



Welcome to your CDP Forests Questionnaire 2019

F0. Introduction

F0.1

(F0.1) Give a general description of 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 [sustainable in a generation](#)
- Working to improve the [wellbeing for families](#) around the world
- Leveraging and sharing our research to create a [better world for pets](#)

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. 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 Land Use Change goal seeks to hold flat land use within our agricultural supply chain, while our science-based Climate Action goal to *reduce GHG emissions across our value chain by 27% by 2025 and 67% by 2050 (from 2015 levels)* includes emissions from land use change and deforestation.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.



	Start Date	End Date
Reporting year	January 1, 2018	December 31, 2018

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the stage(s) of the value chain which best represents your organization’s area of operation pertaining to forest risk commodities.

	Stage of the value chain
Timber	Manufacturing
Palm Oil	Manufacturing
Cattle Products	Manufacturing
Soy	Manufacturing
Other - Rubber	Not applicable
Other	Manufacturing

F0.5

(F0.5) Do you produce, use, or sell materials or products that contain any of the forest risk commodities?

	Produce/use/sell	Disclosing	Explanation if produce/use/sell but not disclosing
Timber	Yes	Yes	
Palm Oil	Yes	Yes	



Cattle Products	Yes	Yes	
Soy	Yes	Yes	
Other - Rubber	No		
Other	Yes	Yes	

F0.6

(F0.6) Are there any parts of your direct operations not included in your disclosure?

No

F0.7

(F0.7) Are there any parts of your supply chain not included in your disclosure?

Yes

F0.7a

(F0.7a) Identify the parts of your supply chain not included in your disclosure.

Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Specific product line(s)	Our pulp and paper sourcing and deforestation policy and our CDP response for timber cover paper and board used for packaging only, representing approximately 80% of our usage. They do not include paper-based materials used in our offices or for sales and marketing purpose, or timber pallets used for product distribution.	Potential for forests-related risk but not evaluated	Our strategy for tackling deforestation related to paper-based materials is to focus first on our packaging, which represents approximately 80% of our usage and is where we can make the greatest impact. We intend to extend our strategy to include other paper and timber products in the future.



Specific product line(s)	Our beef deforestation policy and our CDP Forests response cover beef by-products that are sourced directly from slaughterhouses and collectors (around 99% of the beef we source). They do not cover beef-containing ingredients (around 1% of the beef we source).	Potential for forests-related risk but not evaluated	Supply chains for beef-containing ingredients are highly complex and tracing back to the cattle origin is unfortunately not always possible today. For these ingredients, we will work closely with our suppliers and a local Brazilian NGO on a gap analysis and to understand ways to increase traceability. This will give us visibility of the challenge and enable us to assess our next steps.
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F1. Current state

F1.1

(F1.1) How does your organization produce, use, or sell your disclosed commodity(ies)?

Forest risk commodity

Timber

Activity

Distributing/packaging

Form of commodity

Primary packaging

Secondary packaging

Tertiary packaging

Source

Trader/broker/commodity market

Contracted suppliers (processors)



Contracted suppliers (manufacturers)

Country/Region of origin

Brazil
Canada
Finland
Russian Federation
Sweden
United States of America

% of procurement spend

6-10%

Comment

All of our business segments use pulp and paper-based packaging materials, accounting for more than half of the packaging our business uses. Our goal is to have a sustainable supply chain for all pulp and paper-based packaging materials sourced by Mars, Incorporated, to ensure reliable supplies of quality raw materials in the future.

The countries listed are the top six countries of harvest of the virgin fiber in our packaging materials, representing 90% of total virgin volumes.

The proportion of total procurement spend is for all pulp and paper-based packaging materials, including both virgin and recycled fiber.

Forest risk commodity

Palm Oil

Activity

Using as input into product manufacturing

Form of commodity

Crude palm oil (CPO)



Crude palm kernel oil (CPKO)
Palm oil derivatives

Source

Contracted suppliers (processors)
Contracted suppliers (manufacturers)

Country/Region of origin

Brazil
Cameroon
Colombia
Costa Rica
Cote d'Ivoire
Ecuador
Ghana
Guatemala
Honduras
Indonesia
Malaysia
Mexico
Nicaragua
Nigeria
Panama
Papua New Guinea
Peru
Soloman Islands
Thailand

% of procurement spend

1-5%



Comment

Small amounts of palm oil are present in many of our products. We are committed to protecting forests and biodiversity, and to the wellbeing of palm-oil producing communities. We have mapped 98% of our palm oil supplies back to the processing mill. The countries of origin listed are where the palm oil processing mills our suppliers source from are located. Through ongoing traceability efforts, we are working to gain clearer insights into where our volume originates, and the complexities of the palm oil industry at large. We are working with our suppliers to streamline our supply chain by minimizing the number of refineries we source from, which will enable us to use our resources more effectively and bring about more rapid transformation.

Forest risk commodity

Cattle products

Activity

Using as input into product manufacturing

Form of commodity

Tallow

By-products (e.g. glycerin, gelatin)

Source

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Region of origin

Australia

Brazil

China

France

Germany

Poland



Russian Federation
Thailand
United States of America

% of procurement spend

<1%

Comment

We do not have any direct connection with cattle production or generally use beef intended for human consumption. Ninety-nine percent of the beef we use comprises by-products for our pet food business. These are by-products that people do not usually consume in the countries we source from. We use these by-products as pet food ingredients to provide protein, minerals, trace elements and vitamins that are essential for good nutrition for cats and dogs. Beef by-products represent less than 20% of the animal proteins used in our pet foods. We have mapped our global beef by-product supply chain to understand where our suppliers obtain their raw materials.

Forest risk commodity

Soy

Activity

Using as input into product manufacturing

Form of commodity

Soy bean oil
Soy bean meal
Soy derivatives

Source

Contracted suppliers (processors)
Contracted suppliers (manufacturers)

Country/Region of origin



Argentina
Brazil
Canada
China
Croatia
Hungary
Italy
Romania
Serbia
Slovakia
Ukraine
United States of America

% of procurement spend

<1%

Comment

We use soy products as a source of protein, carbohydrate and fatty acids in many of our pet food products. We have mapped the origins of the soy beans used to make these products. Soy products represent less than 5% of the total raw material volumes we buy and less than 1% by value.

We have worked with suppliers to understand the volume of our soy products that originate in Brazil, and this represents a fraction of our total soy usage globally. We are working with suppliers to ensure soy sourced from Brazil is produced in compliance with the Brazil Forest Code.

Forest risk commodity

Other

Activity

Other, please specify



Using as input into product manufacturing

Form of commodity

Other, please specify

Cocoa beans; cocoa butter; cocoa liquor; cocoa powder

Source

Contracted suppliers (processors)

Country/Region of origin

Brazil

Cameroon

Colombia

Cote d'Ivoire

Dominican Republic

Ecuador

Ghana

Indonesia

Nigeria

Papua New Guinea

Peru

Philippines

Viet Nam

% of procurement spend

6-10%

Comment

Cocoa is a critical ingredient for our Mars Wrigley business. We source mainly cocoa butter as well as cocoa beans, cocoa liquor, and smaller amounts of cocoa powder from 13 countries. We are working with suppliers to improve supply chain traceability, with the aim of ensuring that 100% of the cocoa we source is traceable at least to the farmer group by 2025.



F1.1a

(F1.1a) Indicate from which State/region(s) and municipality(ies) your disclosed commodity(ies) originate.

Forest risk commodity

Timber

Country/Region of origin

Brazil

State/Region

Specify state/region
Parana

Municipality

Don't know

Please explain

Our Pulp & Paper Sourcing and Deforestation Policy specifies that we will map the fiber in our pulp and paper-based packaging at least to country of harvest, or to a specific region where risks are high. We have not at this time mapped our fiber supply chain to municipality level.

Forest risk commodity

Timber

Country/Region of origin

Brazil

State/Region

Specify state/region



Santa Catarina

Municipality

Don't know

Please explain

Our Pulp & Paper Sourcing and Deforestation Policy specifies that we will map the fiber in our pulp and paper-based packaging at least to country of harvest, or to a specific region where risks are high. We have not at this time mapped our fiber supply chain to municipality level.

Forest risk commodity

Timber

Country/Region of origin

Brazil

State/Region

Specify state/region
São Paulo

Municipality

Don't know

Please explain

Our Pulp & Paper Sourcing and Deforestation Policy specifies that we will map the fiber in our pulp and paper-based packaging at least to country of harvest, or to a specific region where risks are high. We have not at this time mapped our fiber supply chain to municipality level.

Forest risk commodity

Palm Oil



Country/Region of origin

Malaysia

State/Region

Specify state/region
Peninsula Malaysia

Municipality

Don't know

Please explain

We have mapped our palm oil to the processing mills in our supply chain but do not in every case currently possess information on the municipalities where the farmers supplying those mills are located.

Forest risk commodity

Palm Oil

Country/Region of origin

Malaysia

State/Region

Specify state/region
Sarawak

Municipality

Don't know

Please explain



We have mapped our palm oil to the processing mills in our supply chain but do not currently possess information on the municipalities where the farmers supplying those mills are located.

Forest risk commodity

Palm Oil

Country/Region of origin

Malaysia

State/Region

Specify state/region

Sabah

Municipality

Don't know

Please explain

We have mapped our palm oil to the processing mills in our supply chain but do not currently possess information on the municipalities where the farmers supplying those mills are located.

Forest risk commodity

Palm Oil

Country/Region of origin

Indonesia

State/Region

Specify state/region



Kalimantan

Municipality

Don't know

Please explain

We have mapped our palm oil to the processing mills in our supply chain but do not currently possess information on the municipalities where the farmers supplying those mills are located.

Forest risk commodity

Palm Oil

Country/Region of origin

Indonesia

State/Region

Specify state/region

Sumatra

Municipality

Don't know

Please explain

We have mapped our palm oil to the processing mills in our supply chain but do not currently possess information on the municipalities where the farmers supplying those mills are located.

Forest risk commodity



Cattle Products

Country/Region of origin

Brazil

State/Region

Specify state/region

Sao Paulo

Municipality

Specify municipality (1)

Jales

Specify municipality (2)

Dirce Reis

Specify municipality (3)

Santo Antônio de Posse

Specify municipality (4)

Socorro

Specify municipality (5)

São José do Rio Preto

Specify municipality (6)

Marília

Please explain

These are municipalities where our tier-1 Brazilian beef by-product suppliers are based. We are working with Proforest to map tier-2 and tier-3 suppliers, and can currently trace 87% of our Brazilian beef to the slaughterhouse.

Forest risk commodity

Cattle Products



Country/Region of origin

Brazil

State/Region

Specify state/region

Mato Grosso

Municipality

Specify municipality (1)

Tangará da Serra

Please explain

These are municipalities where our tier-1 Brazilian beef by-product suppliers are based. We are working with Proforest to map tier-2 and tier-3 suppliers, and can currently trace 87% of our Brazilian beef to the slaughterhouse.

Forest risk commodity

Cattle Products

Country/Region of origin

Brazil

State/Region

Specify state/region

Ceará

Municipality

Specify municipality (1)

Maracanaú

Please explain



These are municipalities where our tier-1 Brazilian beef by-product suppliers are based. We are working with Proforest to map tier-2 and tier-3 suppliers, and can currently trace 87% of our Brazilian beef to the slaughterhouse.

Forest risk commodity

Cattle Products

Country/Region of origin

Brazil

State/Region

Specify state/region

Goiás

Municipality

Specify municipality (1)

Hidrolândia

Please explain

These are municipalities where our tier-1 Brazilian beef by-product suppliers are based. We are working with Proforest to map tier-2 and tier-3 suppliers, and can currently trace 87% of our Brazilian beef to the slaughterhouse.

Forest risk commodity

Cattle Products

Country/Region of origin

Brazil

State/Region

Specify state/region



Minas Gerais

Municipality

Specify municipality (1)

Patos de Minas

Please explain

These are municipalities where our tier-1 Brazilian beef by-product suppliers are based. We are working with Proforest to map tier-2 and tier-3 suppliers, and can currently trace 87% of our Brazilian beef to the slaughterhouse.

Forest risk commodity

Cattle Products

Country/Region of origin

Brazil

State/Region

Specify state/region

Pará

Municipality

Specify municipality (1)

Xinguara

Please explain

These are municipalities where our tier-1 Brazilian beef by-product suppliers are based. We are working with Proforest to map tier-2 and tier-3 suppliers, and can currently trace 87% of our Brazilian beef to the slaughterhouse.

Forest risk commodity



Soy

Country/Region of origin

Brazil

State/Region

Specify state/region

Bahia

Municipality

Specify municipality (1)

Formoso de Ria

Specify municipality (2)

Barreiras

Please explain

In 2018 we stepped up our efforts to trace upstream from the mill, as part of our participation in the traceability project set up by the Consumer Goods Forum's Soy Buyers Coalition in partnership with TRASE. We have established that there is considerable likelihood that the soy Mars buys through the main Brazilian Soy suppliers will come from one or more of 10 municipalities. Further analysis is being done with a view to discussing the possibility of a collective effort to create deforestation-free soy volumes and supply chains from these municipalities.

Forest risk commodity

Soy

Country/Region of origin

Brazil

State/Region

Specify state/region

MATO GROSSO



Municipality

- Specify municipality (1)
Sapezal
- Specify municipality (2)
Campos de Julio
- Specify municipality (3)
Nova Ubirata
- Specify municipality (4)
Claudia
- Specify municipality (5)
Gaucha do Norte

Please explain

In 2018 we stepped up our efforts to trace upstream from the mill, as part of our participation in the traceability project set up by the Consumer Goods Forum's Soy Buyers Coalition in partnership with TRASE. We have established that there is considerable likelihood that the soy Mars buys through the main Brazilian Soy suppliers will come from one or more of 10 municipalities. Further analysis is being done with a view to discussing the possibility of a collective effort to create deforestation-free soy volumes and supply chains from these municipalities.

Forest risk commodity

Soy

Country/Region of origin

Brazil

State/Region

Specify state/region
Para

Municipality



Specify municipality (1)

Paragominas

Please explain

In 2018 we stepped up our efforts to trace upstream from the mill, as part of our participation in the traceability project set up by the Consumer Goods Forum's Soy Buyers Coalition in partnership with TRASE. We have established that there is considerable likelihood that the soy Mars buys through the main Brazilian Soy suppliers will come from one or more of 10 municipalities. Further analysis is being done with a view to discussing the possibility of a collective effort to create deforestation-free soy volumes and supply chains from these municipalities.

Forest risk commodity

Soy

Country/Region of origin

Brazil

State/Region

Specify state/region

Tocantins

Municipality

Specify municipality (1)

Campos Lindos

Please explain

In 2018 we stepped up our efforts to trace upstream from the mill, as part of our participation in the traceability project set up by the Consumer Goods Forum's Soy Buyers Coalition in partnership with TRASE. We have established that there is considerable likelihood that the soy Mars buys through the main Brazilian Soy suppliers will come from one or more of 10 municipalities. Further analysis is being done with a view to discussing the possibility of a collective effort to create deforestation-free soy volumes and supply chains from these municipalities.



Forest risk commodity

Soy

Country/Region of origin

Brazil

State/Region

Specify state/region

Goias

Municipality

Specify municipality (1)

Mineiros

Please explain

In 2018 we stepped up our efforts to trace upstream from the mill, as part of our participation in the traceability project set up by the Consumer Goods Forum's Soy Buyers Coalition in partnership with TRASE. We have established that there is considerable likelihood that the soy Mars buys through the main Brazilian Soy suppliers will come from one or more of 10 municipalities. Further analysis is being done with a view to discussing the possibility of a collective effort to create deforestation-free soy volumes and supply chains from these municipalities.

Forest risk commodity

Other

Country/Region of origin

Cote d'Ivoire

State/Region

Specify state/region

Bas-Sassandra District



Municipality

Specify municipality (1)

Nawa

Specify municipality (2)

San-Pédro

Please explain

To ensure 100 percent of our cocoa is responsibly sourced globally and is traceable by 2025, we expect farms supplying our cocoa that are in our Responsible Cocoa Today program to provide satellite based GPS locations so that we have assurances that cocoa does not come from protected forest areas.

As of December 31 2018, the cocoa we sourced was:

- 95% traceable to a country of origin via our Tier 1 direct suppliers
- 40% traceable to a Tier 2 farmer group
- 24% traceable to Tier 3, farm level

Forest risk commodity

Other

Country/Region of origin

Cote d'Ivoire

State/Region

Specify state/region

Gôh-Djiboua

Municipality

Specify municipality (1)

Gôh



Please explain

To ensure 100 percent of our cocoa is responsibly sourced globally and is traceable by 2025, we expect farms supplying our cocoa that are in our Responsible Cocoa Today program to provide satellite based GPS locations so that we have assurances that cocoa does not come from protected forest areas.

As of December 31 2018, the cocoa we sourced was:

- 95% traceable to a country of origin via our Tier 1 direct suppliers
- 40% traceable to a Tier 2 farmer group
- 24% traceable to Tier 3, farm level

Forest risk commodity

Other

Country/Region of origin

Cote d'Ivoire

State/Region

Specify state/region
Montagnes

Municipality

Specify municipality (1)
Tonkpi

Please explain

To ensure 100 percent of our cocoa is responsibly sourced globally and is traceable by 2025, we expect farms supplying our cocoa that are in our Responsible Cocoa Today program to provide satellite based GPS locations so that we have assurances that cocoa does not come from protected forest areas.



As of December 31 2018, the cocoa we sourced was:

- 95% traceable to a country of origin via our Tier 1 direct suppliers
- 40% traceable to a Tier 2 farmer group
- 24% traceable to Tier 3, farm level

Forest risk commodity

Other

Country/Region of origin

Cote d'Ivoire

State/Region

Specify state/region

Sassandra-Marahoué

Municipality

Specify municipality (1)

Haut-Sassandra

Please explain

To ensure 100 percent of our cocoa is responsibly sourced globally and is traceable by 2025, we expect farms supplying our cocoa that are in our Responsible Cocoa Today program to provide satellite based GPS locations so that we have assurances that cocoa does not come from protected forest areas.

As of December 31 2018, the cocoa we sourced was:

- 95% traceable to a country of origin via our Tier 1 direct suppliers
- 40% traceable to a Tier 2 farmer group
- 24% traceable to Tier 3, farm level



F1.2

(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber	81-90%	All our manufactured products have primary, secondary and/or tertiary packaging that is pulp and paper-based. Manufactured products account for roughly 90% of revenues, with the remaining revenue coming from the provision of veterinary services.
Palm Oil	41-50%	This percentage is based on the proportion of our revenue derived from our Mars Wrigley business, which uses small amounts of palm oil in many of its products.
Cattle products	6-10%	This percentage is based on a proportion of our revenue derived from our Mars Petcare business, which uses beef by-product in many of its products.
Soy	11-20%	This percentage is based on a proportion of our revenue derived from our Mars Petcare and Mars Food businesses, which uses soy in many of their products.
Other	41-50%	This percentage is based on the proportion of our revenue derived from our Mars Wrigley business, which uses cocoa in many of its products.

F1.3

(F1.3) Do you own or manage land used for the production of your disclosed commodity(ies)?

Forest risk commodity

Timber



Own and/or manage land?

Don't own or manage land

Type of control

Description of type of control

Country/Region

Land type

Size (Hectares)

Do you have a system in place to monitor forests-related risks?

Type of monitoring system

Description of monitoring system

Recent infraction(s)

Explanation of infraction



Forest risk commodity

Palm Oil

Own and/or manage land?

Don't own or manage land

Type of control

Description of type of control

Country/Region

Land type

Size (Hectares)

Do you have a system in place to monitor forests-related risks?

Type of monitoring system

Description of monitoring system

Recent infraction(s)



Explanation of infraction

Forest risk commodity

Cattle Products

Own and/or manage land?

Don't own or manage land

Type of control

Description of type of control

Country/Region

Land type

Size (Hectares)

Do you have a system in place to monitor forests-related risks?

Type of monitoring system



Description of monitoring system

Recent infraction(s)

Explanation of infraction

Forest risk commodity

Soy

Own and/or manage land?

Don't own or manage land

Type of control

Description of type of control

Country/Region

Land type

Size (Hectares)

Do you have a system in place to monitor forests-related risks?



Type of monitoring system

Description of monitoring system

Recent infraction(s)

Explanation of infraction

Forest risk commodity

Other

Own and/or manage land?

Owned and managed land

Type of control

Operational

Description of type of control

Mars owns and operates a cocoa farm in Brazil, which is primarily used for research and piloting of best practices. These activities represent a tiny fraction of our volumes and land use in comparison to our third-party supply chain and we do not consider them material.

Country/Region

Brazil

Land type



Planted

Size (Hectares)

153

Do you have a system in place to monitor forests-related risks?

Yes

Type of monitoring system

Other, please specify

Due diligence

Description of monitoring system

We conducted due diligence before buying the land and setting up our operations, to ensure it is legal and appropriate land to farm. We intend to introduce GIS satellite monitoring of our entire cocoa supply chain including land that we own and operate in the near future.

Recent infraction(s)

No

Explanation of infraction

Forest risk commodity

Other

Own and/or manage land?

Owned and managed land

Type of control

Operational



Description of type of control

Mars owns and operates a cocoa farm in Ecuador, which is primarily used for research and piloting of best practices. These activities represent a tiny fraction of our volumes and land use in comparison to our third-party supply chain and we do not consider them material.

Country/Region

Ecuador

Land type

Planted

Size (Hectares)

770

Do you have a system in place to monitor forests-related risks?

Yes

Type of monitoring system

Other, please specify

Due diligence

Description of monitoring system

We conducted due diligence before buying the land and setting up our operations, to ensure it is legal and appropriate land to farm. We intend to introduce GIS satellite monitoring of our entire cocoa supply chain including land that we own and operate in the near future.

Recent infraction(s)

No

Explanation of infraction

Forest risk commodity



Other

Own and/or manage land?

Managed land

Type of control

Operational

Description of type of control

Mars manages two farms in Indonesia, which are primarily used for research and piloting of best practices. These activities represent a tiny fraction of our volumes and land use in comparison to our third-party supply chain and we do not consider them material.

Country/Region

Indonesia

Land type

Planted

Size (Hectares)

134

Do you have a system in place to monitor forests-related risks?

Yes

Type of monitoring system

Other, please specify

Due diligence

Description of monitoring system

We conducted due diligence before setting up our operations, to ensure it is legal and appropriate land to farm. We intend to introduce GIS satellite monitoring of our entire cocoa supply chain including land that we own and operate in the near future.

Recent infraction(s)

No

Explanation of infraction

F1.4

(F1.4) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.

Timber

Do you collect data regarding compliance with the Brazilian Forest Code?

No, we do not collect data

Please explain

We consider Brazil Forest Code compliance in our risk assessments for higher-risk suppliers, but do not yet do this comprehensively.

Palm Oil

Do you collect data regarding compliance with the Brazilian Forest Code?

Yes, from suppliers

Please explain

All of our tier-1 palm oil suppliers have No Deforestation Policies which commit to compliance with the Brazil Forest Code.

Cattle products

Do you collect data regarding compliance with the Brazilian Forest Code?

Yes, from suppliers

Please explain



We work with Proforest to engage with suppliers and slaughterhouses from tier-1 to tier-3 to assess compliance with the Brazil Forest Code within our supply chain.

Soy

Do you collect data regarding compliance with the Brazilian Forest Code?

Yes, from suppliers

Please explain

We engage with tier-1 soy suppliers on compliance with the Brazil Forest Code through the Round Table for Responsible Soy (RTRS). In 2018, we met our commitment for 100% of the soy we source from Brazil to be RTRS certified.

Other

Do you collect data regarding compliance with the Brazilian Forest Code?

No, we do not collect data

Please explain

We have not yet mapped the land owners in our cocoa supply chain in Brazil because we are focusing the initial phase of Cocoa and Forests work on CDI and Ghana where we source the majority of our cocoa. We are assessing the deforestation risk of sourcing cocoa from Brazil as a priority, and will publish an action plan in 2020. This action plan will take into account compliance with the Brazil Forest Code.

F1.4b

(F1.4b) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure the compliance of your suppliers with the Brazilian Forest Code and their performance against these indicator(s).

Forest risk commodity

Palm Oil



KPIs and performance

Other, please specify
Deforestation Policy

Number of suppliers

14

Please explain

We require our tier-1 palm oil suppliers to have in place No Deforestation Policies that include legal compliance, and we assess compliance with these policies.

Forest risk commodity

Cattle Products

KPIs and performance

Other, please specify
Third party assessment - see please explain for more details

Number of suppliers

138

Please explain

Working with Proforest, we have assessed:

- Slaughterhouses in Mars' supply chain claiming to have purchase control systems to prevent cattle purchases from ranches not enrolled in the CAR
- Supply mass coming from ranches enrolled on the Rural Environmental Registry

Mars is a downstream company and traceability today goes to the slaughterhouse-level. Therefore, it is not possible to provide the number of ranches, but the total mass that went through scrutiny systems that block cattle herd purchases from ranches not enrolled in the CAR.



Forest risk commodity

Soy

KPIs and performance

Other, please specify

Round Table for Responsible Soy, Proterra and ISCC+ certification

Number of suppliers

9

Please explain

We engage with tier-1 soy suppliers on compliance with the Brazil Forest Code through certification organizations the Round Table for Responsible Soy (RTRS), Proterra and ISCC+. In 2018, we maintained our commitment for 100% of the soy we source from Brazil to be certified.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber	Consumption data available, disclosing
Palm Oil	Consumption data available, disclosing
Cattle products	Consumption data available, disclosing
Soy	Consumption data available, disclosing
Other	Consumption data available, disclosing



F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Timber

Data type

Consumption data

Volume

523,690

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

This is the volume of virgin and recycled pulp and paper-based packaging materials bought by Mars, Incorporated in 2018.

Forest risk commodity

Palm Oil

Data type

Consumption data

Volume



80,067

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

This is the total volume of crude and refined palm oil, palm kernel oil and other palm-oil derivatives sourced by Mars, Incorporated in 2018.

Forest risk commodity

Cattle products

Data type

Consumption data

Volume

14,690

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

Our Beef Sourcing and Deforestation Policy focuses on beef by-products sourced from Brazil, as the area of highest risk. This is the volume of beef sourced from Brazil only.



Forest risk commodity

Soy

Data type

Consumption data

Volume

30,000

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

Our Soy Sourcing and Deforestation Policy focuses on soy sourced from Brazil, as the area of highest risk. This is the volume of soy sourced from Brazil only.

Forest risk commodity

Other

Data type

Consumption data

Volume

400,000

Metric

Metric tons



Data coverage

Full commodity production/consumption

Please explain

This is the total volume of cocoa butter, cocoa beans, cocoa liquor and cocoa powder sourced by Mars, Incorporated in 2018.

F1.6

(F1.6) Have you identified sufficient sources of sustainable materials to meet your current operational needs? If yes, what are you doing to ensure the security/continuity of this supply?

Timber

Sustainable source identified

Yes

Primary action to ensure supply

Supplier improvement plans to increase capacity of supply

Please explain

Mars is qualifying suppliers against our Pulp and Paper Sourcing and Deforestation Policy and ensuring they are working toward our commitment using three strategies:

- Maximizing recycled content, to increase the proportion of recycled fiber in our pulp and paper-based packaging from 59% to 80% by 2020.
- Supply chain simplification and accountability where we still source virgin fiber, shifting away from non-essential origins and taking corrective action with suppliers that don't share our commitment to our policy.
- Certification for any virgin fiber that must be used, with a preference for Forest Stewardship Council.



This sourcing strategy is designed to meet our policy commitment of 100% of pulp and paper-based packaging from certified, verified or recycled sources by the end of 2020.

Palm Oil

Sustainable source identified

Yes

Primary action to ensure supply

Supplier improvement plans to increase capacity of supply

Please explain

We continue to collaborate with suppliers on ways to transform palm oil production to a level that meets our policy requirements, a process we call our GOOD program. This program supports our commitment to reducing our environmental impacts in line with what science says is necessary, and to improving the lives of a million people in our value chain, as we strive to make our business Sustainable in a Generation. As part of this work, Mars and our suppliers are streamlining our palm oil supply chain to include fewer refineries, enabling us to target our resources for more effective transformation by deepening our engagement with defined suppliers.

By implementing this strategy, we expect to source 100% of our palm oil from a simplified, sustainable supply chain by 2020. We define sustainable as being in compliance with our palm oil policy to source 100% traceable and sustainable palm oil that is free from deforestation and produced with respect for human rights.

Cattle products

Sustainable source identified

Yes

Primary action to ensure supply

Supplier improvement plans to increase capacity of supply

Please explain



Our Beef Sourcing and Deforestation Policy focuses on beef sourced from Brazil, which carries the highest risks and where we can make the greatest impact.

One hundred percent of our higher risk, direct suppliers sourcing from Brazil have signed a letter acknowledging our Beef Sourcing and Deforestation Policy, and that failing to comply or demonstrate robust progress towards it may result in the loss of our business. These suppliers have also signed up to an action plan for implementing the policy. While many of our industry peers work with the 'big three' meat packers, Mars is making a difference by focusing on higher-risk small-medium-sized enterprises at tiers two and three of our supply chain. We have mapped and assessed these suppliers, and our focus now is to support tier-1 suppliers to engage with them to develop and implement action plans, as we integrate sustainability criteria as a standard element of our Beef Sourcing Strategy.

We are members of the Global Roundtable for Sustainable Beef, the Brazil Roundtable on Sustainable Livestock (GTPS), the US Roundtable for Sustainable Beef, and the SAI Platform Beef Working Group. Through these initiatives, we are working with industry peers and key suppliers to develop transparent principles and practices, and collaborative projects to promote sustainable beef production and reduce deforestation. By helping to introduce better farming practices we can decouple beef production from deforestation, while improving related impacts such as greenhouse gas emissions, water use and soil quality.

Soy

Sustainable source identified

Yes

Primary action to ensure supply

Engaging in capacity building activities in the value chain

Please explain

Our Soy Sourcing and Deforestation Policy focuses on soy sourced from Brazil, which carries the highest risks and where we can make the greatest impact.

We maintained our commitment for 100% of soy sourced from Brazil to be certified by the Round Table on Responsible Soy in 2018.

Our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the



numbers of certified farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco.

Other

Sustainable source identified

Yes

Primary action to ensure supply

Supplier improvement plans to increase capacity of supply

Please explain

Over the years, we've made progress in addressing social and environmental challenges in the cocoa sector, reaching nearly 180,000 farmers with certification and improving average yields on participating farms.

In 2018, we launched our Cocoa for Generations plan. This plan commits to two pillars of work: Responsible Cocoa Today and Sustainable Cocoa Tomorrow, and invites others to join us in the development of effective, scalable and innovative solutions for a thriving cocoa sector.

The first pillar of Cocoa for Generations is Responsible Cocoa Today. It aims to ensure 100 percent of our cocoa is responsibly sourced globally and is traceable by 2025. This pillar goes beyond current certification standards and practices and commits us to deeper action in three focus areas that put cocoa farmers, communities and the environment at the center of our efforts: protecting children, preserving forests, and improving farmer income.

While this new approach is implemented, Mars will maintain its current certified cocoa levels with Fairtrade and Rainforest Alliance and work with both organizations to strengthen implementation to raise the bar across the cocoa sector. Mars applauds both certification organizations' efforts to organize individual farmers into groups and cooperatives, providing training and implementation management systems in certified farmer groups, and is committed to collaborate with them to improve audit controls, child labor monitoring, traceability and premiums paid to farmers. As further measurable efforts are made, Mars will continue transitioning its cocoa volumes to these new and stronger approaches.



Meanwhile, we are pursuing a long-term model for Sustainable Cocoa in close partnership with an initial group of 75,000 cocoa farming families and our suppliers. We will test how to increase productivity, income, resilience and overall sustainability.

F1.7

(F1.7) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.7a

(F1.7a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber

Impact driver type

Reputational and markets

Primary impact driver

Increased cost of certified sustainable material

Primary impact

Increased production costs

Description of impact

Our strategy for delivering the commitments in our Pulp and Paper Sourcing and Deforestation Policy is to:

- Maximize recycled content, to increase the proportion of recycled fiber in our pulp and paper-based packaging from 59% to 80% by 2020.



- Simplify the supply chain and increase accountability where we still source virgin fiber, shifting away from non-essential origins and taking corrective action with suppliers that don't share our commitment to our policy.

- Buy certified product for any virgin fiber that must be used, with a preference for Forest Stewardship Council.

While our aim is that virgin fiber will make up no more than 20% of our total needs by the end of 2020, there will still be a cost impact resulting from certification premiums.

Primary response

Increased use of sustainably sourced materials

Total financial impact

3,000,000

Description of response

We are working with our suppliers to source certified product for any virgin fiber that must be used by the end of 2020, with a preference for Forest Stewardship Council (FSC) certification. For origins with a robust regulatory framework, strong governance and low-risk for illegal logging, we will use the Programme for the Endorsement of Forest Certification (PEFC) as an effective alternative to FSC. The financial impact given is the estimated annual cost of premiums for certified virgin fiber.

Our strategy is to minimize both our environmental impact and costs to our business by maximizing our use of recycled fiber content in our pulp and paper-based packaging materials.

Forest risk commodity

Palm Oil

Impact driver type

Reputational and markets

Primary impact driver



Uncertainty about product origin and/or legality

Primary impact

Brand damage

Description of impact

Mars acknowledges the ongoing concerns and potential non-compliances regarding three palm oil suppliers – Indofoods, IOI Pelita and PT Surya Panen Subur II. The presence or potential presence of these organizations in our supply chain has the potential to damage our reputation and undermine confidence in our commitment to implementing our Palm Oil Policy.

In 2018, we saw lack of confidence in the palm oil industry translate into lost sales, when a customer in the Nordic region introduced a policy not to stock any new products containing palm oil. As this is a small market, the financial impact was limited, but is an indicator of potential future impacts should customers in larger markets take similar action.

We are committed to sourcing fully sustainable and traceable palm oil that is free from deforestation and produced with respect for human rights, and we are actively improving our traceability efforts to ensure this is the case.

Primary response

Tighter supplier performance standards

Total financial impact

2,000,000

Description of response

As part of awarding our palm oil business for 2018, we set clear criteria for our direct suppliers with regard to their own policies on third-party supplier sourcing. This includes a clear "do not source" list informed by active public grievances.

Based on this information, we have instructed our global palm oil suppliers not to source from IndoFoods moving forward, and we will monitor this closely through our ongoing traceability work in partnership with the Earthworm Foundation.

Following the proposed divestment of IOI Pelita in December 2017, Mars immediately contact IOI, voiced our concerns and decided to withhold



future business. They will only be reconsidered as a supplier if specific requirements are met, including the full implementation of the RSPO recommended action plan agreed with Grassroots, as well as the establishment of a new governance process that takes into account sustainability considerations. We continue in dialogue with IOI as we believe this is the best way to affect change in line with our policy.

Mars has stopped sourcing from Surya Panen Subur II given evidence of illegal deforestation in the Leuser Ecosystem in Indonesia. In addition, we are supporting the Coalition for Sustainable Livelihoods, a group of civil society and private sector organizations working collectively to achieve common objectives for smallholder livelihoods, sustainable agricultural production and conservation in the Indonesian provinces of North Sumatra and Aceh.

Forest risk commodity

Cattle products

Impact driver type

Regulatory

Primary impact driver

Changes to national legislation

Primary impact

Supply chain disruption

Description of impact

Mars made a public commitment that, by the end of 2017, 100% of our Brazilian beef purchases would be from suppliers in compliance with the Brazil Forest Code (BFC). However, levels of understanding of, and compliance with, the BFC within the cattle supply chain are variable, and even best-in-class cattle traceability systems do not always identify all the farms supplying the slaughterhouses that Mars buys from making compliance hard to assess.

Primary response

Greater due diligence



Total financial impact

Description of response

One hundred percent of our higher risk, direct suppliers sourcing from Brazil have signed a letter acknowledging our Beef Sourcing and Deforestation Policy (which specifies BFC compliance), and that failing to comply or demonstrate robust progress towards it may result in the loss of our business. These suppliers have also signed up to an action plan for implementing the policy. While many of our industry peers work with the 'big three' meat packers, Mars is making a difference by focusing on higher-risk small-medium-sized enterprises at tiers two and three of our supply chain. We have mapped and assessed these suppliers, and our focus now is to support tier-1 suppliers to engage with them to develop and implement action plans, as we integrate sustainability criteria as a standard element of our Beef Sourcing Strategy. In addition, Mars Petcare is a recipe-based business and has the option to switch to an alternative animal protein should beef risks become unmanageable.

Forest risk commodity

Soy

Impact driver type

Reputational and markets

Primary impact driver

Availability of certified sustainable material

Primary impact

Increased operating costs

Description of impact

Mars has a commitment for 100% of soy sourced from Brazil to be certified by the Roundtable on Sustainable Soy. Our preference when buying certified raw materials is to purchase via mass balance programs, as these ensure that enough new certified material is produced to cover our needs. However, mass balance soy is not currently available in Brazil and an alternative sourcing strategy was needed.



Primary response

Market expansion

Total financial impact

90,000

Description of response

In the absence of a mass balance program, our strategy is to drive increased demand for responsible soy by buying certified direct trade credits originating only from farmers in the State of Maranhão and Piauí. Our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the numbers of certified farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco. The credits cost \$3 / tonne, creating a financial impact of \$90,000 for our 30,000 tonne volume.

Forest risk commodity

Other

Impact driver type

Reputational and markets

Primary impact driver

Negative media coverage

Primary impact

Increased operating costs

Description of impact

More than five million farmers in West Africa, Southeast Asia and the Americas grow cocoa, often in areas where deforestation is a problem. Most are smallholders working modest plots of land planted with aging, unproductive cocoa trees that generate little income. To ensure secure supplies of responsibly produced cocoa in the future, there is an urgent need to help farmers grow more cocoa on existing farmland, without



encroaching on remaining forests. Mars sources cocoa from a number of countries, with the majority coming from Côte d'Ivoire, Ghana and Indonesia. Media coverage in 2018 focused on cocoa production in forest areas in these countries.

Primary response

Establishment of new no-deforestation/no-conversion commitments

Total financial impact

1,000,000,000

Description of response

Mars is a member of the World Cocoa Foundation's Cocoa & Forests Initiative (CFI) established in 2018. Mars is a signatory to the CFI commitments to halt deforestation and forest degradation in the global cocoa supply chain, with an initial focus on Côte d'Ivoire and Ghana, where more than 65% of cocoa is grown.

In 2018, we announced our aim to achieve a deforestation-free supply chain for the cocoa we source by 2025. Where credible, landscape-level frameworks such as CFI exist and are backed by other critical actors, we may take additional steps to support enhanced agroforestry, reforestation or forest restoration, or to prevent conversion in other habitats.

We firmly support the frameworks for action introduced by the governments of Côte d'Ivoire and Ghana as part of the CFI. In full alignment with these frameworks, we have developed initial action plans for the two countries. We will work in partnership with all our suppliers to begin implementing our CFI country action plans from 2019.

After Côte d'Ivoire and Ghana, our focus countries are Indonesia, Brazil and Cameroon. In 2019, we will complete risk assessments in these countries and develop country action plans to be published in 2020. In 2020, we will complete a further risk assessment in Ecuador and review our approach in other countries from which we source cocoa.

The total financial impact shown is our total investment over 10 years in our Cocoa for Generations strategy for modern sustainable cocoa farming.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods

External consultants



FSC Global Forest Registry

Please explain

Internal company methods: we have integrated assessment of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. We also assess the level of legal risk in different countries to prioritize areas for action so we can tailor our strategy for maximum impact. The MSSM process for most raw materials includes an annual review cycle.

External consultants: We partner with Earthworm (Formerly TFT) to conduct impact assessments and risk analyses for pulp and paper-based materials. These assessments compare country of harvest (COH) data obtained through supply chain mapping with the COH prioritized by Earthworm and in the pulp and paper packaging guidelines produced by the Consumer Goods Forum (CGF). Both Earthworm and the CGF refer to the Global Forest Registry as a tool for prioritizing COH. The Global Forest Registry is based on the Forest Stewardship Council's Controlled Wood program. Earthworm also uses data from Transparency International's Corruption Perception Index (CPI), and updates its risk analysis annually, after the CPI scores are released at the end January. The CGF also encourages companies to use this index when assessing the COH in their supply chains. The results inform our supplier scorecard, which rates suppliers on a range of indicators in areas including policy, transparency, traceability, and fiber origins.

Timescale: we have incorporated deforestation and land use change into our long-term targets to hold flat the land area associated with our value chain, and to reduce total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Our risk assessments therefore consider both current and long-term impacts.

Palm Oil

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods

External consultants

Global Forest Watch Commodities (GFW Commodities)

Starling

Please explain

Internal company methods: we have integrated assessment of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. The MSSM process for most raw materials includes an annual review cycle. In addition to internal risk analysis tools, we use external tools including Global Forest Watch to conduct our assessments.

External consultants: We assess deforestation risks on a quarterly basis as part of our traceability work with Earthworm (formerly TFT). 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. We incorporate the results into our annual supplier selection process. As part of our bidding process, we ask our palm oil suppliers to evaluate the deforestation risk posed by the mills they source from, using the World Resources Institute (WRI) Global Forest Watch Commodities online PALM Risk tool.

We are also testing Starling as a verification approach for deforestation in Sumatra and Peninsula Malaysia.

Timescale: we have incorporated deforestation impacts into our long-term targets to hold flat the land area associated with our value chain, and to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Our risk assessments therefore consider both current and long-term impacts.



Cattle Products

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods

External consultants

Global Forest Watch Commodities (GFW Commodities)

Please explain

Internal company methods: we have integrated assessment of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. The MSSM process for most raw materials includes an annual review cycle. In addition to internal risk analysis tools, we use external tools including Global Forest Watch to conduct our assessments.

External consultants: In Brazil, we partner with Proforest to conduct risk assessments of beef suppliers and assess compliance with the Brazil Forest Code. This process identified the top 11 suppliers by risk, with whom we now engage directly on action plans. We are also working with Proforest to map tiers 2-3 to further assess risks and additional action required. We have asked our tier-1 suppliers to provide a list of their suppliers.

Timescale: we have incorporated deforestation impacts into our long-term targets to hold flat the land area associated with our value chain, and to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Our risk assessments therefore consider both current and long-term impacts.

Soy

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods

External consultants

Global Forest Watch Commodities (GFW Commodities)

Trase

Please explain

Internal company methods: we have integrated assessment of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. The MSSM process for most raw materials includes an annual review cycle. In addition to internal



risk analysis tools, we use external tools including Global Forest Watch to conduct our assessments.

External consultants: In 2016, we began collaborating with leading soy certification programs and key suppliers to assess risk and ensure the soy we source from Brazil meets our policy requirement for third-party certification. Since 2017, we have sourced certified soy credits from ACT Commodities.

As part of the Consumer Goods Forum Soy Buyers' Coalition, in 2018 we launched a project with TRASE and Proforest to increase transparency and traceability in the soy supply chain, to increase our ability to build effective projects on the ground in areas we source from.

Timescale: we have incorporated deforestation impacts into our long-term targets to hold flat the land area associated with our value chain, and to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Our risk assessments therefore consider both current and long-term impacts.

Other

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used to identify and assess risks

Internal company methods



Global Forest Watch Commodities (GFW Commodities)
National specific tools and databases

Please explain

Internal company methods: we have integrated assessment of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. Sustainability criteria form part of our supplier selection process and annual supplier performance review. In addition to internal risk analysis tools, we are exploring the use of external consultants and tools including Global Forest Watch to strengthen our country-level deforestation risk assessments for cocoa. We will complete additional assessments in 2019, for publication in 2020, as per our policy commitment.

Timescale: we have incorporated deforestation impacts into our long-term targets to hold flat the land area associated with our value chain, and to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Emissions from cocoa sourcing were 11,653,646 tonnes in 2018. Our risk assessments therefore consider both current and long-term impacts.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Our business relies on the availability of raw materials including pulp and paper for packaging, and cocoa, palm oil, beef and soy as ingredients for our products. Our risk assessments consider how interrelated impacts such as deforestation, climate change, water and land use, will affect yields and therefore the availability and these commodities.

We assess the availability of each commodity using our internal sustainability impact calculator, the risk assessment tools that form part of the Mars Strategic Sourcing Methodology, and with assistance from relevant expert third-parties including Earthworm, Proforest, and certification

partners.

Our efforts to tackle deforestation form a major part of our work towards our long-term targets to hold flat the land area associated with our value chain, and to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Our risk assessments inform our strategies for achieving these targets. The targets are included in our corporate scorecard, making deforestation risk assessment current and relevant at all levels of the organization. This is particularly true for the sourcing teams responsible for our supplies, who factor these risk assessments into their decisions on how to source our raw materials and from where.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Our business relies on quality raw materials including pulp and paper for packaging, and cocoa, palm oil, beef and soy as ingredients for our products. Our risk assessments consider how interrelated impacts such as deforestation, climate change, water and land use, will affect the yields and quality of these commodities.

We assess the availability of each commodity using our internal sustainability impact calculator, the risk assessment tools that form part of the Mars Strategic Sourcing Methodology, and with assistance from relevant expert third-parties including Earthworm, Proforest, and certification partners.

Our efforts to tackle deforestation form a major part of our work towards our long-term targets to hold flat the land area associated with our value chain, and to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Our risk assessments inform our strategies for achieving these targets. The targets are included in our corporate scorecard, making deforestation risk assessment current and relevant at all levels of the organization. This is particularly true for the sourcing teams responsible for our supplies, who factor these risk assessments into their decisions on how to source our raw materials and from where.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion



Relevant, always included

Please explain

Negative impacts on ecosystems and habitats may reduce the availability and quality of our raw materials in the future, have adverse effects on local communities where our raw materials are sourced, and attract negative attention that affects our reputation.

We assess the impacts of sourcing our raw materials using our internal sustainability impact calculator, the risk assessment tools that form part of the Mars Strategic Sourcing Methodology, and with assistance from relevant expert third-parties including Earthworm, Proforest, and certification partners. In addition, we have undertaken detailed analyses in close partnership with the World Food Life Cycle Assessment Database (developed by Quantis), which helps quantify land use change impacts due to deforestation. We also use the Global Forest Watch monitoring system developed by World Resources Institute, which helps us understand the scale of the impact and prioritize strategic interventions.

Our efforts to tackle deforestation form a major part of our work towards our long-term targets to hold flat the land area associated with our value chain, and to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Our risk assessments inform our strategies for achieving these targets. The targets are included in our corporate scorecard, making deforestation risk assessment current and relevant at all levels of the organization. This is particularly true for the sourcing teams responsible for our supplies, who factor these risk assessments into their decisions on how to source our raw materials and from where.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Changes to regulation have the potential to affect our sourcing strategies. Our risk assessments for each forest risk commodity take into account potential risks posed by legislation such as the Brazil Forest Code, high environmental compliance standards in regions such as the European Union, and poor regulatory enforcement in some producer countries. We assess these risks using tools that form part of the Mars Strategic Sourcing Methodology, and with assistance from relevant expert third-parties including Earthworm, Proforest, and certification partners.



Our efforts to tackle deforestation form a major part of our work towards our long-term targets to hold flat the land area associated with our value chain, and to reduce our total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Our risk assessments inform our strategies for achieving these targets. The targets are included in our corporate scorecard, making deforestation risk assessment current and relevant at all levels of the organization. This is particularly true for the sourcing teams responsible for our supplies, who factor these risk assessments into their decisions on how to source our raw materials and from where.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

Interrelated impacts such as deforestation, climate change, water and land use, have the potential to affect crop yields and therefore the availability and quality of forest risk commodities.

We assess the impacts of sourcing our raw materials using our internal sustainability impact calculator, the risk assessment tools that form part of the Mars Strategic Sourcing Methodology, and with assistance from relevant expert third-parties including Earthworm, Proforest, and certification partners. In addition, we have undertaken detailed analyses in close partnership with the World Food Life Cycle Assessment Database (developed by Quantis), which helps quantify GHG emissions resulting from deforestation and land use change. This work showed us, for example, that emissions from cocoa sourcing were 11,653,646 tonnes in 2018.

Our efforts to tackle deforestation form a major part of our work towards our long-term targets to reduce total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Our risk assessments inform our strategies for achieving these targets. The targets are included in our corporate scorecard, making deforestation risk assessment current and relevant at all levels of the organization. This is particularly true for the sourcing teams responsible for our supplies, who factor these risk assessments into their decisions on how to source our raw materials and from where.

Impact on water security

Relevance & inclusion

Relevant, always included



Please explain

Interrelated impacts such as deforestation, climate change, water and land use, have the potential to affect crop yields and therefore the availability and quality of forest risk commodities.

We assess the impacts of sourcing our raw materials using our internal sustainability impact calculator, the risk assessment tools that form part of the Mars Strategic Sourcing Methodology, and with assistance from relevant expert third-parties including Earthworm, Proforest, and certification partners. In addition, we have undertaken detailed analyses in close partnership with the World Food Life Cycle Assessment Database (developed by Quantis), which helps impacts resulting from deforestation and land use change. In addition, Mars uses the WRI Aqueduct tool to assess projected change in baseline water stress in geographies we source from. Using this tool, we've identified watersheds in our supply chain that are experiencing stress or may experience stress in the future, including as a result of climate change, of which deforestation is a major cause.

Our efforts to tackle deforestation form a major part of our work towards our long-term targets to reduce total GHG emissions from our full value chain by 27% by 2025 and by 67% by 2050, from 2015 levels. Our risk assessments inform our strategies for achieving these targets. The targets are included in our corporate scorecard, making deforestation risk assessment current and relevant at all levels of the organization. This is particularly true for the sourcing teams responsible for our supplies, who factor these risk assessments into their decisions on how to source our raw materials and from where.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

Our risk assessments for each forest risk commodity take account of factors such as higher costs in Europe compared with some competing markets, due to compliance with stringent environmental regulations and higher consumer expectations for certified or sustainably-produced raw materials.

We assess the risk of tariffs or price increases impacting our raw material sourcing using the risk assessment tools that form part of the Mars Strategic Sourcing Methodology, and with assistance from relevant expert third-parties including Earthworm, Proforest, and certification



partners. This is primarily relevant for the sourcing teams responsible for our supplies, who factor these risk assessments into their decisions on how to source our raw materials and from where.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

We take into account potential loss of markets by estimating the Total Cost of Ownership of our sourcing strategies, including both direct and indirect costs. Examples include calculating the indirect cost of potential lost business should a retail customer specify a third-party certification that we can't meet, or resulting from reputational damage if issues are found in our supply chain.

We assess Total Cost of Ownership as part of the Mars Strategic Sourcing Methodology. This is primarily relevant for the sourcing teams responsible for our supplies, who factor these risk assessments into their decisions on how to source our raw materials and from where.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

We take into account potential brand damage by estimating the Total Cost of Ownership of our sourcing strategies, including both direct and indirect costs. For example, where relevant we calculate the indirect cost of potential lost business resulting from reputational damage if issues are found in our supply chain.

We assess the Total Cost of Ownership as part of the Mars Strategic Sourcing Methodology. This is primarily relevant for the sourcing teams responsible for our supplies, who factor these risk assessments into their decisions on how to source our raw materials and from where.

Corruption

Relevance & inclusion



Relevant, always included

Please explain

Corruption in our supply chain has the potential to cause both supply interruptions and reputational damage. We assess the risk of corruption impacting our raw material sourcing using the risk assessment tools that form part of the Mars Strategic Sourcing Methodology, and with assistance from relevant expert third-parties including Earthworm, Proforest, and certification partners. For example, we partner with Earthworm to conduct impact assessments and risk analyses for pulp & paper-based materials. In these assessments, Earthworm uses data from Transparency International's Corruption Perception Index (CPI), and updates its risk analysis annually, after the CPI scores are released at the end January. This is primarily relevant for the sourcing teams responsible for our supplies, who factor these risk assessments into their decisions on how to source our raw materials and from where.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

The Mars Sustainable in a Generation Plan is our plan for growing in ways that are good for people, good for the planet and good for our business. The Plan sets ambitious goals in three areas: Healthy Planet, Thriving People, and Nourishing Wellbeing.

Our Healthy Planet goal is to reduce environmental impacts in line with what science says is necessary to keep the planet healthy. We are pursuing this goal by working towards value-chain wide, science-based targets for climate action, water stewardship and land use management.

Our Thriving People goal is to meaningfully improve the working lives of one million people in our value chain to enable them to thrive. We aim to achieve this by pursuing additional goals for increasing incomes, respecting human rights and unlocking opportunities for women.

Our raw material impact assessments consider which of these impacts are most relevant for a particular raw material, so that we can undertake more detailed risk assessments in the appropriate areas. We assess risks relating to social impacts in our supply chain using the risk assessment tools that form part of the Mars Strategic Sourcing Methodology, and with assistance from relevant expert third-parties including Earthworm, Proforest, and certification organizations. For example, we work with our strategic partner Verité to assess human rights risks in our palm oil supply chain, and to develop a human rights action plan as we implement our Cocoa for Generations strategy. Cocoa for Generations



includes commitments to improve child protection, smallholder farmer income and women's empowerment in our cocoa supply chain.

Our Sustainable in a Generation targets are included in our corporate scorecard, making assessment of social impacts in our supply chain current and relevant at all levels of the organization. This is particularly true for the sourcing teams responsible for our supplies, who factor these assessments into their decisions on how to source our raw materials and from where.

Other, please specify

Relevance & inclusion

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

We factor customers into our risk assessments as part of the Mars Strategic Sourcing Methodology. This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. Relevant activities within these six steps include creating a stakeholder map and establishing current and future demand for the raw material, which customer demand for our products feeds into. An anticipated increase in customer demand may create a risk of lack of availability of sustainable raw materials. We engage with customers on deforestation risk by completing customer information requests such as the The Walmart Sustainability Index, for example.

Employees



Relevance & inclusion

Not relevant, explanation provided

Please explain

As deforestation risk is present only in our supply chain, it is not relevant to Mars associates beyond their involvement in carrying out our risk assessments and using the results to inform the development of our strategies.

Investors

Relevance & inclusion

Relevant, always included

Please explain

Sustainability risks including deforestation and climate change have a direct impact on our profitability and growth potential, and therefore on returns to the Mars family, our sole owners.

Mars is a privately-owned company with no public shareholders. However, the Mars family is highly supportive of our Sustainable in a Generation Plan, as this contributes to the creation of mutual benefits for the business and all its stakeholders, in line with our Five Principles. Members of the Mars family sit on the Board, through which they review and feedback on sustainability risks, targets, policies and management procedures.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

Our Deforestation Prevention Policy commits us to partnering with industry, governments and civil society on broader efforts to protect forests and ensure mutual benefits for the workers and communities that rely on them for their livelihoods.

We factor relevant communities into our risk assessments as part of the Mars Strategic Sourcing Methodology. This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. Relevant activities within these six steps

include creating a stakeholder map and conducting impact assessments, where appropriate, into human rights and income - the social impacts we prioritize within our Sustainable in a Generation Plan. Impact assessments are generally carried out on the ground in a particular sourcing community, with the assistance of an expert third party. For example, we work with our strategic partner Verité to assess human rights risks in our palm oil supply chain, and we are developing a human rights action plan as we implement our Cocoa for Generations strategy. Cocoa for Generations includes commitments to improve child protection, smallholder farmer income and women's empowerment in our cocoa supply chain.

NGOs

Relevance & inclusion

Relevant, always included

Please explain

Our Deforestation Prevention Policy commits us to partnering with industry, governments and civil society on broader efforts to protect forests and ensure mutual benefits for the workers and communities that rely on them for their livelihoods. We engaged with NGO partners including Greenpeace, RAN, WRI and Earthworm (The Forest Trust) in the development of this policy.

We factor NGOs into our risk assessments as part of the Mars Strategic Sourcing Methodology. This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. Relevant activities within these six steps include creating a stakeholder map. We engage with expert third-party stakeholders identified, including NGOs, to help us develop effective sourcing strategies for addressing impacts including deforestation in the way we purchase our raw materials.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, always included

Please explain

Our Deforestation Prevention Policy commits us to partnering with industry, governments and civil society on broader efforts to protect forests and ensure mutual benefits for the workers and communities that rely on them for their livelihoods. We factored in the needs of other forest risk commodity users by seeking the views of specialist NGO partners including Greenpeace, RAN, WRI and Earthworm (The Forest Trust) in the



development of this policy.

We factor other users into our risk assessments as part of the Mars Strategic Sourcing Methodology. This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. Relevant activities within these six steps include creating a stakeholder map. We engage with expert local and global third-party stakeholders identified, including local interest groups where appropriate, to help us develop effective sourcing strategies for addressing impacts including deforestation in the way we purchase our raw materials.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

We factor regulators into our risk assessments as part of the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. One such aspect is an assessment of the external environment, including political and legal risks affecting the raw material in question. Relevant factors considered within this assessment include:

- Regulation and de-regulation trends
- Tax policy and trade & tariff controls
- Legislation in areas such as employment, competition and health and safety.
- Import/export laws
- Regulatory bodies and their processes
- Industry specific legislation
- Environmental regulations.

Suppliers

Relevance & inclusion

Relevant, always included



Please explain

We factor suppliers into our risk assessments as part of the Mars Strategic Sourcing Methodology (MSSM), to assess their policies and processes for mitigating the risk of deforestation occurring in their supply chains. This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers.

As an 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. We incorporate the results into our annual supplier selection process. As part of our bidding process, we ask our palm oil suppliers to evaluate the deforestation risk posed by the mills in their own supply chains, using the World Resources Institute (WRI) Global Forest Watch Commodities online PALM Risk tool.

Other stakeholders, please specify

Relevance & inclusion

Please explain

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber	Yes
Palm Oil	Yes



Cattle Products	Yes
Soy	Yes
Other	Yes

F3.1a

(F3.1a) How does your organization define substantive impact on your business?

We define a risk as having a substantive impact on our business if our risk assessments show that it threatens the long-term stability of our supply of one or more materials. For example, this could be the likelihood that the climate change contribution from land use change will affect raw material supplies in the future, or that poor soil health resulting from unsustainable land management practices will reduce quality and yields.

Within our Sustainable in a Generation Plan, one way that we quantify these risks is by estimating the greenhouse gas emissions arising from land use change for each raw material in our value chain. This enables us to take a scientific approach targeted on those raw materials with the greatest impact on land use and deforestation. This approach led us to add cocoa as a priority raw material within our deforestation prevention policy in addition to the four raw materials identified as forest risk commodities by the Consumer Goods Forum, as our risk assessments show that cocoa accounts for almost a third of the land footprint of our supply chain.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber

Type of risk

Reputational and markets



Geographical scale

Region

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Availability of certified sustainable material

Primary potential impact

Supply chain disruption

Company-specific description

The availability of sustainable, deforestation-free raw materials that meet our policy requirements is a challenge. Our preference is for 100% Forest Stewardship Council (FSC) certified fiber followed by FSC Mixed Sources. However, lack of availability in some regions we source pulp-and-paper-based packaging materials from means we will also accept product certified under national schemes approved by the Program for the Endorsement of Forest Certification (PEFC).

Timeframe

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

0



Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

Though lack of FSC-certified product does pose the risk of potential disruption to supplies of our preferred raw materials, we believe we can manage this by employing alternative strategies (see Description of response). As a result, we are confident of keeping the financial impact on our business very low (excluding Cost of response).

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Our strategy for managing deforestation risks in our Pulp and Paper Sourcing and Deforestation Policy is to:

- Maximize recycled content, to increase the proportion of recycled fiber in our pulp and paper-based packaging from 59% to 80% by 2020.
- Simplify the supply chain and increase accountability where we still source virgin fiber, shifting away from non-essential origins and taking corrective action with suppliers that don't share our commitment to our policy.
- Buy certified product for any virgin fiber that must be used, with a preference for Forest Stewardship Council.

Cost of response

325,000

Explanation of cost of response

This is an approximate cost of traceability, technical support, industry memberships and collaborations need to implement our sourcing strategy. Maximizing recycled content to reduce the need for certification is cost neutral, as any cost savings from the use of recycled content are offset by the need to increase packaging weight to maintain performance.

Forest risk commodity

Timber

Type of risk

Regulatory

Geographical scale

Country

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Poor enforcement of regulation

Primary potential impact

Supply chain disruption

Company-specific description

Risk that legislation to prevent illegal logging or the import/export of illegal timber is not enforced in some countries. This may increase the risk of illegally produced fiber entering our supply chain.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Low

Likelihood

Unlikely



Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

89,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

The financial impact provided is the approximate total value of virgin timber sourced from countries in our supply chain that pose a higher risk of regulations not being enforced. However, only a fraction of this value would be impacted by any single incident, which is why the magnitude of potential impact is listed as low.

Primary response to risk

Greater traceability of forest-risk commodities

Description of response

Tracing the virgin fiber in our packaging to country of harvest enables us to assess the risk each country poses. In high priority countries, our strategy is to source certified fiber and, where necessary, seek additional verification that the fiber source is not driving deforestation.

Cost of response

325,000

Explanation of cost of response

This is an approximate cost of traceability, technical support, industry memberships and collaborations need to implement our sourcing strategy.

Forest risk commodity



Timber

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Our business may face reputational risks from campaigns which aim to raise awareness of deforestation by targeting brands using forest products. For example, in June 2019 Greenpeace published a report on consumer goods companies' actions to prevent deforestation in their global supply chains. Mars is named in the report, along with many peers and competitors, underlining the importance of sustainable sourcing for corporate reputation.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?



No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

We have not yet estimated the potential financial impact of negative media coverage for this issue.

Primary response to risk

Greater due diligence

Description of response

We believe that by engaging with NGOs to better understand their position and respond to their concerns can help us improve our sustainability strategies and performance. For example, after engaging with Greenpeace, in 2018 we increased transparency of the supply chain for our pulp and paper-based packaging by publishing a list of our direct suppliers and countries sourced from:

https://gateway.mars.com/m/6ac51108609a3649/original/Mars-Sourcing-Data_PulpPaper-030419.pdf

Our policies and targets demonstrate to our stakeholders our commitment to tackling deforestation. Mars represents a small proportion of the global market. We source and will continue to source in responsible ways that comply with or exceed applicable legislation. We have mapped the virgin fiber in our pulp and paper packaging materials, and assessed the risks in the countries of harvest identified. We publish regular progress updates on our website and in our annual Sustainable in a Generation Plan report to keep stakeholders informed of our efforts.

Cost of response

325,000



Explanation of cost of response

This is an approximate cost of traceability, technical support, industry memberships and collaborations need to implement our sourcing strategy.

Forest risk commodity

Palm Oil

Type of risk

Reputational and markets

Geographical scale

Region

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Availability of certified sustainable material

Primary potential impact

Supply chain disruption

Company-specific description

Mars sources 100% RSPO-certified mass balance palm oil. This means that while enough certified palm oil enters the supply chain to cover our needs, some of the palm oil we actually receive may be from non-certified sources. Though in 2019 our European business began sourcing from fully segregated certified supply chains, we are unable to purchase enough segregated palm oil to meet our needs globally. We believe the availability of certified sustainable palm oil (CSPO) has been hampered by the cost and complexity for producers of of fully segregating CSPO from conventional supplies, and by a lack of clarity among buying companies on the best course of action driving a lack of demand for segregated palm oil supplies.

Timeframe



Current - up to 1 year

Magnitude of potential impact

Medium-low

Likelihood

Virtually certain

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

1,000,000,000

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

In some markets including Europe, there can be a higher expectation for palm oil to be from a segregated certified supply, and some countries are introducing legislation and taxes on palm oil use. We believe a percentage of Mars Wrigley's business in Europe (valued at around \$1 billion) may be at risk if we cannot demonstrate compliance with our policies via segregated certified supplies.

Primary response to risk

Tighter supplier performance standards

Description of response

In 2018, our European business continued to source 100% RSPO mass-balance certified palm oil. From January 2019, we moved to RSPO segregated palm oil for Europe, and from mid-2019 in Australia. We also aim to go beyond RSPO criteria to only source palm oil from companies whose operations meet the sourcing charter set out in our palm oil policy. We have traced 98% of our palm oil back to the processing mill so that we can better assess whether the palm oil we actually receive meets our standards.



Cost of response

6,000,000

Explanation of cost of response

\$6 million was the approximate cost of the premiums and overheads of sourcing 100% certified mass balance palm oil supplies for our global business in 2018.

Forest risk commodity

Palm Oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Our business may face reputational risks from campaigns which aim to raise awareness of deforestation by targeting brands using forest products. For example, in June 2019 Greenpeace published a report on consumer goods companies' actions to prevent deforestation in their global supply chains. Mars is named in the report, along with many peers and competitors, underlining the importance of sustainable sourcing for corporate reputation.



Timeframe

Current - up to 1 year

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

We have not yet estimated the potential financial impact of negative media coverage for this issue.

Primary response to risk

Tighter supplier performance standards

Description of response

Mars continues to implement our palm oil policy and commitment to fully sustainable and traceable palm oil supplies that are free from deforestation and produced with respect for human rights. Mars has purchased 100% of palm oil from RSPO-certified sources via the “mass balance” program since 2013. We achieved 98% traceability of our palm oil supplies to the mill over the 12 months to December 2018, and continue to support Earthworm and key suppliers to assess and improve social and environmental practices at mills in Indonesia and Malaysia.



We have integrated sustainability criteria into our global bidding process for palm oil suppliers, using their responses to assess potential deforestation impacts in their supply chains. We used the results to shift our business to suppliers aligned with our policy. As part of our bidding process, we asked our major palm oil suppliers to evaluate the deforestation risk posed by the mills they source from, using the World Resources Institute (WRI) Global Forest Watch Commodities online PALM Risk tool. This tool enables users to assess the risk that deforestation-related activities are occurring in the areas surrounding individual palm oil mills, and helps prioritize supply chain engagement to address these risks. We are working with suppliers to put in place action plans to address the risks identified, where necessary. We publish regular progress updates on our website and in our annual SIG Report to keep stakeholders informed.

Cost of response

Explanation of cost of response

Forest risk commodity

Cattle Products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Uncertainty about product origin and/or legality

Primary potential impact

Brand damage



Company-specific description

Though we have mapped our Brazilian beef supply chain to the slaughterhouse, there is currently no globally-recognized, robust traceability system in place throughout all tiers of the complex, worldwide beef supply chain. This makes it difficult for Mars to establish whether deforestation is occurring in its supply chain, or to put preventative measures in place.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

We have not yet calculated the potential financial impact of brand damage incurred from alleged deforestation in our beef supply chain.

Primary response to risk

Engagement in multi-stakeholder initiatives

Description of response



We are members of the Global Roundtable for Sustainable Beef, the Brazil Roundtable on Sustainable Livestock (GTPS), the US Roundtable for Sustainable Beef, and the SAI Platform Beef Working Group. Through these initiatives, we are working with industry peers and key suppliers to develop transparent principles and practices, and collaborative projects to promote sustainable beef production and reduce deforestation. By helping to introduce better farming practices we can decouple beef production from deforestation, while improving related impacts such as greenhouse gas emissions, water use and soil quality.

We are also working with Proforest on a more detailed risk assessment beyond tier-1. This uses a decision tree to categorize suppliers based on their current level of compliance with the Brazil Forest Code and the traceability and other systems the supplier already has in place. This is enabling us to prioritize suppliers that need further assistance to develop time-bound action plans. Only by helping to introduce better farming practices can we decouple beef and soy production from deforestation, while improving other impacts such as greenhouse gas emissions, water use and soil quality.

We are also putting in place plans to support farms to comply with the Brazil Forest Code.

Finally, Mars Petcare is a recipe-based company and it may be possible to switch to an alternative animal protein in some of our products should beef become too high risk.

Cost of response

50,000

Explanation of cost of response

This is an estimate of the annual cost of our work with external consultants to improve the traceability of our beef by-product supply chain in Brazil.

Forest risk commodity

Cattle Products

Type of risk

Reputational and markets



Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Our business may face reputational risks from campaigns which aim to raise awareness of deforestation by targeting brands using forest products. For example, in June 2019 Greenpeace published a report on consumer goods companies' actions to prevent deforestation in their global supply chains. Mars is named in the report, along with many peers and competitors, underlining the importance of sustainable sourcing for corporate reputation.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)



Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

We have not yet calculated the potential financial impact of brand damage incurred from alleged deforestation in our beef supply chain.

Primary response to risk

Greater due diligence

Description of response

Our policies and targets demonstrate to our stakeholders our commitment to tackling deforestation. Mars represents a small proportion of the global market. We source and will continue to source in responsible ways that comply with or exceed applicable legislation. We have mapped our supply chain to trace our beef by-products back to the slaughterhouse, with a particular focus on the small volumes we source from Brazil, where deforestation risk is high. We publish regular updates to keep stakeholders informed of our progress, on our website and in our annual Sustainable in a Generation Report.

Cost of response

50,000

Explanation of cost of response

This is an estimate of the annual cost of our work with external consultants to improve the traceability and sustainability of our beef by-product supply chain in Brazil.

Forest risk commodity

Soy



Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Availability of certified sustainable material

Primary potential impact

Supply chain disruption

Company-specific description

Supplies of third-party certified materials are limited, and based on credits rather than the mass balance system, which ensures that enough certified product enters the supply chain to replace what is bought. This means that even though we buy third-party certified soy credits, there is a risk that the actual soy in our supply chain is associated with deforestation.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

0

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

We have calculated the potential financial impact at zero as we believe the strategy described under Description of response adequately mitigates this risk.

Primary response to risk

Market expansion

Description of response

We maintained our commitment for 100% of soy sourced from Brazil to be certified by the Round Table on Responsible Soy or Proterra in 2018.

Our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the numbers of certified farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco.

Cost of response

90,000

Explanation of cost of response

The cost of sourcing certified direct trade credits is \$3 / tonne, and we purchased 30,000 tonnes in 2018.

Forest risk commodity

Soy



Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Our business may face reputational risks from campaigns which aim to raise awareness of deforestation by targeting brands using forest products. For example, in June 2019 Greenpeace published a report on consumer goods companies' actions to prevent deforestation in their global supply chains. Mars is named in the report, along with many peers and competitors, underlining the importance of sustainable sourcing for corporate reputation.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

No, we do not have this figure



Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

We have not yet calculated the potential financial impact of negative media coverage of our soy supply chain.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Our policies and targets demonstrate to our stakeholders our commitment to tackling deforestation. Mars represents a small proportion of the global market. We source and will continue to source in responsible ways that comply with or exceed applicable legislation - we maintained our target for 100% of the soy we source from Brazil to be third-party certified as responsibly produced. Globally, 30% of our soy was certified as certified at year-end 2018.

We have traced the origins of our worldwide sources of soy products to the processing mill, and worked with suppliers to establish that the volume we source that originates in Brazil represents a fraction of our total soy products. We publish regular updates to keep stakeholders informed of our progress, on our website and in our annual Sustainable in a Generation Plan report.

Cost of response

90,000

Explanation of cost of response

The cost of sourcing certified direct trade credits is \$3 / tonne, and we purchased 30,000 tonnes in 2018.



Forest risk commodity

Other

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

Awareness of the role cocoa production plays in deforestation in West Africa and other countries increased in 2018, as a result of NGO reports and media coverage. As one of the world's largest buyers of cocoa, Mars sources, via our suppliers, cocoa from a number of countries including Brazil, Cameroon, Côte d'Ivoire, Columbia, Dominican Republic, Ecuador, Ghana, Indonesia, Nigeria, Papua New Guinea, Peru, Philippines and Vietnam, with the majority coming from Côte d'Ivoire, Ghana and Indonesia.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Very likely



Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact figure

We have not yet calculated the financial impact of the potential reputational damage from being associated with deforestation associated with cocoa.

Primary response to risk

More ambitious forest-related commitments

Description of response

Mars is a member of the World Cocoa Foundation's Cocoa & Forests Initiative (CFI) established in 2018. Mars is a signatory to the CFI commitments to halt deforestation and forest degradation in the global cocoa supply chain, with an initial focus on Côte d'Ivoire and Ghana, where more than 65% of cocoa is grown.

Our aim is to achieve a deforestation free supply chain for cocoa we source by 2025. Where credible, landscape-level frameworks such as CFI exist and are backed by other critical actors, we may take additional steps to support enhanced agroforestry, reforestation or forest restoration, or to prevent conversion in other habitats.

The challenges the cocoa industry faces are complex and must be tackled collectively. We firmly support the frameworks for action introduced by the governments of Côte d'Ivoire and Ghana as part of the CFI. In full alignment with these frameworks, we have developed initial company action plans for the two countries. We will work in partnership with all our suppliers to begin implementing our CFI country action plans from



2019.

After Côte d'Ivoire and Ghana, our focus countries are Indonesia, Brazil and Cameroon. In 2019, we will complete risk assessments in these countries and develop country action plans to be published in 2020. In 2020, we will complete a further risk assessment in Ecuador and review our approach in other countries from which we source cocoa.

Cost of response

1,000,000,000

Explanation of cost of response

The total financial impact shown is our total investment over 10 years in our Cocoa for Generations strategy for modern sustainable cocoa farming. It covers aspects such as smallholder farmer income and child protection as well as preserving forests. We will report a figure specifically for forests in future years. As part of commitment to the CFI, we will disclose financial information on our forest protection efforts to participating governments by 31 August 2019.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber	Yes
Palm Oil	Yes
Cattle products	Yes
Soy	Yes
Other	Yes



F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Improved supply chain engagement

Financial incentives

Company-specific description & strategy to realize opportunity

We believe our work on sustainable sourcing is strengthening supplier relationships, and in so doing increasing supply chain transparency, security of supply, the capacity of sustainable commodity markets and demand for sustainable products, as well as boosting associate (employee) retention and satisfaction.

All of our business segments use pulp and paper-based packaging materials, accounting for more than half of our product packaging. Our goal is to have a sustainable supply chain for all pulp and paper-based packaging materials, to ensure reliable supplies of quality product packaging in the future.



Mars is committed to ensuring 100% of virgin pulp and paper-based packaging is traceable to at least country of origin, and that 100% of pulp and paper-based packaging is purchased from certified, verified or recycled sources by the end of 2020. We ensure our suppliers are working toward our commitments using three strategies:

- 1) Supply chain traceability. For the virgin fiber in the pulp and paper we source, we have built a fully traceable supply chain at least back to the country of forest harvest, or to a specific area where risks are high or vary within a country. We partner with Earthworm (formerly TFT) to map our supply chain and assess the risks involved, to ensure this work is guided by an experienced, credible organization.
- 2) Only sourcing virgin pulp and paper-based packaging materials from companies whose operations meet the Sustainable Sourcing Charter set out in our Pulp & Paper-Based Materials & Deforestation Policy.
- 3) Maintaining a preference for recycled content. To reduce our use of virgin fiber, we will maintain a preference for recycled fiber where feasible and where we believe it to be a more sustainable alternative to virgin fiber. The final choice of fiber will be determined by quality and food safety requirements, product specification and performance, legal requirements, and its sustainability impacts.
- 4) Based on the risk assessments carried out with support from Earthworm, where necessary we seek additional evidence of traceability in our supply chain, and that the fiber we source meets our Sustainable Sourcing Charter. Given the global nature of our supply chain, we assure compliance using more than one approach. These include certification, third-party verification, and purchasing from countries posing a low risk.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

0

Potential financial impact figure – minimum (currency)



Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

One possible scenario is that by strengthening the resilience of our pulp and paper-based materials supply chain, we will avoid future cost increases from other risks, resulting in a neutral financial impact. This is supported by our assessment that our strategy to maximize recycled content will be cost-neutral.

Forest risk commodity

Palm Oil

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Improved supply chain engagement

Financial incentives

Company-specific description & strategy to realize opportunity

We believe our work on sustainable sourcing is strengthening supplier relationships, and in so doing increasing supply chain transparency, security of supply, the capacity of sustainable commodity markets and demand for sustainable products, as well as boosting associate (staff) retention and satisfaction.

We continue to collaborate with suppliers on ways to transform palm oil production to a level that meets our policy requirements, a process we



call our GOOD program. This program supports our commitment to reducing our environmental impacts in line with what science says is necessary, and to improving the lives of a million people in our value chain, as we strive to make our business Sustainable in a Generation. As part of this work, Mars and our suppliers are streamlining our palm oil supply chain to include fewer refineries, enabling us to target our resources for more effective transformation by deepening our engagement with defined suppliers.

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. We incorporate the results into our annual supplier selection process. We are now tracking progress and co-creating strategies with these suppliers to drive collective improvement. We award business based on scorecard performance and in doing are holding both our suppliers and ourselves accountable.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

0

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)



Explanation of financial impact figure

One possible scenario is that by strengthening the resilience of our palm oil supply chain, we will avoid future cost increases from other risks, resulting in a neutral financial impact.

Forest risk commodity

Cattle Products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Driving demand for sustainable materials

Financial incentives

Company-specific description & strategy to realize opportunity

Collaboration is essential in order to initiative change or influence the Brazilian government to enforce the Brazil Forest Code. Companies are unable to meet regulatory requirements without appropriate government legislation and enforcement.

Now that we have increased visibility of the slaughterhouses our suppliers source from, we have an opportunity to work with them to improve impacts such as deforestation and greenhouse gas emissions.

We are members of the Global Roundtable for Sustainable Beef, the Brazil Roundtable on Sustainable Livestock (GTPS), the US Roundtable for Sustainable Beef, and the SAI Platform Beef Working Group. Through these initiatives, we are working with industry peers and key suppliers to develop transparent principles and practices, and collaborative projects to promote sustainable beef production and reduce deforestation. By



helping to introduce better farming practices we can decouple beef production from deforestation, while improving related impacts such as greenhouse gas emissions, water use and soil quality.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

Medium-low

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We have not yet estimated the financial benefits of driving demand for sustainable beef by-product.

Forest risk commodity

Soy

Type of opportunity



Markets

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Increased capacity of sustainable commodity markets

Financial incentives

Company-specific description & strategy to realize opportunity

Supplies of third-party certified soy products are limited, and based on credits rather than the mass balance system, which ensures that enough certified product enters the supply chain to replace what is bought. We have an opportunity to work within our supply chain to increase demand for responsible soy and in so doing incentivize farmers to implement certification standards.

Our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the numbers of certified farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco.

Using this approach, we maintained our commitment for 100% of soy sourced from Brazil to be third-party certified in 2018. Globally, 30% of the soy we source is certified.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Low

Likelihood

Virtually certain



Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We have not yet estimated the financial benefits of driving demand for certified soy.

Forest risk commodity

Other

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Increased capacity of sustainable commodity markets

Financial incentives

Company-specific description & strategy to realize opportunity



We aim to increase the cocoa sector's capacity for sustainable production through our efforts to tackle deforestation in our cocoa supply chain, and our Cocoa for Generations strategy for strengthening the supply chain more broadly.

Mars is a member of the World Cocoa Foundation's Cocoa & Forests Initiative (CFI) established in 2018. Mars is a signatory to the CFI commitments to halt deforestation and forest degradation in the global cocoa supply chain, with an initial focus on Côte d'Ivoire and Ghana, where more than 65% of cocoa is grown.

Our aim is to achieve a deforestation free supply chain for cocoa we source by 2025. Where credible, landscape-level frameworks such as CFI exist and are backed by other critical actors, we may take additional steps to support enhanced agroforestry, reforestation or forest restoration, or to prevent conversion in other habitats.

The challenges the cocoa industry faces are complex and must be tackled collectively. We firmly support the frameworks for action introduced by the governments of Côte d'Ivoire and Ghana as part of the CFI. In full alignment with these frameworks, we have developed initial company action plans for the two countries. We will work in partnership with all our suppliers to begin implementing our CFI country action plans from 2019.

After Côte d'Ivoire and Ghana, our focus countries are Indonesia, Brazil and Cameroon. In 2019, we will complete risk assessments in these countries and develop country action plans to be published in 2020. In 2020, we will complete a further risk assessment in Ecuador and review our approach in other countries from which we source cocoa.

Estimated timeframe for realization

4-6 years

Magnitude of potential impact

High

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure



Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

We have not yet estimated the financial benefits of improving capacity in the cocoa supply chain.

F4. Governance

F4.1

(F4.1) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.1a

(F4.1a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate deforestation and/or conversion Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency	In January 2014, we invited 11 external experts to give us their perspectives and guidance on deforestation during a three-day workshop. The session improved our understanding of the macroeconomic, social and demographic drivers of



	<p>Commitment to stakeholder awareness and education</p> <p>Commitment to align with public policy initiatives, e.g. SDGs</p> <p>Recognition of the overall importance of forests and other natural habitats</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>Description of forests-related standards for procurement</p>	<p>deforestation, as well as potential strategies for Mars to combat deforestation in our value chain. Our stakeholders urged us to focus on high-impact, pragmatic solutions, and to articulate our vision and goals clearly. We were advised to build our approach to preventing deforestation using our strengths, i.e., using science-based strategies informed by practical experience.</p> <p>The lessons from the session informed our Deforestation Prevention Policy and raw-material-specific deforestation and sourcing policies.</p> <p>Policy available at: https://www.mars.com/global/about-us/policies-and-practices/deforestation-prevention-policy</p>
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F4.1b

(F4.1b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber	Yes	Company-wide	Commitment to eliminate deforestation and/or conversion	Our commodity-specific policies provide more details of how we are implementing our Deforestation Policy, for that particular raw material. Each policy includes material-specific commitments and time frames. Our Pulp & Paper Sourcing and Deforestation Policy includes the following commitments:



		<p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to align with public policy initiatives, e.g. SDGs</p> <p>Recognition of the overall importance of forests and other natural habitats</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p>	<ul style="list-style-type: none"> - 100% of virgin pulp and paper-based packaging traceable to at least country of origin - 100% of pulp and paper-based packaging from certified, verified or recycled sources by the end of 2020 - We will develop a further target, prioritizing high deforestation risk areas, once we have full supply chain traceability <p>These commitments are designed to ensure a sustainable supply chain for all pulp and paper-based packaging materials sourced by Mars, Incorporated. We set them based on internal engagement between sustainability and procurement teams, as well as with external experts.</p> <p>Policy available at: https://www.mars.com/global/about-us/policies-and-practices/pulp-and-paper-policy</p>
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			<p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p> <p>Reference to international standards and widely-recognized forests-related initiatives</p>	
Palm Oil	Yes	Company-wide	<p>Commitment to eliminate deforestation and/or conversion</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to align with public policy initiatives, e.g. SDGs</p> <p>Recognition of the overall importance of forests and other natural habitats</p>	<p>Our commodity-specific policies provide more details of how we are implementing our Deforestation Policy, for that particular raw material. Each policy includes material-specific commitments and time frames.</p> <p>Our Sustainable Palm Oil Sourcing Policy includes the following commitments:</p> <ul style="list-style-type: none"> - To only source palm oil from companies whose operations meet the sourcing charter set out in the policy. - To develop a fully traceable pipeline back to known mills - To only work with palm oil suppliers that share our values and our commitment to transforming the palm oil supply chain. <p>These commitments are designed to ensure a fully sustainable and traceable palm oil supply chain that goes beyond RSPO criteria. We set them based on internal engagement between sustainability and procurement teams, as well as with external experts.</p> <p>Policy available at: https://www.mars.com/global/about-us/policies-and-practices/palm-oil-policy</p>



			<p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p> <p>Reference to international standards and widely-recognized forests-related initiatives</p>	
Cattle Products	Yes	Selected facilities, businesses or geographies only	<p>Commitment to eliminate deforestation and/or conversion</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p>	<p>Our commodity-specific policies provide more details of how we are implementing our Deforestation Policy, for that particular raw material. Each policy includes material-specific commitments and time frames.</p> <p>Our Beef Sourcing and Deforestation Policy includes the following commitment: By the end of 2017, 100% of our Brazilian beef purchases will be from suppliers who are able to demonstrate that, when beef is coming from the Amazon Biome, it is not associated with primary forest clearance or</p>



		<p>Commitment to stakeholder awareness and education</p> <p>Commitment to align with public policy initiatives, e.g. SDGs</p> <p>Recognition of the overall importance of forests and other natural habitats</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p> <p>Reference to international standards and widely-</p>	<p>who have the right plans in place to become able to demonstrate. To achieve this commitment we will work closely with our suppliers who have more direct visibility into their beef sources.</p> <p>Mars' focus is on the Amazon biome, where highly sensitive forest areas have been historically felled for cattle ranching. Our goal is to ensure that beef used in Mars products does not impinge on the Amazon region, one of the world's most environmentally sensitive areas.</p> <p>Policy available at: https://www.mars.com/global/about-us/policies-and-practices/beef-sourcing-policy</p>
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			recognized forests-related initiatives	
Soy	Yes	Selected facilities, businesses or geographies only	<p>Commitment to eliminate deforestation and/or conversion</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to align with public policy initiatives, e.g. SDGs</p> <p>Recognition of the overall importance of forests and other natural habitats</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</p> <p>Description of forest risk commodities, parts of the business, and stages of</p>	<p>Our commodity-specific policies provide more details of how we are implementing our Deforestation Policy, for that particular raw material. Each policy includes material-specific commitments and time frames.</p> <p>Our ambition is to ensure that, by the end of 2017, 100% of the soy we purchase in Brazil will be certified. This means that, from and after 2018, Mars will only source material in Brazil that has been certified by a third party verification system, such as RTRS or ProTerra.</p> <p>Our initial focus is on Brazil, where highly sensitive forest areas have been historically felled for agriculture and cattle ranching.</p> <p>Policy available at: https://www.mars.com/global/about-us/policies-and-practices/soy-policy</p>



			<p>value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p> <p>Reference to international standards and widely-recognized forests-related initiatives</p>	
Other	Yes	Company-wide	<p>Commitment to eliminate deforestation and/or conversion</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to align with public policy initiatives, e.g. SDGs</p>	<p>Our commodity-specific policies provide more details of how we are implementing our Deforestation Policy, for that particular raw material. Each policy includes material-specific commitments and time frames.</p> <p>Our aim is to achieve a deforestation free supply chain for cocoa we source by 2025. Where credible, landscape-level frameworks such as CFI exist and are backed by other critical actors, we may take additional steps to support enhanced agroforestry, reforestation or forest restoration, or to prevent conversion in other habitats.</p> <p>The challenges the cocoa industry faces are complex and must be tackled collectively. We firmly support the frameworks for action introduced by the governments of Côte d'Ivoire and Ghana as part of the Cocoa and Forests Initiative. In full alignment with these frameworks, we have developed initial company action plans for the two countries. We will work in partnership with all our suppliers to begin implementing our CFI country action plans from 2019.</p>

		<p>Recognition of the overall importance of forests and other natural habitats</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p> <p>Reference to international standards and widely-recognized forests-related initiatives</p>	<p>After Côte d'Ivoire and Ghana, our focus countries are Indonesia, Brazil and Cameroon. In 2019, we will complete risk assessments in these countries and develop country action plans to be published in 2020. In 2020, we will complete a further risk assessment in Ecuador and review our approach in other countries from which we source cocoa.</p>
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F4.2

(F4.2) Is there board-level oversight of forests-related issues within your organization?

Yes



F4.2a

(F4.2a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board Chair	<p>The value-chain wide greenhouse gas emissions reduction target included in our Sustainable in a Generation Plan, towards which our deforestation strategies contribute, is now included in the Board's long-term metrics and goals, which the chair of the Board is responsible for achieving.</p> <p>The Mars Sustainable in a Generation (SiG) Plan is our plan for growing in ways that are good for people, good for the planet and good for our business. It includes our Climate Action strategy, targets and performance.</p>
Other C-Suite Officer	The Remuneration Committee of the Board meets at least annually to review salaries, including the approval of senior leadership bonuses that are based in part on progress made toward our carbon reduction targets, towards which our deforestation strategies contribute.

F4.2b

(F4.2b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	<p>Monitoring implementation and performance</p> <p>Overseeing acquisitions and divestiture</p> <p>Overseeing major capital expenditures</p>	Our 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 goals, including our science-based, value-chain wide greenhouse gas reduction target towards which our deforestation strategies contribute, is tracked as a matter of course by the Mars Board along with other company-wide metrics and goals.



	<p>Providing employee incentives</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding strategy</p> <p>Reviewing innovation / R&D priorities</p> <p>Setting performance objectives</p>	<p>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 including for climate action and deforestation, 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.</p>
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F4.3

(F4.3) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Both assessing and managing forests-related risks and opportunities	Quarterly	<p>The climate action and land use targets in our Corporate Scorecard and SiG Plan are cascaded by the Mars Leadership Team, led by the CEO, to the leadership teams of each business segment for implementation. Segment General Managers are accountable for deploying related strategies, such as for deforestation, within their businesses. Segment Sustainability Directors liaise with Segment Leadership Teams and Regional Leadership Teams to develop detailed strategies for deliver the required impact improvements.</p> <p>The Leadership Team delegates responsibility for our Climate Strategy to the Sustainability Steering Group (SSG), which meets quarterly, is chaired by the CSO</p>



			and comprises senior managers representing each main business segment (Petcare, Mars Wrigley and Food) and each main business function (Procurement, Manufacturing, and Public Affairs). The SSG is the center of our sustainability thought leadership and is where priorities, principles, policies, positions are developed, often in collaboration with external stakeholders and experts. The SSG ensures the Leadership Team is 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.
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F4.4

(F4.4) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

No, not currently but we do plan to introduce them in the next two years

F4.5

(F4.5) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain



<p>Long-term business objectives</p>	<p>Yes, forests-related issues are integrated</p>	<p>21-30</p>	<p>Deforestation impacts are incorporated into our Sustainable in a Generation Plan - our plan to grow in ways that are good for people, good for the planet, and good for our business.</p> <p>The SiG Plan includes value-chain wide targets and strategies for reducing carbon emissions and holding flat our land use. Deforestation is a key element of both, as our supply chain accounts for the vast majority of both our carbon emissions and our land use.</p>
<p>Strategy for long-term objectives</p>	<p>Yes, forests-related issues are integrated</p>	<p>21-30</p>	<p>To ensure we are working towards our SiG Plan targets, we have integrated assessment and management of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. MSSM contains strategic options for buyers to select from in order to best address the impacts of our particular raw material.</p> <p>We are reviewing our approach to consider what additional actions we can take to ensure no deforestation. For example, we are exploring ways to engage entire supply chains, from producers through to traders and buyers, to implement policies and practices that incentivize conversion-free production and dis-incentivize production linked to conversion. This approach will require commitment from buying companies, transparency to promote clean supply chains, and supplier compliance as a condition of doing business.</p> <p>We are also considering jurisdictional approaches for implementing good supply chain management principles within a specific geography.</p>
<p>Financial planning</p>	<p>Yes, forests-related issues are integrated</p>	<p>5-10</p>	<p>Over the past three years (since 2015), we've almost tripled our sustainability investments (today a little shy of \$200M/year). Our investment between 2016 and 2019 will be approximately \$1 billion. The investments are roughly equal across our Healthy Planet, Thriving People and Nourishing Wellbeing pillars. • Within our 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, beef and soy; and investing in agroforestry systems through the Livelihoods Fund for Family Farming.</p>



			<p>The business case for this investment is based on four long-term benefits:</p> <ul style="list-style-type: none"> - Cost savings, e.g. from longer-term supply contracts and lower supplier inputs in agriculture. - Risk reduction through e.g. avoiding business interruption and increased supply costs. - Increased recruitment and retention of top talent based on our reputation for sustainability. - Sustainable business growth through improved customer engagement and trust.
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F6. Implementation

F6.1

(F6.1) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F6.1a

(F6.1a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Tropical Forest Alliance 2020

Other, please specify

WCF Cocoa & Forests Initiative

F6.1b

(F6.1b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Commodity coverage



Timber

Criteria

- No new development on peatland
- No land clearance by burning or clearcutting
- No conversion of High Conservation Value areas
- No conversion of High Carbon Stock forests
- Adoption of UN Global Compact principles
- Adoption of Free, Prior and Informed Consent (FPIC) principles
- Recognition and endorsement of the Universal Declaration of Human Rights
- No sourcing of illegally produced and/or traded forest risk commodities
- Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

Commitment timeframe

2020

Please explain

Our commodity-specific policies provide more details of how we are implementing our Deforestation Policy, for that particular raw material. Each policy includes material-specific commitments and time frames. Our Pulp and Paper Sourcing and Deforestation Policy includes the following commitments:

- 100% of virgin pulp and paper-based packaging traceable to at least country of origin
- 100% of pulp and paper-based packaging from certified, verified or recycled sources by the end of 2020



- We will develop a further target, prioritizing high deforestation risk areas, once we have full supply chain traceability.
- Only source virgin pulp and paper-based packaging materials from companies whose operations meet the Sustainable Sourcing Charter detailed in the policy.

In order to ensure our suppliers are meeting our commitments, in 2017 we introduced a supplier scorecard, which assesses suppliers on a range of indicators including policy, transparency, traceability, and fiber origins.

Our policy applies to all pulp and paper-based packaging products sourced globally, and therefore covers all biomes from which we source. Based on our top six sourcing countries, this includes the Amazon, the Cerrado, and the boreal forests of North America and Russia.

As an example of how we are implementing our policy within one of these biomes, we are working in partnership with Earthworm (formerly TFT), WWF, peer companies and suppliers to develop a landscape approach to sourcing pulp and paper products in Russia. This approach will use satellite mapping to provide better data on forest activity within that landscape.

Commodity coverage

Palm Oil

Criteria

- Zero net deforestation
- No new development on peatland
- No land clearance by burning or clearcutting
- No conversion of High Conservation Value areas
- No conversion of High Carbon Stock forests
- Adoption of UN Global Compact principles
- Adoption of Free, Prior and Informed Consent (FPIC) principles
- Recognition and endorsement of the Universal Declaration of Human Rights
- Facilitate the inclusion of smallholders into the supply chain
- No sourcing of illegally produced and/or traded forest risk commodities



Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment timeframe

2020

Please explain

Our commodity-specific policies provide more details of how we are implementing our Deforestation Policy, for that particular raw material. Each policy includes material-specific commitments and time frames. Our Sustainable Palm Oil Sourcing Policy includes the following commitments:

- To only source palm oil from companies whose operations meet the sourcing charter set out in the policy
- To develop a fully traceable pipeline back to known mills
- To only work with palm oil suppliers that share our values and our commitment to transforming the palm oil supply chain.

In addition, we have set a more recent target to source 100% of our palm oil from a simplified, sustainable supply chain by 2020. This means we will only source from suppliers working towards 100% compliance with our Palm Oil Policy.

As an example of how we help ensure our policy is being implemented on the ground, we are supporting the Coalition for Sustainable Livelihoods to improve smallholder productivity and sustainable development in Aceh and North Sumatra, in Indonesia. With members including Conservation International, IDH Sustainable Trade Initiative, The Livelihoods Fund, The Forest Trust, 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.

Commodity coverage

Cattle Products

Criteria

- Adoption of UN Global Compact principles
- Recognition and endorsement of the Universal Declaration of Human Rights
- No sourcing of illegally produced and/or traded forest risk commodities
- Other, please specify
 - No primary forest clearance in the Amazon biome

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2017

Commitment timeframe

2017

Please explain

Our commodity-specific policies provide more details of how we are implementing our Deforestation Policy, for that particular raw material. Each policy includes material-specific commitments and time frames. Our Beef Sourcing and Deforestation Policy includes the following commitment: By the end of 2017, 100% of our Brazilian beef purchases will be from suppliers who are able to demonstrate that, when beef is coming from the Amazon Biome, it is not associated with primary forest clearance or who have the right plans in place to become able to demonstrate. To



achieve this commitment we will work closely with our suppliers who have more direct visibility into their beef sources.

In 2017 we met our commitment for all direct suppliers to have plans in place to demonstrate that, when beef is coming from the Amazon Biome, it is not associated with primary forest clearance. We are now working with these suppliers to engage with indirect suppliers further upstream, in order to implement these plans.

The % of total production/ consumption covered by this commitment is 100% of beef sourced from Brazil.

Commodity coverage

Soy

Criteria

No conversion of natural habitats

Adoption of UN Global Compact principles

Recognition and endorsement of the Universal Declaration of Human Rights

No sourcing of illegally produced and/or traded forest risk commodities

Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Other, please specify

Compliance with Brazil Forest Code

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2016

Commitment timeframe

2017

Please explain

Our commodity-specific policies provide more details of how we are implementing our Deforestation Policy, for that particular raw material. Each policy includes material-specific commitments and time frames. Our Soy Sourcing and Deforestation Policy includes the following commitment: Our ambition is to ensure that, by the end of 2017, 100% of the soy we purchase in Brazil will be certified. This means that, from and after 2018, Mars will only source material in Brazil that has been certified by a third party verification system, such as RTRS or ProTerra.

Our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the numbers of certified farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco.

The % of total production/ consumption covered by this commitment is 100% of soy sourced from Brazil.

Commodity coverage

Other

Criteria

- Zero gross deforestation
- No forest degradation
- Forest landscape restoration
- No conversion of High Conservation Value areas
- No conversion of High Carbon Stock forests
- Adoption of UN Global Compact principles
- Adoption of Free, Prior and Informed Consent (FPIC) principles
- Recognition and endorsement of the Universal Declaration of Human Rights
- Facilitate the inclusion of smallholders into the supply chain
- No sourcing of illegally produced and/or traded forest risk commodities



Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2008

Commitment timeframe

2021-25

Please explain

Mars is a member of the World Cocoa Foundation's Cocoa & Forests Initiative (CFI) established in 2018. Mars is a signatory to the CFI commitments to halt deforestation and forest degradation in the global cocoa supply chain, with an initial focus on Côte d'Ivoire and Ghana, where more than 65% of cocoa is grown.

Our aim is to achieve a deforestation-free supply chain for cocoa we source by 2025. Where credible, landscape-level frameworks such as CFI exist and are backed by other critical actors, we may take additional steps to support enhanced agroforestry, reforestation or forest restoration, or to prevent conversion in other habitats.

The challenges the cocoa industry faces are complex and must be tackled collectively. We firmly support the frameworks for action introduced by the governments of Côte d'Ivoire and Ghana as part of the CFI. In full alignment with these frameworks, we have developed initial company action plans for the two countries. The action plans set out our actions and targets within the three CFI pillars of Forest Protection and Restoration, Sustainable Production and Farmers' Livelihoods, and Community Engagement and Social Inclusion. We will work in partnership with all our suppliers to begin implementing our CFI country action plans from 2019.

After Côte d'Ivoire and Ghana, our focus countries are Indonesia, Brazil (including the Amazon and Cerrado biomes) and Cameroon. In 2019, we will complete risk assessments in these countries and develop country action plans to be published in 2020. In 2020, we will complete a further risk assessment in Ecuador and review our approach in other countries from which we source cocoa.



Each country's action plan will describe our ambition on how we will work with our suppliers, partners and government to meet the criteria outlined above.

F6.2

(F6.2) Did you have any quantified targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.2a

(F6.2a) Provide details of your target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber

Form of commodity covered

Primary packaging

Secondary packaging

Tertiary packaging

Type of target

Sustainable procurement standard

Coverage

Supply chain



Traceability point

Third-party certification scheme

Start year

2014

Start figure

0%

Target year

2020

Target

100%

% achieved

61-70%

Please explain

Our target is to source 100% of pulp and paper-based packaging from certified, verified or recycled sources by the end of 2020.

In 2018, Mars sourced 64% of these materials from certified, recycled or verified low-risk sources. We ensure suppliers are working toward our commitment using three strategies:

- Maximize recycled content, to increase the proportion of recycled fiber in our pulp and paper-based packaging from 59% to 80% by 2020.
- Simplify the supply chain and increase accountability where we still source virgin fiber, shifting away from non-essential origins and taking corrective action with suppliers that don't share our commitment to our policy.



- Buy certified product for any virgin fiber that must be used, with a preference for Forest Stewardship Council.

Target reference number

Target 2

Forest risk commodity

Palm Oil

Form of commodity covered

Crude palm oil (CPO)

Crude palm kernel oil (CPKO)

Palm oil derivatives

Type of target

Sustainable procurement standard

Coverage

Supply chain

Traceability point

Third-party certification scheme

Start year

2018



Start figure

0%

Target year

2020

Target

100%

% achieved

31-40%

Please explain

We have set a target to source 100% of our palm oil from a simplified, sustainable supply chain by 2020. This means we will only source from suppliers working towards 100% compliance with our Palm Oil Policy.

Target reference number

Target 3

Forest risk commodity

Palm Oil

Form of commodity covered

Crude palm oil (CPO)

Crude palm kernel oil (CPKO)

Palm oil derivatives

Type of target

Third-party certification scheme



Coverage

Supply chain

Traceability point

Third-party certification scheme

RSPO Mass Balance

Start year

2010

Start figure

0%

Target year

2013

Target

100%

% achieved

100%

Please explain

Mars has sourced 100% RSPO-certified mass balance palm oil since 2013. We achieved this two years ahead of our original goal to source 100% of our palm oil from certified sources by year-end 2015.

Target reference number

Target 4



Forest risk commodity

Cattle Products

Form of commodity covered

Tallow

By-products (e.g. glycerin, gelatin)

Type of target

Traceability

Coverage

Supply chain

Traceability point

Slaughterhouse

Third-party certification scheme

Start year

2014

Start figure

0%

Target year

2016

Target

100%

% achieved



100%

Please explain

We have met the following commitment in our Beef Sourcing and Deforestation Policy: Mars will work with its suppliers to map our beef supply chain to understand where our suppliers are obtaining their raw material. We had achieved this by the end of 2016. While our beef sourcing in Brazil is the prime focus of this deforestation policy, we have also mapped our worldwide sources of beef by-products. This is giving us visibility into whether or not we are sourcing from other geographies that are sensitive to deforestation due to cattle ranching so that we can determine what, if any, actions we should take.

Target reference number

Target 5

Forest risk commodity

Cattle Products

Form of commodity covered

Tallow

By-products (e.g. glycerin, gelatin)

Type of target

Sustainable procurement standard

Coverage

Supply chain

Traceability point

Third-party certification scheme



Start year

2014

Start figure

0%

Target year

2017

Target

100%

% achieved

100%

Please explain

As no certification standards are available for the beef we source, we instead set a target for the end of 2017 for 100% of our Brazilian beef purchases to come from suppliers who are able to demonstrate that, when beef is coming from the Amazon Biome, it is not associated with primary forest clearance or who have the right plans in place to become able to demonstrate. We achieved this commitment (100% of suppliers have plans in place) by working closely with our suppliers, who have more direct visibility into their beef sources.

Target reference number

Target 6

Forest risk commodity

Soy

Form of commodity covered

Soy bean oil



Soy bean meal
Soy derivatives

Type of target

Traceability

Coverage

Supply chain

Traceability point

Mill

Third-party certification scheme

Start year

2014

Start figure

0%

Target year

2016

Target

100%

% achieved

100%

Please explain



We have met the following commitment in our Soy Sourcing and Deforestation Policy: Finalize the mapping of our soy supply in Brazil. We had achieved this by then end of 2016. While direct sourcing in Brazil is the prime focus of this deforestation policy, we also mapped the origin of our worldwide sources of soy. This gives visibility of whether or not we are sourcing from other geographies that are sensitive to deforestation due to soy cultivation so that we can determine what, if any, actions we should take.

Target reference number

Target 7

Forest risk commodity

Soy

Form of commodity covered

Soy bean oil
Soy bean meal
Soy derivatives

Type of target

Third-party certification scheme

Coverage

Supply chain

Traceability point

Third-party certification scheme

RTRS Chain of Custody
RTRS Standard for Responsible Soy Production
RTRS certificate trading



ProTerra certification
International Sustainability and Carbon Certification (ISCC)

Start year

2014

Start figure

0%

Target year

2018

Target

100%

% achieved

100%

Please explain

We have met our target to only source soy products originating in Brazil that have been certified by a third-party verification system.

Target reference number

Target 8

Forest risk commodity

Other

Form of commodity covered

Other, please specify

Cocoa beans, cocoa butter, cocoa liquor, cocoa powder



Type of target

Traceability

Coverage

Supply chain

Traceability point

Farm

Third-party certification scheme

Start year

2018

Start figure

0%

Target year

2025

Target

100%

% achieved

31-40%

Please explain

Our Cocoa for Generations plan is our contribution to a sustainable cocoa supply chain. Through it, we commit to two pillars of work: Responsible Cocoa Today and Sustainable Cocoa Tomorrow. We also invite others to join us in the development of effective, scalable and innovative solutions.



The first pillar of Cocoa for Generations is Responsible Cocoa Today. It aims to ensure 100 percent of our cocoa is responsibly sourced globally and is traceable by 2025. We expect farms supplying our cocoa that are in our Responsible Cocoa Today program to provide satellite based GPS locations so that we have assurances that cocoa does not come from protected forest areas. As part of our promise of transparency, we are disclosing our cocoa countries of origin, our current Tier 1 suppliers of Mars and progress on traceability to Tier 2 Farmer Groups and Tier 3 Farmers as well as our detailed action plans for Côte d'Ivoire and Ghana - where over 65% of the world's cocoa is grown - as part of our contribution to the Cocoa and Forests Initiative.

As of December 31 2018, the cocoa we sourced was:

- 95% traceable to a country of origin via our Tier 1 direct suppliers
- 40% traceable to a Tier 2 farmer group
- 24% traceable to Tier 3, farm level

F6.3

(F6.3) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?
Timber	Yes
Palm Oil	Yes
Cattle products	Yes
Soy	Yes
Other	Yes

F6.3a

(F6.3a) Provide details on the level of traceability your organization has for your disclosed commodity(ies).

Timber



% of total production/consumption volume traceable

91-99%

Point to which commodity is traceable

Country

Description of traceability system

We work with Earthworm and our tier-1 suppliers to trace the virgin fiber in our pulp and paper-based packaging to at least the country of harvest, and to a specific area if deforestation risk is deemed high. For example, Earthworm's risk assessments have identified high or severe forest risks in specific regions of certain sourcing countries, such as British Columbia in Canada. The risks identified include clear-cutting of intact forest landscape and loss of high conservation value forest, including habitat for the wild caribou. Earthworm has also made recommendations for strengthening our supplier standards in high-risk areas, such as a requirements to identify specific forest harvest regions within Mars' supply chain and to take part in landscape partnerships where one exists. .

We achieved 93% traceability to country of harvest in the 12 months to December 2018.

Exclusions

Specific product line(s)

Description of exclusion

Our traceability system does not yet include recycled fiber.

Our priority is to trace the virgin fiber in our packaging at least to the country where the timber was harvested. This is enabling us to assess the risk of deforestation occurring, prioritize areas where field visits are needed to gather more information, and set action plans with suppliers.

Palm Oil

% of total production/consumption volume traceable

91-99%

Point to which commodity is traceable

Mill



Description of traceability system

We work with Earthworm and our tier-1 suppliers to trace our palm oil supplies to the processing mill. We achieved 98% traceability in the 12 months to December 2018.

We have identified mills in Brazil, Cameroon, Colombia, Costa Rica, Cote d'Ivoire, Ecuador, Ghana, Guatemala, Honduras, Indonesia, Malaysia, Mexico, Nicaragua, Nigeria, Papua New Guinea, Peru, Thailand and the Solomon Islands. The majority of our volumes are from Indonesia and Malaysia.

Through ongoing traceability efforts, we are working to gain clearer insights into where our volume originates, and the complexities of the palm oil industry at large. We are working with our suppliers to streamline our supply chain by minimizing the number of refineries we source from, which will enable us to use our resources more effectively and bring about more rapid transformation. For example, Mars is pioneering protected, 100% sustainable palm oil by radically simplifying our supply chain using a 1:1:1 model - where we source from one plantation, supplying one mill, which in turn supplies one refinery. In addition, we are partnering with AidEnvironment and Earthworm to verify our supply chain using forest concession maps and satellite imagery respectively.

Our supplier list and a list of mills in our supply chain in 2018 are published on our website:

<https://gateway.mars.com/m/06eb67293f05cdcb/original/POLICY-Mars-39-Suppliers-2018-Full-Mill-List-pdf.pdf>

<https://gateway.mars.com/m/06eb67293f05cdcb/original/POLICY-Mars-39-Suppliers-2018-Full-Mill-List-pdf.pdf>

Exclusions

Not applicable

Description of exclusion

None

Cattle Products

% of total production/consumption volume traceable



81-90%

Point to which commodity is traceable

Slaughterhouse

Description of traceability system

We work with our tier-1 suppliers to trace our beef by-product supplies to the processing site. We achieved 87% traceability of by-product sourced globally in the 12 months to December 2018.

Knowing which processing sites are in our supply chain means we can identify the area supplying each one, assess the risk of deforestation occurring there, and check compliance with the Brazil Forest Code.

Exclusions

Not applicable

Description of exclusion

None

Soy

% of total production/consumption volume traceable

91-99%

Point to which commodity is traceable

Mill

Description of traceability system

We work with our tier-1 suppliers to trace our soy supplies to the processing mill. We achieved 97% traceability of soy sourced globally in the 12 months to December 2018. This figure rises to 100% for soy sourced from Brazil.

Knowing which processing sites are in our supply chain means we can identify the area supplying each one, and assess the risk of deforestation occurring there. We only source soy from Brazil that is third-party certified.



In 2018 we stepped up our efforts to trace upstream from the mill, as part of our participation in the traceability project set up by the Consumer Goods Forum's Soy Buyers Coalition in partnership with TRASE. We have established that there is considerable likelihood that the soy Mars buys through the main Brazilian Soy suppliers will come from one or more of 10 municipalities. Further analysis is being done with a view to discussing the possibility of a collective effort to create deforestation-free soy volumes and supply chains from these municipalities.

Exclusions

Not applicable

Description of exclusion

None

Other

% of total production/consumption volume traceable

31-40%

Point to which commodity is traceable

Farm

Description of traceability system

The first pillar of Cocoa for Generations is Responsible Cocoa Today. It aims to ensure 100 percent of our cocoa is responsibly sourced globally and is traceable by 2025. We expect farms supplying our cocoa that are in our Responsible Cocoa Today program to provide satellite based GPS locations so that we have assurances that cocoa does not come from protected forest areas. As part of our promise of transparency, we are disclosing our cocoa countries of origin, our current Tier 1 suppliers of Mars and progress on traceability to Tier 2 Farmer Groups and Tier 3 Farmers as well as our detailed action plans for Côte d'Ivoire and Ghana - where over 65% of the world's cocoa is grown - as part of our contribution to the Cocoa and Forests Initiative.

As of December 31 2018, the cocoa we sourced was:

- 95% traceable to a country of origin via our Tier 1 direct suppliers



- 40% traceable to a Tier 2 farmer group
- 24% traceable to Tier 3, farm level

Exclusions

Not applicable

Description of exclusion

There are no exclusions from this data - we aim for 100% of our global cocoa supply chain to be traceable by 2025.

F6.4

(F6.4) Do you specify any third-party certification schemes for your disclosed commodity(ies)? Indicate the volume and percentage of your production and/or consumption covered.

Forest risk commodity

Timber

Do you specify any certification scheme?

Yes

Certification coverage

Consumption volume

Third-party certification scheme

FSC Forest Management certification

FSC Chain of Custody

FSC Controlled Wood

PEFC Chain of Custody

% of total production/consumption volume certified



14.5

Form of commodity

- Paper
- Boards, plywood, engineered wood
- Primary packaging
- Secondary packaging

Volume of production/ consumption certified

32,701

Metric

Metric tons

Please explain

Our commitment is for 100% of our pulp and paper-based packaging to come from certified, verified or recycled sources by the end of 2020. We will maximize our use of recycled content and ensure any virgin fiber we do need is certified, with a preference for Forest Stewardship Council certification. The proportion of volumes that are certified reported here reflects 14.5% of the virgin pulp and paper-based materials that we purchase. Virgin materials make up 43% of our total pulp and paper volumes. The remaining 57% of product we buy is recycled material.

Forest risk commodity

Palm Oil

Do you specify any certification scheme?

Yes

Certification coverage

Consumption volume

Third-party certification scheme

RSPO Mass Balance



% of total production/consumption volume certified

100

Form of commodity

Crude palm oil (CPO)

Crude palm kernel oil (CPKO)

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

80,067

Metric

Metric tons

Please explain

We have sourced 100% RSPO mass balance palm oil since 2013. Through ongoing traceability efforts, we are working to gain clearer insights into where our volume originates and the complexities of the palm oil industry at large. Our experience shows that we cannot be effective in driving change across all origins and must focus our efforts on select refineries and supply sheds. We are working with our suppliers to streamline our supply chain by minimizing the number of refineries we source from, which will enable us to use our resources more effectively and bring about more rapid transformation.

Forest risk commodity

Cattle products

Do you specify any certification scheme?

No

Certification coverage



Third-party certification scheme

% of total production/consumption volume certified

Form of commodity

Volume of production/ consumption certified

Metric

Please explain

There is currently no globally recognized certification program for beef. We are members of the Global Roundtable for Sustainable Beef, the Brazil Roundtable on Sustainable Livestock (GTPS), the US Roundtable for Sustainable Beef, and the SAI Platform Beef Working Group. Through these initiatives, we are working with industry peers and key suppliers to develop transparent principles and practices, and collaborative projects to promote sustainable beef production and reduce deforestation. By helping to introduce better farming practices we can decouple beef production from deforestation, while improving related impacts such as greenhouse gas emissions, water use and soil quality.

Forest risk commodity

Soy

Do you specify any certification scheme?

Yes

Certification coverage

Consumption volume



Third-party certification scheme

- RTRS Chain of Custody
- RTRS Standard for Responsible Soy Production
- RTRS certificate trading
- ProTerra certification

% of total production/consumption volume certified

100

Form of commodity

- Soy bean oil
- Soy bean meal
- Soy derivatives

Volume of production/ consumption certified

30,000

Metric

Metric tons

Please explain

Our soy sourcing and deforestation policy focuses on soy sourced from Brazil, as the area of highest risk. This is the volume of soy sourced from Brazil only.

We maintained our commitment for 100% of soy sourced from Brazil to be third-party certified in 2018.

Our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the numbers of certified farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco.



Forest risk commodity

Other

Do you specify any certification scheme?

Yes

Certification coverage

Consumption volume

Third-party certification scheme

Other, please specify

Fairtrade, Rainforest Alliance

% of total production/consumption volume certified

50

Form of commodity

Other, please specify

Cocoa butter, cocoa beans, cocoa powder, cocoa liquor

Volume of production/ consumption certified

200,000

Metric

Metric tons

Please explain

Through our Cocoa for Generations plan, launched in September 2018, we commit to two pillars of work: Responsible Cocoa Today and Sustainable Cocoa Tomorrow. We invite others to join us in the development of effective, scalable and innovative solutions for a thriving cocoa sector.

While this new approach is implemented, Mars will maintain its current certified cocoa levels with Fairtrade and Rainforest Alliance and work with both organizations to strengthen implementation to raise the bar across the cocoa sector. Mars applauds both certification organizations' efforts to organize individual farmers into groups and cooperatives, providing training and implementation management systems in certified farmer groups, and is committed to collaborate with them to improve audit controls, child labor monitoring, traceability and premiums paid to farmers. As further measurable efforts are made, Mars will continue transitioning its cocoa volumes to these new and stronger approaches.

F6.5

(F6.5) Do you specify any sustainable production/procurement standards for your disclosed commodity(ies), other than third-party certification? Indicate the percentage of production/consumption covered and if you monitor supplier compliance with these standards.

Forest risk commodity

Timber

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

In 2017, we integrated assessment of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers.

For timber, from 2020 onward, we will only work with board and corrugated packaging material suppliers that share our values and the Sustainable Sourcing Charter set out in our Deforestation Policy.



Our global Responsible Sourcing program and Supplier Code of Conduct provide additional sourcing standards, guidelines and monitoring of environmental and social impacts for tier-1 suppliers.

% of total commodity volume covered by standard

100%

Do you have a system in place to monitor compliance with this standard?

Yes

Type(s) of monitoring system

Third-party auditing

% of suppliers in compliance with standards

81-90%

Please explain

Eighty percent of our paper packaging suppliers have signed our Sustainable Sourcing Charter, which means they commit to achieving full compliance by 2020.

We also use our traceability data to prioritize suppliers sourcing from higher-risk countries of harvest for deeper assessment and engagement. These assessments involve desk-based research on each supplier to assess their policies and commitments in advance of one-to-one meetings.

In addition, we carry out in-depth on-site assessments with suppliers. Our partner Earthwork leads the assessments and prepares reports of the findings. The assessments seek best practices to share throughout our supply chain as well as opportunities for improvement.

We expect our suppliers to align with our Supplier Code of Conduct, affirming their commitment to uphold it or demonstrating an equivalent policy of their own. As part of our commitment to building supplier capability, we periodically engage suppliers in direct dialogue, as well as other awareness raising and training in order to drive continuous improvements. In addition, select suppliers are required to conduct independent



workplace assessments based on a range of factors including whether they are operating in a geography identified as higher risk. As of year-end 2018, more than 85% of our first-tier suppliers had met the requirements of our program.

Forest risk commodity

Palm Oil

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

In 2017, we integrated assessment of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers.

For palm oil, our ambition is to go beyond RSPO criteria to only source palm oil from companies whose operations meet the following Sustainable Sourcing Charter, as described in our Palm Oil Policy:

- Only from legal sources.
- No development in areas of high conservation value.
- No development in high carbon stock forest areas.
- No development on peat lands regardless of depth.
- No burning to clear land for new developments or to re-plant existing developments.
- Compliance with the Mars, Incorporated Supplier Code of Conduct. This sets our expectations in the areas of child labor, forced labor, discrimination, compensation and benefits, working hours, freedom of association and right to collective bargaining, health and safety, the environment and ethical business practices.
- Respect the right of all affected communities to give or withhold their free, prior and informed consent for plantation developments on land they



own legally, communally or by custom.

- Support farmers and plantation owners to comply with this policy.

We have integrated sustainability criteria into our global bidding process for palm oil suppliers. We used their responses to assess potential deforestation impacts in their supply chains, and the results helped us shift our business to suppliers aligned with our policy.

Our global Responsible Sourcing program and Supplier Code of Conduct provide additional sourcing standards, guidelines and monitoring for tier-1 suppliers.

% of total commodity volume covered by standard

100%

Do you have a system in place to monitor compliance with this standard?

Yes

Type(s) of monitoring system

Third-party auditing

Other, please specify

Supplier scorecard

% of suppliers in compliance with standards

81-90%

Please explain

All tier-1 suppliers of palm oil have provided their written commitment to the Sustainable Sourcing Charter in our Palm Oil Policy, and have confirmed that they either already have an equivalent policy or have plans in place to do so.

To support the integration of sustainability criteria in our annual supplier selection process, we created a scorecard that rates palm oil suppliers' efforts across six areas: 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. We rolled out the scorecard in July 2017. Each of our direct suppliers received the results of their scorecard and responded positively about us being clear with our expectations.



We expect our suppliers to align with our Supplier Code of Conduct, affirming their commitment to uphold it or demonstrating an equivalent policy of their own. As part of our commitment to building supplier capability, we periodically engage suppliers in direct dialogue, as well as other awareness raising and training in order to drive continuous improvements. In addition, select suppliers are required to conduct independent workplace assessments based on a range of factors including whether they are operating in a geography identified as higher risk. As of year-end 2018, more than 85% of our first-tier suppliers had met the requirements of our program.

Forest risk commodity

Cattle Products

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

In 2017, we integrated assessment of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers.

For beef, we work with our beef by-product suppliers to ensure that we only source from suppliers who are able to demonstrate that beef coming from the Amazon Biome area isn't from cattle associated with primary forest clearing, or who have the right plans in place to do so within a reasonable time frame. We will add additional sustainability requirements when we next review our beef sourcing strategy as part of the MSSM cycle.

Our global Responsible Sourcing program and Supplier Code of Conduct provide additional sourcing standards, guidelines and monitoring for tier-1 suppliers.

% of total commodity volume covered by standard



100%

Do you have a system in place to monitor compliance with this standard?

Yes

Type(s) of monitoring system

Third-party auditing

% of suppliers in compliance with standards

81-90%

Please explain

We are partnering with non-profit Proforest to deliver our Beef Sourcing and Deforestation Policy in Brazil. Proforest helps companies and others to produce and source agricultural and forest products sustainably, and provides regulatory expertise and supplier assessments.

One hundred percent of our higher risk, direct suppliers sourcing from Brazil have signed a letter acknowledging our Beef Sourcing and Deforestation Policy, and that failing to comply or demonstrate robust progress towards it may result in the loss of our business. These suppliers have also signed up to an action plan for implementing the policy. While many of our industry peers work with the 'big three' meat packers, Mars is making a difference by focusing on higher-risk small-medium-sized enterprises at tiers two and three of our supply chain. We have mapped and assessed these suppliers, and our focus now is to support tier-1 suppliers to engage with them to develop and implement and monitor their action plans, as we integrate sustainability criteria as a standard element of our Beef Sourcing Strategy (via MSSM).

We expect our suppliers to align with our Supplier Code of Conduct, affirming their commitment to uphold it or demonstrating an equivalent policy of their own. As part of our commitment to building supplier capability, we periodically engage suppliers in direct dialogue, as well as other awareness raising and training in order to drive continuous improvements. In addition, select suppliers are required to conduct independent workplace assessments based on a range of factors including whether they are operating in a geography identified as higher risk. As of year-end 2018, more than 85% of our first-tier suppliers had met the requirements of our program.

Forest risk commodity



Soy

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

In 2017, we integrated assessment of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers.

Our global Responsible Sourcing program and Supplier Code of Conduct provide additional sourcing standards, guidelines and monitoring for tier-1 suppliers.

% of total commodity volume covered by standard

81-90%

Do you have a system in place to monitor compliance with this standard?

Yes

Type(s) of monitoring system

Third-party auditing

% of suppliers in compliance with standards

81-90%

Please explain

We maintained our commitment for 100% of soy sourced from Brazil to be third-party certified in 2018.

Our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the



numbers of certified farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco.

In 2017, we integrated assessment of deforestation and other sustainability risks in our agricultural supply chain into the Mars Strategic Sourcing Methodology (MSSM). This six-step process guides our buyers on all aspects of assessing, selecting, contracting and monitoring the performance of suppliers. We will add further sustainability criteria to our soy sourcing strategy when it is next reviewed as part of the MSSM cycle.

We expect our suppliers to align with our Supplier Code of Conduct, affirming their commitment to uphold it or demonstrating an equivalent policy of their own. As part of our commitment to building supplier capability, we periodically engage suppliers in direct dialogue, as well as other awareness raising and training in order to drive continuous improvements. In addition, select suppliers are required to conduct independent workplace assessments based on a range of factors including whether they are operating in a geography identified as higher risk. As of year-end 2018, more than 85% of our first-tier suppliers had met the requirements of our program.

Forest risk commodity

Other

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

Through our Cocoa for Generations plan, launched in September 2018, we commit to two pillars of work: Responsible Cocoa Today and Sustainable Cocoa Tomorrow. We invite others to join us in the development of effective, scalable and innovative solutions for a thriving cocoa sector.



The first pillar of Cocoa for Generations is Responsible Cocoa Today. It aims to ensure 100 percent of our cocoa is responsibly sourced globally and is traceable by 2025. This pillar goes beyond the current level of certification standards and practices and commits us to action across three focus areas that put cocoa farmers, communities and the environment at the center of our efforts: protecting children, preserving forests, and improving farmer income.

While this new approach is implemented, Mars will maintain its current certified cocoa levels with Fairtrade and Rainforest Alliance and work with both organizations to strengthen implementation to raise the bar across the cocoa sector. Mars applauds both certification organizations' efforts to organize individual farmers into groups and cooperatives, providing training and implementation management systems in certified farmer groups, and is committed to collaborate with them to improve audit controls, child labor monitoring, traceability and premiums paid to farmers. As further measurable efforts are made, Mars will continue transitioning its cocoa volumes to these new and stronger approaches.

Through our second pillar, Sustainable Cocoa Tomorrow, we will work with farmers and suppliers over the long-term to create a thriving and resilient cocoa industry, by improving productivity, diversifying farmer incomes, and empowering women and communities.

Our global Responsible Sourcing program and Supplier Code of Conduct provide additional sourcing standards, guidelines and monitoring for tier-1 suppliers.

% of total commodity volume covered by standard

100%

Do you have a system in place to monitor compliance with this standard?

Yes

Type(s) of monitoring system

Other, please specify

We are putting in place an internal supplier assurance mechanism to verify compliance with our Responsible Cocoa Standard

% of suppliers in compliance with standards

81-90%

Please explain



We launched our Responsible Cocoa Standard in September 2018 and are working with our suppliers to make sure their cocoa sustainability programs are aligned with the standard.

We expect our suppliers to align with our Supplier Code of Conduct, affirming their commitment to uphold it or demonstrating an equivalent policy of their own. As part of our commitment to building supplier capability, we periodically engage suppliers in direct dialogue, as well as other awareness raising and training in order to drive continuous improvements. In addition, select suppliers are required to conduct independent workplace assessments based on a range of factors including whether they are operating in a geography identified as higher risk. As of year-end 2018, more than 85% of our first-tier suppliers had met the requirements of our program.

F6.7

(F6.7) Are you working with your direct suppliers to support and improve their capacity to supply sustainable raw materials?

	Are you working with direct suppliers?	Supplier engagement approach	Please explain
Timber	Yes, working with direct suppliers	<ul style="list-style-type: none"> Developing or distributing supply chain mapping tool Encouraging certification Encouraging work with multi-stakeholder groups Workshops and training Supplier audits Supplier charters Contractual agreements Joint projects 	<p>We partner with Earthworm (formerly TFT) to engage our tier-1 suppliers in mapping our supply chain and assessing the risks involved. This is an annual process that has involved workshops with key suppliers to explain our strategy and better understand their own efforts to date.</p> <p>Our sustainability strategy for pulp and paper-based packaging materials is now fully integrated into our commercial sourcing strategy, product specifications and supplier selection process. Our buyers are working with suppliers to ensure our volumes of recycled and certified raw materials increase accordingly.</p> <p>We are also working in partnership with Earthworm, WWF, key suppliers and peer companies to develop a landscape approach sourcing pulp and paper-based materials from Russia.</p>
Palm Oil	Yes, working with direct suppliers	Encouraging certification	Embedding sustainable practice in how we source is a crucial part of meeting our commitments and driving long-term change. We set clear expectations that our suppliers be decoupled from deforestation and capable of continuous improvement on human rights.



		<p>Encouraging work with multi-stakeholder groups</p> <p>Supplier questionnaires on environmental and social indicators</p> <p>Workshops and training</p> <p>Supplier charters</p> <p>Contractual agreements</p> <p>Joint projects</p> <p>Financial support</p>	<p>To support this, 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.</p> <p>We rolled out the scorecard in July of this year. Each of our direct suppliers received the results of their scorecard and responded positively about us being clear with our expectations. We have incorporated the scorecard results into our annual supplier selection process.</p> <p>We track progress and co-create strategies with suppliers to drive collective improvement. We award business based on performance and in doing are holding both our suppliers and ourselves accountable.</p> <p>In Malaysia, we have maintained our support for TFT's Aggregator Refinery Transformation (ART) program in Pasir Gudang by supporting training for refineries' third party suppliers.</p>
<p>Cattle products</p>	<p>Yes, working with direct suppliers</p>	<p>Encouraging work with multi-stakeholder groups</p> <p>Supplier questionnaires on environmental and social indicators</p> <p>Workshops and training</p> <p>Contractual agreements</p>	<p>We are partnering with non-profit Proforest to deliver our Beef Sourcing & Deforestation Policy in Brazil. Proforest helps companies and others to produce and source agricultural and forest products sustainably, and provides regulatory expertise and supplier assessments.</p> <p>One hundred percent of our higher risk, direct suppliers sourcing from Brazil have signed a letter acknowledging our Beef Sourcing and Deforestation Policy, and that failing to comply or demonstrate robust progress towards it may result in the loss of our business. These suppliers have also signed up to an action plan for implementing the policy.</p> <p>As part of this process, We developed a detailed supplier engagement strategy & toolkit</p>



			<p>including: Mars Beef Policy presentation, supplier engagement letter, supplier action plan template, and a Brazil Forest Code briefing note explaining the details of the law and how to comply.</p> <p>In 2018, working with Proforest, we developed face-to-face training on Brazil Forest Code compliance for tier-1 and tier-2 suppliers. We ran the first training session in 2019 with two tier-1 suppliers and six tier-2 suppliers.</p>
Soy	Yes, working with direct suppliers	<p>Encouraging certification</p> <p>Encouraging work with multi-stakeholder groups</p> <p>Contractual agreements</p> <p>Joint projects</p>	<p>In 2016, we began collaborating with leading soy certification programs and key suppliers to assess risk and ensure the soy we source from Brazil meets our policy requirement for third-party certification.</p> <p>Our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the numbers of certified farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco.</p> <p>As members of the Consumer Goods Forum's Soy Buyers Coalition, we supplied our supply chain data to Trase who then analyzed the top 10 municipalities out of 50 where the soy we source most likely originates. This will enable further work to strengthen our strategy and risk assessments.</p>
Other	Yes, working with direct suppliers	<p>Encouraging certification</p> <p>Encouraging work with multi-stakeholder groups</p> <p>Supplier questionnaires on environmental and social indicators</p> <p>Workshops and training</p>	<p>Sustainability requirements are an integral part of our specifications for Responsible Cocoa, as part of our Cocoa for Generations plan.</p> <p>Our cocoa buyers review supplier performance against our requirements using an annual self-assessment questionnaire, and meet with suppliers at least annually to review their results and discuss areas for collaboration and improvement.</p> <p>Mars is a member of the World Cocoa Foundation's Cocoa & Forests Initiative (CFI) established</p>



		<p>Contractual agreements Joint projects Financial support Technical support</p>	<p>in 2018. Mars is a signatory to the CFI commitments to halt deforestation and forest degradation in the global cocoa supply chain, with an initial focus on Côte d'Ivoire and Ghana, where more than 65% of cocoa is grown.</p> <p>In full alignment with these frameworks, we have developed company action plans for the two countries. We are working in partnership with all our suppliers to begin implementing our CFI country action plans from 2019.</p> <p>After Côte d'Ivoire and Ghana, our focus countries are Indonesia, Brazil and Cameroon. In 2019, we will complete risk assessments in these countries and develop country action plans to be published in 2020. In 2020, we will complete a further risk assessment in Ecuador and review our approach in other countries from which we source cocoa.</p> <p>Each country's action plan will describe our ambition on how we will work with our suppliers, partners and government to achieve our no deforestation goal.</p>
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F6.8

(F6.8) Are you working beyond your first-tier supplier(s) to manage and mitigate forests-related risks?

	Are you working beyond first tier?	Please explain
Timber	Yes, working beyond first tier	<p>For the virgin fiber in the pulp and paper we source, we have built a fully traceable supply chain at least back to the country of forest origin, or to a specific area where risks are high or vary within a country. We partner with tier-1 suppliers and Earthworm (formerly TFT) to map our supply chain and assess the risks involved. In some cases, it has been necessary to engage work beyond tier-1 where suppliers are vertically integrated and own the plantations and mills their converters source from.</p> <p>As an example, in Russia we are working in partnership with Earthworm, WWF, supply chain actors and peer companies to</p>



		<p>develop a landscape approach to sourcing pulp and paper-based materials. The partnership includes companies that are in our supply chain beyond tier-1.</p> <p>Through our membership of the Sustainable Packaging Coalition we are engaging with the Forest Products Working Group (which we co-chair) and the American Forests Foundation to pilot an online tool that will leverage existing, public and credible data to assess at landscape level the sustainability and risk profile of fiber within wood supply basins in the USA, while identifying opportunities for the supply chain to engage landowners at scale, around issues of critical importance.</p>
Palm Oil	Yes, working beyond first tier	<p>Mars is driving a transformational and holistic approach on palm that we believe can deliver meaningful impact. It starts on the ground and at the source to accelerate change.</p> <p>We support our tier-1 suppliers (refineries) to drive improvements further up the supply chain, to the mills supplying them. For example, in Malaysia, we have maintained our support for TFT's Aggregator Refinery Transformation (ART) program in Pasir Gudang by supporting training for refineries' third party suppliers.</p> <p>In 2018, we worked in partnership with United Plantations and Fuji Oil to launch a fully traceable palm supply chain for Mars, with sourcing from 1 plantation, processed in 1 mill and 1 refinery.</p> <p>In addition, we are supporting the Coalition for Sustainable Livelihoods to improve smallholder productivity and sustainable development in Aceh and North Sumatra, in Indonesia. With members including Conservation International, IDH Sustainable Trade Initiative, The Livelihoods Fund, The Forest Trust, 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. As part of this coalition, we are exploring a smallholder project in North Sumatra with the Livelihoods Fund for Family Farming.</p>
Cattle products	Yes, working beyond first tier	<p>While many of our industry peers work with the 'big three' meat packers, Mars is making a difference by focusing on higher-risk small-medium-sized enterprises at tiers two and three of our supply chain. We have mapped and assessed these suppliers, and our focus now is to support tier-1 suppliers to engage with them to develop and implement action plans, as we integrate sustainability criteria as a standard element of our Beef Sourcing Strategy.</p>



		<p>In 2018, working with Proforest, we developed face-to-face training on Brazil Forest Code compliance for tier-1 AND tier-2 suppliers. We ran the first training session in 2019 with two tier-1 suppliers and six tier-2 suppliers.</p> <p>In addition, we are working with McDonald's, Proforest and the Brazilian Roundtable on Sustainable Livestock to develop a project on the ground to build capacity and ensure compliance with the Brazil Forest Code and other sustainability requirements. The project aims to create a pool of compliant suppliers within a region who together can produce enough sustainable beef to meet both our and McDonald's requirements.</p>
Soy	Yes, working beyond first tier	<p>In the absence of a mass balance program, our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the numbers of certified farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco.</p>
Other	Yes, working beyond first tier	<p>As part of the Mars-wide Sustainable in a Generation Plan, in September 2018 we announced our Cocoa for Generations strategy. Through this strategy, we will continue our journey to source Responsible Cocoa across our entire supply chain by 2025, with measures to improve farmer incomes, protect children and preserve forests.</p> <p>Meanwhile, we are pursuing a long-term model for Sustainable Cocoa in close partnership with an initial group of 75,000 cocoa farming families and our suppliers. We will test how to increase productivity, income, resilience and overall sustainability.</p> <p>Key elements of our Sustainable Cocoa program include:</p> <ul style="list-style-type: none"> - Farm Development Plans tailored to each farming household. We believe they have the potential to double cocoa yields per hectare, and to provide farmers with the opportunity to access financing. - Advocating the benefits of diversified farming and good agroforestry models from, for example, other cash, timber and food crops, livestock and non-farm income. - Expanded village savings and loan programs for men and women in their cocoa communities to strengthen financial literacy, household savings and women income generating activities.



		- Longer-term relationships with cocoa suppliers and farmers. We hope this will improve the predictability and efficiency of our investments and drive more benefit for cocoa farmers and their communities.
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F6.9

(F6.9) Do you participate in external initiatives or activities to further the implementation of your policies concerning the sustainability of your disclosed commodity(ies)?

Forest risk commodity

Timber

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

UN Global Compact

Tropical Forest Alliance 2020 (TFA)

The Consumer Good Forum (CGF)

Other, please specify

Forest Products Working Group; TSC

Please explain

Mars is a member of the Sustainable Packaging Coalition and co-chairs its Forest Products Working Group to explore areas such as the value of forest certification. We are also a member of the Consumer Goods Forum working group on pulp and paper and are leading the CGF's overall work to develop its deforestation strategy. Our Global VP Sustainability is on the board of The Sustainability Consortium (TSC), and our



Sustainability Reporting Senior Manager co-chairs that organization's Food, Beverage and Agriculture Working Group.

We support other industry, governmental and societal efforts such as the 2020 Tropical Forest Alliance and the World Economic Forum to protect forests and ensure mutual benefits for the workers and communities that rely on them for their livelihoods.

Forest risk commodity

Palm Oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

UN Global Compact

Tropical Forest Alliance 2020 (TFA)

The Consumer Good Forum (CGF)

Roundtable on Sustainable Palm Oil (RSPO)

Other, please specify

TFT member group

Please explain

Mars is a member of the Roundtable on Sustainable Palm Oil (RSPO). We sit on the RSPO Human Rights Working Group and its Labor Task Force, whose work includes revising labor standards in the RSPO Principles and Criteria documents, and developing plans to strengthen labor practices among RSPO members. Mars also continues to co-chair the Consumer Goods Forum's forced labor taskforce, which now includes a palm oil working group in which we are active. We are also leading the CGF's overall work to develop its deforestation strategy. We support other industry, governmental and societal efforts such as the 2020 Tropical Forest Alliance and the World Economic Forum to protect forests



and ensure mutual benefits for the workers and communities that rely on them for their livelihoods. In addition, we are an active member of Earthworm (formerly TFT)'s membership group of companies seeking ways to align approaches and drive change at scale.

Forest risk commodity

Cattle Products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

- UN Global Compact
- Tropical Forest Alliance 2020 (TFA)
- The Consumer Good Forum (CGF)
- Global Roundtable for Sustainable Beef (GRSB)
- Brazilian Roundtable on Sustainable Livestock (GTPS)
- Sustainable Agriculture Initiative (SAI)

Please explain

We are members of the Global Roundtable for Sustainable Beef, the Brazil Roundtable on Sustainable Livestock (GTPS), the US Roundtable for Sustainable Beef, and the SAI Platform Beef Working Group. Through these initiatives, we are working with industry peers and key suppliers to develop transparent principles and practices, and collaborative projects to promote sustainable beef production and reduce deforestation. By helping to introduce better farming practices we can decouple beef production from deforestation, while improving related impacts such as greenhouse gas emissions, water use and soil quality. We are also leading the CGF's overall work to develop its deforestation strategy.

Forest risk commodity



Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

UN Global Compact

Tropical Forest Alliance 2020 (TFA)

The Consumer Good Forum (CGF)

Roundtable on Sustainable Soy (RTRS)

Sustainable Agricultural Initiative (SAI)

Please explain

Mars is a member of the Soy Buyers Coalition, launched by the Consumer Goods Forum (in collaboration with TRASE, Proforest and other participating companies) in June 2018. The SBC aims to connect soy buyers with on-the-ground producers to find new ways to tackle deforestation linked to soy production. The Coalition is comprised of downstream users of soy (including retailers, animal feed manufacturers, and FMCG manufacturers such as Mars), and aspires to work closely with soy producers, traders, local governments, investors, NGOs. We are also leading the CGF's overall work to develop its deforestation strategy.

We engage with several certification programs to work together to certify that the soy we source from Brazil meets our policy requirements. These include ProTerra, the Round Table on Responsible Soy (RTRS) and ISCC PLUS.

We support other industry, governmental and societal efforts such as the 2020 Tropical Forest Alliance and the World Economic Forum to protect forests and ensure mutual benefits for the workers and communities that rely on them for their livelihoods.

Forest risk commodity



Other

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

UN Global Compact

Tropical Forest Alliance 2020 (TFA)

The Consumer Good Forum (CGF)

Other, please specify

World Cocoa Foundation Cocoa and Forests Initiative

Please explain

Mars is a member of the World Cocoa Foundation's Cocoa & Forests Initiative (CFI) established in 2018. Mars is a signatory to the CFI commitments to halt deforestation and forest degradation in the global cocoa supply chain, with an initial focus on Côte d'Ivoire and Ghana, where more than 65% of cocoa is grown.

The challenges the cocoa industry faces are complex and must be tackled collectively. We firmly support the frameworks for action introduced by the governments of Côte d'Ivoire and Ghana as part of the CFI. In full alignment with these frameworks, we have developed company action plans for the two countries: Mars Initial Action Plans. The action plans set out our actions and targets within the three CFI pillars of Forest Protection and Restoration, Sustainable Production and Farmers' Livelihoods, and Community Engagement and Social Inclusion. We will work in partnership with all our suppliers to begin implementing our CFI country action plans from 2019.

We are also leading the CGF's overall work to develop its deforestation strategy. We support other industry, governmental and societal efforts such as the 2020 Tropical Forest Alliance and the World Economic Forum to protect forests and ensure mutual benefits for the workers and communities that rely on them for their livelihoods.

F7. Linkages and trade-offs

F7.1

(F7.1) Has your organization identified any linkages or trade-offs between forests and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

F7.1a

(F7.1a) Describe the linkages or trade-offs and the related management policy or action.

Linkage/tradeoff

Linkage

Type of linkage/tradeoff

Decreased GHGs emissions

Description of linkage/tradeoff

Agricultural and land-use change related GHG emissions represent nearly one quarter of global human emissions and three-quarters of Mars' value chain emissions. Our agricultural emissions result from practices Mars' suppliers use to produce, process and transport agricultural raw materials, such as fertilizer application, irrigation, and harvesting; and land use emissions result from changes in the way land is used, for example clearing forests for agricultural use, or changes in the amount of biomass on the land.

We estimate that approximately 29% of Mars' emissions are from land use change and 46% from agriculture. This impact is concentrated in raw materials sourced from tropical countries – beef, cocoa, palm oil, pulp and paper, and soy account for about 80% of our estimated land use-related GHGs. This information will help Mars, our suppliers and our peers more effectively target actions to address deforestation and land degradation and stay within our carbon budget.



Policy or action

Mars takes a systems approach to land impact. By fully integrating agriculture-related land use change into our GHG reduction target, Mars is establishing a quantitative metric for tracking reductions in deforestation. Few companies include land use change in their emissions reporting and GHG targets because of lack of data or standardized accounting methodologies. Working with several external partners on the World Food LCA Database project to update ecoinvent, a database that provides full life cycle environmental impact data on thousands of products, Mars has estimated our GHG emissions from land use change. We are also working with external partners and other companies on a project to refine the method for allocating these emissions to raw materials and drive standardization of these calculations.

Mars has three main options for reducing emissions related to our raw materials:

- Improve production practices – whether through yield improvement or more precise application of inputs such as fertilizer
- Change where we source – some raw materials can grow in other regions with a lower GHG impact
- Replace the raw materials we source – for some products, we have options to substitute lower-emission ingredients or design new products that use lower impact materials.

As we develop our raw material sourcing strategies, we will combine the above options, working closely with our suppliers and the farmers in our value chains to develop mutually beneficial approaches.

Linkage/tradeoff

Linkage

Type of linkage/tradeoff

Soil conservation

Description of linkage/tradeoff

Deforestation prevention can have additional benefits such as soil erosion control, water storage and community development, for example by providing new sources of income through sustainable forest products or payments for ecosystem services.

Policy or action

Mars is working to source raw materials from agricultural systems that capture carbon for a longer time period or can be changed to do so. Composting agricultural wastes to be used as soil enrichment is one example; another is to support activities that create and store biomass – such as increasing the carbon on degraded lands. The practices that farmers employ in their fields can also yield carbon benefits. In the same field, one farmer could grow crops to sell to Mars, compost wastes from the crops we buy, and plant forest on a vacant part of her land. Mars also invests in the Livelihoods Fund- for Family Farmers, which includes initiatives to help small-scale farmers improve on-farm practices to increase carbon sequestration. From a carbon budget and accounting point of view, there is no limit to the amount of sequestration we can aim for – it is even possible for a crop to have negative emissions. We are exploring this opportunity across our raw materials – particularly in tree crops such as cocoa.

Linkage/tradeoff

Linkage

Type of linkage/tradeoff

Increased carbon sequestration

Description of linkage/tradeoff

Deforestation is intrinsically linked with Mars' climate action and land use sustainability priorities. Land use choices in our supply chain can either drive or mitigate climate change, and addressing deforestation is a key opportunity for us to reduce our value chain carbon footprint. Additionally, the way farmers produce the crops we use in our products determines whether additional carbon is sequestered and stored in the soil, which can provide an opportunity to offset some of the emissions from production.

Policy or action

Mars is working to source raw materials from agricultural systems that capture carbon for longer, or can be improved to do so through regenerative agriculture techniques, such as planting cover crops, reducing soil compaction, and composting agricultural wastes for soil enrichment. The practices farmers employ can also improve crop yields and reduce input use. We are beginning to explore these techniques, and the carbon benefits that can be achieved through them, through pilot efforts in our wheat and rice supply chains.

Mars also invests in the Livelihoods Fund for Family Farmers, which includes initiatives to help small-scale farmers improve on-farm practices to



increase farmer income, yield and, in some cases, carbon sequestration. We are exploring this opportunity across our raw materials – particularly in tree crops such as cocoa.

F8. Verification

F8.1

(F8.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F8.1a

(F8.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F2. Procedures

Data points verified

In questions F2.1a and F2.1b, we report verified scope 3 greenhouse gas emissions arising from the cocoa we source as 11,653,646 tonnes in 2018. A proportion of these emissions relate to deforestation and land use change.

Verification standard

ISO 14064-3:2006 Specification with guidance for validation and verification of greenhouse gas assertions

Please explain

For the first time in 2018, LRQA included scope 3 emissions related to purchased cocoa in their limited assurance of Mars' greenhouse gas emissions. To provide this assurance, LRQA reviewed our raw materials volumes, confirmed the emissions factors we had used, and carried out interviews with sourcing managers.

F9. Barriers and challenges

F9.1

(F9.1) Describe the key barriers or challenges to avoiding forests-related risks in your direct operations or in other parts of your value chain.

Forest risk commodity

Timber

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

As a global company, our business segments and regions source many of their raw materials through separate supply chains. This is especially true for pulp and paper-based packaging materials, which are used in all our businesses globally and sourced via seven different regional supply chains. In addition, these supply chains are not static. What we source and from where changes based on market conditions, availability and our needs. This, along with the natural complexity of many global agricultural supply chains, complicates the traceability process and makes it hard to establish whether deforestation is actually occurring. However, our traceability program indicates that our supply chain is more stable than we expected, with relatively little change in our baseline data year-on-year. The resources and costs involved in achieving country, region or plantation-level traceability on an ongoing basis can also be a challenge. However, online satellite and radar-based tracking tools are providing increasingly precise information on where deforestation is taking place and the key supply chain actors linked to it.

Forest risk commodity



Palm Oil

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

As a global company, our business segments and regions source many of their raw materials through separate supply chains. In addition, these supply chains are not static. What we source and from where changes based on market conditions, availability and our needs. This, along with the natural complexity of many global agricultural supply chains, complicates the traceability process and makes it hard to establish whether deforestation is actually occurring. The resources and costs involved in achieving country, region or plantation-level traceability on an ongoing basis can also be a challenge. However, online satellite and radar-based tracking tools are providing increasingly precise information on where deforestation is taking place and the key supply chain actors linked to it.

Our traceability efforts established that our palm oil supply chain contains 1,500 mills in 14 countries. Our experience shows that we cannot be effective in driving change across all origins and must focus our efforts on select refineries and supply sheds. We are working with our suppliers to streamline our supply chain by minimizing the number of refineries we source from, which will enable us to use our resources more effectively and bring about more rapid transformation. For example, in 2018 we worked with United Plantations and Fuji Oil to develop a fully traceable palm supply chain for Mars with sourcing from 1 plantation, processed in 1 mill and 1 refinery. We are also moving to RSPO segregated palm oil for Europe (January 2019) and Australia (mid-2019). In addition, we are partnering with AidEnvironment and Earthworm to verify our supply chain using forest concession maps and satellite imagery respectively.

Forest risk commodity

Cattle Products

Coverage

Supply chain



Primary barrier/challenge type

Inexistent or immature certification standards

Comment

There is currently no globally recognized certification program for beef sourcing, increasing the risk of unsustainably produced beef entering our supply chain. We are members of the Global Roundtable for Sustainable Beef, the Brazil Roundtable on Sustainable Livestock (GTPS), the US Roundtable for Sustainable Beef, and the SAI Platform Beef Working Group. Through these initiatives, we are working with industry peers and key suppliers to develop transparent principles and practices, and collaborative projects to promote sustainable beef production and reduce deforestation. By helping to introduce better farming practices we can decouple beef production from deforestation, while improving related impacts such as greenhouse gas emissions, water use and soil quality.

For example, in 2018 we began working with McDonald's, Proforest and the Brazilian Roundtable on Sustainable Livestock to develop a project on the ground to build capacity and ensure compliance with the Brazil Forest Code and other sustainability requirements. The project aims to create a pool of compliant suppliers within a region who together can produce enough sustainable beef to meet both our and McDonald's requirements.

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

The availability of sufficient sustainable, deforestation-free raw materials can be a challenge. For example, demand for third-party certification is weak for materials including soy. This makes it hard to increase supplier uptake or drive higher volumes of certified materials. Our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the numbers of certified

farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco.

Forest risk commodity

Other

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

More than five million farmers in West Africa, Southeast Asia and the Americas grow cocoa, often in areas where deforestation is a problem. Most are smallholders working modest plots of land planted with aging, unproductive cocoa trees that generate little income. There is an urgent need to help farmers grow more cocoa on existing farmland, without encroaching on remaining forests.

Mars sources cocoa from a number of countries including Brazil, Cameroon, Côte d'Ivoire, Columbia, Dominican Republic, Ecuador, Ghana, Indonesia, Nigeria, Papua New Guinea, Peru, Philippines and Vietnam, with the majority coming from Côte d'Ivoire, Ghana and Indonesia.

The challenges the cocoa industry faces are complex and must be tackled collectively. We firmly support the frameworks for action introduced by the governments of Côte d'Ivoire and Ghana as part of the CFI. In full alignment with these frameworks, we have developed initial action plans for the two countries. The action plans set out our actions and targets within the three CFI pillars of Forest Protection and Restoration, Sustainable Production and Farmers' Livelihoods, and Community Engagement and Social Inclusion. We will work in partnership with all our suppliers to begin implementing our CFI country action plans from 2019.

After Côte d'Ivoire and Ghana, our focus countries are Indonesia, Brazil and Cameroon. In 2019, we will complete risk assessments in these countries and develop country action plans to be published in 2020. In 2020, we will complete a further risk assessment in Ecuador and review our approach in other countries from which we source cocoa.



Each country's action plan will describe our ambition on how we will work with our suppliers, partners and government to meet our goal of no deforestation by 2025.

F9.2

(F9.2) Describe the main measures that would improve your organization's ability to manage forests-related risks.

Forest risk commodity

Timber

Coverage

Supply chain

Main measure

Improved data collection and quality

Comment

Improved traceability is the measure most likely to improve our ability to assess risk and prevent deforestation in our supply chains. We cannot take effective corrective action unless we are fully aware of, and able to track, the current situation. That is why our sustainable sourcing strategies and raw material deforestation policies focus on supply chain mapping and supplier engagement as critical steps in working toward deforestation-free supply chains.

We welcome the introduction of online satellite and radar-based tracking tools and have begun using these to risk assess suppliers. We are looking to streamline our supply chain mapping process across raw materials, to reduce data collection pressure on Mars and suppliers. We have piloted one potential option and are exploring other potential solutions.

Forest risk commodity



Palm Oil

Coverage

Supply chain

Main measure

Greater transparency

Comment

Through ongoing traceability efforts, we are working to gain clearer insights into where our volume originates and the complexities of the palm oil industry at large. Our experience shows that we cannot be effective in driving change across all origins and must focus our efforts on select refineries and supply sheds. We are working with our suppliers to streamline our supply chain by minimizing the number of refineries we source from, which will enable us to use our resources more effectively and bring about more rapid transformation. For example, in 2018 we worked with United Plantations and Fuji Oil to develop a fully traceable palm supply chain for Mars with sourcing from 1 plantation, processed in 1 mill and 1 refinery. We are also moving to RSPO segregated palm oil for Europe (January 2019) and Australia (mid-2019). In addition, we are partnering with AidEnvironment and Earthworm to verify our supply chain using forest concession maps and satellite imagery respectively.

Forest risk commodity

Cattle Products

Coverage

Supply chain

Main measure

Greater stakeholder engagement and collaboration

Comment

Our experience with palm oil has taught us about the importance of having teams and expert local partners at origin, who can engage effectively on the ground with suppliers, processors and refiners at tier-2 level and beyond. We are building on this experience by working with local partner Proforest on the ground in our Brazilian beef supply chain. In addition, greater shared knowledge across the industry would make it



easier to gain alignment on a sustainability road map.

For example, in 2018 we began working with McDonald's, Proforest and the Brazilian Roundtable on Sustainable Livestock to develop a project on the ground to build capacity and ensure compliance with the Brazil Forest Code and other sustainability requirements. The project aims to create a pool of compliant suppliers within a region who together can produce enough sustainable beef to meet both our and McDonald's requirements.

Forest risk commodity

Soy

Coverage

Supply chain

Main measure

Increased demand for certified products

Comment

For soy, greater industry demand for third-party certified product would increase availability. Our strategy is to buy direct trade credits specifically from the State of Maranhão and Piauí, to increase demand for responsible soy and the numbers of certified farmers in the region. Working in partnership with ACT Commodities through its Soy4Brands strategy, and WWF, in 2018 Mars invested in social and environmental capacity building projects with peer companies buying from the same region, such as LIDL, Arla and Tesco.

Forest risk commodity

Other

Coverage

Supply chain



Main measure

Greater transparency

Comment

Our aim is to achieve a deforestation-free global cocoa supply chain by 2025. Our ambition, which is underpinned by the Cocoa for Generations plan Mars announced in 2018, recognizes the need to eliminate deforestation by growing more cocoa on existing legal farmland, without encroaching on remaining forests. We expect farms supplying our cocoa through our Responsible Cocoa Today program to provide satellite based GPS locations so that we have assurances that cocoa does not come from protected forest areas.

F18. Signoff

F-FI

(F-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.

F18.1

(F18.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

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

SF. Supply chain module

SF0.1

(SF0.1) What is your organization's annual revenue for the reporting period?



	Annual revenue
Row 1	35,000,000,000

SF0.2

(SF0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

No

SF1.1

(SF1.1) On F6.4 you were asked “Do you specify any third-party certification schemes for your disclosed commodity(ies)? Indicate the volume and percentage of your production and/or consumption covered”. Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

Partially

SF1.1a

(SF1.1a) For each of your requesting CDP supply chain members, indicate the percentage of certified volume sold per disclosed commodity(ies).

Requesting member

Walmart - Brasil

Forest risk commodity

Palm Oil

Form of commodity

Crude palm oil (CPO)



Crude palm kernel oil (CPKO)
Palm oil derivatives

Third-party certification scheme

RSPO Mass Balance

Total volume of commodity sold to member

Metric

Metric tons

What % of the volume reported in column 5 is certified?

100%

Comment

Mars sources 100% RSPO mass balance palm oil. We do not sell palm oil directly to customers, but small amounts are present in many of our products.

Requesting member

Walmart - Brasil

Forest risk commodity

Soy

Form of commodity

Soy bean oil
Soy bean meal
Soy derivatives

Third-party certification scheme



RTRS certificate trading

Total volume of commodity sold to member

Metric

Metric tons

What % of the volume reported in column 5 is certified?

100%

Comment

Our soy sourcing and deforestation policy focuses on soy sourced from Brazil, as the area of highest risk. Soy sourced in Brazil is used only in local manufacturing operations. We met our commitment for 100% of the soy we source from Brazil to be certified by the Round Table on Responsible Soy by the end of 2017. We do not sell soy directly to customers, but small amounts are used as an ingredient in some of our products.

Requesting member

Walmart, Inc.

Forest risk commodity

Palm Oil

Form of commodity

Crude palm oil (CPO)

Crude palm kernel oil (CPKO)

Palm oil derivatives

Third-party certification scheme

RSPO Mass Balance



Total volume of commodity sold to member

Metric

What % of the volume reported in column 5 is certified?

100%

Comment

Mars sources 100% RSPO mass balance palm oil. We do not sell palm oil directly to customers, but small amounts are present in many of our products.

SF1.1b

(SF1.1b) Why can you not indicate the percentage of certified volume sold to each of your requesting CDP supply chain members? Describe any future plans for adopting and communicating levels of certification to requesting members.

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No



Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms