

Deforestation – Our Position

At Mondelēz International, we believe that sustainable snacking is about creating a future where people and planet thrive. As a global food company, it is vital for us to secure sustainable supplies of key raw materials by empowering farmers and their communities to become more productive and climate-resilient, encouraging practices that respect land rights and investing in innovation and technology to increase transparency and measure impact at scale across our supply chain.

We strategically continue to focus on where we can make the biggest impact. Our Lifecycle Assessment (LCA) helps to shape our priorities and goals. Insights from our LCA indicate that deforestation within our supply chain represents the largest single contributor to our end-to-end carbon footprint. Deforestation is a risk to the productivity of our raw material supply chains because of its contribution to global climate change as well as its impact on local weather patterns and ecosystem services in affected areas.

But we cannot win the fight against deforestation alone. Action by individual companies must be scaled up to cover whole sectors, landscapes and countries. So, we fully support and encourage a sector-wide approach the Consumer Good Forum is pioneering for a #forestpositivefuture, one where suppliers adhere to consistent practices across their business models and land use is optimized across sectors with the support of producer governments.

We are focused on making an impact at scale and transparency is at the core of our approach. Since 2015, we have supported an initiative involving more than 40 organizations from public, private and non-profit sectors to align on measurement and reporting standards for greenhouse gas emissions generated by changes in land use. We have used this new land-use change accounting methodology in our 2018 LCA and carbon footprint reporting to CDP.

Across the world, four raw materials are most commonly associated with tropical deforestation risk: beef, soy, palm oil and paper-based packaging. Within Mondelēz International, we also consider cocoa and we do not buy beef.

Data from our 2018 LCA show the contribution to emissions from land-use change for our cocoa, palm oil and soy that we buy directly, based on publicly available scientific datasets of sector averages for each raw material:

- Cocoa and cocoa products: 3,857,000 tonnes CO₂
- Palm oil: 278,000 tonnes CO₂
- Other oils (inc. soy): 91,000 tonnes CO₂
- Bought indirectly via dairy: 821,000 tonnes CO₂

Cocoa and palm are the largest contributors and therefore our focus for systemic action that goes beyond our own supply chain to focus on change across the sector as a whole.

As a leading chocolate company, we will source 100 percent of the cocoa volume for our Chocolate brands sustainably by 2025 through our cocoa sustainability program Cocoa Life (2018: 43 percent). As part of this commitment we're asking our cocoa suppliers to be deforestation-free across their cocoa operations by 2025.

In cocoa, deforestation is just one of a complex set of interrelated environmental, economic and social problems faced in cocoa communities, and we understand that ending deforestation is complex. As we develop solutions to tackle deforestation, we also remain vigilant to avoid potential unintended, harmful consequences such as lost livelihoods or abuses of human rights.

We were the first company to raise the issue of deforestation in the cocoa industry at the 2015 UN Climate Change Conference in Paris and to call for sector-wide multi-stakeholder interventions, and we have a comprehensive program in place:

- We will source 100 percent of the cocoa volume for our Chocolate brands sustainably by 2025 through our cocoa sustainability program Cocoa Life (2018: 43 percent).
- Since 2016, we have mapped Cocoa Life farms online. This marked the first time a large cocoa sourcing company had disclosed locations of the cocoa farms they source from.
- We are the first branded food producer to partner with Global Forest Watch to implement satellite image mapping practices to analyze how Cocoa Life farms interact with forested and protected land.
- As of 2018, we have mapped 93,416 of Cocoa Life farms in Ghana, Cote d'Ivoire and Indonesia (63% of the Cocoa Life farms in these origin regions) and they are not in priority protected forest areas.
- Our goal is to map 100% of Cocoa Life farms in these origin regions by the end of 2019.

In palm oil, we have maintained 100% RSPO coverage since 2013. We set out our expectations for 100 percent transparency and 100 percent sustainability in our Palm Oil Action Plan and we publish our mill list on our corporate website. When we first published the Action Plan in 2014, we were the first company to call on suppliers to convert their entire supply chain (regardless of the ultimate customer) to sustainable practices, by requiring traceability to the mill across their entire palm oil operation, not just the portion supplied to us.

We have made significant progress in advancing our requirements for traceable, forest-monitored palm oil and in our updated 2020 Palm Oil Action Plan confirm strong progress against our sustainable sourcing goals.

The new requirements include traceability to plantation and satellite monitoring covering all palm oil concessions supplying mills attributed to MDLZ, against the deforestation criteria set out in our Palm Oil Action Plan. All mills must be identified on Global Forest Watch, with no

active grievances against concessions in their direct supply, or operated by the same producer groups elsewhere. In addition, suppliers must have third-party assurance of their monitoring process and systems used and be subject to cross-check by Mondelēz International.

From Q1 2021, we expect 80% of our palm oil to meet these enhanced expectations, in part as a result of strong supplier partnership, and we are working to increase coverage as quickly as possible.

Furthermore, the enhanced sourcing requirements will improve transparency across the sector by requiring suppliers to confirm sustainable sourcing practices across their entire supply chain by 2025, not just the portion supplied to us at Mondelēz International. This progress is part of our long-term ambition to eliminate deforestation and forced labor in the palm oil supply chain and supports the aims of the Consumer Goods Forum #ForestPositive Coalition.

Updated: October 2020