

# Sustainability at mars chocolate



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Mars Chocolate is one of the world's leading chocolate manufacturers and employs more than 13, 000 people across 110 sites worldwide. Mars is a private, family owned company and is governed by a Board of Directors. The Directors are members of the Mars family. The Mars Board of Directors receives independent advice from four external Board Advisors. The parent company, Mars, Incorporated is run by a global management team that oversees the day to day operations of the business across six business segments - pet care, chocolate, food, Wrigley, drinks and symbioscience.

Mars, Incorporated operates in 71 countries worldwide. Some of the company's major markets include Australia, New Zealand, China, France, Germany, Dubai, United Arab Emirates, Mexico, Germany, Poland, Russia, United Kingdom and the United States. Frank C. Mars and his wife, Ethel, started making candy in their Tacoma, Washington kitchen 100 years ago and a lot has changed in the cocoa industry since the company's beginning. Mars iconic brands include M&Ms, Snickers, Dove, Galaxy, Mars, Milky Way and Twix.

There are 36 brands in total and 28 manufacturing sites. Mars " principles in action" philosophy is not only about being a market leader, but also an industry leader in other areas including cocoa production and sustainability. Mars Chocolate Sustainability Efforts Mars states that it has been a global leader in cocoa sustainability for over 30 years. Mars claims to invest millions of dollars each year in initiatives that address the environmental, economic and social aspects of the cocoa supply chain.

The principles by which Mars operates are to make certain it continuously seeks the most responsible methods of cocoa production, thus ensuring the entire supply chain benefits from this industry's growth and the processing of this unique, yet fragile, crop. For several decades, Mars Chocolate - a business segment of Mars, Incorporated - has been guided by its Five Principles: Quality, Responsibility, Mutuality, Efficiency and Freedom. Mars claims it puts these principles into action through its comprehensive sustainability efforts.

As one of the world's largest confectionery companies, in 2009 Mars Chocolate set a goal for sustainable cocoa sources. Mars publically stated in April 2009 that all of its chocolate products would be made from sustainable sources by 2020 and further pledged to use 100% certified cocoa in all of its products worldwide by 2020. This press announcement came shortly after its competitor, Cadbury, announced it would carry a seal from the Fairtrade Foundation for its Dairy Milk chocolate bar by the summer of 2009.

Mars Sustainability Program has three pillars: Responsibly source raw materials; o Pledge to use 100% certified sustainable cocoa in all of its products worldwide by 2020. In 2010 only 5% of its supply was certified (16,000 metric tonnes). o Complete preliminary sequencing of the cacao genome; a first step in advancing farmers' ability to plant more robust, higher yields and drought/disease resistant trees. o Mars received the US Secretary of State 2010 Award for Corporate Excellence for its work in cocoa sustainability and the company's efforts to improve economic development in cocoa growing regions. Ensure its sites and logistics are completely sustainable in a generation; and o Committed to eliminating its carbon

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footprint by 2040, with 100% renewable energy, no change in water quality at its manufacturing facilities. o Aiming to recycle 100% of its waste at all of its manufacturing sites by 2015.

Currently six sites in the US recycle over 95% of their waste. o Mars Chocolate North America headquarters in New Jersey earned LEED Gold Certification from the US Green Building Council o 18 acre solar garden in Hackettstown, NJ provides solar electric power during peak hours to the M&M's brand production plant. Use its brands as catalysts for change and to encourage consumers participation in sustainability. o Committed to reducing packaging by 10% by 2015. By 2011 the company has already achieved a 9% reduction. Company is designing its packaging to be 100% recyclable or recoverable by 2015. o Mars Bar in Australia and Galaxy Bar in the UK both carry the Rainforest Alliance seal in support of sustainable farming practices. The company is actively progressing to secure certification for additional Mars products, including those in North America.

Mars announcement was the latest step to secure a steady supply of cocoa. The prior year Mars had committed to a \$10 million project to map the full complement of genetic information for cocoa with the aim of developing trees that could potentially withstand drought and disease. Mars further stated that its partnership with the Rainforest Alliance aimed to improve crop yields and ensure best practices by its farmers to avoid any long term damage to the environment. Cocoa is farmed on more than 18 million acres of tropical land that may be cultivated under the shade of native canopy trees.

According to Chris Wille of the Rainforest Alliance, without proper knowledge, skills and training farmers cannot sustain strong yields. He further stated that the cocoa industry needed to wake up and understand that they needed to address the supply chain back to the farmers. Mars is committed to doing this. Mars states that its long-term business depends on a sustainable supply of high quality cocoa and it is committed to helping cocoa be an environmentally sound industry at all levels of production.

Mars believes it can achieve this through: Innovation in Agricultural Science - Mars conducts research that will help farmers increase their income through more productive agricultural practices and higher quality and disease-resistant plants. Mars has a research facility in Brazil that is focused solely on creating best practices in cocoa production, developing methods to control pests and disease, and developing methods that will improve the overall quality of the cocoa plant. Mars hopes to lead the way by investing in the sequencing and assembly of the cocoa genome.

Learning from the genome, they hope to extrapolate what gives rise to disease invasion of the cocoa plant and what gives defence against pathogens. • Technology Transfer - Mars research facilities in Africa and Asia are meant to support farm rehabilitation. These facilities cultivate and distribute cocoa trees that are meant to produce more cocoa and also be disease resistant. These trees are given directly to farmers and to privately owned nurseries in these areas to distribute to other farmers, due to geographic location, that do not have access to a one of Mars Cocoa Development Centres.

In September 2011, Mars committed to expanding its current number of Cocoa Development Centres from seven to 100. Through this expansion, Mars goal is to reach an additional 250, 000 farmers. • Certification – Mars current certification partners are Rainforest Alliance and UTZ Certified “ Good Inside”. They have further committed to ensuring their certification criteria goes beyond existing international standards to also include mandated productivity measures to ensure that certification does mean financial viable farms and incomes for its farmers.

According to Howard-Yana Shapiro (UTZ Certified), “ certification can make a real difference to farmers because they receive training and support that results in improved productivity and more profitable cocoa farms. This will be seen through higher yields, improved farming techniques and materials. It is my personal opinion that through certification they can triple current yield in a decade. ” The Rainforest Alliance works with all sizes of cocoa farms. Certification of these farms is meant to ensure that ecosystems and the rights and benefits of workers are protected.

Rainforest Certified farms need to meet the environmental, social and economic standards of the Sustainable Agriculture network which is a coalition of local conservation organizations that initially set the standard for sustainable farming in rainforest areas in the early 1990s. Cocoa Sustainability Challenges So, what are the challenges of sustainable production? Demand for cocoa is growing and it is estimated that the world will require at least one million more metric tonnes to meet the needs by 2020.

While demands are increasing, cocoa farm yields continue to decline and, according to industry experts, unless the cocoa industry acts now, the situation is unsustainable. The main problems are:

- Underinvestment in research – crops need to be supported by laboratory research. Research takes time, costs money and demands a sophisticated infrastructure. Cocoa is a labour-intensive crop grown mostly in developing countries and farmers struggle with aging trees, pests/diseased crops and depleted soil. Underperforming farms – low yield crops and uneducated farmers who lack basic agricultural skills and do not have the resources to invest in improving their farm operations.

- Fragmentation – there are more than five million cocoa farmers worldwide spread across West Africa, Asia and the Americas. This number makes it very difficult to implement industry-wide changes that may positively transform industry practices. To achieve meaningful change, Mars Chocolate believes that farmer productivity, education and research all need to be the first priority.

Mars believes that ultimately this will create a sustainable supply of quality cocoa and farmers with economically viable farms will be empowered to reinvest in their businesses and communities. Mars Consumers Mars promotes to its consumers that it has the most rigorous certification principles in the industry and that they choose partner organizations that make a real difference in farmers' lives in terms of income, labour practices and skills, and provide farmers the tools they need to increase crop yields that produce quality cocoa in a sustainable, environmentally and economically beneficial way... f their partners are unable to do this – Mars

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will not work with them. Mars also promotes to its consumers that its products should be enjoyed as part of a healthy and well-balanced lifestyle and they provide information to educate consumers about their products around the world about the nutritional content of its products and cocoa sustainability efforts. Mars includes some of this information under the renovation and innovation areas of its Principles in Action summary on its company's website.

Consumer awareness and the demand for environmentally and socially responsible products are essential in today's marketplace. Corporations who do not promote some form of eco or social responsibility risk losing a major share of the market. Mars has strategically and successfully aligned itself with the Rainforest Alliance. In Mars major markets, approximately 42% of those surveyed recognized the Rainforest Alliance Certified green frog seal and 22% indicated that they were more likely to purchase a product that had the seal.

The Rainforest Alliance was also ranked one of the top two most recognized and trustworthy labels in a survey of consumers from Belgium, France, Germany, Sweden, United Kingdom and the United States. As a further example, 54% of consumers interviewed in the United States considered sustainability to be one of their decision making factors. According to the Grocery Manufacturers Association & Deloitte, Green Shopper Study (2009) – “ for most shoppers sustainable considerations were the tie breaker when other factors were relative in parity. As a result, sustainability characteristics can drive a large amount of product switching. Mars needs to continue its current practices to meet its 2020 pledge to ensure its chocolate products

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are using only 100% certified cocoa. They will need to proactively continue their efforts and financial commitment to support local farm producers and maintain long-standing relations with organizations such as the Rainforest Alliance.