

SEPTEMBER 2017 - 2018



MARS



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A LETTER FROM Grant F. Reid

CHIEF EXECUTIVE OFFICER AND OFFICE OF THE PRESIDENT

When we launched our ***Sustainable in a Generation Plan*** just one year ago, we knew it was a critical moment. A range of issues continues to face our global community—including climate change, poverty, obesity and water stress.

I've been with the business for three decades, and during that time, Mars has taken positive steps to address all of these challenges. In just the last three years, we've reduced greenhouse gas emissions in our operations by ten percent, virtually eliminated waste to landfill from our operations, reduced our carbon footprint by using renewable electricity to power 100 percent of operations in the U.S. and the U.K. (and are well on our way to doing the same in Australia and Mexico), built a robust responsible sourcing program and initiated a number of efforts aimed at increasing the incomes of farmers in extended supply chains. But the current rate of progress is still not enough.

We've gotten smarter about many issues and our imprint on environmental and social sustainability. With that understanding, we have a responsibility—and an opportunity—to step up and help to create a healthy planet on which all people can thrive.

I am deeply invested in our plan to change the trajectory around how we do business. We're also committed to, and dependent upon, organizations like governments, NGOs and industry leadership groups, like the ***Consumer Goods Forum***, as partners in this effort. I'm proud to co-sponsor the Consumer Goods Forum's sustainability pillar and work with the world's leading consumer goods companies on becoming a more sustainable industry.

I believe we have no more time to debate the case, as the case is clear. We support the Paris Agreement, as well as a variety of UN climate and social programs. I believe that we can accelerate our progress on the ***UN Sustainable Development Goals*** and the Paris Agreement targets if businesses take a leadership position alongside governments, NGOs and civil society. We all need to come together to do our part.

Doing our part is exactly what our Sustainable in a Generation Plan is all about. We've established three strategic Pillars to help guide our work: Healthy Planet; Thriving People; and Nourishing Wellbeing. We've transformed the way we think about sourcing—recognizing that responsible sourcing is key to our sustainability ambitions. Barry Parkin's new role as our Chief Procurement and Sustainability Officer is indicative of this shift. Combining these two areas enables us to bring sustainability into the core of our business: procuring the materials to make our products. In his letter on the next page, Barry elaborates on what this means for the Sustainable in a Generation Plan.

Delivering our targets won't be easy, but we're enabled by being a private family business that thinks in terms of generations and is guided by ***our Five Principles***. We're powered by more than 115,000 Mars Associates with unmatched energy for creating a tomorrow they're proud of through how we do business today, and we're working side-by-side with our partners throughout extended supply chains in relevant sectors to make change happen. My gratitude to all the Associates and our partners, who are helping us break through and achieve growth we can all be proud of.

Sincerely,



Grant F. Reid



A LETTER FROM

Barry Parkin

CHIEF PROCUREMENT AND SUSTAINABILITY OFFICER

Grant Reid has laid out the broad scope and ambition of our Sustainable in a Generation Plan—a plan that commits our global business to move beyond incremental improvements to unlock systemic changes that benefit people and the planet. We've set our long-term goals and commitments based on what's necessary, using the best available science to ensure we're operating within planetary and social boundaries and, thereby, becoming a truly sustainable business.

In this letter, I want to give you more detail on how we've started on this generational journey toward these challenging goals. I'll share how we're beginning to transform what's necessary to drive impacts throughout our extended supply chains, where we're seeing early indicators of progress, and how we're partnering with others to test new approaches to some of our biggest challenges.

Transforming Extended Supply Chains

We've spent much of the last five years mapping our extended supply chains to truly understand our social, environmental and economic footprint. This told us that the majority of our impacts and challenges were in agriculture, through the raw materials that we source from around the world. With this knowledge, we prioritized an initial ten raw materials—rice, fish, beef, soy, palm oil, pulp & paper, cocoa, mint, dairy and sugar cane—that make up around 80 percent of our social and environmental challenges. We've spent the last year developing transformational new sourcing strategies for each material, which will allow us to address sustainability challenges, whether they're GHG emissions, water stress, land use, human rights or income—while at the same time increasing our supply security and maintaining competitive supply chains. This work will likely result in very different supply chains in the next few years.

I believe this transformation of supply chains will be necessary across most of the materials we used to call commodities. In fact, I believe we're seeing the end of the commodities era, where materials used to be sourced from largely-unknown origins and bought purely for price on a transactional basis. The future will require sourcing from known origins, and in many cases from known farms, with price and sustainability impacts evaluated side-by-side and generally from long-term partnership arrangements with fewer suppliers.

Early Indicators of Progress

We now have nine countries where we source only renewable electricity for our direct operations, which is up from four in 2016. Investing in long-term, country-level contracts is enabling us to save money, while sending signals to the market that renewable electricity is good for business.

Some of our established raw materials programs are now accelerating. For example, we've partnered with more than 600 farmers and farmer organizations to shift sourcing of Basmati rice to Pakistan. Through the initial support we have provided, we've seen a 30 percent reduction in water usage, a 32 percent increase in farmer incomes and a cost reduction for our business. This is the type of win-win-win we're striving for with this transformational sourcing approach.

And in 2017, we achieved 99 percent palm oil traceability to mill level (the first processing stage), which allowed us to identify the areas supplying our business and evaluate the risks of deforestation or human rights challenges. With this knowledge, we can begin the deeper transformation of radically simplifying our palm supply chain and committing to buy from known and verified suppliers.



Investing in Partnerships to Tackle Our Deepest Challenges

We've always known that pre-competitive partnerships will be crucial to delivering the changes needed at scale, so this past year we've invested heavily in building existing partnerships and starting new ones.

A crucial partnership is the [Livelihoods Fund for Family Farming](#), which we co-founded with Danone and others in 2015. This fund will invest 120 million euros to develop sustainable agriculture projects that improve incomes for smallholder farmers, while also tackling food security and restoring ecosystems. We aim to positively impact 200,000 farms through this Livelihoods Fund. We now have three projects that have been in the field for more than a year and another four projects in the pipeline. I recently had the opportunity to visit the first of these projects, which is working with vanilla farmers in Madagascar. Even after only one year, it's clear that this fund and approach is driving real change on the ground and is on track to increase farmers' revenues by as much as 300 percent, thanks to improving their growing practices and involving them in the next step in the supply chain. Our ten-year sourcing commitment means they can invest with certainty and we're on track to provide thriving livelihoods for up to 3,000 producers and around 12,000 family members.

One of the biggest challenges we face is deforestation caused by expanding agriculture. On cocoa, we've worked with our peers in the industry via the [World Cocoa Foundation](#) to build a breakthrough public-private partnership called the [Cocoa and Forests Initiative](#) to end deforestation in Ghana and Côte D'Ivoire. Through strong government and industry action and investment, this initiative has the potential to halt deforestation caused by agriculture in these countries, and act as an example of what may be possible in other countries and with other raw materials.

We've launched a new long-term strategic partnership with a leading human rights organization, [Verité](#), to strengthen the impact of our human rights programs, working across our own operations, with our Tier 1 suppliers, and into the farthest ends of extended supply chains. And we launched the [Farmer Income Lab](#), a collaborative 'think-do tank' to identify ways to increase smallholder incomes. The Lab's initial research, done in collaboration with Oxfam, Wageningen University and Dalberg Group, will be issued soon.

Another very important partner is the [Ellen MacArthur Foundation](#), with whom we were an early partner in the [New Plastics Economy](#). We've supported the Foundation's efforts through our goal to work toward 100 percent recyclable packaging by 2025. Using less plastic packaging, reducing plastic packaging waste and increasing recyclability of our plastic packaging are top priorities for my team and me. We know we have much to do in this area and have increased our investment and resources to accelerate progress.

On water stress, we've made some good progress, notably on rice, where we're focusing our efforts—in Pakistan, Spain and the U.S. On [page 11](#), you can read more about how our work in this area saved two cups of water for every person on the planet in 2017! This is a good start, but we have more to do. And with climate change continuing to affect sourcing regions around the world, the risks we face are increasing.

In our efforts to nourish wellbeing, we've continued to build on our industry-leading approach to responsible marketing by deploying an enhanced system to measure compliance with our [Mars Marketing Code](#), including robust third-party auditing. Our leadership in this area was publicly recognized by our #1 ranking in the marketing category of the 2018 [Global Access to Nutrition Index \(ATNI\)](#), and we're working with a range of like-minded partners to drive higher industry standards—particularly in the emerging area of digital self-regulation.

We're also making progress on commitments to improve and expand the product offerings we provide our consumers to support their wellbeing. We've dedicated significant innovation investment to address the needs of consumers who are seeking more natural ingredients—most notably in developing and driving regulatory approval across multiple markets for new non-artificial color ingredients.

Through these initiatives—as well as internal programs to support the health and wellbeing of our Associates, among others—we were able to achieve a 55 percent increase in our overall Global ATNI score, increasing from 3.6 (out of 10) in 2016 to 5.6 in 2018.

Our Sustainable in a Generation Plan is directly linked to our business goals, which is why we're investing more than \$1 billion in the first three years to start the work to realize our ambition. We know our Plan will take decades to realize fully and we may not see fast progress in the early years on some of the goals. But we remain resolute in following our chosen path. This first year has been about starting the transformation of our raw material supply chains, accelerating what's already working, building and investing in a number of critical partnerships and testing new approaches. The next few years will see a significant scaling-up of our activity and impact on the ground.

Sincerely,



Barry Parkin

MARS IN A MOMENT

From humble beginnings in Frank C. Mars' kitchen more than a century ago, Mars remains true to our roots as a family-owned business. We make some of the world's best-loved brands, offering diverse products and services for people and their pets.

EVERYTHING STARTS WITH OUR ASSOCIATES



We're made up of more than
115,000
talented individuals

Proudly operating since
1911



Global HQ
in McLean,
Virginia, U.S.



Operating in more than
80 COUNTRIES

We employ
72,000+
Associates in
Petcare



Collaborating in
454 SITES

Ten of our brands
are worth more than
\$1 BILLION

In excess of
\$35B
a year in net sales



Creating some of the world's
MOST-LOVED
brands and products



The Five Principles

Quality Responsibility Mutuality Efficiency Freedom

guide all we do, uniting
Associates across geographies,
cultures and generations

PETCARE



MARS WRIGLEY CONFECTIONERY



FOOD



DRINKS



MARS EDGE



INTRODUCTION TO THE SUSTAINABLE in a GENERATION plan

At Mars, we've always believed our business only thrives when the people we work with succeed too, and we won't be able to secure a prosperous future for generations to come without a healthy planet. Climate change, water stress, poverty and many other social and environmental challenges are holding back the potential of people, communities and businesses. It's time for urgent action and a new approach. That's why we launched our [Sustainable in a Generation Plan](#) in September 2017.

During the past decade, we've focused on the impact of our direct operations. Our new plan extends our ambition much further to include our entire value chain, from farmers and suppliers to manufacturing facilities, and our business offices and consumers. It reflects our commitment to making the world a better place for future generations.

The Sustainable in a Generation Plan has three interconnected strategic Pillars that we believe are essential for sustainable growth:



Our goal is to reduce our environmental impacts in line with what science says is necessary to keep the planet healthy—focusing on climate action, water stewardship and land use.



Our goal is to meaningfully improve the working lives of 1 million people in our value chain to enable them to thrive by increasing incomes, respecting human rights and unlocking opportunities for women.



Our goal is to advance science, innovation and marketing in ways that help billions of people and their pets lead healthier, happier lives—focusing on food safety & security; product & ingredient renovation; and responsible marketing & labeling.

About This Report

We're at the beginning of our journey to implement the Sustainable in a Generation Plan. This report outlines our progress against each strategic Pillar during the first year and our strategies to deliver on our long-term ambitions. Also, we share achievements against our sustainable sourcing targets, which we've been working toward for several years.

Sustainable Development Goals

The [Sustainable Development Goals \(SDGs\)](#), also known as the Global Goals, offer a powerful guide for this next generation of growth.

While our efforts will contribute to multiple SDGs, we've made a strategic decision to focus on three goals that align most closely with the Pillars of our Sustainable in a Generation Plan. We've selected the goals below as the ones where we can contribute most to solutions, while growing our business in a sustainable way.



Toward Transformational Change

Transformational change requires solutions that work at scale. That's why collaboration is a key part of our approach toward progress against our Plan. As co-chair of the Consumer Goods Forum working groups on deforestation and on forced labor, Mars is helping lead the way to find industry-wide solutions to these challenges. We're collaborating with suppliers to transform raw material production. For example, we're at the beginning of a journey to transform the way we source palm oil. We're working with our suppliers to streamline our supply chain by including fewer refineries, which will enable us to target our resources more effectively.

We're tracking our sustainability progress as accurately as possible by continuing to work with outside experts. Together we're developing better environmental and social accounting methods that we're both using internally and sharing externally. At the UN Climate Conference in 2017, for example, Mars hosted a workshop attended by more than 25 companies and research organizations to drive alignment in approaches to measure GHG emissions.

Some of the impacts we want to achieve span the three focus areas of the Sustainable in a Generation Plan. Our ambition to improve livelihoods—for everyone from the farmers in extended supply chains to our Associates, customers and consumers—is being delivered by all three Pillars, through work to provide a healthy planet, fair labor practices and nutritious food.

sustainable sourcing

Our journey toward becoming a sustainable business started well before the launch of our Sustainable in a Generation Plan in 2017. Here, we report our progress against the key metrics we've historically used to track our efforts to source sustainably. We'll continue to monitor and make progress against these goals, in addition to those in our new Plan.

We continue to achieve 100 percent sourcing from certified sources for palm oil, coffee and black tea—targets we achieved in 2013, 2014 and 2015 respectively. In 2017, we made meaningful progress toward our fish and seafood sourcing target. Mars Petcare increased the proportion of fish and seafood sourced from certified sources, or those endorsed as sustainable, by 14 percentage points—from 43 percent in 2016 to 57 percent in 2017.

With rice, we made progress against our target. We're encouraging farmers to work toward the [Sustainable Rice Platform](#) standard, which helps farmers increase their resilience to climate change, reduce the environmental impact of rice production and improve incomes, among other benefits. In 2017, Mars Food sourced 96 percent of its rice from farmers working toward the standard, after scaling up a pilot project, completed in 2016. The pilot, with basmati rice farmers in Pakistan, saw a 32 percent increase in farmer income and a 30 percent reduction in water use. Such learnings show that aligning with the standard has a positive impact for our business, the farmers we rely on and the planet we share.

“ We commend Mars Food for its commitment to meaningfully improve the sustainability of the world’s rice supply. ”

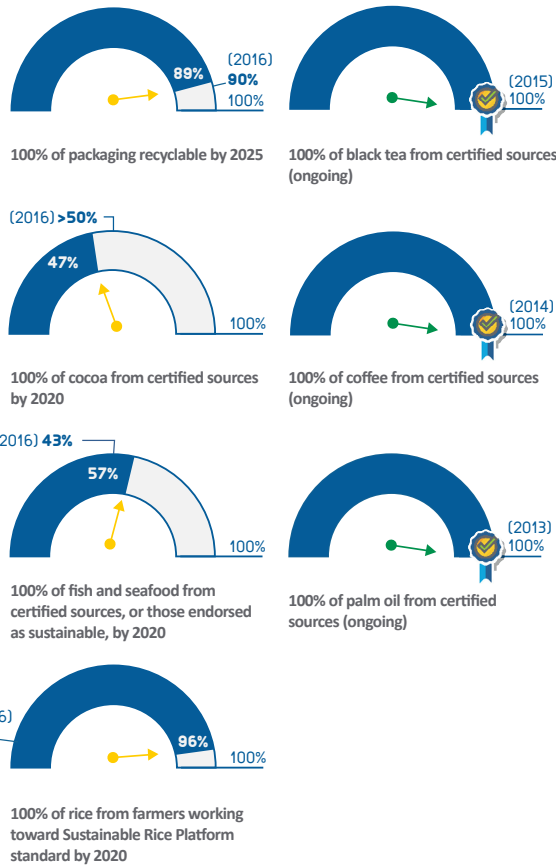
JAMES LOMAX
Programme Management Officer,
UN Environment

As we scale up our responsible sourcing work, two of the biggest challenges we face are linked to packaging use and cocoa production. We're working to make progress on both.

Take cocoa production, for example. It's been linked to child labor and deforestation in some of the regions where the crop is grown, and cocoa farmers often struggle to earn an income sufficient to support themselves and their families. Mars remains committed to removing hazardous child labor and deforestation from the sector's supply chains, by encouraging suppliers and governments to actively implement programs and partnerships to address these conditions directly.

In 2017, we sourced 47 percent of our cocoa from certified sources, a slight decrease compared to 2016. We aim to return to more than 50 percent. We continue to look for ways to support cocoa farmers to improve their livelihoods and farm in a way that protects forests.

In November 2017, we endorsed the [Cocoa and Forests Initiative frameworks](#) to end deforestation, starting in Côte D'Ivoire and Ghana, the world's main cocoa producers.



Key
— Target already achieved — On track to reach target — Not on track to reach target



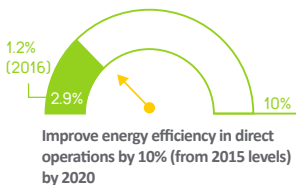
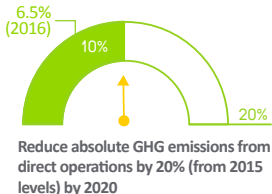
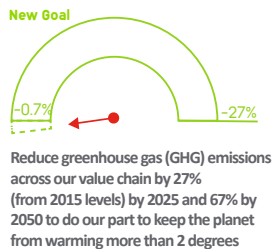
A CLOSER LOOK AT OUR
three pillars



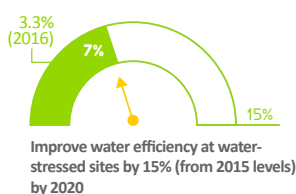
healthy planet



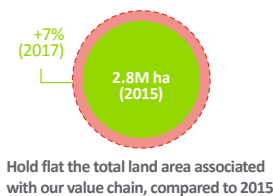
Climate Action



Water Stewardship



Land Management



Climate Action

During the past decade, we've reduced our GHG emissions through efficiency and renewable electricity use and virtually eliminated waste to landfill. We're pleased with this progress, but these steps alone aren't enough. We now have a better understanding of how we can reduce our environmental impact. The science is clear, and the data we have about our own business and our footprint is stronger.

That's why we're working to take climate action, improve water stewardship and promote sustainable land use—within our direct operations and across our entire value chain.

A year ago, we committed to deliver an ambitious agenda toward our goal to reduce our environmental impacts in line with what science says is necessary to keep the planet healthy. We've started mobilizing to achieve this goal, setting up new partnerships and projects and working out how best to monitor progress.

Climate change caused by greenhouse gas emissions will impact us all. We set a science-based target to reduce emissions across our value chain, from the production and processing of the raw materials our brands use through to the factories and offices we own. We'll reduce our emissions by 27 percent by 2025 and by 67 percent by 2050.

The slight increase in our emissions during 2017 reflects reductions from our direct operations balanced with growth in some of our business areas. This resulted in a moderate rise in emissions because we sourced additional ingredients.

We're just beginning to implement efforts to source our ingredients in a way that lowers their carbon footprint, for example: by sourcing from areas with low deforestation risk and partnering with suppliers to produce ingredients more efficiently.

As renewable energy projects come online, we expect to continue reducing emissions from our direct operations. By the end of 2018, we'll expand our purchase of renewable electricity to cover demand from all our direct operations in 10 countries.

We're also working to reduce energy use in our factories by installing more energy-efficient machinery and processes.

Finding better ways to dispose of waste is important for creating a cleaner future. We maintained our zero waste to landfill commitment, except for a small amount of factory waste (less than a fraction of a percent of our total volume). This was due to a vendor unexpectedly going out of business. We've learned from the experience and have identified new waste vendors along with back-ups to mitigate this issue.

Plugging in to the Sun Down Under

Mars Australia will match all its electricity needs with solar power starting in 2020. That will be enough electricity to produce 510 million packets of EXTRA® chewing gum.

We've signed two 20-year agreements with renewable electricity producer Total Eren to add new solar power to the Australian national grid. The first project, the Kiamal Solar Farm in Victoria, is scheduled to start operating in 2019. And we have another project planned in New South Wales.



Key

- Target already achieved
- On track to reach target
- Not on track to reach target



Water Action

Water scarcity is a major challenge facing humanity, with 40 percent of the world's population already affected. We've mapped our water use globally to understand where our water comes from, either natural rainfall or irrigation. In regions where we rely on irrigation, we assessed whether these watersheds are experiencing stress and prioritized our efforts on the most stressed. Our goal is to eliminate water use that exceeds sustainable levels.

We've started action to reduce water consumption during the production of our ingredients. In Pakistan, for example, Mars Food partners with UN Environment, the International Rice Research Institute and WWF to support more than 600 basmati rice farmers in reducing their water use, achieving a 30 percent reduction since 2016, while increasing farm productivity.

Programs like this improve our understanding of water stress. In 2017, we saw a slight increase in use of water from water-stressed regions. This was due to sourcing more of our water-intensive materials from such areas. We'll use our increasing knowledge to inform purchasing decisions and water-efficiency improvement programs.

We also work to reduce water consumed by our direct operations. Mars factories made good progress toward increasing water efficiency at water-stressed sites in 2017.

Since 2015, we've achieved a 7 percent reduction in water intensity.



Land Management

We work to reduce the area used to grow our key ingredients by, for example: collaborating to help farmers boost yields and tackle the pests and diseases that harm their crops. The modest increase in our land area during 2017 reflects growth in our business, which meant we needed a larger area of land to produce ingredients.

When we make acquisitions, it takes time to establish our strategies in the new business, meaning we see modest increases. We may see progress toward our land goal as our Sustainable in a Generation Plan becomes embedded.

The expansion of agricultural land is a major cause of deforestation. Freezing the land footprint associated with our value chain will help us prevent forest loss. Our action focuses on five raw materials linked to large-scale deforestation: beef, cocoa, palm oil, pulp & paper and soy. One highlight in 2017 was the progress we made toward our commitment to source palm oil free from deforestation. We achieved 99 percent traceability to mill, where oil is extracted. This enabled us to explore whether our suppliers meet our six [key sustainability criteria](#), which include forest protection measures. We used this data to inform how we awarded business for 2018. We also collaborated to help protect forests beyond our direct supply base.

Through our work with [The Forest Trust](#), we're developing [landscape interventions](#) to protect the Leuser Ecosystem, a biodiversity hotspot in Aceh, Indonesia.

Fanning a Clean Energy Revolution

We're reducing our carbon footprint by using renewable energy. In fact, we have enough wind power to produce all the M&M'S® sold globally. To celebrate this, and raise awareness of the benefits, we leveraged the reach of M&M'S® (one of our largest brands) to rally consumers around renewable energy. Through our [Fans of Wind campaign](#), which launched in the U.S. last fall, we shared with more than 99 million people how we can all join the clean energy revolution.



Growing Rice with Less Water

Mars Food works to protect the marshlands of the Doñana National Park in southern Spain. Together with partners Ebro, Danone, Optiriego, UN Environment and WWF, Mars Food encourages rice farmers to reduce water use in the Guadalquivir River Delta by working toward the Sustainable Rice Platform Standard. By doing this, farmers will save 50 million cubic meters of water by 2022. Along with other initiatives on rice, this is helping us meet our goal to reduce unsustainable water use by 50 percent by 2025.

MARS



Thriving people



Respecting Human Rights

93%

Mars manufacturing sites reached with Responsible Workplace human rights due diligence



Increasing Income

89K

Farmers in six countries reached with a combination of good agricultural practices, access to inputs, the latest plant science and ongoing support



Unlocking Opportunities

3,500

Women in cocoa farming communities reached with savings and loan programs

The Thriving People Pillar of our Sustainable in a Generation Plan focuses on three areas: increasing incomes, respecting human rights and unlocking opportunities for women.

Through these efforts, we've set a goal to meaningfully improve the working lives of one million people across our value chain to enable them to thrive.

We believe our business will thrive for generations to come only if the people we work with—from the farmers who produce raw materials used in our products to our Associates—thrive too.

Yet many people linked to global supply chains are vulnerable to exploitation or living in poverty, facing deeply-rooted and pervasive barriers to success.

Governments have a key role in addressing these challenges, and we believe business can and should be a part of the solution, too. One of the best ways to drive change is to bring sectors together to tackle common challenges. That's why we've hosted stakeholder dialogues with more than 100 people from business, government and civil society this past year, having discussions focused on our global approach to human rights, our efforts in the Thai Fish sector and our work to increase smallholder farmer incomes. We don't have all the answers, and these convenings generate valuable insight to inform our approach.



Increasing Income

The world relies on smallholder farmers. But the current supply chain model has left too many of them living in poverty. A range of actors in society have responsibility to tackle this challenge, and we're reflecting deeply on how we can best fulfill our role as a business. We envision a future for farming in which everyone has the opportunity to thrive. To get there, we must address incomes with the right investment, programs and improvements across our industry.

We're beginning our work by engaging smallholder farmers, together with our suppliers, in three extended supply chains: cocoa, mint and rice.

Additionally, we work with the [Livelihoods Fund for Family Farming](#) in our vanilla and cocoa supply chains, using agroforestry and diversification to support farmers to improve their incomes. Our efforts are informed by decades of plant science research and experience, which demonstrate high potential to increase productivity and profitability for smallholder farmers.

In 2017, we launched the Farmer Income Lab—a collaborative 'think-do tank' that brings together Mars Associates and experts from academia, the private sector, civil society and government—to identify ways to increase farmer income. In our first year of this journey, we've focused on better understanding barriers to progress, as well as identifying what works in meaningfully improving farmer incomes.

Just this summer, we brought together a diverse group of experts for an open debate on these big challenges. And through the [Farmer Income Lab website](#), we interact with thousands of people who are passionate about finding solutions and discussing the Lab's ongoing research.



Better Lives for Mint Farmers

Farmed mint flavors 65 percent of our chewing gum and mint products. Mars Wrigley Confectionery's [AdvanceMint™ program](#) is advancing mint science and helping mint farmers to reduce their water use by a third over five years.

This work aims to reduce costs and increase yields, as well as increase income for farmers. Through the AdvanceMint™ program, 20,000 mint farmers in India will receive training in good agricultural practices over five years. In 2017, this training helped more than 2,600 farmers increase their yields by more than 67 percent, boosting their incomes and supporting their success.



Respecting Human Rights

Our human rights strategy focuses on advancing respect for rights in three areas: our operations; with our first-tier suppliers; and in extended supply chains in relevant sectors. This work is grounded in our [Human Rights Policy](#), which outlines our commitment to respecting human rights in our own operations and advancing respect for human rights in extended supply chains. Additionally, our Supplier Code of Conduct describes the human rights standards we expect our Tier 1 suppliers to uphold and is informed by international human rights standards and best practice.

We prioritize work on sector supply chains—such as cocoa, fish and palm oil—in which the most severe human rights risks, including forced labor and hazardous child labor, may be present. And we work with a wide range of partners and platforms to drive systemic change—from our leadership in the development of the Consumer Goods Forum’s [Priority Industry Principles on Forced Labor](#) to our work in the [Leadership Group on Responsible Recruitment](#) with the Institute for Human Rights and Business, to our own long-term strategic partnership with labor expert Verité.



In our own workplaces, for example, we’ve conducted in-depth due diligence analyses of human rights risks in 93 percent of 130 relevant Mars manufacturing sites across 32 countries. Understanding these risks in our own facilities helps us hold ourselves to the same standards we expect of our business partners. As a result of these findings, we terminated business relationships with three contract labor providers who were unable to meet our standards. And we partnered with an additional four contract labor providers, who were willing to improve their practices, like clarifying overtime policies, improving pay practices, and addressing potentially discriminatory practices.

In extended supply chains in various sectors, like Thai fish, we’re also working to drive change. In 2016, we published our [Thai Fish Human Rights Action Plan](#), outlining work with supply chain partners and others to assess and improve conditions for workers.

We source small amounts of fish from Thailand for some of our cat food products, and forced labor and other complex human rights challenges have been reported in this sector. In this initial phase of our plan, most of our suppliers now participate in a labor monitoring program, with an emphasis on ways workers can report issues and seek assistance. We’re providing training to our Tier 1 suppliers, and we’ve assessed the nature and extent of risks to help us design the right management systems. We’re optimistic about the potential for positive impact going forward, and our intention is to develop a best-in-class approach in Thailand that we can roll out elsewhere.

Partnering with Verité

In 2017, Mars and [Verité](#) launched a long-term partnership to take action, foster new insights and lead dialogue on critical global human rights challenges.

Through our collaboration with Verité, an independent, international nonprofit working in more than 70 countries on fair labor issues, we seek to advance respect for human rights across our own operations, with our Tier 1 suppliers and across extended supply chains in relevant sectors. We’re focusing our efforts to ensure we have the right policies and standards in place, provide in-depth advice and counsel to our raw material sourcing teams and assess human rights risks in relevant sector supply chains.



VERITÉ



Our partnership with Mars has the potential to transform lives around the world. Verité is proud of this opportunity to promote a worker-centered approach to human rights on such a significant scale, and we look forward to continuing this work together.

SHAWN MACDONALD
CEO, Verité



Unlocking Opportunities for Women

Women play a powerful role in Mars' history and current leadership, and the evidence shows clearly that women's advancement and empowerment provide a high return on investment across the value chain. If women's economic contributions aren't fully realized, then we're all leaving value on the table. This work is about fairness and efficiency across our workplaces, the marketplace and extended supply chains.



An example of our work in extended supply chains includes efforts to unlock opportunities for women in cocoa farming communities in Côte D'Ivoire. Through an ongoing partnership between Dove® Chocolate, [CARE® International](#) and with support from the [Jacobs Foundation](#), 3,500 women in cocoa farming communities participated in savings and loan programs. The [Village Savings and Loan Program](#) builds financial literacy and generates concrete opportunities to improve livelihoods. Loans are typically used for a variety of purposes, including investments in crops other than cocoa, which helps cocoa-farming families diversify their income and increase their economic security.

In the marketplace, we're proud to support [The Unstereotype Alliance](#), a powerful collective commitment co-convened by UN Women and Unilever, to strengthen gender equality and eliminate gender stereotypes in advertising.

In our own workplaces, we're working to increase the percentage of female managers we employ—currently this stands at 42 percent. We're striving for gender-balanced teams and working to ensure our culture promotes and supports our family-friendly policies, like flexible working and parental leave for men and women. In 2018, we published our first Gender Pay Gap Report in the U.K., where we found that the current difference between the median hourly earnings of men and women is 2.5 percent. While this is much lower than the U.K. national average of 18.4 percent, we know there's still more to do to understand equal pay globally.



This has been amazingly helpful for my mental wellbeing knowing that I can plan for retirement and not feel the burden of my loan for as long as originally thought.

DR. CRYSTAL SAPP
Director of Veterinary Quality,
Banfield



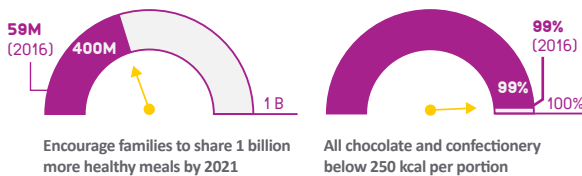
Relieving Veterinarians of Student Debt

Research shows veterinarians in the United States carry an average of \$167,000 in student debt. [Banfield Pet Hospital](#), part of Mars, launched an initiative in November 2017 to support the financial health of veterinarians.

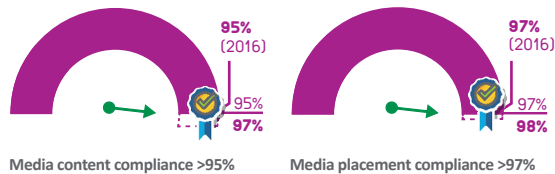
The program includes a low-interest refinancing option, a monthly student loan contribution and a one-time payment for eligible doctors to reduce their student debts. Through this investment, Banfield hopes to help address this industry-wide issue and create an environment where veterinarians can focus on what they do best: providing high-quality veterinary care to pets.

nourishing wellbeing

Product & Ingredient Renovation



Responsible Marketing & Labeling



Key

— Target already achieved — On track to reach target — Not on track to reach target

At Mars, we know that advancing nutrition, health and wellbeing is essential for our growth. As the world faces both extremes of obesity and malnutrition, we're determined to use our global reach to make a positive impact.

We believe people should have access to the products and information they need to live healthily. We're proud that our products and services offer a range of benefits—from nutrition to oral care, to just plain fun. In addition to food and drinks for people, we're also delighted to offer a growing array of foods and services to keep pets healthy.

Within our Nourishing Wellbeing strategy, we focus on three core areas: food safety & security; product & ingredient renovation; and responsible marketing. We hold ourselves accountable with continuing research and action. In the past year, we've organized to realize our ambition to advance science, innovation and marketing in ways that help billions of people and their pets lead healthier, happier lives.

Food Safety & Security

Food security and food safety are intrinsically linked. If food isn't safe, it isn't food. For food to provide nutrition and nourish wellbeing, it must be safe. Approximately one in every ten people on the planet suffers from eating unsafe foods. So, our goal is to help combat food insecurity by addressing food safety challenges around the world. No one entity can tackle these challenges alone.

That's why in 2015 we created the [Mars Global Food Safety Center](#)—a pre-competitive facility focused on research, training and collaboration, and dedicated to helping ensure safe food for all.

At Mars we have multiple global food safety partnerships with UN agencies, foundations, universities and governments, as well as collaborations with organizations such as the World Food Programme (WFP) and the Global Alliance for Improved Nutrition (GAIN). And we've been using the power of the Internet to facilitate a multi-partner initiative to combat aflatoxin.

Challenging Gamers to Solve Food Toxin Puzzles

We launched a global gaming challenge through [Foldit](#): an online puzzle-solving platform that allows anyone with a computer and an imagination to crack complex scientific problems. The first challenge is to find ways to wipe out aflatoxin—a poison produced by certain molds that can contaminate staple foods, causing liver cancer and stunted growth. This toxin contaminates a quarter of crops, like maize, and rice in the field, at harvest and in storage—contributing to food waste, as well as health risks. Enzymes that can degrade the toxin might offer an effective solution for material in storage.

Working with partners including the [University of California, Davis](#); [Thermo Fisher Scientific](#); [University of Washington](#); [Northeastern University](#) and the [Partnership for Aflatoxin Control in Africa](#), we're asking players to solve 3D puzzles that mimic the structure of aflatoxin proteins. We hope their answers might produce quick solutions that would otherwise take experts years to discover. Hundreds of gamers from around the world have produced more than 1.5 million designs that are currently being tested.





Product & Ingredient Renovation

During the past year, Mars Food has continued to focus on increasing the number of healthy meals shared by families. We've made good progress—more than tripling our reach, to deliver 400 million healthy meals, building on the 59 million achieved in 2016. To do this, we developed the [Mars Food Nutrition Criteria](#), setting ourselves challenging, industry-leading product reformulation targets based on World Health Organization (WHO) nutrition recommendations—with the aim of increasing the percentage of our growth from products that meet these criteria. By 2021, we aim for the bulk of our portfolio to meet these nutrition recommendations, so these foods can be enjoyed “any day” on dinner tables around the world. We're proud to report that today 72 percent of our portfolio (by sales volume) meets these targets for calories, added sugar, sodium and fats—up from 65 percent in 2017.

A small percentage of the Mars Food portfolio falls outside our Nutrition Criteria because of the more indulgent nature of the recipe. Labeling designed to help consumers identify the difference between these foods is now being rolled out, first with our DOLMIO® brand in the U.K., and soon with our UNCLE BEN'S® brand in the U.K. and Europe.

By 2021, we aim to have this information on all our product packs, with updated labels.

In the meantime, we're working to provide the necessary guidance on product websites. Today this information is online for approximately 70 percent of our portfolio (by sales value).

At Mars Food, we've also reduced the amount of sodium in our meals by eight percent globally since 2016, progressing toward our commitment to cut sodium in our food products by an average of 20 percent globally by 2021. And we're working to increase the percentage of our portfolio that includes vegetables, whole grains and legumes.

All our tomato-based cooking sauces include at least one portion of vegetables per serving. In addition, approximately 35 percent of our rice products include one portion of whole grains or legumes per serving. We're preparing to introduce new products offering whole grains and legumes and expand the availability of our best-selling whole grain products.

Mars Wrigley Confectionery maintains 99 percent compliance with our goal to limit all chocolate and confectionery products to 250 kcal per portion. To build on this commitment and increase consumer choice, we've also started to launch packs with even fewer calories. In 2017, Mars Wrigley Confectionery, working with others in the National Confectioners Association, launched a new program with the nonprofit Partnership for a Healthier America. Through this partnership, we committed to dedicate more than \$200 million to develop products with fewer than 200 calories and promote front-of-pack calorie labeling and education to help consumers eat a balanced diet—with chocolate and confectionery as an occasional, delectable treat. Our partnership connects us with other food manufacturers and enables us to collaborate with retailers, governments and educational institutions.

“From advancing transparency to improving the nutritional quality of its dinnertime foods, to reducing calories in its confectionery products, Mars is a leader in helping consumers make healthier choices.”

NANCY ROMAN
CEO, Partnership for a Healthier America



Responsible Marketing & Labelling

Understandably, our consumers want to know what's in the foods they eat and serve their families. We use nutrition labeling and our brand websites to give consumers information about our products to help them make informed choices. Today, 99 percent of our products meet our commitment to include Guideline Daily Amount (GDA) labeling, clearly identifying the number of calories on front-of-pack and the amount of sodium, sugar, fat and saturated fat in a serving on front- or back-of-pack. In some markets where a coalition of industry stakeholders and policymakers has aligned around new front-of-pack labeling systems, we've signed up to these labeling initiatives to help consumers interpret nutrition information through colors, symbols or other graphics.

Since we launched our [Mars Marketing Code](#) more than a decade ago, we've developed one of the most robust third-party auditing and compliance systems for marketing in the food and beverage industry. We focus on data analysis, accountability of our Associates, a transparent approach to disclosure and internal checks and balances systems to ensure a high level of compliance.

In 2017, 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. This rigorous process involves 29 compliance checks to ensure Mars' marketing communications across our top 15 markets comply with our responsible marketing commitments, as laid out in the code.

We also work with media planning and buying agencies Mediacom and Starcom to collect data on compliance with our commitment not to place marketing communications on channels where children under 12 (under 13 on digital platforms) make up more than 25 percent of the total audience. We developed a scorecard, to be completed by all 15 markets, that includes the percentage compliance and number of breaches per channel across six types of media channel. We're encouraged by our 2017 results and believe the findings will help us continue to comply with the code in the future.



JOIN THE conversation

Please visit Mars on our social media channels to learn more and share content about how we're working to make our business sustainable in a generation.



www.mars.com

EXTERNAL ASSURANCE

This report has been externally assured by Lloyd's Register Quality Assurance, Inc. (LRQA). Conclusions and observations can be found in the full [Report Assurance Statement](#) on Mars' website.

Report Verification - LRQA's approach summary

Lloyd's Register Quality Assurance (LRQA) was commissioned by Mars to provide independent assurance on its 2017 Sustainability in a Generation Plan Report to a moderate level of assurance and materiality of the professional judgment of the verifier using AccountAbility's AA1000AS (2008).

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing Mars' approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through interviews and reviewing documents and associated processes.
- Reviewing Mars' process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by Mars and its peers to ensure that sector specific issues were included for comparability and interviewing key personnel across the Mars global business segments.
- Auditing Mars' data management systems to confirm that there were no significant errors, omissions or mis-statements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with some key people responsible for compiling the data and drafting the Report.



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MARS