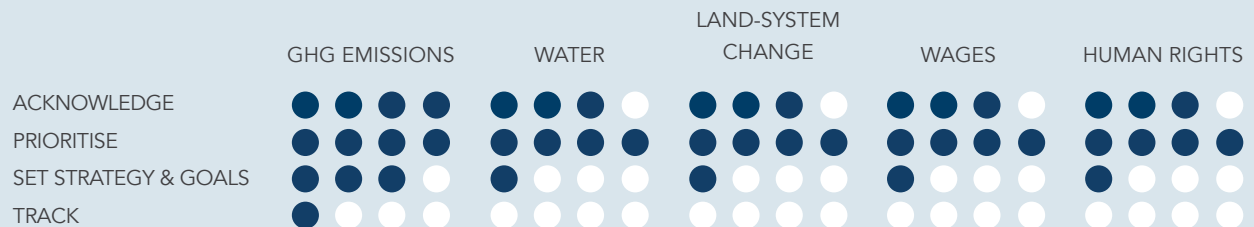


Mars Incorporated (Mars)



Background on Mars

Mars is a privately owned global food manufacturer with products spanning over 115 brands. Founded in the United States in the 1920's by Frank Mars, the company is best known for its chocolate (well-known brands include Mars bars, M&Ms, and Snickers). The company also has a portfolio of 41 pet food brands, including Pedigree and Whiskas. In 2008, Mars acquired the Wrigley Company and added brands such as Juicy Fruit, Orbit, and Lifesavers to its portfolio. Mars also makes Uncle Ben's Rice as well as a variety of other food and drink products. Mars is still owned entirely by the Mars family and now employs over 70,000 associates and operates in 73 countries.

How did Mars come to start thinking about context?

As a family run company, Mars thinks about its business in generational terms with sustainability at the core¹. Like many companies, Mars began its sustainability work by focusing on its operations, initially focusing on energy efficiency, eliminating fossil fuels, and reducing water use and waste in its 140 factories¹. At Mars, there has been a strong tradition of using scientific data to support decision-making, and there was a desire to apply the same evidence-based approach to its sustainability plan and goals². The leadership team at Mars felt it was critical to bridge the gap between what it was currently committing to and what science suggested was needed to solve the problem³.

¹ Marc Gunther (2012). Interview: Why Mars is a sustainability leader. Accessed at: <http://www.marcgunther.com/why-mars-is-a-sustainability-leader/>

² Mars Incorporated (n.d.) Science at Mars: World-Class Scientific Work at Mars. Accessed at: <http://www.mars.com/global/science-and-innovation/science>

³ The Guardian (2012). Sustainable Business Blog: Embracing science to bridge the sustainability gap. Accessed at: <https://www.theguardian.com/sustainable-business/blog/green-house-gas-emissions-targets-reporting>

Launched in 2007, the [Sustainable in a Generation Campaign](#) aimed to use the best-available scientific data to identify priorities, and set long-term goals that could be tracked with scientifically credible metrics⁴. Mars began to broaden its consideration of using scientific data to inform the setting of sustainability goals by exploring how this approach could be applied to GHG emissions, land, and water use⁵. Mars is also advancing contextual thinking around social issues including wages and human rights. By thinking about context across multiple impact areas, the company is learning it needs to address the interconnectedness of these issues instead of viewing each issue in isolation⁴.

What does context look like at Mars?

1 ACKNOWLEDGE the need to operate within global, regional, and/or local socio-ecological thresholds.



By using scientific thresholds as the starting point for developing its sustainability strategy, Mars believes it will be able to have more productive discussions about how it can drive real change for its business, stakeholders, and the planet⁴.

GHG emissions: Mars acknowledges that the increase in GHG emissions emitted through human activity is leading to rising global temperatures, and that scientists agree that to avoid catastrophic impacts, global temperature rise needs to be kept below 2°C. The company has therefore committed to eliminating GHG emissions from its direct operations by 2040⁶. Mars has also committed to helping its global value chain reduce its greenhouse gas emissions.

Water: Mars acknowledges its responsibility to safeguard water quality and availability wherever it operates and recognises that water needs to be managed at a local and reservoir level^{4, 8}. Its water strategy considers the total quantity of water it uses, the water source, local levels of water stress, and wastewater quality. Mars acknowledges the need to help encourage water conservation in its value chain.

⁴ Mars Incorporated (n.d.). Our Operations: Our Sustainable in a Generation Approach. Accessed at: <http://www.mars.com/global/sustainability/operations>

⁵ WRI (2016). Working Paper: From Doing Better to Doing Enough: Anchoring Corporate Sustainability Targets in Science. Accessed at: <http://www.wri.org/publication/doing-enough-corporate-targets>

⁶ Mars Incorporated (n.d.). Sustainability: Energy and Climate. Accessed at: <http://www.mars.com/global/sustainability/operations/energy-climate>

⁷ Mars Incorporated (2014). Deforestation Policy. Accessed at: <http://www.mars.com/global/about-us/policies-and-practices/deforestation-prevention-policy>

⁸ Mars Incorporated (n.d.). Sustainability. Accessed at: <http://www.mars.com/global/sustainability>

Land-system change: Mars has a [Deforestation Prevention Policy](#) that acknowledges the importance of protecting forests as carbon reservoirs, as important habitats for plants and animals, in regulating local rainfall patterns, and in providing a livelihood for millions of people in rural communities⁷. Mars recognises that the rapid expansion of agricultural land to feed a growing population is a major cause of deforestation and that forest cover thresholds are in danger of being breached⁷. Mars has committed to acting on deforestation in its value chains and is supporting efforts to increase crop yields to help reduce the pressure for agricultural expansion⁷.

Wages: Mars acknowledges the need to have all of the farmers in its supply chain earn an income that gives them a decent standard of living⁸.

Human Rights: In 2014, Mars launched a [Human Rights Policy](#) that is in accordance with the [UN Guiding Principles on Business and Human Rights](#). The policy was also informed by the [International Bill of Human Rights](#) and the [International Labour Organization's 1998 Declaration on Fundamental Principles and Rights at Work](#). In this policy, it commits to implementing a due diligence process to identify, mitigate, and prevent adverse impacts on human rights, along with appropriate mechanisms for remediation across its entire value chain regardless of where it operates⁹.

Other thresholds: Mars acknowledges the importance of other socio-ecological issues including Energy, Health and Nutrition, Waste, Business ethics, and Diversity but does not yet discuss their associated thresholds.

2 Transparently understand and **PRIORITISE** a set of focus areas in relation to key socio-ecological trends at the global, regional, and/or local level.



Mars was founded, and prioritised its areas of impact, based on the concept of mutuality: a mutual benefit is a shared benefit and a shared benefit will endure¹. As a result, Mars considers the impact its business has on the environment and society in its decision-making, and recognises that this approach also lowers operational and reputational risk⁴. Mars worked with key stakeholders and the [Planetary Boundaries Framework](#) to prioritise five socio-ecological issues across its full value chain, from raw materials sourcing to consumer products^{4, 10}. For each of these five broad impact areas, Mars has clearly articulated where it will be setting long-term targets and how it plans to track progress using scientifically credible metrics⁴.

⁹ Mars Incorporated (n.d.). Human Rights Policy Accessed at: <http://www.mars.com/global/about-us/policies-and-practices/human-rights-policy>

¹⁰ Mars Incorporated (n.d.). Mars Sustainability Plan. Accessed at: <http://www.mars.com/global/sustainability/mars-sustainability-plan>

GHG emissions: Mars has prioritised reducing GHG emissions because it recognises the importance of limiting a global temperature rise to below 2°C, and the impacts climate change will have on the crops it needs to produce its products and on the farmers who grow them⁶.

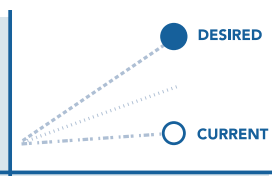
Water: Mars has prioritised water because over one third of its production plants are in high water-stress areas¹¹. By conducting a full value chain analysis, Mars learned that 97% of its water use can be attributed to the agricultural value chain, as it provides the raw materials critical to its business⁴. Further, Mars sees responsible water use as being crucial for it to maintain a license to operate⁴.

Land-system change: Mars has prioritised land use as it recognises the ecological issue that more agricultural land is needed to feed a growing global population, and the pressures this puts on continuing deforestation¹². Mars understands the role it plays as one of the largest food producers in the world that source raw materials from tropical countries, which have a high conservation value and carbon stocks and are often subject to illegal deforestation⁴. By recognising these issues, Mars is aiming for a deforestation-free value chain⁴. Mars has further prioritised the raw materials in its value chain that are the greatest contributors to deforestation, and is targeting beef, palm oil, pulp and paper, and soy⁴.

Wages: Mars has identified farmer wages as a priority area based on the concept of mutuality. More than two billion people work in the agricultural sector, and better wages for these workers leads to improved livelihoods and a secure supply of raw materials for Mars⁸.

Human Rights: Mars believes that the human rights of everyone in its value chain should be protected and respected and has set this as a priority area⁹.

3 SET STRATEGY AND GOALS by transparently articulating the current performance gap and what portion of this gap the business will address.



GHG emissions: Mars has committed to setting a long-term carbon target to eliminate GHG emissions from its direct operations by 2040⁶. To develop this goal, Mars calculated the emissions reduction needed in its direct operations based on the global 2°C de-carbonisation

¹¹ Mars Incorporated (n.d.). Sustainability: Water Impacts. Accessed at: <http://www.mars.com/global/sustainability/operations/water-impact>

¹² Mars Incorporated (n.d.) Sustainability: Land Use. Accessed at: <http://www.mars.com/global/sustainability/operations/land-use>

pathway recommended by the [Intergovernmental Panel on Climate Change](#) (IPCC)¹. Mars then adjusted its goal to zero emissions to account for its limited levels of control over its value chain emissions, where 80% of its climate impacts are generated¹.

Mars is now further refining and broadening the scope of this goal by working with the [World Resources Institute](#) (WRI)⁵. Mars is still using the IPCC as its scientific foundation, but would now like to apply it to its Scope 1, Scope 2, and all relevant Scope 3 category emissions, including emissions from land-use change⁴. For allocation, because there is not yet a carbon budget for food processors and the agricultural sector, WRI suggested that Mars take the IPCC recommendation that there needs to be an absolute reduction of GHG emissions of 41-72% from 2010-2050, and align with a most conservative mitigation pathway of 67% from 2015-2050⁴. This led WRI to suggest the following revised contextual carbon target for Mars: Reduce scope 1, 2, and 3 emissions 67% by 2050 from a 2015 base year in line with the cumulative budget⁴. This revised target is still under review by the company⁴.

Water: In partnership with WRI, Mars considered the interrelated issues of water availability, water quality, and the impacts these have on water-related ecosystems⁵. As part of its social impact assessment, Mars also identified the human right to water, sanitation, and hygiene (WASH) as being an important threshold linked to water⁵. To determine appropriate thresholds and goals with respect to water quantity, Mars is currently gathering data at the watershed and aquifer level on the renewable supplies of surface and groundwater available, and the current and projected withdrawal rates by other users.

For water quality, Mars determined it could use the levels of nitrogen and phosphorus relative to local ecological boundaries as its scientific threshold. In addition, WRI recommended that Mars conduct a social impact assessment on its water use, and research how its land use change is affecting water-related ecosystems.

In terms of water allocation, for many natural resources like land and water there is no consensus on how to equitably distribute access amongst users while considering important factors such as the human right to water and cultural and religious values attached to the resource. WRI recommended that total water withdrawals within a watershed should be at or below 40% of the annual average renewable available supplies as defined by the [UN water stress scale](#)⁵. Mars will then have to consult local governments and the various users and stakeholders for each watershed to establish targets for the water basin and reasonable water allocations based on sector (i.e. domestic, industrial, agricultural). Once this is established, Mars and other users can then establish their own watershed targets to reduce the fraction of water withdraws in excess of 40% of renewable supplies.

Previously, Mars only had non-contextual short-term targets to reduce water use in its factories and offices by 25% by 2015. Mars disclosed that it fell short of this target, explaining what it learnt from the process, including the need to focus on water stressed areas. Through its work with WRI the following contextual long-term targets have been suggested⁵:

- Bring water withdrawals in the value chain in line with renewable surface and groundwater supplies in all watersheds
- Eliminate untreated wastewater discharge and reduce Nitrogen and Phosphorus inputs to levels within the planetary boundaries in all value chain watersheds

Land-system change: Mars developed a [Deforestation Policy](#) that focuses on the four raw materials with the greatest impact on forests⁴. While Mars has committed to acting on deforestation in its value chain by only sourcing beef, palm oil, pulp and paper, and soy from producers and suppliers that comply with its Deforestation Policy, Mars has yet to define specific goals for these areas of impact⁴. Mars is developing a long-term land target goal in partnership with WRI.

The Stockholm Resilience Centre's Planetary Boundaries proposes that to ensure adequate intact landscapes, no more than 15% of global land surface (excluding ice land surface) can be used for crop cultivation¹³. As of 2010, approximately 13% of the world's land has already been cultivated with crops and the 15% threshold is expected to be crossed by no later than 2020⁴.¹⁴ With the understanding that this threshold may have already been breached, WRI suggested that Mars track the global limit and undertake no net land expansion for agriculture⁴. Mars is also looking at developing targets and metrics around soil health, which will include soil pH, soil carbon targets, and agricultural areas meeting available water capacity⁴.

Wages: Currently Mars does not have any contextual goals around farmer wages; however, it is researching farmer wage levels across its value chain to understand what it would take for the employees of its value chain to earn a living wage⁸.

Human Rights: While Mars has yet to set any long-term contextual targets for human rights, its Human Rights Policy is based on the [UN Guiding Principles](#) and outlines its commitment to human rights and how it will implement the policy⁹. Mars also has a [Supplier Code of Conduct](#) that outlines its human rights expectations for its first-tier suppliers, and is considering what metrics it will use to ensure human rights are respected in its extended agricultural value chain⁸.

Other thresholds: Mars has not yet set contextual goals in relation to any other thresholds.

¹³ Stockholm Resilience Centre (n.d.). The Nine Planetary Boundaries. Accessed at: <http://www.stockholmresilience.org/research/planetary-boundaries/planetary-boundaries/about-the-research/the-nine-planetary-boundaries.html>

¹⁴ Monfreda, C., Ramankutty, N. and Foley, J. (2008). Farming the planet: 2. Geographic distribution of crop areas, yields, physiological types, and net primary production in the year 2000. Accessed at: ftp://ftp.ciat.cgiar.org/DAPA/projects/Cursos_Talleres/EcoCrop/_documents/Monfreda_et_al_2008_Farming-the-planet.pdf

4 Transparently TRACK performance against realistic trajectory targets.



GHG emissions: Mars has set two interim targets for 2015; namely, to 1) reduce GHG emissions by 25%, and 2) reduce fossil fuel use by 25%. The company has yet to develop these into a realistic set of trajectory targets⁶. Mars has been transparent about falling short of meeting its second interim target to reduce its fossil fuel use⁶.

Other thresholds: Mars reports its performance against other socio-ecological issues including Energy, Health and Nutrition, Waste, Business ethics, and Diversity but does not yet report its progress in conjunction with their associated thresholds. Mars acknowledges the need to create a target structure recognisable to its business to gain buy-in from senior leaders⁴. Mars has expressed interest in developing environmental and social metrics that allow companies to focus on what matters most⁴.

What is the road ahead for context at Mars?

Mars has indicated that it intends to leverage the work it has done with WRI and operationalise and publish its new targets in 2017⁵. Mars understands that most of its environmental footprint exists outside of its factory walls, stemming from the raw materials it sources, and will therefore need to find ways for its value chain to make drastic improvements if it wants to achieve the ambitious science based goals it has proposed. Mars also acknowledges that the journey will need to be an iterative process as scientific knowledge, data availability and quality, and technology evolve over time, meaning that its approaches will need to be revisited as improvements occur⁴. Mars also appears to be committed to trying to develop contextual goals around social issues such as human rights and fair wage. Perhaps most importantly, Mars appears to be committed to sharing the knowledge gained as it works towards a more contextual sustainability strategy.