

Impact For Growth

2017 Progress Report



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A Message from Dirk Van de Put, Chairman & CEO, Mondelez International

At Mondelez International, our consumers are at the center of everything we do. We know people are increasingly interested in leading healthier and more sustainable lifestyles. As such, they're becoming more deliberate in their food choices, looking at the connection between the foods they buy and their impact on the planet, and are seeking out brands that have purpose and are transparent.

Since taking the helm of Mondelez International in November 2017, I've travelled around the globe, meeting with colleagues, customers, suppliers, and stakeholders—asking questions, listening and learning how we're delivering against those expectations. And after every visit, I come away even more inspired. It is clear that creating a positive impact for people and our planet matters greatly to our colleagues and our business. We call this our Impact For Growth—our commitment to driving business growth with positive change in the world.

At Mondelez International, we're committed to making delicious, high-quality snacks our consumers can trust with ingredients they feel good about. We use our global scale and focus our efforts where we know we can have the greatest impact. We're empowering farmers who grow our key ingredients, like cocoa and wheat, and investing in their communities to help them thrive. We're producing our snacks with less energy, water and waste, and sourcing our ingredients more sustainably and in ways that reduce deforestation in our supply chain. We're also seeking more transparency and raising expectations of our suppliers to address cross-cutting themes such as human and land rights. We're evolving our well-being portfolio and improving the nutrition profile of many of our



beloved brands. We maintain world-class safety standards for the foods we sell and the facilities in which our people work. And we continue to invest in community programs that help improve the well-being of children and their families.

As you read through our *2017 Impact For Growth Progress Report*, you will see that the work we do each day to grow our business is also growing our positive impact in the world. While we've made great strides, we know there are areas where we still have more to do and where we need to find solutions, working with others to ensure a better future.

Looking ahead, I'm excited about leading a company that does business with integrity and

transparency, and is committed to creating even more moments of joy while delivering positive impact for people and our planet. I invite you to explore our progress outlined in the report and welcome your thoughts and feedback. If you would like periodic updates about our efforts, I encourage you to visit our [website](#) and follow us on [LinkedIn](#), Twitter ([@MDLZ](#)) and [Facebook](#).

Kindest regards,

Dirk Van de Put
Chairman & CEO

2017 AT-A-GLANCE

At Mondelez International, we focus on four areas we believe can create positive impact for people and the planet: Sustainability, Well-being Snacks, Communities and Safety. In each area, we have specific goals in which we hold ourselves accountable. We continue to make progress and scale our efforts to deliver meaningful change.


SUSTAINABILITY | Catalyzing systemic environmental and social change

	GOALS	PROGRESS BY END OF 2017	HIGHLIGHTS
Sustainable agriculture	All cocoa will ultimately be sustainably sourced	🎯 On Target	35% of our cocoa was sustainably sourced; Cocoa Life, the foundation of our long-term strategy, reached 120,500 farmers in 1,085 communities
	Source 100% of our EU wheat need via Harmony by 2022	🎯 On Target	75% of our Western European biscuits (60% across the EU) were made with Harmony wheat
	Maintain 100% RSPO palm oil	✅ Goal Achieved	Maintained 100% RSPO palm oil goal while pushing for more reforms
	100% palm oil traceable to the mill from suppliers with aligned policies	✅ Goal Achieved	Almost all of the palm oil we sourced was traceable back to the mill (maintained 96%) and 99% was from suppliers with policies aligned to ours
	100% cage-free eggs in U.S. and Canada by 2020 and rest of the world by 2025*	🎯 On Target	15% of our global eggs sourced were cage-free*
Environmental footprint	Reduce absolute CO ₂ emissions from manufacturing by 15%**	🎯 On Target	Reduced emissions by 10%
	Reduce water use by 10%** at priority locations where water is most scarce	🎯 On Target	Reduced incoming water usage by 25%*** in priority locations
	Reduce total waste in manufacturing by 20%**	🎯 On Target	Reduced total waste by 15%
	Eliminate 65,000 metric tonnes of packaging**	🎯 On Target	Eliminated 53,500 metric tonnes of packaging

* With the exception of Russia, Ukraine and China, where supply chain is developing and requires a longer period to secure cage-free
 ** By 2020 vs. 2013 baseline
 *** Our 2020 water goal includes the anticipated impact of expansions for new lines and sites, which will add to our future absolute water use and, therefore, not evident in 2017 performance



WELL-BEING SNACKS | Empowering people to enjoy life and snack in balance

	GOALS*	PROGRESS BY END OF 2017	HIGHLIGHTS
	Expand Well-being brands in our portfolio	Grow Well-being brands** by twice the rate of base portfolio	Well-being brands grew more than twice the rate of our base portfolio
	Contemporize our Power Brands	Improve nutrition and ingredient profile of our biggest-selling brands	<p>Since 2016:</p> <ul style="list-style-type: none"> Reduced sodium by 1.4% across total snack portfolio and 2% from <i>Oreo</i> globally Reduced saturated fat by 13% in <i>Barni</i> soft cakes, 2% in global <i>Ritz</i> and 3% in <i>TUC</i> brands Reduced sugar by 5% across <i>Green & Black's</i> chocolate portfolio and 1% in <i>belVita</i> breakfast biscuits globally Doubled the amount of whole grains in <i>Club Social</i> crackers in Latin America Introduced non-GMO and organic <i>Triscuit</i> crackers in U.S.
	Inspire people to snack mindfully	15% of revenue from portion control snacks***	Portion control snacks represented 12.8% of our net revenue

* Based on 2017 revenue baseline and sales weighted volume for nutrients

** Well-being brands tracked are *belVita*, *Barni/Teddy*, *Véa*, *Wheat Thins*, *Triscuit*, *Good Thins*, *Ritz Crisp & Thins*, *Green & Black's* and *Enjoy Life Foods*

*** Snack products that are individually wrapped, 200 calories or less, and meet baseline limits on saturated fat, sodium and sugar



COMMUNITIES | Partnering with communities to create healthier lifestyles



GOALS

Invest \$50 million USD into healthy lifestyle community partnerships

PROGRESS BY END OF 2017

🎯 **On Target**

HIGHLIGHTS

Allocated **91%** of our \$50 million USD multi-year commitment, reaching **1.5 million** children across **18** countries



SAFETY | Keeping our employees and consumers safe



GOALS

Achieve world-class safety performance*

PROGRESS BY END OF 2017

🎯 **On Target**

HIGHLIGHTS

Achieved a **33%** reduction in Total Recordable Incidents (TRIs) and **27%** decrease in Total Incident Rate (TIR) for all of our employees in 2017 compared to 2016

100% of external manufacturers and suppliers certified against one of the Global Food Safety Initiative (GFSI) schemes by 2018

🎯 **On Target**

91% of our external manufacturers and **98%** of suppliers certified against one of the GFSI-benchmarked food safety schemes

* Global benchmark for a world-class TIR is defined as 0.5; we are currently performing at 0.30



SUSTAINABILITY

Growing our positive impact for people and the planet is at the core of who we are as a company and helps to deliver our business growth with positive change in the world.

Smart and sustainable use of natural resources is necessary now more than ever. As a global food company, it is vital to secure sustainable supplies of key raw materials by empowering farmers and their communities to become more productive and climate-smart.

That is why we continue to focus on where we can make the biggest impact to reduce our end-to-end environmental impact.

We're sourcing our ingredients more sustainably and in ways that reduce deforestation in our supply chain. We're producing our snacks with less energy, water and waste, and with ingredients people know and feel good about. And we're staying at the forefront in the fight against climate change with science-based targets to reduce CO₂ emissions from our own manufacturing.

We continue to build on our heritage of leadership in sustainability—a heritage which includes being the first company to go beyond third-party certification by taking direct accountability for building a sustainable cocoa supply via **Cocoa Life**; and to require palm oil suppliers to adopt forest protection and sustainability policies for their entire supply base, not just palm oil supplied to Mondelez International.

Overall, we're pleased with our progress from the past three years.

2020 Smart Sustainability Goals and Progress

Sustainable Agriculture

	2015	2016	2017
☛ All cocoa will ultimately be sustainably sourced	21%	21%	35%
☛ Maintain 75% of Western European biscuit volume made with Harmony wheat	75%	75%	75%
☛ Maintain 100% RSPO palm oil	100%	100%	100%
☛ 100% palm oil traceable to the mill	90%	96%	96%
☛ 100% palm oil from suppliers with aligned policies	91%	99%	99%
☛ 100% cage-free eggs in U.S. and Canada by 2020 and rest of world by 2025 ¹	n/a	15%	15%

Environmental Footprint

	2015	2016	2017
☛ Reduce absolute CO ₂ emissions from manufacturing by 15% ²	-7%	-7%	-10%
☛ Reduce water use by 10% ² at priority locations where water is most scarce	-16%	-18%	-25% ³
☛ Reduce total waste in manufacturing by 20% ²	-5%	-10%	-15%
☛ Eliminate 65,000 metric tonnes of packaging ²	38.5K	46.3K	53.5K

¹ With the exception of Russia, Ukraine and China, where supply chain is developing and requires a longer period to secure cage-free; 2016 data is for original U.S., Canada and EU goals

² By 2020 vs. 2013 baseline

³ Our 2020 water goal includes the anticipated impact of expansions for new lines and sites which will add to our future absolute water use and, therefore, not yet evident in 2017

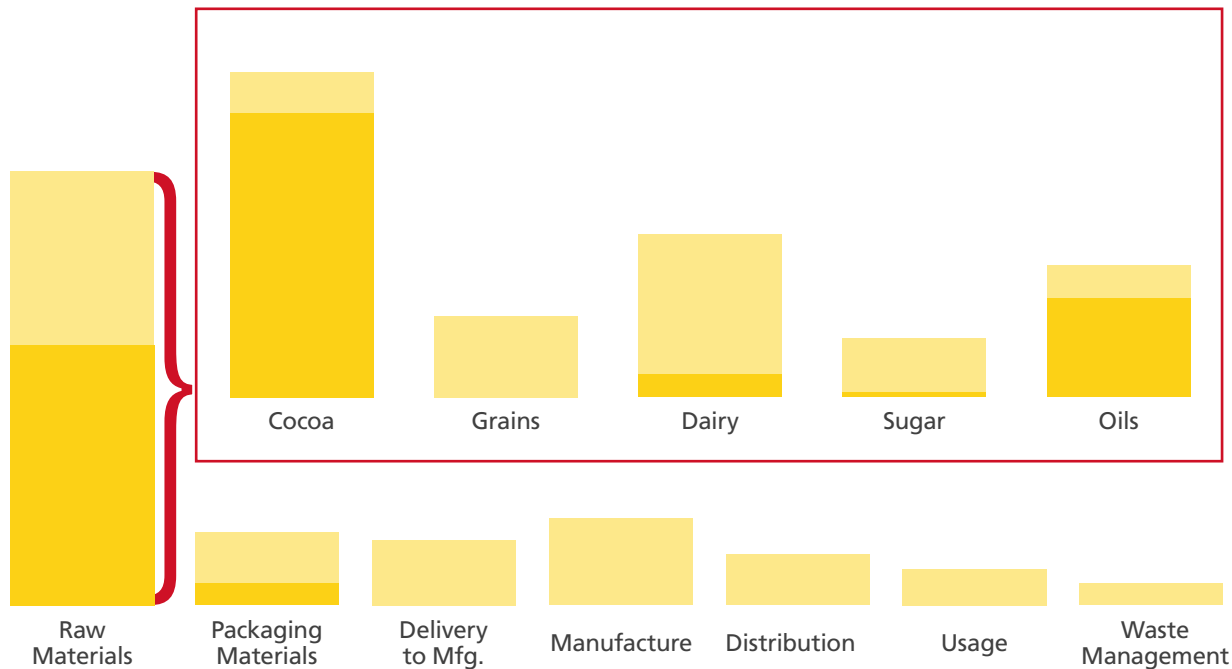
Lifecycle Assessment

Our Lifecycle Assessment (LCA) shaped our priorities and 2020 goals, and data remains relevant as we continue to evaluate where to focus our efforts. In particular, insights from our LCA indicated that deforestation within our supply chain represents the largest single contributor to our carbon footprint. And that still remains the case today. We've taken the lead in addressing deforestation in our key agricultural supply chains, primarily cocoa and palm.

LCA Findings

Addressing and eliminating deforestation continues to offer the largest opportunity to reduce our carbon footprint

- Carbon footprint, agricultural practices and operations
- Carbon footprint, deforestation



Calling on Our Suppliers for Responsible Sourcing

We work with thousands of suppliers, consultants and business partners around the world. We have laid out our expectations to all our direct suppliers in our published [supplier contract provisions](#) and [supply chain transparency statements](#).

As a founding member of [AIM-PROGRESS](#),

we also adhere to the

[Sedex Member Ethical Trade Audit](#). This audit supports the identification of potential human rights risks and helps guide our approach for impact mitigation and monitoring. In 2017, **330** of our key suppliers—**99 percent** of our 2017 target group of highest priority suppliers—completed the audit, in addition to the **286** suppliers audited in 2015 and **218** audited in 2016.



HUMAN RIGHTS

We are committed to doing business the right way and to our responsibility to respect [human rights](#). We subscribe in principle to the United Nations Guiding Principles (UNGPs) on Business and Human Rights, as a standard for preventing and addressing the risk of adverse impact on human rights by businesses. We undertake practical, business-minded, proactive, ongoing human rights due diligence to identify and mitigate potential and actual human rights impacts within our own operations, and work with our business partners through our supply chain to achieve the same.

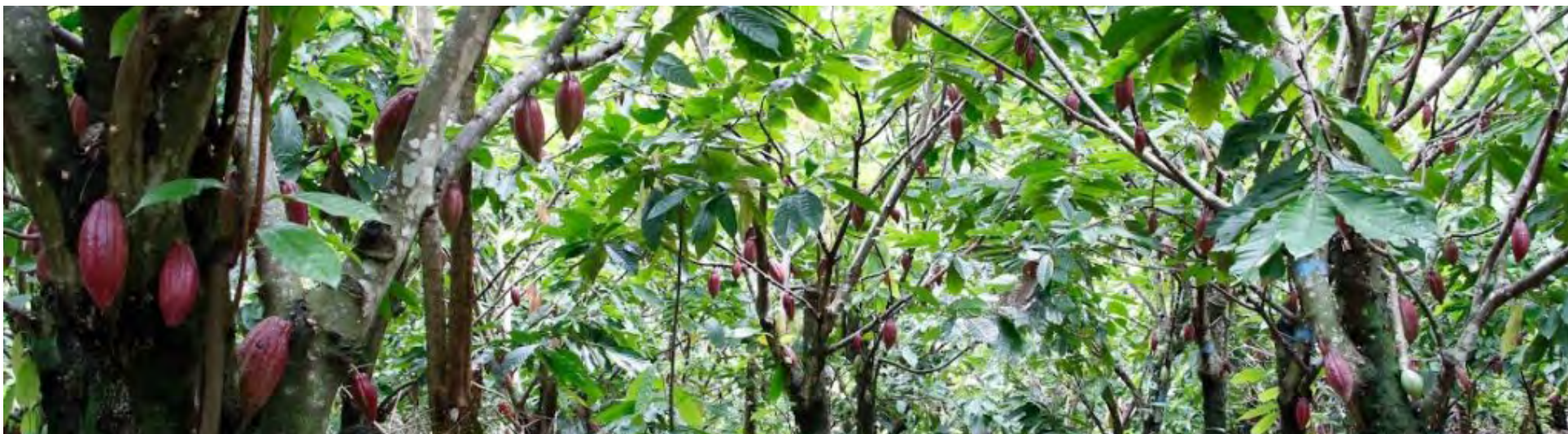
In 2016, we partnered with the [World Wildlife Fund](#) to assess the long-term sustainability risks of our agricultural commodities' supply chains. This prioritized risk assessment examined agricultural commodities by source country based on publicly available, secondary data, covering our largest raw materials volume and spend. The assessment confirmed that our cocoa and palm oil supply chains should be our top priority from an environmental and social risk perspective.

To address human rights risk in the cocoa supply chain, including child labor, we leverage [Cocoa Life](#), a holistic sustainability program backed by a \$400 million USD investment. Launched in 2012, [Cocoa Life](#) aims to create thriving cocoa communities. We partner with farmers, communities, local governments, suppliers and NGOs, and invest directly in cocoa communities to promote women's empowerment, child protection and education, and improve

livelihoods. We commissioned human rights consultancy [Embode](#) to undertake child labor assessments within cocoa communities in [Côte d'Ivoire](#), [Ghana](#) and [Indonesia](#). Based on [Embode's](#) recommendations, we are working together with government authorities, suppliers and NGOs to harness the strengths of [Cocoa Life's](#) community model and bolster our approach to child protection [see [Cocoa Life](#) section of this report, page 11].

As for palm oil, our updated Palm Oil Action Plan requires suppliers to respect the labor rights of all workers, including migrant workers within both their own operations and through their supply chains. We require suppliers to provide annual assurance of continuous improvement in this area, verified by third-party labor rights experts [see [Palm Oil](#) section of this report, page 21].

Additionally, as a member of the [Consumer Goods Forum \(CGF\)](#), we renewed our commitment to help eradicate forced labor, and joined forces with others to work collaboratively to address those issues we cannot resolve alone [see [Compliance & Governance](#) section of this report, page 45].



Sustainable Agriculture

Our business depends on healthy ecosystems to produce sustainable supplies of high-quality cocoa, wheat and other raw materials to create our delicious snacks—chocolate brands like *Milka*, *Cadbury* and *Côte d'Or*, and *Oreo* and *LU* biscuits.

However, our global food system is facing numerous challenges that are weighing down on individual farmers and the land they use.

These challenges are complex and call for solutions that require coordinated efforts by governments, industry, and scientific and environmental experts. Smallholder farming communities in particular need support to increase their resilience.

That is why we are using our company's reach and global presence to work together with outside experts to give farmers a voice. Our signature programs aim to make a positive impact on the farms, communities and environment where our main raw materials are grown: [Cocoa Life](#) and [Harmony](#).

We are also taking a more active role on the ground, as well as driving change within our own organization and with our suppliers. We are addressing key areas where we can have the most impact, requiring more transparency, and collaborating with our key suppliers and others to promote widespread change so that sustainability becomes the normal way to do business in key raw materials.

Sustainable Agriculture Goals

- ☛ All cocoa will ultimately be sustainably sourced, mainly through **Cocoa Life**
- ☛ Source 100% of EU wheat need via **Harmony** by 2022
- ☛ Maintain 100% RSPO palm oil
- ☛ 100% palm oil traceable to the mill from suppliers with aligned policies
- ☛ 100% cage-free eggs in U.S. and Canada by 2020 and rest of the world by 2025*

* With the exception of Russia, Ukraine and China, where supply chain is developing and requires a longer period to secure cage-free

Cocoa

Cocoa Life is our long-term \$400 million USD commitment to create a vibrant cocoa supply chain, while transforming the lives of cocoa farmers and communities at scale.

Cocoa sustainability is in our DNA and the DNA of our brands. Since launching in 2012, **Cocoa Life** has focused on achieving scale and driving impact in key cocoa producing countries: Ghana, Côte d'Ivoire, Indonesia, Dominican Republic, India and Brazil. Our goal is to reach 200,000 farmers and one million community members by 2022, and ultimately source all of our cocoa sustainably, mainly through **Cocoa Life**.

Cocoa Life is based on three non-negotiable principles: it is holistic and farmer-centered, committed to partnership and aligned with our sourcing. Its holistic approach drives change and addresses diverse challenges in cocoa farming communities. Since the challenges are interrelated, the solution needs to be as well. Our efforts center around five focus areas: Farming, Community, Livelihoods, Youth and Environment. Additionally, we have three themes that cut across these five key areas: women's empowerment, child labor and climate change.

Cocoa Life links cocoa farming with community development. Beyond social and economic challenges, communities are facing environmental difficulties.

The program includes a wide array of initiatives to support local communities, helping them to cultivate stronger, more resilient crops; fight deforestation and reduce environmental impact; and create real change across our cocoa communities.

Cocoa Life connects the beginning and end of the cocoa supply chain, from the farmers who grow the cocoa to the consumers who enjoy our chocolate.



HOW COCOA LIFE WORKS

Cocoa Life is driving change in **five key areas**, as well as cross-cutting themes of women's empowerment, elimination of child labor and climate change.



Cocoa Life tracks and reports impact against **10 global KPIs** that correspond to the program's five key areas.

Realizing Our Ambitions

For cocoa to qualify as **Cocoa Life**, we start with our partners to provide extensive farmer training and community action planning. By the end of 2017, **Cocoa Life** reached 120,500 farmers (up 31 percent from 2016) in 1,085 communities (up 26 percent). And we increased our sustainably sourced cocoa to 35 percent of our global needs, up 14 percentage points from 2016.

We've expanded **Cocoa Life** to more of our brands, including the full *Cadbury Dairy Milk* line in the U.K. and Ireland—connecting even more consumers who enjoy Mondelez International brands to the communities from where our cocoa is sourced. Additionally, **Cocoa Life's** [2017 dashboard](#) and [report](#) highlight the cumulative progress and scale the program achieved by the end of 2017 in four key cocoa origins: Ghana, Côte d'Ivoire, Indonesia and Dominican Republic. Results include both farming and non-farming activities across the five focus areas.

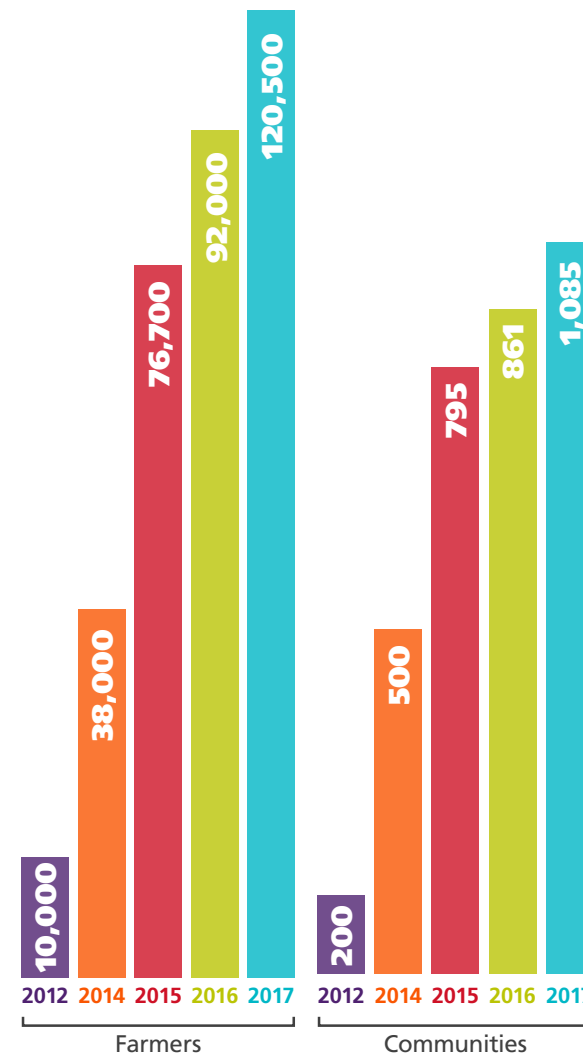


COCOA LIFE ON THE MAP

From a global perspective to a local view, our [Interactive Cocoa Farm Map](#) shows our worldwide scale. It also visualizes the individual farmers and their communities that are participating in **Cocoa Life**. Not all farmers participating in **Cocoa Life** are mapped yet; in some areas, there are more farmers participating than are displayed.

COCOA LIFE PROGRESS

Sustainably sourced cocoa from **Cocoa Life** grew by 14 percentage points, driven by the increase in the number of communities we brought into the program by the end of 2017.



Impact Verification and Transparency

To verify our impact on cocoa farmers and their communities, as well as measure progress toward our goal of sourcing all our cocoa sustainably, consistent evaluation is needed. **Cocoa Life** engages two independent third parties to help keep us on track and verify our efforts: [Ipsos](#) and [FLOCERT](#).

Ipsos, a global non-partisan, objective research practice, provides third-party verification of the program and its impact on the ground by conducting farmer and community impact studies. They are designed to evaluate **Cocoa Life**'s progress against 10 global Key Performance Indicators (KPIs), which correspond to five focus areas, and are critical in verifying our impact and helping us learn where program improvements are needed.

In 2017, Ipsos published its first impact study, outlining **Cocoa Life**'s progress in [Indonesia](#). It highlighted our impact in 2016 vs. 2015, among the first 7,115 farmers who joined the program. The assessment showed farmers saw a 10 percent increase in yields, 38 percent increase in income from cocoa and three times the amount of income from non-cocoa sources. With these learnings, we will continue to scale up our efforts by engaging new farmers and communities, adding interventions and evolving **Cocoa Life**'s approach. Impact evaluations for additional **Cocoa Life** origins are in progress.

FLOCERT, a socially-focused and leading global certification body, traces and verifies the flow of cocoa from **Cocoa Life** communities into our supply chain and the benefits cocoa farmers receive, such as premium payments and clear trade terms. It provides verification services for social, trade and environmental standards, and private codes of conduct. Furthermore, verification drives learning and transparency, and ensures we're sourcing for our brands from the farming communities we invest in.



Tackling Climate Change and Deforestation

Cocoa farmers and community leaders in West Africa tell us climate change is already impacting their farms and we are increasingly concerned about the effects of climate change on their livelihoods. We have consistently led forest protection in the cocoa sector. Increasing cocoa farmers' resilience to climate change continues to be an important area of work for **Cocoa Life**.

Recognizing that deforestation is a driver of climate change, we are stepping up efforts to protect forests and help cocoa farmers become more resilient by improving environmental practices on cocoa farms.

According to the United Nations REDD+ (Reducing Emissions from Deforestation and Forest Degradation) program, annual deforestation rates for Côte d'Ivoire and Ghana are estimated at 2.7 percent and 2.9 percent, respectively. That's why **Cocoa Life** embarked on several initiatives in those countries, as they account for close to 60 percent of the world's cocoa supply.

In 2017, **Cocoa Life** entered agreements with governments and NGOs to help address deforestation and forest degradation in Ghana and Côte d'Ivoire through several initiatives, including environmental and forest conservation training, mapping cocoa farms, monitoring protected land and distributing shade trees. We also partnered with the World Cocoa Foundation and the Prince of Wales' International Sustainability Unit to help instigate the [Cocoa & Forests Initiative](#) with 11 other cocoa and chocolate companies. And we published a [position paper](#), outlining how we are helping farmers become more resilient to climate change.



Specifically, we are working with the Forestry Commission of Ghana, Ghana Cocoa Board and United Nations Development Programme (UNDP) in Ghana to reduce emissions. We've also engaged the Ministry of Environment in Côte d'Ivoire and signed a memorandum of understanding to reach zero deforestation. We have already started the first REDD+ project in the Nawa region of Côte d'Ivoire, which borders the precious Tai National Park, to map cocoa farms, identify and monitor areas at risk for deforestation, and create land-use plans.

To date, we've mapped 136,000 hectares of cocoa farms to accurately measure productivity and farmers' proximity to protected forest areas. We're partnering with [Global Forest Watch](#) to add an overlay to all cocoa farms registered in **Cocoa Life**, to identify at-risk land. This helps us to take action against deforestation.

We conduct environmental and forest conservation training in all **Cocoa Life** countries and support shade-grown cocoa, intercropping and agro-forestry. To date, we've trained nearly 68,200 community members on Good Environmental Practices; distributed nearly 6 million cocoa seedlings to increase productivity and promote growth of higher quality cocoa; and distributed more than 1.13 million shade trees to conserve natural ecosystems and provide viable environments and farmland for future generations.



Child Protection in Cocoa-Growing Communities

Our goal is to help eliminate [child labor](#) in our cocoa origins completely. Over the years, we have worked with NGO partners to raise awareness of child labor in **Cocoa Life** communities with training for both children and parents. We recognize that every child needs a safe and conducive environment to grow and thrive. **Cocoa Life** addresses the root causes with actions to improve the livelihoods of farmers, empower women and promote education.

Cocoa Life partnered with [Embody](#), an independent human rights consultancy, to analyze the environment and national child protection infrastructure in [Côte d'Ivoire](#), [Ghana](#) and [Indonesia](#).

Based on Embody's recommendations, we strengthened our approach to tackling child labor. We partnered with local governments and NGOs to build community-based Child Labor Monitoring and Remediation Systems (CLMRS). Communities fully own the well-being of their children. As part of the CLMRS, **Cocoa Life** supports them with tools, expertise and funding to:

- Set up a Community Child Protection Committee of trained volunteers
- Sensitize all community members on the dangers of child labor
- Identify children at risk within the communities
- Remediate identified cases of child labor with the support of our partner NGOs and the appropriate local and regional authorities



CLMRS complements **Cocoa Life**'s holistic approach and keeps the community at the heart of all interventions. Community Child Protection Committees are involved in every stage and receive the expertise and support necessary to address each individual case with the appropriate solution.

By the end of 2017, CLMRSs were implemented in 137 **Cocoa Life** communities, with more to come in 2018. In addition, 516 communities had

Community Child Protection Committees and we have educated more than 53,000 farmers and community members on issues of child labor. We strive to continuously improve the way we tackle this complex issue based on our learnings on the ground, and third-party findings and research. As a founding member of the International Cocoa Initiative, we work closely together to benefit from the group's expertise, and exchange emerging best practices from industry peers and civil society.

Giving Women a Voice in Cocoa Farming

Women's empowerment has been a cross-cutting theme for **Cocoa Life** since we launched in 2012. Cocoa farming is often viewed as a "male activity." In reality, women play a pivotal role in cocoa productivity and quality. However, women in cocoa communities, both farmers and non-farmers, have significant structural disadvantages that affect not only their own social, economic and physical well-being, but that of their entire community.

At **Cocoa Life**, we know that providing women with training and access to farming inputs and financing improves agricultural productivity, builds livelihoods and is essential if cocoa communities are to thrive.

We also ensure women are given a voice. Here are some [actions](#) we are taking:

- Increasing women's access to farm inputs, land ownership and membership in farmer groups or cooperative unions
- Promoting leadership positions for women, ensuring equal representation and providing mentorship
- Ensuring 50 percent of young women (age 15+) participate in youth-oriented programming
- Helping women improve livelihoods through access to finance, entrepreneurial skills and more

For example, in Ghana, **Cocoa Life's** Gender Dialogue Platforms (GDPs) are an avenue for elevating women's voices at home and in the community. These dialogues serve as a means to build women's knowledge of community dynamics, public speaking and leadership skills.



We're also connecting more women to finance. Village Savings and Loan Associations (VSLAs) provide cocoa community members with access to finance and financial literacy training. Most participants are women. VSLA members use these funds for investments, start-up capital for new businesses, farm rehabilitation, children's school fees and farm labor. Results to date:

- 51,566 community members participating in VSLAs
- 1,828 operational VSLAs
- 28,589 community members trained on business management
- 29,728 community members trained on financial literacy

EMPOWERING WOMEN IN A GLOBAL ECONOMY

Women's economic empowerment fuels growth and prosperity. Knowing this, Linda Scott, an expert on the women's economy and Emeritus Professor of the University of Oxford's Saïd Business School, convened nine multinational companies leading women's empowerment efforts in their industry, including Mondelez International, in 2014. Scott captured insights from the group now called the Global Business Coalition for Women's Economic Empowerment, in a first-of-its-kind report, "Private Sector Engagement With Women's Economic Empowerment: Lessons Learned From Years of Practice." She hopes for a future with the full inclusion of women in the global economy.

Partnerships are Crucial to Program Success

Partnership is the key to lasting change.

Cocoa Life integrates the work of stakeholders to achieve common goals in ways that are relevant and tailored to farming communities around the world.

We work with communities, suppliers, non-government organizations and national cocoa authorities, including the [Ghana Cocoa Board \(COCOBOD\)](#), [Conseil du Café-Cacao](#) in Côte d'Ivoire and the [Indonesian Coffee and Cocoa Research Institute \(ICCRI\)](#), to build lasting change.

The **Cocoa Life** program has also brought together a range of other partners, including [CARE International](#), [Save the Children](#), [Solidaridad](#), [Swisscontact](#), [Voluntary Services Overseas \(VSO\)](#) and [World Vision](#), to ensure holistic development for farm families and empowerment of farming communities.

Cocoa Life works with a group of strategic advisors who lend their expertise and perspective to help shape the **Cocoa Life** program. Over the last several years, they have visited our key origins to see firsthand the impact of the program and to meet with farmers, suppliers, young people and women in the cocoa communities, as well as governmental stakeholders and NGOs. This is very valuable and enables them to provide ongoing feedback and recommendations.



COCOA LIFE STRATEGIC ADVISORS

- **Andrew Bovarnick** – Lead Natural Resource Economist and Global Head, [United Nations Development Programme's Green Commodities Program](#)
- **David McLaughlin** – Senior Advisor, Strategy, [Conservation International](#)
- **Aidan McQuade** – Human Rights Expert
- **Mil Niepold** – Human Rights and Mediation Expert, [The Mara Partners](#)
- **Jane Nyambura** – Regional Manager Africa, [Ethical Tea Partnership](#), and expert on improving smallholders' livelihoods

Wheat

Harmony Wheat



At Mondelēz International, we are the largest biscuit producer in the world. We are proud to be bakers. We bake with passion and a clear sense of purpose, and in a way that secures the environment for today and tomorrow.

As bakers, wheat is our most critical ingredient and, because we use so much of it, we are able to drive meaningful impact in how it is farmed. We don't just see wheat as a raw ingredient. It was one of the first crops to be cultivated by humans and is one of the largest food crops in the world.

Wheat is hugely important and we believe in working to ensure it can continue to feed a growing population. However, agriculture is impacted by climate change as water resources become scarce and carbon emissions increase. Wheat farming in particular is especially vulnerable to climate change. That is why we created **Harmony**—to fulfill our ambition to grow wheat in a sustainable way in Europe.

The European Union (EU) produces 156 million metric tonnes of wheat per year, with a large portion of that grown in France. Ten years ago, our biscuit brands in France had a vision of a better way to grow wheat, and so **Harmony** was born. Today, our **Harmony** program has grown into an industry leading and well-respected program for sustainable farming.



Through **Harmony**, we're changing the way wheat is grown and harvested. We work with farmers across Europe to grow wheat in a way that helps conserve water, cares for the soil, protects biodiversity and reduces carbon emissions. This creates not only better conditions for the essential ingredient for our biscuits, but also enhances local areas where people live. And we engage with governments and NGOs to drive change and help ensure wheat is grown in a sustainable way. To date, **Harmony** farmers in Europe have achieved a 20 percent reduction in pesticide use, and in 2017, close to 17 million bees and more than 30 species of butterflies were observed in **Harmony** fields.

Countries with Harmony farmers

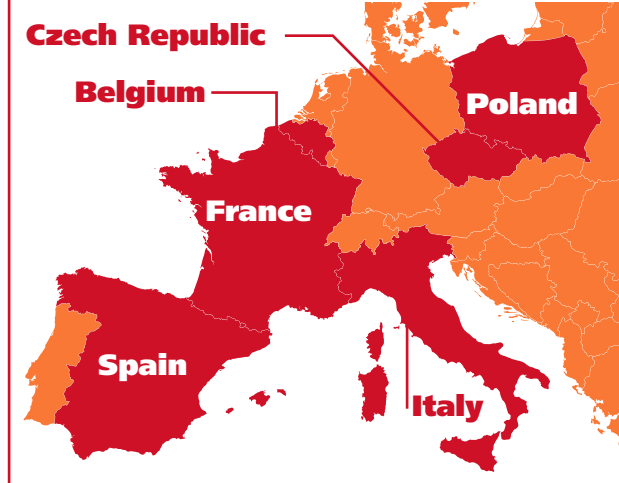




Photo Credit: @BenHon

Each year, our 1,700 **Harmony** farmers across Europe harvest around 232,000 tonnes of **Harmony** wheat, which equates to 177,000 tonnes of flour used in our biscuit making. At the end of 2017, 75 percent of our biscuits in Western Europe (or 60 percent across the EU) were made with **Harmony** wheat, including brands such as *LU*, *Oro*, *LiGA* and *Fontaneda*.

While we've made solid progress so far, we know there is still more to be done. We believe **Harmony** is the right way of growing sustainable wheat, and we will continue to invest in the program and look for ways to extend our impact, with the ambition to source 100 percent of our wheat need in the EU by 2022. We will achieve this by extending the program so that the annual production of wheat under the sustainable conditions set out by the **Harmony** charter will result in around 350,000 tonnes of wheat—or 290,000 tonnes of flour—by 2022.

GOAL
100% of EU
wheat need

75%
of our Western
European biscuits
(60% across EU)
were made with
Harmony
wheat

North America Wheat

In North America, our wheat farmers are adopting innovative practices to optimize pesticide and fertilizer use, growing all the wheat we need for our *Triscuit* brand, with a lower environmental footprint.

Since 2015, we have partnered with Michigan State University (MSU) and our supplier of soft white wheat, Cooperative Elevator Company (Coop), a 100+ year-old cooperative in the thumb of Michigan. In partnership with MSU and Coop, we engage a group of farmers each year to track their farming practices, use of inputs such as fertilizer, and their yield. We then enable the group to anonymously track their own year-on-year performance, as well as their performance against peers. Participating farmers obtain their performance results within three months of the harvest and have an opportunity to discuss improvement opportunities with their agronomist.

Receiving anonymized results data is an important nudge for farmers to seek continuous improvement in their farming practices. For example, our 2017 data analysis by MSU showed that 74 percent of participating farmers practiced advanced agronomy. And that their yields (and therefore margin) were 6.3 percent higher than the yields of those who did not.

In 2017, we sourced 82,000 tonnes of wheat, grown by 112 farmer families who tracked continuous improvement on their environmental and economic performance via this program. We have been actively working across our North America and EU **Harmony** programs to synchronize tracking and improvement on our key impact areas, such as water and greenhouse gases.

Palm Oil

We believe sustainable palm oil is important for the long-term growth of our business and should be accessible to all.

We challenge our palm oil suppliers to meet our principles. We give priority to suppliers who meet these principles and exclude suppliers who don't. We don't just ask our suppliers to supply us with sustainable palm oil. We ask them to transform their entire supply chain.

We tackle deforestation through our updated 2016 Palm Oil Action Plan that was developed with the [World Wildlife Fund](#) and [UNDP](#). As outlined in the Action Plan, our suppliers must implement traceability and more sustainable production practices. Our guidelines also dictate that development should not take place in Primary Forest, High Conservation Value (HCV) areas, High Carbon Stock (HCS) forests, or use fire in plantation operations.

The plan further requires suppliers to improve practices across entire operations. It also focuses on risk assessment and engagement of third-party suppliers to drive accountability for traded oil. Key provisions require suppliers to:

- Map and assess the risk for all supplying mills on Global Forest Watch to increase transparency and enable deforestation alerts
- Provide assurance that no deforestation occurs on their own concessions and exclude third-party suppliers who do not immediately cease deforestation
- Work with recognized third-party experts to protect labor rights

We will be publishing progress against milestones within our Action Plan by the end of September 2018. Overall, our strategic global suppliers have made good progress implementing Action Plan milestones, particularly in their own operations. However, more needs to be done to improve sustainability in oil from third-party suppliers—this is a key focus for us in the next two years.

At the end of 2017, we maintained 96 percent traceable palm oil back to the mill and 99 percent was from suppliers with published policies aligned to ours. In early 2018, we published a list of [palm oil suppliers](#) we continue to work with and the [palm oil mills](#) in our suppliers' [upstream supply chains](#).



96%
palm oil
sourced traceable
back to the mill

100%
RSPO coverage
of the palm oil
we buy*

**purchasing
palm oil**

99%
from suppliers
with policies
aligned to
ours

* Our RSPO coverage refers to palm oil, not palm kernel oil (PKO), which is excluded on basis of complexity and low usage (2017: approx. 4%)

Traceability to the mill is a powerful step. Mill data has enabled us to use technology like the [World Resources Institute's \(WRI\) Global Forest Watch \(GFW\)](#) system to monitor deforestation, identify risk areas and use the data to guide suppliers' efforts on deforestation hotspots. In early 2018, we asked suppliers to focus remediation efforts on mills identified by GFW as being in high-risk areas.

In addition, we also expect suppliers to assure protection of the rights of all workers, including migrant workers, in their own operations and engage third-party suppliers to do the same. To achieve this, we ask them to provide annual assurance, verified by a recognized third-party labor rights expert, of continuous improvement in labor rights performance in their own operations. We also require them to develop a roadmap with milestones to engage third-party suppliers to provide assurance of their labor rights performance in the same manner.

When a supplier fails to meet the terms of our action plan, we start with the principle that it's better to fix a problem than to walk away from it. But when there is a significant breach of our principles, we will exclude suppliers until the breach is put right. During 2017, we developed a grievance procedure with external input from Proforest. We are now using this process to guide our responses to controversies in our supply chain and to drive reform or exclusion of responsible direct or third-party suppliers.

We will work with suppliers who show commitment to improve, based on an agreed plan, while retaining the right to exclude the supplier if the agreed terms are not met. By challenging suppliers in this way, we have prompted collaboration in the palm oil sector to improve traceability, particularly among emerging markets where there is not yet market demand for it.

Driving Sector-Wide Change

Progress in the palm oil sector requires us to go well beyond our own supply chain to achieve sector-wide change involving all participants in palm oil. We use our position as a global company to drive change through broad scale partnership and engagement.

We are among a leading group of companies supporting WRI to develop GFW Pro, a decision-support system to monitor and manage land-related sustainability performance, including deforestation. GFW Pro will enable suppliers, traders and buyers of palm oil to monitor deforestation risks, monitor progress and track verification across their palm oil supply. In 2018, we are building on this by supporting GFW's priority landscapes initiative that will prioritize deforestation alerts in the most sensitive areas and build collective response protocols with local authorities.

We continue to work with the Government of Indonesia and other partners to develop the [Indonesia Sustainable Palm Oil \(SPO\) Initiative](#) to help strengthen smallholder farmers, support national policy reform and reduce deforestation through public-private partnerships. This has led to the publication in 2017 of Indonesia's first-ever National Action Plan (NAP) for sustainable palm oil, which provides a national framework for reform.

In addition, we co-chair the Consumer Goods Forum's Palm Oil Working Group, which published [palm oil sourcing guidelines](#) and provided coordinated input during 2017 to the Indonesia NAP and to the Roundtable for Sustainable Palm Oil (RSPO) standards review. We also serve on the RSPO Board of Governors.

Animal Welfare

Our [animal welfare position](#) recognizes consumer, civil society, government and investor concerns about the health and welfare of farm animals and the link between animal welfare and the health of animals raised for food. A number of our products include ingredients that come from farm animals, such as dairy and eggs in our cheese, chocolate, biscuit and dressing brands.

In 2016, our animal welfare commitments were recognized by the [Business Benchmark for Farm Animal Welfare](#), the leading global measure of company performance on farm animal welfare. We were one of just two companies to improve two levels, from level 6 to level 4, and maintained this ranking in 2017.

Eggs

We recognize concerns for the welfare of laying hens and we've taken a number of steps to switch to cage-free supplies.

We strive for 100 percent of our egg supply globally to be cage-free. As outlined in our [Laying Hens Animal Welfare Approach](#), we plan to fully transition in the United States and Canada by 2020, and in Europe and the rest of the world by 2025, except for Russia, Ukraine and China, where the supply chain will need more time to develop and require a longer period. At the end of 2017, we made solid progress toward our 2025 goal, with 15 percent of our eggs cage-free based on the expanded scope (vs. 2016).

Recognizing our limited influence in the market for egg products, we continue a dialogue with suppliers and stakeholders to encourage the availability of viable cage-free supplies and aim to establish timelines for Russia, Ukraine and China as soon as possible.

We want all eggs ultimately to be produced cage-free. We are encouraged by reports that major egg buyers have started the transition to cage-free. We hope this will lead to a general transformation in the market, so that cage-free eggs become the mainstream option. We are pleased to lend our support.

Milk and Dairy

Milk and other dairy products are important ingredients for our cheese and chocolate products. Since 2013, sustainability projects all over the world are coordinated by the [Dairy Sustainability Framework \(DSF\)](#), the dairy sector's program to align, connect and demonstrate continuous improvement in sustainability.

In Europe, we built our sustainability agenda by working with key suppliers and national initiatives on a principle of continuous improvement. In Germany, we supported the development of a new voluntary *Quality Milk Standard* and implemented it in 2016. And across Europe, we are engaging all our milk suppliers to build their sustainability roadmaps.

We track progress according to the proportion of our dairy ingredients sourced from recognized industry standards. Currently, nearly 50 percent of our total global dairy supply is sourced from suppliers following recognized standards; and we expect this to increase to the majority by 2020 as supply becomes available.



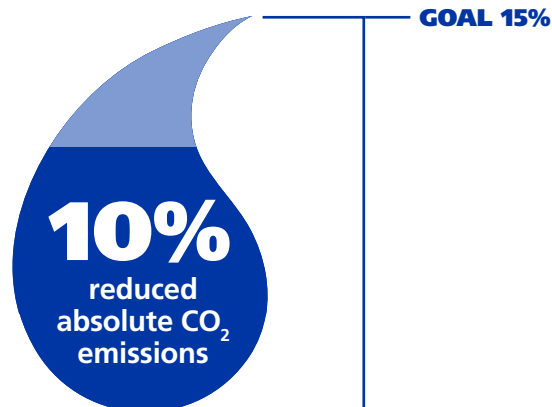
Lessening Our Environmental Footprint

Although the impact of our operations on the environment is much smaller compared to agriculture, the smart and sustainable use of raw materials in our own operations is an important contribution in making a positive impact for our planet and people. Our [sustainability goals for 2020](#) are an ambitious end-to-end approach to reduce our environmental footprint.

Environmental Footprint Goals

- ☛ Reduce absolute CO₂ emissions from manufacturing by 15%*
- ☛ Reduce water use by 10%* at priority locations where water is most scarce
- ☛ Reduce total waste in manufacturing by 20%*
- ☛ Eliminate 65,000 metric tonnes of packaging*

**by 2020 vs. 2013 baseline*



Making Progress In Our Operations

Reducing CO₂ Footprint to Protect Global Food Supplies

There is no doubt that the global food supply is at risk from climate change. According to the World Bank, to feed an estimated 9 billion people by 2050, there will need to be a 50 percent increase in agricultural production. Yet local temperature increases, extreme weather patterns and shortages of essential resources are driving competition for land and threatening the supply of major crops. We recognize we play a critical role and need to increase our focus on ways to continually reduce our CO₂ emissions from manufacturing to combat climate change.

We adopted science-based targets to reduce our absolute CO₂ emissions from manufacturing by 15 percent by 2020. This aligns with current approaches that set science-based targets to support the global effort to limit climate change to less than 2°C. We're on track to deliver this goal, having reduced CO₂ emissions from our factories by 10 percent since 2013. We've reduced energy consumption by improving energy management systems and investing in energy-efficient technologies in our factories.

We are also cutting CO₂ emissions by using low-carbon renewable energy sources. Our Port Elizabeth facility in South Africa managed to reduce its carbon footprint by 5,100 tonnes on an annual basis by switching to the purchase of electricity derived from solar energy. Heading into 2018, we are extending our use of solar onsite with the addition of solar panels at our Scoresby, Australia plant, and Sri City production facility in India.



Preserving Water

When considering the various ways Mondeľ International addresses sustainability issues around the world, nothing is more important than conserving the valuable resource of water.

Based on a comprehensive risk assessment, using the Aqueduct tool from World Resources Institute, we identified priority sites in areas where water is most scarce. We target our water reductions in these locations. Our goal is to reduce absolute water use by 10 percent at priority manufacturing sites where water is most scarce.

By measuring and monitoring water leaks, investing in water reduction projects and improving cleaning processes to optimize water use, our Malanpur plant in India has reduced incoming water usage by 55 percent since 2013.

GOAL 10%

25%*
reduced
water usage in
priority locations

* Our 2020 water goal includes the anticipated impact of expansions for new lines and sites, which will add to our future absolute water use and, therefore, not evident in 2017 performance

Eliminating Waste

Our belief is that it's better to not generate waste to begin with. Most of our factories have already achieved zero waste to landfill. Therefore, we are focusing beyond recycling waste to focusing efforts on reducing total waste in our manufacturing. We continually search for innovative solutions to help us achieve this.

We estimate that most manufacturing waste is food waste and are working on a baseline to help determine the proportion, as part of our support for the Consumer Goods Forum's (CGF) resolution to halve food waste within CGF member companies' operations by 2025. We continue to raise awareness of the value of reducing waste among our factory employees and adopted lean manufacturing techniques, such as Integrated Lean Six Sigma, to ensure we use resources efficiently and reduce waste.

Our Coolock factory in Ireland has reduced more than 70 percent of waste for the last four years by tackling the many root causes of waste generation and engaging factory teams to develop plans and implement changes required to deliver sustained improvement.

GOAL 20%

15%
reduced
total waste in
manufacturing

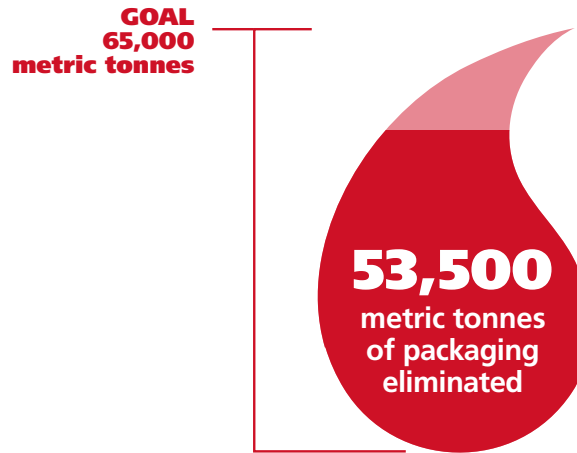
Using Less Packaging

As part of our broader commitment to sustainable growth and reducing our overall environmental impact, we recognize and have developed programs to address the biggest sustainability challenges relevant to our business, including plastics pollution and climate change. We are reducing the environmental impact of packaging and tackling plastic waste in three key ways:

- Reducing our packaging material by optimizing our packaging formats while also minimizing food waste
- Continuing to simplify our material choices and using innovative packaging materials to facilitate recycling in existing infrastructure (most of our packaging is already recyclable or recycle-ready)
- Working in coalitions to support improved infrastructure and greater harmonization of packaging formats so that more waste is collected and can be recycled

Over the years, our teams have worked to optimize packaging design and source materials that protect our products, helping to minimize food waste. Small adjustments can have a huge impact. Since 2013, we have eliminated 53,500 metric tonnes and are on track to meet our goal of eliminating 65,000 metric tonnes. Our reduction efforts are substantial and consistent with guidance from bodies, such as the European Union and the U.S. Environmental Protection Agency, that have declared packaging material reduction the highest priority.

By continually improving package design, we minimize our environmental impact. Using less packaging provides an economic as well as environmental benefit, not only in material costs but also in transportation and disposal.



This helps us to reduce our overall CO₂ emissions as well as operate more efficiently. By eliminating packaging, we saved an estimated 130,000 tonnes of annual CO₂ emissions from 2010 to 2016.

We also reduce the amount of waste that consumers and local authorities have to handle. That's good for people, businesses and the planet. Most of our packaging is already recycled, recyclable or recycle-ready. In Europe, our largest market, 95 percent of our packaging is recyclable or recycle-ready, with 75 percent comprised of either glass, paper-based or metal material. And around 70 percent of our paper-based packaging is from recycled sources.

The remaining 25 percent of packaging is predominately thin flexible films, which are optimized to limit food waste and spoilage. Where possible, we use single material types rather than multi-material laminates. These films are already in principle designed to facilitate recyclability, where facilities exist. More than 80 percent of these films already meet these criteria and we're moving the remainder of our flexible packaging to single materials, where possible.

While most of our packaging is already recyclable or recycle-ready, we continue to simplify our material choices and use innovative packaging materials to facilitate recycling in existing infrastructure. Our approach is to ensure best balance of product protection and minimal packaging material throughout.

To help us achieve our goal, we have hundreds of programs globally that contribute to packaging optimization and elimination. Highlights from 2017:

- In chocolate packaging within our Asia, Middle East and Africa regions, we redesigned many shippers and placed secondary packs directly on the pallet, leading to a material saving of 1,297 metric tonnes of corrugated paper
- Across Europe, we redesigned injection-molded tubs for *Cadbury Heroes* and used 17 percent less plastic material; the improved design also reduced the number of trucks used to transport the empty tubs by more than 30 percent

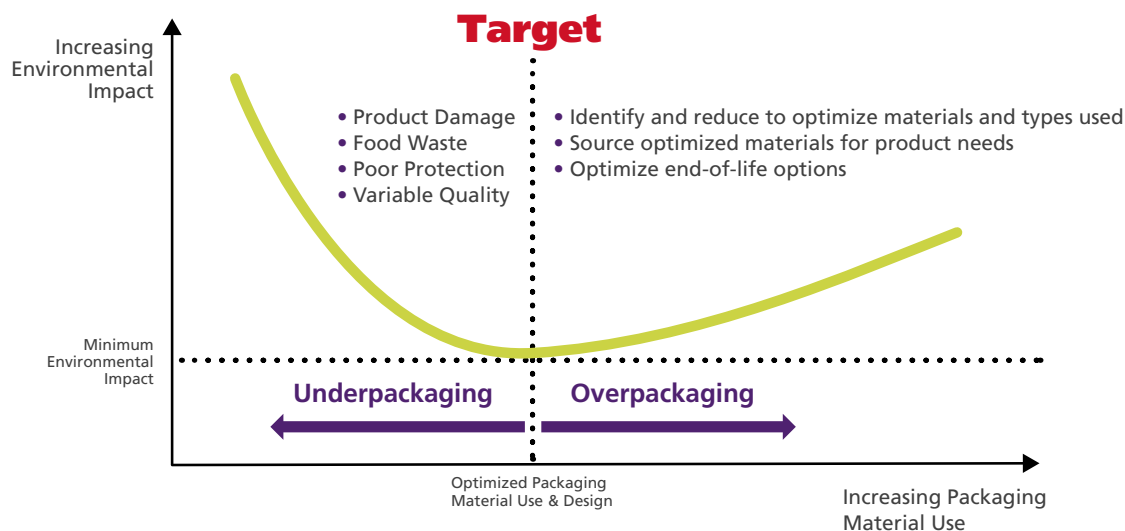
Going Further Through Collaboration

In addition to our own programs, we are working in collaboration with partners to address elements beyond our control, like waste recovery and tackling the challenge of plastic waste. We are working in coalitions to support improved infrastructure and greater harmonization of packaging formats so that more waste is collected and can be recycled.

As an active member of the Consumer Goods Forum (CGF) Solid Waste Working Group, we work with our industry peers to address common challenges and support two initiatives CGF is currently engaged in: the [Ellen MacArthur Foundation's Global Plastics Protocol](#) and the [Ocean Conservancy's Trash Free Seas Alliance](#).

Sustainable Approach to Packaging Optimization

- Reduce material weight where possible (through new materials or new design)
- Avoid underpacking, which leads to poor product quality and damage or waste (10x environmental impact of packaging)



REDUCING FOOD WASTE THROUGH BETTER PACKAGING

Optimizing our packaging helps us address an even bigger issue—food waste. According to Quantis, a sustainability and lifecycle assessment firm, food waste has an adverse environmental impact 10 times greater than packaging. We are mindful of our responsibility to prevent food waste by protecting our products and pursue a multi-faceted approach to sustainability to avoid unintended consequences on the climate that may arise from focusing solely on packaging. Reducing food waste also reduces our environmental impact from the production of raw materials, since it reduces the amount of raw materials we need.

UN Sustainable Development Goals Linkages

Through our sustainable agriculture programs, **Cocoa Life** and **Harmony**, that help improve the livelihoods of farmers and their communities, along with our Palm Oil Action Plan and efforts to reduce our environmental footprint and tackle climate change, we are supporting the following [UN Sustainable Development Goals \(SDGs\)](#).



WELL-BEING SNACKS

People around the world are increasingly interested in well-being for themselves and for their families. They are taking a more holistic approach to well-being, becoming more attuned to the connection between what they eat and their health.

At Mondelez International, we proudly make snacks to serve those different needs throughout the day—to help curb people's hunger, to give them a nutritional boost or to simply provide a delicious moment. As the world's largest snack company, we're committed to helping people enjoy the snacks they love and to stay in balance. That's why we're focused on making snacks people can feel good about, with ingredients they know and trust.

At the end of 2016, we made strong progress against our original 2020 global well-being targets, meeting—and even exceeding—several of them. In 2017, we built upon those achievements and evolved our portfolio goals to better address those areas that are increasingly important to people for their well-being. We focused our portfolio efforts on where we can have the greatest impact to meaningfully enhance the well-being of people around the world.

This includes expanding the existing well-being brands in our portfolio, growing them at twice the rate of our base portfolio, renovating the nutrition and ingredient profile of our other best-selling brands, and continuing to inspire people to snack mindfully, offering more portion control snacks and providing clear and simple nutrition information.



Well-being Snacks Goals*

- ☛ Expand Well-being brands** in our portfolio, growing them at twice the rate of our base portfolio
- ☛ Contemporize and improve the nutrition and ingredient profile of our biggest-selling brands
- ☛ Inspire people to snack mindfully, delivering 15% of our revenue from portion control snacks***

* Based on 2017 revenue baseline and sales weighted volume for nutrients

** Well-being brands tracked are belVita, Barni/Teddy, Véa, Wheat Thins, Triscuit, Good Thins, Ritz Crisp & Thins, Green & Black's and Enjoy Life Foods

*** Snacks that are individually-wrapped, 200 calories or less, and meet baseline limits on saturated fat, sodium and sugar

Empowering People to Snack in Balance

Helping people enjoy the snacks they love and stay in balance is our primary mission. At the end of 2017, we made good progress against our efforts. We grew revenue of our well-being brands at more than twice the rate of our base portfolio. We also continued to focus efforts on enhancing the goodness of our best-selling brands and optimizing their nutrition and ingredients by increasing whole grains and reducing saturated fat, sodium and sugar.

We have in place baseline nutrition criteria that we use to assess new products being developed, as well as guide product renovations. We simplify ingredient lines and continue to remove artificial ingredients in select key brands, as well as introduce new snacks without artificial colors or flavors. In the U.S., we launched our line of *Véa* and *Good Thins* crackers that contain no artificial ingredients, as well as introduced non-GMO and organic varieties of our *Triscuit* crackers.

Whole Grains

We continue to increase whole grains within our portfolio, building upon our 2015 achievement of increasing whole grains by 25 percent. In 2017, we doubled the amount of whole grains in our popular *Club Social* crackers in Latin America, going from 2.2g per 100g to 5g per 100g. *Club Social Integral* provides now 10g of whole grain per 24g serving. Today, our global portfolio delivers more than 9 billion servings of whole grain around the world.



Sodium and Saturated Fat

We continue to reduce the amount of saturated fat and sodium as part of our overall renovation of key global power brands—our biggest selling products. We also continue to introduce new products, as well as line extensions, with less saturated fat and sodium in the recipes. At the end of 2017, we reduced sodium by 1.4 percent across our global snack portfolio; and continued sodium reduction efforts in *Oreo*, reducing the amount of sodium by 2 percent across the brand in the last year. We also reduced sodium by 11 percent in our *Pacific* soda crackers we sell in China.

In addition, we made progress in eliminating saturated fat from key global brands. Since 2016, we reduced saturated fat levels globally in *Ritz* and *TUC* brands by 2 percent and 3 percent, respectively. We also completed an extensive renovation effort, removing saturated fat in *Barni* soft cakes in Eastern Europe, leading to a 13 percent reduction in *Barni* globally compared to 2016. Regionally, we reduced saturated fat by 13 percent in *Oreo* sold across Europe, as well as the saturated fat content in our Latin American chocolates by 4.5 percent, with reductions ranging from 3 percent to 8 percent in *Lacta* varieties sold across the region.



Trans Fat

We have made strong progress against our goal to eliminate industrially-produced trans fatty acids (iTFA) from our entire portfolio. At the end of 2017, we eliminated iTFAs from the bulk of our portfolio (more than 98 percent), removing nearly all partially hydrogenated oils (PHOs) from our products, while continuing to maintain great taste and quality. We are on track to meet our commitment as part of the International Food & Beverage Alliance (IFBA) to reduce iTFAs from PHOs in our products worldwide to be less than 1g of iTFAs per 100g of product by the end of 2018. Our efforts further supports World Health Organization's (WHO) recent call for the complete removal of iTFAs from the global food supply by 2023.



Sugar

We know that to effectively maintain a healthier, more balanced diet, it is important to manage the intake of both sugar and calories. And we agree people should limit their sugar intake as part of an effort to reduce calories. This aligns with and supports the WHO and other regulatory agencies' advice for consumers to limit added sugar intake to no more than 10 percent of daily calories.

Sugar reduction has been a focus for us for the past 10 years. We take a multi-pronged approach to help consumers manage sugar and calories, focused on five areas: creating new products with less sugar; reducing sugar in current products; launching and supporting lower sugar sub-lines; increasing portion control options; and reinforcing portion messaging on pack.

In 2017, we continued our efforts, expanding our line of *Oreo Thins* into new markets across Europe and parts of Latin America, letting people savor the *Oreo* taste they love, but with fewer calories and sugar per cookie compared to the regular version. Globally, 90 percent of our gum and 70 percent of our powdered beverages, such as *Tang* and *Clight*, are sugar-free. And since 2016, we reduced sugar by 1 percent in *belVita* globally and by 5 percent in *Green & Black's* chocolates.



Inspiring People to Snack Mindfully

To make informed, mindful decisions for themselves and their families, people need portion control options, as well as the right information delivered in a simple and straightforward way. Our product development and communications practices are designed with this in mind, so we can provide people options that meet their snacking needs and with clear information about our snacks to help them stay in balance.

Offering More Portion Control Products

Expanding our portion control options—snacks that are 200 calories or less and are individually wrapped—enables people to enjoy the treats they love, become more mindful about what they eat and help manage their calories. At the end of 2017, our portion control options represented 12.8 percent of revenue, becoming a meaningful segment of our portfolio.



THE SCIENCE BEHIND MINDFUL SNACKING

Snacking is part of everyday living. It can provide fuel for energy or a boost to jump-start your day. It can also simply be a treat. Yet, these days, there is so much focus on what people are eating and not enough on WHY and HOW. Mindful snacking encourages people to eat with attention and intention, and to be truly present in the moment. Research has shown that a mindful eating approach can help improve the way people snack as well as help build a healthier relationship with food.

In 2017, we partnered with Dr. Susan Albers, PsyD, Clinical Psychologist and Mindful Snacking Expert, to provide information including a consumer information guide and tip sheet, as well as a resource guide for healthcare professionals and educators on how to effectively help clients practice mindful snacking.

We also organized a scientific symposium at the 2017 International Congress of Nutrition entitled Mindful Eating Applied to Snacking: A Promising Behavioral Approach Supported by Research. Three international experts in the fields of nutrition and food behavior, psychology and food marketing—Dr. France Bellisle, Paris 13 University, France; Dr. Jean Kristeller, Indiana State University, USA; and Dr. Yann Cornil, University of British Columbia, Canada—shared in-depth knowledge and the latest scientific advances about mindful eating. And we issued our sixth NutrInsight issue, detailing the latest research advances on the benefits of mindful eating: Mindful Snacking: Scientific Evidence Supporting the Application of Mindful Eating for Sensible Snacking Practices.



Nutrition Labeling

We understand the importance of being open and consistent in the way we communicate about our snacks with consumers around the world. Our nutrition labeling approach is in line with international standards, including Codex Alimentarius. We provide nutrition labeling on all of our products across our markets, displaying the amount per serving and/or per 100g (depending upon local regulations) on eight key nutrients: energy (calories), protein, carbohydrates, sugars, fat, saturated fat, fiber and sodium. On very small packages with limited space, we list calories, protein, carbs and total fat. Nutrition labels usually include the percentage that a nutrient provides of a person's recommended daily intake, such as Daily Value or Dietary Reference Intake.

Nutrition and Health Claims

We know consumers want transparent information when making decisions about the food they purchase. That is why we take great care to ensure the claims we make are presented in a manner that clearly and factually represents our products.

Our nutrition and health claims are based on sound scientific evidence and comply with local laws and regulations. And when we make a nutrient or health claim it is only on products that contain a meaningful amount of the nutrient or ingredient on which the claim is based.

Furthermore, when we make a claim about a nutrient (e.g., good source of fiber) or when we add a specific nutrient for fortification purposes, we will include information on that nutrient in the label and in accordance with local regulations. For countries where regulatory standards have not been established, we will use those standards set out by [Codex](#), including Codex CAC/GL 23-1997. Codex always serves as our baseline requirement when making claims. We also follow guidance outlined in the [WHO/FAO guidelines](#) on food fortification with micronutrients, as well as the principles below when considering making a claim on a product:

- Claims are based on an appropriate serving amount for the product, unless local regulations mandate a different approach
- Claims are made only on products that contain a nutritionally meaningful amount of the nutrient on which the claim is based
- Claims must go through internal regulatory and legal review for final approval



Front-of-Pack Labeling

Calories are universally recognized around the globe. We are committed to helping our consumers be mindful of how many calories they are taking in. Since the end of 2016, we have placed calorie information front-of-pack (FoP) on all of our eligible products globally.* Unless national requirements require alternative elements, our FoP calorie labeling must depict calories (energy) per serving or per pack for single-serve, individually wrapped products.

We also participate in voluntary front-of-pack and nutrition information initiatives. In the [U.K.](#) and [Australia](#), as well as Canada, India and parts of Latin America, we take part in [Be Treatwise®](#), an initiative our Cadbury business created. The initiative aims to encourage responsible consumption and help people think about how they consume treats, understand more about healthy lifestyles and become familiar with the product's full nutrition information. In the U.S., we participate in the Grocery Manufacturers Association's [SmartLabel](#) effort, providing consumers with easy access to detailed product facts, including ingredients, nutrition facts, allergens and more, using QR/UPC codes, online search or a new "SmartLabel Sponsored by Mondelez International" app. We plan to participate in a similar SmartLabel initiative in Canada. And in the EU, we led a group of five industry players in Europe to announce support of a [European-wide, color-coded labelling scheme](#).

* Where such front-of-pack labeling is permitted and in line with regulatory requirements



Advertising to Children

We support the role of parents, as the decision-makers, in choosing the products that are right for their children. Our Marketing to Children Policy is global and applies to every market where we do business. As of January 1, 2016, we no longer advertise our products in any media primarily directed to children under age 12, irrespective of the product's nutritional profile. Our policy covers any advertising where 35 percent or more of the total viewing audience is under the age of 12. Our [approach](#) applies to advertising in TV, print, radio, internet (both our own websites and third-party websites), digital, advergames, mobile, word of mouth, DVD/video, streaming media and in cinemas.

Specifically, we focus all advertising efforts toward parents and adults, giving them information to help make decisions for themselves and their families. We continue to prohibit all in-school marketing of our products in both primary and secondary schools (prior to university level)—an industry-leading practice. We do not permit any branded communication in schools, including branded educational materials or equipment, irrespective if industry voluntary pledges we are a member of allow it.

We also have food marketing standards in place that provide additional guidance and are in line with the [International Chamber of Commerce \(ICC\) Code of Advertising and Marketing Communication Practice](#) and the [ICC Framework for Responsible Food and Beverage Communications](#).



To ensure compliance with our Marketing to Children Policy, we are engaged in a number of global and local pledge programs that rigorously monitor and report on our processes. Pledge programs include the [U.S. Children's Food and Beverage Advertising Initiative \(CFBAI\)](#); the [Canadian Children's Food and Beverage Advertising Initiative](#); the [EU Pledge](#); the [Food & Beverage Alliance of India Pledge](#); the [Australian Food & Grocery Council's Responsible Children's Marketing Initiative](#); the [Singapore Food & Beverage Industry's Responsible Advertising to Children Pledge](#); as well as our global pledge through the [International Food & Beverage Alliance \(IFBA\)](#).

Additionally, in 2017, we signed onto Mexico's pledge, which was modeled after IFBA's, to support the country's National Strategy for the Prevention and Control of Overweight, Obesity and Diabetes. We signed onto similar pledges in Brazil and Argentina.

To monitor our global progress, IFBA engages Accenture, a third-party media auditor, and employs a measure of compliance intended to help member companies identify genuine breaches and instances where spots for restricted products are placed in or around daytime programs reaching 35 percent or more children under age 12. In IFBA's last report released in 2016, 98 percent of our television advertising was compliant and we were 100 percent compliant for print and online. In addition, we were compliant with our U.S. CFBAI pledge; and in the 2017 monitoring of our EU pledge, we had one issue of non-compliance, which was corrected. Our marketing and media buying teams review these results along with the media buying agencies where there are incidences of non-compliance and corrective steps are taken, if needed, to avoid future concerns.

Partnering with Experts

We have been working together with experts to better understand and address the complex challenges around diet, health and well-being. This is especially important today, as obesity and related health concerns persist around the globe.

Throughout 2017, we participated in and presented at various conferences to learn about advancements in nutrition, as well as share progress and results from research we conducted and showcase our latest well-being innovations. We continue to actively engage with public and private sector stakeholders, bringing industry partners together to address global health and well-being challenges. As part of this, we have discussions with governments, NGOs and others on topics such as nutrition improvements, enhancing consumer information and promoting healthy lifestyles and mindful eating.

Below are some of the organizations we engaged with throughout 2017:

- [Academy of Nutrition and Dietetics](#)
- [Argentine Society of Nutrition](#)
- [Brazilian Congress of Nutrition \(ABRAN\)](#)
- [British Dietetic Association \(BDA\) Work Ready Programme \(WRP\)](#)
- [Consumer Goods Forum \(CGF\) Health & Wellness Steering Committee](#)
- [Dubai Conference on Applied Nutrition](#)
- [European Nutrition Leadership Platform \(ENLP\)](#)
- [European Platform on Diet, Physical Activity and Health](#)
- [Glycemic Index Foundation](#)
- [Grain & Legumes Nutrition Council](#)
- [Grains for Health Foundation](#)
- [HEALTHGRAIN Forum](#)
- [Indonesian Nutrition Association](#)
- [International Cereal and Bread Congress](#)
- [International Congress of Nutrition](#)
- [International Food & Beverage Alliance \(IFBA\)](#)
- [International Life Sciences Institute \(ILSI\)](#)
- [Nutrition Society of Malaysia](#)
- [Shanghai Nutrition Society](#)
- [Southeast Asia Public Health Nutrition Network](#)
- [U.K. Responsibility Deal](#)
- [Whole Grains Council](#)

NUTRITION SCIENCE CORNER

At Mondelez International, we believe in driving innovation and success through nutrition research. Through our [Nutrition Science Corner](#) website, we share our findings and perspectives on emerging nutrition science, as well as invite people to learn about our featured nutrition topics, partnerships, publications and presence at nutrition congresses and conferences around the world.

The website showcases four major nutrition science areas of research directly linked to our products: Beneficial Carbohydrates, Plant-based Nutrition, Healthy Eating Behaviors and Oral Health. As part of our [NutrInsight](#) series, we publish science updates, articles in peer-reviewed journals based on clinical research, and nutrition-related articles and abstracts from scientific meetings. These publications capture research conducted on nutrients and ingredients in the areas of carbohydrates, proteins, whole grains and their effects on glycemic response, health and appetite.



UN Sustainable Development Goals Linkages

Our efforts to improve the nutritional profile of our current portfolio—by reducing nutrients of concern, such as sodium, saturated fats, sugars and trans fats, as well as increasing whole grains, expanding our well-being options and renovating our biggest-selling brands—help support the tenets of the Good Health & Well-being [UN Sustainable Development Goals \(SDGs\)](#).



COMMUNITIES

Scaling Up Our Community Impact

We believe the path to having a positive impact in the world begins by collaborating with communities. Working in partnership with leading community organizations, we aim to foster environments that help families adopt lifelong healthy habits to help make the communities where we work and live thrive. This is critically important as the WHO and other health authorities recognize the serious public health challenges related to childhood obesity.

Since 2012, the [Mondelēz International Foundation](#) (MIF), in partnership with leading community organizations, has been transforming the lives of 1.5 million children across 18 countries. Through its multi-year \$50 million USD commitment, MIF has invested in and launched community programs that promote healthy lifestyles to help improve the lives of children and their families around the world.

Our partners develop and implement the programs that are commonly school-based, reaching children ages 6 to 12 during and/or after school hours, as well as their families and teachers. The innovation behind these efforts is rooted in a three-pronged approach of offering nutrition education, promoting active play and providing access to fresh fruits and vegetables, primarily through gardening. Tackling these three areas, at the same time, is widely regarded as crucial for fighting obesity, improving children's health and making a lasting change.



"The Mondelēz Hope Kitchen program has played a positive role in heightening the awareness of nutrition and health knowledge, improving dietary behaviors, strengthening physical activities, and improving nutritional status among the elementary school students in rural areas."

— Professor Zhang Qian, *Department of Student Nutrition, National Institute of Nutrition and Health, Chinese Center for Disease Control & Prevention*

Measuring Impact on the Ground

Each community partner documents the impact of our programs on children and families. They track progress against a set of global healthy lifestyle metrics, focused on areas critical to achieving well-being: nutrition education, physical activity and access to nutritious foods. Specifically, each partner measures:

1. **Nutrition Knowledge:** Percentage of program participants who improve their nutrition knowledge
2. **Physical Activity:** Percentage of participants who are physically active for 30 minutes or more daily
3. **Healthier Eating:** Percentage of participants who report increased consumption of fruits, vegetables and other fresh foods

These metrics were developed with our community partners and public health experts from Yale School of Public Health. Additionally, certain programs measure Body Mass Index (BMI), or the percentage of participants with BMI in normal range, as appropriate. MIF works with each community partner to implement these common measures to ensure all programs are being measured against the same global metrics.

“Klasse2000 is simply great and is indispensable in most elementary schools!”

— Marlene Mortler, *Federal Drug Commissioner, German Federal Ministry of Health*

Driving Progress Around the Globe

MIF's healthy lifestyle programs have been empowering families and communities to lead healthier lives. From mid-2014 through the end of 2016, we saw encouraging progress across our programs. Based on reports and surveys conducted or commissioned by our partner organizations, the results indicate we're on the right track in creating behavior change.



12%↑

in understanding what good nutrition is, including knowing the number of fruits and vegetables to eat daily



6%↑

in physical activity to at least 30 minutes daily



11%↑

in eating more fruits, vegetables and other fresh foods, as part of the gardening program

A key to the success of our partners' programs is our knowledge-sharing framework. We know that ideas shared can serve as international models for best practices. Our approach has created a platform for transparent engagement among local government officials, school principals, teachers, parents and other community leaders to create lasting impact.

An analysis published in the June 2018 *Food and Nutrition Bulletin* confirmed MIF's public-private partnership (PPP) approach is highly effective in creating positive change. The study identified key factors that have led to successful programs being implemented across seven countries, including Brazil, China, Germany, India, Mexico, South Africa and the U.K. Learn more about our PPP model and our approach in MIF's impact report (*Helping Communities Thrive through Public-Private Partnerships*), as well as the [gardening](#) and [physical activity](#) supplemental reports.

“The findings are very much in line with a significant public health impact, especially as we see improvements in physical activity and dietary behaviors.”

— Rafael Pérez-Escamilla, PhD, *Professor of Epidemiology & Director, Office of Public Health Practice, Yale School of Public Health*



EXPANDING OUR REACH IN 2017

MIF expanded its efforts in 2017, launching new partnerships in Argentina, Australia, Egypt, France, Nigeria, Russia and Ukraine—all geared to creating school and community environments that encourage children and families to adopt lifelong healthy habits. These programs join three that were renewed in the U.S., China and India, along with partnerships currently running in Brazil, Germany, Mexico and South Africa. The new programs will reach underserved children and their families in the following countries:

- **Argentina:** *Fundación Huerta Niño* will build organic school gardens to teach kids about proper nutrition, get them active and increase their consumption of fresh produce
- **Australia:** *Save the Children Australia* will focus on nutrition education, growing healthy foods and improving physical activity
- **Egypt:** *CARE* will promote healthy lifestyles by delivering nutrition programs, teaching parents how to make healthy meals, implementing active play curriculum that tackles cultural barriers for girls and establishing school gardens
- **France:** *Sport dans la Ville* will expand its healthy lifestyle community program to offer nutrition education, sports programs, urban gardens and cooking workshops
- **Nigeria:** *Helen Keller International* will teach children the importance of proper nutrition, physical activity and gardening through in-school and after-school activities
- **Russia:** *Doverie NGO* will train students on how to grow and cook healthy foods and stay active through sports and other physical activities
- **Ukraine:** *CSR Ukraine* will train teachers to incorporate nutrition education, physical activity and gardening with more than 500 schools and 17,500 children

Collaborating with Leading Voices

Over the years, our partners have shared our vision to change the course of obesity by providing people with the education, tools and access to lead healthier lives. They are recognized as global thought leaders in what it takes to drive change at the community level.

- After-School All-Stars (U.S.)
- Alicia Foundation (Spain)
- CARE (Egypt)
- The Conservation Volunteers (U.K.)
- CSR Ukraine (Ukraine)
- Doverie (Russia)
- Fundación Huerta Niño (Argentina)
- Helen Keller International (Indonesia, Nigeria)
- INMED Partnerships for Children (Brazil, South Africa)
- Institute for Sports Education (Brazil)
- Klasse2000 (Germany)
- Magic Bus (India)
- Save the Children (Australia, Italy, India, Mexico)
- Services for Education (U.K.)
- Sport dans la Ville (France)

“We’re proud to partner again with the Mondelēz International Foundation to implement nutrition education and healthy lifestyle projects. We came together in Indonesia to improve the well-being of children and their families. We’re excited to now bring our combined expertise to Nigeria to encourage and instill healthy habits in children from an early age.”

— Kathy Spahn, *President and CEO, Helen Keller International*

“The approach to philanthropy that MIF takes is uniquely effective. Our partnership goes far beyond funding a healthy eating and wellness program for low-income students. They stay focused on the long term and show the kind of commitment that allows a program to truly become effective and integrated into the fabric of our work.”

— Mandy Nelson, *Chief Development Officer, After-School All-Stars*

Volunteering to Make a Positive Impact

Our teams in every corner of the world volunteer to help make an [#Impact4Good](#) in their communities. We align their talents and passions with volunteer opportunities to create positive change both globally and locally. We have seen firsthand that community engagement can have a unifying power when cultural cues are understood, respected and embraced.



Making an #Impact4Good Together

People are a powerful driver of social impact. Around the globe, our colleagues lend their time throughout the year to help communities thrive through our [#Impact4Good](#) global volunteer initiative. As part of this effort, we invited colleagues to take part in the “Power Hour Challenge,” a call-to-action to contribute at least one hour of service to the community during a company volunteer event throughout the year. We think of it as competition—for good!

And in 2017, our colleagues stepped up to the challenge to make a positive impact for people and the planet in big and small ways—13,000 employee volunteers from 52 countries made a difference in the communities where they work and live, contributing 43,000 hours of service. They took action through various projects that address local and social needs, from planting school vegetable gardens in South Africa; running

nutrition workshops in the U.S. and China; packing food for needy families in Russia and Mexico; restoring gardens and play areas in the U.K., Costa Rica and the Netherlands; and organizing sports activities for children in the Philippines, Colombia and India.

Colleagues also took part in skill-based volunteering programs, building their leadership skills while making a lasting difference.

[#TeamMDLZ](#) teamed up to solve challenges faced by community partners, from developing new fundraising strategies and creating program delivery action plans to updating accounting systems. Such skill-based volunteering efforts help stretch and build leadership skills and, more importantly, help ensure the sustainability and viability of community organizations that are resource-constrained.

SINCE 2012:



105,000
employee volunteers



427,000
volunteer hours



80
countries

“Seeing the children’s reaction was like an electric charge to my heart that re-energized me, allowing me to come back to the office with so much impetus to keep charging ahead with our mission.”

— Ravi Rao, Supplier Services Lead, Mondelēz Business Services

“I value volunteering activities focused on teamwork and I enjoy helping, even if it’s just to bring a smile to some children or to a family. Participating gave me and my team a totally new perspective of our company’s commitment to community; it’s a different mindset.”

— Ivan González, Sales Manager, Mondelēz Mexico

Joy Ambassadors Serving, Sharing and Learning in Cocoa Farming Communities

Each year, since 2013, we send a group of colleagues on a journey of a lifetime to serve as Joy Ambassadors in cocoa farming communities in Ghana—the birthplace of Cocoa Life, our sustainable cocoa sourcing program. This unique skills-exchange volunteer program gives our colleagues the chance to learn firsthand about the challenges and opportunities in securing a sustainable cocoa supply, as well as help mentor and coach Cocoa Life community members.

In 2017, 14 Joy Ambassadors from 10 countries journeyed to the Wassa East district of Western Ghana. They immersed themselves in Ghanaian culture, visited cocoa communities and learned how cocoa is grown and harvested, from cutting and scooping to fermenting and drying. They also focused on strengthening partnerships with cocoa farming stakeholders, including farmers, NGOs and the larger community—a critical factor to building thriving cocoa communities.

The Joy Ambassadors shared their diverse business skills, conducting workshops to help build capacity among local farmers and other local stakeholders. Topics included networking and alliance building, budgeting, as well as planning and organization. They also rolled up their sleeves to complete hands-on volunteer projects, such as painting and beautifying schools. You can learn more about the 2017 Joy Ambassadors' experiences and highlights from their amazing journey in this [travelogue](#).



“My experience as a Joy Ambassador was transformative, both personally and professionally. Working as a Brand Manager at Freia, a brand with Cocoa Life on pack, I’ve returned with a passion to share the story of the journey of the cocoa bean with all my colleagues, from the villages in Ghana to the chocolate in Norway.”

— Monica Paulsen Ygre, *Brand Manager, Freia Tablets and Cocoa Life*

“Amazing to see where it all begins. So proud to work for a company that makes the difference to the cocoa communities in Ghana!”

— Marcelo Russo, *Senior Manager, Supply Chain Management*

“Working with the Joy Ambassadors, I have a new perspective about the work we do, especially about linking motivation to purpose. I will review all my projects in terms of ‘why,’ even in my personal environment. This will improve my leadership skills in helping deliver the Cocoa Life program.”

— Julius Tsatsu, *Right to Play, Project Officer, Cocoa Life*

Supporting Communities After Disaster

Contributions from MIF have helped communities affected by disasters around the globe. It is part of our company's tradition to help those in need with both financial and in-kind support. Since 2012, we have given more than \$400 million USD in cash and product to support disaster response and relief.

In 2017, we renewed our one-year, \$1 million USD contribution to the International Federation of Red Cross and Red Crescent Societies and the American Red Cross. The money is allocated to help provide food, water, shelter and other critical supplies quickly during times of disaster. Our contributions in 2017 have helped the global Red Cross network multiply their resources in response to 350 disasters, helping millions of people.

In addition, Mondelēz International colleagues provide on-the-ground, hands-on support to local Red Cross and Red Crescent chapters when

disaster strikes close to home. The Philippines Red Cross Rizal (PRC) recognized Mondelēz Philippines as a [partner in service](#) in tribute to the company's many successful collaborations with the PRC Parañaque City branch. After the earthquakes shook Mexico City and surrounding areas, our Mondelēz Mexico colleagues delivered collections of food to 14 cities and volunteered more than 200 hours in Red Cross collection centers installed to support emergency needs.



"When disaster strikes, the first responders—often the only responders—are local organizations like the Red Cross and Red Crescent. Disaster Relief Emergency Fund means that they can respond quickly and effectively to meet the needs of people who might otherwise be left with nothing. This is possible thanks to partners like Mondelēz International. We thank you. Your support makes such a difference every day."

— Jemilah Mahmood, *Under Secretary,
General Partnerships,
International Federation of the Red Cross*

UN Sustainable Development Goals Linkages

Working closely with our NGO partners on the ground, we empower communities to lead healthier lives through programs that offer nutrition education, promote active play and provide access to nutritious fresh foods to help address nutrient needs for at-risk populations. We also help communities affected by disaster around the globe. These efforts help support the following [UN Sustainable Development Goals \(SDGs\)](#).



SAFETY

Safety of People and Products

Safety and integrity come first—every time, in everything we do. We are committed to achieving world-class safety standards for the places where our people work and for the foods we produce.

Our team of 80,000+ is our most valuable resource. To ensure the safety of our colleagues, we've implemented world-class safety programs, along with policies to promote fair and equal treatment. And with the strong food safety and quality measures we have in place, we have earned a high level of trust from our consumers. We continually work to improve these systems, so we can maintain the high quality of great-tasting foods our consumers expect and can feel good about.

Safety of People & Products Goals

- Achieve world-class safety performance
- Achieve third-party, food safety certification against the FSSC 22000 Global Food Safety Initiative (GFSI)-benchmarked scheme for all external manufacturing facilities by 2018





Assuring Employee Safety

Promoting a Culture of Safety

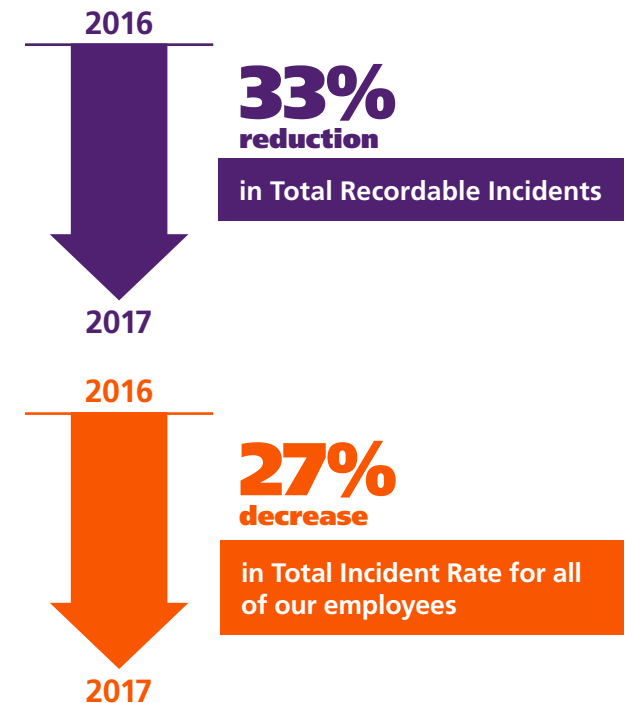
The safety of our colleagues is a top priority. Every day, we strive to ensure all of our employees feel safe and comfortable, and are able to work in an accident-free environment. Our goal is to build a Safety Culture that promotes our goal of ZERO incidents and ZERO defects by eliminating risks across four key areas:

1. **Occupational Health:** To safeguard our employees against long-term health issues related to the workplace
2. **Personal Safety:** To entrench safe working tools and standards that promote the personal safety of every individual within our company
3. **Process Safety:** To improve the design, implementation, management and control of any identified hazardous process within our operations
4. **Vehicle-Safety:** To improve driver safety and vehicle-related activities in all our functions and operations

Through ongoing educational efforts, teamwork and enhanced protocols and safety measures, we have been able to improve our safety performance each year. The global benchmark for a world-class Total Incident Rate (TIR) is defined as 0.5. We compare our performance against this benchmark and continue to perform well below the 0.5 level, currently operating at 0.3, with 60 percent of our facilities operating with a zero TIR in 2017.

In addition, we continue to drive our goals and ambition toward ZERO incidents. That is why we track Total Recordable Incidents (TRI) each year. In 2017, we achieved a 33 percent reduction in TRIs compared to 2016. And since 2014, we've reduced TRIs by 69 percent across the company.

Safety Performance



All of the programs at our plants meet the Occupational Health and Safety Assessment Series (OHSAS) 18001, one of the only internationally recognized safety management systems. Adherence to our safety policies and practices is critical to reaching our goal of achieving world-class safety performance.

With our **Work, Play, Live, Safe** program, colleagues across the globe are firmly committed to safe practices, safe environments and safe ways of working.

Work, Play, Live, Safe

Our safety principles guide our everyday actions:

- Nothing we do is worth getting hurt
- All injuries and occupational illnesses can and must be prevented
- Working safely is a condition of employment

WORKPLAYLIVESAFE

Supporting Workplace Wellness

We strongly value the health and well-being of all our employees across the globe. From our manufacturing facilities to our headquarter sites, we are always seeking new ways to expand our wellness programs to help our employees be healthy, engaged and productive. Each worksite brings workplace wellness efforts to life in fun and engaging ways. While differing slightly from site to site, the programs usually have a focus on nutrition or physical or mental well-being.

We're helping our teams feel better physically and mentally through:

- **Lifestyle improvement programs**, such as stress management, weight management and smoking cessation programs
- **Fitness and/or sports facilities onsite**, incentives for gym membership reimbursement, and employee sports competitions and fitness challenges
- **Health screenings and exams**, including vaccinations and flu shots
- **Healthier options and nutrition information** in our cafeterias and canteens
- **Health newsletters/intranet sites** that offer health tips and work-life/flex time programs



Producing Safe, Quality Food

Providing foods that are safe for people to eat is at the center of everything we do. People expect safe food, and maintaining their trust means offering quality foods they can rely on and feel good about. This is the cornerstone of our heritage and an essential part of our culture.

Safety begins with each recipe we make. We start with the highest quality ingredients and have set high standards with a comprehensive, quality management system that ensures the integrity of our products and the ingredients we use. Our science-based risk identification and management processes help us assess and control factors that could potentially compromise ingredients,

packaging, manufacturing processes or finished products. Today, nearly 100 percent of our internal facilities worldwide are certified against the internationally recognized and independent [Foundation for Food Safety Certification \[FSSC 22000\]](#), the GFSI-benchmarked scheme.

We also expect our suppliers and external manufacturers worldwide to live up to the same strict standards we have set for ourselves and require them to meet [well-defined safety and quality expectations](#). This starts with our comprehensive supplier approval program to verify the supplier and the quality of the ingredients. Before we buy any ingredients or

raw materials, we conduct an initial audit of their facilities to make sure they meet our Supplier Quality Expectations. Afterwards, we conduct audits on a periodic basis to ensure they continue to meet our strict standards.

By 2018, all of our external manufacturers and suppliers must be certified against a GFSI scheme. And we're making good progress toward that goal. At the end of 2017, 91 percent of our external manufacturers and 98 percent of our raw material suppliers were certified against a GFSI-benchmarked standard.

By the end of 2018, our external manufacturers and raw material suppliers must be certified against a GFSI scheme.

OUR PHILOSOPHY OF "CONTINUOUS IMPROVEMENT"

At Mondelez International, we have a strong food safety system in place. Safe food is at the core of our heritage and is ingrained in our culture. However, we also understand that no system is perfect. That's why we instill a culture that encourages us to continuously improve. We look at what's going on externally—as well as internally—and try to learn from those events. We've also put a focus on our suppliers and our supply chain, by educating them and sharing our knowledge. We have supplier quality improvement programs to evaluate supplier performance; conduct quality reviews with suppliers and employees, leveraging outcomes from those reviews to influence quality and safety design; and offer our suppliers quality and food safety seminars, e-training modules and on-site quality technical visits. And we work with governments and industry partners around the world to share learnings, because we know that all food safety issues, even when they are not ours, can shake consumer trust.

UN Sustainable Development Goals Linkages

The strong food safety and quality measures we have in place to ensure the foods we produce are safe to eat, and our workplace wellness initiatives to ensure the safety and well-being of our employees globally, help support the following [UN Sustainable Development Goals \(SDGs\)](#).



91%
external
manufacturers
certified

98%
raw material
suppliers certified

COMPLIANCE & GOVERNANCE

We strive to earn the trust of consumers, customers, communities, regulators, suppliers and our colleagues every day by doing what we say we will do and holding ourselves accountable. As a public company, we also strive to earn the trust of our shareholders.

We have structures, policies and processes in place to help promote the ethical and efficient governance of our company. And we have internal and external auditors to monitor our compliance.

Our [Board of Directors](#) is committed to strong corporate governance and sets the right tone from the top, abiding by its [Corporate Governance Guidelines](#) and [Code of Business Conduct and Ethics for Non-Employee Directors](#). We design our [corporate governance practices and policies](#) to provide a strong and balanced framework that enhances our Board's effectiveness in upholding its fiduciary responsibilities. This promotes accountability within and trust in our company.

The [Governance, Membership and Public Affairs Committee](#) oversees our policies and programs related to corporate citizenship, social responsibility and public policy issues, such as sustainability and environmental responsibility. The committee also reviews our [Corporate Governance Guidelines](#) and [Code of Business Conduct and Ethics for Non-Employee Directors](#). This Code addresses doing business with integrity and legal and regulatory compliance issues, including conflicts of interest.

Our Chief Executive Officer and senior executives drive home the central message of our Mondelez International [Code of Conduct](#)—that integrity and growth go hand-in-hand. To support the right behaviors throughout the company, we have a Chief Business Integrity Officer and other members of our Business Integrity group to ensure employees have the knowledge and tools needed to conduct business in a lawful and ethical manner. For example, in 2017, more than 33,000 employees took web-based compliance training and more than 18,000 employees participated in formal in-person compliance training.

Empowering Our People

Fair and equal treatment of all people is not just the right thing to do—it is good for business, now and in the future. It's part of our values as a company and underscored in our Code of Conduct: "Treat People Fairly." We have a robust [Compliance and Integrity Program](#) to help us train and monitor in these areas.

Our "Speaking Up" policy empowers our colleagues to ask questions and raise concerns about business practices when they see something they think may be wrong. There may be times when they are not comfortable speaking with their supervisors, business integrity officers or human resources contacts, or simply wish to remain anonymous. So we have a toll-free, and in some

countries a collect call/reverse charge, telephone [HelpLine](#), and an online [WebLine](#) version where our employees can confidentially and, if they wish, anonymously report instances of suspected wrongdoing or ask questions about compliance matters. In 2017, our business integrity group received more than 1,900 contacts from around the world through our "Speaking Up" channels.

We subscribe in principle to the United Nations Guiding Principles (UNGPs) on Business and Human Rights as a standard for preventing and addressing the risk of adverse impact on human rights by businesses. In line with the UNGP framework of "Protect, Respect and Remedy," we have the appropriate policies in place, and we acknowledge our responsibility to respect human rights by avoiding the infringement of the rights of others, addressing negative impacts with which we may be involved and providing access to effective remedy if violations have occurred.

Our [Corporate Responsibility Guidelines](#) and our Mondelez International [Code of Conduct](#) guides everything we do as we strive to ensure that human rights are respected within our own operations, as well as our upstream supply chains. We seek to do business with partners who share the same commitment. We have reiterated this commitment through the adoption of the Consumer Goods Forum's [Forced Labor Priority Industry Principles](#) and our signature to the UN's [Women's Empowerment Principles](#).

"One thing is certain—when gaining a business advantage means violating the rules or ignoring our values, we won't do it."

— Mondelez International Code of Conduct, *Introduction*

Disseminated by the UN Entity for Gender Equality, UN Women and the UN Global Compact, the provisions outline steps to advance and empower women which include establishing high-level corporate leaderships for gender equality, treating all women and men fairly at work, and ensuring the health, safety and well-being of all women and men. In addition, we are a signatory of the [CEO Action for Diversity & Inclusion pledge](#), joining more than 150 companies in promising to advance inclusion and diversity within the workplace.

We select suppliers (including consultants and other service providers) not only on quality and price, but also on whether their ethical standards align with ours. Our guiding principle is that we will not expect any less of our suppliers than we expect of ourselves. On our website, we provide a summary of our corporate social responsibility expectations for suppliers, which are consistent with our own internal policies:

- [Mondelēz International Corporate Responsibility Guidelines](#)
- [Corporate Responsibility Expectations for Direct Suppliers](#)
- [Supplier Contract Provisions](#)
- [Supply Chain Transparency and Labor Practices](#)

Of all of our assets, trust is the one we value most. Our governance policies, our Mondelēz International Code of Conduct and our expectations of suppliers support our ongoing efforts to preserve trust. Our standards, policies and systems make it plain to anyone who works for us, does business with us or buys our products: We're working every day to make a positive impact on people and the planet.

Materiality

The four areas of action outlined in our Impact For Growth platform define our [concept of materiality](#) for social and environmental purposes. As a global snacks powerhouse, our worldwide reach and leadership position enables us to bring together diverse voices and identify new ideas to drive meaningful change on issues central to our business and our world.

Since 2012, we have sat down with internal and external experts to review the impact of major societal issues on our business and to shape our strategic responses to them. This includes representatives from our internal Global Growth Council and Well-being Steering Committee, as well as from our regional business units and global functions. External experts include the World Wildlife Fund, Quantis and various investment groups. In addition, we consider perspectives from our ongoing [stakeholder engagement](#), as well as participation in various [shareholder indices](#).

Materials and processes that guide our assessment include our Enterprise Risk Management (ERM) process for identifying, measuring, monitoring and managing risks; external affairs analysis of stakeholder and regulatory issues; the greenhouse gas, land and water [footprint](#) of our total company; proprietary consumer insight data; and publicly available data on societal issues, including statistics and reports from authorities, NGOs and peer companies.

Below are the top environmental* and social issues:

1. Consumer well-being—promote improved health and well-being through portfolio enhancements and community partnerships
2. Supply security of key agricultural commodities and social challenges in supply chain
3. Environmental footprint of agriculture and our operations
4. Safety of our people and products

* We refer to our major environmental challenges collectively as the sustainability of resources and agriculture

About this Report

The scope of this report and the performance against our quantitative goals is for our entire company, including all manufacturing facilities under our direct control, unless stated otherwise. Where quantitative goals are linked to revenue, such as our published Well-being Snacks and Communities goals, coverage is for all Mondelēz International revenue except Venezuela, for which results are excluded from our consolidated financial statements. Where quantitative goals are linked to operations, such as our sustainability, employee safety and food safety goals, coverage is for all operations under our management control, unless stated otherwise. Data for our manufacturing environmental goals (CO₂, water, waste) are verified by SGS. The verification statement is available on our website.



www.mondelezinternational.com

