

June 2022

## Soy Sourcing & Deforestation Action Plan | 2021 Progress Update

As part of our [Sustainable in a Generation Plan](#), Mars set ambitious science-based Climate Action targets and has articulated 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 2021, being recognized as one of the leading companies working towards a more sustainable future<sup>1</sup>. We are also proud of our #3 ranking out of companies in the Packaged Food Sector in the Forest 500 2021 annual report<sup>2</sup>.

Below we summarize progress in implementing our [Soy Sourcing & Deforestation Action Plan](#). By 2025, we aim to eliminate deforestation and conversion of natural ecosystems in Mars supply chains for our soy ingredients. This update reflects our global direct soy sourcing data from 2021. 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<sup>3</sup> we procure worldwide<sup>4</sup>. For countries identified at risk for deforestation<sup>5</sup>, our partner [Proforest](#) runs a geospatial risk analysis using information provided by our suppliers, satellite imagery, and other data sources<sup>6</sup>. 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 2021, Mars<sup>7</sup> sourced 165,758 metric tons of direct soy. The following information demonstrates where we are in progressing towards meeting 100% of our commitment by 2025<sup>8</sup>.

- Total direct soy purchases with known origin country: 96%

### Footer Notes

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

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

<sup>3</sup> Soybean oil, soybean meal, soybean concentrate, soybean isolate

<sup>4</sup> Origin defined as the silo or crusher and its supply shed. We request all our direct soy suppliers to share with us information from the upstream supplier, including the location and sourcing radius of the soybean first aggregators, which allows us to have visibility of their supply shed. The following radii were considered for the analysis: Brazil: 240km, Argentina: 400km. We adopted the radius considering: information provided by suppliers and by local organizations working in the soy sector.

<sup>5</sup> Based on our country-level risk assessment, the following countries from which we source direct soy are considered at-risk for deforestation: Argentina and Brazil. Countries other than these from which Mars sources are considered low risk for deforestation associated with soy, considering [Maplecroft, WRI \(2020\)](#) and [WWF \(2021\)](#). There are early indicators that there is conversion related to soy in the US; we are engaging with industry peers and NGOs to align on this topic.

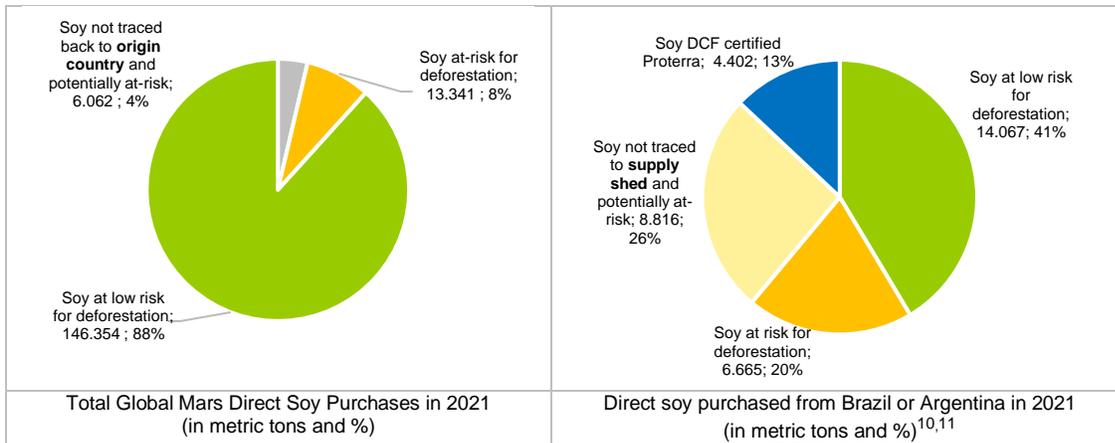
<sup>6</sup> Official data sources relating to legally protected areas and to areas found to be breaching environmental legislation, whenever made available by the Argentina and the Brazil federal governments. Other data sources include [Mapbiomas](#) and [Global Forest Watch](#).

<sup>7</sup> 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.

<sup>8</sup> Traceability is a pre-requisite for the full implementation of the commitments. Our target is to achieve 100% traceability to the first aggregator-level in countries at-risk for deforestation by 2024.

- Total direct soy at low risk for deforestation: 88%
- Total direct soy at risk for deforestation<sup>9</sup>: 8%
- Traceability to the first aggregator-level in at-risk countries: Brazil: 73%; Argentina: 77%.

Below we further detail our progress in implementing our commitments.



We have improved the fraction of soy from low-risk regions from 85% in 2020 to 88% in 2021. We have also engaged with direct and upstream suppliers to share our commitments and to reiterate the importance of supplier action and to confirm their action through third-party verification.

In 2022, we have engaged 100% of our upstream suppliers originating from Brazil to share our commitments and to underscore the importance of supplier action to ensure that our sourcing requirements are met. In Brazil, particularly, 100% of upstream suppliers potentially sourcing from the Brazilian Amazon are signatories of the Amazon Soy Moratorium,<sup>12</sup> and 100% of all the direct soy not already addressed by physical certification is covered with Round Table on Responsible Soy regional credits<sup>13</sup>. We communicated the Forest Positive Approach<sup>14</sup> as part of our collaborative work with the industry, and we have reviewed our sourcing strategy for direct soy from at-risk countries. Our aim is to source from suppliers whose policies and principles are aligned with ours, and we will enact the strategy in the coming years.

#### Footer Notes

<sup>9</sup> Based on our country-level risk assessment, the following countries from which we source soy are considered at-risk for deforestation: Argentina and Brazil. Countries other than these from which Mars sources soy are considered low risk for deforestation associated with soy, given [Maplecroft, WRI \(2020\)](#) and [WWF \(2021\)](#).

<sup>10</sup> 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 goal. 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.

<sup>11</sup> Despite coming from at-risk regions, physically certified Proterra soy ensures those actual certified volumes are not associated with recent deforestation.

<sup>12</sup> The upstream suppliers potentially sourcing from the Brazilian Amazon are ADM, Amaggi, Bunge, Cargill, CJ Selecta, COFCO International, COMIGO, LDC. The list of direct suppliers is available on <https://www.mars.com/about/policies-and-practices/soy-policy> and is updated annually.

<sup>13</sup> Total RTRS regional credits purchased: 27,900.

<sup>14</sup> See <https://www.theconsumergoodsforum.com/wp-content/uploads/2022/02/2021-CGF-FPC-Guidance-for-FP-Meatpackers-in-Brazil-EN.pdf> for more information about the requirements and actions proposed to meatpackers in Brazil.

### *Indirect soy in our supply chain*

In addition to soy derivatives Mars procures directly<sup>3</sup> to make pet food, soy is also relevant as feed ingredient for animal farming, which by-products are used as ingredients for pet food. This soy is considered indirect soy in Mars supply chain. We have examined our indirect soy and estimated it as 533,000 metric tons, in 2021<sup>15</sup>. In 2022, in collaboration with Proforest, we developed a global strategy to address indirect soy, building on sector best practice requirements through the CGF Forest Positive Coalition Soy Working Group and other sector wide frameworks. We are now piloting our supplier engagement process with identified priority animal protein suppliers to ensure continuous improvement towards best practice.

### **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 [CGF Forest Positive Coalition of Action](#). We worked collaboratively with the Soy Work Group members to develop the [Soy Roadmap](#), aligning on a common path for companies to accelerate the implementation of soy sourcing commitments and addressing key producing regions at-risk for deforestation. Mars CEO Grant Reid played a key role as the co-sponsor of the Coalition, which further demonstrates our 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.

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 and 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.

We are also supporting initiatives that aim to achieve impact at the landscape and biome-levels, such as the Brazilian Amazon and Cerrado, including: the [Beef on Track](#)<sup>16</sup> program and the [Cerrado Protocol](#)<sup>17</sup> initiative. Mars is providing financial support and capacity building activities under these programs, contributing for broader impact in the territory from which we source, to reach our commitments and deliver positive outcomes for people and for the planet.

### **Footer Notes**

<sup>15</sup> 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 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](#).

<sup>16</sup> Key partner is Imafloira.

<sup>17</sup> Key partners are Proforest and Imafloira, who jointly developed and are testing the protocol as part of the Good Growth Partnership's Responsible Demand Project, thanks to financial support from the Global Environment Facility (GEF) through World Wildlife Fund (WWF) and other supporters.