



The Five Principles

Quality Responsibility Mutuality Efficiency Freedom

© 1983, 1993, 2003 Mars, Incorporated

Printed on environmentally friendly paper, 100% chlorine free in manufacture

Mars, Incorporated

The Five Principles of Mars

Quality

Responsibility

Mutuality

Efficiency

Freedom

The Five Principles of Mars

We at Mars share special values about our company and the way it should be run. These values – our Five Principles – set us apart from others, requiring that we think and act differently towards our associates, our brands and our business. These principles have always been demanding and are an essential part of our heritage. We believe they are the real reason for our success; they keep us true to ourselves at times of growth and guide us reliably when we are challenged.

As a new generation of the Mars family takes on the care of the principles and the culture of our corporation, we felt it important that we examine what makes us different today. This new edition shows that the Five Principles are as relevant to the global Mars community of the twenty-first century as they were in the past.

At a time when change is constant, and in a business that continues to evolve, our Five Principles offer a link with our traditions and a bridge into the future.

Quality

The consumer is our boss,
quality is our work
and value for money is our goal.

Mars began to prosper in the depths of a depression, has met strong competition and has grown to its present size all as the result of billions of purchases made each year. These purchases are often among the smallest a consumer makes yet they have financed our growth around the world. Why has this happened? How are we to continue this success?

The consumer is our boss

We must remember that we cannot influence millions of consumer choices until we have convinced first one, then a second and a third consumer to buy our brand. Each individual sale should be considered our most important sale. If we forget this, there is a risk we could rest on our past and ignore our future.

We depend completely on consumers for our success, and we must tirelessly seek to understand their needs. By doing this we will build life-long relationships with them, through products and brands that bring joy today and can also adapt in the future to changing cultures and lifestyles.

Quality is our work

Our company is dedicated to the highest quality in all the work we do. Quality is the uncompromising standard for our actions, and it flows from our passion and our pride in being part of the Mars community. Quality work, which results from our personal efforts, is the first ingredient of quality brands and the source of our reputation for high standards.

Quality brands with unique benefits

By staying close to consumers, we know that there are certain things that convince them to buy from us again and again. Quality products and services, consistently meeting standards of excellence and made and delivered with minimum impact on the environment, have always been the foundation of our success. Others also claim quality, but few can match our commitment to offer our best and to raise our standards through constant innovation. Beyond product design, we strive to create brands with unique combinations of physical and emotional benefits that set our products apart and make them the better alternative.

Value for money

Alongside our belief in quality, we must also deliver value for money – the result of astute commercial transactions that maintain the balance between our brand’s perceived benefits and its price. As we develop more innovative products and services to meet changing tastes and desires, achieving value for money is an ever more complex task. But by combining the best quality with the best value, we will still offer consumers the best buy for their needs.

Responsibility

As individuals,
we demand total responsibility from ourselves;
as associates,
we support the responsibilities of others.

We choose to be different from those corporations where many levels of management dilute personal responsibility. All associates are asked to take direct responsibility for results, to exercise initiative and judgement and to make decisions as required. By recruiting ethical people well suited to their jobs and trusting them, we ask associates to be accountable for their own high standards.

The importance of associates

Our company is complex, with brands, businesses, and operations around the world. How could we continue to thrive if every decision were made centrally? For this reason, we give all associates freedom to act with full responsibility for doing their assigned jobs. In return for accepting responsibility and delivering superior results, associates receive respect and support, and are appropriately rewarded in line with their performance. We celebrate success and recognize the many associates who make an extra effort. We also encourage associates to develop the full measure of their abilities to enable them to take on more demanding jobs.

Teamwork and the responsibilities of units

Just as we associates must be ready to share certain tasks, working together towards our common goals, units must work with each other to achieve broad corporate objectives. Although each is fully responsible for achieving its own mission, units and divisions are interdependent, and must be ready to respond to others. Because we rely on one another, we must actively communicate our objectives, plans, activities and needs, and resolve differences equitably.

The responsibilities and rewards of our association

The principle of Responsibility applies to every level within Mars, from the associate's obligation to maintain the highest standards of honesty and integrity to the company's ethical responsibility to its communities and the environment. Because we value and recognize each other's contributions, we treat all associates fairly and equitably, avoid divisive privileges and disapprove of disrespectful behavior of any kind. This is the source of the word "associate" and of the egalitarian spirit at Mars, which is our policy and practice regardless of age, gender, race or religious belief. As such we must have the courage to call attention to those associates not behaving according to our values. We believe that if what we say and what we do are consistent with our principles, we will achieve the results we seek.

Mutuality

A mutual benefit is a shared benefit;
a shared benefit will endure.

We believe that the standard by which our business relationships should be measured is the degree to which mutual benefits are created. These benefits can take many different forms, and need not be strictly financial in nature. Likewise, while we must try to achieve the most competitive terms, the actions of Mars should never be at the expense, economic or otherwise, of others with whom we work.

Our Mutuality Principle has guided us reliably as we have established successful enterprises in new geographies and cultures. It has enabled us to act as a good corporate citizen, to minimize our impact on the environment and to use the natural resources of our planet wisely and efficiently.

Mutuality of benefits

We depend completely on the strength of our relationships – with our consumers, with fellow associates, suppliers, distributors and the communities in which we live and work. We believe we will only achieve the best results if we are unselfish in these relationships and give a fair return.

Our consumers

Our faith in quality and value is absolute. Regardless of business pressures, our actions and decisions must reflect the basic truth that, if quality and value are offered, support and success will come in return. Gains that ignore this will be short-lived.

Our associates, units and shareholders

The Mutuality Principle applies equally to all parts of our business. Associates are valued as individuals for their talent and resourcefulness, and are rewarded fairly for their results. Because we recognize that we all have different needs depending on our stage of life, we accept that associates may choose work style or career options that represent their own most appropriate balance of work within life.

Units pursue their objectives for the good of the whole of Mars, in return for which they receive support and resources. In recognition of continued commitment, shareholders receive a fair return on investment.

Our suppliers and our communities

As we negotiate with our suppliers and distributors, we must avoid terms that are harmful to their business while demanding supplies and services from them that will be the best for us.

Mutuality imposes a special obligation on us to respect the environment and develop the most sustainable methods for achieving our goals. Our aim is to return a fair benefit to our local and national communities, increasing their prosperity and quality of life as we benefit from partnership with them.

Corporate responsibility

Our constant commitment to Mutuality has always given us the highest standards of corporate responsibility. It has consistently underpinned the ethics of our corporate governance, and has helped us deal fairly everywhere we are active. Our Mutuality Principle is at the heart of the bond of trust, respect and honesty that we share with our associates and our consumers.

Efficiency

We use resources to the full,
waste nothing and do only
what we can do best.

How is it possible to maintain our principles, offering superior value for money and sharing our success? Our strength lies in our efficiency, the ability to organize all our assets – physical, financial and human – for maximum productivity. In this way, our products and services are made and delivered with the highest quality, at the least possible cost, with the lowest consumption of resources; similarly, we seek to manage all our business operations with the most efficient processes for decision making.

Return On Total Assets (ROTA)

Mars has a different business philosophy to other corporations and this is a key reason for our success. Our approach singles out Return on Total Assets (ROTA) not only as the prime financial measure but also as a driver of growth. By minimizing our assets, we give our consumers excellent value for money while delivering healthy returns at lower levels of profit than our competitors. This releases even more cash to drive growth.

High productivity and low cost

In our units we always strive to increase productivity and reduce cost. Our offices are open spaces where communication is direct and the experience and knowledge of our associates can be shared quickly. Our plants are orderly, clean and designed for simplicity. We continually innovate – seeking new processes, technologies and ways of working to improve our rate of output, reduce waste, minimize environmental impact and make the best use of our global learning.

New opportunities

The operation of any business is complex, and much experience and knowledge are required to make ours run well. For this reason, we think carefully before becoming involved with activities in which we may not have a high level of expertise. When we launch new businesses, our ROTA policy helps us to make them efficient and profitable as quickly as possible.

The task of efficiency

Efficiency is a task we all share. It demands constant and open communication and defines the way we work as individuals and as an organization. Lean businesses, small staffs and large jobs held by highly talented associates are all signs of the Efficiency Principle at work.

Freedom

We need freedom to shape our future;
we need profit to remain free.

Mars is one of the world's largest privately owned corporations. This private ownership is a deliberate choice. Many other companies began as Mars did, but as they grew larger and required new sources of funds, they sold stocks or incurred restrictive debt to fuel their business. To extend their growth, they exchanged a portion of their freedom. We believe growth and prosperity can be achieved another way.

The role of profit

The freedom of Mars depends on the creation of profit. Because Mars is profitable and generates cash, we need not borrow money to the extent that we might lose control over our affairs. As long as Mars remains free, our well-being can always come before any other financial priority.

Every associate's commitment to Mars must be the same as the family's commitment: to see our principles work for everyone's benefit inside and outside our business. To this end, a substantial portion of operating profits is reinvested each year. This profit then provides the cash with which we can build and upgrade plants, enter new markets, invest in R&D, innovate and implement new ways of doing things, acquire new businesses and create strategic alliances, all to maintain our competitive position.

Future growth

If Mars continues to create sufficient profits, we will be free to operate the business in the way we regard as best. As Mars grows, we weigh decisions about our diversification with great care, wanting to enter only those businesses and markets where we may excel.

Private ownership

Private ownership allows Mars to remain free. The nature of freedom demands that it be used responsibly by associates and units alike. Our way of doing business allows us to remain free as a company and gives associates as individuals the freedom to innovate, act and grow while achieving our common goals. This creates the kind of environment in which we are all excited to work. Our private ownership, unanimity of purpose and high ethical standards allow us to move quickly in exploring new ground, act boldly in the face of competition, and take risks wherever they are justified. Above all, our private ownership gives us the freedom to take a long-term perspective on making investments, building businesses and providing for the well-being of our associates. This spirit has driven Mars in the past. It remains for each of us to make it the guiding force for our future.

To our
associates
worldwide

All our lives, our family has believed that our Five Principles are a fundamental part of the culture of Mars. Individually, they give us clear guidance on our priorities and working practices. Blending together, they can help us behave correctly in the most complex situations.

We first published *The Five Principles of Mars* in 1983 and released a second edition 10 years later. In the decade since 1993, Mars associates have relied on the principles, working hard to put them into practice as they have learned about new cultures and new markets, adapted to new technologies and faced many other new challenges.

This third edition of *The Five Principles of Mars* marks a change of emphasis in how we believe we must behave if we are to succeed in the modern world, embracing greater diversity, giving associates greater freedom to act and focusing even more on the quality of life of all.

The new material added to this edition reflects the evolution of our corporation, the growth of our learning, our new understanding of knowledge and human capital and the increasing importance of our corporate responsibility to the global environment. It emphasizes our need to find the balance of work within life most appropriate to our diverse community, and looks at how we can continue to create an environment in which we are all happy to give our best.

To those of you who are coming to the Five Principles for the first time, it is important to recognize how deeply they run through Mars. In an era when almost every corporation rightly has its statement of values, we are proud that our Five Principles have guided our organization since its beginnings. They have helped us come this far and, with your help, the principles will take Mars well into the future.

To those of you who already know the principles well, we ask you to use the publication of this new edition as an occasion to reflect on how we all must do our best to uphold them and the behavior that they demand. We must flexibly adapt to new conditions, while finding ways to remain true to our fundamental beliefs.

As representatives of the Mars family, we continue to see the company's goals in very clear and simple terms. We wish to pursue our own way of doing business, which flows directly from the Five Principles. We want Mars to be an example of the benefits everyone gains from a responsibly managed private enterprise and we give our complete support to all associates in doing this.

To our associates worldwide

The Five Principles are demanding. They are difficult to get right, and we know that we don't always achieve them in the spirit in which they were written. However, we do see them as being fundamental. Knowing that we can always do a better job encourages us to challenge the status quo, and to believe that if we don't quite climb the mountain today, we will surely reach the top tomorrow. We set high standards for ourselves, and we all get a lot of fun out of trying to reach them. We hope you do, too.

Forrest E. Mars, Jr.
Pamela D. Mars-Wright
Valerie A. Mars
Victoria B. Mars
Marijke E. Mars

John F. Mars.
Linda A. Mars
Frank E. Mars
Michael J. Mars

Jacqueline B. Mars
Stephen M. Badger II
Christa M. Badger
Alexandra B. Airth