

Market Opportunities

While we believe that regenerative systems are inherently more profitable and resilient, especially in the long run, we acknowledge General Mills and others can help farmers reduce risk and incentivize the transition to regenerative systems. We believe that ecosystem services markets are a great vehicle to differentially compensate farmers who grow nutritious food while also delivering services for local communities and society as a whole. General Mills is a Founding Circle member of the nonprofit Ecosystem Services Market Consortium (ESMC) and is working to advance market-based incentive mechanisms for farmers who reduce their environmental impacts.

In 2020, we launched a pilot with ESMC and the Kansas Department of Health & Environment (KDHE) to test ESMC's protocols and processes to measure environmental impacts

and pay farmers for soil carbon sequestration, reduced greenhouse gases and improved water quality. The pilot is a leading example of public and private sectors coming together to quantify environmental improvements and compensate farmers for the environmental benefits they produce through regenerative agriculture.

We also are working to expand application of ESMC to key supply sheds in Western Canada for key grain-using brands like Cheerios, Nature Valley and Cascadian Farm. We partnered with ESMC and market developer Native to launch a pilot program with farmers in Manitoba and Saskatchewan, many of whom have participated in the Northern Plains pilot program since 2019. While we still have much to learn, we were pleasantly surprised by the interest and final enrollment from farmers, more than tripling our engagement and acreage target.

We're excited to expand our partnership with ESMC and their voluntary market program, Eco-Harvest, to expand into other priority regions in the U.S. and Canada where we source key ingredients. General Mills and ESMC conducted an RFP and identified market program implementing partners in the U.S. northern and southern plains supply sheds, and we are targeting roughly 100,000 acres of enrollment for crop year 2023.



◁ We know that our consumers care about where and how the ingredients in their food are grown. We work to advance regenerative agriculture by developing products with ingredients using regenerative principles, such as our Annie's Mac n Cheese, with crops grown using extended crop rotations and integrated crop-livestock management.

Eco-Harvest market program

General Mills and ESMC recently announced a multiyear roadmap to scale Eco-Harvest, ESMC's voluntary market program that generates and sells credits for increased soil carbon, reduced greenhouse gases and improved water quality. These credits represent verified environmental benefits created within agricultural value chains resulting from approved farm practices. As a nonprofit, ESMC gives us confidence that the greatest possible value will go to the farmers. No other market program offers the same scientific rigor and outcomes-based protocols that ESMC delivers, ensuring the credibility of soil carbon removals or reduced greenhouse gas emissions for reporting. Furthermore, ESMC's unique delivery of impact units will enable multiple supply chain actors to co-invest in programs and farmer payments, and co-claim the environmental impact in scope-3 reporting. [Learn more](#) about ESMC.



Regenerative and organic agriculture

As the largest natural and organic food producer in the US, General Mills has been a longtime supporter of organic farming and remains committed to advancing our work in this area. Organic and regenerative farming share many underlying principles, like focusing on soil health and biodiversity, and working with nature rather than against it. We're partnering with external organizations and organic farmers within our supply chain to advance organic agriculture with regenerative techniques. We believe that with organic and regenerative management, farms can be part of the



solution to environmental degradation by mitigating agriculture's negative impacts while also increasing farmers' resilience as they face a changing climate.

◁ In September 2022, General Mills donated the Cascadian Farm Home Farm in Skagit Valley, Washington, to our partner, the Rodale Institute, a pioneer in organic agriculture and research. While General Mills will continue to own and market the Cascadian Farm brand, the donation of the home farm to Rodale Institute will help advance the regenerative organic movement.

