

**MARS, INCORPORATED UPDATE ON SUSTAINABLE PULP AND PAPER SOURCING
APRIL 2017**

Country of origin known for 90% of Mars pulp and paper volumes

Introduction:

In December 2014, Mars introduced a [Pulp and Paper-based Materials Sourcing and Deforestation Policy](#), to support our broader [Deforestation Policy](#) introduced in March of that year. Ensuring pulp and paper are from more sustainably managed sources is a priority for preventing deforestation – growing demand for these products is contributing to increased illegal logging, and to natural forest being converted into plantations to feed pulp mills.

Our policy focuses on packaging, as this accounts for 80% of all pulp and paper our business uses. Our goal is to create a sustainable supply chain for all our pulp and paper packaging, by working toward the following commitments:

- 100% of virgin pulp and paper packaging traceable to at least country of origin by end 2016
- 100% of pulp and paper packaging from certified, verified or recycled sources by end 2020
- Develop a further target, prioritizing high deforestation risk areas, once we have full supply chain traceability.

We require all paper and board packaging suppliers to have plans in place to ensure compliance with our policy and the Sustainable Sourcing Charter set out within it, by mid-2017. From 2020 onward, we will only work with suppliers that share our values and comply with our Charter in full.

Summary:

Since introducing our policies, we have made the following progress:

- Collaborated with our partner The Forest Trust (TFT) to engage suppliers and begin tracing the origins of our pulp and paper packaging
- Engaged all 185 direct pulp and paper suppliers to establish compliance with our policy, representing 100% of pulp and paper volume
- Sustainable Sourcing Charters signed by 82% of suppliers
- Paper mills known for 93% of global tonnage
- Country of origin known for 90% of tonnage

Progress on industry engagement:

We can only achieve our commitments working closely with companies we source from, so our first step was to run a series of regional events for suppliers. We source pulp and paper in seven regions around the world and felt providing a forum for suppliers to connect with us and each other on regional issues would provide a deeper dialogue. At these events, we introduced our policy, commitments and Sustainable Sourcing Charter, heard from them on measures they already have in place and received feedback on gathering pulp and harvest information further down the value chain. The process enabled us to begin resolving queries and aligning approaches to data collection and policy compliance.

As a result, 100% of our pulp and paper packaging suppliers, representing 100% of the volumes we source, are involved in our sustainable sourcing process. In addition, 82% have signed our Sustainable Sourcing Charter, which means they commit to put in place plans to meet the Charter by mid-2017, and to achieve full compliance by 2020.

Our primary focus this past year was on supplier engagement, however we continue to work with industry groups including the Consumer Good's Forum and its members in the Pulp, Paper and Packaging Working Group to progress on efficient methods to verify supply chain compliance.

Progress on Traceability

For the virgin fiber in our packaging, our priority is to trace supplies at least to the country where the timber was harvested. This will allow 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.

Together with our suppliers we have mapped 93% of the virgin fiber in the pulp and paper packaging we source to the paper mill and the country of origin is known for 90% of tonnage. Although we didn't achieve 100% traceability by end of 2016 as planned, we remain committed to establishing the country of harvest for the remaining 10% of volumes and will continue this work throughout 2017. We will also continue seeking commitments from the remaining 18% of suppliers to sign our sourcing charter. Now that we are near completion of full supply chain traceability, we are on track to develop in 2017 a further target to prioritize high deforestation risk areas.

Tracing our supplies has highlighted gaps in our understanding for some regions within our supply chain, such as the percentages of virgin and recycled content used and the exact certifications and standards in place for different types of packaging. Addressing this is a 2017 priority to enable completion of our risk assessment and a strategic roadmap to ensure 100% of pulp and paper packaging is certified, verified or from recycled sources by end 2020.

Our partner TFT is supporting all of this work.

Future plans:

In 2017, we will:

- Continue working with TFT to complete our risk assessment and with our suppliers, informed by the traceability information, to identify and prioritize the areas of our supply chain presenting the highest risk of deforestation
- Conduct a deeper assessment of the certifications associated with our virgin and recycled content
- Conduct field assessments informed by areas of highest risk
- Work with suppliers to put in place time-bound action plans for improvement
- Broaden our industry engagement with certification schemes and standards, the Consumer Goods Forum and peers.

We will continue to report on our progress at least annually.