

C0. Introduction

## C0.1

## (C0.1) Give a general description and introduction to your organization.

Mars has been proudly family owned for over 100 years. It's this independence that gives us the gift of freedom to think in generations, not quarters, so we can invest in the long-term future of our business, our people and the planet — all guided by our enduring Principles. We believe the world we want tomorrow starts with how we do business today. Our bold ambitions must be matched with actions today from our more than 115,000 Associates in 80 countries around the world. Some of our current initiatives are:

- Investing \$1 billion over the next several years to become <u>sustainable in a generation</u>
  Working to improve the <u>wellbeing for families</u> around the world
- Leveraging and sharing our research to create a <u>better world for pets</u>

Every day we are one step closer to the world we want tomorrow, through our steadfast commitment to action today.

Our business and the actions we take every day are founded on The Five Principles. They're at the heart of everything we do, no matter what — making sure we don't just talk about a better future, but work towards it every day.

Through our Sustainable in a Generation Plan, we aim to grow our business in ways that are good for people, good for the planet and good for our business. The Plan sets new goals in three key areas: Healthy Planet, Thriving People and Nourishing Wellbeing. Within the Healthy Planet area, our science-based Climate Action goal is to *reduce the total GHG emissions* **across our value chain** by **27% by 2025** and **67% by 2050** (from 2015 levels), in order to play our part to keep the planet from warming beyond two degrees.

We have a diverse global business comprised of four segments: Mars Petcare, Mars Wrigley, Mars Food, and Mars Edge. Our portfolio of brands offers quality and value to consumers around the world and includes PEDIGREE®, WHISKAS®, M&M'S®, SNICKERS®, MARS®, EXTRA®, ORBIT®, UNCLE BEN'S® and many more.

## C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting	Select the number of past reporting years you will be providing emissions data
			years	for
Reporting	January 1	December 31	No	<not applicable=""></not>
year	2019	2019		

## C0.3

Page 1 of 65

(C0.3) Select the countries/areas for which you will be supplying data.

Argentina Australia Austria Belgium Brazil Canada China Colombia Czechia Egypt France Germany Hungary India Indonesia Japan Kenya Lithuania Mexico Netherlands New Zealand Philippines Poland **Russian Federation** Saudi Arabia South Africa Spain Taiwan, Greater China Thailand United Arab Emirates United Kingdom of Great Britain and Northern Ireland United States of America

## C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response. USD

## C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory. Operational control

## C-AC0.6/C-FB0.6/C-PF0.6

(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products - whether in your direct operations or in other parts of your value chain - relevant to your current CDP climate change disclosure?

	Relevance
Agriculture/Forestry	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Processing/Manufacturing	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Consumption	Yes [Consumption only]

## C-AC0.6b/C-FB0.6b/C-PF0.6b

(C-AC0.6b/C-FB0.6b/C-PF0.6b) Why are emissions from agricultural/forestry activities undertaken on your own land not relevant to your current CDP climate change disclosure?

## Row 1

## Primary reason

Evaluated but judged to be unimportant

#### Please explain

The vast majority of agriculture and forestry activities take place in our supply chain. Mars operates two small cocoa farms in Brazil and Ecuador, but these activities represent a tiny fraction of our agricultural emissions in comparison to our third-party supply chain and we do not consider them material.

(C-AC0.6f/C-FB0.6f/C-PF0.6f) Why are emissions from distribution activities within your direct operations not relevant to your current CDP climate change disclosure?

## Row 1

## Primary reason

Outside the direct operations of my organization

## Please explain

Because distribution activities are carried out by third-party suppliers, there are no related direct operational emissions to report as Scope 1 or Scope 2 emissions. However, we consider all emissions in our value chain to be relevant, and distribution emissions are evaluated and included in our Scope 3 calculations and value-chainwide emissions reduction goal.

C-AC0.7/C-FB0.7/C-PF0.7

## (C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

## Agricultural commodity Cattle products

Calle producis

## % of revenue dependent on this agricultural commodity

40-60%

#### Produced or sourced Sourced

Couroca

## Please explain

Dairy products are significant to the majority of revenues from our Mars Wrigley business and beef by-products are significant to revenue from some pet foods. To determine the percentage, we calculated the revenues associated with all our branded chocolate and pet food products containing dairy and beef, as a proportion of total revenues in the last financial year.

## Agricultural commodity

Other, please specify (Cocoa)

## % of revenue dependent on this agricultural commodity

20-40%

## Produced or sourced

Sourced

## Please explain

Cocoa is the essential ingredient of all of our chocolate products. To determine the percentage, we calculated the revenues associated with all our branded chocolate products as a proportion of total revenues in the last financial year.

## Agricultural commodity

Sugar

## % of revenue dependent on this agricultural commodity

40-60%

#### Produced or sourced Sourced

#### Please explain

Sugar is significant for a large number of Mars Wrigley products. To determine the percentage, we calculated the revenues associated with all our branded chocolate and confectionery products as a proportion of total revenues in the last financial year.

## Agricultural commodity

Rice

## % of revenue dependent on this agricultural commodity 10-20%

Produced or sourced Sourced

## oouloou

## Please explain

Rice is an important ingredient for our Food business as well as for some of our pet food brands. To determine the percentage, we calculated the revenues associated with those products as a proportion of total revenues in the last financial year.

## Agricultural commodity

Timber

#### % of revenue dependent on this agricultural commodity More than 80%

## Produced or sourced

Sourced

## Please explain

Pulp and paper are present in the primary, secondary and/or tertiary packaging materials for all of our products and are therefore significant to the majority of our revenue. We calculated this percentage by considering the total revenue from products with paper and board packaging during the last financial year.

## C1. Governance

## C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

#### Yes

## C1.1a

## (C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board Chair	In 2019, Mars launched a new mission statement: the world we want tomorrow starts with how we do business today. This mission statement is supported by our Compass, which outlines the shareholder objectives for Mars, Incorporated, laying out the Mars Family's expectations for what responsible business can and should do. As a principles and purpose-driven business, we're focused on making choices that help us achieve near-term results without compromising on the world we want tomorrow. Our Compass has four quadrants which the Board uses to guide our long-term strategy and measure our progress against medium-term and day-to-day decisions. They are: 1. Financial performance: Top-tier performance that gives us the freedom to create the world we want tomorrow. 2. Quality growth: Momentum and growth in our brands and categories, and the exploration of new opportunities, to help us grow for the next 100 years. 3. Positive societal impact: Our commitment to helping people, their pets and the planet thrive, which in part we're working to deliver through our Sustainable in a Generation Plan. The Plan includes our Climate Action strategy and targets, are the responsibility of the Board, led by the Board chair. An example of a climate-related decision made by the Board is the approval of capital expenditure on all of our long-term renewable contracts.
Director on board	The Remuneration & Talent Committee of the Board meets at least annually to review salaries and bonus awards. The committee comprises members of the Board, and reviews progress made toward our Climate Action targets to inform its decisions on whether to approve the award of senior leadership bonuses. In 2019, the Committee reviewed the delivery of the 2013-18 GHG targets that are part of the long-term incentive program for the top 100 senior leaders at Mars. Based on our delivery of the target, the Committee granted the award and reviewed the pending results for the 2014-19 cycle. In addition, the Committee discussed development of the next round of GHG-based targets starting in 2020.

## C1.1b

## (C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate- related issues are a scheduled agenda item	Governance mechanisms into which climate- related issues are integrated	Scope of board- level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding annual budgets Setting performance objectives Monitoring and performance of objectives Monitoring and performance of objectives Monitoring and performance of objectives admatter and performance of adjustives molitication and overseeing progress aqainst goals and targets for addressing climate-related issues	<not Applicabl e&gt;</not 	Cur Climate Action strategy, targets and performance are core elements of the Mars Sustainable in a Generation (SiG) Plan: our plan for growing in ways that are good for people, good for the planet and good for our business. Performance against our SiG Plan strategies and goals, including our science-based, value-chain wide greenhouse gas reduction target, is tracked as a matter of course at all Mars Board meetings, along with other company-wide metrics and goals. The Chair of the Board has direct oversight of our performance, which is reviewed at each Board meeting. The Board approved our SiG Goals and targets, and oversees the Mars Leadership Team's work to review and guide our strategy, plans, policies, and budgets as necessary to ensure we remain on track to meet them. The Chiel Procurement and Sustainability Officer presents our progress against our SiG Plan goals including for Climate Action to the Board at least annually. In 2019, Mars launched a new mission statement: the world we want tomorrow starts with how we do business today. This mission statement is supported by our Compass, which outlines the shareholder objectives for Mars, Incorporated, laying out the Mars Family's expectations for what responsible business can and should do. As a principles and purpose-driven business, we're focused on making choices that help us achieve near-term results without compromising on the world we want tomorrow. Our Compass has four quadrants which the Board Luss of guide our long-term strategy and measure our progress against medium-term and day-to-day decisions. They are: 1. Financial performance: Top-ier performance that gives us the freedom to create the world we want tomorrow. 2. Quality growth: Momentum and growth in our brands and categories, and the exploration of new opportunities, to help us grow for the next 100 years. 3. Positive societal impact: Our commitment un helping people, their pets and the planet thrive, which in part we're working to deliver through our SiG Plan, including our Cli
Scheduled – all meetings	Setting performance objectives Monitoring implementation and performance of objectives	<not Applicabl e&gt;</not 	The Remuneration and Talent Committee of the Board meets at least annually to review salaries. This committee comprises members of the Board and reviews progress made toward our Climate Action target to inform its decisions on whether to approve the award of senior leadership bonuses. A percentage of the bonus for our top 100 executives is based on performance against our five-year target for reducing absolute Scope 1 and 2 greenhouse gas emissions from our operations. The emissions reduction goal and the percentage of the bonus linked to this is the same for all executives. In 2019, the Committee reviewed the delivery of the 2013-18 GHG targets that are part of the long-term incentive program for the top 100 senior leaders at Mars. Based on our delivery of the target, the Committee granted the award and reviewed the pending results for the 2014-19 cycle. In addition, the Committee discussed development of the next round of GHG-based targets starting in 2020.

## C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<not Applicable&gt;</not 	Both assessing and managing climate-related risks and opportunities	<not applicable=""></not>	More frequently than quarterly

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climaterelated issues are monitored (do not include the names of individuals).

The CEO, who chairs the Mars Leadership Team and sits on the Board, is responsible for delivering all targets within our quarterly Corporate Scorecard, including our valuechain wide GHG emissions reduction targets. The Mars Leadership Team reviews and guides our strategy, plans, policies, and budgets as necessary to ensure we remain on track to meet our targets. In addition to this quarterly reporting, the Chief Procurement and Sustainability Officer presents our progress against our SiG Plan goals including for Climate Action to the Board at least annually.

The targets in our Corporate Scorecard and SiG Plan are cascaded by the CEO and Mars Leadership Team to the leadership teams of each business segment for implementation. Business segment presidents are accountable for deploying related strategies within their businesses and for annual monitoring and reporting of their segment's sustainability performance via our corporate reporting system. Senior segment and functional decision makers convene on specific issues and develop detailed strategies for delivering the required impact improvements.

The CEO and Leadership Team delegate responsibility for our Climate Strategy to the Sustainability Steering Group (SSG), which meets quarterly, is chaired by the CSO and comprises senior managers representing each main business segment (Mars Petcare, Mars Wrigley and Mars Food) and each main business function (Procurement, Manufacturing and Public Affairs). The SSG is the engine that drives progress toward our goals for Healthy Planet and Thriving People. Its core mission is to develop and recommend sustainability strategy, policy and initiatives to our business segments, CEO and Leadership Team. This includes both refinements to existing policy and the development of new policy on emerging issues. The SSG also promotes cross-segment learning and engages external expertise as required. The SSG ensures the CEO and Leadership Team are fully briefed on potential courses of action and strategic issues, and that the implications of strategies, targets and potential courses of action are investigated and understood. The SSG also ensures that we measure and report impact data properly and using established methodologies. When such methodologies are lacking, the SSG looks to collaborate externally to create robust methodologies to calculate environmental and societal impacts.

One dimension of our approach to climate action is our investment in the Livelihoods Fund for Family Farming (L3F). A member of the Mars Board and the Chief Procurement and Sustainability Officer represent Mars at biannual L3F Board meetings. A global procurement VP and one of our Global Sustainability VPs represent Mars on the L3F investment committee, which meets at least four times a year. L3F supports projects that both reduce environmental impacts including greenhouse gas emissions and address social impacts affecting smallholder farmers in developing countries.

Mars won a 2019 Climate Leadership Award for organizational leadership, for our work to improve land use change calculation methods and more accurately assess emissions; our help to launch the Renewable Thermal Collaborative to scale up renewable heating solutions globally; and our participation in the launch of a new corporate leadership platform to diagnose business climate risk throughout the supply chain.

## C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Row 1 Yes		Provide incentives for the management of climate-related issues	Comment
	Row 1	Yes	

## C1.3a

## (C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Corporate executive team	Monetary reward	Emissions reduction target	A percentage of the bonus for our top 100 executives is based on performance against a target for reducing absolute Scope 1 and 2 greenhouse gas emissions from our operations. The emissions reduction goal and the percentage of the bonus linked to this is the same for all executives. In 2019, bonuses were approved to the top 100 executives in the company based on performance against our Climate Action target over a five-year period.
Chief Financial Officer (CFO)	Monetary reward	Emissions reduction target	A percentage of the bonus for our top 100 executives is based on performance against a target for reducing absolute Scope 1 and 2 greenhouse gas emissions from our operations. The emissions reduction goal and the percentage of the bonus linked to this is the same for all executives. In 2019, bonuses were approved to the top 100 executives in the company based on performance against our Climate Action target over a five-year period.
Chief Operating Officer (COO)	Monetary reward	Emissions reduction target	A percentage of the bonus for our top 100 executives is based on performance against a target for reducing absolute Scope 1 and 2 greenhouse gas emissions from our operations. The emissions reduction goal and the percentage of the bonus linked to this is the same for all executives. In 2019, bonuses were approved to the top 100 executives in the company based on performance against our Climate Action target over a five-year period.
Chief Procurement Officer (CPO)	Monetary reward	Emissions reduction target	A percentage of the bonus for our top 100 executives is based on performance against a target for reducing absolute Scope 1 and 2 greenhouse gas emissions from our operations. The emissions reduction goal and the percentage of the bonus linked to this is the same for all executives. In 2019, bonuses were approved to the top 100 executives in the company based on performance against our Climate Action target over a five-year period.
Chief Risk Officer (CRO)	Monetary reward	Emissions reduction target	A percentage of the bonus for our top 100 executives is based on performance against a target for reducing absolute Scope 1 and 2 greenhouse gas emissions from our operations. The emissions reduction goal and the percentage of the bonus linked to this is the same for all executives. In 2019, bonuses were approved to the top 100 executives in the company based on performance against our Climate Action target over a five-year period.
Chief Sustainability Officer (CSO)	Monetary reward	Emissions reduction target	A percentage of the bonus for our top 100 executives is based on performance against a target for reducing absolute Scope 1 and 2 greenhouse gas emissions from our operations. The emissions reduction goal and the percentage of the bonus linked to this is the same for all executives. In 2019, bonuses were approved to the top 100 executives in the company based on performance against our Climate Action target over a five-year period.
President	Monetary reward	Emissions reduction target	A percentage of the bonus for our top 100 executives is based on performance against a target for reducing absolute Scope 1 and 2 greenhouse gas emissions from our operations. The emissions reduction goal and the percentage of the bonus linked to this is the same for all executives. In 2019, bonuses were approved to the top 100 executives in the company based on performance against our Climate Action target over a five-year period.
Executive officer	Monetary reward	Emissions reduction target	A percentage of the bonus for our top 100 executives is based on performance against a target for reducing absolute Scope 1 and 2 greenhouse gas emissions from our operations. The emissions reduction goal and the percentage of the bonus linked to this is the same for all executives. In 2019, bonuses were approved to the top 100 executives in the company based on performance against our Climate Action target over a five-year period.
Business unit manager	Monetary reward	Emissions reduction target	A percentage of the bonus for our top 100 executives is based on performance against a target for reducing absolute Scope 1 and 2 greenhouse gas emissions from our operations. The emissions reduction goal and the percentage of the bonus linked to this is the same for all executives. In 2019, bonuses were approved to the top 100 executives in the company based on performance against our Climate Action target over a five-year period.
All employees	Non- monetary reward	Behavior change related indicator	All Mars Associates are eligible to be recognized for exceptional work as part of our Make the Difference awards program. One awards category reflects activities that support the delivery of our Sustainable in a Generation Plan. Local, regional and global winners are selected in each category every year.

## C2. Risks and opportunities

## C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities? Yes

## C2.1a

## (C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short- term	0	5	Mars has a short-term target for reducing emissions from direct operations by 2020, from a 2015 baseline. This target is a first step toward our long-term 2050 goal described below. This five-year period is the nearest horizon we are working towards for climate change. It is aligned with other financial and non-financial targets on our corporate scorecard.
Medium- term	5	10	Mars has a medium-term target to reduce value-chain-wide emissions by 27% by 2025 over 10 years from a 2015 baseline, as an interim step on the glide path towards our long-term, science-based goal below. Our targets and goals are an integral part of our corporate sustainability strategy, which is fully aligned with our wider business planning process.
Long- term	10	35	Mars has a science-based long-term target to reduce value-chain-wide emissions by 67% by 2050 from a 2015 baseline, in line with what our calculations say is required to keep us within our share of the global carbon budget. This 35-year period is the longest horizon that we are working towards. It is aligned with other non-financial targets within our Sustainable in a Generation Plan and on our corporate scorecard. Our targets and goals are an integral part of our corporate sustainability strategy, which is fully aligned with our wider business planning process.

## C2.1b

#### (C2.1b) How does your organization define substantive financial or strategic impact on your business?

As part of our work to build the business case for our Sustainable in a Generation Plan, we used a proxy carbon price to assess the potential financial impact on our business of the climate risks we have identified, through either direct or indirect costs.

Within this process, we used a five-level rating system to define a substantive impact to our business at the facility, distribution, or supply chain level. Within this rating system, a cost of:

- \$2 billion or above is classed as severe,
- \$1-2 billion as significant,
- \$500 million 1 billion as moderate
- \$100-500 million as low, and
- less than \$100 million as minimal.

None of the climate risks modeled using this rating system was classed as significant or severe.

We then used a similar five-point rating system to assess the likelihood of each risk occurring, from once or more per year (>50%) down to less than once every 25 years (<5%)

Examples of the risks assessed include carbon pricing legislation, disrupted factory operation due to severe weather, lost sales due to severe weather disrupting commerce, and reduced availability of the agricultural raw materials we buy due to disruption in our extended supply chain. To give specific examples of these impacts and how they have or may effect our business in future:

- More than 10% of our scope 1 emissions are already covered by a carbon pricing system, with a minimal cost impact.

- In 2017, we lost sales valued at around \$3 million as a result of customers being impacted by the hurricane season in North America, with a minimal cost impact.

- In 2016, we ran a pilot project to investigate the climate change resilience and adaptive capacity of rice growers in Spain over the next 10-20 years, based on different climate scenarios and their effect on rice quality and availability. We are now funding a project to increase the resilience of rice growing in southern Spain by testing and validating solutions for reducing water use and GHG emissions. The project aims to impact over 15,500 rice growing hectares belonging to over 15 farming groups by 2023.

## C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered Direct operations Upstream

**Risk management process** Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

## Time horizon(s) covered Short-term Medium-term Long-term

## **Description of process**

Our enterprise risk management system applies to our manufacturing operations in 32 countries in six continents, to tier-1 suppliers, and origins for key agricultural raw materials. We define climate risks in line with the descriptions of transition risks and physical risks within the Task Force on Climate Related Financial Disclosure recommendations. At company level, The Corporate Risk Manager leads the assessment and management of physical risks to our operations and supply chains. Transitional risks including potential new regulatory risks are assessed and managed by the Global Sustainability Vice President and the Scientific and Regulatory Affairs team. Reputational risks are assessed and managed by global and local Corporate Affairs teams in partnership with corporate and local management teams. Each of these teams is responsible for decisions to mitigate, transfer, accept or control the identified climate-related risks and to capitalize on opportunities. Risks are assessed annually and monitored regular to ensure they are mitigated. We assessed whether physical risks and opportunities could have a substantive financial or strategic impact on our organization when developing our value-chain-wide Sustainable in a Generation Plan. Our approach was to identify and prioritize the greatest impacts throughout our value chain, using scientifically credible metrics and working with recognized experts to assess climate risks in relation to other risks such as water scarcity and land use. For example, after mapping our agricultural supply chain we partnered with Quantis and Maplecroft to quantify the impacts of sourcing raw materials from the origins identified. This work led us to prioritize efforts to eliminate deforestation from five raw materials: beef, cocoa, palm oil, pulp & paper, and soy. The company-wide risk management

#### Value chain stage(s) covered Direct operations

## Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment Annually

Time horizon(s) covered

Short-term Medium-term Long-term

#### **Description of process**

At asset level, we determine which risks and opportunities could have a substantive financial or strategic impact on the organization as part of our factory risk assessment process. This assessment considers physical climate risks including weather-related and geophysical risks. In terms of opportunities, we assess the feasibility of renewable energy when selecting new factory sites, and of using renewable energy at existing sites. We track emissions at facility level and monitor transition risks such as local regulatory developments to inform our decisions to mitigate, transfer, accept or control the identified climate-related risks and to capitalize on opportunities. As part of our Sustainable in a Generation Plan, our water stewardship program identifies and prioritizes action at sites in water-scarce areas predicted to become water-stressed due to climate change (physical risks). These priority sites are setting targets for staying within sustainable water usage levels for their watershed. In relevant cases, we work with insurance brokers to assess site flood risks. For instance, sites highly likely to flood have purchased temporary flood barriers.

#### Value chain stage(s) covered

Upstream

## **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment Annually

#### Time horizon(s) covered

Short-term Medium-term Long-term

#### **Description of process**

We assess risks and opportunities relating to tier-1 suppliers that could have a substantive financial or strategic impact on the organization as part of our Responsible Supplier program. This program involves risk assessments for thousands of tier-1 suppliers. These assessments cover environmental risks and due diligence measures in addition to human rights. We use independent country, commodity, and product risk data provided by Verisk Maplecroft to score and assess the physical risks associated with what we buy and where we buy it. Risk assessment helps us determine, based on our requirements, the actions expected of specific suppliers, which could include self-assessments or independent audits. The results inform our decisions to mitigate, transfer, accept or control the identified climate-related risks and to capitalize on opportunities. Our Supplier Code of Conduct requires suppliers to comply with all applicable environmental laws and regulations and to continuously strive to improve environmental performance. As guidance, the Code encourages suppliers to minimize and monitor impacts on the environment where possible through a reduction in greenhouse gas emissions, energy efficiency initiatives, reduction and recycling of natural resources, including water and paper / packaging materials. In 2019, we began assessing the sustainability performance of prioritized suppliers using the EcoVadis online platform. EcoVadis is a widely recognized supplier evaluation tool that enables us to unlock increased visibility and insights into supplier performance. Forty-three percent of suppliers engaged through the EcoVadis platform reported taking action to reduce their energy consumption and GHG emissions.

Value chain stage(s) covered

#### **Risk management process**

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment Annually

#### Time horizon(s) covered

Short-term Medium-term Long-term

## **Description of process**

We assess climate risks and opportunities in our extended agricultural supply chain as part of the Mars Strategic Sourcing Methodology (MSSM), our company-wide process for assessing, selecting, contracting and monitoring the performance of suppliers. This six-step process guides our buyers on all aspects of developing a sustainable sourcing strategy, including supply chain mapping, impact assessment, social and environmental risk analysis, strategy prioritization, KPI setting, and performance measurement. Our impact assessments and risk analyses combine supply chain data including raw material type, origins and tonnes purchased, with external impact data from the UN Food & Agriculture Organisation and Ecoinvent, among others. Our Commercial Applied Research Team (CART) supports our decision-making in commodity and risk management. We draw on the team's 3-6 month weather forecasts and climate models to analyse how physical changes in climate will affect commodity prices. For raw material sourcing locations most vulnerable to climate change, we are conducting more detailed analyses of future projections of climate change and the resilience of stakeholders to cope with these transitional risks over the next 10-20 years. This information informs our sourcing strategies and our decisions to mitigate, transfer, accept or control the identified climate-related risks and to capitalize on opportunities.

## (C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Regulatory risks and opportunities are considered relevant and assessed as standard for all types of risk. These are jointly assessed and managed by the Global Sustainability Vice President, and the Scientific and Regulatory Affairs team. For example, we evaluate the size and scope of climate risks including weather-related and geophysical risks as part of our factory risk assessment process, and the results feed into our overall climate risk assessment. Supplier compliance with all applicable environmental laws and regulations is assessed as part of our Responsible Sourcing program, which informs our assessment of climate risk in our supply chain.
Emerging regulation	Relevant, always included	Monitoring regulatory change is the foundation of regulatory risk assessment and risk management. We monitor changes in regulations such as carbon taxes through our Technical Regulatory Baseline (TRB). The TRB is a rolling quarterly report that brings internal and external resource tracking together to monitor regulatory change in three stages: emerging/ pre- regulatory; live- where the regulation has passed and there is a window for compliance; active compliance/ enforcement. The TRB covers all regions and multiple regulatory topics, including carbon taxes, food waste, packaging bans, etc. and feeds into our Enterprise Risk Management system.
Technology	Relevant, always included	Emerging technologies are relevant for their potential to mitigate climate risk, as well as any business risks they might pose. We have a system to monitor emerging technologies, from both risk and feasibility standpoint. The data is gathered from multiple sources such as patent literature and competitive news. Machine learning helps to ensure that subject matter experts can quickly query and harvest our historical expertise, avoiding reinventing the wheel, but we also monitor the latest external developments. This process allows to evaluate the climate and sustainability impacts and risks of potential new technologies such as the land impact of natural colors.
Legal	Relevant, always included	Mars complies with all applicable legislation, including environmental legislation, in all areas where we operate. We are further mitigating against legal risks posed by climate change, such as the potential to exceed carbon quotas, by implementing a science-based climate action strategy that goes beyond legal requirements. We developed our scientific GHG reduction targets based on peer review and detailed emissions data, with the aim of staying within our share of the global carbon budget.
Market	Relevant, always included	While market risks are relevant to Mars, raw material commodity markets are more likely to be affected by climate change than the markets for our products. Our Commercial Applied Research Team (CART) supports our decision-making in commodity and risk management. We draw on the team's 3-6 month weather forecasts and climate models to analyse how changes in climate will affect commodity prices. For raw material sourcing locations most vulnerable to climate change, we are conducting more detailed analyses of future projections of climate change and the resilience of stakeholders to cope with these changes over the next 10-20 years. Though the risk is smaller than for commodity markets, our operations in U.S. states that are vulnerable during hurricane season put in place measures to help customers avoid risk and Mars to avoid lost sales.
Reputation	Relevant, always included	Climate change presents both reputational risks and opportunities, which are assessed by our global and local Corporate Affairs teams in partnership with corporate and local management teams to determine their relevance. One example of how we seek to avoid climate-related reputational risks is by demonstrating leadership through our science-based climate action plan. Mars also sees opportunities to boost our reputation for leadership in renewable energy production, by promoting our investment in large-scale wind power generation in order to meet our goal of zero-carbon direct operations by 2040.
Acute physical	Relevant, always included	Physical risks are relevant because they have the potential to interrupt both direct operations and supplies of quality raw materials. The Corporate Risk Manager leads the identification of physical risks and opportunities for our factories and supply chains as part of our Enterprise Risk Management system. For example, as part of our value-chain-wide Sustainable in a Generation Plan, our water stewardship program identifies and prioritizes action at sites in water-scarce areas, including those predicted to suffer acute shortages due to climate change. These sites are setting targets to ensure they stay within sustainable water usage levels for their watershed.
Chronic physical	Relevant, always included	Physical risks are relevant because they have the potential to interrupt both direct operations and supplies of quality raw materials. The Corporate Risk Manager leads the identification of physical risks and opportunities as part of our Enterprise Risk Management system. For example, we draw on 3-6 month weather forecasts and climate models to analyse how changes in climate may create chronic physical risks that affect commodity prices. For raw material sourcing locations most vulnerable to climate change, we are conducting more detailed analyses of future projections of climate change and the resilience of stakeholders to cope with these changes over the next 10-20 years. This information informs our sourcing strategies.

## C2.3

## (C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business? Yes

## C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

## Identifier

Risk 1

## Where in the value chain does the risk driver occur?

Direct operations

## Risk type & Primary climate-related risk driver

Emerging regulation

Carbon pricing mechanisms

## Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification <Not Applicable>

## Company-specific description

Increased regulations and taxation seeking to limit fossil fuel energy use and GHG emissions have the potential to increase operating costs in our factories and distribution network. For example, some Mars sites in China participate in the China National Emissions Trading Scheme (ETS), and the EU ETS applied to three Mars manufacturing sites in 2019. Of these, one site needed to purchase additional credits during the year. There is potential for similar schemes to be introduced in other regions over time, affecting an increasing number of our factories in terms of finances and management time.

## Time horizon

Medium-term

## Likelihood More likely than not

## Magnitude of impact Low

Are you able to provide a potential financial impact figure? Yes, an estimated range

## Potential financial impact figure – minimum (currency) 100000000

Potential financial impact figure – maximum (currency) 20000000

#### Explanation of financial impact figure

We have assessed the potential financial implications of three different scenarios related to carbon pricing. The financial impact range provided is based on the scenario we consider to be the most likely, in which carbon taxes cover one-third of our energy-based emissions and are based on a hypothetical carbon price of \$20/tonne (minimum figure) and \$40/tonne (maximum figure).

## Cost of response to risk

20000000

## Description of response and explanation of cost calculation

The estimated costs of implementing our Climate Action strategy and reducing our vulnerability to carbon pricing risk range between \$20 - 42 million per year through 2025. The maximum is based on the proportion of our \$1 billion investment in our Sustainable in a Generation Plan allocated to Climate Action and averaged over four years. The minimum is based on current budgets for Climate Action within our four business segments, plus the operational costs of running our greenhouse gas reduction program. Our goal is to decouple environmental impacts from production volumes. Our targets are to reduce scope 1 and 2 emissions by 40% by 2025 and 100% by 2040 as part of our Sustainable in a Generation Plan. Increasing operational and capital efficiency and investing in energy-efficient new technologies are helping reduce emissions as far as possible. Examples of operational efficiency include driving down energy use through Associate behavior change and smarter equipment use. We also invest in technology and processes that use less power, such as heat pump systems that recover waste heat, and in the development of new technology such as DryF, an EU Horizon 2020 project to develop high temperature heat pumps for recovering waste heat in pet food manufacture. We are eliminating the remaining emissions by investing in renewable energy. Our operations in 11 countries have already fully transitioned to renewable energy sources and 54% of our electricity use globally is renewable. We invest in three ways – by installing on-site renewable generation, through short-term power purchase agreements in Europe, and through long-term power purchase agreements in the USA and the UK. These agreements help finance renewable infrastructure development.

#### Comment

**Identifier** Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Chronic physical Changes in precipitation patterns and extreme variability in weather patterns

#### Primary potential financial impact

Decreased revenues due to reduced production capacity

## Climate risk type mapped to traditional financial services industry risk classification <Not Applicable>

#### Company-specific description

Changes in precipitation and weather patterns pose a risk to the cost and availability of good quality agricultural raw materials. A warmer climate with reduced rainfall may lead to a shortage in some agricultural commodities and associated price shocks. The effects of climate change may also affect where commodities can be produced, with potential costs from shifting sources and increased distribution requirements. For example, external studies have found that, in the United States where Mars sources large quantities of grains for use in our pet food products, farming of wheat and barley is moving further north.

Time horizon Medium-term

Likelihood

Unlikely

Magnitude of impact Low

Are you able to provide a potential financial impact figure? Yes, an estimated range

Potential financial impact figure (currency) <Not Applicable>

Potential financial impact figure – minimum (currency) 30000000

Potential financial impact figure – maximum (currency) 60000000

## Explanation of financial impact figure

The financial implications of changing weather patterns shifting our raw materials supplies are in the tens of millions. Our analysis is based on fundamental supply and demand balance sheets, where the uncertainty of physical risks presents financial implications. There is a risk that climate change will reduce yields, quality and availability in the supply chains for some raw materials, leading to higher costs. The financial impact range provided is based on the scenario we consider most likely, where 5% of our raw material spending experiences price pressure as a result of reduced yields or a need to shift sourcing to a different region. We are also considering scenarios where prices are reduced and the supply base is increased, due to favorable changes in weather patterns.

Cost of response to risk

9000000

#### Description of response and explanation of cost calculation

The estimated total cost of implementing our plans to reduce our vulnerability to supply chain disruption is \$9 million per year. This is based on current levels of spending on

supply chain sustainability across all key raw materials within our three main business segments: Mars Wrigley, Mars Petcare, and Mars Food. Through the Mars Strategic Sourcing Methodology, our procurement teams in each business segment are developing sustainable sourcing strategies for high-impact raw materials, to ensure we select and work with suppliers who are committed to reducing these impacts. Our sustainable sourcing programs help suppliers boost efficiency. For example, we encourage contract rice growers to adopt the alternate wetting and drying (AWD) irrigation approach, which saves water and reduces methane emissions, helping to both mitigate and adapt to climate change. In 2016, we ran a pilot project to investigate the climate change resilience and adaptive capacity of rice growers in Spain over the next 10-20 years, to inform our sourcing strategy. We are now funding a project to increase the resilience of rice growing in southern Spain by testing and validating solutions for reducing water use and GHG emissions. The project aims to impact over 15,500 rice growing hectares belonging to over 15 farming groups by 2023. Our Commercial Applied Research Team (CART) supports our decision-making in commodity and risk management. The team has expertise in seasonal weather and intimate knowledge of the IPC forecast process, helping Mars to assess the impact of seasonal weather on yields.

#### Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical Increased severity and frequency of extreme weather events such as cyclones and floods

## Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification <Not Applicable>

#### Company-specific description

Severe weather has the potential to disrupt operations at, or immediate supply chains to, Mars factories at rates above historical averages. For example, in February 2019, our Mars Petcare factory in Wodonga, near Melbourne, Australia, was forced to cease operating temporarily due to rising power prices caused by an extreme heatwave.

Time horizon Short-term

Likelihood Very unlikely

#### Magnitude of impact

Low

Are you able to provide a potential financial impact figure? Yes, an estimated range

Potential financial impact figure (currency) <Not Applicable>

Potential financial impact figure – minimum (currency) 6000000

Potential financial impact figure – maximum (currency) 21000000

## Explanation of financial impact figure

The minimum potential financial impact figure is based on a scenario where flooding or power outages interrupt manufacturing and prevent operations for three days at each of three of our factories. The maximum figure is based on the same scenario but at 10 of our factories.

Cost of response to risk 3000000

#### Description of response and explanation of cost calculation

The estimated costs of implementing our Climate Action strategy and reducing our vulnerability to acute physical risks range between \$20 - 42 million per year through 2025. The maximum is based on the proportion of our \$1 billion investment in our Sustainable in a Generation Plan allocated to Climate Action and averaged over four years. The minimum is based on current budgets for Climate Action within our four business segments, plus the operational costs of running our greenhouse gas reduction program. Our goal is to decouple environmental impacts from production volumes. Our targets are to reduce scope 1 and 2 emissions by 40% by 2025 and 100% by 2040 as part of our Sustainable in a Generation Plan. Increasing operational and capital efficiency and investing in energy-efficient new technologies are helping reduce emissions as far as possible. Examples of operational efficiency include driving down energy use through Associate behavior change and smarter equipment use. We also invest in technology and processes that use less power, such as heat pump systems that recover waste heat, and in the development of new technology such as DryF, an EU Horizon 2020 project to develop high temperature heat pumps for recovering waste heat in pet food manufacture. We are eliminating the remaining emissions by investing in renewable energy. Our operations in 11 countries have already fully transitioned to renewable energy sources and 54% of our electricity use globally is renewable. We invest in the USA and the UK. These agreements help finance renewable infrastructure development. In Australia, where we have already experienced a site shut down due to extreme weather, Mars has signed a 20-year power-purchase agreement covering 100% of the electricity needs of our six factories in the country from a new solar farm.

#### Comment

## C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business? Yes

## C2.4a

#### (C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

#### Identifie Opp1

#### Where in the value chain does the opportunity occur? Direct operations

**Opportunity type** Resource efficiency

## Primary climate-related opportunity driver

Use of more efficient production and distribution processes

## Primary potential financial impact

Reduced indirect (operating) costs

## **Company-specific description**

We are already capitalizing on opportunities to reduce costs by operating more efficiently and reducing our reliance on fossil fuels. For example, our Mars Wrigley business has implemented a global program to monitor and improve utility systems efficiency, while our Steinbourg, Veghel and Viersen factories have installed heat pump systems that recover waste heat, reducing natural gas use and associated emissions.

Time horizon Short-term

Likelihood Virtually certain

## Magnitude of impact

Low

## Are you able to provide a potential financial impact figure? Yes, an estimated range

Potential financial impact figure (currency) <Not Applicable>

#### Potential financial impact figure - minimum (currency) 10000000

Potential financial impact figure - maximum (currency) 180000000

## Explanation of financial impact figure

The estimated financial savings are in the range of \$10-\$180 million. Government incentives can support the deployment of energy efficiency and renewable energy assets in service of our objectives. We estimated the high end of this range based on the expired US Production Tax Credit incentive of \$23/MWh for renewables and energy use equal to ~1/8 of our global total.

#### Cost to realize opportunity 6000000

## Strategy to realize opportunity and explanation of cost calculation

There are Associates responsible for implementing the Sustainable in a Generation Plan at Mars, Incorporated, business segment, and site level. The cost of this resource is between \$5m and \$6m. Of this, \$2.8m funds program management at a global and regional level, and \$2.5m is allocated to deploy our SiG Plan at site level. Our goal is to decouple environmental impacts from production volumes. Our targets are to reduce scope 1 and 2 emissions by 40% by 2025 and 100% by 2040 as part of our Sustainable in a Generation Plan. Increasing operational and capital efficiency and investing in energy-efficient new technologies are helping reduce emissions as far as possible. Examples of operational efficiency include driving down energy use through Associate behavior change and smarter equipment use. We also invest in technology and processes that use less power, such as heat pump systems that recover waste heat, and in the development of new technology such as DryF, an EU Horizon 2020 project to develop high temperature heat pumps for recovering waste heat in pet food manufacture.

## Comment

Identifie

Opp2

## Where in the value chain does the opportunity occur? Direct operations

Opportunity type

Resilience

## Primary climate-related opportunity driver

Participation in renewable energy programs and adoption of energy-efficiency measures

Primary potential financial impact

## Reduced indirect (operating) costs

## Company-specific description

We study changing precipitation patterns in locations across our supply chain. In agricultural areas where precipitation is increasing, we expect this to increase the supplies of some agricultural products, and to potentially open up new sourcing regions for certain crops. We are also working with suppliers to build longer term partnerships for sustainable growth by collaborating to mitigate and adapt to climate change impacts and ensure supplies of sustainable raw materials. For example, our work to investigate the climate change resilience and adaptive capacity of rice growers in Spain over the next 10-20 years has informed our sourcing strategy. We are now funding a project to increase the resilience of rice growing in southern Spain by testing and validating solutions for reducing water use and GHG emissions. The project aims to impact over 15,500 rice growing hectares belonging to over 15 farming groups by 2023.

#### Time horizon Medium-term

## Likelihood

About as likely as not

Magnitude of impact

Are you able to provide a potential financial impact figure? Yes, a single figure estimate

Potential financial impact figure (currency) 12000000

#### Potential financial impact figure – minimum (currency) <Not Applicable>

Potential financial impact figure – maximum (currency) <Not Applicable>

## Explanation of financial impact figure

We have already achieved benefits of at least \$12 million from acting on opportunities to source from areas less affected by climate change. We analyze scenarios to estimate the impact of changes in average precipitation on our supply chain. This helps us to estimate where the greatest impacts will occur. Our analysis estimates that although a change in average temperature has the potential to double sourcing costs for some materials, on the margin there will be some opportunities as new regions become viable sourcing locations. For example, building a sustainable rice program in Pakistan has saved us \$12 million to date.

Cost to realize opportunity 825000

## Strategy to realize opportunity and explanation of cost calculation

The estimated total cost of implementing our plans to capitalize on climate-related supply chain opportunities is \$9 million per year. This is based on current levels of spending on supply chain sustainability across all key raw materials within our three main business segments: Mars Wrigley, Mars Petcare, and Mars Food. Impact assessment is an integral part of developing our sustainable sourcing strategies using the Mars Strategic Sourcing Methodology (MSSM). We routinely scan crop-growth trends to anticipate shifts in geographic production patterns. While this more often highlights risks to existing production, it can also identify opportunities to source from alternative regions. To build resilience in existing sourcing locations, we are working with suppliers to build longer term partnerships for sustainable growth. This can lead to efficiency cost savings through, for example, lower input costs for fertilizer, water, and land. Our sustainable rice program in Pakistan has resulted in cost savings by reducing quality issues from 90% to 5%, while cutting water use and greenhouse gas emissions. We are expanding the program to India, Thailand and Cambodia.

#### Comment

Identifier

Орр3

## Where in the value chain does the opportunity occur? Downstream

Opportunity type Products and services

## Primary climate-related opportunity driver

Shift in consumer preferences

## Primary potential financial impact

Increased revenues resulting from increased demand for products and services

## Company-specific description

We are piloting ways to use our brands to engage customers and consumers on sustainability issues. This has the potential to create a win-win situation by raising awareness and changing behavior, while increasing sales. Examples include our M and Ms Fans of Wind campaign in the U.S.A., which raised awareness of the need for climate action and of our own ambitions for 100% renewable electricity.

Time horizon

Medium-term

750000

Likelihood More likely than not

Magnitude of impact

Are you able to provide a potential financial impact figure? Yes, a single figure estimate

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

## Potential financial impact figure – maximum (currency) <Not Applicable>

NUL Applicable>

## Explanation of financial impact figure

We would need to spend a conservative estimate of \$750,000 in order to garner the same level of media coverage generated by our Fans of Wind campaign (see below). The success of the campaign in generating media impressions means we consider this a saving in marketing spend. We did not estimate revenues from the campaign.

Cost to realize opportunity

0

The cost of running the M and Ms Fans of Wind campaign was minimal. We are piloting ways to use our brands to engage customers and consumers on sustainability issues. For example, our M and Ms Fans of Wind campaign in the U.S.A. led to almost 100 million positive media impressions and over 3 million social media impressions for M&Ms, as well as praise and recognition from stakeholders on websites including LinkedIn and Mashable. In September 2019, Mars announced its ambition to accelerate action to tackle climate change, with the launch of its new #PledgeForPlanet initiative. As part of the initiative, Mars is committing to further reduce greenhouse gas (GHG) emissions from its direct operations in line with the most ambitious aim of the Paris Agreement – to limit global temperature rise to 1.5 degrees Celsius. To this end, the initiative will see Mars accelerate climate action not only within the business, but also by mobilizing its Associates, suppliers and citizens everywhere to pledge to protect the planet and address the causes of climate change. Mars is calling on all its suppliers to participate through programming such as setting science-based targets, signing on to The Climate Group's RE100, and embracing a future with renewable energy at the center of plans for direct operations. Olam, a Mars supplier of cocoa and palm oil, has already signed on. Actress and singer Victoria Justice helped to kick off #PledgeForPlanet by making her own pledge to the planet and signing a public mural commissioned by Mars. The mural, designed by renowned artist Steven Harrington, illustrates what the world could look like if we all took urgent climate action to keep the planet from warming beyond 1.5 degrees Celsius. It was on public display in the heart of New York City during Climate Week at Bryant Park before moving to M&M'S World Times Square.

#### Comment

Identifier Opp4

## Where in the value chain does the opportunity occur?

Direct operations
Opportunity type

Energy source

#### Primary climate-related opportunity driver Use of lower-emission sources of energy

## Primary potential financial impact

Returns on investment in low-emission technology

### Company-specific description

We are transitioning our manufacturing operations to renewable electricity to achieve our 2040 goal of zero greenhouse gas emissions from direct operations. This will eliminate the emissions remaining after efficiency measures have been implemented. Our operations in 11 countries have already fully transitioned to renewable electricity sources and around 54% of our electricity use globally is renewable.

## Time horizon

Short-term

## Likelihood

Virtually certain

## Magnitude of impact

Low

## Are you able to provide a potential financial impact figure? Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

## Potential financial impact figure - minimum (currency)

1000000

#### Potential financial impact figure – maximum (currency) 10000000

## Explanation of financial impact figure

We are working to procure renewable electricity at the same cost as traditional electricity sources, and in many cases are making meaningful savings. Our renewable power purchasing agreements have created one-off savings of several million dollars in one country, and annual savings of \$1-\$2m in another country.

#### Cost to realize opportunity

0

## Strategy to realize opportunity and explanation of cost calculation

We are working to procure renewable electricity at the same cost as traditional electricity sources, and in many cases are making meaningful savings. We do not invest capital in renewable energy projects themselves, but instead form long-term purchasing agreements with energy providers which can finance infrastructure expansion. We therefore consider there to be no cost to realize this opportunity. We are eliminating the emissions remaining after efficiency measures have been implemented by investing in renewable energy. Our operations in 11 countries have already fully transitioned to renewable electricity sources and around 54% of our electricity use globally is renewable. We invest in three ways – by installing on-site renewable generation, through short-term power purchase agreements in Europe, and through long-term power purchase agreements in the USA and the UK. These agreements help finance renewable infrastructure development.

Comment

## C3. Business Strategy

## C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning? Yes, and we have developed a low-carbon transition plan (C3.1a) Does your organization use climate-related scenario analysis to inform its strategy? Yes, qualitative

## C3.1b

## (C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate- related scenarios and models applied	Details
2DS	Working with the Science Based Target initiative, World Resources Institute (WRI) and other partners, we calculated our share of the global carbon budget from 2015-2050 at a cumulative 560 MtCO2e, based on our 2015 emissions of 26.2 MtCO2e. The carbon budget is based on what is required to limit the increase in global average temperature to well below 2°C above pre-industrial levels, a threshold outlined in the international Paris Agreement on climate change. To stay beneath this threshold, scientists estimate that no more than 1 trillion tonnes of carbon dioxide can be added to the atmosphere. Global emissions since 1870 have already consumed more than half of that budget, leaving less than 500 billion tonnes to emit in the future. In a scenario where our annual emissions remain constant at 2015 levels, we will consume our share of the budget in less than 22 years. In a low-carbon transition where we achieve a 67% reduction by 2050, we will stay within our share of the global carbon budget. Based on this modelling, we have set targets to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. This is leading to major changes in the way we do business, and particularly in the way we source our raw materials, which accounts for ~75% of emissions in our value chain. For example, we have integrated sustainability criteria into our Mars Strategic Sourcing Methodology, including tools for impact assessment and strategic options for budgets for budgets our board generations and particularly to a specific raw material. In another example, we have published a policy and two country-level action plans for tackling deforestation in our cocoa supply chain.
Other, please specify (4.5 degree scenario)	In 2016, we ran a pilot project to investigate the climate change resilience and adaptive capacity of rice growers in Spain over the next 10-20 years, based on a scenario with 4.5 degrees of warming if 'business as usual' continues and no mitigation action is taken. We used those findings to inform our sourcing strategy and are now funding a project to increase the resilience of rice growing in southern Spain by testing and validating solutions for reducing water use and GHG emissions. The project aims to impact over 15,500 rice growing hectares belonging to over 15 farming groups by 2023. We also recognize the compelling findings of the IPCC 1.5 degree scenario report, and are working to integrate them into our Climate Action strategy.
Other, please specify (IPCC: A2, A1B, and B1 scenarios)	Mars uses the WRI Aqueduct tool to assess projected change in baseline water stress in geographies where we operate and source from. The projected change in baseline water stress is based on three different scenarios of climate change and socio-economic development created by the IPCC: the A2, A1B, and B1 scenario. Using this tool, we've identified watersheds in our supply chain that are experiencing stress or may experience stress in the future due to climate change. Some locations are included purely on the basis that Aqueduct shows they are likely to become water scarce in future. Reduced water availability in these watersheds may affect farmers' ability to grow crops for our raw materials, leading to price increases or shortages. We use the Aqueduct assessments to prioritize watersheds under the most stress and where agricultural water use is greatest. These watersheds are located in Australia, India, Pakistan, Spain and the United States. Our ultimate goal, our interim target is to cut unsustainable water use by half by 2025, in close collaboration with our suppliers and others across our extended value chain.

## C3.1d

## (C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate- related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Climate-related risks and opportunities have influenced our products primarily in the way we source our ingredients and carry out our manufacturing and distribution operations, as described in the relevant rows. In 2019, our pet food brand Royal Canin began offering carbon-neutral parcel deliveries for retailers via delivery partner DPD. DPD covers its scope 1 and 2 emissions via offsets in Europe primarily, as well as in Brazil and Russia. DPD provides an annual third-party audited account showing the carbon offset associated with their business and quarterly customer GHC reports. The parcels' packaging also incorporate recycled materials and are fully recyclable. While packaging is a relatively small part of our GHG footprint, we believe there is no such thing as a sustainable product in unsustainable packaging. Our paper, metal, rigid plastic and glass packaging are frequently recycled, where infrastructure exists. They are part of the circular economy where they can be kept in a loop for reuse, recycling or composting. We use these materials in glass sauce jars, gum bottles, pet food cans and chocolate products. Flexible plastic packages, however, are recycled far less. We use this packaging in formals ranging from large dog food bags to ready-to-heat rice pouches to small packs of candy or gum. Most of these packs end up in incineration or landfill, but some are littered and others find their way into the ocean. To counter these problems, in 2019 we launched our 2025 sustainable packaging plans: - 100% of plastic packaging - Recycling guidance for consumers in all major markets - Eliminate PVC (2020) Our plans aim to ensure a balance between reductions in the climate impact of our galax, as well as impacts at end of life. Business decisions include: - Removing 40% of weight from gum bottles in China between 2015 and 2018 Exploring innovative reuse models such as delivering "PerfectFii" et too in durable packaging that is collected and refiled, and bulk sales options like M&M Colonworks in grocery stores
Supply chain and/or value chain	Yes	Our targets are to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. We based these targets on the 2 degree scenario, by calculating our share of the carbon budget required to keep average global temperatures well below 2 degrees higher than pre-industrial temperatures, and then calculating the reductions we need to make across our entire value chain to stay within that budget. Our targets are included among our corporate objectives due to the potential impacts of climate change on the security of our raw material supplies. Agriculture and land use change emissions make up the lion's share – approximately 75% – of our estimated full value chain emissions of 26.2 million tonnes of carbon dioxide equivalent. Changes in precipitation patterns and extreme variability in weather patterns are a risk to the cost and availability of good quality agricultural raw materials. We estimate that 5% of our raw material spending could experience price shocks in the short-medium term. The effects of climate change may also affect where our raw materials can be produced. Our short-term strategy to 2025 involves reducing and avoiding deforestation and forest degradation related to the raw materials specification with concrete steps we expect our suppliers to take to prevent deforestation in our cocoa supply chain. These steps include obtaining GPS polygon coordinates for all farms in our supply chain and conducting deforestation impact assessments in all countries our cocoa is sourced from. While our GHG reduction targets aim to reduce our emissions consisten with helping to prevent the worst climate change is critical for the long-term sustainability of our business, and we continue to assess and respond to the impacts in our value chain. For example, we are funding a project to increase the resilience of rice growing in southern Spain by testing and validating solutions for reducing water use and GHG emissions. The project aims to impact over 15,500 rice growing hectar
Investment in R&D	Yes	Our investments in sustainability between 2016 and 2019 were approximately \$1 billion. These investments are roughly equal across the Healthy Planet, Thriving People and Nourishing Wellbeing pillars of our Sustainable in a Generation Plan. Our Healthy Planet investments are intended to meet our targets are to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. We based these targets on the 2 degree scenario, by calculating our share of the carbon budget required to keep average global temperatures well below 2 degrees higher than pre-industrial temperatures, and then calculating the reductions we need to make across our entire value chain to stay within that budget. Within the Healthy Planet strategy, a key area of investment is halting deforestation. We're making investments in traceability with cocoa; in agroforestry systems through the Livelihoods Fund for Family Farming; and in sourcing changes in palm oil, beef and soy. In 2019, we developed updated Deforestation Action Plans for beef and soy, which describe our commitments and actions to address deforestation in these supply chains. These include specific requirements for our soy supply chain and direct cattle suppliers for our beef ingredients in Latin America – a region with high conversion hot spots. We are also investing in R&D to reduce the environmental impact of our packaging, for example by investing in chemical recycling processes that break down plastic to the original building blocks to make new plastic or other useful materials.
Operations	Yes	Our targets are to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. We based these targets on the 2 degree scenario, by calculating our share of the carbon budget required to keep average global temperatures well below 2 degrees higher than pre-industrial temperatures, and then calculating the reductions we need to make across our entire value chain to stay within that budget. Energy use is a significant driver of emissions within our manufacturing operations, and we estimate that carbon taxes could apply to one-third of our energy-based emissions in the short-medium term Our short-term strategy toward 2025 involves increasing energy efficiency and expanding clean energy by investing in renewables. While we continue to pursue energy use reductions in our operations, switching to renewable and low-carbon sources is also important. Our strategy relies on both on- and off-site renewable energy projects. We use attribute tracking systems established by governments, grid operators or private contracts such as renewable energy certificates and other instruments to track the output of a generating asset against Mars' energy use. Mars is already using or purchasing renewable electricity to cover 54% of our total footprint, including 100 percent of our operations in Austria, Belgium, the Czech Republic, France, Hungary, Lithuania, Mexico, Poland, Spain, the United Kingdom and the United States. Beyond these 11 countries, we have signed a new 20-year power purchase agreement with Total EREN to purchase 100 percent of our electricity in Australia from solar power starting in 2020. We are also working on low-carbon low-carbon hermal energy to replace natural gas.

## C3.1e

## (C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial	Description of influence
	planning	
	elements	
	that have	
	been	
	influenced	
Row	Direct costs	Our investment in our Sustainable in a Generation Plan between 2016 and 2019 was approximately \$1 billion, with a high impact on direct and indirect costs and capital expenditures. These
1	Indirect	investments are roughly equal across the Healthy Planet, Thriving People and Nourishing Wellbeing pillars of our SiG Plan. Within the Healthy Planet strategy, a key area of investment is
	costs	halting deforestation. We're investing in traceability for cocoa, with the aim of sourcing 100% cocoa that is traceable to at least the farmer group by 2025. We are investing in sourcing changes in
	Capital	palm oil, beef and soy to ensure deforestation-free supply chains by 2025, and in agroforestry systems through the Livelihoods Fund for Family Farming. Our sustainable sourcing strategies will
	expenditures	mitigate against increases in the direct costs of sourcing our raw materials in the long term, through reduced risk, consolidated supply chains, longer-term supply contracts, and lower input costs
		for e.g. fertilizer and water. In our direct operations, our sustainability investments are leading to direct and indirect annual cost savings through increased water, electricity and materials
		efficiency. We facilitate approvals for capital expenditures that reduce water and energy consumption by setting the profitability threshold for such investments at a lower level than for other
		productivity measures, and by allowing a longer payback period. We're working to keep our spending on renewable energy on a par with other sources of electricity, and consider this a cost of
		doing business. In fact, our long-term, country-level contracts for renewable energy procurement are making meaningful savings in many cases, with one country saving \$5m and another saving
		up to \$2m annually.

## C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

## C4.1

(C4.1) Did you have an emissions target that was active in the reporting year? Absolute target

## C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

## Target reference number

Abs 1

Year target was set 2017

Target coverage Company-wide

## Scope(s) (or Scope 3 category)

Scope 1+2 (market-based) +3 (upstream)

## Base year

2015

Covered emissions in base year (metric tons CO2e) 33463018

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

## **Target year** 2025

Targeted reduction from base year (%) 27

Covered emissions in target year (metric tons CO2e) [auto-calculated] 24428003.14

Covered emissions in reporting year (metric tons CO2e) 32328896

% of target achieved [auto-calculated] 12.5525194764317

Target status in reporting year Underway

## Is this a science-based target?

Yes, this target has been approved as science-based by the Science-Based Targets initiative

## Please explain (including target coverage)

Our intention is to decouple GHG emissions from business growth across our full value chain, including emissions from our agricultural supply chain, which accounts for 75% of total emissions in our value chain. Our aim is to at least freeze emissions until 2020 and achieve a 27% reduction by 2025. This is an interim target toward the long-term commitment in Abs2, and is in line with recommendations to reduce global GHG emissions by 80% by 2050.

## Target reference number

Abs 2

Year target was set 2017

Target coverage Company-wide

Company-wide

Scope(s) (or Scope 3 category) Scope 1+2 (market-based) +3 (upstream)

Base year 2015

Covered emissions in base year (metric tons CO2e) 33463018

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

Target year

2050

Targeted reduction from base year (%)

67

100

Covered emissions in target year (metric tons CO2e) [auto-calculated] 11042795.94

#### Covered emissions in reporting year (metric tons CO2e) 32328896

% of target achieved [auto-calculated]

5.05847799796502

Target status in reporting year Underway

## Is this a science-based target?

No, but we are reporting another target that is science-based

## Please explain (including target coverage)

This is our long-term target for decoupling GHG emissions from business growth across our full value chain, including emissions from our agricultural supply chain, which account for 75% of total emissions in our value chain. This is a science-based target that has been set in line with scientific recommendations for reducing global GHG emissions by 80% by 2050. However, it has not been approved by the Science-Based Targets Initiative due to the length of our timescale.

Target reference number Abs 3

Year target was set 2017

Target coverage Company-wide

Scope(s) (or Scope 3 category) Scope 1+2 (market-based)

Base year 2015

Covered emissions in base year (metric tons CO2e) 1651937

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

97

Target year 2025

Targeted reduction from base year (%) 40

Covered emissions in target year (metric tons CO2e) [auto-calculated] 991162.2

Covered emissions in reporting year (metric tons CO2e) 1203545

% of target achieved [auto-calculated] 67.8585200283062

Target status in reporting year Underway

#### Is this a science-based target?

Yes, this target has been approved as science-based by the Science-Based Targets initiative

## Please explain (including target coverage)

Our aim is to decouple GHG emissions from business growth and achieve absolute emissions reductions. This is an interim target toward the long-term commitment in Abs4 of eliminating scope 1 and 2 emissions from operations, in line with recommendations to reduce global GHG emissions by 80% by 2050. It builds on the 25% absolute reduction in scope 1 & 2 emissions our operations already achieved between 2007 and 2015. The 3% currently out of scope is our estimate for scope 1 emissions from leased vehicles in our sales force, however, this is included within Abs1 and Abs2 above.

```
      Target reference number

      Abs 4

      Year target was set

      2017

      Target coverage

      Company-wide

      Scope(s) (or Scope 3 category)

      Scope 1+2 (market-based)

      Base year

      2015

      Covered emissions in base year (metric tons CO2e)

      1651937

      Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

      97
```

Target year

## 2040

Targeted reduction from base year (%) 100

Covered emissions in target year (metric tons CO2e) [auto-calculated]

0

Covered emissions in reporting year (metric tons CO2e) 1203545

% of target achieved [auto-calculated] 27.1434080113225

**Target status in reporting year** Underway

## Is this a science-based target?

Yes, this target has been approved as science-based by the Science-Based Targets initiative

## Please explain (including target coverage)

Our long-term commitment is to eliminate scope 1 and 2 emissions from operations, in line with recommendations to reduce global greenhouse gas emissions by 80% by 2050. The 3% currently out of scope is our estimate for scope 1 emissions from leased vehicles in our sales force, however, this is included within Abs1 and Abs2 above.

## C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year? Target(s) to increase low-carbon energy consumption or production Other climate-related target(s) (C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number Low 1

Year target was set 2017

Target coverage Company-wide

Target type: absolute or intensity Absolute

Target type: energy carrier Electricity

Target type: activity Consumption

Target type: energy source Renewable energy source(s) only

Metric (target numerator if reporting an intensity target) Percentage

Target denominator (intensity targets only) <Not Applicable>

Base year 2015

Figure or percentage in base year 33

**Target year** 2040

Figure or percentage in target year 100

Figure or percentage in reporting year 53.6

% of target achieved [auto-calculated] 30.7462686567164

**Target status in reporting year** Underway

## Is this target part of an emissions target?

Our renewable electricity goal contributes towards targets Abs3 and Abs4 to reduce GHG emissions from our direct operations by 40% by 2020 and to zero by 2040. In turn, these targets contribute to our value-chain wide targets (Abs1 and Abs2) for reducing all GHG emissions associated with our business.

## Is this target part of an overarching initiative? RE100

Please explain (including target coverage)

Mars is focused on reducing carbon emissions in its own operations and is gradually increasing renewable electricity supply to its sites worldwide with the goal that 100% of energy consumption will be fossil-fuel free by 2040. Mars has committed to 100% renewable electricity through its participation in the RE100 campaign.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number Oth 1

Year target was set 2017

Target coverage Company-wide

## Target type: absolute or intensity

Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Land use change Other, please specify (Total land area associated with our value chain in hectares)

## Target denominator (intensity targets only) <Not Applicable>

Base year

2015

Figure or percentage in base year 2716506

Target year 2025

Figure or percentage in target year 2716506

Figure or percentage in reporting year 2777891

% of target achieved [auto-calculated] <Calculated field>

Target status in reporting year Underway

#### Is this target part of an emissions target?

Freezing our land footprint and reducing the expansion of agriculture into forests will contribute to our value-chain wide targets (Abs1 and Abs2) for reducing all GHG emissions associated with our business. Mars is accelerating our efforts to stop deforestation and conversion of natural ecosystems in Mars supply chains identified as most at risk for driving deforestation: beef, cocca, palm oil, pulp and paper, and soy.

Is this target part of an overarching initiative? No, it's not part of an overarching initiative

## Please explain (including target coverage)

This metric relates to land use change and deforestation in our agricultural supply chain - both contributors to climate change. To calculate our land area, Mars utilized a combination of our raw material sourcing data and global peer-reviewed data-sets, such as the World Food Life Cycle Assessment database and ecoinvent. From these data sources, we estimated our total land footprint to be around 2.7 million hectares in our 2015 base year. Our goal is to hold flat the total land area associated with our value chain, even as we grow our business. We aim to do this by improving productivity and yields and addressing deforestation. The modest increase in our land area from our 2015 baseline reflects a growth in some raw materials that require high land use. We are working to develop strategies that will reduce the amount of land needed to grow our key ingredients, for example by working with farmers to boost yields and improve the resilience of crops including cocoa, rice, tomatoes and wheat.

## C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

## C4.3a

## (C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	265	333080
To be implemented*	271	249569
Implementation commenced*	0	0
Implemented*	261	15971
Not to be implemented	0	0

CDP

## (C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

#### Initiative category & Initiative type

Low-carbon energy consumption

Wind

## Estimated annual CO2e savings (metric tonnes CO2e) 7888

Scope(s)

Scope 2 (market-based)

#### Voluntary/Mandatory Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

#### 0

Investment required (unit currency – as specified in C0.4) 0

## Payback period

No payback

## Estimated lifetime of the initiative 3-5 years

## Comment

These estimated annual emissions savings relate to a multi-year contract for the purchase of renewable energy for Mars factories in Hungary.

## Initiative category & Initiative type

Energy efficiency in production processes

## Estimated annual CO2e savings (metric tonnes CO2e)

#### 256

## Scope(s)

Scope 1 Scope 2 (location-based) Scope 2 (market-based)

## Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency - as specified in C0.4)

4600

Investment required (unit currency – as specified in C0.4) 18000

Payback period 4-10 years

## Estimated lifetime of the initiative

## 6-10 years

Comment

Examples of initiatives to increase energy efficiency in production processes at one Mars factory are: - Implementation of automatic shutdown of equipment when not in use. - Increased product batch quantity sent through sterilization retort equipment. - Installation of steam insulating jackets. - Improved machine speed frequency controls.

## Initiative category & Initiative type

Energy efficiency in Other, please specify (The energy efficiency initiatives put in place by our factories globally are too many to list separately. We have provided examples above, and this row covers the remaining 259 scope 1 and scope 2 emissions reduction initiatives reported in C4.3a.)

## Estimated annual CO2e savings (metric tonnes CO2e) 7827

## Scope(s)

Scope 1 Scope 2 (location-based) Scope 2 (market-based)

## Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4) 895523

Investment required (unit currency – as specified in C0.4) 3239493

#### Payback period

Process optimization

#### 4-10 years

## Estimated lifetime of the initiative

6-10 years

## Comment

These savings were calculated based on the total reduction in energy intensity compared with the previous year.

## C4.3c

#### (C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Marginal abatement cost curve	In developing our strategies to deliver our Sustainable in a Generation (SiG) GHG emissions reduction targets, our business segments prioritize projects based on marginal abatement costs.
Dedicated budget for energy efficiency	Each Mars business segment sets aside budget for projects to improve energy efficiency, through both capital and operational expenditure in our factories.
Employee engagement	Our commitment to more sustainable operations is embedded in our culture. Associates from our manufacturing, research and development and procurement functions in each Mars business segment consider it a priority to implement our Sustainable in a Generation (SiG) Plan and improve performance at our operations. Our SiG workshops identify potential improvements in energy use and increase Associate engagement in our SiG Plan.
Other (Data management systems)	Site-level performance data help us assess how effective our efficiency and technology measures are and determine the best future investments. This process has already led us to accelerate renewable energy activities in order to keep us on track to meet our energy and greenhouse gas reduction targets.
Internal incentives/recognition programs	A percentage of the bonus for our top 100 executives is based on performance against our absolute Scope 1 and 2 emissions reduction target. In addition, our global Make the Difference Awards take place every other year to celebrate Associates who bring innovative thinking, fresh perspectives and personal commitment to their work. The awards include a 'planet' category for associates who improve our environmental performance. They reward innovation, responsibility and exceptional effort and help us share best practices across the organization.
Dedicated budget for other emissions reduction activities	Over the past three years (since 2015), we have almost tripled our sustainability investments to just under \$200m/year. Our investment between 2016 and 2019 will be approximately \$1 billion. These investments are roughly equal across the Healthy Planet, Thriving People and Nourishing Wellbeing pillars of our Sustainable in a Generation Plan. Within the Healthy Planet strategy, a key area of investment is halting deforestation. We're making investments in traceability with cocoa; investing in sourcing changes in palm oil, beef and soy; and investing in agroforestry systems through the Livelihoods Fund for Family Farming.

## C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions? Yes

## C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

#### Level of aggregation

Group of products

#### Description of product/Group of products

Our Uncle Ben's brand offers a wide range of dry rice, microwave rice and microwaveable rice pots. Rice is the staple food for 3.5 billion people, and consumption continues to rise. However, rice cultivation is responsible for 5-10% of global methane emissions, and rice can also contribute to GHG emissions during the cooking phase. Mars Food is committed to ensuring the production of more sustainable rice. We have reduced the climate impact of our UNCLE BEN'S branded rice products by working with farmers to ensure our rice comes from farmers working towards the Sustainable Rice Platform (SRP) standard, and by using innovative technology to reduce the cooking time on our UNCLE BEN'S® rice by half, resulting in an 18% reduction of GHG emissions during the cooking phase. At the end of 2019, 99% of rice farmers in our global supply chain and 100% of higher-risk basmati rice farmers in Pakistan and India were working toward the SRP standard. The good agricultural practices used as part of the standard help reduce methane emissions, and we expect to reduce CO2 equivalent emissions from farms supplying Mars Food in Spain and Italy by 40% by 2024. Life-cycle analysis shows that, across our full portfolio, product use represents just 0.3% of our total value chain GHG emissions. As a result, our strategies for reducing GHG emissions do not focus on this area, but we seek to make voluntary improvements beyond regulatory requirements for the small number of products where the product use phase is more significant. For instance, we used innovative technology to reduce the cooking time on our UNCLE BEN'S® rice by half, resulting in an 18% reduction of GHG emissions during the cooking phase. The cooking time reduction from 20 to 10 minutes if applied across our total production and based on an electric range boiling 1.5L of water and the same US electricity average represents a savings of nearly 50,000 tonnes of CO2e.

Are these low-carbon product(s) or do they enable avoided emissions? Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions Other, please specify (Life-cycle assessment)

% revenue from low carbon product(s) in the reporting year

3

% of total portfolio value <Not Applicable>

Asset classes/ product types <Not Applicable>

Comment

## C5.1

## (C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

#### Scope 1

Base year start January 1 2015

#### Base year end December 31 2015

Base year emissions (metric tons CO2e) 732830

#### Comment

Our base year is 2015, which we used to set our Sustainable in a Generation targets for value-chain wide emissions reductions.

Scope 2 (location-based)

Base year start January 1 2015

Base year end December 31 2015

## Base year emissions (metric tons CO2e)

1316385

## Comment

Our base year is 2015, which we used to set our Sustainable in a Generation targets for value-chain wide emissions reductions. This value increased vs. last year's reporting due to addition of Vet Health businesses.

## Scope 2 (market-based)

Base year start January 1 2015

oundary 1 2010

## Base year end December 31 2015

Base year emissions (metric tons CO2e)

## 919107

## Comment

Our base year is 2015, which we used to set our Sustainable in a Generation targets for value-chain wide emissions reductions. This value increased vs. last year's reporting due to addition of Vet Health businesses.

## C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

## C6. Emissions data

## C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

## **Reporting year**

Gross global Scope 1 emissions (metric tons CO2e) 672892

Start date <Not Applicable>

End date <Not Applicable>

Comment

#### (C6.2) Describe your organization's approach to reporting Scope 2 emissions.

#### Row 1

## Scope 2, location-based

We are reporting a Scope 2, location-based figure

## Scope 2, market-based

We are reporting a Scope 2, market-based figure

## Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

#### Reporting year

Scope 2, location-based 1098902

Scope 2, market-based (if applicable) 530653

Start date

<Not Applicable>

End date <Not Applicable>

Comment

## C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

## C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

#### Source

Sales autos

Relevance of Scope 1 emissions from this source Emissions are relevant and calculated, but not disclosed

Relevance of location-based Scope 2 emissions from this source

No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable) No emissions from this source

## Explain why this source is excluded

Emissions from sales autos are excluded from our science-based Scope 1 & Scope 2 target because sales auto business activities are managed separately from the rest of our direct operations. However, these emissions are included and accounted for in our full value chain Science Based target.

## C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status Relevant, calculated

Metric tonnes CO2e 27340839

#### Emissions calculation methodology

We calculated emissions using a combination of primary data, geographically-specific public life-cycle analysis data sets, and internal data on our material usage.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

## Please explain

28

Impacts calculated using a combination of primary data and geographically-specific public lifecycle analysis datasets, coupled with internal material usage.

### Capital goods

Evaluation status Relevant, calculated

Metric tonnes CO2e

#### Emissions calculation methodology

We calculated these emissions using representative capital projects and secondary data sources for material emissions factors (e.g. steel, concrete).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

#### 0

Please explain

Calculated using representative capital projects and secondary data sources for material emissions factors (e.g. steel, concrete).

#### Fuel-and-energy-related activities (not included in Scope 1 or 2)

**Evaluation status** 

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

## Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

# <Not Applicable> Please explain

These activities are not applicable to our business as a food manufacturer.

#### Upstream transportation and distribution

Evaluation status Relevant, calculated

Metric tonnes CO2e 848148

## Emissions calculation methodology

Emissions from outbound logistics are calculated using distance, weight and fuel emissions factors. Emissions from inbound logistics are estimated as equivalent to outbound. (Emissions from outbound logistics are now captured under "Downstream transportation & distribution".)

#### Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

#### Please explain

Emissions from outbound logistics are calculated using distance, weight and fuel emissions factors. Emissions from inbound logistics are estimated as equivalent to outbound. (Emissions from outbound logistics are now captured under "Downstream transportation & distribution".)

## Waste generated in operations

#### **Evaluation status**

Not relevant, explanation provided

## Metric tonnes CO2e

<Not Applicable>

## Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

## <Not Applicable>

## Please explain

Our direct manufacturing operations send zero waste to landfill. End of life impacts of packaging waste are covered in "End of life treatment of sold Products". A significant majority of product (food) waste is reused as animal feed, avoiding emissions by displacing other feeds (though we do not claim these benefits).

## **Business travel**

**Evaluation status** 

Relevant, calculated

## Metric tonnes CO2e

## Emissions calculation methodology

Calculated using data from travel providers including flight class/segment length data.

#### Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

## Please explain

Calculated using data from travel providers including flight class/segment length data as well as 2019 DEFRA emission factors.

#### Employee commuting

Evaluation status Relevant, calculated

Metric tonnes CO2e

## Emissions calculation methodology

Estimated using actual headcount plus estimated distances and vehicle efficiencies.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

## Please explain

#### Upstream leased assets

**Evaluation status** Not relevant, explanation provided

Metric tonnes CO2e <Not Applicable>

## Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners <Not Applicable>

## Please explain

Our business does not have any upstream leased assets.

## Downstream transportation and distribution

Evaluation status Relevant, calculated

Metric tonnes CO2e 2318902

## Emissions calculation methodology

Calculated from published retail scope 1 and 2 footprint data and market share, plus Mars contracted outbound logistics.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

## Please explain

Processing of sold products

Evaluation status

Not relevant, explanation provided
Metric tonnes CO2e

<Not Applicable>

## Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners <Not Applicable>

#### Please explain

Mars products do not require any further processing before the use phase.

#### Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e 66003

## Emissions calculation methodology

Calculated based on the time and energy required to cook UNCLE BEN'S rice products.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

#### End of life treatment of sold products

Evaluation status Relevant, calculated

Metric tonnes CO2e

## Emissions calculation methodology

Calculated based on regional recycling/landfill/incineration rates for packaging materials.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

#### 0

Please explain

#### Downstream leased assets

**Evaluation status** Not relevant, explanation provided

Metric tonnes CO2e <Not Applicable>

## Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners <Not Applicable>

#### Please explain

Our business does not have any downstream leased assets.

## Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e <Not Applicable>

## Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners <Not Applicable>

#### Please explain

Our business does not lease or operate any franchises.

## Investments

**Evaluation status** Not relevant, explanation provided

Metric tonnes CO2e <Not Applicable>

## Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners <Not Applicable>

## Please explain

Our business does not make any significant external investments.

## Other (upstream)

Evaluation status

Not relevant, explanation provided

## Metric tonnes CO2e <Not Applicable>

P.P. ------

## Emissions calculation methodology <Not Applicable>

vivor Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners <Not Applicable>

## Please explain

All upstream emissions sources are accounted for in other categories.

## Other (downstream)

## Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e <Not Applicable>

#### <not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

# <Not Applicable> Please explain

All downstream emissions sources are accounted for in other categories.

## C-AC6.6/C-FB6.6/C-PF6.6

(C-AC6.6/C-FB6.6/C-PF6.6) Can you break down your Scope 3 emissions by relevant business activity area? Yes

## C-AC6.6a/C-FB6.6a/C-PF6.6a

(C-AC6.6a/C-FB6.6a/C-PF6.6a) Disclose your Scope 3 emissions for each of your relevant business activity areas.

#### Activity

Agriculture/Forestry

### Scope 3 category

Purchased goods and services

#### Emissions (metric tons CO2e) 25683994

#### Please explain

We calculated these emissions using a combination of primary data, geographically-specific public life-cycle analysis data sets, and internal data on our agricultural raw material usage, including paper and board.

#### Activity Distribution

## Scope 3 category

Downstream transportation and distribution

Emissions (metric tons CO2e) 2318902

## Please explain

We calculated these emissions from published retail scope 1 and 2 footprint data and market share, plus data from Mars' contracted outbound logistics providers.

Activity

Consumption

#### Scope 3 category End of life treatment of sold products

Emissions (metric tons CO2e)

## 187184

## Please explain

We calculated these emissions based on our packaging volumes and regional recycling/landfill/incineration rates for packaging materials.

## C-AC6.8/C-FB6.8/C-PF6.8

(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure? Yes

## C-AC6.8a/C-FB6.8a/C-PF6.8a

(C-AC6.8a/C-FB6.8a/C-PF6.8a) Account for biogenic carbon data pertaining to your direct operations and identify any exclusions.

CO2 emissions from biofuel combustion (processing/manufacturing machinery)

Emissions (metric tons CO2) 10840

#### Methodology

Region-specific emissions factors

## Please explain

We calculated this data using the World Resource Institute (2015) GHG Protocol tool for stationary combustion V4.1. We entered emissions for all of our locations which are fueled by Biomass or Biogas.

## C-AC6.9/C-FB6.9/C-PF6.9

(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?

#### Agricultural commodities

Cattle products

Do you collect or calculate GHG emissions for this commodity?

## Please explain

Yes

All beef slaughterhouse locations in our supply chain are tracked and World Food Life Cycle Database, Ecoinvent, Agribalyse or third-party verified, supplier-specific lifecycle assessment datasets are used to calculate our scope 3 emissions for beef and dairy cattle products.

## Agricultural commodities

Rice

Yes

Do you collect or calculate GHG emissions for this commodity?

## Please explain

All rice origin locations in our supply chain are tracked and World Food Life Cycle Database, Ecoinvent, Agribalyse or third-party verified, supplier-specific lifecycle assessment datasets are used to calculate our scope 3 emissions.

## Agricultural commodities

Sugar

## Do you collect or calculate GHG emissions for this commodity?

Yes

## Please explain

All sugar origin locations in our supply chain are tracked and World Food Life Cycle Database, Ecoinvent, Agribalyse or third-party verified, supplier-specific lifecycle assessment datasets are used to calculate our scope 3 emissions.

#### Agricultural commodities

Timber

Yes

Yes

## Do you collect or calculate GHG emissions for this commodity?

## Please explain

All pulp and paper origin regions in our supply chain are tracked and World Food Life Cycle Database, Ecoinvent, Agribalyse or third-party verified, supplier-specific lifecycle assessment datasets are used to calculate our scope 3 emissions.

## Agricultural commodities

Other (Cocoa)

Do you collect or calculate GHG emissions for this commodity?

## Please explain

All cocoa origin regions in our supply chain are tracked and World Food Life Cycle Database, Ecoinvent, Agribalyse or third-party verified, supplier-specific lifecycle assessment datasets are used to calculate our scope 3 emissions. We are also obtaining on-the-ground polygon maps of the smallholder farms in our supply chain, which we plan to incorporate into our cocoa lifecycle assessment datasets in the near future.

## C-AC6.9a/C-FB6.9a/C-PF6.9a

(C-AC6.9a/C-FB6.9a/C-PF6.9a) Report your greenhouse gas emissions figure(s) for your disclosing commodity(ies), explain your methodology, and include any exclusions.

#### **Cattle products**

Reporting emissions by

Total

Emissions (metric tons CO2e) 5171559

Denominator: unit of production

<Not Applicable>

## Change from last reporting year

Lower

## Please explain

All beef slaughterhouse locations in our supply chain are tracked and World Food Life Cycle Database, Ecoinvent, Agribalyse or third-party verified, supplier-specific lifecycle assessment datasets are used to calculate our scope 3 emissions for beef and dairy cattle products. We have strategies in place to reduce our emissions from dairy, to reduce purchases of cattle products and shift to lower footprint raw materials for our pet foods.

#### Rice

Reporting emissions by

Total

Emissions (metric tons CO2e) 945788

## Denominator: unit of production

<Not Applicable>

## Change from last reporting year Higher

## Please explain

All rice origin locations in our supply chain are tracked and World Food Life Cycle Database, Ecoinvent, Agribalyse or third-party verified, supplier-specific lifecycle assessment datasets are used to calculate our scope 3 emissions. We have strategies in place to improve farmers yields in our supply chain which are reducing unsustainable water withdrawals and GHG per tonne of rice sourced. These programs were offset by a 9% increase in our sourced rice volumes in 2019 from 2018.

## Sugar

Reporting emissions by

Total

Emissions (metric tons CO2e) 691663

Denominator: unit of production <Not Applicable>

Change from last reporting year Much higher

### Please explain

All sugar origin locations in our supply chain are tracked and World Food Life Cycle Database, Ecoinvent, Agribalyse or third-party verified, supplier-specific lifecycle assessment datasets are used to calculate our scope 3 emissions. In 2019, our sugar purchases increased along with a less favorable sourcing location mix resulting in a 24.9% increase in GHG emissions.

#### Timber

Reporting emissions by Total

## Emissions (metric tons CO2e)

581504

Denominator: unit of production <Not Applicable>

Change from last reporting year Lower

## Please explain

All pulp and paper origin regions in our supply chain are tracked and World Food Life Cycle Database, Ecoinvent, Agribalyse or third-party verified, supplier-specific lifecycle assessment datasets are used to calculate our scope 3 emissions. Earthworm, our traceability partner, helps us map our pulp and paper supply chain. This is a lagging indicator and represents 2018 tCO2e. Our packaging GHG decreased 7% since prior year due to both sourcing location mix and a slight decline in purchased volume.

#### Other

Reporting emissions by Total

Emissions (metric tons CO2e)

10593089

Denominator: unit of production <Not Applicable>

Change from last reporting year

Lower

## Please explain

All cocoa origin regions in our supply chain are tracked and World Food Life Cycle Database, Ecoinvent, Agribalyse or third-party verified, supplier-specific lifecycle assessment datasets are used to calculate our scope 3 emissions. We are also obtaining on-the-ground location data on the smallholder farmers in our supply chain, which we plan to incorporate into our cocoa lifecycle assessment datasets in the near future. Emissions from cocoa sourcing were 10,593,089 tonnes in 2019. This was a 5.9% decrease on 2018 caused by changes in the mix of cocoa products that we source.

## C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

## Intensity figure

33.4

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e) 1203545

Metric denominator

unit total revenue

Metric denominator: Unit total 36000

Scope 2 figure used Market-based

% change from previous year 2.8

Direction of change Decreased

## Reason for change

Our emissions intensity decreased in 2019 due to continued efficiency improvements and increased renewable electricity sourcing, coupled with increased revenue. We achieved 100% renewable power coverage in Hungary during 2019 in addition to the 10 countries that were already sourcing 100% renewable electricity.

## Intensity figure

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e) 1203545

Metric denominator metric ton of product

Metric denominator: Unit total 8278004

Scope 2 figure used Market-based

% change from previous year 11.8

Direction of change Increased

## Reason for change

Our emissions per tonne of product increased in 2019 compared to our 2018 reported values. This was due to improved accounting for our acquired veterinary businesses, leading to increased total energy consumption without additional production tonnage. Those emissions have since been added into the baseline year and historical data, so this increase is a one time result of the accounting change.

## C7. Emissions breakdowns

## C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	659885	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	8928	IPCC Fifth Assessment Report (AR5 - 100 year)
Other, please specify (Other refrigerants )	4078	IPCC Fifth Assessment Report (AR5 - 100 year)

## C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)	
Africa and Middle East	10012	
CIS and Asia	130264	
Europe	176437	
Americas	356634	

## C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide. By business division

## C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Mars Wrigley	260802
Mars Food	41224
Mars Petcare	357531
Mars Edge	405
Offices & Retail	13385

## C-AC7.4/C-FB7.4/C-PF7.4

(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?

Yes

C-AC7.4b/C-FB7.4b/C-PF7.4b

(C-AC7.4b/C-FB7.4b/C-PF7.4b) Report the Scope 1 emissions pertaining to your business activity(ies) and explain any exclusions. If applicable, disaggregate your agricultural/forestry by GHG emissions category.

## Activity

Processing/Manufacturing

## Emissions category

<Not Applicable>

Emissions (metric tons CO2e) 672892

## Methodology

Default emissions factor

## Please explain

These emissions are calculated from the volume or energy content of fuels used within our operational boundaries.

## C7.5

## (C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Africa and Middle East	40142	39342	65206	4344
CIS and Asia	320258	320387	518856	498
Europe	219938	38720	751997	539317
Americas	519260	132205	1157862	752697

## C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide. By business division

## C7.6a

## (C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Mars Wrigley	590451	260576
Mars Food	24524	10679
Mars Petcare	336997	130318
Mars Edge	1784	0
Offices and Retail	145842	129079

## C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year? Increased

## C7.9a

## (C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	7888	Decreased	0.7	This decrease in emissions reflects procurement of 100% renewable electricity at Mars sites in Hungary.
Other emissions reduction activities	8083	Decreased	0.7	This decrease is due to efficiency initiatives (energy efficiency: processes) described in C4.3b.
Divestment		<not applicable=""></not>		
Acquisitions	52493	Increased	4.4	This increase is due to accounting for the acquisition of several veterinary hospital networks
Mergers		<not applicable=""></not>		
Change in output	35239	Decreased	2.9	This decrease in emissions reflects a decrease in energy consumption related to output.
Change in methodology		<not applicable=""></not>		
Change in boundary		<not applicable=""></not>		
Change in physical operating conditions		<not applicable=""></not>		
Unidentified		<not applicable=""></not>		
Other		<not applicable=""></not>		

## C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

## C8. Energy

## C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy? More than 0% but less than or equal to 5%

## C8.2

## (C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

## C8.2a

## (C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	47925	3583582	3631508
Consumption of purchased or acquired electricity	<not applicable=""></not>	1270325	1100867	2371192
Consumption of purchased or acquired heat	<not applicable=""></not>	2659	0	2659
Consumption of purchased or acquired steam	<not applicable=""></not>	21784	113773	135557
Consumption of purchased or acquired cooling	<not applicable=""></not>	<not applicable=""></not>	<not applicable=""></not>	<not applicable=""></not>
Consumption of self-generated non-fuel renewable energy	<not applicable=""></not>	3964	<not applicable=""></not>	3964
Total energy consumption	<not applicable=""></not>	1346657	4798222	6144879

#### (C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

## C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

## Fuels (excluding feedstocks) Liquefied Petroleum Gas (LPG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization 64879

MWh fuel consumed for self-generation of electricity <Not Applicable>

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam <Not Applicable>

MWh fuel consumed for self-generation of cooling <Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Emission factor 0.05683

Unit

metric tons CO2e per GJ

## Emissions factor source

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

#### Comment

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

Fuels (excluding feedstocks) Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization 15073

MWh fuel consumed for self-generation of electricity <Not Applicable>

MWh fuel consumed for self-generation of heat 0

MWh fuel consumed for self-generation of steam <Not Applicable>

MWh fuel consumed for self-generation of cooling <Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration 0

0

Emission factor 0.07062

Unit

metric tons CO2e per GJ

#### Emissions factor source

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

## Comment

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

## Fuels (excluding feedstocks) Fuel Oil Number 4

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization 1558

MWh fuel consumed for self-generation of electricity <Not Applicable>

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam <Not Applicable>

MWh fuel consumed for self-generation of cooling <Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration 0

Emission factor 0.06944

Unit metric tons CO2e per GJ

## **Emissions factor source**

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

Comment

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

Fuels (excluding feedstocks) Fuel Oil Number 5

Heating value HHV (higher heating value)

**Total fuel MWh consumed by the organization** 12070

MWh fuel consumed for self-generation of electricity <Not Applicable>

MWh fuel consumed for self-generation of heat 0

MWh fuel consumed for self-generation of steam <Not Applicable>

MWh fuel consumed for self-generation of cooling <Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration 0

Emission factor 0.07376

Unit metric tons CO2e per GJ

## **Emissions factor source**

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

## Comment

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

Fuels (excluding feedstocks) Petrol

Heating value HHV (higher heating value)

Total fuel MWh consumed by the organization 23

MWh fuel consumed for self-generation of electricity <Not Applicable>

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam <Not Applicable>

## MWh fuel consumed for self-generation of cooling <Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

0

Emission factor 0.06606

Unit

metric tons CO2e per GJ

### **Emissions factor source**

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

## Comment

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

Fuels (excluding feedstocks) Natural Gas

Heating value HHV (higher heating value)

Total fuel MWh consumed by the organization 3489282

MWh fuel consumed for self-generation of electricity <Not Applicable>

MWh fuel consumed for self-generation of heat 0

MWh fuel consumed for self-generation of steam <Not Applicable>

MWh fuel consumed for self-generation of cooling <Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration 332473

Emission factor

Unit metric tons CO2e per GJ

## **Emissions factor source**

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

## Comment

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

Fuels (excluding feedstocks) Other Petroleum Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization 698

MWh fuel consumed for self-generation of electricity <Not Applicable>

MWh fuel consumed for self-generation of heat 0

MWh fuel consumed for self-generation of steam <Not Applicable>

MWh fuel consumed for self-generation of cooling <Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor

0.05683 Unit

metric tons CO2e per GJ

## Emissions factor source

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

#### Comment

GHG Protocol's "Stationary Combustion tool", version 4.1, using Scope 1 fuel GWP Set = "2014 IPCC Fifth Assessment Report"

#### Fuels (excluding feedstocks) Biogas

Heating value HHV (higher heating value)

Total fuel MWh consumed by the organization 29725

MWh fuel consumed for self-generation of electricity <Not Applicable>

MWh fuel consumed for self-generation of heat 0

MWh fuel consumed for self-generation of steam <Not Applicable>

MWh fuel consumed for self-generation of cooling <Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration 9533

Emission factor 0.0546

Unit metric tons CO2e per GJ

## Emissions factor source

2006 IPCC guidelines for National Greenhouse Gas Inventories (accessed through the GHGP Biogenic emissions Excel tool)

## Comment

2006 IPCC guidelines for National Greenhouse Gas Inventories (accessed through the GHGP Biogenic emissions Excel tool)

Fuels (excluding feedstocks) Wood Waste

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization 18200

MWh fuel consumed for self-generation of electricity <Not Applicable>

MWh fuel consumed for self-generation of heat 0

MWh fuel consumed for self-generation of steam <Not Applicable>

MWh fuel consumed for self-generation of cooling <Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

Emission factor 0.112

0

Unit metric tons CO2e per GJ

## Emissions factor source

2006 IPCC guidelines for National Greenhouse Gas Inventories (accessed through the GHGP Biogenic emissions Excel tool)

## Comment

2006 IPCC guidelines for National Greenhouse Gas Inventories (accessed through the GHGP Biogenic emissions Excel tool)

## C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	79568	79568	3964	3964
Heat	0	0	0	0
Steam	86020	86020	1744	1744
Cooling	0	0	0	0

## C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

#### Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

## Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

North America

#### MWh consumed accounted for at a zero emission factor

692255

## Comment

All these RECs originate from a single 118-turbine wind farm in Texas, USA, that Mars partnered to develop. The US RECs are certified, stored and transferred to Mars from the Electric Reliability Council of Texas, Inc. (ERCOT) systems. ERCOT is the independent organization certified under Public Utility Regulatory Act (PURA) § 39.151 by the Public Utility Commission of Texas (PUCT).

#### Sourcing method

Other, please specify (Portfolio Energy Credits (PECs))

Low-carbon technology type Solar

Country/region of consumption of low-carbon electricity, heat, steam or cooling North America

#### MWh consumed accounted for at a zero emission factor

1138

#### Comment

Portfolio Energy Credits (PECs) are certified, stored and transferred to Mars from the Nevada Tracks Renewable Energy Credits (NVTREC). Credits are certified after the end of each year. Included within the statutes defining Nevada's Renewable Portfolio Standard is a provision (NRS 704.7821) that authorizes the creation of a system of PECs. This system allows renewable energy producers to earn and sell PECs to electricity utilities that are required to meet Nevada's Renewable Portfolio Standard. This system of earning and selling portfolio credits, called the PEC Trading Program, is administered by the Public Utility Commission of Nevada (PUCN).

#### Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

## Low-carbon technology type

Wind

#### Country/region of consumption of low-carbon electricity, heat, steam or cooling

Europe

## MWh consumed accounted for at a zero emission factor

204306

## Comment

This consumption is from our contracted renewable supply in Belgium, Lithuania, Spain, Poland, and the Czech Rep., with the majority of generation from wind power.

## Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

## Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling Europe

## MWh consumed accounted for at a zero emission factor

122642

## Comment

The renewable energy attributes of this project are managed by the UK Government, independent of Mars or the owners of the Moy Windfarm.

## Sourcing method

Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

## Low-carbon technology type

Hydropower

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed accounted for at a zero emission factor 187926

## Comment

The label generated by e-Control discloses the percentage of each type of energy supplied to our organization. Generation takes place in Austria.

## Sourcing method

Other, please specify (Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company)

## Low-carbon technology type

Solar

Country/region of consumption of low-carbon electricity, heat, steam or cooling Asia Pacific (or JAPA)

Asia Facilic (UI JAF

## MWh consumed accounted for at a zero emission factor

1424

## Comment

This consumption is from on-site solar photovoltaic electricity at our location in China, backed by certificates or contracts specifying exclusivity.

#### Sourcing method

Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

## Low-carbon technology type Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

Latin America (LATAM)

## MWh consumed accounted for at a zero emission factor

57975

## Comment

This consumption is from a self-supply scheme power purchase agreement with CFE in Mexico, supported by tracking instruments.

## Sourcing method

Other, please specify (Grid mix of renewable electricity)

## Low-carbon technology type

Geothermal

## Country/region of consumption of low-carbon electricity, heat, steam or cooling

MWh consumed accounted for at a zero emission factor

## 2659

Europe

## Comment

This consumption is geothermal energy used at our factory in Hungary, with an emissions factor based on the Hungarian grid average.

## C9. Additional metrics

#### (C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Land use

Metric value 2777891

Metric numerator Total hectares of land in our value chain

#### Metric denominator (intensity metric only)

Not applicable, this is not an intensity metric

## % change from previous year

0.1

## Direction of change

#### Please explain

This metric relates to land use change and deforestation in our agricultural supply chain - both contributors to climate change. To calculate our land area, Mars utilized a combination of our raw material sourcing data and global peer-reviewed data-sets, such as the World Food Life Cycle Assessment database and ecoinvent. From these data sources, we estimated our total land footprint to be around 2.7 million hectares in our 2015 base year. Our goal is to hold flat the total land area associated with our value chain, even as we grow our business. We aim to do this by improving productivity and yields and addressing deforestation. Mars is accelerating our efforts to stop deforestation and conversion of natural ecosystems in Mars supply chains identified as most at risk for driving deforestation: beef, cocoa, palm oil, pulp and paper, and soy. In 2019, we successfully held the land area in our supply chain roughly flat.

## Description

## Other, please specify (Gap to sustainable value chain water use)

Metric value 366390

Metric numerator Million cubic meters

Metric denominator (intensity metric only) Year

% change from previous year 4.6

Direction of change Decreased

## Please explain

This metric measures Mars' progress towards our water stewardship goal to ensure water use in our value chain is within annually renewable levels by watershed. This is relevant because climate change is likely to increase water scarcity in some areas where we operate and source from. We chose this target because it is context-based, and so focuses on playing our part in solving water availability issues in the watersheds we operate in or source from. The total gap to sustainable water use levels in our value chain has reduced from 2018 to 2019, and by 27.7% since 2015, meaning that we have achieved 55.4% of our target to halve the gap by 2025. These reductions are the result of deploying strategies aimed at reducing unsustainable water use, including our manufacturing site water efficiency programs and our purchasing decisions for raw materials such as rice, maize, mint and sugar, which involve high water usage and are sourced from water-stressed areas. We are developing water-use improvement targets for these raw materials in areas such as irrigation efficiency and evapotranspiration benchmarks. More information is available in our Water Stewardship Position Statement: https://www.mars.com/about/policies-and-practices/water-stewardship

## C10. Verification

## C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status	
Scope 1	Third-party verification or assurance process in place	
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place	
Scope 3	Third-party verification or assurance process in place	

## C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place Annual process

Status in the current reporting year

Complete

Type of verification or assurance Limited assurance

Attach the statement

Mars CY2019 GHG and Environmental Data AS April 27 2020 S1and2-ASRauthorized final July 13 update S1 and S2 and S3 final.pdf

Page/ section reference Entire document

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%) 100

## C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach Scope 2 location-based

Verification or assurance cycle in place Annual process

Status in the current reporting year Complete

Type of verification or assurance Limited assurance

Attach the statement Mars CY2019 GHG and Environmental Data AS April 27 2020 S1and2-ASRauthorized final July 13 update S1 and S2 and S3 final.pdf

Page/ section reference Whole document

Relevant standard ISO14064-3

Proportion of reported emissions verified (%) 100

Scope 2 approach Scope 2 market-based

Verification or assurance cycle in place Annual process

Status in the current reporting year Complete

Type of verification or assurance Limited assurance

Attach the statement Mars CY2019 GHG and Environmental Data AS April 27 2020 S1and2-ASRauthorized final July 13 update S1 and S2 and S3 final.pdf

Page/ section reference Whole document

Relevant standard ISO14064-3

Proportion of reported emissions verified (%) 100

## C10.1c

## (C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

## Scope 3 category

Scope 3: Purchased goods and services

## Verification or assurance cycle in place Annual process

Status in the current reporting year

Complete

## Type of verification or assurance

Limited assurance

## Attach the statement

Mars CY2019 GHG and Environmental Data AS April 27 2020 S1and2-ASRauthorized final July 13 update S1 and S2 and S3 final.pdf

#### Page/section reference Whole document

whole aboutten

Relevant standard ISO14064-3

## Proportion of reported emissions verified (%)

9.2

## C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5? Yes

## C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C6. Emissions data	Other, please specify (Scope 3 GHG emissions related to the purchase of dairy)	ISO 14064- 3:2006	This year LRQA verified the scope 3 GHG emissions in our supply chain associated with the sourcing of dairy products as raw materials for our products. This data is included in our response to C-FB6.9.

## C11. Carbon pricing

## C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)? Yes

## C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations. China national ETS EU ETS

## C11.1b

(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.

China national ETS

% of Scope 1 emissions covered by the ETS

% of Scope 2 emissions covered by the ETS

Period start date January 1 2019

Period end date December 31 2019

Allowances allocated 19238

Allowances purchased

Verified Scope 1 emissions in metric tons CO2e 2297.94

Verified Scope 2 emissions in metric tons CO2e 0

Details of ownership Facilities we own and operate

Comment

## EU ETS

% of Scope 1 emissions covered by the ETS 5

% of Scope 2 emissions covered by the ETS 0

Period start date January 1 2019

Period end date December 31 2019

Allowances allocated 23629

Allowances purchased 17500

Verified Scope 1 emissions in metric tons CO2e 36801

Verified Scope 2 emissions in metric tons CO2e 0

Details of ownership Facilities we own and operate

Comment

## C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

We ensure compliance with carbon pricing and tax systems through our Sustainable in a Generation Plan. Within this plan, our targets are to reduce scope 1 & 2 emissions by 40% by 2025 and 100% by 2040.

Increasing operational and capital efficiency and investing in energy-efficient new technologies are helping reduce emissions as far as possible. Examples of operational efficiency include driving down energy use through Associate behavior change and smarter equipment use. We also invest in technology and processes that use less power, such as heat pump systems that recover waste heat, and in the development of new technology such as DryF, an EU Horizon 2020 project to develop high temperature heat pumps for recovering waste heat in pet food manufacture.

We are eliminating the remaining emissions by investing in renewable electricity. Our operations in 10 countries have already fully transitioned to renewable electricity sources. Around 58% of our electricity used globally is renewable. We invest in three ways – by installing on-site renewable generation, through short-term power purchase agreements in Europe, and through long-term power purchase agreements in the USA and the UK. In some cases these agreements help finance renewable infrastructure development.

## C11.3

(C11.3) Does your organization use an internal price on carbon? Yes

## C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price Change internal behavior Drive low-carbon investment

## GHG Scope

Scope 1 Scope 2

Scope 3

## Application

Avoiding future carbon taxes formed part of the business case for our Sustainable in a Generation Plan and associated \$1 billion investment in sustainability by 2019. We used an internal carbon price to calculate potential savings from avoided carbon taxes, to help build a compelling business case and secure sign-off for the SIG Plan and associated investment from the Mars Leadership Team and Board. Implementing the SIG Plan involves significant shifts in some aspects of our business, such as investment in long-term renewable energy contracts to reduce scope 2 emissions in our direct operations, and changes to the way we source our raw materials to reduce scope 3 emissions in our agricultural supply chain.

## Actual price(s) used (Currency /metric ton)

30

## Variance of price(s) used

To determine the impact of carbon pricing on each of our business segments, we modeled different time horizons (2025 and 2040) and different elements of our value chain (sourcing, operations, logistics). For each element of the value chain, we assessed: - likelihood of taxation - level of taxation - the % of the tax that Mars would be responsible. In each case, we modeled three scenarios: best case, worst case and most likely case.

## Type of internal carbon price

Implicit price

## Impact & implication

Implementing the SIG Plan involves significant shifts in some aspects of our business, such as investment in long-term renewable energy contracts to reduce scope 2 emissions from our direct operations, and changes to the way we source our raw materials to reduce scope 3 emissions in our agricultural supply chains for raw materials such as beef, rice and cocoa. Mars is already using or purchasing renewable electricity to cover 54% of our total footprint, including 100% of our operations in Austria, Belgium, the Czech Republic, France, Lithuania, Mexico, Poland, Spain, the United Kingdom and the United States. Beyond these 11 countries, we have signed a new 20-year power purchase agreement with Total EREN to purchase 100% of our electricity in Australia from solar power starting in 2020.

## C12. Engagement

## C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

## C12.1a

#### (C12.1a) Provide details of your climate-related supplier engagement strategy.

#### Type of engagement

Information collection (understanding supplier behavior)

## **Details of engagement**

Collect climate change and carbon information at least annually from suppliers

## % of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

100

#### Rationale for the coverage of your engagement

At the heart of our Sustainable in a Generation plan is a determination to drive sustainable practices throughout our value chain. This starts with our tier-1 suppliers. Our Supplier Code of Conduct articulates our expectations, including for climate change, of all first-tier suppliers. The code states that Mars expects suppliers to share information regarding their relevant supply chain policies and practices, conditions or risks, upon request. In 2019, we began assessing the sustainability performance of prioritized suppliers using the EcoVadis online platform. EcoVadis is a widely recognized supplier evaluation tool that enables us to unlock increased visibility and insights into supplier performance. Through it, we ask tier-1 raw material suppliers whether they are taking action to reduce their energy consumption and GHG emissions, including by completing the CDP disclosures.

## Impact of engagement, including measures of success

In 2019, 43% of suppliers engaged through the EcoVadis platform reported taking action to reduce their energy consumption and GHG emissions, and 9% were reporting via CDP.

#### Comment

#### Type of engagement

Engagement & incentivization (changing supplier behavior)

#### **Details of engagement**

Other, please specify (Engagement in sustainable agriculture programs)

% of suppliers by number

2

% total procurement spend (direct and indirect)

19

% of supplier-related Scope 3 emissions as reported in C6.5

80

## Rationale for the coverage of your engagement

Beyond the our Supplier Code of Conduct and the EcoVadis platform (see previous row), our primary focus is on 10 materials that account for 80% of our impact, including scope 3 emissions. We prioritize deeper engagement with suppliers of these priority raw materials through our sustainable agriculture programs. Suppliers of our 10 priority raw materials account for 2% of direct and indirect suppliers in total, and 8% of direct suppliers only. However, these suppliers account for 19% of our total procurement spend and 44% of direct spend only. Supplier engagement on sustainability is an integrated element of the Mars Strategic Sourcing Methodology (MSSM), our six-step process for guiding buyers in all aspects of procurement, including supplier evaluation, selection and management. MSSM includes tools for impact assessment and options for buyers to select from to develop a sustainable procurement strategy. In many cases this involves working closely with suppliers and farmers to develop mutually-beneficial solutions for remaining within our share of the carbon budget. For example, in Australia Mars Petcare is working with Gold Standard and the Sustainable Food Lab (SFL) to help farmers measure and reduce net greenhouse gas emissions from wheat while improving soil health and yields and increasing resilience to weather shocks. Wheat is an important ingredient in many of our pet food brands. Mars designed a program in partnership with SFL to provide agronomic support to wheat farmers to improve farm productivity and use the Cool Farm Tool to measure reductions and sequestration of GHG emissions. The partners plan to recruit 200 farmers over approximately 700,000 hectares to adopt practices such as reducing fertilizer use, applying controlled traffic farming, and using cover crops and brown manures.

## Impact of engagement, including measures of success

As part of MSSM, buyers work with suppliers to develop sustainable sourcing KPIs to include in tenders and contracts for supplying our raw materials. This process involves collecting data on key impacts including climate change and deforestation prevention from our suppliers, and the KPIs are used to monitor supplier performance over time. For example, we have created a scorecard that rates palm oil suppliers' efforts across six sustainability criteria: policies, transparency, traceability, transformation programs, verification processes and grievance mechanisms. To focus on actions rather than words, the scorecard applies greater weighting to the last three areas. Each of our direct suppliers receives the results of their scorecard as part of our annual supplier selection and review process. Similarly, our cocoa buyers review supplier compliance with our Responsible Cocoa specification, and award volumes based in part on the results as part of our annual contracting process. On our wheat program, Mars and SFL worked with Gold Standard to conduct a preliminary review to confirm that the program's quantification approach and data are aligned with Gold Standard's Value Chain Intervention Guidance. The goal was to design a program that can support farmer-driven outcomes that also ladder up to reductions in GHGs that benefit both Mars and planet. The Gold Standard guidance enables us to credibly calculate and communicate the GHG benefits achieved through our supply chain programs, aligned with the GHG-Protocol, and count those benefits toward our science-based targets. The program is still underway, but by May 2020, Mars expects to reduce GHG emissions by an estimated 612 tonnes and sequester 3,120 tonnes compared to a 2017 baseline. Continuing implementation across 700,000 hectares will lead to approximately 30,000 tonnes of emissions reduced and 145,000 tonnes of CO2 sequestered. Mars and the SFL are now seeking partners in Australia to help further scale up this high-potential program.

## Comment

## C12.1b

#### (C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number

% of customer - related Scope 3 emissions as reported in C6.5

30

## Portfolio coverage (total or outstanding)

<Not Applicable>

### Please explain the rationale for selecting this group of customers and scope of engagement

Mars' CEO co-chairs the Consumer Goods Forum's Forest Positive Coalition of Action, with the CEO of Carrefour, one of our major customers. We engage with almost 30 major retail customers through this forum, representing 30% of our sales of manufactured product (excluding veterinary services) and 30% of emissions, allocated based on revenue. The Forest Positive Coalition of Action is working to: - Accelerate efforts to remove commodity-driven deforestation from our individual supply chains. - Set higher expectations for traders to act across their entire supply base. - Drive more transformational change in these key commodity landscapes. - Transparently report on progress to ensure accountability. More information on the Coalition's work is available at: https://www.theconsumergoodsforum.com/environmental-sustainability/forest-positive/ We also collaborate with customer programs to reduce emissions, such as Walmart's Project Gigaton, an initiative launched in 2017 to eliminate one gigaton of GHG emissions from Walmart's supply chain. Walmart is our largest customer, providing an opportunity to make a meaningful different by making a shared effort to reduce emissions from our considerable combined value chains.

## Impact of engagement, including measures of success

Consumer Good Forum members represent combined sales of 3.5 trillion Euros, and the major customers we engage with through our work with the CGF represent approximately 30% of our downstream scope 3 GHG emissions, allocated based on revenue. Our involvement in the Forest Positive Coalition has both informed and been informed by our own work to update our position on Deforestation and Land Use Change: https://www.mars.com/about/policies-and-practices/deforestation-policy The customers we engage with through CGF will also seek to implement the Coalition's approach and commodity action plans in their agricultural supply chains. Mars is recognized as a "Giga-guru" by Walmart's Project Gigaton, having met all the requirements of the program and reported carbon savings of 1.1 million tonnes CO2e in 2019, and 4 million tonnes since the program began (as calculated using the Project Gigaton methodology).

#### (C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

The urgency of climate change is recognized in the <u>UN Sustainable Development Goals (SDGs)</u> – SDG 13 calls for "urgent action to combat climate change and its impacts." Mars supports the SDGs and recognizes the need for engaging others to collectively play our part in addressing climate change, as no single company can make meaningful progress alone. We prioritize stakeholder engagement on GHG emissions and climate change in the area of our value chain responsible for the greatest proportion of our emissions - our agricultural supply chain. We have in place a number of raw material sustainable sourcing strategies where we work with partners and farmers beyond our tier-1 suppliers to reduce environmental impacts. These strategies usually involve other partners in the value chain such as industry bodies, NGOs, third-party experts and governments.

#### For example:

- Through our partnership with Proforest and our membership of the Global Roundtable on Sustainable Beef, the Brazil Roundtable on Sustainable Beef, and the SAI Beef Platform, we are engaged in industry efforts to reduce deforestation and other emissions related to livestock production.

- We participate in the Sustainable Agriculture Initiative Platform's efforts to develop a Dairy Sustainability Framework for business-to-business settings, with input from both dairy buyers and suppliers.

- We are funding a project to increase the resilience of rice growing in southern Spain by testing and validating solutions for reducing water use and GHG emissions. The project aims to impact over 15,500 rice growing hectares belonging to over 15 farming groups by 2023.

- We are active in the World Cocoa Foundation Cocoa and Forests Initiative, and have published action plans for addressing deforestation from cocoa production in Cote d'Ivoire and Ghana, in collaboration with our suppliers. In 2019, we began working with Conservation International to assess deforestation risk in other cocoa origins in our supply chain, including Brazil, Cameroon, and Indonesia.

- Through our partnership with Earthworm (formerly The Forest Trust), Mars works with the Areal Prioritas Transformasi (APT) program to address the challenges of deforestation in palm oil caused by poverty. Together, we're engaging local government, preventing deforestation inside concession, forming community-based conservation plans and providing alternative livelihood options. In partnership with Conservation International and other organizations, Mars has facilitated the development of the Coalition for Sustainable Livelihoods to support palm oil smallholders and sound natural resource management in Aceh and North Sumatra. Together, we are also exploring funding streams to bring further scale to the Coalition's work.

In addition, we participate in initiatives run by academic and industry partners in the value chain which aim to improve scientific understanding and data relating to sustainable agriculture. For example:

- In 2019, Mars and the Sustainable Food Lab worked with Gold Standard to conduct a preliminary review to confirm that the quantification approach and data from our greenhouse gas reduction program with wheat farmers are aligned with Gold Standard's Value Chain Intervention Guidance. The goal was to design a program that can support farmer-driven outcomes that also ladder up to reductions in GHGs that benefit both Mars and planet. The Gold Standard guidance enables companies like Mars to credibly calculate and communicate the GHG benefits achieved through our supply chain programs, aligned with the GHG-Protocol, and count those benefits toward our science-based targets.

- With Coca-Cola and BSR, Mars launched the Value Chain Risk to Resilience platform to enable businesses to diagnose climate risk throughout their supply chains. Tools and data generated from the platform will accelerate the adoption of climate-resilient actions.

- We are working to help improve public data on the impacts of agricultural production through partner-level engagement with the World Food Lifecycle Database (WFLDB) project. Through this project we link supplier-specific data to the WFLDB process and review the resulting lifecycle analysis models, improving the quality of the data.

- We work with industry partners to share best practices and conduct lifecycle assessments of specific aspects of our value chain, through organizations including The Sustainability Consortium, The Sustainable Food Lab and AIM-PROGRESS.

Mars won an Organizational Leadership Award at the 2019 Climate Leadership Awards hosted by the Center for Climate and Energy Solutions (C2ES) and The Climate Registry. The award recognized our work to improve land use change methodologies as part of a group of companies, NGOs, scientists, and governments; our role in launching the the Renewable Thermal Collaborative; and our role in launching BSR's corporate leadership platform for diagnosing climate risk in supply chains.

## C-AC12.2/C-FB12.2/C-PF12.2

(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?

Yes

## C-AC12.2a/C-FB12.2a/C-PF12.2a

(C-AC12.2a/C-FB12.2a/C-FF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.

Management practice reference number

MP1

Management practice Agroforestry

## Description of management practice

Through the Livelihoods Fund for Family Farming (L3F) set up by Mars and Danone in 2015, we encourage investment in large-scale projects that enable farmers to produce greater yields of higher quality using sustainable agricultural practices including agroforestry systems. Projects create additional benefits such as biodiversity preservation, water resources management, and carbon dioxide sequestration. In addition, our cocoa suppliers have committed to ensuring farmers plant multi-purpose trees on their cocoa farms as part of their Cocoa and Forests Initiative action plans for Cote d'Ivoire and Ghana.

Financial Knowledge sharing Procurement

#### Explanation of how you encourage implementation

L3F proposes a new approach to supply chains. Through the Fund, we invest in large-scale projects enabling farmers to produce greater yields of higher quality through sustainable agricultural practices including agroforestry systems. Projects strengthen the connection between groups of family farmers and business supply chains. Investors, including Mars, commit to purchasing the commodities originating from these projects over a 10-year period. Projects also create benefits for society as a whole through biodiversity preservation, water resources management, and CO2 sequestration. L3F receives results-based payments in order to guarantee tangible social, economic and environmental impacts. Mars currently invests in L3F projects for cocount, rice and vanilla and is exploring projects for cocoa and palm oil. Our cocoa suppliers have committed to the planting of a specified number of multi-purpose shade trees as part of their CFI action plans for Cote d'Ivoire and Ghana. As part of our annual contracting process for cocoa, Mars asked suppliers to provide an update on progress toward this and other CFI commitments.

## Climate change related benefit

Emissions reductions (mitigation) Increasing resilience to climate change (adaptation) Increase carbon sink (mitigation)

#### Comment

#### Management practice reference number

MP2

## Management practice

Biodiversity considerations

## Description of management practice

Through the Livelihoods Fund for Family Farming (L3F) set up by Mars and Danone in 2015, we encourage investment in large-scale projects that enable farmers to produce greater yields of higher quality using sustainable agricultural practices including agroforestry systems. Projects create additional benefits such as biodiversity preservation, water resources management, and carbon dioxide sequestration.

Your role in the implementation

Financial Knowledge sharing Procurement

## Explanation of how you encourage implementation

L3F proposes a new approach to supply chains. Through the Fund, we invest in large-scale projects enabling farmers to produce greater yields of higher quality through sustainable agricultural practices including agroforestry systems. Projects strengthen the connection between groups of family farmers and business supply chains. Investors, including Mars, commit to purchasing the commodities originating from these projects over a 10-year period. Projects also create benefits for society as a whole through biodiversity preservation, water resources management, and CO2 sequestration. L3F receives results-based payments in order to guarantee tangible social, economic and environmental impacts. Mars currently invests in L3F projects for coconut, rice and vanilla and is exploring projects for cocoa and palm oil.

## Climate change related benefit

Emissions reductions (mitigation) Increasing resilience to climate change (adaptation) Increase carbon sink (mitigation)

## Comment

## Management practice reference number

Management practice Land use change

#### Description of management practice

Integrated landscape approaches are a critical complement to supply chain management to achieve a deforestation-free transformation, especially in the most critically threatened or highest conservation value landscapes. Mars is deeply engaged with initiatives such as the Consumer Goods Forum and Tropical Forest Alliance to catalyze collective action in support of landscape approaches. These initiatives involve collaboration among multiple stakeholders in the landscape and integration of ad hoc initiatives on the ground that are addressing deforestation or landscape restoration.

Your role in the implementation

Financial Knowledge sharing Procurement

#### Explanation of how you encourage implementation

While landscape approaches for addressing deforestation are still nascent, Mars is engaging in several promising pilot efforts. In cocoa, Mars is engaging with partners such as ProForest and Verra to pilot jurisdictional approaches in Ghana, Cameroon and other countries. In palm oil, Mars is partnering with Conservation International and other organizations on the Coalition for Sustainable Livelihoods to support smallholders and sound natural resource management in Aceh and North Sumatra, Indonesia. Mars partnered with Earthworm in Aceh, Indonesia to reduce deforestation and demonstrate balancing commodity production, conservation and good social and labor practices at scale. Mars is also working with Earthworm on stopping ecosystem degradation in pulp and paper production landscapes, including Northwest Russia and British Columbia. Mars also supports landscape-level initiatives, such as the Cerrado Manifesto, which engages companies to halt soy-driven deforestation and promote sustainable land management in the Cerrado grasslands in Brazil. Through these efforts, we're engaging local government, addressing deforestation, planning with communities, and supporting farmer livelihoods.

## Climate change related benefit

Emissions reductions (mitigation) Increasing resilience to climate change (adaptation) Increase carbon sink (mitigation)

## Comment



## Management practice Crop diversity

## Description of management practice

Through the Livelihoods Fund for Family Farming (L3F) set up by Mars and Danone in 2015, we encourage investment in large-scale projects that enable farmers to produce greater yields of higher quality using sustainable agricultural practices including intercropping. Projects create additional benefits such as biodiversity preservation, water resources management, and carbon dioxide sequestration. For example, our coconut project aims to provide farmers with training, affordable inputs, high-yield planting materials and extension services, to help them increase productivity and diversify their crops and income. Intercropping is a key part of the model. Farmers will plant smaller, perennial cash crops such as coffee and bananas between coconut trees, to provide a higher and more regular income. Depending on location, they will also introduce annual food and cash crops such as roots and vegetables.

## Your role in the implementation

Financial Knowledge sharing Procurement

#### Explanation of how you encourage implementation

L3F proposes a new approach to supply chains. Through the Fund, we invest in large-scale projects enabling farmers to produce greater yields of higher quality through sustainable agricultural practices including agroforestry systems. Projects strengthen the connection between groups of family farmers and business supply chains. Investors, including Mars, commit to purchasing the commodities originating from these projects over a 10-year period. Projects also create benefits for society as a whole through biodiversity preservation, water resources management, and CO2 sequestration. L3F receives results-based payments in order to guarantee tangible social, economic and environmental impacts. Mars currently invests in L3F projects for coconut, rice and vanilla and is exploring projects for cocoa and palm oil.

## Climate change related benefit

Increasing resilience to climate change (adaptation)

## Comment

Management practice reference number MP5

#### Management practice Diversifying farmer income

## Description of management practice

Mars buys a range of raw materials from suppliers who in turn source these materials from an estimated 500,000 smallholder farmers worldwide. The majority of these smallholder farmers are from West Africa or Asia, with fewer from Central and South America. These farmers grow crops like cocoa, rice and mint. Each supply chain provides a unique context and different set of challenges. At Mars, we believe everyone working within our extended supply chains should earn sufficient income to maintain a decent standard of living. Lifting smallholder farmers and farm workers out of poverty on its own will not ensure long-term supply security for critical raw materials. Our ultimate ambition is for people working in our supply chain to have sufficient income to provide a decent standard of living and to want to keep growing the crops we use.

#### Your role in the implementation

Financial Knowledge sharing Procurement

#### Explanation of how you encourage implementation

As an example of how we encourage implementation, our sustainable rice program works with more than 2,000 rice farmers in Pakistan and India and includes technical support for increasing yields and reducing input costs, including water efficiency methods that also reduce methane emissions. In Pakistan, pilots have shown a 30% increase in farming household income in addition to water use and GHG reductions since the project began. Mars is committed to ensuring that 100% of our Food segment rice farmers are working towards the Sustainable Rice Platform (SRP) standard by 2020: 99% of rice farmers globally and 100% of highest risk farmers growing basmati rice in India and Pakistan were doing so at the end of 2019. As another example, we have engaged more than 22,000 mint farmers in India through our AdvanceMint program. Over the next five years we're training more than 20,000 smallholder farmers in Uttar Pradesh in good agricultural practices. By 2025 we aim to improve productivity, reduce water consumption by 30% and improve smallholder farmer's incomes.

#### Climate change related benefit

Emissions reductions (mitigation) Increasing resilience to climate change (adaptation)

#### Comment

#### Management practice reference number

MP6

## Management practice

Fertilizer management

## Description of management practice

Wheat is an important ingredient in many of our pet food brands. In Australia, Mars Petcare is working with Gold Standard and the Sustainable Food Lab (SFL) to help farmers measure and reduce net greenhouse gas emissions from wheat while improving soil health and yields and increasing resilience to weather shocks.

## Your role in the implementation

Financial Knowledge sharing Procurement

## Explanation of how you encourage implementation

Mars designed a program in partnership with SFL to provide agronomic support to wheat farmers to improve farm productivity and soil health, and use to the Cool Farm Tool to measure reductions and sequestration of GHG emissions. We plan to recruit 200 farmers over approximately 700,000 hectares to adopt practices such as reducing fertilizer use, applying controlled traffic farming, and using cover crops and brown manures.

## Climate change related benefit

Emissions reductions (mitigation)

## Comment

## Management practice reference number

## Management practice

Rice management

## Description of management practice

Our Uncle Ben's brand offers a wide range of dry rice, microwave rice and microwaveable rice pots. Rice is the staple food for 3.5 billion people, and consumption continues to rise. However, rice cultivation is responsible for 5-10% of global methane emissions. Mars Food is committed to ensuring the production of more sustainable rice. We have reduced the climate impact of our UNCLE BEN'S branded rice products by working with farmers to ensure our rice comes from farmers working towards the Sustainable Rice Platform (SRP) standard, and by using innovative technology to reduce the cooking time on our UNCLE BEN'S® rice by half, resulting in an 18% reduction of GHG emissions during the cooking phase.

## Your role in the implementation

Knowledge sharing Procurement

## Explanation of how you encourage implementation

Mars is a founding member of the SRP. At the end of 2019, 99% of rice farmers in our global supply chain and 100% of higher-risk basmati rice farmers in Pakistan and India were working toward the SRP standard. The good agricultural practices used as part of the standard help reduce methane emissions, and we expect to reduce CO2 equivalent emissions from farms supplying Mars Food in Spain and Italy by 40% by 2024.

## Climate change related benefit

Emissions reductions (mitigation) Increasing resilience to climate change (adaptation)

Comment

## C-AC12.2b/C-FB12.2b/C-PF12.2b

(C-AC12.2b/C-FE12.2b/C-FF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged? Yes

## C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following? Direct engagement with policy makers Trade associations

Funding research organizations

## C12.3a

## (C12.3a) On what issues have you been engaging directly with policy makers?

Focus of	Corporate	Details of engagement	Proposed legislative solution
legislation Carbon tax	Support	As a member of BICEP, an advocacy coalition, we are committed to working with policy makers to pass energy and climate legislation, and enabling the transition to a low-carbon economy that will create new jobs and stimulate economic growth while stabilizing our planet's climate. For example, in 2019 Mars played a leadership position in BICEP serving on its steering committee and actively participated with BICEP on numerous policy meetings at the Federal and State levels. More specifically, Mars participated in over 30 Congressional meetings as part of BICEP's 2019 LEAD advocacy work to push Congress to consider developing carbon pricing mechanisms. At the state level, Mars worked with BICEP to ensure states maintain a robust climate/energy policy – including direct contact with elected officials in Virginia, Pennsylvania, Ohio, North Carolina among other states.	U.S. government policy for addressing climate change, including carbon pricing mechanisms.
Other, please specify (Carbon neutrality)	Support	Mars is a member of FoodDrinkEurope, the industry organisation for Europe's food and drink industry. We are a member of the Board and participate on most of the working groups and committees. In that role, we have been influential in supporting the EU's ambition to be Carbon Neutral by 2050. For example, in 2019 we contributed to the following report on the path towards sustainable food systems: https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurop eThe_path_towards_Sustainable_Food_Systems.pdf We also contributed to a related orientation paper published on 11 Dec 2019: https://www.fooddrinkeurope.eu/news/press-release/fooddrinkeuropes-orientation- paper-on-sustainable-food-systems/ This paper re-emphasizes the food industry's ambition to contribute to achieving climate neutrality by 2050, as support in principle for the EU's climate change policy ambition set out in the Green Deal published in December 2019. More specifics on Food Industry contribution to tackle climate change are available in this Nov 2019 paper called "Contribution of the food and drink industry to the transition towards a carbon neutral Europe by 2050" https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurop e_position_on_a_carbon_neutral_Europe_by_2050.pdf	From the path to sustainable food systems: As an energy intensive sector in the EU, we aspire to contribute to reaching a target of zero-net emissions as an average across sectors in Europe by 2050, in line with the Paris Climate agreement objective, in particular through science-based target setting. Building on past achievements, we will continue to reduce green-house gas (GHG) emissions in our operations wherever possible. To this end, the European food and drink industry will especially multiply efforts to reduce its energy consumption wherever possible, including through taking energy efficiency measures and increasing the use of renewable energy sources and natural refrigerants. Food and drink manufacturers will also adopt more ambitious energy management programmes and transport optimisation strategies to mitigate emissions from transport and logistics. To achieve greater results at a large scale, we will work together with our supply chain partners, including farmers and consumers.
Other, please specify (Deforestation prevention)	Support	Mars responded directly to the EU Commission's online consultation on deforestation "Deforestation and forest degradation – stepping up EU action" in February 2019. We also initiated and created a coalition of NGOs and peer companies to call for EU legislation to mandate due diligence on human rights and environmental protection. Mars engaged with Members of the European Parliament, advocating for the above mandatory due diligence obligations. The EU Commissioner for Justice confirmed that he will work toward a proposal for mandatory due diligence in 2021 and highlighted that this legislation would be cross-sectoral (applicable to all sectors from agriculture to textiles) and cross-issue (covering both human rights and environmental issues). This should include mandatory due diligence for deforestation.	The position specifically calls for mandatory due diligence obligation to aim for: "Respect for high standards of environmental sustainability, particularly relating to the protection of forests, such as a prohibition on deforestation, the protection of high conservation value and high carbon stock forests, and requirements for new planting."
Clean energy generation	Idean energy Support Mars is a founding member and sits on the Board of the Sustainable Food Policy Alliance, launched in 2018 with Danone, Unilever and Nestle. The purpose of the Alliance is to advocate together on a variety of issues facing the food industry. A core pillar of SFPA's work is environmental advocacy – which includes advocating for action on climate change (carbon pricing), renewable energy and legislation to address plastic packaging/recycling. SFPA has built strong bona fides within Congress and throughout 2019 regularly provided input to policymakers before the introduction of legislation. Mars participated in all these consultations and led advoccacy work in support of legislation once introduced. Additionally, in 2019 Mars and SFPA took a lead role in working with key policy makers to understand how climate change is impacting agricultural product in more sustainable ways. Mars and SFPA have participated in several Congressional forums on the impact that climate change has had on U.S. agriculture.		The Alliance seeks to drive progress in public policies that shape what people eat and how it impacts their health, communities, and the planet. It advocates for innovative, science-based solutions to take action against the costly impacts of climate change, build more resilient communities, promote renewable energy, and further develop sustainable agriculture systems. Specific policies the Alliance is engaging on are: 1. Urging U.S. policymakers to ensure the Farm Bill and other farm policies reflect the pressing need to increase the scale of actions to address water quality and water conservation issues, focus on improving soil health, and expand the deployment of renewable energy, particularly wind and solar. The Farm Bill should leverage all available tools, including research and public-private partnerships such as the Regional Conservation Partnership Program (RCPP), to make smart investments in conservation and sustainability. 2. Exploring the conomics of sustainability, including financial incentives to reduce emissions and transition to low-carbon alternatives, with a particular focus on ways to create value for farmers, ranchers, and others who are implementing leading edge practices to cut greenhouse gas emissions. 3. Advocating on behalf of smart, comprehensive energy and environmental policies at the state, national, and international levels, including the Paris Climate Agreement, the Clean Power Plan or other commitments that result in change necessary to reduce greenhouse gas emissions in line with what evidence-based

## C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership? Yes

## C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association Ceres

Is your position on climate change consistent with theirs? Consistent

#### Please explain the trade association's position

The Ceres BICEP initiative advocates for innovative climate and clean energy policies. Its members are proponents of renewable energy, greener transportation and stricter pollution controls on power plants.

## How have you influenced, or are you attempting to influence their position?

Mars has signed BICEP's Climate Declaration, which calls upon U.S. federal policymakers to seize the economic opportunity of addressing climate change. Through BICEP, Mars advocates for policies that will enable cleaner, more efficient energy use and generate solutions for the threats of climate change.

The Sustainable Food Policy Alliance

#### Is your position on climate change consistent with theirs? Consistent

#### Please explain the trade association's position

The Alliance seeks to drive progress in public policies that shape what people eat and how it impacts their health, communities, and the planet. It advocates for innovative, science-based solutions to take action against the costly impacts of climate change, build more resilient communities, promote renewable energy, and further develop sustainable agriculture systems. Specific policies the Alliance is engaging on are: 1. Urging U.S. policymakers to ensure the Farm Bill and other farm policies reflect the pressing need to increase the scale of actions to address water quality and water conservation issues, focus on improving soil health, and expand the deployment of renewable energy, particularly wind and solar. The Farm Bill should leverage all available tools, including research and public-private partnerships such as the Regional Conservation Partnership Program (RCPP), to make smart investments in conservation and sustainability. 2. Exploring the economics of sustainability, including financial incentives to reduce emissions and transition to low-carbon alternatives, with a particular focus on ways to create value for farmers, ranchers, and others who are implementing leading edge practices to cut greenhouse gas emissions. 3. Advocating on behalf of smart, comprehensive energy and environmental policies at the state, national, and international levels, including the Paris Climate Agreement, the Clean Power Plan or other commitments that result in change necessary to reduce greenhouse gas emissions in line with what evidence-based science says is necessary.

#### How have you influenced, or are you attempting to influence their position?

Mars is a founding member of the Sustainable Food Policy Alliance, launched in 2018 with Danone, Unilever and Nestle. We are represented on its Leadership Council and Governing Board.

#### Trade association

Consumer Goods Forum (CGF)

#### Is your position on climate change consistent with theirs?

Consistent

## Please explain the trade association's position

CGF is a global industry network that brings together CEOs and senior corporate managers to collaborate on sustainability and consumer issues. CGF's position is that "Climate change is a major strategic threat, one which could affect our customers and their habitats, our businesses and the wider economy and society".

## How have you influenced, or are you attempting to influence their position?

Mars' CEO co-chairs the Consumer Goods Forum's Forest Positive Coalition of Action, with the CEO of Carrefour, one of our major customers. We engage with almost 30 major retail customers through this forum, representing 30% of our sales of manufactured product (excluding veterinary services). The Forest Positive Coalition of Action is working to: - Accelerate efforts to remove commodity-driven deforestation from our individual supply chains. - Set higher expectations for traders to act across their entire supply base. - Drive more transformational change in these key commodity landscapes. - Transparently report on progress to ensure accountability. Our involvement in the Forest Positive Coalition has both informed and been informed by our own work to update our position on Deforestation and Land Use Change: https://www.mars.com/about/policies-and-practices/deforestation-policy The customers we engage with through CGF will also seek to implement the Coalition's approach

and commodity action plans in their agricultural supply chains. More information on the Coaliton's work is available at: https://www.theconsumergoodsforum.com/environmental-sustainability/forest-positive/

### Trade association

WWF Renewable Energy Buyers Alliance

#### Is your position on climate change consistent with theirs? Consistent

#### Please explain the trade association's position

Supports renewable energy. Aim of the group is to make it easier for corporates to buy renewable energy by sharing expertise and publishing principles.

## How have you influenced, or are you attempting to influence their position?

Co-authors and initial signatories to the principles

## Trade association

RE100

#### Is your position on climate change consistent with theirs?

Consistent

## Please explain the trade association's position

Convened by The Climate Group and in partnership with CDP, RE100 raises awareness of the benefits for going '100% renewable'. The initiative celebrates the success of companies on their journey to being 100% renewable and collaborates with others to determine the best approaches for achieving the final goal.

#### How have you influenced, or are you attempting to influence their position?

Mars is a founding member of the RE100 commitment.

#### Trade association

Rocky Mountain Institute Business Renewables Center

## Is your position on climate change consistent with theirs?

Consistent

## Please explain the trade association's position

The Business Renewables Center is a member-based organization founded by Rocky Mountain Institute. The BRC works with major corporations, developers and service providers to streamline and accelerate corporate procurement of large-scale wind and solar energy.

## How have you influenced, or are you attempting to influence their position?

Mars joined the Business Renewables Center in May 2016 to use our experience to help other companies successfully purchase renewable energy, and to gain market insights that the BRC network provides.

#### **Trade association**

FoodDrinkEurope (FDE) - Climate and Energy Expert Group

Is your position on climate change consistent with theirs?

#### Consistent

#### Please explain the trade association's position

The FoodDrinkEurope (FDE) Association represents the commercial, technical, economic, legal and scientific interests of the food and drink manufacturing industry in the European Union. The Climate & Energy Working Group deals with topics such as climate change, renewable energy, energy efficiency, and waste-to-energy policies, among others. The Group calls on policymakers to: - Agree an ambitious long-term global climate deal. FDE Board members agreed to contribute to this target reducing greenhouse gas emissions in operations by 25% by 2025. - Put in place effective implementation mechanisms for the approved EU 2030 Climate and Energy Framework and EU Energy Union Strategy. - Maintain a permanent dialogue to ensure a holistic approach to the European food chain. - Agree a global definition as well as a scientifically-reliable methodology for assessing food wastage. - Stimulate investment and innovation in low-carbon and resource efficient technologies. - Foster industrial symbiosis and a circular economy. - Help consumers make more sustainable and healthy lifestyle choices.

#### How have you influenced, or are you attempting to influence their position?

Mars chairs the working group, ensuring our position is taken into consideration in each decision.

#### Trade association

Business Council for Sustainable Energy

#### Is your position on climate change consistent with theirs?

Consistent

## Please explain the trade association's position

The BCSE International Policy Committee advocates for renewable energy at international climate fora, including UN COP climate change conferences.

#### How have you influenced, or are you attempting to influence their position?

Mars is a paying member of the BCSE International Policy Committee and supports its advocacy for renewable energy.

#### **Trade association**

The Sustainability Consortium

## Is your position on climate change consistent with theirs?

Consistent

#### Please explain the trade association's position

The Sustainability Consortium (TSC) is a global organization working with consumer goods industry members to deliver more sustainable consumer products. TSC convenes diverse stakeholders to work collaboratively to build science-based decision tools and solutions that address sustainability issues that are materially important throughout a product's supply chain and lifecycle. TSC also offers a portfolio of services to help drive effective implementation.

#### How have you influenced, or are you attempting to influence their position?

Our Global VP for Sustainability sits on the TSC board. We share the TSC's commitment to translating the best sustainability science into business tools.

#### Trade association

The Sustainable Packaging Coalition

## Is your position on climate change consistent with theirs?

Consistent

#### Please explain the trade association's position

The Sustainable Packaging Coalition is a membership-based collaborative that believes in the power of industry to make packaging more sustainable. It defines packaging as sustainable when it: - Is beneficial, safe, and healthy for individuals and communities throughout its life cycle - Meets market criteria for both performance and cost - Is sourced, manufactured, transported, and recycled using renewable energy - Optimizes the use of renewable or recycled source materials - Is manufactured using clean production technologies and best practices - Is made from materials that are healthy throughout the life cycle - Is physically designed to optimize materials and energy - Is effectively recovered and utilized in biological and/or industrial closed loop cycles

#### How have you influenced, or are you attempting to influence their position?

Mars associates participate in the coalition's activities. Mars is funding a tool to assess deforestation risk in the pulp and paper supply chain in the SE United States.

## Trade association

The Renewable Thermal Collaborative

## Is your position on climate change consistent with theirs?

Consistent

## Please explain the trade association's position

The Renewable Thermal Collaborative (RTC) serves as the leading coalition for organizations that are committed to scaling up renewable heating and cooling at their facilities and dramatically cutting carbon emissions. RTC members recognize the growing demand and necessity for renewable heating and cooling and the urgent need to meet this demand in a manner that delivers sustainable, cost-competitive options at scale.

## How have you influenced, or are you attempting to influence their position?

Thermal energy is the largest energy use globally, accounting for nearly 50 percent of total consumption. Since Mars believes renewable heat sources are not growing fast enough and more viable and cost-effective bioenergy is needed, Mars helped to launch the Renewable Thermal Collaborative to scale up renewable heating solutions globally. Mars won an Organizational Leadership award at the 2019 Climate Leadership Awards, in part based on our role in launching the Renewable Thermal Collaborative.

## C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Mars participates in all policy engagement and research that we support, enabling us to ensure these activities remain consistent with our climate change strategy. As paying members of the organizations we support, we can influence their positions, policies and research objectives. We work with many trade associations around the world, and hold leadership positions in some of them. On some issues, our views are different from these organizations. On the rare occasions we cannot reach a compromise, we are willing to advocate independently or adopt internal policies to govern our activities.

The Mars Associates who work on climate action policy initiatives are involved with multiple organizations, ensuring our positions are consistently communicated across all activities.

The selection of the organizations and policy initiatives we support is managed by our internal Sustainability Working Group and overseen by our Sustainability Leadership Team. This is intended to ensure that we work only with those organizations whose positions and policies are consistent and supportive of our own approach.

In all external engagements, we follow the policies in the Mars Guide to Global Standards, Policies and Practices, which help us to act with integrity, honesty and in line with The Five Principles. We make sure all relevant Associates understand and abide by these policies.

## C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

#### Publication

In voluntary sustainability report

Status Complete

## Attach the document

Mars SIGP\_Scorecard.pdf

## Page/Section reference

Page 1 of our scorecard show progress against our science-based GHG emissions reduction target. The scorecard is supported by more detailed information about our climate action strategy on our website: https://www.mars.com/sustainability-plan/healthy-planet/climate-action

Content elements Strategy

Emissions figures Emission targets Other metrics

## Comment

## C13. Other land management impacts

## C-AC13.2/C-FB13.2/C-PF13.2

(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation? Yes

C-AC13.2a/C-FB13.2a/C-PF13.2a

(C-AC13.2a/C-FB13.2a/C-FF13.2a) Provide details of those management practices implemented by your suppliers that have other impacts besides climate change mitigation/adaptation.

#### Management practice reference number MP3

Overall effect

Positive

## Which of the following has been impacted?

Biodiversity Soil Water Yield Other, please specify (Smallholder farmer income)

### Description of impacts

Production of crops — including palm oil that Mars sources — supports thousands of smallholder farmers and helps drive the regional economies in North Sumatra and Aceh, in Indonesia. These smallholders and nearby communities are often dependent on healthy forests and natural resources that provide fresh water, reduce risks of floods and landslides, and buffer against the impacts of climate change. There are numerous government, private sector and civil society initiatives aiming to advance economic, social and environmental sustainability, but many of these efforts are not aligned to achieve the desired scale or impacts.

#### Have any response to these impacts been implemented?

Yes

#### Description of the response(s)

The Coalition for Sustainable Livelihoods aims to improve smallholder productivity and sustainable development in Aceh and North Sumatra. With members including Conservation International, IDH Sustainable Trade Initiative, The Livelihoods Fund, Earthworm, the United Nations Development Program and other multinational food companies, the Coalition aims to develop a landscape approach that builds sustainable livelihoods and improves natural resource management. By aligning public and private sector efforts, the Coalition aims to help advance government programs and policies while contributing to supply chain sustainability. By aligning public and private sector efforts, Mars and other members of the Coalition for Sustainable Livelihoods aim to help advance government programs and policies while contributing to supply chain sustainability.

#### Management practice reference number MP5

Overall effect Positive

#### Which of the following has been impacted?

Water Yield Other, please specify (Smallholder farmer income)

#### **Description of impacts**

Rice and mint are both critical raw materials for our business. Our Uncle Ben's brand offers a wide range of dry rice, microwave rice and microwaveable rice pots. Mint is a key ingredient for Mars Wrigley gum and confectionery brands including EXTRA. In addition to GHG reductions, our sustainable sourcing programs for these raw materials have identified water consumption and smallholder farmer incomes as priority impacts to address in certain sourcing regions, including India and Pakistan (rice) and India (mint).

#### Have any response to these impacts been implemented? Yes

#### Description of the response(s)

Mars Food is committed to ensuring the production of more sustainable rice. We have reduced the climate impact of our UNCLE BEN'S branded rice products by working with farmers to ensure our rice comes from farmers working towards the Sustainable Rice Platform (SRP) standard. Mars is a founding member of the SRP. Mars is committed to ensuring that 100% of our Food segment rice farmers are working towards the standard by 2020: 99% of rice farmers globally and 100% of highest risk farmers growing basmati rice in India and Pakistan were doing so at the end of 2019. In Pakistan, pilots have shown a 30% increase in farming household income and a 30% reduction in water use since the project began. As another example, we have engaged more than 22,000 mint farmers in India through our AdvanceMint program. Over the next five years we're training more than 20,000 smallholder farmers in Uttar Pradesh in good agricultural practices. By 2025 we aim to improve productivity, reduce water consumption by 30% and improve smallholder farmer's incomes.

## C15. Signoff

## C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

## C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Vice President, Supply, Research and Development and Procurement	Chief Operating Officer (COO)

## SC. Supply chain module

## SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

## SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue	
Row 1	400000000	

## SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP? No

## SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member J Sainsbury Plc

Scope of emissions Scope 1

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e 3793

Uncertainty (±%) 10

## Major sources of emissions

Fuel use at our factories and offices - our overall scope 1 emissions have been third-party verified - the allocation to individual customers has not.

Verified Yes

#### Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member J Sainsbury Plc

Scope of emissions Scope 2

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e 2991

Uncertainty (±%)

10

## Major sources of emissions

Electricity use at our factories and offices - our overall scope 2 emissions have been third-party verified - the allocation to individual customers not. We used our marketbased scope 2 inventory for this allocation.

#### Verified

Yes

## Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member Kellogg Company

Scope of emissions Scope 1

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e

Uncertainty (±%)

## Major sources of emissions

Fuel use at our factories and offices - our overall scope 1 emissions have been third-party verified - the allocation to individual customers has not.

## Verified

Yes

## Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member Kellogg Company

## Scope of emissions

Scope 2

Allocation level Company wide

#### Allocation level detail

<Not Applicable>

Emissions in metric tonnes of CO2e 170

Uncertainty (±%)

10

### Major sources of emissions

Electricity use at our factories and offices - our overall scope 2 emissions have been third-party verified - the allocation to individual customers not. We used our marketbased scope 2 inventory for this allocation.

Verified

Yes

## Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member Metro AG Scope of emissions Scope 1

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e 4403

Uncertainty (±%) 10

## Major sources of emissions

Fuel use at our factories and offices - our overall scope 1 emissions have been third-party verified - the allocation to individual customers has not.

## Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member Metro AG

Scope of emissions Scope 2

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e

3472

Uncertainty (±%)

10

#### Major sources of emissions

Electricity use at our factories and offices - our overall scope 2 emissions have been third-party verified - the allocation to individual customers not. We used our marketbased scope 2 inventory for this allocation.

#### Verified

Yes

## Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

**Requesting member** 

S Group

Scope of emissions

Scope 1 Allocation level

Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e

712

Uncertainty (±%) 10

## Major sources of emissions

Fuel use at our factories and offices - our overall scope 1 emissions have been third-party verified - the allocation to individual customers has not.

Verified Yes

Allocation method Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member S Group Scope of emissions

Scope 2

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e 562

Uncertainty (±%)

Major sources of emissions

Electricity use at our factories and offices - our overall scope 2 emissions have been third-party verified - the allocation to individual customers not. We used our marketbased scope 2 inventory for this allocation.

## Verified

Yes

## Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member Target Corporation

Scope of emissions Scope 1

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e 11138

Uncertainty (±%) 10

#### Major sources of emissions

Fuel use at our factories and offices - our overall scope 1 emissions have been third-party verified - the allocation to individual customers has not.

Verified

Yes

## Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member Target Corporation

Scope of emissions Scope 2

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e 8784

Uncertainty (±%)

10

#### Major sources of emissions

Electricity use at our factories and offices - our overall scope 2 emissions have been third-party verified - the allocation to individual customers not. We used our marketbased scope 2 inventory for this allocation.

## Verified

Yes

Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member Wal Mart de Mexico

Scope of emissions Scope 1

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e 1428

Uncertainty (±%) 10

#### Major sources of emissions

Fuel use at our factories and offices - our overall scope 1 emissions have been third-party verified - the allocation to individual customers has not.

#### Verified

Yes

#### Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member Wal Mart de Mexico

Scope of emissions

Scope 2

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e 1126

Uncertainty (±%)

10

## Major sources of emissions

Electricity use at our factories and offices - our overall scope 2 emissions have been third-party verified - the allocation to individual customers not. We used our marketbased scope 2 inventory for this allocation.

Verified

## Yes

## Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

## **Requesting member**

Walmart, Inc.

## Scope of emissions Scope 1

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e 77712

Uncertainty (±%) 10

Major sources of emissions

Fuel use at our factories and offices - our overall scope 1 emissions have been third-party verified - the allocation to individual customers has not.

## Verified

Yes

## Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

Requesting member Walmart, Inc.

Scope of emissions Scope 2

Allocation level Company wide

Allocation level detail <Not Applicable>

Emissions in metric tonnes of CO2e 61285

Uncertainty (±%)

#### 10

#### Major sources of emissions

Electricity use at our factories and offices - our overall scope 2 emissions have been third-party verified - the allocation to individual customers not. We used our marketbased scope 2 inventory for this allocation.

## Verified

Yes

## Allocation method

Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made Direct collection of energy use data at sites - this is a global allocation based on Mars' 2019 emissions and our business volume with the customer.

## SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

## SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

## SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future? Please select

## SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

## SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives? Please select

## SC3.1

(SC3.1) Do you want to enroll in the 2020-2021 CDP Action Exchange initiative? Please select

## SC3.2

(SC3.2) Is your company a participating supplier in CDP's 2019-2020 Action Exchange initiative? Please select

## SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services? Please select

## Submit your response

## Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Investors Customers	Public	Yes, submit Supply Chain Questions now

## Please confirm below

I have read and accept the applicable Terms