

MARS

PRINCIPLES IN ACTION

SUMMARY 2016



MARS IN 2016

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A LETTER FROM GRANT F. REID

CHIEF EXECUTIVE OFFICER AND OFFICE OF THE PRESIDENT



It's been almost three years since I took the helm at Mars, and every day I continue to be inspired by the efforts of our Mars Associates. As you'll see in this report, those efforts include creating a great workplace environment, improving health and wellbeing and responsible marketing, advancing food safety, increasing the sustainability of our operations and supply chains, and strengthening our human rights strategy.

Mars has long believed that our business will thrive and endure for generations to come, if those that we work with – from the farmers at the start of our supply chain, through to suppliers, Associates, customers, consumers and ultimately the planet – thrive as well. This desire to create exceptional business performance by creating a “mutuality of benefits” for Mars and our stakeholders dates back multiple generations, and is carried forward by the 85,000 Mars Associates who it is my honor to lead today. As I consider the last three years, and what we delivered in 2016, I'd say that this has been a time characterized by reflection, decisiveness, strategic change and performance.

The reflection yielded a validation of the company we want to leave for the next generation: family-owned, united by The Five Principles of Quality, Responsibility, Mutuality, Efficiency and Freedom, and committed to creating enduring, mutual benefits for us and our stakeholders while operating sustainably.

Our decisiveness enabled us to address the dynamics in which we are operating with intentional, strategic shifts. We looked at the way we organize ourselves; the shape of our portfolio; and our commitments around climate change, human rights and health and wellbeing. We are making strategic choices in these areas – all in the service of generating growth that we are proud of as a business.

I'm proud of the passion Mars Associates have demonstrated for continuously raising the bar to address the global threats we face – from obesity to climate change to resource scarcity. It's our duty as a company and as global citizens to do our part to drive positive, strategic change. It's also good business practice.



We source 100 percent of our coffee from certified sources

Guided by The Five Principles and informed by science, we're looking for the most effective ways to minimize our impact on the environment, improve the social impacts we have in the communities where we operate and source our ingredients, and deliver excellent financial performance. This is integral to our business strategy to be relevant to our consumers, our retail customers and our Associates, and to create value for Mars.

We've been clear from the outset that we must focus on the areas where we have the biggest impacts and where we can make the most difference. With that in mind, we drew from a number of external models – such as the [planetary](#) and [social](#) boundaries models, and the [UN Sustainable Development Goals](#) – as well as some very rigorous assessments of our own value chain to identify our five biggest environmental and social impacts: greenhouse gas (GHG) emissions, land use, water use, human rights and income.

Our health and wellbeing priorities are defined based on the type of product, whether confectionery, dinnertime staple or pet care. But they all have one common goal: that all our brands have a place in a well-balanced

lifestyle. One of our clear aims is to drive responsible consumption, as demonstrated by our added sugars commitment, pack sizes that encourage moderate portions, and reformulation to reduce saturated fats and sodium. And for pets, we continue to deliver great nutrition, while expanding our whole range of pet health services.

At the core of our sustainability efforts is the belief that the best outcomes happen when we collaborate with others. That's why we teamed up with experts at the World Resources Institute in 2016 to develop science-based targets for climate, land and water, and why we stand steadfast in our support of the Paris Climate Agreement. We've also aligned with global health authorities around their guidelines on added sugars and salt consumption. And we're partnering with others on social issues such as poverty and income inequality. As part of my personal commitment, I've joined the Board of Directors of [The Consumer Goods Forum](#) and the [Business and Sustainable Development Commission](#), so that we can learn from, and contribute to, these organizations in our shared quest to see business as a whole contribute to society. I'm pleased that this year's summary showcases many examples of our productive partnerships.

As Mars Associates, we are all stewards of the legacy we want to create for future generations, and we take pleasure and have fun when we do it well. This past year we've achieved some great things that make us proud, and deserve to be celebrated. These wins also encourage us to carry on when we face particularly difficult challenges, or fall short of our own hopes and ambitions. Forrest E. Mars, Jr., an inspiration to all of us, who sadly passed away this past year, used to challenge us to be "healthily dissatisfied with ourselves." But equally, "to know that perhaps tomorrow you can do a better job. That perhaps the mountain that you didn't climb today, you can climb tomorrow."

My thanks to all of the Associates and partner organizations that are helping Mars be the company we strive to be, and to climb the mountain!

Sincerely,

Grant F. Reid

A CONVERSATION WITH **BARRY PARKIN** CHIEF SUSTAINABILITY AND HEALTH & WELLBEING OFFICER

Barry, what is distinctive about Mars' approach to sustainability?

Well, much of what we're doing is similar to other responsible businesses. But I think there are four things that do set Mars' approach apart.

- First, **doing what's right instead of just doing better.** As Grant explained, we've set our goals in each area based on the best available science to ensure we are operating within **planetary** and **social** boundaries and thereby becoming a truly sustainable business.
- Second, this is **a business strategy built on win-wins.** This is not about philanthropy or clever marketing. We've built a clear roadmap based on strong returns, and we're confident that doing good does lead to doing well.
- Third, we look for **uncommon collaborations.** We recognize many problems are too complex for any company to solve alone. That's why we continue to seek innovative partnerships and coalitions of action to find breakthrough, scalable solutions.
- Finally, we're looking to **amplify our impact.** Not only are we taking responsibility for driving sustainable change in our extended supply chains, we're seeking to drive systemic progress in the industries we operate in, and beyond – to maximize our positive impact and create additional win-wins.

The other element of your role is to focus on health and wellbeing. With such a variety of brands, how is Mars approaching this area?

The diversity of our portfolio means that our products provide different benefits in people's lives and play a variety of roles in health and wellbeing. Many of our chocolate and

confections products are "treats" to be enjoyed occasionally, and we're focusing on renovating and innovating products, marketing our products responsibly, and championing transparent labeling to help our consumers make smarter choices. On the other hand, our rice and whole grains can be a healthy staple in everyday meals and we're scaling up our work to provide healthy meal options and inspire families to cook together. Chewing sugar-free gum after meals is proven to help promote healthy teeth, while our Petcare products and services are developed to provide the very best nutrition and care to pets of all ages and breeds.

But all our products have one thing in common – Mars' overarching belief that the products we make and the services we provide should be a part of a healthy and happy lifestyle for the people and pets who enjoy them. You'll find many more great examples in the Health and Wellbeing section of this report.

What's next for sustainability and health and wellbeing at Mars?

We're continually learning and evolving on our journey. Sustainable business is not a one-size-fits-all approach – it requires us to have our finger on the pulse of environmental, social and health and wellbeing challenges, and refresh our strategies when needed. That's why, this year, we'll be launching new ambitions for 2020 and beyond. Constantly challenging ourselves and setting ambitious targets is vital if we want to do more than keep pace. We want to get ahead of these challenges and do our part to deliver on the United Nations' Sustainable Development Goals, creating positive impact through our business practices and decisions.



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 over
85,000
talented individuals

Proudly operating since
1911



Global HQ
in McLean,
Virginia, U.S.



Operating in more than
80 COUNTRIES

We employ
20,000+
Associates in
veterinary care



Collaborating in
420 SITES

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

Almost
\$35BN
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



CHOCOLATE



WRIGLEY



FOOD



DRINKS



SYMBIOSCIENCE



PRINCIPLED LEADERSHIP



HOW WE GOVERN OUR BUSINESS

Mars is one of the world's largest private, family-owned businesses. That provides us with the freedom to take a long-term view, to own our destiny and to stand firm by [The Five Principles](#) that guide us everyday.

These Five Principles – Quality, Responsibility, Mutuality, Efficiency and Freedom – guide everything we do, from friendly conversations in the corridor to our formal Ethics and Compliance Program. Every Associate knows and stands by these Principles, right from day one.

Quality makes sure the consumer always comes first and that we take pride in our work at all times. **Responsibility** means every single Associate has a stake in the success of our company. Because of **Mutuality**, we strive for all our actions to create shared benefits and fair returns. **Efficiency** ensures we use resources to their fullest and waste as little as possible. And, throughout it all, we maintain the **Freedom** to shape our future.

OUR COMPANY STRUCTURE

Mars, Incorporated is governed by a Board of Directors that includes members of the Mars family and our CEO and Office of the President, Grant F. Reid. Additionally, we have four external advisors who independently counsel the Board. Grant steers the [Mars Leadership Team](#) in the management of strategic direction and day-to-day operations.

In 2016, we made changes to the way we work together and the way our business is structured. It's about driving accountability and better decision-making throughout the business, and focusing our corporate office on the transformations that will prepare us for the future.

WORKING WITH OTHERS

Mars doesn't operate in a vacuum. Our products, and our actions, impact and are impacted by a huge variety of stakeholders – consumers, local communities, customers, suppliers, governments, non-governmental organizations (NGOs), peer companies, industry associations and more. It's important we create links with all our stakeholders and foster good relationships. Ultimately, this enables us to collaborate, tackle challenges together and create mutual benefits for all.

Because partnership is so ingrained in our business, you won't find a dedicated section in this report or on our website. Instead, read on to find great examples of how we work with others across all of our segments and functional areas.

When it comes to advocacy and lobbying, we know there are times when we must be especially careful to uphold our Principles. That's why we encourage Associates who engage with governments, trade associations, regulatory bodies and unions to refer to our [policy for participating in political processes](#), ensuring every interaction leads to growth we are proud of.

OUR 2016 TARGETS & PROGRESS

We've been encouraged by our progress toward our milestones so far, many of which came due in 2015. In the face of a changing world, it's also important to regularly refresh our ambitions. That's why we've updated many of our targets, as we continue to look at how we can do our part to tackle the challenges we share with society.

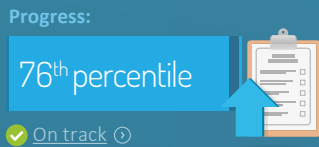
Click beneath the targets to find out what's next for each area.

CREATING A GREAT WORK ENVIRONMENT [Read more on page 8](#)

Ongoing target:
Increase the percentage of female managers we employ

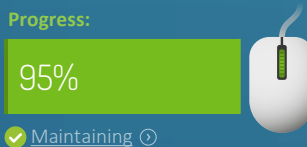


Ongoing target:
Reach the 80th percentile for engagement in the Gallup all companies database



RESPONSIBLE MARKETING [Read more on page 12](#)

Ongoing target:
Media content compliance >95%¹

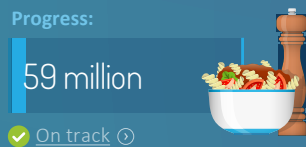


Ongoing target:
Media placement compliance >97%²

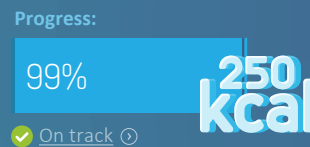


HEALTH AND WELLBEING [Read more on page 11](#)

Ongoing target:
Encourage families to share one billion more healthy meals

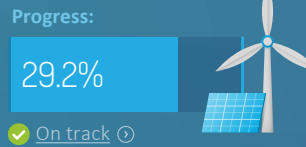


Ongoing target:
All chocolate and confectionery products below 250 kcal per portion

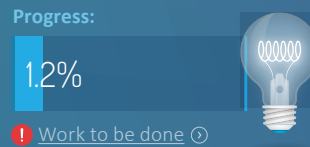


SUSTAINABLE OPERATIONS [Read more on page 16](#)

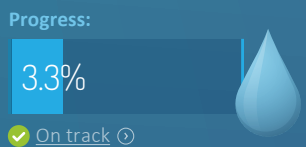
2020 target:
Absolute GHG reduction of 40% vs. 2007



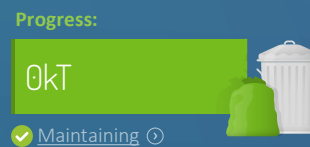
2020 target:
Energy efficiency improvement of 10% vs. 2015



2020 target:
Water efficiency improvement of 15% at water-stressed sites vs. 2015

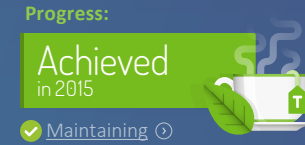


Ongoing target:
Send zero waste to landfill from our direct operations³

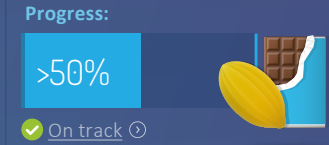


SUSTAINABLE SOURCING [Read more on page 18](#)

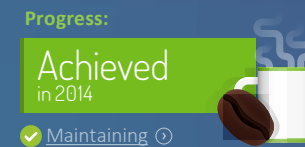
Ongoing target:
100% black tea from certified sources⁴



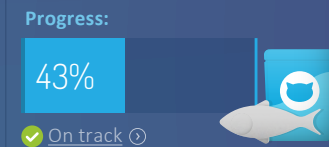
2020 target:
100% cocoa from certified sources



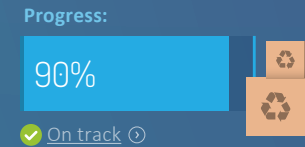
Ongoing target:
100% coffee from certified sources⁴



2020 target:
100% fish and seafood from sustainable sources



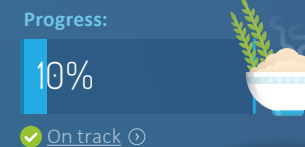
2025 target:
100% packaging recyclable



Ongoing target:
100% palm oil from certified sources



2020 target:
100% rice from Sustainable Rice Platform farmers



¹ We will not direct marketing communications primarily to children under 12 in terms of advertising and media content. Compliance is measured against 24 commitments as defined by our Mars Marketing Code.

² Marketing communications will not be directed to audiences when more than 25 percent of the audience is under 12 years old. The compliance target is >97 percent; due to the forward-looking nature of the media buying process, it is impossible to achieve a compliance rate of 100 percent.

³ Due to extenuating circumstances, two sites had to send waste to landfill in three periods during 2016. The total amount of waste sent to landfill was 23 tons, amounting to 0.02 percent of the waste sent to landfill in 2007 before our ZWL program started.

⁴ Own-brand products only.

CREATING A GREAT WORK ENVIRONMENT



We were proud to climb eight places to be **ranked 12th on the Great Place To Work® list** of the World's Best Multinational Workplaces. And we topped the list in Europe! Overall, Mars made the Great Place to Work® list in 24 countries.

We **won a global Gallup Great Workplace Award** for the seventh time!

In 2016, we were the only food manufacturer to make **Fortune's 100 Best Companies to Work For®** list in the U.S.

Associates are what makes Mars special. We're a close community that collaborates, celebrates one another, and provides a supportive environment to deliver growth we are proud of.

OUR APPROACH

It's the varied backgrounds and combined talents of the 85,000 of us working for Mars that drive our business success. We celebrate diversity while being united by The Five Principles of Quality, Responsibility, Mutuality, Efficiency and Freedom. Our ambition is to create positive benefits for the company, our local communities and the planet.

We're a global community of engaged, passionate and creative Associates, responsible for our own growth, but always supported by our leaders and managers. Every day is about unlocking possibilities for our development and the business – find out more about how you can join us on our [careers page](#).



CELEBRATING FEMALE ASSOCIATES

Mothers, sisters, daughters, factory managers, farmers, company directors... women wear many hats, and at Mars, we want to **encourage women to play a leading role!** From mentoring circles and training sessions, to better maternity benefits and breastfeeding facilities, we're putting the support systems in place to make sure women can thrive. Our goal is gender equality, and we're seeing an average increase of one percent a year in the number of women in our workforce. Now, 41 percent of our Associates are women, compared to a global average of 39 percent.

Our Global President of Mars Food, Fiona Dawson, won the 2016 IMAGE Overseas Businesswoman of the Year Award. Tracey Massey, President of Mars Chocolate North America, participated in Fortune magazine's Most Powerful Women Summit in October 2016. And one of our inspiring female Plant Managers – Sarah Sordy, based in Birstall, U.K. – was featured in an [online series on women in engineering](#), and is making waves in a traditionally male-dominated area. We couldn't be prouder of our successful female Associates!



HEALTHY WORKPLACES = HAPPY ASSOCIATES

We all work hard, but we want to make sure that hard days at the office are few and far between! At Mars, we strive to create healthy workplaces where all Associates are supported to improve their diet, activity levels and general health. In 2016, nearly 150 sites across all our regions and segments participated in our second Healthy Worksite Survey, which assesses five key areas – wellbeing leadership, physical activity, diet and nutrition, tobacco control, and psycho-social health. We’re seeing improvements already. Nearly three quarters of the sites that had already taken the survey in 2015 showed progress, and 23 sites were at gold or platinum level in all five areas. For sites that need more support, we’re helping them on their journey with detailed 12-month improvement plans.



My co-workers come in all shapes and sizes, from tiny kittens to huge Great Danes! Our pet-friendly offices are just one of the reasons I’m proud to work at Mars Petcare. Being able to bring Alfie (my black Labrador) to work makes me happier, and is great for my fellow Associates, too. Our studies clearly show pets make better offices by relieving stress, encouraging interaction and bringing more smiles!



— **GILLIAN ENEVOLDSEN**
VP People & Organization at Mars Global Petcare

RECOGNIZING AND CELEBRATING DIFFERENCES

At Mars, we embrace different perspectives and unique ways of thinking. We were named one of the 2016 Best Workplaces for Diversity in the U.S., according to Fortune and the Great Place To Work® Institute, and we’re proud to be listed on the Human Rights Campaign Foundation’s 2016 Corporate Equality Index.

We’ll continue striving toward greater diversity and inclusion across our business and beyond. Because it’s our differences that make us even better, together.



100,000+

volunteer hours in 2016 – a company best. Over 130,000 people and 100,000 pets benefited from MVP. And 100 percent of our Wrigley, Banfield and Mars Food sites have an MVP program in place.

In 2016, Mars ambassadors from

30 countries completed

22 MAP assignments

Check out [this article](#) about why we're passionate about our volunteer and ambassador programs.

GIVING BACK

As Associates, we know we don't just work for Mars – we belong to something much bigger. Whether that's the communities where we live or a farming village on the other side of the world, we take pride in building relationships and contributing to wider society. Ten years strong, our [Mars Volunteer Program \(MVP\)](#) and [Mars Ambassador Program \(MAP\)](#) give Associates a chance to grow, while giving back to people, pets and the planet.

When floods ravaged Louisiana and West Virginia, Banfield and the Banfield Foundation put our principles into action by looking out for pets in need. Associates gave more than 700 volunteer hours and funded an animal rescue vehicle, resulting in free relief and care for more than 5,000 dogs and cats affected by the disaster. In the flood's aftermath, shelters in need benefited from 20 tons of pet food from Mars Petcare, and the Acadiana Animal Aid shelter in Louisiana received a \$10,000 disaster relief grant from the Banfield Foundation. Together, we are making a better world for pets in both the best, and worst, of times.



HUNGRY FOR LEARNING

At Mars, we know you're never too old to learn. Continuous education, developing talent, encouraging growth – these are all things we're passionate about. Supporting our Associates to learn really is a no-brainer, and the mutual benefits are clear. When our people progress professionally and personally, they enrich our company even more!

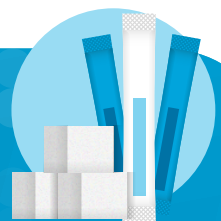
We use the 70:20:10 philosophy – where 70 percent of learning happens on the job, 20 percent through mentorship, and the other 10 percent through independent learning. All Associates have access to Mars University, where there are courses on marketing, sales, leadership and more. In 2016, Mars University provided more than 663,000 training hours! We encourage Associates to seek new learning opportunities in different roles, and even different functions. Our Graduate Leadership Development Program gives young recruits the opportunity to work in rotations to experience different teams, challenges and mindsets.

These and dozens more opportunities keep us all constantly on our toes! We're determined that all Associates are empowered to grow and develop throughout their career at Mars.

IMPROVING HEALTH & WELLBEING

We love our products and services and hope our consumers do, too! At Mars, every one of us is passionate about offering high-quality services and making great-tasting products that are nutritious and safe for people and pets around the world to enjoy.

DRIVING NUTRITION & HEALTH



We support the World Health Organization's recommendation that people limit their daily consumption of added sugar to less than 10 percent of their total energy intake – and, in 2016, we worked with a number of customers to reformulate products and promotions so consumers can live by this recommendation.

OUR APPROACH

Mars makes more than just great candy. We also make chewing gum, pet food, rice, pasta sauce, drinks, and offer services for pets... it's a long list! Whatever the brand, we focus on bringing quality you can trust to consumers and pets. And wherever possible, we improve the nutritional value of our products so they support healthy and active lifestyles.

Every part of our portfolio brings different benefits to our consumers, but our approach is broadly similar. Cut down on fats, salt and sugar. Add more positive nutrients like fruits, vegetables and whole grains. Make sure our pet food and vet services keep our furry friends healthy. Provide the right information for our consumers to make informed choices. And deliver our products and services in safe, quality environments.

IMPROVING ORAL HEALTH AROUND THE WORLD

Nearly all adults and more than two thirds of children suffer from tooth decay. It's the most common chronic disease in the world, yet it's almost entirely preventable. The [Oral Care Community Service Grant Program](#), supported by the Wrigley Company Foundation, helps people take care of their teeth by providing oral health education, services and treatment to underserved children and adults in six countries. Since 2010, the Wrigley Company Foundation has given over \$7 million worth of free dental care to more than 100,000 people.

In December 2016, the Wrigley Company Foundation extended the program, partnering with the Russian Dental Association to launch Russia Kids Smile. Now, more children in Russia can get the dental treatments they need.



Together with our global partner, the [FDI World Dental Federation](#) and nearly 20 national dental associations worldwide, we're working to improve oral health and to raise awareness of the benefits of chewing sugar-free gum.



In 2016, for the first time, we audited our compliance against the **Mars Marketing Code** (MMC). Partnering with independent auditors, we checked our media content and placement against 30 criteria based on the industry-leading commitments in our MMC. We're delighted that our compliance stood at 95 percent for content and 97.3 percent for placement – not bad for a first attempt! But we're determined to make progress, which is why we're focusing on weaker-performing regions and media types to bring them in line with our commitments. Read more about our **marketing approach and audit process**.

INSPIRING #BETTERFOODTODAY FOR A BETTER WORLD TOMORROW

With much-loved brands like UNCLE BEN'S®, MASTERFOODS® and DOLMIO®, Mars Food is seeking to make everyday meals healthier, easier, more affordable and tastier. What's more, we're aiming to improve access to nutrition and serve more communities responsibly. In 2016, Mars Food announced a new global Health and Wellbeing Ambition with four clear aims:

- **Providing healthy meal options** – guided by the **Mars Food Nutrition Criteria**, we're cutting sodium, added sugars and fat and increasing fruits, vegetables and whole grains.
- **Including nutrition labeling on products** – we're helping consumers easily find the amount of calories, sodium, added sugars, total fat and saturated fat they're eating; and recommending how often they should consume our more indulgent products within a weekly balanced diet.
- **Inspiring healthy cooking and eating together** – because the benefits of shared meals are so powerful, we're inspiring opportunities for people to come together at mealtimes.
- **Helping Associates live healthier lives** – our efforts start at home, which is why we're offering all Mars Food Associates access to worksite kitchens, fitness facilities, nutrition education, and healthy, affordable meals in our cafeterias.

Read more about [Mars Food's progress on health and wellbeing](#).



Most of us know candy is a treat. And eating too much of anything isn't good for you. But how much is too much? And what are the rules when it comes to other things, like risotto or protein bars? At Mars, we care deeply about helping consumers make the right choices for themselves and their families – and it makes me proud to see our progress coming to life. From innovative pack formats to ambitious reformulation targets, we're making it as easy as possible for Mars products to be part of a healthy lifestyle.



— **KIM BROOKS**
Director of Health & Wellbeing
at Mars, Incorporated



USING DOGGY DNA TO CARE FOR OUR PETS' HEALTH

Our mission at Mars Petcare is to make a better world for pets, and that means providing the best nutrition and veterinary care. The more we know about our pets, the more we can do to keep them happy and healthy, which is why, through **Wisdom Panel®**, we've been researching canine genetics for nearly two decades. Owners can collect a sample of their dog's DNA at home, send their sample to our lab, and receive a full report with ancestry information, breed descriptions, predicted weight profiles, and much more. In some cases, these results can be truly lifesaving – read Darwin's story below and check out more [#WisdomPanelAmbassadors](#) online.

DELIVERING NUTRIENTS TO HELP PETS THRIVE

As pet lovers ourselves, we know pets make our lives better. That's why we strive to make sure they're healthy and happy. This year, we launched ROYAL CANIN® ANALLERGENIC, a diet for cats that's formulated to reduce the risk of allergic reactions to food. This veterinary formula uses purified carbohydrates and partially digested proteins to relieve even the most severe symptoms.

We're not just looking out for our feline friends. Puppies face a challenging start to life, with up to a 25 percent chance of death in the first three weeks. We're doing everything we can to reduce this. We've developed ROYAL CANIN® PUPPY PRO TECH, an advanced first-milk supplement that's scientifically proven to reduce the risk of puppy mortality. We're committed to providing pets with the nutrients they need to survive – and thrive.



When Mark and Robert adopted Darwin as a small puppy, they got him from a Boxer rescue center. Very soon after, they started to notice that he had behaviors that really weren't characteristic of Boxers. They did a Wisdom Panel test and found out he had no Boxer at all! Among other breeds they found Neapolitan Mastiff. Not long after they got him, Darwin got very sick and despite the vet doing several tests, no diagnosis was found. Darwin's owners then remembered their Wisdom Panel results and shared them with the vet, who deduced that Darwin was suffering from a kind of meningitis that affects large-breed dogs such as the Neapolitan Mastiff. In this case, knowing the breeds in their mixed-breed dog was one of the missing links that helped save his life.

IMPROVING HEALTH & WELLBEING

ADVANCING FOOD SAFETY & SECURITY

OUR APPROACH

Quality – one of The Five Principles – is always our starting point when it comes to products and services. We make products and deliver services we're proud of, that we're confident in, and that we know are safe for people and pets.

As hard as we try, there are very occasionally times when we fail to live up to our own expectations of quality. In those cases, we conduct thorough assessments to understand what went wrong and learn from those incidents. And we're always looking to go one step further to improve food safety across our entire supply chain – whether partnering with suppliers to ensure safe ingredients, or collaborating with the wider food industry to research new solutions. Food safety is about guaranteeing the best for our own products, and ensuring that – in a world where millions go hungry – the work we do increases global access to sufficient, safe, nutritious food.



HARNESSING THE POWER OF GENETICS TO FEED THE HUNGRY

Almost 800 million of us – that's one in nine people on the planet – don't have access to enough food. But some of the most nutritious food crops, such as baobab, groundnuts and yams, have been neglected by science because they aren't as profitable as staple foods like rice and wheat. These are known as "orphan crops."

The [African Orphan Crops Consortium](#) (AOCC), which Mars helped to establish,

is aiming to change that. By bringing together companies, NGOs and scientists, the AOCC is figuring out the genetic codes of more than 100 orphan crops to help revolutionize plant science in Africa. The Consortium's African Plant Breeders Academy (AfPBA) is training more than 250 plant scientists to champion this work. So far, the first two classes of AfPBA students have returned to their home countries to set up their own orphan crop work.

PARTNERING FOR SAFER SUPPLY CHAINS

We've worked hard to fine-tune the way we maintain our quality standards at Mars. And now, we're teaming up with global organizations to share our knowledge with them, as well as to learn from them. By taking an open and collaborative approach, we can help raise global food safety standards as part of our mutual goal of safer food for all. Every year, food-borne illnesses cause the loss of 33 million healthy years of life – and we know this a vital challenge to address.

Together with the [World Food Programme](#) (WFP), we've been supporting procurement experts with food safety training, risk assessments and insight on managing food safety in dry production environments.

And, in 2017, we plan to work with WFP to develop better quality checks during the manufacture of nutritious food for children.

Another exciting collaboration is with the [Partnership for Aflatoxin Control in Africa](#) (PACA). Aflatoxins are poisonous chemicals found in some moldy foods, which contaminate about 25 percent of food crops globally. PACA is working to eliminate these toxins and promote sustainable agricultural supply chains. Mars is on the PACA steering committee, and in 2016 we co-authored a [book](#) chapter on how food safety can contribute to aflatoxin control and broader food security in Africa.

FOSTERING UNCOMMON COLLABORATIONS AT OUR GLOBAL FOOD SAFETY CENTER

We never underestimate the power of working with others and thinking outside the box. In 2015, we launched the [Mars Global Food Safety Center](#) (GFSC) in Huairou, China, a pre-competitive facility and global knowledge-sharing hub to raise the bar in food safety and help ensure safer food for all as we help feed a growing population.

As well as playing host to some exciting partnerships, including WFP and PACA (see [page 14](#)), the GFSC held its first ever food safety science symposium in April 2016. More than 60 food safety experts from academia, industry, NGOs and government agencies attended to discuss “Uncommon Collaborations and the Future of Food Safety Science.”

More than ever, we saw the power of collaboration in action. Participants shared insights on the food safety challenges impacting the global food supply chain, and identified opportunities for collaboration. It was crystal clear to everyone that food safety is a global challenge and a common responsibility that can't be solved by any one company or organization.



“ I am incredibly proud to work at our Global Food Safety Center. Here, it's not just about conducting research, but about working with partners and leaders from across the world to find solutions and put food safety on the global agenda. We have the opportunity to make a real difference.

— JING REN

Global Head of Microbiological Food Safety Research at Mars GFSC



>400

visitors to our Global Food Safety Center in 2016, including global food safety experts and opinion leaders

175

food safety professionals trained through five accredited training courses on topics including preventing food fraud and understanding new food safety legislation

4

peer-reviewed studies published by Mars scientists and collaborators

EVOLVING AS A SUSTAINABLE BUSINESS

It's a fact: a healthy planet makes for a thriving business. Within our operations and across our supply chain, we're building our business on sustainable practices. From cocoa farmers to packaging suppliers, our aspiration is to make sure everyone in our value chain benefits from our growth while protecting the planet for generations to come.

CREATING SUSTAINABLE OPERATIONS



More than 1,000 businesses and investors signed a [letter](#) telling global leaders that business backs a low-carbon U.S. – and Mars was one of the first.

OUR APPROACH

Climate change, population growth, food shortages... our planet is facing big challenges. And we need big solutions!

That's why at Mars, we've made the bold commitment to become [Sustainable in a Generation](#). It's not about doing a little bit better. It's about stepping up, recognizing the impact our business has, and pledging to do our part to protect our planet for generations to come.

To meet our ambitious goals, we're investing in renewable energy, improving our energy, water and waste efficiency, and developing new technologies that change the way we work. Every step forward will help our business, people and the planet flourish.



LOOKING TO SCIENCE TO SET OUR TARGETS

Water crises are one of the biggest threats facing the planet. We're playing our part to protect this life-giving liquid by carefully managing the water we use for our operations.

But that's not all. We've teamed up with experts at the World Resources Institute (WRI), WWF and Ecolab to develop ambitious water targets. Together, we used the latest science to assess the water impacts across our value chain. We found that 46 percent of our factories are located in areas with high water stress. We're using these findings to focus our efforts and set targets based on the latest – and best – science.

Preserving water resources for future generations requires a team effort. That's why we're sharing our findings with others as well as learning from them. Our next step is to create a platform that all companies can use to set water targets and develop a range of indicators to help measure progress towards the goals.

Read more about our [work on water](#).



At Mars Drinks, we're always looking for new ways to ensure our products have minimal impact on the environment, while contributing to a vibrant, thriving workplace.

Our customers have told us their number one sustainability challenge, when it comes to workplace drinks solutions, is packaging. So we examined the entire lifecycle of our Freshpack® to find ways to improve. We discovered raw material extraction was the biggest CO₂ contributor. By removing an aluminum foil layer and reducing the number of materials we use, we've reduced the carbon footprint of the packaging by 31 percent!

And it doesn't end there. Our Recycle Your Freshpacks program gives North American customers an easy way to divert 100 percent of their Freshpacks away from landfill.

We're proud of our new Freshpack design and determined to provide the most sustainable workplace drinks solution by 2020.

REFRESHING AND RECHARGING CUSTOMERS, MORE SUSTAINABLY

UNITING FOR ACTION ON CLIMATE CHANGE

We're serious about tackling climate change. But we can't solve these challenges alone. The Paris Agreement – a global agreement between more than 100 countries to cut GHGs – came into force in November 2016, and we now need to turn it into action. We **made our voice heard** at the UN's Marrakech Climate Conference, known as COP22, by signing a letter urging global leaders to help meet the targets set out in the agreement and encouraging business leaders to switch to renewable energy.



GOING 100% RENEWABLE

Thanks to wind energy, we're getting closer to becoming carbon neutral. Our **Moy wind farm** in the Scottish Highlands, completed in 2016, generates renewable power equivalent to 100 percent of the electricity consumption of our entire U.K. operations.

This wind farm takes us one step closer to being Sustainable in a Generation, with zero GHG emissions from our global operations by 2040. And we have another clean power project in the pipeline – a new wind farm that will provide 100 percent renewable electricity for our operations in Mexico. When it's up and running, we'll be nearly a third of the way to our 2040 global GHG target – well on our way to becoming Sustainable in a Generation!



My job is to engage with Associates to inspire them to find new efficiencies and cut waste. It's challenging – I admit – but it's so rewarding to see the Sustainable in a Generation program in action and to be part of our strategy to inspire growth we are proud of.



SE OH
Global Supply Chain Sustainability Manager at Wrigley

EVOLVING AS A SUSTAINABLE BUSINESS

DEVELOPING SUSTAINABLE SUPPLY CHAINS

OUR APPROACH

It's simple really. If we want to continue making our great products, we need to ensure a sustainable supply of raw materials. That's why we work on sustainable sourcing, with a focus on the most significant environmental and social impacts in our supply chain. We've identified our five biggest impacts: land use, GHG emissions, water use, income and human rights.

We know we can't solve these complex challenges alone. We work with suppliers, academics, farmers and community groups to build a detailed picture of our supply chain, identify where we can make progress, develop plans and take action. Ultimately, our aim is to create mutual benefits for everyone in our value chain.

“ Being part of a company committed to driving evidence-based solutions to ensure we are learning and adapting is why I love coming to work every day. At Mars Symbioscience we measure success by our contribution to the wellbeing of people and planet; a healthy future where business and the communities we source from mutually thrive; and global and local resources are preserved for future generations.

— HEATHER PFAHL
Senior Manager at Mars Symbioscience



OUR SUSTAINABLE SOURCING ROADMAP

PHASE 1: INITIAL SCOPING



70% of priority raw material supply chains have been mapped to origin

PHASE 2: DEVELOPING AND DELIVERING STRATEGY



700+ priority raw material suppliers engaged through hundreds of meetings and over 50 trips to origin countries in 2016

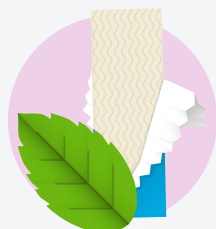


SOURCING HIGHLIGHTS



PALM OIL

We've joined forces with The Forest Trust to build traceability in palm oil. In 2016, 91 percent of the palm oil we used was traceable back to the mill. Read the latest on our [palm oil work](#).



MINT

We partnered with Agribusiness Systems International (ASI) to test good agricultural practices in India, resulting in higher yields and less input costs for smallholder mint farmers. We will expand the program to include 2,500 farmers in 2017.



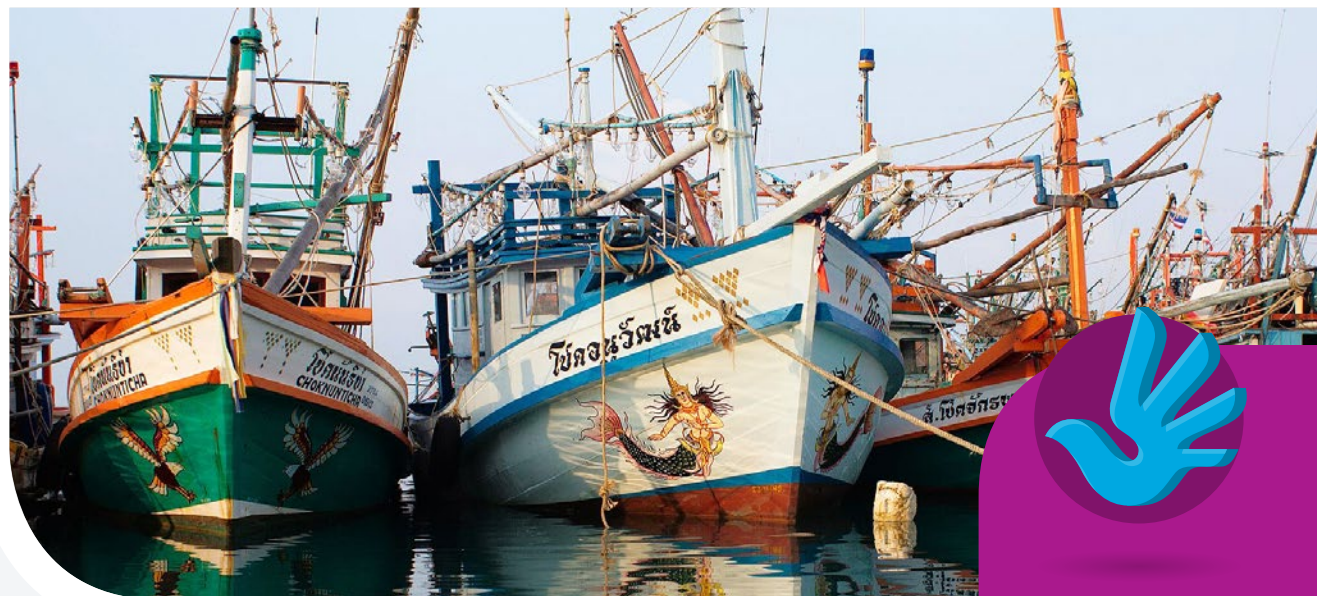
TEA

Through our work with the [Kenya Tea Development Agency](#), we've supported five tea factories to cut their electricity consumption by more than 430,000 kWh.



VANILLA

We joined the [Sustainable Vanilla Initiative](#) to help improve farmers' livelihoods and ensure a sustainable supply of high-quality vanilla.



HUMAN RIGHTS

In 2016, we activated a new [global human rights strategy](#) across our own operations, our tier 1 suppliers and across our extended supply chain.

ADVANCING HUMAN RIGHTS IN OUR FISH SUPPLY CHAIN

Reports have highlighted serious human rights challenges in the Thai fishing industry. Given that we use fish from Thai fisheries in some of our cat food products, we are taking action to understand whether and how these issues relate to our own supply chain. In 2016, we released a Thai Fish Supply Chain Human Rights [Action Plan](#) detailing our approach.

We believe traceability is an important first step. That's why we've entered an exciting pilot project with our biggest tuna supplier, [Thai Union](#), and [USAID Oceans](#), to use mobile applications and cloud computing to track detailed fishing data right back to the level of individual vessels. This technology has the potential to significantly increase supply chain visibility at sea.

It's clear we can't solve human rights challenges alone. So we're collaborating with our suppliers and partners, such as the [Issara Institute](#), to connect with migrant communities. We're also a Board member of the [Seafood Task Force](#), a unique coalition that brings together Thai fish supply chain actors, NGOs and governments to drive lasting change in the fishing industry.

ADDRESSING FORCED LABOR

We co-chaired the development of Consumer Goods Forum's (CGF) [Priority Industry Principles](#) on Forced Labor. We're taking action to advance these principles across our business, and working with CGF members in specific supply chains, beginning with the seafood and palm oil industries in Southeast Asia.

Read about how we sustainably source other [raw materials](#) ☺



SETTING THE STANDARD FOR SUSTAINABLE RICE

A symbol of life and a staple for nearly half the world's population, rice is pretty incredible. But it's a thirsty crop, using 40 percent of the world's irrigation water! We're on an exciting journey to create a sustainable rice supply that helps our business grow while meeting the nutritional needs of a growing population.

As a leading member of the **Sustainable Rice Platform** (SRP), we're bringing together dozens of rice-loving government agencies, private-sector corporations, research institutions and NGOs. In 2016, we achieved a major milestone by sourcing all our basmati rice from SRP farmers – about 10 percent of Mars Food's rice sourcing overall! With partners such as UN Environment, the International Rice Research Institute and WWF, we're supporting 2,000 basmati rice farmers in Pakistan and India to improve their productivity and reduce water use. In Pakistan, we've already seen a 32 percent increase in farmer income and a 30 percent reduction in water use since the project began, and we're working to expand these practices to rice farmers outside our supply chain.

To support as many rice farmers as possible, we're setting up programs to tackle the key issues specific to our sourcing regions: water stress in Spain; farm yield and farmer income in Asia; and women's empowerment in Pakistan and India. It's ambitious, but we're up for the challenge!



EMPOWERING WOMEN IN COCOA

Women in cocoa communities are often the hardest-working and least recognized. We're partnering with **CARE International** to change this by empowering women through financial education. The 70 Village Savings and Loan Associations we've set up so far in Côte d'Ivoire are giving nearly 2,000 members access to important financial resources and training. When women are financially empowered, their entire community benefits. In addition to investing in crops, women spend money on education and healthcare, which benefit their children, extended families and, ultimately, the next generation of cocoa farmers.

“ Thanks to the Vision for Change project, I'm now harvesting 800 kilograms of cocoa per hectare, twice what I used to produce!
 — **MRS. BAMBA ASSIATA** Cocoa Farmer, Kragui (pictured above)

“ As a Cocoa Village Center Operator, I'm trained in agronomy and basic accounting. Thanks to the Mars project I've become more responsible. I allow myself to do projects without asking for advice. I'll buy myself a laptop and then a vehicle... and for that I'm not counting on anyone's help.
 — **HELENE KLA AMENAN** Cocoa Village Center Operator, Boubouo

COME AND JOIN THE CONVERSATION!

Everything we do at Mars, we do with our partners – you – in mind. Whether you're a potential colleague, existing Associate, consumer, customer, government representative, non-governmental organization or an academic – we'd love to hear your thoughts on this year's Principles in Action Summary.

To get involved, follow the links below.



www.mars.com

REPORTING SCOPE AND DATA

Lloyd's Register Quality Assurance, Inc. (LRQA) has assured our reporting and data. This gives stakeholders confidence that what we say is accurate, and helps us improve our strategies and performance. Read the assurance statement and data assurance [on our website](#).

This report covers the global activities of our company, Mars, Incorporated, and its business segments: Petcare, Chocolate, Wrigley, Food, Drinks and Symbioscience. It describes our performance in the 2016 calendar.

In most instances, environmental data for our factories is based on actual figures. Our estimated data represent no more than five percent of all data in this report.

For responsible marketing, our media content compliance was audited by Ebiquity, based on data from 18 markets/regions during Q4 2016. Media placement compliance was audited by MediaCom and Starcom, based on data from our top 14 markets, excluding Russia, during Q2–Q4 2016.

Financial values are United States dollars (USD), unless otherwise stated.