

MARS, INCORPORATED UPDATE ON SUSTAINABLE BEEF AND SOY SOURCING

APRIL 2017

Over 95% of Mars beef and soy volumes traceable to country of origin

Introduction

In December 2014, Mars introduced policies on [Beef Sourcing & Deforestation](#) and [Soy Sourcing & Deforestation](#), to support our broader [Deforestation Prevention Policy](#) introduced in March of that year. Obtaining beef and soy from sustainably managed sources is a priority for preventing deforestation, as growing demand for these products is contributing to increased illegal logging, and to natural forest being converted into plantations.

Our policies focus on beef and soy produced in Brazil, where highly sensitive forest areas have historically been cleared to make way for agriculture and cattle ranching.

Our commitment is that, by the end of 2017:

- 100% of the beef and soy we purchase in Brazil will be from suppliers that comply with the Brazil Forest Code
- We will only source from suppliers that can demonstrate, or have plans in place to demonstrate, that beef from the Amazon biome is not associated with primary forest clearance
- We will only source soy produced in Brazil that is third-party certified.

Summary

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

- Engaged all of our Brazilian beef suppliers to establish compliance with our policy requirements
- Began collaborating with leading soy certification programs and our key suppliers to ensure that the soy we source from Brazil meets our policy requirements of 3rd party certification
- Successfully mapped 100% of the beef and soy our global operations sourced from Brazil to processing sites, working with our direct suppliers
- Successfully mapped 99% of the beef and 97% of the soy our global operations sourced from countries other than Brazil to processing sites, again working with our direct suppliers.

Progress on industry engagement

The first step in implementing our deforestation prevention policies was to involve all key beef and soy suppliers in the process. Our sustainable sourcing team identified all of our Brazilian beef and soy suppliers, engaging with them to explain our policy commitments, understand the measures they already have in place, and begin the supply chain mapping process.

For beef, around one-third of suppliers account for more than 80% of the volume we purchase. Around half already comply with our policy requirements, and we are working with the other 50% to put in place action plans by the end of 2017 for ensuring compliance. We plan to partner with a 3rd

party to audit beef suppliers and fully establish compliance levels. A key aspect of this work involves checking that the beef we purchase comes from producers signed up to the Rural Environmental Registry introduced by the Brazilian Government to implement the Brazil Forest Code.

For soy, as well as engaging key suppliers, we have contacted several certification programs to work together to certify that the soy we source from Brazil meets our policy requirements by the end of 2017. These include ProTerra, the Round Table on Responsible Soy (RTRS) and ISCC PLUS. Certification is the minimum standard required to meet our policy. It will ensure that we meet our commitment to source from suppliers that abide by all Federal regulations in Brazil including the Brazil Forest Code, that are proactive in the Soy Moratorium, and that are fully engaged with local producers and NGOs.

Progress on traceability

To achieve our commitment, we are working closely with our suppliers, who have greater visibility of the beef and soy they source.

Together with our suppliers, we have successfully mapped all of our beef and soy sourced from Brazil to the site where it was processed. 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. Our next step is to work with partners on the ground in high-risk areas of Brazil, to trace our supplies back to specific farms within each area.

We are on track to meet our commitment to only source from suppliers who can demonstrate that beef from the Amazon biome isn't from cattle associated with deforestation, or which have plans in place to do so within a reasonable timeframe.

Only a small proportion of the beef and soy we source actually comes from Brazil – most comes from the United States or Europe. We have also mapped 100% of beef and 97% of soy sourced globally, to identify any further volumes originating in Brazil.

Future plans

As we work toward meeting our beef and soy commitments by the end of 2017, we will:

- Join the Brazilian Roundtable on Sustainable Livestock (GTPS) as an active member, working with industry peers and key suppliers to develop transparent principles and practices, and collaborative projects to promote sustainable beef production and reduce deforestation
- Work with suppliers and local capacity building organizations on the ground in Brazil to identify the farms supplying the processors identified in our supply chain, in high-risk areas of Brazil
- Identify and set up projects at farm level, working with an experienced third-party partner to help farms move beyond compliance to start increasing productivity and avoid the need to expand into surrounding forests. 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 will continue to report on our progress at least annually.