

June 2023

Soy Sourcing & Deforestation Action Plan | 2022 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 Forests A band in 2022, being recognized as one of the leading companies working towards a more sustainable future¹. We are also proud of our #2 ranking out of companies in the Packaged Food Sector in the Forest 500 2022 annual report².

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 from Latin America. This update reflects our global direct soy sourcing data from 2022. 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 soy³ we procure worldwide⁴. For countries identified at risk for deforestation⁵, our partner [Proforest](#) runs a geospatial risk analysis using information provided by our suppliers, satellite imagery, and other data sources⁶. 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 2022, Mars⁷ sourced 168,183 metric tons of direct soy. The following information demonstrates where we are in progressing towards meeting our commitment by 2025⁸.

- Total direct soy purchases with known origin country: 98%

Footer Notes

¹ Mars score on CDP Forests for soy was A-. See <https://www.cdp.net/en>.

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

³ Soybean oil, soybean meal, soybean concentrate, soybean isolate, soybean lecithin.

⁴ 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.

⁵ 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 may be conversion related to soy in the US; we are engaging with industry peers and NGOs to better understand and align on this topic.

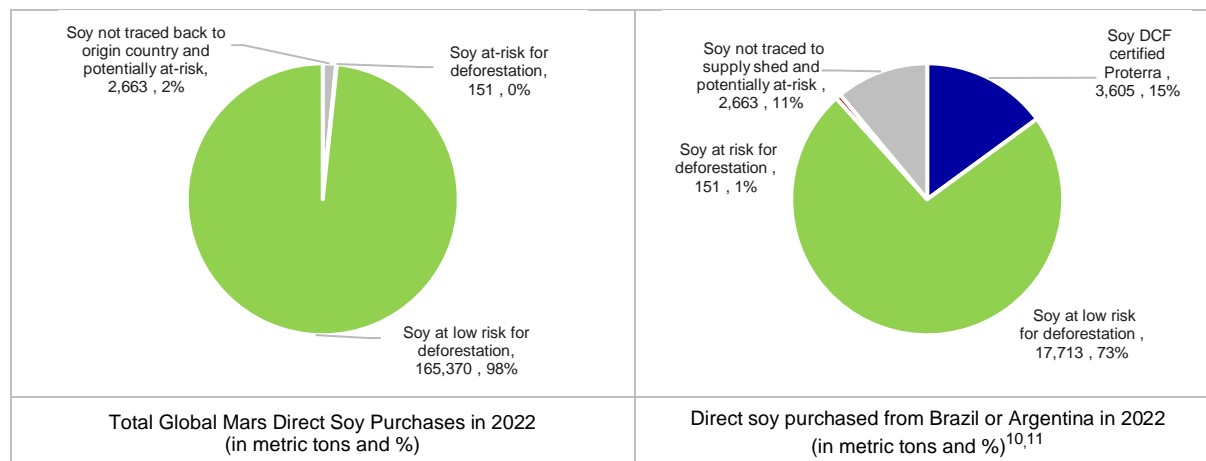
⁶ Official data sources relating to legally protected areas and to areas found to be breaching environmental legislation, whenever made available by the Argentina and the Brazil federal governments. Other data sources include [Mapbiomas](#) and [Global Forest Watch](#). The analysis considers the Jenks Natural Breaks algorithm to assign risk thresholds, building upon a full country territorial analysis as to soy production and native vegetation conversion.

⁷ Considers the total amount of direct purchases of soy products in Mars Petcare, which accounts for the material portion (95%) of the total soy supply to Mars.

⁸ Traceability is a pre-requisite for the full implementation of our 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: 98%
- Total direct soy at risk for deforestation⁹: 0.1%
- Traceability to the first aggregator-level in at-risk countries: Brazil: 92%; Argentina: 84%.
- Total certified direct soy: 2.1%

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 and 98% in 2022. 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.

Traceability	2021	2022
Argentina	77%	84%
Brazil	73%	92%

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,¹² and 100% of all the direct soy not already addressed by physical certification is covered with Round Table on Responsible Soy regional credits¹³.

Footer Notes

⁹ 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 \(2021\)](#).

¹⁰ 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” considering the latest understanding of 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 to help increase the volumes of physically certified soy available, while acknowledging these certificates do not necessarily come from farmers physically supplying Mars.

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

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

¹³ Total RTRS regional credits purchased: 17,300.

We communicated the Forest Positive Approach¹⁴ 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.

Indirect soy in our supply chain

In addition to soy derivatives Mars procures directly³ to make pet food, soy is also relevant as a feed ingredient for animal farming, by-products of which 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 524,700 metric tons, in 2022¹⁵. 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. As a result, we engaged 11 priority suppliers, representing 19.4% of our global animal protein volumes and assessed their sustainability performance.

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. Then-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: Mato Grosso, Rondônia, Pará. Via this approach we purchase Round Table on Responsible Soy (RTRS) regional credits generated by farmers who are 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.

Footer Notes

¹⁴ See the latest version of the Guidance on the Forest Positive Soy Roadmap at <https://www.theconsumergoodsforum.com/wp-content/uploads/2023/02/CGF-FPC-Soy-Roadmap-Guidance.pdf>.

¹⁵ 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](#).