

Organization Nominated: Mars, Incorporated

The Issue: Mars, Incorporated Added Sugar Policy

1. Description of the Issue:

Mars, Incorporated is a private, family-owned business with more than a century of history and some of the best-loved brands in the world including M&M'S®, PEDIGREE®, DOUBLEMINT®, and UNCLE BEN'S®. Headquartered in McLean, VA, Mars has more than \$33 billion in sales from six diverse business segments: Petcare, Chocolate, Wrigley, Food, Drinks, and Symbioscience. More than 80,000 Associates across 78 countries are united by the company's Five Principles: Quality, Efficiency, Responsibility, Mutuality, and Freedom, and they strive every day to create relationships with stakeholders that deliver growth we are proud of as a company.

Driven largely by the global obesity epidemic and rise of lifestyle and diet-related diseases, there has been growing public health concern around sugar consumption. Specifically, concern is focused on the overconsumption of sugars *added* to foods and beverages. Public health advocates have been raising attention on added sugar in recent years, calling on consumers to limit consumption and on regulators to impose measures to restrict access and exposure to sugary foods. A milestone moment came in 2015 when the World Health Organization (WHO) issued guidelines recommending limiting the daily intake of 'free' sugars (sugars added by the manufacturer, plus sugars in honey, syrups and fruit juices) to 10% of daily energy. The US, UK, and China have also aligned around similar recommended limits. For the average adult, the 10% limit translates to 50g of added sugar per day, based on a daily energy requirement of 2000 calories.

Given the role of sugar as an ingredient in confectionery, Mars needed to find a voice on the issue and come to a clear internal point of view on which to base a public position. Some of the questions we had to answer included: Did we agree or disagree with public health authorities on added sugar? Given our portfolio, what would Mutuality, one of our core principles, look like in this space, and how can we live up to our commitment to be a responsible company? How could we arrive at an industry-leading and credible policy that would build our reputation as a responsible company? Could we make a positive contribution to public health with respect to added sugars and increase transparency for consumers? What about added sugar labeling? Would we go it alone or would other industry peers stand with us? Any Mars sugar policy also needed to be supported by sound science even while the science was, and is, still evolving.

Following our issues management process, which included assessing the existing body of science, Mars was able to answer "yes" to the first question – we agreed with public health officials that added sugar consumption should be moderated – and decided to publicly support the WHO-recommended 10% limit, as well as the US FDA's added sugar labeling proposal. In order to 'walk the talk', we are now in the process of agreeing on a number of new decisions on how to bring our policy to life through our products and practices.

2. Why is the Issue important to the organization?

The chocolate and confectionery treats that Mars makes contain sugar, an ingredient that contributes essential sweetness and bulk. As such, the intense scrutiny of a key ingredient in many Mars products presents a significant risk, especially to the permissibility of confectionery as a category and to our brands specifically. Sugar is also added to some of our main meal products, such as sauces. And since Mars is best known for its

confectionery brands, the issue also has the potential to reflect negatively on our corporate reputation.

The issue is also important to Mars because, over the years, Mars has built a reputation in the industry and with stakeholders as having leading self-regulatory policies in the area of health and wellbeing. For example, in 2008 we implemented a responsible marketing policy that prevented directing marketing activities to children under the age of 12; in 2009 we committed to roll out front-of-pack nutrition labeling globally; and in 2013 we cut portion sizes to 250 calories per serving. Our ambition is to continue to lead in ways that meaningfully support public health goals. As such, we felt we had a responsibility to address the issue and could not afford to ignore it.

3. At what level of the organization was the issue managed?

The issue was managed as part of the Mars Global Issues Management process, and the added sugar policy was decided by a public policy-making body within Mars called the Global Public Policy Group – a VP-level cross-segment, cross-functional forum that helps steer the company on important public policy issues. The policy was also aligned with Mars' senior leaders.

Management of the added sugar issue can be broken down into 5 phases:

- Identification: Through the Mars issues detection process the issue of added sugar consumption was identified as an emerging issue as early as 2011/2012.
- Informing: Through our issues reporting and discussion process, relevant functional and business leaders gained general awareness of the issue. As the issue matured and the WHO drafted its guidelines, we leveraged this activity to frame the issue in creative, business-relevant ways that aimed to bring clarity, drive consensus, and ultimately lay the ground work for decision-making.
- Aligning: Mars Public Affairs leadership drove the alignment process through existing leadership forums, including through a cross-segment, cross-functional Global Public Policy Group, and by partnering with R&D, which played an essential role in understanding and clarifying the science.
- Communicating: Mars Corporate Communications ensured intentional and well-planned external communications, and Mars conducted outreach to key stakeholders to proactively inform and solicit feedback.
- Acting: In the US, Mars put our policy into action by pro-actively supporting regulatory proposals to label for added sugar and to set a daily recommended limit on added sugar consumption. Mars was one of few food manufacturers to support these government initiatives. We also incorporated the WHO recommendation on intake of sodium into the Mars Food Nutrition Criteria, which guides our efforts to improve the nutritional profile of our main meal foods.

4. Which internal and/or external constituent groups were affected?

Internally, all Mars human food segments had a stake in the issue, as did the Mars leadership, given the reputational challenges posed by sugar and the ingredient's role in the Mars portfolio.

Externally, we proactively engaged government agencies, elected policy makers, trade associations, NGOs, health professionals, academics, scientists, and journalists to ensure our policy was on the mark in the broader public health context.

5. How are constituent concerns considered and acted upon?

We listened closely to our constituents to help us build a credible added sugar policy. We organized meetings with external stakeholders to seek input and to balance the various constituent concerns with our knowledge of the science and business considerations. We worked with NGOs and agency leaders to advocate our collective position on added sugar at key points in time to achieve success.

6. What are the key objectives relative to the issue?

The key objective was to establish a company-wide point of view and policy position on added sugar that would enable us to proactively and constructively engage in and take positions on public policy discussions, live up to our Principles, and lead our industry in addressing diet-related challenges.

In doing this, Mars has been able to establish a stronger voice in advocating for moderate consumption and helping to define what moderation means when it comes to confectionery and its role in the diet as an occasional treat. Mars is extending this message beyond its confectionery brands and applying it to main meal products produced by the Mars Food segment. Mars Food recently launched its global Health & Wellbeing Ambition, setting targets on added sugar and sodium reduction while also communicating to consumers that some products are appropriate for occasional, as opposed to daily, consumption.

Finally, the Mars added sugar policy has helped Mars set clear internal direction on how to apply the policy to our existing offerings as well as with our suppliers and customers.

7. Does managing the issue make a direct contribution to the organization's profitability or reputation? If so, how?

The Mars added sugar policy has directly and positively contributed to reputation. Establishing an industry-leading policy has helped position Mars as a constructive partner in support of public health. Mars has received positive endorsements from key stakeholders in governments, global institutions, NGOs and media, including the US FDA, Public Health England, the Center for Science in the Public Interest and prominent advocates.

8. What are the results?

As mentioned above, taking a stand on added sugar limits has resulted in the following:

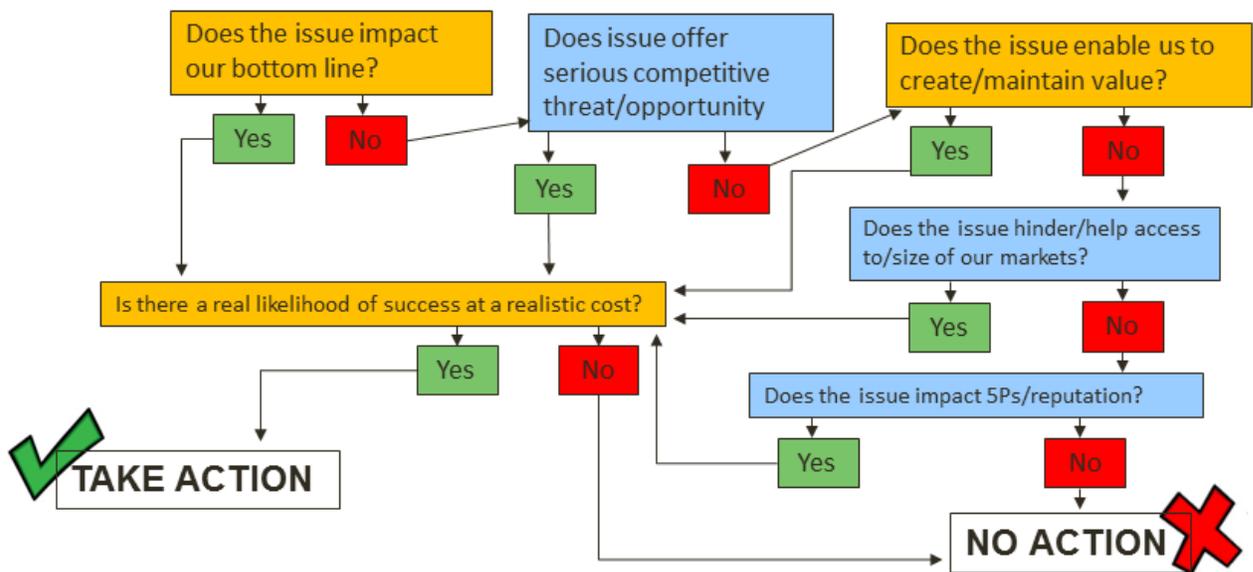
- Mars has reaffirmed leadership on addressing diet-related challenges relevant to the food industry and consumers, as well as our readiness to partner with public stakeholders on addressing challenges.
- Mars will use our leadership position to drive industry alignment around the 10% limit on added sugar intake.
- Mars is able to proactively engage in public policy discussions on added sugar in line with our policy. For example, we can support the added sugar labeling initiative in the United States and support recommended intake limits around the world in line with the WHO guidelines.

- Mars can speak openly to consumers and stakeholders about enjoying confectionery as occasional treats in moderate portions and in balance with other added sugar sources as a way to limit intake.
- Going forward, Mars will translate what ‘responsible consumption’ of added sugar means for our portfolio.

9. Please submit an illustration (diagram) of your organization's issue management process.

Corporate Policy Decision Making Tree

Should the corporation take action on this issue?



In the case of “no action,” the issue should be deferred to the appropriate group for continued monitoring.

Nomination submitted by:

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Mars, Incorporated Winning Entry for the Chase Award for Excellence in Issue Management
More information: www.issuemanagement.org