

MARS' work on responsible sourcing of pulp and paper and palm oil

Annual report 2023



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| The way Earthworm Foundation works with **MARS**

We partner with leader companies – our members - that are prepared to take bold action and demonstrate that it is possible to create economic, social and environmental value simultaneously.

Values – We support the definition and internalisation of our members’ values into clear policies and commitments that redefine corporate value.

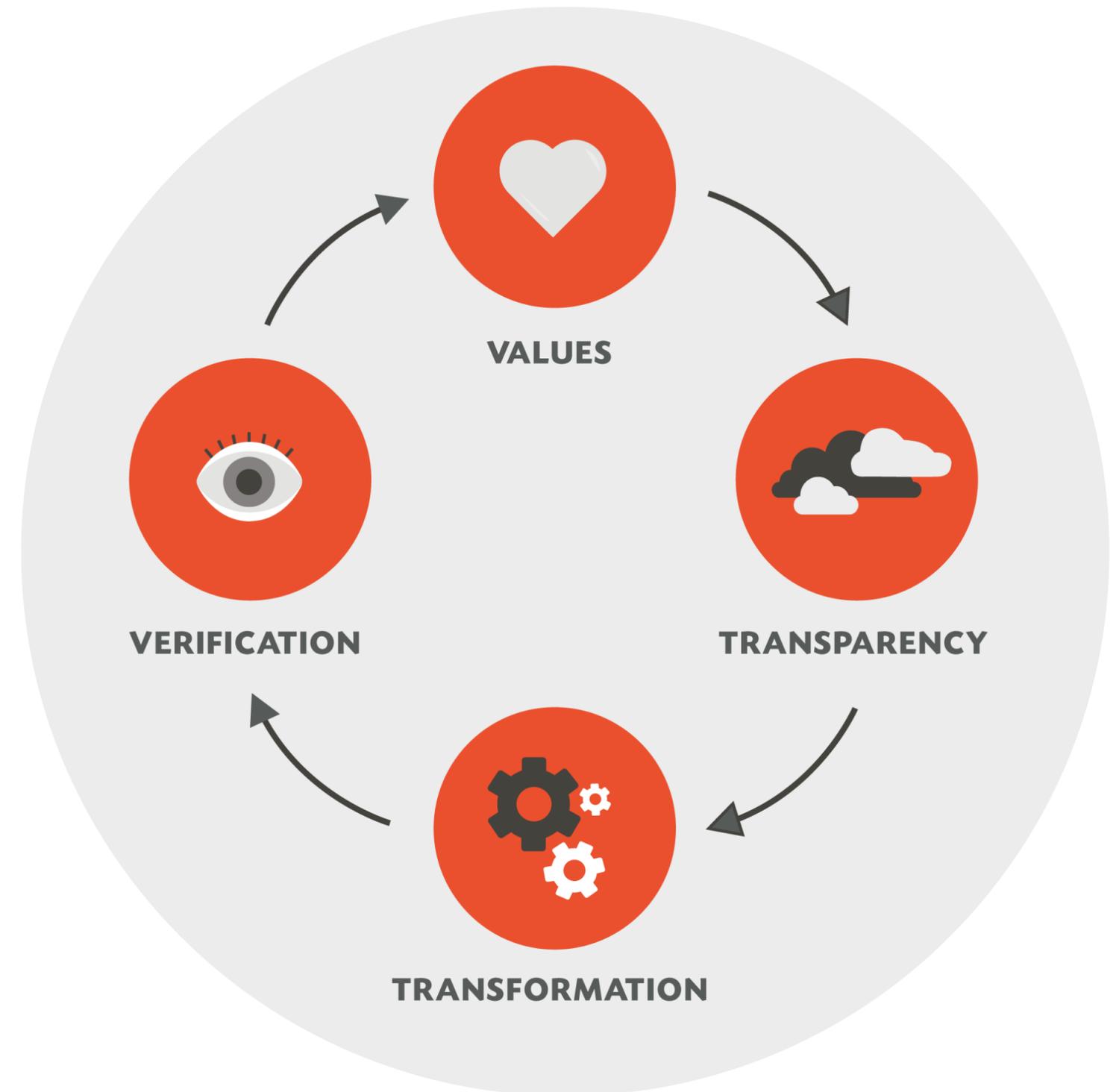
Transparency – We help map supply chain actors and geographies to chart strategies and foster accountability through publication of data and progress updates.

Transformation – We collaborate to implement tools and processes that transform the way business operates.

Verification – We innovate on solutions to measure impact, assess progress and ensure accountability.

About Mars

Mars inc. has been an Earthworm Foundation member since 2014. Mars is one of the leading food companies in the world, spanning from confectionery to pet food, with complex global supply chains. Mars has multiple [policies](#) on various raw materials (from palm oil to pulp and paper) and various subjects (from deforestation to human rights) aiming at implementing responsible sourcing practices through own projects as well as with external partners such as Earthworm Foundation.





Responsible raw material sources

Mars and Earthworm Foundation work together on 2 main materials: wood fibre based packaging (pulp and paper) and palm oil;

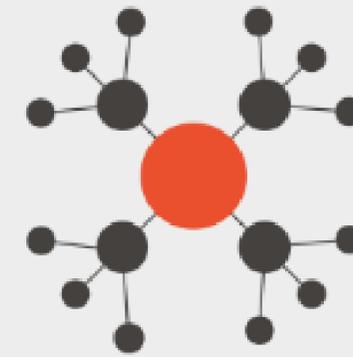
Mars requires their pulp and paper suppliers to provide products only using recycled or certified wood fibre. Thus allowing for a reduced environmental risk in Mars' wood fibre packaging.

As for palm oil, Mars ensures transparency and traceability of its supply chain to monitor and manage deforestation and human rights risk, as well as ensuring smallholders inclusion through participation in landscape initiatives.



Multi-stakeholder engagements

Mars was part of 3 landscape projects which address human rights and environmental issues linked to their palm and pulp and paper suppliers. This engagement goes further than certification, addressing issues on the ground through a collaborative approach with local communities and other businesses.



Traceability & KPI reporting

Mars has doubled efforts on understanding their pulp and paper & palm oil supply chains and origins of the raw material. This allows to see where the gaps lie and to disclose their progress on their commitments

Global objectives

Creating a culture of change and supporting landscape-level transformation

| Our work around the world

British Columbia, Canada (P&P)

[Tsay Keh Dene led landscape partnership](#)

Russia (P&P) (suspended since 2023)

[Dvinsky landscape](#)

Indonesia (PO)

[Aceh Landscape](#)
+ special project on reforestation



Pulp and Paper (P&P)

In 2 countries



Palm Oil (PO)

In 1 country

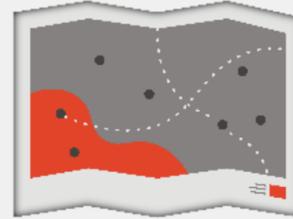
Global (P&P & PO)

Traceability, KPI calculation, supplier engagement, Grievance services



3 Landscapes supported

Engaged in 3 landscape projects (2 for pulp and paper in Canada and Russia and one for Palm Oil in Indonesia) aimed at protecting thousands of hectares of high conservation value forest, empowering Indigenous stewardship of their traditional territory and helping farmers at the source of the supply chain with enhanced livelihoods opportunities.



Traceability to 50 countries of origin for Pulp and Paper

Together with acquired knowledge of % of recycled and % of certified virgin material, the traceability back to country of harvest for the wood (90% traceable) provided a knowledge base to map risks and prioritise areas for risk mitigation within the PP supply chain. This also allowed for the creation of Mars' Mars Group Information System (MGIS) data format file which helps the company calculate its scope 2 and 3 Green House Gas emissions for various priority commodities.



100% Traceability to Mills (TTM) and 96% Traceability to Plantations (TTP) for Palm Oil

To deliver its commitment to source from deforestation free supply chain, Mars has started to map its entire palm oil supply chain since 2015, and published its full mill lists since 2018 in the spirit of ensuring transparency. Mars' latest public mill list is available [here](#)



What we did together in 2023

Continuing its commitment, Mars invested in 3 landscape projects in 2023—Aceh in Indonesia, British Colombia in Canada and Dvinsky in Russia.

Aceh: In 2023, the landscape project successfully collaborated with district government authorities in Subulussalam, Aceh Singkil, and Aceh Selatan to develop collective action plans for sustainable palm oil production and environmental management at both district and village levels. The Rawa Singkil reserve in Aceh Selatan plays a crucial role in biodiversity conservation. Earthworm Foundation-led initiatives protected 22,704 hectares of forest and identified an additional 24,958 hectares for future protection through participatory land use planning. Despite challenges in engaging companies for long-term conservation incentives, we facilitated a collaboration to manage 1,270 hectares of forest.

British Colombia: Mars continued to support Tsay Keh Dene Nation's (TKDN) efforts to achieve recognition for the 110,535 ha Wədzih Yiné' (Caribou Song) Indigenous Protected & Conserved Area and ensure industry operating in their 3,217,307 ha core territory increasingly respect their right to Free, Prior and Informed Consent. This year, TKDN presented at the GreenBiz Bloom conference panel, "[Setting Things Right with Rights-Based Conservation](#)" highlighting the importance of relationship building and sharing how companies can support Indigenous-led landscape initiatives in sourcing regions. The partnership was also featured in the Tropical Forest Alliance, CDP, and Proforest report, "[Beyond Supply Chains: Pulp, Paper and Packaging Companies Take Landscape Action for Sustainability at Scale](#)," as a successful strategy for respecting the rights of Indigenous communities as part of companies' responsible sourcing commitments.

Arkhangelsk, Northwest Russia: the first half of 2023 was a successful year, with additional Reindeer straps applied, satellite imagery used and trail cameras for determining the reindeer's seasonal migrations and habitats. In addition, the Center for Sustainable Development will continue its activities, and local initiatives on ecotourism and environmental entrepreneurship have increased through the project. Unfortunately, due to WWF's updated status as a "foreign agent", WWF was forced to submit a "Termination Letter" for implementing activities in late August. As such, the partnership has been suspended.

Key successes



- **Traceability score improvements (PP):** For Pulp and Paper, 2023 was the second full traceability refresh after years of respite and of the MGIS results related to those. We increased the score from last year from 86% Next Generation Origin (recycled or certified) to 95% and 72% traceable to country of harvest to 90% (and 68% to state / province of harvest).
- **Successful year for landscape projects:** 2023 held many achievements within the various landscape projects for both PP and PO. Details can be found on previous pages

Challenges



- **Navigating the MGIS requirements and engaging suppliers:** Mars has a complicated and ambitious methodology for mapping sustainability results across multiple commodities named MGIS. EF applauds this thinking but the data management to fit the format across multiple commodities is complex. This added complexity makes it more time-consuming for suppliers to fill the traceability templates and for EF to manage the data and some suppliers remain unresponsive.
- **Navigating the complex structure of Mars' segmentation:** Mars has 5 main business segments with separate goals and various levels between the different procurement and responsible sourcing teams. Navigating this complex structure by trying to engage the various segments towards a common goal can be difficult. Though the people at Mars are helping by being proactive and supportive.

| Learnings



Optimizing External Support While Empowering Staff Internally:

Earthworm Foundation is an external partner for Mars, providing services to help Mars along its sustainable journey, through advice, data collection and computation and through project implementation on the field. Although EF and Mars already have a strong partnership, the relationship and collaboration between all relevant Mars staff and EF can be strengthened even more to ensure the work is done as efficiently as possible.

Strategic Review of Priorities

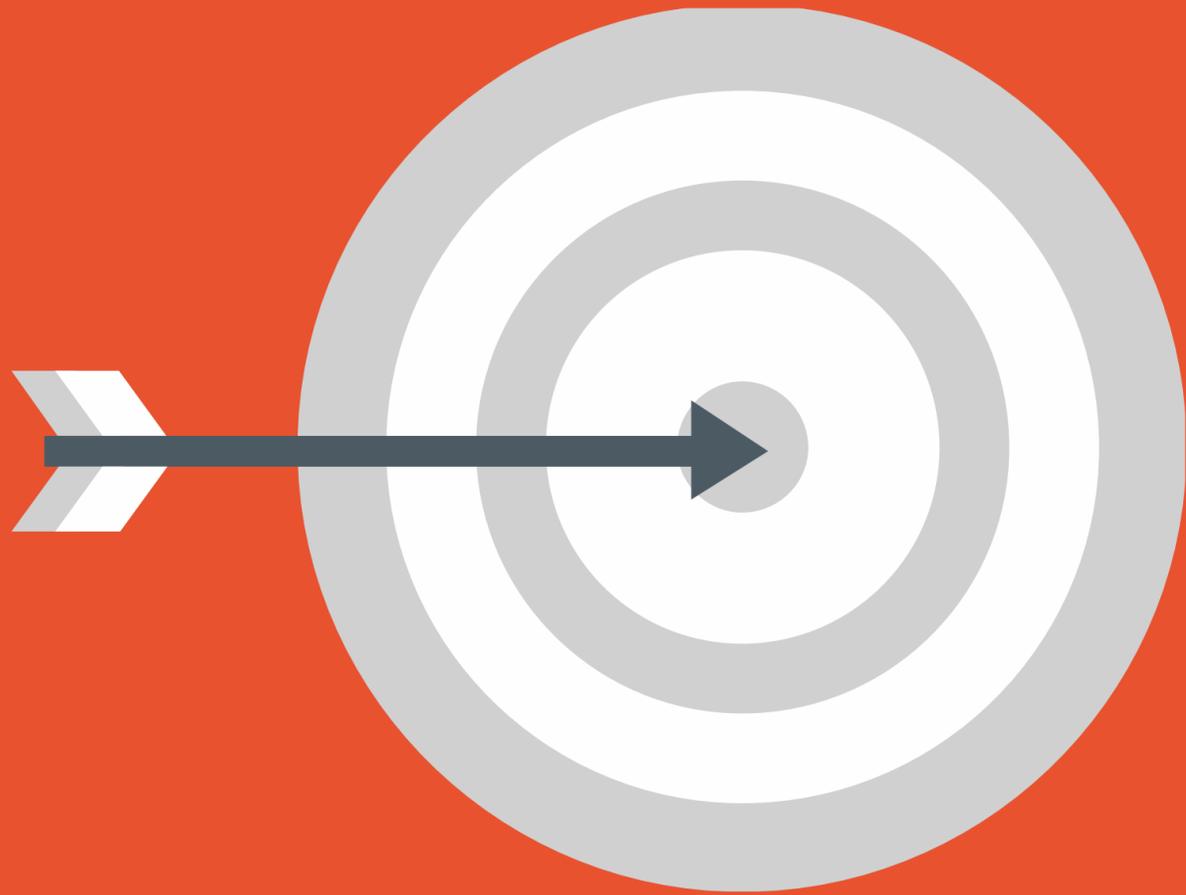
There was a realization that more can be done to map and tackle the various and complex issues that exist in the pulp and paper space by strengthening the methodology for risk assessment and mitigation. Improving the methodology for pulp and paper will be explored in 2024. For palm oil, discussion on strategic priorities for future workplan to support Mars' moving forward direction could start taking place earlier for more robust planning and support by Earthworm team.

Strengthening collaboration to drive transformation

In addressing complex issues and grievances in the sourcing region, it is important to leverage on Mars' supply chain connections and EF's vast network in a landscape to navigate complexities and drive real transformative actions on the ground

Enhancing communication between Earthworm and Mars

Regular and close communication between Mars and EF team in implementing each workplan activities are important to ensure alignment on expectations and to resolve any challenges in delivering any activities



Goals for 2024

For Pulp and Paper

- Increase Mars' purchasing team's involvement in responsible sourcing
- Increase Next Gen Origin KPI
- Review and potentially renew the methodology for risk assessment and mitigation, especially for areas/suppliers without certification or certified suppliers with grievance cases
- Increase impact through more field projects that have environmental or social issues linked to Mars' supply chain

For Palm oil

- Refine the palm traceability process to help Mars with MGIS reporting
- Start mapping complex derivative supply chain by launching traceability exercise with Mars' derivatives suppliers
- Produce Mars' first DCF analyses and report by utilizing Starling
- Enhance MARS' due diligence through Grievance Exposure Review
- Strengthen transformation activities in Aceh particularly in addressing deforestation cases by enhancing multi-stakeholders collaboration

Soy, regenerative agriculture, Coconut, Cacao

- Explore with Mars if EF can be of assistance in their responsible sourcing goals of these materials. Increase EF's connections to Mars' employees working on these materials and understand Mars' needs

“Scaling up our efforts to meet 2030 commitments

