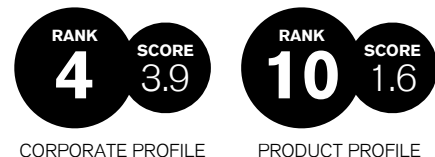


Mars, Inc.

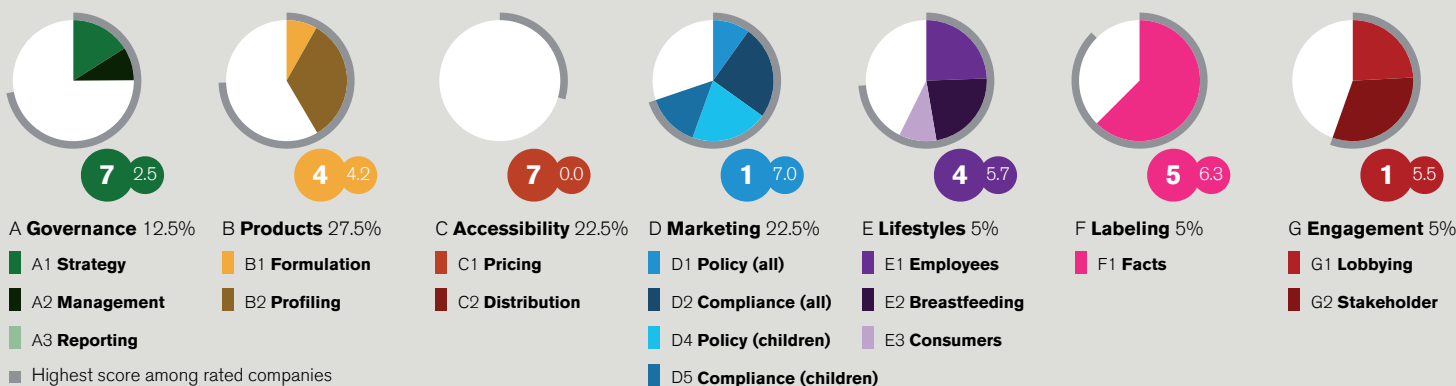


Company type	Privately held
Headquarters	U.S.
No. of U.S. employees	Not available
U.S. revenue range*	USD 5-10 billion

* Source: Euromonitor International, 2017.

Product Profile**	Revenue range	Mean HSR rating
Confectionery	90-100%	0.7
Ice Cream and Frozen Desserts	0-10%	1.5
Rice, Pasta and Noodles	0-10%	3.0
Savory Snacks	0-10%	0.5

Corporate Profile



Main areas of strength

- Mars ranks fourth on the U.S. Index Corporate Profile with a score of 3.9 out of 10.
- Mars has recently implemented the 'Sustainable in a Generation' plan, which contains a strategic focus on improving nutrition and health. The company recognizes it has a role to play in tackling the challenges of obesity and recognizes the key public health priorities as set out in the World Health Organization (WHO) Global Action Plan 2013-2020.
- Mars leads the ranking for responsible marketing commitments and performance. Its policy covers marketing to all consumers, with specific attention for marketing to children. Mars does not market any products to children under 12 and applies the industry-leading audience threshold of 25% to identify child audiences all media. Mars commissions comprehensive external audits of its marketing compliance to all consumers and to children, in addition to auditing by the Council of Better Business Bureaus (CBBB) related to marketing to children.
- Mars' employee health and wellness program focuses on healthy diets, active lifestyles and healthy behaviors. It is available to all U.S. employees, and those family members covered by the company's medical plan. The information that Mars discloses regarding its employee health and wellness program includes health outcomes.
- Mars provides a narrative and discloses extensive information about its lobbying activities in the United States, including information on board seats, conflicts of interest and lobbying positions.

Priority areas for improvement

- Mars ranks tenth on the U.S. Index Product Profile with a score of 1.6 out of 10. It is estimated that 1% of its 2016 sales were from healthy products (i.e. those with a Health Star Rating (HSR) of 3.5 or more) and 1% from products that meet WHO Euro criteria for marketing to children. Mars does not disclose the percentage of healthy products in the United States, or the sales derived from them. It should improve its transparency in this area and step up its product reformulation, portion control, new product development and/or make acquisitions to improve the healthiness of its U.S. product portfolio.
- Mars discloses limited information regarding its U.S. commitments and performance. It should increase its U.S.-specific public disclosure and it should step up to industry leading practice by reporting formally and regularly on its approach and progress to tackling nutrition issues in the United States.
- Mars does not have a policy on improving the affordability and accessibility of its healthy (Food) products that focuses on priority populations in the United States. It does not commit to ensuring that a high percentage of products donated to programs to address food insecurity are healthy, either. The company should improve and disclose more information on these topics.
- Mars could improve its policy on marketing to children by extending its commitments to middle and high schools and to other places popular with children. Further, to address concerns about 'copy-cat' products, Mars should ensure that all products sold under the Smart Snacks in School regulation meet the same nutrition standards everywhere, including those products that are sold through other channels with a similar 'look and feel'.
- The company does not make a commitment to only lobby with the intention to support measures to prevent and address obesity and diet-related chronic diseases. It is encouraged to make an explicit commitment not to lobby against public health-supporting initiatives.

** The mean HSR is calculated per category and multiplied by the percentage of 2016 sales per category. These figures are totalled and doubled to give a maximum Product Profile score of 10.



Mars, Inc.

Category analysis - Nutrition

A Governance

- Mars launched its 'Sustainable in a Generation' plan in September 2017, which includes a strategic focus on nutrition and health, expressed in its Nourishing Wellbeing ambition. Through a focus on science, innovation and marketing the company commits to improve health. This global commitment is relevant for the United States, which is underlined by Mars' participation in partnerships with the National Confectioners Association and Partnership for a Healthier America, pledging \$200 million toward better options and balanced choices in one initiative and committing to offer healthier foods to consumers in another.
- In its plan, Mars does not make an explicit reference to reaching priority populations in the United States, whose access to healthy food is constrained by low income or geographic factors. Mars should improve by including these U.S. populations explicitly in its strategic focus on nutrition and health, disclosing how it intends to reach them with healthy products (relevant for its Food products) and/or how it intends to address issues of food insecurity in the United States.
- Mars recognizes it has a role to play in tackling the challenges of obesity and recognizes the key public health priorities as set out in the WHO Global Action Plan 2013-2020.
- Mars performs extensive nutrition-related risk assessments on a global level, covering the United States. It has provided evidence that it factors nutrition issues into decisions about acquisitions and mergers but could improve by disclosing more information.
- The company does not disclose information regarding the percentage of U.S. sales that is derived from healthy products. The company should increase its transparency in this and other areas related to the integration of nutrition considerations in its business strategy.
- Mars' global nutrition strategy applies to the United States. It discloses a limited set of U.S. objectives in relation to it, on reformulation and portion control, education and employee health and wellbeing. The company should address all aspects of ATNI methodology in its U.S. strategy and objectives, including affordability and accessibility, as well as engagement and lobbying.
- No evidence was found of a strategic approach to funding non-commercial public health and nutrition programs. Mars should define and disclose a strategy for funding food insecurity, nutrition education and active lifestyle programs.
- Although Mars discloses global accountability and responsibility arrangements for implementing its nutrition strategy, it does not provide this transparency on the national level and should do so.
- Mars regularly publishes its Principles in Action Summary which covers its global operations, but it does not provide U.S.-specific reporting. Mars should start reporting its approach and progress in addressing the nutrition challenges in the United States, covering both its commercial programs as well as its support of non-commercial public health and nutrition programs. This reporting should be verified externally.

B Products

- According to the U.S. Product Profile, based on its four main selling product categories, 9% of its products (and 1% of estimated sales) are healthy, based on an HSR of 3.5 or more. The percentage of products meeting WHO Euro criteria for marketing to children is similarly low. Mars should further step up its efforts to improve the nutritional quality of its products in the United States through product reformulation, portion control and/or portfolio changes.
- Mars commits to invest in R&D to improve the nutritional quality of its products. Its activities cover its Food and recently merged Confectionery segments and focuses on innovation, as well as product reformulation, aligned with U.S. Department of Agriculture Dietary Guidelines for Americans. The R&D commitment is global and applies to the United States.
- The company does not disclose a U.S. target to increase its R&D efforts in the coming years on nutrition, or on the number of new, healthy products it intends to introduce. Mars discloses limited information about activities and progress in

the United States to make its portfolio healthier. The company should increase its transparency in this regard.

- Mars should offer at least one healthy product, according to its own criteria, in all brands, but did not provide relevant information on its performance in the United States.
- No evidence was found that Mars commits to apply a consistent set of nutrition standards to products sold under the Smart Snacks in School regulation and through other channels, to address the 'copy-cat' issue. Mars should make this commitment.
- For its confectionery products, the company focuses on reducing saturated fat and calorie reduction through portion control, but it does not disclose all targets. Mars should define and disclose a comprehensive set of reformulation targets, covering all products and all relevant nutrients.
- After achieving its previous goal of not offering chocolate or confectionery products that exceed 250 calories per portion, Mars set a new target in 2017 to make 50% of all single-serve products 200 calories or less by 2022. Although the company is commended for setting incremental targets, its reporting to ATNF on energy-dense products with serving sizes below 150 calories is limited, suggesting it should continue to step up its efforts and disclose more information.
- Mars' product reformulation commitments are global and apply to the U.S. market. However, the company does not provide any reporting on its progress against these targets in the United States.
- Mars has Nutrient Profiling Systems (NPS) in place that cover its entire portfolio and meets the criteria of a 'full' NPS. Input from external experts was used to inform the company systems, which cover 'positive nutrients' and 'negative nutrients' and are applied to all relevant products. The company discloses its Mars Food Nutritional Criteria, which is part of its Nutrient Profiling approach, and should provide full disclosure.

C Accessibility

- Mars should define a strategy to improve the accessibility and affordability of its healthy products in the United States, to drive greater uptake of them. It should also place specific consideration on reaching priority populations whose access to healthy food is constrained by low income or geographic factors. The company states for its Food segment that it aims to make, "Everyday meals healthier, easier, tastier and more affordable." However, it is not clear how this statement relates to the United States and it is not considered specific enough to be credited as a relevant commitment. The company's strategy should focus on healthy products and may therefore be more relevant for its Food products than for its Confectionery segment.
- Examples of how Mars could improve its approach are defining targets such as narrowing down the price differential on healthy versus less healthy products, achieving a particular price point for healthy products and defining the number of priority populations to reach with healthy products through improved distribution in urban low-income areas. These targets should be based on analysis of appropriate pricing and distribution methods of healthy products for priority populations in the United States.
- It is recommended that Mars defines and discloses measurable objectives and targets to improve the affordability and availability of its healthy products for all consumers.
- Although Mars describes making donations to various charitable causes worldwide, no evidence was found that Mars commits to donate a high percentage of healthy products to programs that address food insecurity. The company should make this commitment and provide a public commentary on its donations of healthy products, or simply donate funds, aimed at supporting priority populations in the United States.

D Marketing

- Mars makes strong commitments on responsible marketing and demonstrates good compliance auditing practices, thereby leading the ranking on Category D.

- Mars' Global Marketing Code for Human Food now contains a comprehensive set of general rules to represent products fairly and appropriately, including the industry leading practice to commit not to use any models with a Body Mass Index (BMI) of under 18.5. The document, which is fully disclosed and applicable in the United States, asserts that all forms of marketing are covered but mentions a limited set of media channels explicitly. The company should specify that cinema, outdoor marketing and point-of-sales marketing fall within the scope of its policy.
- Mars did not provide evidence of an explicit commitment to developing and delivering marketing strategies for healthy products tailored to reaching priority populations in the United States. The company should make this commitment and take steps to understand and reach priority populations through targeted marketing of healthy products, e.g. by generating consumer and marketing insights related to priority populations.
- Mars has commissioned an independent audit of its compliance to its marketing policy and discloses information in its 'Principles in Action' 2016 document. Mars is the only assessed company to have adopted this industry-leading practice, covering both its responsible marketing to children policy as well as to all consumers.
- Mars shows strong commitments as well by not performing any marketing activities to children under 12 on the media covered by its commitment and when they make up 25% or more of the audience. These commitments go beyond its pledges to industry self-regulation commitments by being a Children's Food and Beverage Advertising Initiative (CFBAI) member and supporting the Children's Advertising Review Unit Guidelines. Mars makes a near-comprehensive set of commitments, covering a wide range of marketing techniques and applying digital tools to prevent marketing to children. It could improve further by committing to not showing children engaging in other activities while eating and by extending its responsible marketing commitments to children aged 13 and over.
- The company is committed to refrain from marketing activities in primary schools and it specifies some types of marketing, such as educational materials, vending machines and school equipment. However, the company should extend its commitment to places near primary schools, in or near secondary schools and to other places popular with children. In addition, Mars should extend its explicit commitments to a wider range of marketing activities, including on signs, scoreboards or posters, through corporate incentive programs, in school buses and others.
- In addition to independent auditing commissioned by Mars, the company's compliance regarding responsible marketing to children is audited by the CBBB as well. It is the only company that makes a commitment to take corrective action in case of non-compliance. It does not disclose its individual compliance results but should do so.

E Lifestyles

- Mars commits to support employee health and wellness globally and discloses information about how this applies to the United States, including targets for employee participation. Its program focuses on many aspects related to healthy diets, active lifestyles and healthy behaviors. Mars demonstrates industry-leading practice by making the program available to all U.S. employees, as well as family members that are covered by the company's medical plan. Mars articulates expected health and business outcomes and has commissioned independent evaluation of its program. In addition, the company provides a narrative on its Health, Safety and Wellbeing section of its website, disclosing specific information about its HealthTracks program in the United States, including on health outcomes. Mars could further improve by disclosing more detailed information about its U.S. participation and program evaluation results.
- Mars commits to support parents inside and outside the workplace and to offer specific support to breastfeeding mothers in the United States. However, the company has not formalized its commitment within a policy. Mars offers six weeks of paid leave to all parents, in addition to short-term disability leave related to child birth. The company could improve by publicly disclosing its policy, which should at least meet the recommended minimum of 14-weeks of paid leave by the International Labour Organization (ILO). The company does provide facilities to support breastfeeding mothers, including private rooms with

refrigerators for storing milk.

- Mars' current policies and practices for the consumer-oriented programs it supports are governed by its 'Global Marketing Code', which does not allow brand-level sponsorship. These commitments are applicable in all Mars markets, including the United States. However, it does not disclose a policy guiding commercial funding of healthy eating / nutrition education, physical activity or food insecurity / food access programs. The company should define criteria to support public health and nutrition programs, e.g. regarding a sound evidence base, expert advice and stakeholder input. In addition, it should set out the health outcomes it seeks to achieve through the programs it supports.
- The company supports programs that are evaluated independently at least in some cases. To illustrate, Mars supports the Healthy Weight Commitment Foundation, aiming to reduce obesity and encourage healthy lifestyles. The impact of some of its programs is verified by the Robert Wood Johnson Foundation. Mars could improve by disclosing more information about the programs it supports in the United States and by having all programs evaluated independently.

F Labeling

- In the United States, Mars' Front-Of-Pack (FOP) labeling provides percentages of recommended daily intakes on all products, as it does globally. Mars began participating in the Grocery Manufacturers Association's (GMA) Facts-Up-Front labeling initiative in 2017 and is in the process of rolling this labeling out across its product categories. The company could improve by communicating the nutritional value of its products by using interpretive FOP labels that are easy to understand for all consumers by using graphics, symbols or colors.
- Although Mars provides nutrition information online on websites related to its brands, it does not disclose information about the percentage of products sold in the United States for which it provides online nutrition information. The company should improve its transparency in this area.
- Mars published a statement on its website in May 2016 stating that it supports the U.S. Food and Drug Administration (FDA) update of the Nutrition Facts Panel, which includes a requirement for labeling of added sugars and will go into effect on January 1, 2020. The company has started implementation in 2018. Although this aspect of the assessment is not scored and provided for information purposes only, all companies should implement the update to the Nutrition Facts Panel as soon as possible for all relevant products.

G Engagement

- Mars discloses extensive information about its lobbying and engagement activities on its corporate website, including its U.S. activities and discloses a brief 'Policy for Participating in Political Processes' as well. The company does not make a commitment, in relation to nutrition issues, to only engage with governments and policymakers with the intention to support measures to prevent and address obesity and diet-related chronic diseases. It should make an explicit commitment not to lobby against public health-supporting initiatives.
- Beyond required disclosure of financial contributions to associations or other organizations that lobby on its behalf, Mars is commended for disclosing board seats at these organization and for disclosing that no conflict of interest exists.
- Mars provides a commentary on its U.S. lobbying activities and discloses information about its lobbying positions related to school nutrition, FOP labeling, fiscal instruments related to nutrition and food marketing to children. Mars should be more transparent about any lobbying it does in relation to government-funded nutrition programs.
- Mars commits to engage with stakeholders in developing nutrition policies/programs globally. Mars provides information on its global stakeholder engagement activities on its website, including U.S. examples. This underlines the fact that this commitment applies to the United States as well.
- In contrast to how it conducts its global stakeholder engagement, Mars provided limited examples and evidence of stakeholder engagement in the United States. It should disclose more information in relation to its engagement on commercial and non-commercial aspects of its business. Additionally, it should disclose more information about how the results of these stakeholder

interactions have been used to adapt its policies and programs in the United States. In other words, Mars should disclose how it has changed its business practices and its involvement in public health and nutrition programs.

Mars, Inc.

Product Profile*

Portfolio-level results

Average HSR score (sales-weighted; out of 5 maximum)	Healthy products (HSR)				Products suitable to market to children (WHO Euro)				% total U.S. F&B sales included
	No. assessed	% sales generated from healthy	No. healthy	% of healthy products	No. assessed	% sales generated from suitable	No. suitable	% of suitable products	
0.8	355	1%	31	9%	614	1%	27	4%	99%

• Mars' average sales-weighted HSR is 0.8 and 1.4 when not weighted by sales, generating a Product Profile score of 1.6 out of 10, and a rank of tenth. The results are based on analysis of 99% of its 2016 sales from categories eligible for inclusion.

• 9% of the products assessed (31) were found to meet the healthy threshold and were estimated to generate 1% of 2016 sales.
 • 4% of the products assessed (27) were found to be suitable for marketing to children, which were estimated to generate 1% of 2016 sales.

Category results

Category	Confectionery	Ice Cream and Frozen Desserts	Rice, Pasta and Noodles	Savory Snacks
Mean HSR	0.7	1.5	3.0	0.5
% products healthy	0%	0%	53%	0%
% products suitable to market to children	0%	0%	45%	0%

The category for which Mars' achieved the highest mean HSR is rice, pasta and noodles (3.0), followed by ice cream and frozen desserts (1.5) with confectionery (0.7) and savory snacks (0.5) having the lowest mean HSR. None of Mars' categories achieves a mean HSR of 3.5 or more, i.e. none can be considered to meet the healthy threshold. None of the company's confectionery, ice cream and frozen desserts or savory snacks are healthy

or suitable to be marketed to children. However, 53% of its rice, pasta and noodles were found to be healthy, and 45% of these products were found suitable for marketing to children. The company's low overall score and ranking is due to the fact that confectionery accounts for more than 90% of Mars' sales, and rice, pasta and noodles for less than 5%.

* The mean HSR is calculated per category and multiplied by the percentage of 2016 sales per category. These figures are totalled and doubled to give a maximum Product Profile score of 10.

Mars, Inc.

Relative nutritional quality of Mars' products by category

Mean HSR	Confectionery	Ice Cream and Frozen Desserts	Rice, Pasta and Noodles	Savory Snacks
Mars	0.7	1.5	3.0	0.5
Nestlé	1	2.3		
Unilever		2.2		
ConAgra				2.1
Kellogg				2
Kraft Heinz				4
PepsiCo				2.7

In the three categories where Mars competes with other companies, its products have the lowest mean HSR. Nestlé's confectionery has a mean HSR of 1 whereas that of Mars is 0.7. Similarly, Nestlé's and Unilever's ice cream and frozen desserts achieve a higher rating, at 2.3 and 2.2

respectively, versus 1.5 for Mars. The four companies that also offer savory snacks achieve much higher mean HSRs than Mars; in this category Kraft Heinz achieves a mean of 4. Mars also has a lower mean HSR than Kellogg (2), ConAgra (2.1) and PepsiCo (2.7).

Conclusion

As Mars does not disclose the percentage of products in its U.S. portfolio it considers to be healthy nor the sales derived from them, it is not possible to compare its results with those of the Product Profile. It is imperative that the company improves its transparency in this area. This will enable stakeholders to understand the nutritional profile of its portfolio and to track the improvements the company makes over time

For the four product categories in which Mars' competes, its products have the lowest mean HSR. This makes clear that the company needs to take action to improve product reformulation, focus more on portion control, increase its investment in new healthy product development and/or make acquisitions to improve the healthiness of its U.S. product portfolio overall.

Mars, Inc.

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Note

The George Institute for Global Health (TGI) is responsible for the data collection for the Product Profile assessment, using data from available databases that was supplemented with data provided by companies to ATNF. TGI is also responsible for the analysis of the data related to the Product Profile and the TGI Product Profile final report, the results of which have been incorporated by ATNF into the Global Access to Nutrition 2018 report and the U.S. Spotlight Index report.

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