Mars to engage with suppliers to transform priority areas of its supply chain and ensure compliance with its sustainable sourcing charter

Twelve months after strengthening our palm oil policy and introducing a sustainable sourcing charter, we have traced the majority of our global palm oil supplies and identified high-priority regions in our Malaysian supply chain on which to focus our efforts.

Our policy and sourcing charter commit us – and our suppliers – to fully sustainable and traceable palm oil supplies that are free from deforestation and produced with respect for human and labor rights.

By tracing the palm oil we use back to known mills, we can assess social and environmental practices among the plantations and farms the mill sources from and ensure any necessary improvements are made.

Mars has purchased 100% of palm oil from RSPO-certified sources via the “mass balance” program since year-end 2013. The additional measures in our policy will ensure the palm oil we actually receive is sustainably produced.

Progress to date
We have made progress in implementing our palm oil policy and sustainable sourcing charter through our continued partnership with TFT. TFT is an international non-profit organization working with companies and communities to help them deliver their products responsibly, and is a specialist in sustainable palm oil.

Since our last update in September 2014, Mars and TFT have worked together to:

- Ensure all tier-1 palm oil suppliers have committed to our sourcing charter
- Continue tracing our palm oil supplies chain back to the mill
- Conduct a desktop analysis to prioritize mills in Malaysia for field assessments
- Determine a strategy for engaging with suppliers to transform our supply chain.

Supplier commitment
We are pleased to report that we met our commitment for all tier-1 suppliers of palm oil to provide their written commitment to our sourcing charter by the end of 2014.

Traceability
Tracing our palm oil supplies back to known mills will enable us to identify the region the oil is sourced from and assess the likelihood of deforestation and human rights abuses occurring on the plantations and farms there. Our suppliers have agreed to provide a Traceability Declaration Document detailing these mills, and any bulk refineries they source from.
We have made excellent progress in tracing our supplies in the past year, but have not achieved our target of full traceability. Roadblocks included assuring confidentiality of suppliers’ information, ensuring all suppliers provided mill information in a consistent manner, and late receipt of information.

We have overcome these challenges and continue to work with our suppliers toward full traceability of our palm oil, palm kernel oil and their fractions. As of 24 February 2015, 84% of the crude palm oil and palm kernel oil we source could be traced. The table provides a breakdown by region and type:

<table>
<thead>
<tr>
<th>Purchasing region</th>
<th>Crude Palm Oil</th>
<th>Palm Kernel Oil</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific &amp; Middle East</td>
<td>83%</td>
<td>19%</td>
<td>80%</td>
</tr>
<tr>
<td>Europe</td>
<td>78%</td>
<td>61%</td>
<td>78%</td>
</tr>
<tr>
<td>USA</td>
<td>92%</td>
<td>96%</td>
<td>94%</td>
</tr>
<tr>
<td>Total</td>
<td>83%</td>
<td>87%</td>
<td>84%</td>
</tr>
</tbody>
</table>

The mills identified so far are in the following countries: Colombia, Ecuador, Indonesia, Malaysia, Papua New Guinea, Peru, the Solomon Islands and Thailand.

**Prioritization and transformation**

Transforming our palm oil supply chain requires action and engagement on the ground. This is challenging due to the vast and complex nature of palm oil supply chains.

In conjunction with TFT, we conducted a desk-based analysis of 250 Malaysian mills to identify areas in need of transformation on which to prioritize field work. The results will enable us to develop field engagement plans in conjunction with suppliers, for mills in these high-priority locations.

**Future plans**

We continue to engage with our suppliers to ensure they can comply with our charter, or have firm plans in place to do so, by year-end 2015. We aim to achieve a fully traceable palm oil supply chain by our next update, in September 2015.

We will continue to receive traceability information from our suppliers twice yearly to capture any new mills added to our supply chain.

Our focus for the remainder of 2015 is to support our suppliers to perform field assessments at a number of mills, to gain greater traceability to the plantations and farms they source from. Our next update will contain more about these assessments.

We also continue to partner with the Consumer Goods Forum and other industry, governmental and societal efforts to protect forests and ensure mutual benefits for the workers and communities that rely on them for their livelihoods.

Finally, we greatly appreciate the commitment and support of our suppliers. It is only with full commitment, transparency and traceability along the entire value chain that we can build a truly sustainable palm oil supply.