
Composites	844	41

1B – Tonnes of packaged product sold = 28088

1C – Ratio of product to packaging (by weight) = 4.76

We have had an increase in this ratio in comparison to the 2007 data which has been driven by decreasing the weight of composite material used in OEP Tortilla products and a reduction in sales of glass products.

KPI 6A – Total weight of non recyclable consumer packaging sold per annum into the Australian Market

Plastics – Type 5 PP) = 226 Tonnes
Composites = 885 Tonnes
Total = 1111 Tonnes

KPI 6B – Total non recyclable packaging as a percentage of total packaging sold = 18.9%

KPI 16A – Do you have on site collection for recycling facilities = Yes

KPI 16B – Current Recycling facilities include Paper/Cardboard & Metals only

The % of non recyclables has increased as a proportion due to the decrease in glass product sales vs increase in Tortilla based product sales.

KPI 21 – Estimated tonnage of consumer packaging sent for recycling and to landfill from onsite collection facilities

KPI 21A Consumer packaging from onsite collection which is sent to recycling = 403 Tonnes

KPI 21B Consumer packaging from on site collection which is sent to landfill – this was not reported on as it is not separated out from all other waste sent to landfill

KPI 22A – Has the Environmental Code of Practice for Packaging been formally adopted?

This is formerly implemented, with elements included in GM procedures that form part of the Oliver Wight Class A accreditation. The code will be documented from October 2008 onward.

KPI 26A – Have you adopted a buy recycled purchasing policy or practices?

No this has not been adopted formally.



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7. SUMMARY OF ACTION PLAN OUTCOMES 2007 - 2008

ITEM	RESPONSIBILITY	GOAL	TARGET DATE	2007 OUTCOMES
DESIGN				
1. Document the use of "The New Product Design" checklist for all new product design	Marketing/Production/R&D Packaging	Report against new products launched	September annually	The new product design checklist has continued to be reinforced in 2008. With the roll out of the updated stage & gate process as part of Oliver Wight Class A accreditation this has been further entrenched into our systems.
2. Track the number of artwork changes and the resultant packaging material waste/write off. Target an overall reduction in waste as a percentage of units sold annually.	Supply Chain/R&D Packaging	Report against actual write off & Percentage reduction year on year	September annually	As part of our internal process improvement to gain Oliver Wight Class A accreditation we have also worked on reducing our finished good and packaging write off through improved planning. This has now been tracked for over a year, with the last 5 months showing a 23.2% reduction.
PRODUCTION				
1. Implement an automated system for collecting and reporting on the following items on an annual basis; <ul style="list-style-type: none"> a. Tonnes of packaging by material type b. Tonnes of packaged product sold c. Ratio of product to packaging by weight 	Production/Supply Chain	Implement system	August 2006	The system to collect and report on data is currently and will continue to be done manually.
2. Submit baseline data estimate for measurement against KPI's.	Supply Chain/R&D Packaging	Submit baseline data	June 2006	Update data has been submitted in the IDAS database
3. Develop spreadsheet to calculate tonnage & percentage of "non-recyclable" packaging sold, listed by material type.	R&D Packaging	Complete spreadsheet & report.	August 2006	Spreadsheet has been generated and is being used to develop data to report against and submit into the IDAS.
4. Set targets to improve ratio of packaging material to packaging goods sold by packaging material category in line with covenant targets.	Production/Supply Chain	Annual targets	August annually	Although targets have not yet been formalized in our action plan moving past 2008, we were able to achieve an improvement in the ratio by the reduction in Tortilla film gauge and the reduction in sales of glass products.
5. Document annual actions that are implemented to achieve the targets.	R&D Packaging	Report	September annually	This year we have implemented down gauged Betty Crocker Inner cartons reducing our board gauge by 10% resulting in an annual reduction of 13.6Tonne of carton board. We have reduced the gauge of the in mould label used in our Latina Sauce tubs by 16%, resulting in a 0.5Tonne reduction in Polypropylene.
DISTRIBUTION				
As part of new product development evaluate Shipping and Pallet configurations.	Warehouse/Suppliers/R&D Packaging	Report against new product development	September annually	This is completed and documented for all new product development launches and is supported by our outer carton supplier.

Summary of Action Plans



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ITEM	RESPONSIBILITY	GOAL	TARGET DATE	OUTCOME
DISPOSAL				
1. Track the amount of corrugated material that is recycled	All divisions	Report on quantities	September annually	This is tracked and reported internally on a monthly basis and has been included in KPI 21A.
2. Re launch and measure effectiveness of office paper recycling	All divisions	Report on quantities	September annually	This was re-launched in September 2007 with the support of VISY and has continued in 2008.
RESEARCH				
1. Assess industry developments for recycling of polypropylene.	R&D Packaging	Report	September 2007	No further progress has been made in this area to date.
2. Assess possibilities for introducing recyclable materials to replace difficult to or non-recyclable materials currently used.	R&D Packaging	Report	September 2008	We evaluated the possibility of substituting PET & or PS for PVC in the laminated film used for pasta but were not able to find a feasible alternative to match machine performance, shelf life & cost.
MARKET DEVELOPMENT				
1. Aim for minimum order quantities of materials to reduce exposure to write off or waste packaging. Track the level of packaging write off created by material category by SKU	Purchasing/Production	Report	September 2007 & 2008	Order quantities have been decreased to minimise stock holdings and hence any potential write off exposure. Reporting is now implemented and the first 5 months of data have shown a 23.3% reduction in write off.
2. Contribute to the Transitional Fund for Support of Curbside Recycling	Corporate	Contribute	Annually	As a signatory to the covenant we have and will continue in the future to support the transitional fund.
EDUCATION				
1. Continue to raise awareness of the N. P. Covenant among employees, co-packers and suppliers	Covenant cross functional team	Report	2008	Opportunities to reduce, reuse or recycle are regularly canvassed with packaging material suppliers. Office recycling was re-launched further raising recycling awareness.
2. Use company forums including newsletter/, intranet, senior management team meetings to canvas ideas and create awareness of the action plan and its progress	Covenant cross functional team	Report	2008	Ongoing.
LABELING				
1. Identify current packaging that does not have labeled disposal instructions and then update artwork without creating write off.	Marketing/Purchasing/R&D Packaging	Report on % completion	September annually	As of October 2008 the percentage of General Mills products that carry disposal instructions on labels is 32%. Artwork changes for outstanding packaging are now due in Dec 08 for OEP jar products & June 09 for Latina products.

Summary of Action Plans



9. Appendix One

International Environment, Health & Safety

Our Vision

We will strive to make General Mills International the healthiest, safest and most environmentally responsible company in the world.

Our Mission

To achieve our vision we will strive to:

Implement global systems of health promotion, safety assurance, property protection, conservation and best environmental practices, and encourage our business partners to adopt similar high standards.

Promote and protect the physical, mental and social well-being of our employees and help injured and ill employees return to optimal health.

Prevent the occurrence of illness, injuries, fire and environmental incidents worldwide through proactive measures and pollution prevention.

Comply with all applicable laws and regulations and implement programs and procedures to assure compliance.

Our Values

We believe our employees are the company's most valuable assets, that all injuries are preventable, and their health, safety and work environment are of utmost importance.

We have an obligation to be responsible safety and environmental stewards in the communities where we do business around the world. We will work with employees and neighbors to effectively manage our efforts.

We will provide the necessary resources and training to empower each employee with the ability and knowledge to act in a healthy, safe and environmentally responsible manner.

We will achieve performance beyond compliance in situations where we can add value to our clients and to the company.

We will find ways to reduce costs through innovative health, safety and environmental initiatives and activities.

We will establish annual objectives for continuous improvement, and will regularly assess our performance.

We will communicate and consult with our employees, contractors, key stakeholders and interested parties on matters relating to environment, health and safety.

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