

**Particulars**

**About Your Organisation**

**Organisation Name**

Mars, Incorporated

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**Corporate Website Address**

www.mars.com

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**Primary Activity or Product**

- Manufacturer
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**Related Company(ies)**

No

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**Membership**

Membership Number	Membership Category	Membership Sector
4-0127-10-000-00	Ordinary	Consumer Goods Manufacturers

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**Consumer Goods Manufacturers**

**Operational Profile**

1.1 Please state what your main activity(ies) is/are within manufacturing

- End-product manufacturer
- Food Goods
  - Instant Noodles Manufacturer
- Own-brand
- Other:
  - Pet food

**Operations and Certification Progress**

2.1 Do you have a system for calculating how much palm oil and palm oil products you purchased?

Yes

2.2.1 Do you manufacture for:

Own Brand

2.2.2 Total volume of Refined Palm Oil or Refined, bleached, and deodorized (RBD) Oil Palm sold in the year:

59611.00

2.2.3 Total volume of refined Palm Kernel Oil sold in the year:

14941.00

2.2.4 Total volume of other Palm Oil Derivatives and Fractions sold in the year:

7904.00

2.2.5 Total volume of all oil palm products you sold in the year:

82456.00

**2.3 Palm oil volume sold in the year in your own brands that is sourced through RSPO-certified physical supply chains:**

**In Your Own Brand**

No	Description	Refined palm oil/Refined, bleached, and deodorized (RBD) oil palm (Tonnes)	Palm Kernel Oil (Tonnes)	Palm based derivatives or fractions (Tonnes)	Volume of Palm Kernel Expeller used / processed and/or traded in the year (Tonnes)
1	Book & Claim				
2	Mass Balance	59,611.00	14,941.00	7,903.00	
3	Segregated				
4	Identity Preserved				
5	Total volume of oil palm products that is RSPO-certified	59,611.00	14,941.00	7,903.00	

**2.4.1 What type of products do you use CSPO for?**

Chocolate, confectionery, chewing gum, soups, sauces and pet foods.

**2.5 What is the percentage of certified sustainable palm oil in the total oil palm products your company sells in:**

Europe 100%  
 India 100%  
 China 100%  
 South East Asia 100%  
 North America 100%  
 South America 100.00%

**2.6 What is the percentage of certified sustainable palm kernel oil in the total palm kernel oil your company sells in:**

Europe 100%  
 India 100%  
 China 100%  
 South East Asia 100%  
 North America 100%  
 South America 100.00%

**Time-Bound Plan**

**3.1 Date expected to/or started to use any RSPO certified palm oil products - own brand**

2010

**3.2 Date expected to be using 100% RSPO certified palm oil products from any supply chain option - own brand**

2013

**3.3 Date expected to be using 100% RSPO certified palm oil from physical supply chains (Identity Preserved, Segregated and/or Mass Balance) - own brand products**

2013

**3.4 Do your (own brand) commitments cover your company's companies' global use of palm oil?**

y

**3.5 Does your company use CERTIFIED SUSTAINABLE PALM OIL products in goods you manufacture on behalf of other companies?**

n

**3.6 Which countries that your organization operates in do the above commitments cover?**

Argentina, Australia, Austria, Belarus, Belgium, Brazil, Bulgaria, Canada, Chile, China, Colombia, Cote d'Ivoire, Croatia (Hrvatska), Czech Republic, Denmark, Dominican Republic, Egypt, Estonia, Finland, France, Georgia, Germany, Ghana, Greece, Guadeloupe, Hong Kong, Hungary, India, Indonesia, Israel, Italy, Japan, Kazakhstan, Kenya, Korea, Republic of, Kyrgyzstan, Latvia, Lebanon, Lesotho, Lithuania, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Puerto Rico, Reunion, Romania, Russian Federation, Saudi Arabia, Singapore, Slovakia (Slovak Republic), Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Province of China, Thailand, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Vietnam

**3.7 What are your interim milestones towards achieving RSPO certification commitment to your own-brands (year and progressive CSPO%) - please state annual targets/strategies**

Our original target, set in 2010, was to achieve 100% CSPO by year-end 2015. We met this target two years early, by the end of 2013, by sourcing via mass balance

**3.8 Date of first supply chain certification (planned or achieved)**

2013

**Trademark Related****4.1 Do you use or plan to use the RSPO trademark on your own brand products?**

No

**Please explain why**

not applicable.

**GHG Emissions****5.1 Are you currently assessing the GHG emissions from your operations?**

Yes

**5.2 Do you publicly report the GHG emissions of your operations?**

Yes

URL: <http://www.mars.com/global/about-mars/principles-in-action.aspx>**Actions for Next Reporting Period**

## 6.1 Outline actions that will be taken in the coming year to promote sustainable palm oil.

Since our policy launched in 2014, Mars has continued to implement our palm oil policy and sustainable sourcing charter. Our policy and 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 rights. Mars has purchased 100% of palm oil from RSPO-certified sources via the “mass balance” program since year-end 2013. We continue to implement our policy and sourcing charter in collaboration with our expert partner, The Forest Trust (TFT), by tracing our palm oil supplies and engaging with suppliers to improve the way palm oil is produced. We call this our GOOD program. In 2015, we worked together to:

- Achieve 92% traceability of our palm oil supplies to the mill over the 12 months to December 2015, compared with 86% in our last update in October 2015.
- Support key supplier Wilmar in assessing social and environmental practices at five palm oil mills in Malaysia and developing corrective action plans to address issues identified. In 2016, through our partnership with TFT we will continue to increase traceability and transparency in our supply chain. We will maintain supplier engagement, and expand this work by encouraging our direct suppliers (refiners) to push for transformation among the mills and producers supplying them. Finally, we will work toward independent verification that our efforts and those of our suppliers are leading to genuine transformation on the ground.

1) Progress on traceability Tracing palm oil back to known mills helps us determine where the palm oil we buy originates. Our suppliers update us on the mills and refineries they source from quarterly. We continued to increase traceability in the second half of 2015. The volume of our palm oil that is traceable to mill level was 89% for the year to 31 December. The graph below shows our progress in a 12-month rolling view, reflecting the proportions of crude palm oil, palm kernel oil and total palm oil supplies that were traceable in each of the last four quarters. We expect traceability levels to continue to fluctuate slightly as suppliers shift sources based on market conditions and seasonality. Each time this happens and with our suppliers’ help, we will retrace the pipeline. While the individual mills sourced from may change, we are confident that our geographic footprint remains reasonably constant. Since our update in October 2015, we have identified mills in Mexico and Nicaragua, in addition to those already identified in Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Indonesia, the Ivory Coast, Malaysia, Papua New Guinea, and the Solomon Islands.

2) Progress on supplier engagement and transformation By year-end 2015, 100% of our suppliers confirmed that they live up to our policy requirements or had plans in place to do so. After two years of working to increase traceability and establish our geographic footprint, we have a clear picture of where further action is now needed. We support TFT’s approach of working with our direct suppliers (refiners) to transform their supply chains and ensure compliance with our charter. We believe their aggregator and refinery transformation (ART) program can reach scale more quickly by fostering widespread improvement across the multiple mills, plantations and smallholders supplying them. As part of ART program, in 2015 we supported TFT and key supplier Wilmar to conduct field assessments of five mills supplying Wilmar’s Pasir Gudang Edible Oils Refinery (PGEO) in Peninsula Malaysia. Each assessment included field visits to the mills, and a sample of their supply base. TFT’s assessors reviewed relevant legal and employment documents and interviewed management, workers and other local stakeholders. Each mill received a report detailing the findings and any corrective actions needed. We are working closely with Wilmar to follow the mills’ progress in implementing these actions. More details are available in Wilmar’s Fourth Quarter Update Report. One challenge our Chinese suppliers face is the lack of cost-effective infrastructure for importing sustainable palm oil. By working with others in our industry to increase demand for sustainable palm oil, we believe we can encourage suppliers to invest in the necessary logistics. Unfortunately, we recently learned that the RSPO temporarily suspended the certification of one of our palm oil suppliers belonging to IOI group. In order to stay true to our policies and keep our commitments, Mars will discontinue sourcing palm oil from IOI while the suspension is in place. We will continue to work with our suppliers and the extended palm oil value chain to achieve a fully sustainable palm oil supply in compliance with our deforestation and palm oil policies.

3) Future plans In 2016, we will continue to implement our GOOD program through a comprehensive, four-pronged approach based on transparency, engagement, transformation and verification:

- Transparency: we will continue to strengthen traceability and transparency in our palm oil supply chain and make this a routine part of doing business with Mars. We will develop a dashboard for measuring our progress, initially for internal use and with a view to sharing publicly when we are confident of its accuracy.
- Engagement: we will increase supplier engagement, with a focus on those suppliers needing more support to go beyond traceability. We will meet our suppliers (refiners) annually to review progress in implementing their own palm oil policies and in complying with our charter.
- Transformation: we will continue supporting TFT to foster change through the ART program; assess the number of mills in our supply chain that are in compliance with both the deforestation and human rights elements of our charter; and consider supporting suitable palm oil sustainability projects as part of the L3F Fund we co-founded with Danone in 2015.
- Verification: we will collaborate with TFT as they seek to develop new models for providing independent verification that palm oil policies are being applied on the ground. This work is at an early stage, and we hope to progress it in 2016. We 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. The support of our suppliers is paramount. It is only with their full commitment and transparency that we can help build a truly sustainable palm oil supply and we thank them for their efforts.

## Reasons for Non-Disclosure of Information

### 7.1 If you have not disclosed any of the above information, please indicate the reasons why

Other

- Others:

Most of the information above will be disclosed in our next public update in late April. The deadline of 2015 ACOP is April 15th, before our April update.

## Application of Principles & Criteria for all members sectors

**8.1 Related to your sourcing, do you have (a) policy/ies, that are in line with the RSPO P&C such as:**

- Water, land, energy and carbon footprints  
Uploaded file: [M-Policies-to-PNC-waterland.pdf](#)
- Land Use Rights  
Uploaded file: [M-Policies-to-PNC-landuseright.pdf](#)
- Ethical conduct and human rights  
Uploaded file: [M-Policies-to-PNC-ethicalconducthr.pdf](#)
- Labour rights  
Uploaded file: [M-Policies-to-PNC-laborrights.pdf](#)
- Stakeholder engagement
- None of the above

**8.2 What steps will/has your organization taken to support these policies?**

1. Supplier Code of Conduct: We expect all those who we do business with, such as our suppliers, to understand and comply with our policies. Our Supplier Code of Conduct was developed and implemented in 2011. It includes 10 workplace standards that meet or exceed International Labor Organization guidelines. In 2013, this Code was updated to include and address emerging industry challenges such as migrant labor. The Code, and our Responsible Sourcing program, apply to all our direct and indirect suppliers. This includes small raw material producers, service providers, manufacturers as well as multinational corporations. All Mars suppliers are expected to align with, and are encouraged to exceed, the standards included in our Code. It also requires our suppliers to implement similar standards in their own supply chains. We only work with those suppliers that demonstrate a commitment to meet the standards included in our Code and operate in a manner that is compatible with our Five Principles. In 2012, we introduced a program to increase supplier alignment with the Code. We also participate in the Leadership and Advisory Boards of AIM-PROGRESS, an industry forum to enable and promote responsible sourcing.

2. Palm Oil Policy: the policy was launched in 2014, aiming at ensuring a genuinely sustainable pipeline where all material is sourced from companies whose mills only produce sustainable palm oil. We committed to source 100% RSPO MB, as we believe that the MB supply chain provides flexibility to optimize our supplier portfolio while ensures supply continuity, so that we can award our business to suppliers who are making consistent progress in palm sustainability. More details about the policy implementation and our plan in 2016 please refer to question 6.1 3.

3. Deforestation Policy: Our new Deforestation Policy commits us to sourcing raw materials with the greatest impact on forests (beef, palm oil, pulp and paper, and soy) from producers and suppliers who comply with the following: produce or purchase all raw materials from legal sources; no deforestation of primary forest or areas of high conservation value; no development in high carbon stock forest areas or on peatlands regardless of depth; no burning to clear land; respect the right of all affected communities to give or withhold their free, prior and informed consent for plantation developments on land they own legally, communally or by custom; resolve land rights disputes through a balanced and transparent dispute resolution process; comply with our Code of Conduct; and support farmers and plantation owners to comply with this policy

**Commitments to CSPO uptake**

**As you don't source 100% CSPO through physical supply chains (IP/SG/MB), please answer the following questions: Do you have plans to?**

Yes

**Please specify**

Due to previous material contracted before implementation of RSPO MB program in India, in 2015 we sourced 1 ton conventional palm derivatives. With the new contracts in place, we will ensure sourcing 100% RSPO MB CPO, PKO and derivatives.

**9.1 Do you have plans to immediately cover the gap using Book & Claim?**

No

**Please explain why**

not applicable

**Concession Map**

**10.1 Does your company or any subsidiary of your company own or manage oil palm plantations?**

No

**Please explain why**

Not applicable.

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## Challenges

### 1 What significant economic, social or environmental obstacles have you encountered in the production, procurement, use and/or promotion of CSPO and what efforts did you make to mitigate or resolve them?

We believe that the availability of CSPO has been hampered by the cost and complexity for producers of fully segregating CSPO from conventional palm oil supplies. Low availability has led to poor demand, creating a vicious circle. Allowing producers to mix CSPO with conventional palm oil during transportation, processing and packaging via mass balance is increasing the availability of CSPO, speeding progress toward a sustainable supply and stimulating demand. However, suppliers in developing countries (e.g. China, India, Egypt, etc.) still facing challenge of sourcing CSPO, as logistic remains as a concern in the upstream. We are deeply concerned about continued allegations of labor rights issues in the origin countries. We remain committed to working with the wider food industry to increase pressure on palm oil producers and traders to ensure their operations improve rural livelihoods and are free from human and labor rights violations. As stated in our policy, we commit to support farmers to adopt better practices and to include them in our supply chain. However, the inclusiveness of independent smallholders in RSPO certification is still challenging, especially for independent smallholders. Some of the challenges includes organization, cost and return on investment (as in some cases CSPO is still sold as conventional oil). We are exploring innovative solutions with the Livelihood Fund and our suppliers to support independent smallholders' agriculture practice and improve their livelihood.

### 2 How would you qualify RSPO standards as compared to other parallel standards?

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#### Cost Effective:

Yes

#### Robust:

Yes

#### Simpler to Comply to:

Yes

### 3 How has your organization supported the vision of RSPO to transform markets? (e.g. Funding; Engagement with key stakeholders; Business to business education/outreach)

We are committed to source 100% RSPO MB to cover all of our 82k ton annual usage. In some developing countries, we are one of the first customers to demand physical CSPO. In China and India, the leading palm oil consumption countries, throughout our supplier engagement program, we shared our vision on sustainable palm oil, encouraged suppliers to become RSPO members and apply the RSPO P&C in their supply chain operations. Our suppliers in China and India have become the first ones to supply physical CSPO in the local markets. RSPO MB means that while enough certified palm oil enters the supply chain to cover our needs, some of the palm oil we actually receive today will come from non-certified sources. With the progress in supply chain traceability over the past 2 years, we are able to map out 92% of the mills in our supply chain. Since 2015, we have been working with TFT, suppliers and peers to create time-bound action plans for prioritized mills (non-certified mills), which will drive transformation on the ground. We have been involved in direct engagement with key external stakeholders including NGOs such as Greenpeace and the Rainforest Action Network, as well as academics, opinion formers and customers to promote sustainable palm oil.

### 4 Other information on palm oil (sustainability reports, policies, other public information)

<http://www.mars.com/global/about-mars/mars-pia/our-supply-chain/palm-oil.aspx> you can find out more information about our palm oil policy, Q&A and updates.