

July 2021

Soy Sourcing & Deforestation Action Plan | 2020 Progress Update

As part of our [Sustainable in a Generation Plan](#), Mars set ambitious science-based Climate Action targets and has a [Deforestation and Land Use Change Position](#), which specifies our commodity-specific action plans for soy, beef, pulp & paper, palm and cocoa. We are proud to be included in CDP's Forest A List in 2020, being recognized as one of the leading companies working towards a more sustainable future¹. We are also proud of our #2 ranking out of 350 companies in the Forest 500 2020 annual report².

Below we summarize progress in implementing our [Soy Sourcing & Deforestation Action Plan](#). By 2025, our aim is to eliminate deforestation and conversion of natural ecosystems in Mars supply chains for our soy ingredients in Latin America — a region with high deforestation and conversion hotspots. This update reflects our global direct soy sourcing data from 2020. Our commitment is aligned with the [Accountability Framework Initiative Regional Guidance](#) and the [Soy Roadmap](#) of the Consumer Goods Forum (CGF) [Forest Positive Coalition of Action](#).

To implement our commitment, we are:

- Mapping, managing and monitoring our supply chains; and
- Working beyond our supply chains to accelerate sector-wide transformation.

Mapping, managing and monitoring our supply chains

We annually update the origin information of the direct soy we procure worldwide. For soy sourced from Brazil and Argentina, our sustainable sourcing partner [Proforest](#) runs a geospatial risk analysis using information provided by our suppliers³, satellite imagery, and other data sources⁴. The risk analysis provides us with insights on how exposed our suppliers are to conversion of natural ecosystems and other potential breaches to our commitments, which in turn allows action to be taken to address risks.

In 2020, Mars⁵ sourced 124,766 metric tons of direct soy. The following key performance indicators demonstrate where we are in our journey towards meeting our commitment for 100% of direct soy by 2025.

- Total direct soy with known origin country: 100%
- Total direct soy at low risk for deforestation: 85%⁶
- Total direct soy at-risk for deforestation⁷: 15%

Footer Notes

¹ See <https://www.cdp.net/en/companies/companies-scores>.

² See <https://forest500.org/rankings/companies>.

³ We request our direct soy suppliers to share with us the following information from the upstream supplier: the location and sourcing radius of the crushers or silos, which allow us to have visibility of their supply shed.

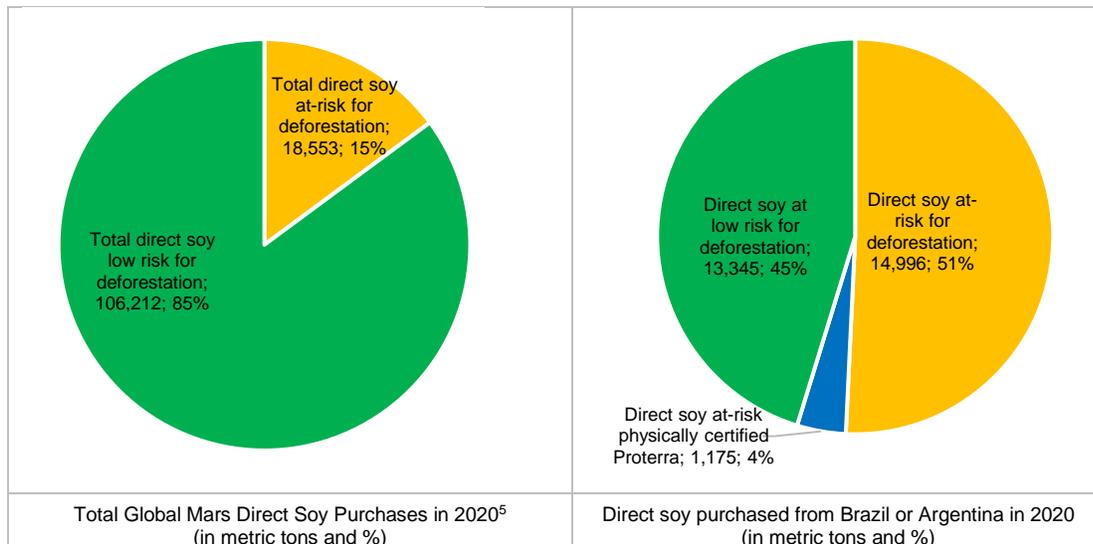
⁴ Official data sources relating to legally protected areas and to areas found to be breaching environmental legislation, whenever made available by the Argentina and the Brazil federal governments. Other data sources include [Mapbiomas](#) and [Global Forest Watch](#).

⁵ Considers the total amount of direct purchases of soy products in Mars Petcare, which accounts for the material portion (94%) of the total soy supply to Mars.

⁶ Based on our country-level risk assessment, the following countries we source soy from are considered at-risk for deforestation: Brazil, Argentina and China. Countries other than these where Mars sources from are considered low risk for deforestation associated to soy. In Latin America, Mars does not source direct soy from Paraguay or Bolivia. We will refresh in 2021 our country-level risk assessment using more recent external sources.

⁷ Soy is considered at-risk for deforestation if it is sourced from an at-risk country and the supply shed is unknown or if the supply shed is known and deemed at-risk after a geospatial risk analysis developed by Proforest.

Brazil and Argentina are the focus of our Soy Sourcing & Deforestation Action Plan, as these are the countries we source direct soy from in Latin America. Below is further detail of our progress in implementing our commitments for direct soy in these countries.



Progress in Latin America to ensure soy is compliant with our sourcing commitment⁸:

- Direct soy from Brazil traced to supply shed³: 100%
- Direct soy from Argentina traced to supply shed³: 100%
- Upstream suppliers potentially sourcing from the Brazilian Amazon who are signatories of the Amazon Soy Moratorium⁹: 100%
- Direct soy from at-risk regions which is physically certified Proterra¹⁰: 4%
- Direct soy from Brazil not already addressed by physical certification which is covered with Round Table on Responsible Soy regional credits¹¹: 100%

Footer Notes

⁸ We are working collaboratively with the Consumer Goods Forum Forest Positive Coalition of Action Soy Work Group to align on metrics and definitions. This report follows the “Guidance on KPIs for Direct Soy Buyer”. There is not, thus far, alignment on how to make deforestation and conversion-free (DCF) claims for high risk areas. The actions here depicted elaborate our efforts thus far to reach that. Mars considers that physically certified soy or soy that underwent the scrutiny of geospatial systems verified by a third party ensure the soy is not associated with recent deforestation or conversion in high risk areas. In parallel, we support the further adoption of certification as a means to help increase the volumes of physically certified soy available, whilst acknowledging these certificates do not necessarily come from farmers physically supplying Mars.

⁹ The list of upstream suppliers includes ADM, Amaggi, Bunge, Cargill, CJ Selecta, COFCO International, COMIGO, LDC and Sodrugestvo. The list of direct suppliers is available on <https://www.mars.com/about/policies-and-practices/soy-policy> and is updated annually.

¹⁰ Despite coming from high risk regions, physically certified Proterra soy ensures those actual certified volumes are not associated with recent deforestation

¹¹ Total direct soy purchased with Brazil origin in 2020: 22,500 metric tons out of which 19,680 metric tons are not physically certified and are covered with RTRS regional credits.

Managing our direct soy supply chain

To deliver on our action plan, we engage with relevant direct suppliers to share our commitments and to reiterate the importance of supplier action and to confirm their action through third-party verification. We have communicated to 67% (by number of traders) of upstream traders from whom we source Brazilian or Argentinian soy the *Summary of the Consumer Goods Forum Forest Positive Coalition Ask*¹². This commitment is important as it helps to underscore the importance of common requirements amongst downstream soy buyers, and we will continue the engagement to reach 100%. We are also reviewing our sourcing strategy for direct soy from at-risk countries with the aim of sourcing from suppliers whose policies and principles are aligned with ours – working to eliminate deforestation and conversion of natural ecosystems across their supply chains.

Indirect soy in our supply chain

We have examined our indirect soy (soy used as feed for animals) footprint and estimated it as 471,000 metric tons, in 2020¹³. We have estimated that 34% of the footprint (161,000 metric tons) is at-risk for deforestation given the origin country. In 2021 we will work collaboratively with the CGF Forest Positive Coalition of Action Soy Work Group to align the footprinting methodology, including the fraction at-risk for deforestation, and to define the appropriate approach to address indirect soy potentially associated with recent deforestation.

Working beyond our supply chains to accelerate sector-wide transformation

We engage across our industry (peer companies and suppliers) and continue playing an active role in the development of the [CGF Forest Positive Coalition of Action Soy Roadmap](#) to drive improvements at scale. The Roadmap aligns on a common path for companies to accelerate the implementation of soy sourcing commitments addressing key producing regions at-risk for deforestation. Mars CEO Grant Reid is a co-sponsor of the Coalition, which further demonstrates our continued commitment to a forest positive future. We are also actively supporting work on understanding how to tackle embedded soy at risk for deforestation in the SAI platform Dairy Working group as part of the Sustainable Dairy Partnership Foundational Requirements on Deforestation.

Summary of landscape initiative engagement

Through the participation in ACT Commodities' regional approach we support farmers in specific regions in Brazil: Maranhão, Piauí, Mato Grosso. Via this approach we purchase Round Table on Responsible Soy (RTRS) regional credits generated by farmers associated to Fundação de Apoio à Pesquisa do Corredor de Exportação Norte (FAPCEN), who receive support are then incentivized to adopt more sustainable farming practices and to increase the number of certified soybean farms. These credits cover 100% of our direct soy volumes from Brazil which are not already physically certified, and they help support the production of responsibly produced soy in key regions. In 2020, we invested \$157,000 USD in RTRS credit purchases.

Footer Notes

¹² The CGF Forest Positive Coalition of Action Soy Work Group has agreed on a set of common requests for suppliers, which are currently being shared for feedback. The summary of the 'Forest Positive Coalition Ask' is available at the [Soy Roadmap](#).

¹³ The methodology for estimating indirect (i.e. embedded) soy considers the soy quantities embedded in the animal products we buy directly for our pet food and human food products. These quantities are calculated using Life Cycle Assessment (LCA) datasets based on the [World Food LCA Database](#), and follow an economic allocation approach, in line with allocation procedures under the [European Commission Product Environmental Footprint \(PEF\)](#) and [the GHG Protocol](#).