

# INDOFOODS

Mars acknowledges the ongoing concern of potential non-compliances at IndoFoods mills in regards to sustainable palm oil. We are committed to sourcing fully sustainable and traceable palm oil that is free from deforestation and produced with respect for human rights and have instructed all of our direct suppliers to suspend sourcing from IndoFoods. Given the complexities of the palm oil supply chain, we unfortunately cannot say at this time, when palm oil from Indofoods will be completely out of our supply chain, however in line with the publication of our mill list, we are actively improving our traceability efforts.

As part of awarding 2018 palm oil business, we set clear criteria for our direct suppliers with regard to their own policies on third-party supplier sourcing. This includes a clear “do not source list” informed by active public grievances. Based on this information, we have instructed our global palm oil suppliers not to source from IndoFoods moving forward, and we will monitor this closely through our ongoing traceability work in partnership with The Forest Trust.



**The proposed divestment of IOI Pelita was disappointing in light of the meaningful dialogue IOI had put in place with the original complainant and the communities affected. Following the announcement in December, Mars immediately contacted IOI, voiced our concerns and decided to withhold future business.**

Prior to this, Mars had resumed <1% of our global palm oil business with IOI group in Q4 2017 in recognition of progress against their sustainability implementation plan and in order to maintain eligibility as a future supplier. However, they will only be reconsidered as a supplier if specific requirements are met, including the full implementation of the RSP0 recommended action plan agreed with Grassroots as well as the establishment of a

new governance process that takes in to account sustainability considerations.

We will continue in dialogue with IOI as we believe the best way to affect change in line with our policy is to stay engaged in conversation. We always seek to work with suppliers who share our values and this is no exception.

## PT Surya Panen Subur II

Mars has stopped sourcing from PT Surya Panen Subur II (PT SPS II) given evidence of illegal deforestation in the Leuser Ecosystem in Indonesia.

In addition, we are supporting the Coalition for Sustainable Livelihoods, a group of civil society and private sector organizations - with a shared interest in sustainable development, active investments in Aceh and North Sumatra, and a strong desire to work collaboratively with government - that have agreed to work collectively to achieve common objectives for smallholder livelihoods, sustainable agricultural production and conservation in North Sumatra and Aceh.

# COMPLEXITY OF PALM OIL

PALM IS CULTIVATED IN 43 COUNTRIES, 90% VOLUME IS FROM INDONESIA, MALAYSIA AND THAILAND

