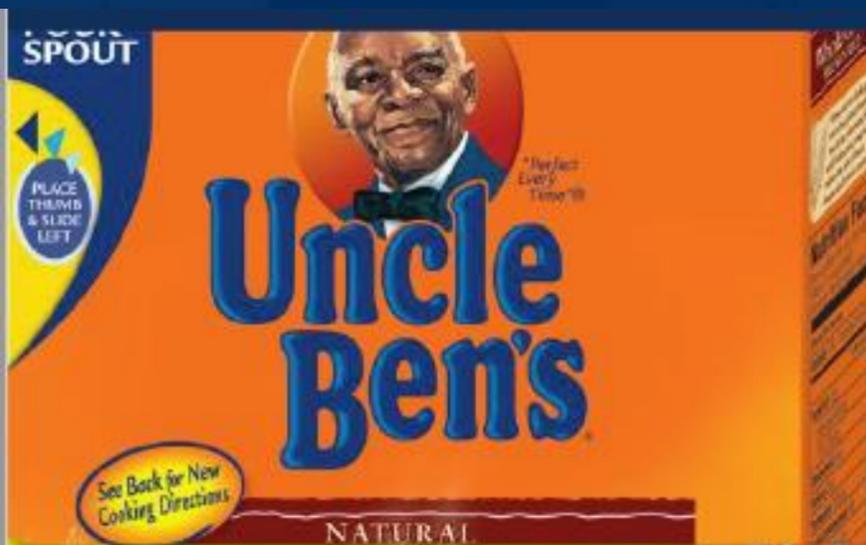


MARS

Mars Marketing Code for Human Food Governance Report 2018



1. Introduction

It is our honor to present Mars' first annual governance report that tracks our progress in implementing the Mars Global Marketing Code for Human Food ('the Code'). Since the launch of our [Code](#) in 2007, we have been recognized as an industry leader, including for our commitment to not market to children under 12 years old.

The Code guides how Mars and its brands communicate and interact with consumers. It is grounded in our Five Principles and enables us to drive positive change in responsible marketing across our industry.

Mars' number one ranking in the Marketing category in the 2018 Global Access to Nutrition Index testifies to the strength of the commitment Mars has made.

Our ambition is to continually evaluate and improve upon our governance practices related to the Code. In 2015, we embarked on a journey to tighten our internal and external governance of the Code to help ensure compliance and enable confident communication of our commitments to our Mars Associates, to our consumers and to key external stakeholders.

This report provides more detail on Mars' approach to governance of the Code, our initial success, as well as areas for us to improve. We are encouraged by our 2017 results and the lessons that this process has uncovered, which will enable us to enhance our responsible marketing efforts. It is our hope that the findings shared here will contribute to the growing understanding of the importance of responsible marketing practices and spark further action across the industry.

The Mars Global Marketing Code for Human Food Governance Board



Jacqui Stephenson ,
Global Responsible
Marketing Officer,
Mars Wrigley Confectionery



Orla Mitchell ,
Global Chief Marketing
Officer, Wrigley
Mars Wrigley Confectionery



Clarence Mak ,
Global Chief Marketing
Officer,
Mars Food



Blas Maquivar ,
President, Global Chocolate
Business Unit
Mars Wrigley Confectionery



Rankin Carroll ,
President, Global Fruity
Confections Business Unit
Mars Wrigley Confectionery



Jim Murphy,
Global Chief Customer
Officer
Mars Wrigley Confectionery

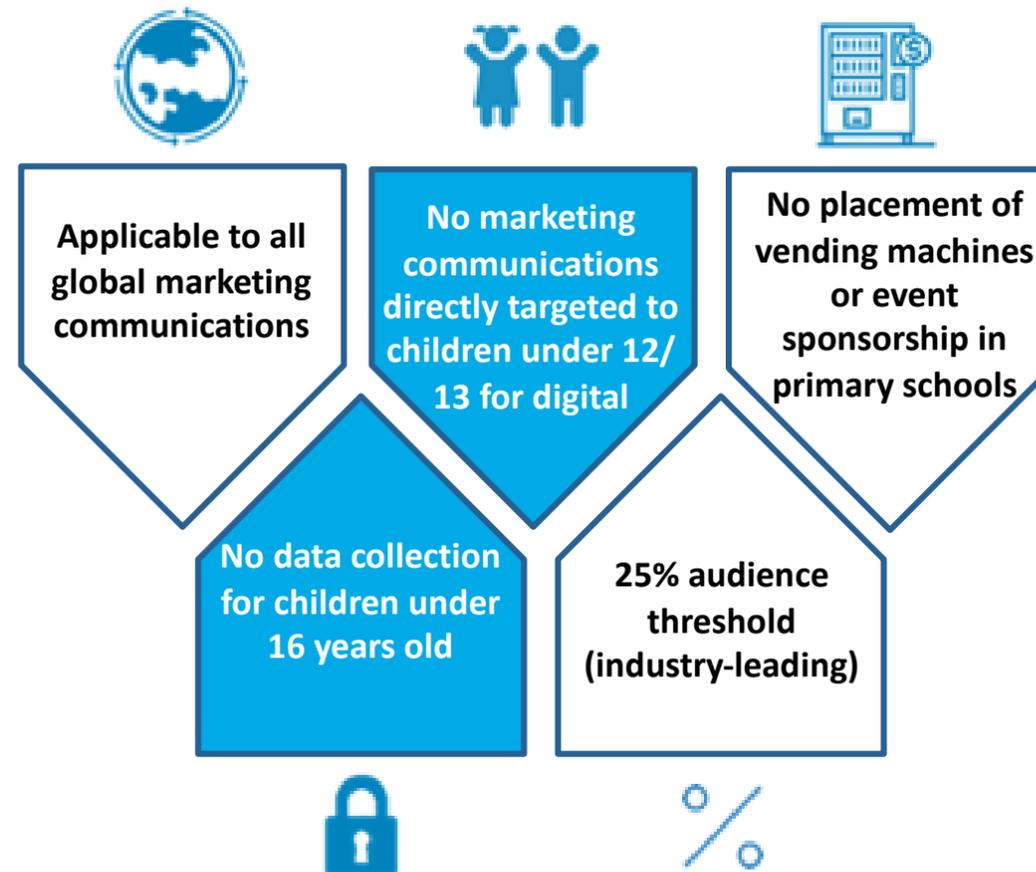
2. Our Responsible Marketing Commitments – the Mars Global Marketing Code for Human Food

The Mars Global Marketing Code for Human Food is Mars’ industry-leading commitment to address and govern marketing issues. The Code sets out the standards that guide the way that Mars and its brands communicate and interact with consumers. It is grounded in our Five Principles and sets expectations in terms of our engagement and behaviour towards our consumers.

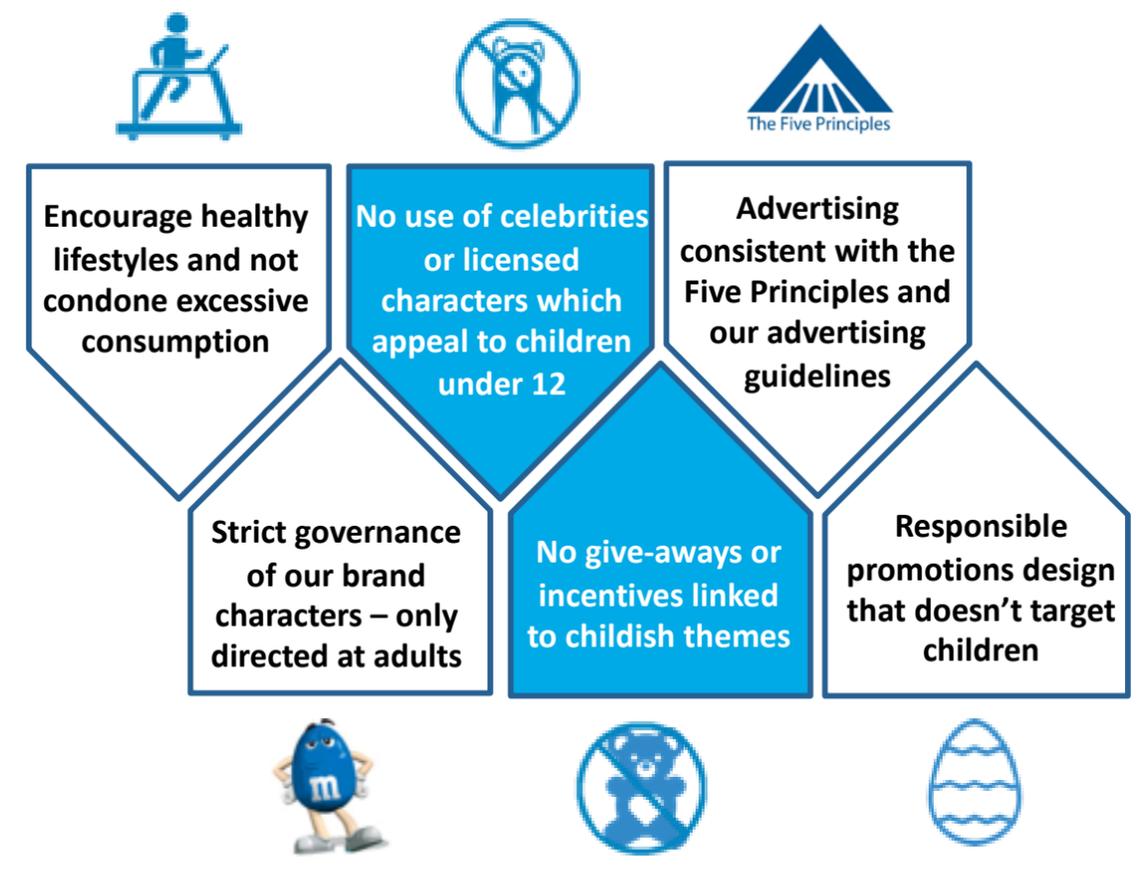
The purpose of the Code is to serve as a framework through which Mars uses marketing to drive positive change, and industry peers for what we believe to be right for consumers. We base these beliefs, as we do with all of our positions at Mars, on strong science, consumer insight and a sensitivity of concerns in the external world.

The key commitments of the Mars Global Marketing Code for Human Food

Placement commitments



Content commitments



3. How we update and train on the Code

▷ UPDATING OUR CODE

The Code is a living document, which we revise every three years, to ensure that it is consistent with our corporate values and principles, as well as changes in the marketplace and within our Company. Based on our rigorous governance process, we are able to identify areas for improvement. This is combined with our consumer-focused approach which ensures that we are aware of evolving stakeholder and consumer expectations of what constitutes responsible marketing.

In 2018, we launched the fourth iteration of the Code, which strengthens our responsible marketing practices and ensures that they reflect the continued evolution of consumer marketing and digital channels.

▷ TRAINING OUR ASSOCIATES & PARTNERS TO APPLY OUR CODE

We ensure that all relevant Associates and agency partners are aware of our responsible marketing commitments, understand their responsibility to comply with them and are trained to deliver on them. Training on the Code is a key part of the Mars University Learning Program, and is delivered online and during our annual marketing meetings. Training materials are updated and cascaded globally each time we update the Code, included clear communication of commitments that have been updated. To support training and compliance, we create detailed guidelines and case studies that are easily accessible, to help Associates understand the practical application of our Code and learn from real-life scenarios.

The Mars Marketing Code 'Drivers License'

To ensure that our Associates and agency partners who work on marketing execution understand our commitments in the Code, we have established a mandatory 'Drivers License'. The Drivers License is awarded and renewed annually after passing an online test, which all Marketing, Sales, and Corporate Affairs Associates, as well as their agency partners, retake each year.

▷ A NOTE FROM OUR AGENCY PARTNERS ON USING OUR COMPLIANCE INSIGHTS TO EVOLVE AND IMPROVE



MEDIA CONTENT

"Our skilled compliance team reviews media content released by Mars. We conduct rigorous quarterly reviews of our audit data, ensuring that our audits capture the ever-evolving nature of responsible marketing at Mars. Our findings are analysed, disseminated amongst Associates, and used to further shape the Code, ensuring that Mars is always doing the right thing for its consumers."



MEDIA PLACEMENT

"We work vigilantly with our media partners to monitor and transparently report the placement of Mars content to ensure the highest levels of compliance. We view this as an essential part of our role as an agency and by publishing these results it is our goal to set the highest standards for ourselves and the industry."



MEDIA PLACEMENT

"We are committed to full accountability regarding the compliance of our media-buying to the Code. We work closely with Mars Associates to ensure that content is placed on channels that comply with Mars' responsible marketing criteria. Self-reporting our compliance helps us by highlighting the regions and the channels in which we can improve in the future."

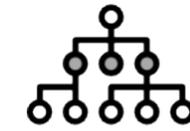
4. How we govern responsible marketing

Governance of the Code has driven transparency and accountability to ensure that we ‘walk the talk’ regarding our responsible marketing commitments through all of our marketing communications. Our drive towards a wide-reaching governance model enables us to conduct our responsible marketing processes uniformly across our Confectionery and Food segments , and to practice transparency in our compliance reporting.

Our responsible marketing governance structure (as shown on the right) reflects the importance we ascribe to good governance. It involves a representative selection of functions which manage our marketing activities and approach to responsible marketing, as well as the highest levels of Mars leadership, to ensure accountability and transparency.

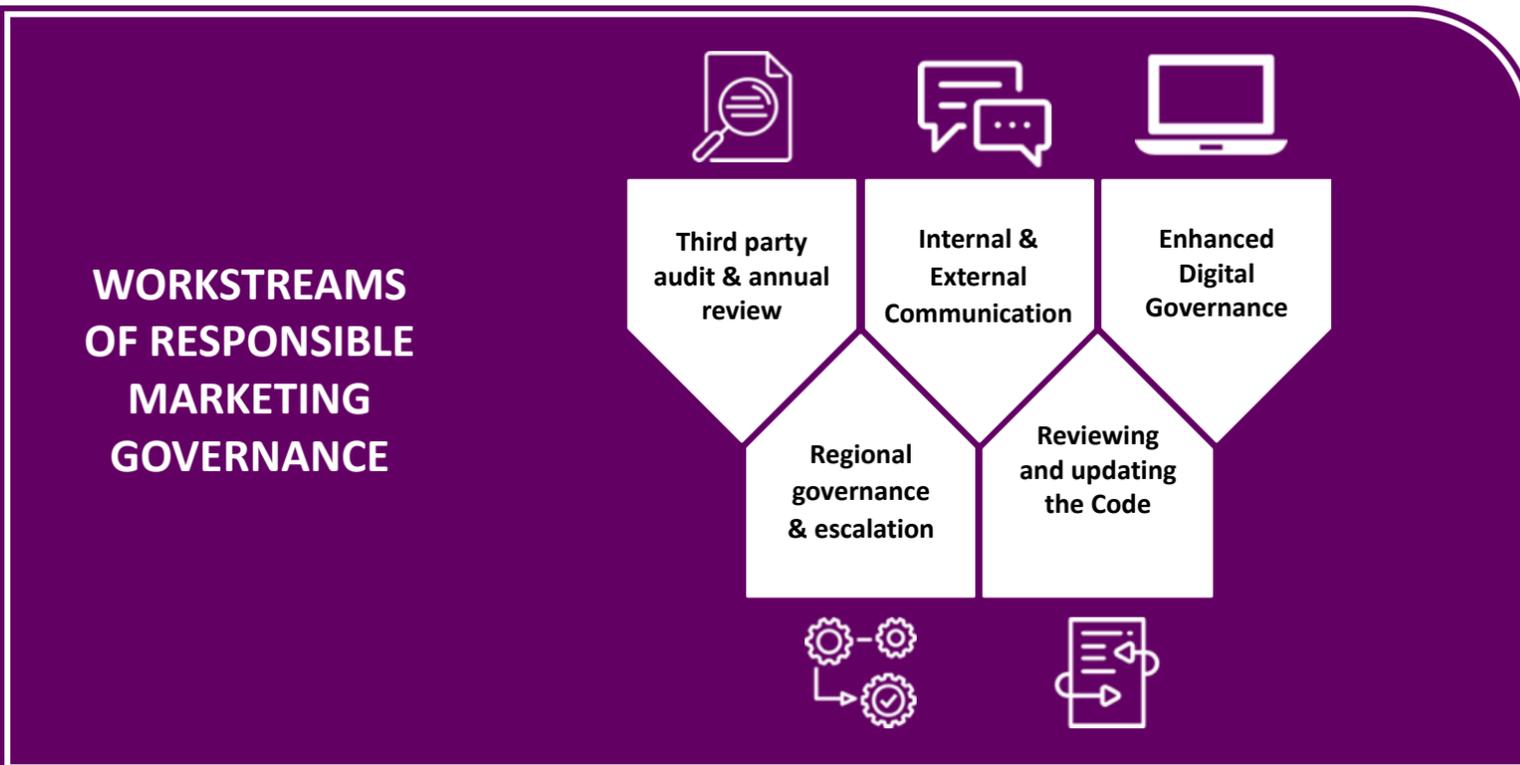
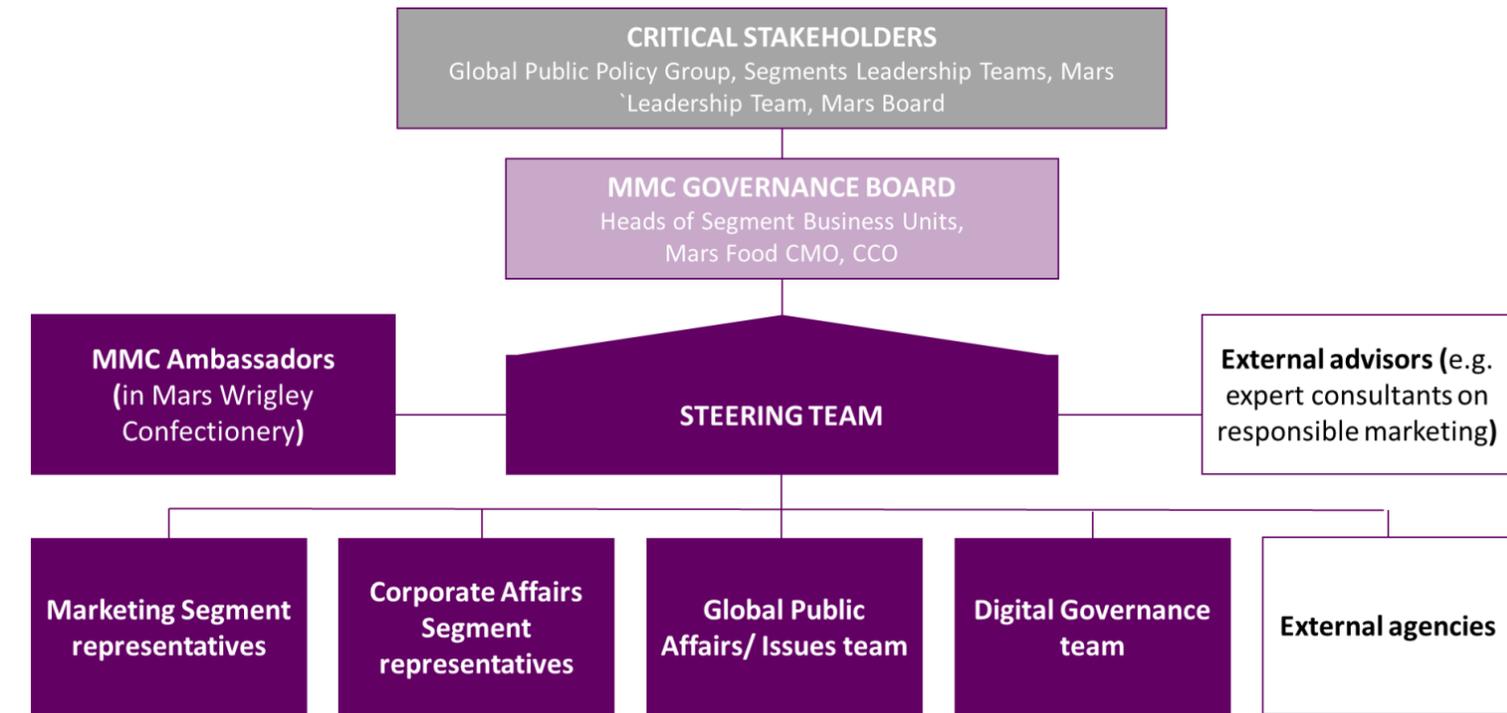
Mars made an industry-leading commitment to establish a streamlined governance framework formalizing existing ad hoc governance processes and driving increased compliance with our responsible marketing commitments.

We have developed a comprehensive and holistic approach to governance centered around five work streams.



RESPONSIBLE MARKETING GOVERNANCE STRUCTURE

The importance of responsible marketing to Mars is reflected by the Governance structure we have put into place. The Governance Board has responsibility for the supervision and management of our marketing practices in line with the Code. They are supported in implementing this responsibility by a Steering Team, with members representing functions relevant to Mars’ responsible marketing commitments, as well as a network of regional Ambassadors within Mars Wrigley Confectionery.





▶ THIRD PARTY AUDIT AND ANNUAL REVIEW METHODOLOGY

To ensure effective implementation of our Code*, we conduct third-party auditing across our top advertising spend markets:

- Australia
- Canada
- China
- France
- Germany
- India
- Middle East & North Africa
- Mexico
- Netherlands
- New Zealand
- Poland
- Russia,
- Spain
- Switzerland
- the UK
- the US

CONTENT COMMITMENTS COMPLIANCE AUDIT: Ebiquity was appointed as the third-party auditor to assess the compliance of our marketing communications and media content across print, TV, digital, social media and posters. They perform 29 compliance checks to ensure the content of our marketing communications, not just their placement, is compliant with the Code.

PLACEMENT COMMITMENTS COMPLIANCE AUDIT: We also work with MediaCom and Starcom, our media planning and buying agencies, to collect data on our compliance with our commitment not to place our marketing communications on channels where children under 12 years old make up more than 25% of the total audience (and children under 13 on digital platforms). We developed a scorecard to be completed by all 15 markets which includes the percentage compliance and number of breaches per channel, across six types of media channel.

In order to strengthen our methodology, from next year, we plan for an independent, third-party audit to be carried out in randomized markets. We will compare the third-party data with the data of the buying agencies to ensure that we are providing an accurate, transparent picture of compliance at Mars.



CONTENT COMPLIANCE CHECKS

Ebiquity performs compliance checks according to the principles set out in the Mars Marketing Code that have been translated into 29 indicators such as whether celebrities or licensed animated characters that primarily appeal to children under 12 years are being shown. For each piece of marketing communication and media content across 17 markets and 5 channels, Ebiquity's multi-lingual monitors check for the presence or absence of each indicator, give an overall compliance score and categorize results for each country by segment, brand, product, channel, media and theme. Quarterly reports provide full details of all areas of non-compliance, including commentary on any debateable issues enabling Mars to respond quickly to marketing activities that contravene the principles of the Code.

* The audit is against our own self-regulatory Code, and not an audit of our compliance to the law.



▶ CASE STUDY: ENSURING BRAND SAFETY ON DIGITAL CHANNELS

THE CONTEXT

In November 2017, an issue was discovered in the UK with Mars advertisement placement on Google platforms adjacent to highly inappropriate content, including extreme violence, sexualised imagery of children and religious extremism. The issue was in direct violation of our Code's 'Advertising Guidelines'. This incident was not isolated as similar breaches had also occurred in December 2016 and March 2017. The breach in question would not have been avoided through application of technologies that we already employ – ad verification – due to technical limitations Google and YouTube put on these third-party services many marketers employ.

THE ACTIONS WE TOOK

The first step was to ensure the safety of our brands by **pulling all media investments from YouTube until we could find a workable solution with Google**. In order to do the right thing, this meant that starting on Thanksgiving weekend, between November 2017 and March 2018, we did not place any advertising on YouTube and only allowed advertising on select Google channels for which we could verify our brand safety.

We then took the following steps, after spending considerable amount of time with our agencies and industry peers to chart a path forward:



THE OUTCOMES WE ACHIEVED

As a result of Mars' and the advertising community's engagement, Google committed themselves to making brand safety their top priority for 2018. In that they are making four significant steps to address the issue:

- Providing better controls for content and comments through technology, new employees, and partnering with subject area NGOs/experts
- Limiting the number of channels that can place advertising and focusing technology and employees monitoring to those spaces
- Manually reviewing certain types of ad placement
- Providing clear classification for content categories to identify the levels of brand risk

Moreover, through our proactive approach to them, Google have also made a number of steps to ensure we continue to be involved with future safeguarding of advertising placement:

- Google have invited us to act as third party verification partners through their beta testing period
- Google are involving Mars in a future Brand Safety Council

5. Our Compliance Results

▷ ASSESSING GOVERNANCE PROGRESS IN 2017

GOVERNANCE PILLAR & COMMITMENT	2017 PROGRESS
 <p>REVIEWING AND UPDATING OUR CODE Review, strengthen and update our Code in line with the continued evolution of consumer habits and marketing practices</p>	Stronger and updated commitments in fourth iteration of the Code, published in 2018
 <p>ENHANCED DIGITAL GOVERNANCE Establish specific commitments to ensure our Digital marketing communications reflect the evolving Digital Marketing ecosystem</p>	General Data Protection Regulation (GDPR) compliance and a commitment to stop collecting data from under 16 years old globally incorporated in the fourth iteration of the Code published in 2018
 <p>INTERNAL & EXTERNAL COMMUNICATION Roll out internal communication and training on the MMC, combined with external engagement to level the responsible marketing playing field</p>	<ul style="list-style-type: none"> • 841 people (531 Associates, 310 agency team members) have passed their Driver's License and taken the eLearning module • Mars is recognized as leader in responsible marketing in 2018 Access To Nutrition Index ranking
 <p>LOCAL & REGIONAL GOVERNANCE Establish local governance processes and escalation channels to ensure systematized governance throughout the global organization</p>	<ul style="list-style-type: none"> • MMC Ambassadors appointed across Mars Wrigley Confectionery in every major market • Creative Content Review rolled out across all packaging activations in Confectionery • Periodic Marketing Review (PMR) meetings in place in key markets
 <p>THIRD PARTY AUDIT & ANNUAL REVIEW Conduct a third-party audit of Mars' level of compliance with responsible marketing commitments</p>	Completed the first annual audit results with 97% compliance for media content and 95.8% compliance for media placement, weighted by media spend.

▷ EXPLAINING THE RESULTS FROM THE THIRD PARTY AUDIT

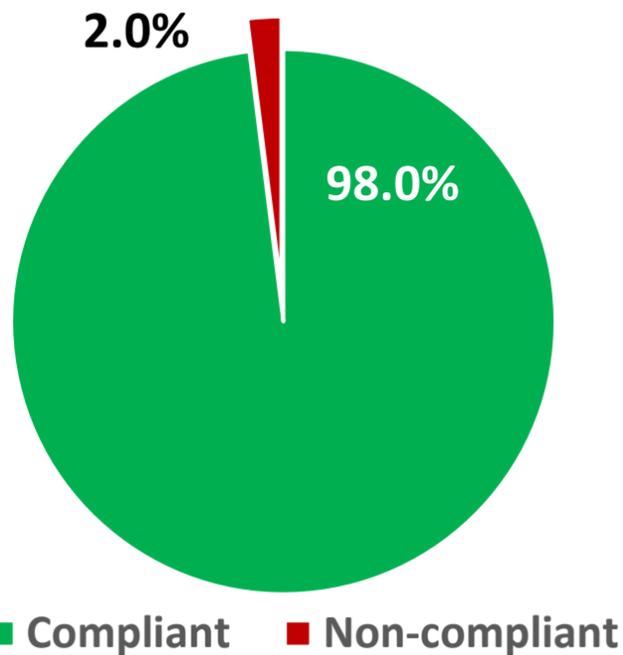
In the following pages, we present the results from the 2017 third party compliance audit. The results are split into two groups – reflecting Mars' compliance with our responsible marketing commitments on the **content** and **placement** of our marketing. These reflect the two types of responsible marketing commitments which we make in the Code:

- **Placement:** not to place our marketing communications on channels where children under 12 years old make up more than 25% of the total audience (and children under 13 on digital platforms). The result represent the % of our marketing communications which was placed in media in compliance with this commitment.
- **Content:** to develop marketing communications content which aligns with our commitments within the Code, represented by 29 compliance checks, including theme and content targeting, the use of brand, licensed characters and celebrities, representation of consumption, the portrayal of children, application of our advertising guidelines and digital and privacy. Similarly with placement, the results represent the % of the reviewed marketing communications which were deemed compliant.

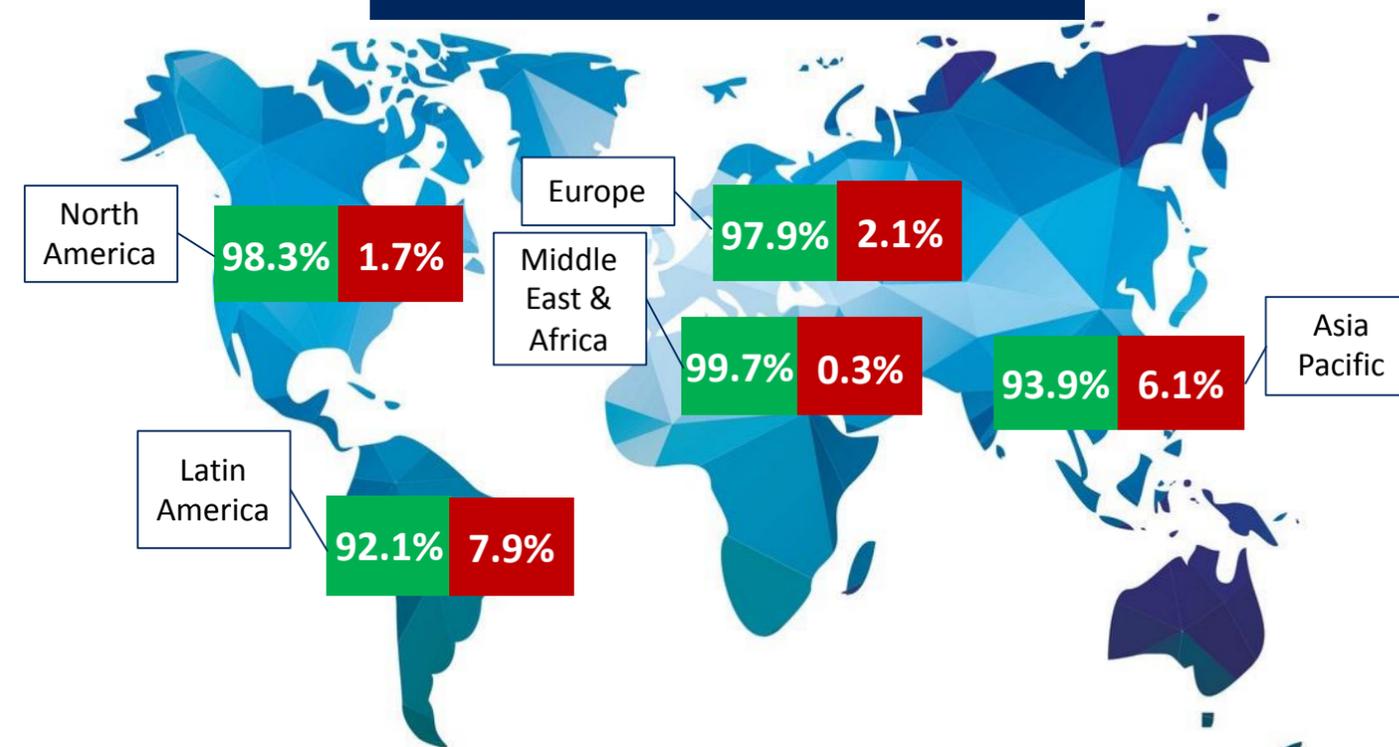
In addition to showing our global compliance, in both cases we also break down our compliance results by Mars Segment, region and type of media or section of our Code.

▷ MEDIA PLACEMENT COMPLIANCE 2017

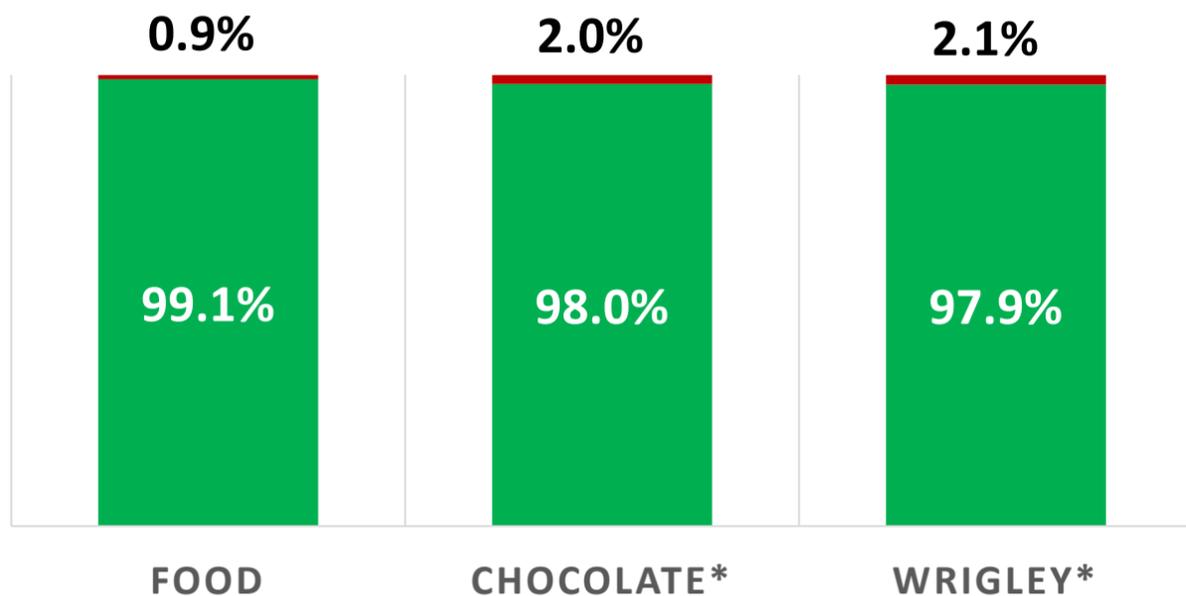
OVERALL COMPLIANCE



BY REGION



BY SEGMENT



BY CHANNEL

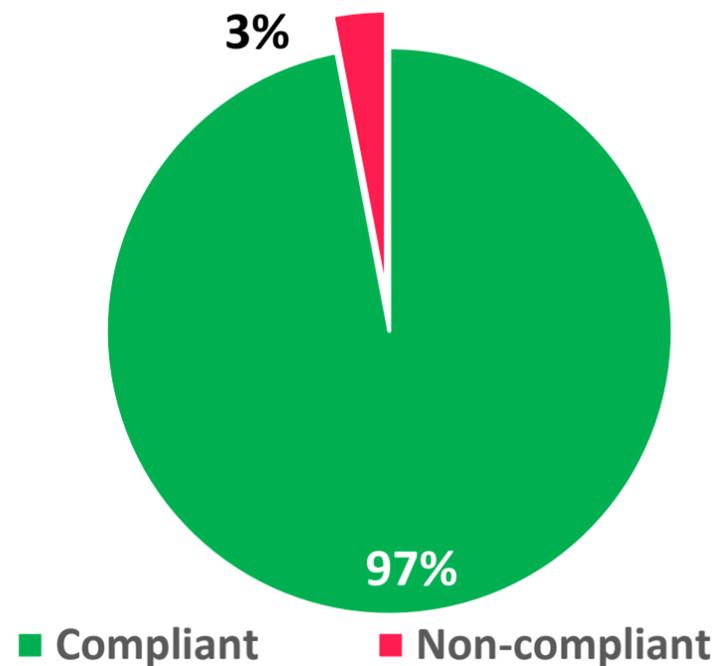
	National digital	94.7%	5.3%
	Publishing	99.2%	0.8%
	Shopper digital	98.7%	1.3%
	Social media	99%	1%
	TV/Cinema/Radio	99.2%	0.8%
	Posters & billboards	97%	3%

■ Non-compliant
■ Compliant

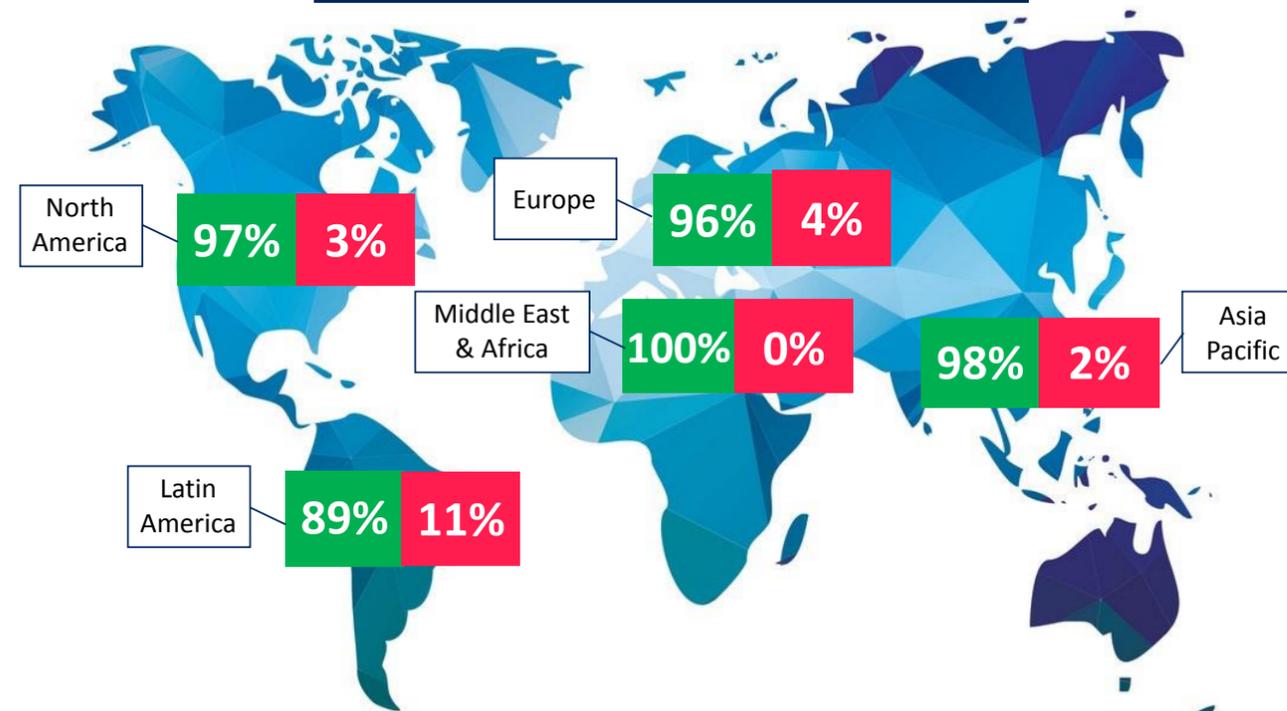
*The compliance numbers for Chocolate and Wrigley are reported separately as the audit was conducted before the merging of the two Segments into Mars Wrigley Confectionery

▷ MEDIA CONTENT COMPLIANCE 2017

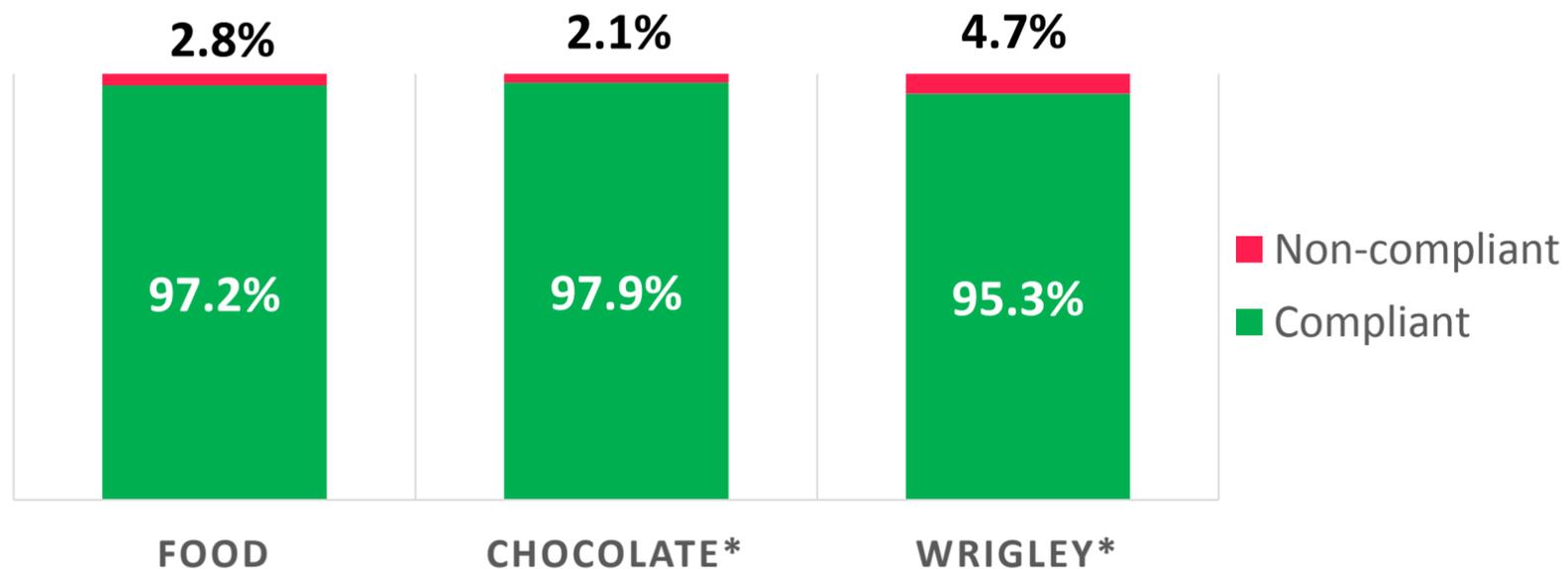
OVERALL COMPLIANCE



BY REGION



BY SEGMENT



BY MARS MARKETING CODE SECTION

	Advertising guidelines	99%	1%
	Characters & Celebrities	97%	3%
	Digital & Privacy	74%	26%
	Targeting children	96%	4%
	Portrayal of children/adults	99%	1%
	Responsible promotions/consumption	97%	3%

*The compliance numbers for Chocolate and Wrigley are reported separately as the audit was conducted before the merging of the two Segments into Mars Wrigley Confectionery

▷ KEY LEARNINGS

The rigorous audit of our responsible marketing commitments has quantified the successful implementation of our Code, while identifying areas for improvement and helping to further drive compliance. Through our first annual audit, we've taken away key learnings which we'll address throughout the year and report on progress in our next report.

• Remove ambiguity from the Code for ease of application

One of the findings of our audit uncovered that certain phrasing of our commitments in the Code was ambiguous, leading to confusion of how they should be applied in practice. Thanks to this learning, the new iteration of the MMC has helped clarify exactly what is expected of associates in areas of ambiguity.

• Content creation on social media platforms

The dynamic, reactive and immediate nature of social media marketing means that content is produced and released in a different way to traditional forms of marketing. For example, our brands promote recipes featuring Mars products on their social media channels where this is not done as frequently in traditional media. Having discussions with our social media teams and providing guidance on how best to market responsibly on social channels has strengthened our position. We are adapting to working within a social media framework, while keeping our responsible marketing commitments front-of-mind.

• Use of our brand characters

We view our brand characters as valuable marketing assets, so it is important to us that they are used responsibly. Our audit showed that compliance with our strict Character Guidelines could be improved, for example in the way characters are used on social media, in order to ensure they are not targeted towards children. It has initiated a discussion with our marketing teams regarding how best to use our brand characters, and case studies from our audits have been used to drive higher compliance in the future.

• Regional applicability of the Code

The audit was instrumental in teaching us about the cultural nuances of the application of our Code in different regions. Adhering to cultural sensitivity is another layer of compliance which has been taken into account as a result of the 2017 audit. Though our advertising guidelines apply globally, marketing materials can have different connotations in different markets, meaning the guidelines have to also be viewed through a cultural sensitivity lens. For example, the way that certain animation is adult-targeted in China. Auditing our activities has encouraged us to reach out to several different markets to learn what compliance to our advertising guidelines means for each of them.

6. Continuous improvement

Over the past decade, continuous evaluation and improvement has been an important founding principle of our Code. Continually strengthening our governance process gives us confidence that we are successfully enacting responsible marketing in practice as well as in theory. In the spirit of continuous improvement, we will take these on board, while continuing to hold ourselves accountable to our commitments in a transparent manner.

▷ EVOLVING MARS' APPROACH TO RESPONSIBLE MARKETING

Our desire to be a leader in responsible marketing means that we constantly strive to expand what it means to be a responsible marketer. We recognise that the power of marketing to positively influence society and challenge perceptions of stereotypes which have been established throughout the years. For this reason, we have committed to #Unstereotype Alliance and Free the Bid initiatives to promote and champion diverse and inclusive marketing communications.

Moreover, recognising the evolving nature of Digital, we are building an influencer strategy, to ensure that Mars Associates practice the responsible use of influencer marketing. This includes extensive guidelines for our Associates, providing best practices for transparent disclosure of our influencer relationships by both our brands and the influencers we choose to partner with.

Finally, we are developing guidance on how to responsibly use marketing communications within the gaming industry. These developments, some in addition to our most recent version of the Code released in 2018, were a result of our strengthened system of governance.

▷ ONGOING ROLL-OUT OF OUR GOVERNANCE STRUCTURE

We want responsible marketing to be second nature to our Associates. That is why we are (1) increasing our network of Code Ambassadors, (2) improving and updating our mandatory responsible marketing training programme, and (3) expanding our Creative Content Review system to all segments of the business, to facilitate systematic approval of all marketing materials.

▷ FURTHER STRENGTHENING OUR THIRD-PARTY AUDITS

During 2017, we monitored the compliance of our media placement through rigorous self-reporting by our media buying agencies. In order to strengthen our findings, we plan for an independent, third-party audit to be carried out in randomized markets. We will compare the third-party data with the data of the buying agencies to ensure that we are providing an accurate, transparent picture of compliance at Mars.