

PepsiCo, Inc. CDP Forests Questionnaire 2021

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

PepsiCo products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. PepsiCo generated more than \$70 billion in net revenue in 2020, driven by a complementary food and beverage portfolio that includes Frito-Lay, Gatorade, Pepsi-Cola, Quaker, Tropicana and SodaStream. PepsiCo's product portfolio includes a wide range of enjoyable foods and beverages, including 23 brands that generate more than \$1 billion each in estimated annual retail sales.

Guiding PepsiCo is our vision to Be the Global Leader in Convenient Foods and Beverages by Winning with Purpose. "Winning with Purpose" reflects our ambition to win sustainably in the marketplace and embed purpose into all aspects of our business strategy and brands.

This CDP Forests Questionnaire contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "target" and "will" or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties. For information on certain factors that could cause actual events or results to differ materially from our expectations, please see PepsiCo's filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1, 2020	December 31, 2020

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Retailing	
Palm oil	Disclosing	Manufacturing	
Cattle products	Not disclosing	Manufacturing	Cattle products are only used in a few PepsiCo products in a small number of countries. Our current focus is on timber and palm oil, as we source substantially more of these commodities.
Soy	Not disclosing	Manufacturing	Soybean oil is procured from Brazil, Argentina and the U.S., primarily for use in our food businesses in Brazil, Argentina and Canada. PepsiCo procures approximately 30,000 metric tons of soybean oil annually. In 2020, we purchased less than 0.1% of the global supply of soy. PepsiCo has currently prioritized disclosure on the other two required commodities, timber and palm oil, for which we have implemented strong programs due to the substantive nature of consumption.
Other - Rubber	This commodity is not produced, sourced or used by our organization		
Other - Cocoa	Not disclosing	Manufacturing	Cocoa is primarily procured for use in our North America and Latin America food businesses. For 2020, PepsiCo procured approximately 27,000 metric tons of cocoa. The top four suppliers, which represent over 80 percent of our global cocoa procurement, are Barry Callebaut, Cargill, Amco, and Blommer. As CDP guidance evolves with regard to disclosure on cocoa and our current consumption

			is relatively small, PepsiCo has currently prioritized disclosure on the other two required commodities, timber and palm oil, for which we have implemented strong programs due to the substantive nature of consumption.
Other - Coffee	Not disclosing	Manufacturing	As CDP guidance evolves with regard to disclosure on coffee, PepsiCo has currently prioritized disclosure on the other two required commodities, timber and palm oil, for which we have implemented strong programs due to the substantive nature of consumption.

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Paper

Primary packaging

Secondary packaging

Tertiary packaging

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina

Australia

Austria

Belgium

Brazil

Canada

Chile

China
Colombia
Czechia
Dominican Republic
Ecuador
Egypt
Estonia
Finland
France
Germany
Greece
Guatemala
India
Japan
Latvia
Lithuania
Mexico
Netherlands
New Zealand
Norway
Pakistan
Peru
Poland
Puerto Rico
Romania
Russian Federation
Saudi Arabia
Serbia
South Africa
Spain
Sweden
Switzerland
Thailand
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

% of procurement spend

1-5%

Comment

Wood fiber products are used in a wide range of PepsiCo's primary, secondary, and tertiary packing. Countries of origin are based on 2020 updated data.

Palm oil

Activity

Using as input into product manufacturing

Form of commodity

Refined palm oil

Palm oil derivatives

Source

Contracted suppliers (processors)

Country/Area of origin

Brazil

Cambodia

Colombia

Costa Rica

Côte d'Ivoire

Dominican Republic

Ecuador

Guatemala

Honduras

India

Indonesia

Liberia

Malaysia

Mexico

Nicaragua

Panama

Papua New Guinea

Peru

Thailand

% of procurement spend

1-5%

Comment

In 2020, our global purchase of palm oil was 448,239 metric tons, of which palm kernel oil comprised 3,680 MT. Our top suppliers were Cargill, Oleofinos, and Wilmar, and the PepsiCo sources the majority of its palm oil from mills located in Indonesia, Malaysia, and Mexico.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products		This information is confidential
Palm oil		This information is confidential

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	Consumption data available, disclosing

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Timber products

Data type

Consumption data

Volume

1,255,944

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

Forest risk commodity

Palm oil

Data type

Consumption data

Volume

448,239

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Argentina

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.5

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Australia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

1.07

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

3.08

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Colombia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.57

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.16

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.36

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

India

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

4.35

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Mexico

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

7.82

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Peru

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.08

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Thailand

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.92

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.08

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

81

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes

are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Palm oil

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Pará

% of total production/consumption volume

0.26

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Cambodia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kaôh Kong

% of total production/consumption volume

0.07

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Meta

% of total production/consumption volume

0.89

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Casanare

% of total production/consumption volume

0.29

Please explain

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Cesar

% of total production/consumption volume

0.25

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Magdalena

% of total production/consumption volume

0.25

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Santander

% of total production/consumption volume

0.24

Please explain

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Bolívar

% of total production/consumption volume

0.17

Please explain

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Narino

% of total production/consumption volume

0.14

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Norte de Santander

% of total production/consumption volume

0.12

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Antioquia

% of total production/consumption volume

0.05

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Cundinamarca

% of total production/consumption volume

0.04

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction
 Specify state/equivalent jurisdiction
 Valle Del Cauca
% of total production/consumption volume

0.04

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Côte d'Ivoire

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Bas-Sassandra

% of total production/consumption volume

0.07

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Los Rios

% of total production/consumption volume

0.43

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Esmeraldas

% of total production/consumption volume

0.37

Please explain

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Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sando Domingo de los Tsachilas

% of total production/consumption volume

0.07

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Manabi

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Orellana

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sucumbios

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Izabal

% of total production/consumption volume

0.21

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Peten

% of total production/consumption volume

0.11

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

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Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Alta Verapaz

% of total production/consumption volume

0.07

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Escuintla

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Quezaltenango

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

San Marcos

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Honduras

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Colon

% of total production/consumption volume

0.01

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

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Forest risk commodity

Palm oil

Country/Area of origin

Honduras

State or equivalent jurisdiction
 Specify state/equivalent jurisdiction
 Atlantida
% of total production/consumption volume

0.1

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Honduras

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Yoro

% of total production/consumption volume

0.07

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Honduras

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Cortes

% of total production/consumption volume

0.07

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

India

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Andhra Pradesh

% of total production/consumption volume

0.25

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

India

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Telangana

% of total production/consumption volume

0.04

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

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Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Riau

% of total production/consumption volume

17.96

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sumatera Utara

% of total production/consumption volume

13.66

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Bangka Belitung

% of total production/consumption volume

7.77

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Jambi

% of total production/consumption volume

6.04

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kalimantan Barat

% of total production/consumption volume

4.98

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

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Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kalimantan Tengah

% of total production/consumption volume

4.18

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kalimantan Timur

% of total production/consumption volume

4.04

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Lampung

% of total production/consumption volume

4.02

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sulawesi Barat

% of total production/consumption volume

3.95

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sulawesi Tengah

% of total production/consumption volume

2.69

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

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Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction
 Specify state/equivalent jurisdiction
 Sumatera Selatan
% of total production/consumption volume

2.23

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Aceh

% of total production/consumption volume

1.78

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kalimantan Selatan

% of total production/consumption volume

1.32

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Sumatera Barat

% of total production/consumption volume

0.98

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Bengkulu

% of total production/consumption volume

0.43

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction
 Specify state/equivalent jurisdiction
 Sulawesi Selatan
% of total production/consumption volume

0.1

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Papua

% of total production/consumption volume

0.08

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Papua Barat

% of total production/consumption volume

0.05

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Sulawesi Tenggara

% of total production/consumption volume

0.04

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Banten

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

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Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction
 Specify state/equivalent jurisdiction
 Gorontalo
% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kepulauan Riau

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Liberia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Grand Bassa

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Perak

% of total production/consumption volume

5.2

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sabah

% of total production/consumption volume

4.99

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction
 Specify state/equivalent jurisdiction
 Sarawak
% of total production/consumption volume

1.85

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Selangor

% of total production/consumption volume

0.93

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Negeri Sembilan

% of total production/consumption volume

0.8

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Pulau Pinang

% of total production/consumption volume

0.74

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Pahang

% of total production/consumption volume

0.71

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

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Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction
 Specify state/equivalent jurisdiction
 Trengganu
% of total production/consumption volume

0.56

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Johor

% of total production/consumption volume

0.26

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kedah

% of total production/consumption volume

0.23

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kelantan

% of total production/consumption volume

0.15

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Melaka

% of total production/consumption volume

0.13

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Chiapas

% of total production/consumption volume

0.17

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Campeche

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Veracruz

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Nicaragua

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Atlantico Sur

% of total production/consumption volume

0.06

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Panama

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Chiriqui

% of total production/consumption volume

0.06

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

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Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction
 Specify state/equivalent jurisdiction
 West New Britain
% of total production/consumption volume

0.16

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Oro

% of total production/consumption volume

0.1

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Milne Bay

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

New Ireland

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Morobe

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Peru

State or equivalent jurisdiction
 Specify state/equivalent jurisdiction
 San Martin
% of total production/consumption volume

0.13

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Peru

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Ucayali

% of total production/consumption volume

0.06

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Peru

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Loreto

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Surat Thani

% of total production/consumption volume

0.35

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Chumphon

% of total production/consumption volume

0.24

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see

https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Krabi

% of total production/consumption volume

0.17

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Trang

% of total production/consumption volume

0.07

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Nakhon Si Thammarat

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to

Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Trat

% of total production/consumption volume

0.03

Please explain

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

0.15

Please explain

Other countries include: Costa Rica and the Dominic Republic

PepsiCo requests quarterly sourcing information from suppliers on traceability of supply

to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf?sfvrsn=ca74a4f5_4) PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2020, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2020, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation.

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

No

Data type

Volume produced/consumed

Metric

Country/Area of origin

State or equivalent jurisdiction

% of total production/consumption volume

Does the source of your organization's biofuel material come from smallholders?

Comment

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

i. Description: Wood fiber products are used in a wide range of PepsiCo's primary, secondary, and tertiary packing. PepsiCo's main fiber need is corrugated cardboard for secondary packaging. PepsiCo has witnessed a growing interest among civil society, Socially Responsible Investors (SRIs), governments and other key stakeholders in our practices associated with forest impact. PepsiCo closely monitors consumer and customer interest in our response to deforestation risks, including potential campaigns against consumer facing companies.

ii. Scale of impact: Increased stakeholder concerns have not yet represented substantive detrimental impacts on our business. However, PepsiCo's aim is to demonstrate our responsibility toward forest-related stewardship and transparently communicate our efforts to tackle deforestation, so that a negative reaction to PepsiCo's reputation relative to the environment, which could adversely affect PepsiCo's business, does not arise.

Primary response

Greater due diligence

Total financial impact

Description of response

i. Stakeholders and outcomes: PepsiCo is committed to realizing zero net deforestation in our Company-owned and -operated activities and global supply chains from direct

supplier to source. This is facilitated through proactively utilizing certification programs to verify compliance; for timber in our packaging, 90% of our total volume was certified to one of the following standards in 2019: CERFLOR, CSA, FSC, PEFC, or SFI. PepsiCo recognizes the importance of having a credible system for third parties to raise concerns where they believe our standards are not being met. Our agricultural supply chain grievance mechanism helps prevent, identify and manage environmental and social concerns throughout our value chain, including those associated with timber. This allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain. We have engaged our direct suppliers who source from the companies at the center of complaints in 2020 to 1) Validate the allegations, 2) Demonstrate the importance we attach to addressing the concerns raised, 3) Understand corrective action steps already taken and planned in the future, and 4) Influence those actions, monitor progress towards completion and ultimately address the complaint.

ii. Cost impact is confidential.

Forest risk commodity

Palm oil

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

i. Description: Agriculture is an integral part of PepsiCo's supply chain, accounting for approximately one third of PepsiCo's emissions. The raw materials we use to produce our products are largely commodities subject to price volatility and fluctuations in availability caused by changes in global supply and demand, weather conditions, agricultural uncertainty or government incentives and controls. We have witnessed a growing interest among civil society, Socially Responsible Investors (SRIs), governments and other key stakeholders in the role of consumer facing companies like PepsiCo tackle deforestation in their palm oil supply chains. PepsiCo closely monitors consumer and customer interest in our response to deforestation risks, including potential campaigns against consumer facing companies.

ii. Scale of impact: Increased stakeholder concerns have not yet represented substantive detrimental impacts on our business. However, PepsiCo's aim is to demonstrate our responsibility toward forest-related stewardship and transparently communicate our efforts to tackle deforestation, so that a negative reaction to PepsiCo's

reputation relative to the environment, which could adversely affect PepsiCo's business, does not arise.

Primary response

Engagement in multi-stakeholder initiatives

Total financial impact

Description of response

i. Stakeholders and outcomes: PepsiCo's strategy for sourcing sustainable palm oil is based on four interconnected pillars: Risk management (how we understand areas of concern and opportunity in our supply chain); Supplier engagement: (how we engage with suppliers to communicate expectations and improve performance); Positive impact: (how we work collaboratively to help transform the wider industry; and Transparency and stakeholder engagement (how we report on our progress and engage with the broader stakeholder community). We disclose our progress through annual reports. Collaboration with peers, the wider industry and stakeholders is vital to achieving our sustainable palm oil commitments. In 2020, we continued to play an active role in industry platforms (e.g. Palm Oil Collaboration Group, Consumer Goods Forum, AIM-Progress, and the Tropical Forest Alliance) and met regularly with civil society to consider ways to achieve shared objectives. In response to issues raised in 2020 we: updated our approach to sustainable palm oil that recognizes the need to adopt a forest positive mindset, reflected in our new Palm Oil strategy launched in April 2021; committed to closer collaboration with peers to maximize our impact and updated our palm oil policy to apply to companies at the company-wide level; and committed to greater clarity and visibility through a review of our agricultural grievance process, led by an expert external organization.

ii. Cost impact is confidential.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Tools and methods used

Internal company methods

Please explain

i. Tools, methods, effectiveness: PepsiCo assesses deforestation risks in our paper-based packaging supply chain on an annual basis using internal methods, supplemented with external support from Proforest on an as-needed basis, with results being reported to the senior vice president, chief supply officer. The combination of internal and external input into our risk assessment process helps ensure that necessary expertise is available to have thorough coverage of stakeholder considerations and the overall commodity landscape. The risk assessment procedure is chosen to help identify the sustainability risks in the commodity and where they exist in our supply chain. This is part of an ongoing process through which we work with our suppliers to help them become more environmentally sustainable in their practices by following credible forestry standards and purchasing their wood fiber only from sources that support responsible forest management, as outlined in our policies. To enable a greater understanding of and visibility into our supply chain, PepsiCo has been working with Proforest since 2016, to trace the supply chain and support implementation of our policies related to paper packaging.

ii. Example: Proforest conducts on an ongoing basis an assessment of certification schemes that we recognize (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in our Forestry Stewardship, Land Use and Sustainable Packaging policies. In addition, Proforest conducted a rapid assessment of our current performance and overview of risks involved in the main regions/countries of our paper packaging supply base. These findings are being addressed as we renew contracts; we have seen our percent certified material increase in identified areas of higher risk as we renew contracts from 5% to 94% in Russia, 19% to 32% in China, 0% to 58% in Thailand, as well as 10% to 100% in Brazil, comparing 2015 to 2020 volumes. Additionally, we perform an annual analysis of our contracted volumes to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Palm oil

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods
External consultants
Global Forest Watch Pro

Please explain

i. Tools, methods, effectiveness: We assess risks in our supply chain and the palm oil industry to identify geographic areas and issues that have the highest likelihood of risk and prioritize our efforts to raise standards. We also rely on other sources to assess risks, including: Engagement with direct and indirect suppliers; Feedback from assessments and audits conducted as part of our Sustainable Sourcing Program (SSP) and sustainable agriculture programs; Participation in collaborative forums; Feedback from civil society; Experience and knowledge of PepsiCo employees; Working with Proforest and other organizations with expertise in managing natural resources sustainably; Risks discovered and addressed through our grievance mechanism. PepsiCo engages in industry platforms designed to tackle risks, including the World Resource Institute's Global Forest Watch (GFW) Universal Mill List and the GFW Pro platform, to identify risks at the mill and plantation level. The combination of methods was chosen for its thorough coverage of internal and external stakeholder considerations and the overall commodity landscape. The combination is effective to ensure PepsiCo stays aware of latest developments as the industry's collective knowledge grows, and through the collected insight we have established that smallholder production, worker rights, deforestation/peatlands, and land rights are the most significant to our palm oil supply chain.

ii. Example: In 2020, Proforest conducted a social risk assessment for PepsiCo, addressing several geographic locations including Brazil, Cambodia, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, India, Indonesia, Malaysia, Mexico, Nicaragua, Panama, Papua New Guinea, Peru, Thailand, and Venezuela. The assessment looked into the risk and occurrence of four social issues commonly occurring in palm oil production, which included child labor, forced labor, health and safety, and land issues. Proforest also conducted a global analysis of deforestation that has happened between 2016 and 2019. Proforest subsequently overlaid the results of the social risk assessment and deforestation analysis with PepsiCo's traceability data, which allows

PepsiCo to better understand what social issues as well as whether and where deforestation may be occurring in our own supply chain, and what actions we can undertake to drive improvement.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: Our assessments of risk are based on our Enterprise Risk Management process and consultation with subject matter experts throughout the business on our key environmental risks. Factored criteria include, but are not limited to: regulation, changes in commodity availability, price increases for commodities and reputational risk. On palm oil, we worked with Proforest to develop a risk analysis and mitigation plan, as well as a verification process that stresses PepsiCo's goals on High Carbon Stock (HCS), High Conservation Values (HCV), peatlands, land rights, including Free, Prior and Informed Consent (FPIC), human rights, as defined by the United Nations Universal Declaration of Human Rights, and no burning, as described by RSPO. This work involves a risk assessment of direct suppliers and their supply base (leveraging the mill traceability data) to identify, assess, prioritize and address top compliance risks under PepsiCo's policies, including recommending priority mills and supply bases for verification assessments and wider engagement. The process entails site-based verification assessments and eventual engagement with site-assessed suppliers to monitor implementation of continuous improvement plans. We utilize the information from the assessments to ensure our activities will support progress against our related goals.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: Our assessments of risk are based on our Enterprise Risk Management process and consultation with subject matter experts throughout the business on our key environmental risks. Factored criteria include, but are not limited to: regulation, changes in commodity availability, price increases for commodities and reputational risk. On palm oil, we worked with Proforest to develop a risk analysis and mitigation plan, as well as a verification process that stresses PepsiCo's goals on HCS, HCV, peatlands, land rights, including FPIC, human rights, as defined by the UN Universal Declaration of Human Rights, and no burning, as described by RSPO. This work involves a risk assessment of direct suppliers and their supply base (leveraging the mill traceability data) to identify,

assess, prioritize and address top compliance risks under PepsiCo's policies, including recommending priority mills and supply bases for verification assessments and wider engagement. The process entails site-based verification assessments and eventual engagement with site-assessed suppliers to monitor implementation of continuous improvement plans. We utilize the information from the assessments to ensure our activities will support progress against our related goals.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: Our assessments of risk are based on our Enterprise Risk Management process and consultation with internal and third-party subject matter experts on our key environmental risks. Factored criteria include, but are not limited to: regulation, changes in commodity availability, price increases for commodities and reputational risk. For example, in 2020, Proforest conducted a global analysis of deforestation that has happened between 2016 and 2019. Proforest subsequently overlaid the results of the deforestation analysis with PepsiCo's traceability data, which allows PepsiCo to better understand whether and where deforestation may be occurring in our own supply chain, and what actions we can undertake to drive improvement. We utilize the information from the assessments to ensure our activities are in compliance with our Forestry Stewardship Policy. Additionally, for all forest-related commodities, we completed a risk assessment conducted by Verisk Maplecroft that first undertook a high level screening to examine the presence of environmental, social, and governance issues, including the noted risk, at the national level for indirect sourcing locations. Moving beyond the national-level data associated with the screening exercise, a follow-on detailed assessment focused on rating the commodities based on evidence of ESG issues directly related to their production in the indirect sourcing locations. The assessment utilized a combination of Verisk Maplecroft's risk indices, external datasets and PepsiCo's internal data on sourcing locations and commercial risk, to analyze environmental, social, and governance risks and ultimately enable evidence-led decisions to re-evaluate where the Company should prioritize risk mitigation efforts.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: Our assessments of risk are based on our Enterprise Risk Management process and consultation with subject matter experts and Government Affairs experts throughout the business on our key environmental risks. Factored criteria include, but are not limited to: regulation, changes in commodity availability, price increases for commodities and reputational risk. Through our Forestry Stewardship Policy, Land Use Policy, Palm Oil Commitments, Palm Oil Action Plan and Sustainable Packaging Policy, PepsiCo has

created a robust framework to help achieve our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct suppliers to source. Our policy framework, deforestation-related sourcing standards, and decision-making processes are meant to help us stay ahead of regulatory requirements. PepsiCo has also been working to develop country-specific risk profiles starting with our largest sources of supply, thereby identifying regions that have the highest likelihood of noncompliance and prioritizing our efforts to raise standards accordingly. Additionally, for all forest-related commodities, we completed a risk assessment conducted by Verisk Maplecroft that first undertook a high level screening to examine the presence of environmental, social, and governance issues, including the noted risk, at the national level for indirect sourcing locations. Moving beyond the national-level data associated with the screening exercise, a follow-on detailed assessment focused on rating the commodities based on evidence of ESG issues directly related to their production in the indirect sourcing locations. The assessment utilized a combination of Verisk Maplecroft's risk indices, external datasets and PepsiCo's internal data on sourcing locations and commercial risk, to analyze environmental, social, and governance risks and ultimately enable evidence-led decisions to re-evaluate where the Company should prioritize risk mitigation efforts.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: Realizing the connection between deforestation and climate change, PepsiCo updated our already ambitious science-based goal to reduce absolute greenhouse gas (GHG) emissions by more than 40% across our value chain by 2030 to help limit global temperature increase to 1.5° Celsius. Our GHG emissions reduction goal covers our entire value chain (scope 3) and has been approved by the Science Based Targets Initiative. PepsiCo has also pledged to achieve net-zero emissions by 2040. In early 2020, we signed the UN's Business Ambition for 1.5°C pledge, joining other leading companies in committing to set science-based emissions-reduction targets, across our entire value chain, aimed at limiting global warming to 1.5°C above pre-industrial levels, while also developing a long-term strategy for achieving net-zero emissions by 2050. To progress against this ambitious goal, we must reduce emissions associated with deforestation including in our timber and palm oil supply chains, by implementing our NDPE policy commitments (specifically no deforestation and no development on peatlands). This directly ties to PepsiCo's efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source. Recognizing potential environmental benefits, including climate and biodiversity, as well as human rights, we committed to source 100% physically-certified palm oil by the end of 2020. Finally, for all forest-related commodities, we completed a risk assessment conducted by Verisk Maplecroft that first undertook a high level screening to examine the presence of environmental, social, and governance issues, including the noted risk, at the national level for indirect sourcing locations. A follow-on detailed assessment focused on rating the commodities based on evidence of ESG

issues directly related to their production in the indirect sourcing locations. The assessment utilized a combination of Verisk Maplecroft's risk indices, external datasets and PepsiCo's internal data on sourcing locations and commercial risk, to analyze environmental, social, and governance risks and ultimately enable evidence-led decisions to re-evaluate where the Company should prioritize risk mitigation efforts.

Impact on water security

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: PepsiCo continues to assess environmental risk, including those related to water security, in our supply base; this includes supporting industry platforms - such as WRI's GFW Universal Mill List and the GFW Pro platform - to identify risks at the mill and plantation level (<https://www.globalforestwatch.org/>). Additionally, in our efforts to achieve our water efficiency goals, we are investing in projects in high water-risk watersheds that improve the quantity and/or the quality of the water in the watershed. These include watershed protection projects like reforestation, wetlands rehabilitation, and aquifer recharge. Finally, for all forest-related commodities, we completed a risk assessment conducted by Verisk Maplecroft that first undertook a high level screening to examine the presence of environmental, social, and governance issues, including the noted risk, at the national level for indirect sourcing locations. Moving beyond the national-level data associated with the screening exercise, a follow-on detailed assessment focused on rating the commodities based on evidence of ESG issues directly related to their production in the indirect sourcing locations. The assessment utilized a combination of Verisk Maplecroft's risk indices, external datasets and PepsiCo's internal data on sourcing locations and commercial risk, to analyze environmental, social, and governance risks and ultimately enable evidence-led decisions to re-evaluate where the Company should prioritize risk mitigation efforts.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: Our assessments of risk are based on our Enterprise Risk Management process and consultation with subject matter experts. PepsiCo manages this risk through the use of fixed-price contracts and purchase orders, pricing agreements and derivative instruments, including swaps and futures. In addition, risk to our supply of certain raw materials is mitigated through purchases from multiple geographies and suppliers. When prices increase, we may or may not pass on such increases to our customers. In addition, we are making investments to improve the sustainability and resources of our agricultural supply chain, including the development of our initiative to advance sustainable farming practices by our suppliers and expanding it globally.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: Loss of production markets for our agricultural supply chain as a result of climate change and other issues could have a significant impact on where and how we source forest related commodities. Changes to our supply chain which could add complexity and cost to our business.

As we work towards our Business Ambition for 1.5 degrees Pledge, we continue to review our forest commodities supply chains on a regular basis to ensure they are adaptable and resilient to climate change.

Leakage markets

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: PepsiCo monitors the risk of leakage markets through several sources, such as our internal experience, engagement through collaborative groups such as the Consumer Goods Forum, Palm Oil Collaboration Group, as well as engagement with stakeholder/civil society. These multitude of inputs are consolidated and reported to the palm oil custodian of our overall strategy to ensure integration. Additionally, the use of NDPE Implementation Reporting Framework, a reporting tool designed to help companies to systematically understand and track progress in delivering NDPE commitments in their palm oil supply chains, helps to provide an overall sense of where risk exist, as well as support engagement with suppliers toward delivering NDPE. Finally, our membership in stakeholder organizations such as the Tropical Forest Alliance helps us stay aware of the risks associated with leakage markets.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: PepsiCo closely monitors consumer and customer interest in palm oil, deforestation and the role of consumer facing companies like PepsiCo, including through campaigns. as part of our due diligence approach to ensure our strategy and actions are appropriate. Consumer concerns received directly and through civil society have helped to shape our approach to transparency and grievance management in particular. Our assessments of risk are based on our Enterprise Risk Management process and consultation with subject matter experts throughout the business on our key environmental risks.

Factored criteria include: reputational risks, such as potential brand damage caused by increased stakeholder concerns regarding social and environmental impacts of PepsiCo's activities with regard to our forest-risk commodities.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: In July 2017, we formalized a grievance mechanism for our agricultural supply chain to complement our existing programs and processes to prevent, identify, and manage environmental and social concerns throughout our value chain. The mechanism allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain. Consistent with our alignment with the UN Guiding Principles on Business and Human Rights, we have sought to use our relationships to bring resolution to deforestation-related complaints involving our supply chain. PepsiCo prohibits all forms of bribery and corruption in our operations, and we expect our third parties, including suppliers, service providers, agents and contractors to do the same. Many of our third parties are required through mandatory contract provisions to comply with our Supplier Code of Conduct which prohibits corruption and bribery and incorporates by reference PepsiCo's Global Anti-Bribery Compliance Policy. We also conduct anticorruption due diligence on third parties. No third party may be engaged by PepsiCo until required anticorruption due diligence processes have been completed and it has successfully gone through PepsiCo's Third Party Due Diligence (TPDD) program review.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

i. Description of assessment, tools used and how results are used in decision-making: As with other agricultural commodities that rely on seasonal labor and workers meeting "piece-rate" quotas, there are many risks for workers in the supply chain, including rights of temporary workers, working hours and pay, forced labor and underage labor. To help ensure that we are in the best position to prevent, identify, and address potential impacts across our value chain, we use tools including a global human rights management approach that is guided by the UN Guiding Principles on Business and Human Rights (UNGPs), third party consultant expertise, collaborative initiatives, and our grievance mechanism. For example, in 2020, Proforest conducted a social risk assessment for PepsiCo, addressing several geographic locations in Central and South America and Asia. The assessment looked into the risk and occurrence of four social issues commonly occurring in palm oil production, which included child labor, forced labor, health and safety, and land issues. Proforest subsequently overlaid the results of the social risk assessment and deforestation analysis with PepsiCo's traceability data to better understand what social issues may be occurring in our own supply chain and

what actions we can undertake to drive improvement. We are also leading or involved in a number of programs seeking to manage social impacts in our palm oil supply chain including the Palm Oil Collaboration Group, a specific workstream on Social Issues and Independent Verification of NDPE, and the Child Protection and Safeguarding Coalition (Business for Social Responsibility (BSR) led). Finally, our grievance mechanism for dealing with environmental and social complaints involving agricultural raw materials in our supply chain aims to uphold our policies and achieve positive outcomes related to social as well as environmental concerns in a way that is consistent with our alignment with the UNGPs. We utilize the information from these tools and assessments to ensure our activities will support progress against our related goals. Finally, for all forest-related commodities, we completed a risk assessment conducted by Verisk Maplecroft that assessed social impacts to enable evidence-led decisions to re-evaluate where the Company should prioritize risk mitigation efforts.

Other, please specify

Relevance & inclusion

Not considered

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

- i. Why the stakeholder is considered: Damage to our reputation or brand image, or loss of consumer confidence in our products or employees could result in decreased demand for our products and could adversely affect our business, financial condition or results of operations, as well as require additional resources to rebuild our reputation. There is an increased focus, including by governments and civil society, investors, customers and consumers, on these and other environmental sustainability matters, including deforestation, land use, climate impact and water use. This interest may lead to brand damage and reputational risk, a key criterion considered not just in our commodity-specific risk assessment process but also in our Enterprise Risk Management process.
- ii. Engagement method: Transparency is important for our risk mitigation efforts in response to customer concerns, particularly in relation to potential reputational impacts. PepsiCo's sustainability agenda includes a comprehensive sustainability reporting effort across a wide array of topics, including deforestation and palm oil. We provide regular, detailed information on progress toward delivering on our sustainability goals, all of which are publicly available to stakeholders on our website. Additionally, we solicit

feedback from civil society through direct meetings and workshops and consider reports by civil society and other organizations.

Employees

Relevance & inclusion

Relevant, sometimes included

Please explain

i. Why the stakeholder is considered: PepsiCo seeks feedback from employees on sustainability issues and recognizes the increasing role that our approach on sustainability has on employee satisfaction and retention. Addressing concerns related to palm oil is important to many of our employees and is a factor in driving our commitments and actions.

ii. Engagement method: We have dedicated cross functional team with expertise on palm oil and related issues such as deforestation and human rights. We proactively seek the views of employees on sustainability through various means, such as through organizational health surveys and encourage ongoing feedback from employees about issues including palm oil and deforestation.

Our recently launched Agrovita Sustainability Landscape Program in Mexico engaged a large population of employees; this engagement will continue to support execution of our strategy for conservation projects and technical assistance projects with growers on the ground. Additionally, subject matter experts across the business touch on the program via various departments who help assess forests-related risk.

Finally, our employee-led Green Teams – among other activities – provide education to increase awareness of PepsiCo's global sustainability goals & progress, including those related to forest stewardship, leading to an increased understanding of related risks.

Investors

Relevance & inclusion

Relevant, always included

Please explain

i. Why the stakeholder is considered: PepsiCo has witnessed a growing interest among investors, particularly SRIs, in the link between palm oil and deforestation. This interest may lead to reputational risk, a key criterion considered not just in our commodity-specific risk assessment process but also in our Enterprise Risk Management process. Additionally, commodity-specific risks such as availability and quality of the inputs required to make our products could potentially disrupt business operations, leading to investor concern.

ii. Engagement method: Transparency is important for our risk mitigation efforts in response to investor concerns, particularly in relation to potential reputational risk. We provide regular, detailed information on progress toward delivering our sustainability goals, all of which are publicly available to stakeholders on our website. In addition, we

respond to CDP's Forests questionnaire, which is made publicly available to over 590 investors with over US\$110 trillion in assets as of the 2020 disclosure cycle. In terms of potential business disruption related to commodity risks, this communication demonstrates to investors PepsiCo's long-term priority to make our growth, our operations and our impact more sustainable.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

i. Why the stakeholder is considered: There is growing potential for land rights disputes as new plantations are established. While some laws are in place, enforcement is patchy and certification schemes are not well established, meaning that companies need to have policies in place and work on implementation on the ground. PepsiCo introduced a land rights policy in 2014, which includes the requirement that suppliers implement Free, Prior and Informed Consent (FPIC) in line with the International Finance Corporation (IFC) Performance Standards. We will continue to engage with RSPO and others to ensure that sufficient standards are in place and look for opportunities to increase knowledge and capacity throughout Indonesia. PepsiCo will also seek to engage with an external organization to improve the way we can manage and implement issues on the ground.

ii. Engagement method: PepsiCo is committed to doing business the right way and has a zero tolerance for illegal activities in our supply chain and land displacements of any legitimate land tenure holders which are contrary to the International Finance Corporation (IFC) Performance Standards. PepsiCo has also made a number of time-bound implementation plans regarding its land rights commitments in Brazil, Mexico, Thailand and Indonesia. For example, PepsiCo committed to participate in Oxfam's FAIR Company-Community Partnerships project in Indonesia. The project promotes a model for sustainable palm oil that benefits women, smallholder farmers, local communities, the environment and participating companies. In Riau, Indonesia, PepsiCo is one of seven companies who are working together on a landscape program for sustainable palm oil in the districts of Siak and Pelalawan. The goal of the program is to create sustainable landscapes across both districts that will produce deforestation-free and exploitation-free palm oil and maintain or enhance key conservation areas. This will build upon existing local efforts and multi-stakeholder platforms to advance a shared vision of sustainable, inclusive palm oil production models. In 2020, the program established a final definition of the partnership and implemented activities within the workplan including support to local communities, engagement of mills, improving traceability, and coordination of deforestation monitoring.

NGOs

Relevance & inclusion

Relevant, always included

Please explain

i. Why stakeholder is considered: PepsiCo has witnessed a growing interest among SRIs, governments and civil society including NGOs, and other key stakeholders in the link between palm oil and deforestation. PepsiCo has closely monitored consumer and customer campaigns and their general interest in the responsible sourcing of palm oil in our business. This interest may lead to reputational risk, a key criterion considered in our commodity-specific risk assessment process as well as our Enterprise Risk Management process.

ii. Engagement method: Transparency is important for our risk mitigation efforts in response to NGO concerns. We provide regular, detailed, publicly available information on progress toward delivering our sustainability goals. Additionally, we solicit feedback from civil society through direct meetings and workshops and consider reports by civil society and other organizations. We continually work to address issues raised via this feedback process, such as a desire for clearer statements on our aspirations for an NDPE free supply chain, the scope of our policy and the request to apply our policy to companies in our supply chain at the company wide level, and the need for greater confidence in the independent verification that standards are being met throughout the palm oil supply chain. PepsiCo and other major companies are working in collaboration with Business for Social Responsibility (BSR) to deliver a program to protect the rights of children living on oil palm plantations. More than 190 people, including senior government, private sector and union representatives alongside plantation and mill companies, civil society and industry organizations, participated in four workshops held in 2020 for suppliers to improve working conditions and livelihoods of plantation workers. PepsiCo also engages regularly with NGOs with missions ranging from environmental conservation to protection of human rights. In particular, we engage with our peers to maximize our impact and regularly engage with civil society and other stakeholders regarding our policy, progress and future actions. In Aceh PepsiCo has developed a project with local plantation and mill companies, NGOs and others to support at least 500 smallholders in Aceh Tamiang district with better production and sustainability practices and restoration of 300 hectares.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, always included

Please explain

i. Why the stakeholder is considered: As a buyer of palm oil, PepsiCo is an important participant in addressing land-related human rights issues in the industry, which can affect other forest risk commodity users/producers with whom PepsiCo and our suppliers do business. PepsiCo has identified land rights as an important human rights issue - the human right at risk with the potential for severe impact on the Company's operations and supply chains. PepsiCo's human rights issues also include the human right to water and vulnerable workers.

ii. Engagement method: PepsiCo committed to participate in Oxfam's FAIR Company-Community Partnerships project in Indonesia. The project promotes a model for sustainable palm oil that benefits women, smallholder farmers, local communities, the

environment and participating companies. In 2020, Oxfam and partners were able to complete the first stage of work, which has been to build on the initial scoping study with a more detailed investigation and strengthen engagement with local stakeholders to identify the root cause of problems present in the area and gauge interest from critical stakeholders including mills, farmers, local government, and civil society. Another recent example of engagement occurred in 2020 through a program to protect the rights of children living on oil palm plantations. PepsiCo, together with other major companies, are working in collaboration with Business for Social Responsibility (BSR) to deliver the program. More than 190 people, including senior government, private sector and union representatives alongside plantation and mill companies, civil society and industry organizations, participated in four workshops held in 2020 for suppliers to improve working conditions and livelihoods of plantation workers.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

i. Why the stakeholder is considered: PepsiCo is seeing increasing interest from national governments and supra-national agencies in the impact of deforestation and in setting regulations to increase transparency and reduce the environmental and social impacts of deforestation around the world. We have also seen an increase in international cooperation, which is highlighted by UN Conference of the Parties (COP)-17 and the Rio+20 Conferences that led to the REDD+ program enhancement, the U.S. Lacey Act and the European Union Timber regulations. PepsiCo stays informed of current and emerging regulatory risks for compliance purposes and also looks to collaborate with regulators and governments to build capacity for the sustainable production of commodities such as palm oil while maintaining availability and quality.

ii. Engagement method: PepsiCo continues to work with the RSPO and other trade associations, governments, civil society, and other critical stakeholders to help bring about positive change and improvements in the operation, regulation and governance of the palm oil industry. As the largest buyer of palm oil in Mexico, PepsiCo has published a detailed analysis of land tenure risks and impacts and is now carrying out training on High Conservation Values (HCV) and High Carbon Stock assessments, as well as separate capacity-building programs with the national association of palm oil mills and producers, smallholders and the federal government. A recent example of engagement with regulators occurred in 2020 through a program to protect the rights of children living on oil palm plantations. PepsiCo, together with other major companies, are working in collaboration with Business for Social Responsibility (BSR) to deliver the program. More than 190 people, including senior government, private sector and union representatives alongside plantation and mill companies, civil society and industry organizations, participated in four workshops held in 2020 for suppliers to improve working conditions and livelihoods of plantation workers.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

i. Why stakeholder is considered: Approximately 40% of palm oil is grown by smallholder farmers who often lack access to expertise, capacity building and infrastructure for sustainable practices. Their participation in the shift to sustainable palm requires industry-wide collaboration to remove barriers so that certification can be achieved in markets particularly dependent on smallholders, such as Indonesia and Mexico - two of the top countries from which PepsiCo sources palm oil.

ii. Engagement method: PepsiCo aims to work with suppliers to see that our palm oil policies are implemented in a way that supports the inclusion of smallholders. We evaluate and participate in several positive impact programs that bring industry supply chain actors together to engage and build capability for these smallholders. These programs are guided in part by a risk assessment process that identifies relevant geographic areas within our supply chain. We launched a holistic program for sustainable palm oil in Mexico that engages the entire supply chain to build certification capacity: from the national palm oil federation Femexpalma to our main supplier Oleofinos, to Oleopalma and the smallholders in their supply base. PepsiCo is also investing in piloting studies and adapting global approaches to the Mexico context, specifically in Environmental and Social Impact Assessments and High Conservation Value (HCV). A study surveyed 200,000 hectares in Chiapas and Tabasco, assessed the presence of High Conservation Values (HCV) in over 70,000 hectares of land; this assessment includes recommendations for the management and monitoring of the HCVs identified. As part of its role in the CSL, PepsiCo has been supporting the development of the Aceh Tamiang district initiative and implementation of the landscape plan that the Coalition has formulated. In 2020, PepsiCo's support allowed for the training of 500 smallholders in good agricultural practices, sustainability and risk analysis of local palm oil producers. Finally, in instances of NDPE noncompliance we apply our agricultural supply chain grievance process to proactively work with suppliers, and when corrective action plans are not implemented, can take action to terminate the relationships with the suppliers and/or exclude the noncompliant suppliers/producers from our supply chain.

Other stakeholders, please specify

Relevance & inclusion

Not considered

Please explain

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	Yes

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

At PepsiCo, risk impact is evaluated based on the ability to achieve operational, financial and strategic objectives and/or potential for creating a sustained adverse impact on the business' profit, or the company's shareholder value and/or reputation. It leverages a five point scale (Minimal, Low, Medium, High, Critical) depending on its intensity. For quantitative purposes, one example is to use % of NOPBT (Net Operating Profit Before Taxes). Once forests risks have been identified, the next step in our process is to prioritize each risk based on the likelihood that it will occur, the financial impact to PepsiCo should it occur (any impact over \$1 million could be considered substantive), and whether the activities needed to mitigate the risk are aligned with our overall climate strategy and business plan, including our approach to deforestation. For example, we incorporate environmental sustainability criteria into our Capital Expenditure Filter and is applied to all capital expenditure requests over \$5 million. Each request is reviewed not only against business financial metrics and value to advancing our business strategy but also for the impact (positive or negative) that it will have on our environmental performance, including deforestation, and its contribution to our efforts to achieve our sustainability goals. This definition of substantive change applies to both direct operations and to elements of our supply chain and value chains.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Physical

Geographical scale

Country

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Declining ecosystem services

Primary potential impact

Supply chain disruption

Company-specific description

The materials PepsiCo uses to produce our products are largely commodities subject to price volatility and fluctuations in availability caused by changes in global supply and demand, weather conditions, agricultural uncertainty, or government incentives and controls. Particular to timber, PepsiCo recognizes that severe weather events, losses of ecosystem services, and an unsteady supply of certified sustainable material have the potential to adversely impact our supply chain over the next 1-3 years.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

Many of the commodities used in our products are purchased on the open market. The prices we pay for such items are subject to fluctuation, and any increases could adversely impact our operating costs and decrease our operating profit growth.

Primary response to risk

Other, please specify

Global purchasing and hedging strategies

Description of response

i. Timeframe: In the normal course of business, we currently manage these risks through a variety of strategies, including global purchasing programs and systematic

hedging strategies. Our global purchasing programs include fixed-price contracts, purchase orders and pricing agreements. Our hedging strategies include the use of derivatives to economically hedge price fluctuations related to a portion of our anticipated commodity purchases, primarily for agricultural products, energy and metals.

ii. Response effectiveness: Commodity Risk Management provides reasonable predictability of cost across our global commodity exposures while allowing controlled flexibility to adapt to unique market circumstances. For timber, PepsiCo considers country of origin and supplier business continuity planning by region. We have identified specific goals at the regional level to address the identified risks, thereby increasing our resilience to mitigate potential impacts.

Cost of response

0

Explanation of cost of response

As our management methods for these risks occur during the normal course of business and are interrelated with several other potential risks that may not be specific to forests, we consider our specific cost to manage these risks to be zero (0).

Forest risk commodity

Timber products

Type of risk

Regulatory

Geographical scale

Country

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Regulatory uncertainty

Primary potential impact

Fines, penalties or enforcement orders

Company-specific description

We are seeing increasing interest from national governments and supra-national agencies in the impact of deforestation and in setting regulations to increase transparency and reduce the environmental and social impacts of deforestation around the world. We have also seen an increase in international cooperation, which was highlighted in the past by UN Conference of the Parties (COP)-17 and the Rio+20 Conferences that led to the REDD+ program enhancement, the U.S. Lacey Act, and the European Union Timber regulations. PepsiCo must stay informed of these developments to facilitate ongoing compliance and alignment with our deforestation-related policies.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

The financial impact of this risk is confidential.

Primary response to risk

More ambitious forest-related commitments

Description of response

i. Timeframe: Through our Forestry Stewardship Policy, Land Use Policy, Palm Oil Commitments, Palm Oil Action Plan, and Sustainable Packaging Policy, PepsiCo has created a robust framework to help achieve our goal of zero deforestation in our Company-owned and operated facilities and global supply chains from direct suppliers to source.

ii. Response effectiveness: PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which such schemes deliver PepsiCo requirements outlined in our policies. In addition, Proforest conducted a rapid assessment of PepsiCo's current performance and overview of risks involved in main regions/countries of our current paper packaging supply base. We believe this groundwork, along with our policy framework and timber specific sourcing standards and goals will help us stay ahead of regulatory requirements.

Cost of response

0

Explanation of cost of response

The cost of managing this risk is confidential.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Reduced demand for products and services

Company-specific description

We are a leading global beverage and food company with brands that are respected household names throughout the world. Maintaining a good reputation globally is critical to selling our branded products. Socially Responsible Investors (SRIs), governments, civil society, the media and other key stakeholders have shown a growing interest in the link between timber for packaging and deforestation in Company-owned operations and supply chains, leading to increased pressure on PepsiCo to respond to related concerns. PepsiCo has closely monitored consumer and customer campaigns, and their overall interest in responsible timber sourcing in our business and how we are addressing deforestation issues that may arise.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

PepsiCo's reputation and the behavior of consumers in choosing our products are important to the market value and revenue generation of the Company. Changes in consumer preference, for example, due to a negative reaction to PepsiCo's reputation relative to the environment could adversely affect PepsiCo's business.

Primary response to risk

More ambitious forest-related commitments

Description of response

i. Timeframe: Through our Forestry Stewardship Policy, Land Use Policy, Palm Oil Commitments, Palm Oil Action Plan and Sustainable Packaging Policy, PepsiCo has created a robust framework to help achieve our goal of zero deforestation in our Company-owned and operated facilities and global supply chains from direct supplier to source.

ii. Response effectiveness: To help us to better understand the risks in our supply chain, we are working with Proforest to provide traceability data of our supply chain. This includes conducting supply chain mapping with suppliers to identify high-risk suppliers, regions and countries where interventions are required. In addition, we plan to revise our paper packaging-related policies to clarify scope, make implementation targets more explicit and further develop requirements on recycled content. We believe that our policy framework and timber-specific sourcing standards and goals will help us manage the increasing reputational risk associated with timber and deforestation.

Cost of response

0

Explanation of cost of response

The cost of managing this risk is confidential.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Availability of certified sustainable material

Primary potential impact

Supply chain disruption

Company-specific description

As a leading global food and beverage company with a complementary portfolio of brands, including Frito-Lay, Gatorade, Pepsi-Cola, Quaker and Tropicana, we make, market, distribute and sell a wide variety of convenient beverages, foods and snacks, serving customers and consumers in more than 200 countries and territories. As such, agriculture is an integral part of PepsiCo's supply chain. The raw materials we use to produce our products are largely commodities subject to price volatility and fluctuations in availability caused by changes in global supply and demand, weather conditions, agricultural uncertainty, or government incentives and controls.

Timeframe

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

Many of the commodities used in our products are purchased on the open market. The prices we pay for such items are subject to fluctuation, and any increases could adversely impact our operating costs and decrease our operating profit growth.

Primary response to risk

Other, please specify

Global purchasing and hedging strategies

Description of response

i. Timeframe: In the normal course of business, we currently manage these risks through a variety of strategies, including global purchasing programs and systematic hedging strategies. Our global purchasing programs include fixed-price contracts, purchase orders and pricing agreements. Our hedging strategies include the use of derivatives to economically hedge price fluctuations related to a portion of our anticipated commodity purchases, primarily for agricultural products, energy and metals.

ii. Response effectiveness: Commodity Risk Management provides reasonable predictability of cost across our global commodity exposures, while allowing controlled flexibility to adapt to unique market circumstances. For palm oil, PepsiCo considers

country of origin, supplier business continuity planning by region and commodity risk management through financial planning on market-based commodities, thereby increasing our resilience to mitigate potential impacts.

Cost of response

0

Explanation of cost of response

As our management methods for these risks occur during the normal course of business and are interrelated with several other potential risks that may not be specific to forests, we consider our specific cost to manage these risks to be zero (0).

Forest risk commodity

Palm oil

Type of risk

Regulatory

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Regulatory uncertainty

Primary potential impact

Increased operating costs

Company-specific description

While most of the mechanisms to deliver more sustainable palm oil (e.g., RSPO, Consumer Goods Forum) are non-regulatory, we are seeing increasing interest from governments in using regulation to drive change. PepsiCo must stay informed of these developments to facilitate ongoing compliance and alignment with our palm oil related policies and action plan.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

The financial impact of this risk is confidential.

Primary response to risk

More ambitious forest-related commitments

Description of response

i. Timeframe: PepsiCo has taken a multi-faceted approach to address our palm oil supply chain by enacting a number of policies and programs on this issue. In 2015, we published the PepsiCo Palm Oil Action Plan, describing our strategy for sourcing sustainable palm oil and achieving our goal of sourcing 100% sustainable palm oil by the end of 2020. Our strategy was updated in April 2021. We also publicize our Forestry Stewardship Policy, Land Use Policy and annual palm oil reporting describing strategic collaborations, use of new tools and impact programs.

ii. Response effectiveness: We are working with Proforest to develop risk analysis and mitigation plans for key regions, as well as a verification process that stresses PepsiCo's goals on High Carbon Stock, High Conservation Values, peatlands, land rights, including Free, Prior and Informed Consent, human rights, and no burning, as described by RSPO. This work involves a risk assessment of direct suppliers and their supply base (leveraging mill traceability data) to identify, assess, prioritize and address top compliance risks under PepsiCo's policies, including recommending priority mills and supply bases for verification assessments and wider engagement. We expect that this work will increase engagement with suppliers to monitor implementation of continuous improvement plans. We believe our progress against our Palm Oil Action Plan and related deforestation policies will help us stay ahead of regulatory requirements.

Cost of response

0

Explanation of cost of response

The cost of managing this risk is confidential.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Reduced demand for products and services

Company-specific description

We are a leading global beverage and food company with brands that are respected household names throughout the world. Maintaining a good reputation globally is critical to selling our branded products. SRIs, governments, civil society, the media, and other key stakeholders have shown a growing interest in the link between palm oil and deforestation in Company-owned operations and supply chains. PepsiCo has closely monitored consumer and customer campaigns and general interest in responsible palm oil sourcing in our business.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

PepsiCo's reputation and the behavior of consumers in choosing our products are important to the market value and revenue generation of the Company. Changes in consumer preference, for example, due to a negative reaction to PepsiCo's reputation relative to the environment could adversely affect PepsiCo's business.

Primary response to risk

More ambitious forest-related commitments

Description of response

Timeframe: In 2015, we published the PepsiCo Palm Oil Action Plan, describing our strategy for sourcing sustainable palm oil; our strategy was subsequently updated in April 2021.

ii. Response effectiveness: Transparency is important for our risk mitigation efforts in response to NGO concerns, particularly in relation to potential reputational impacts. We provide regular, detailed information on progress toward delivering our palm oil-related goals, all of which are publicly available to stakeholders on our website. Additionally, we solicit feedback from civil society through direct meetings and workshops and consider reports by civil society and other organizations. Our stakeholder collaboration efforts, including participation in the Palm Oil Working Group of the Consumer Goods Forum, membership in the Tropical Forest Alliance 2020, and regular meetings with NGOs to discuss our efforts, exchange information and consider ways to achieve shared objectives have resulted in increased confidence in our efforts. As evidence of our progress, the WWF 2016 Palm Oil Scorecard ranked PepsiCo as leading the way in progress on essential actions taken to source sustainable palm oil. In July 2017, we formalized a grievance mechanism for our agricultural supply chain, allowing third parties to raise concerns regarding compliance within our agricultural supply chain and mitigating potential reputational impacts.

Cost of response

0

Explanation of cost of response

The cost of managing this risk is confidential.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	Yes
Palm oil	Yes

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

i. Explanation of opportunity: PepsiCo understands the unique role packaging holds in shaping the way our products are presented to consumers, customers and communities. In addition to understanding its necessary role in protecting the quality and experience consumers have with our products, we believe that our most significant influence on forests is through our sourcing of paper and wood-based products and raw agricultural materials.

ii. Explanation of strategy: Through our Forestry Stewardship Policy, Land Use Policy, Palm Oil Commitments, and Sustainable Packaging Policy, PepsiCo has created a robust framework to help achieve our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source. PepsiCo seeks to purchase only responsibly sourced wood fiber products and will not knowingly accept from its supply chain paper-based packaging that may contain wood fiber harvested illegally or sourced from protected forest areas. We are focused on developing and maintaining a deeper understanding of our paper-based packaging supply chain and our supply base sourcing as close to the forest of origin as possible.

iii. Implementation case study: PepsiCo is working with our suppliers to help them become more environmentally sustainable in their practices by following credible forestry standards and purchasing fiber only from sources that support responsible forest management, as outlined in our policies. PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements outlined in our policies. In addition, Proforest conducted a rapid assessment of PepsiCo's current performance and overview of risks involved in main regions/countries of our paper packaging supply base.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,000,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

PepsiCo's reputation and the behavior of consumers in choosing our products are important to the market cap and revenue generation of the Company. The 2020 net revenues for PepsiCo were more than \$70 billion. PepsiCo revenues are sensitive to changes in consumer preferences. For example, a one percent impact on PEP's market value (defined as our market capitalization) would equate to ~\$2 billion. Changes in consumer preferences, for example, due to a positive reaction to PepsiCo's reputation, and the reputation of its products relative to the environment, could positively affect PepsiCo's business, financial condition or results of operations although it would be difficult to precisely identify the driving factors causing a change in consumer behavior.

Forest risk commodity

Palm oil

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

i. Explanation of opportunity: Socially Responsible Investors, governments, civil society, the media and other key stakeholders have shown a growing interest in the link between palm oil and deforestation in our Company-owned operations and supply chains. PepsiCo has closely monitored consumer and customer campaigns and general interest in responsible palm oil sourcing in our business. As awareness around palm oil grows, improved consumer response to products carrying RSPO-certified sourced material represents a potential opportunity to grow our revenue.

ii. Explanation of strategy: In 2015, we published the PepsiCo Palm Oil Action Plan, describing our strategy for sourcing sustainable palm oil and including our commitment to source 100% physically-certified sustainable palm oil by the end of 2020, achieve and maintain PepsiCo and our suppliers' compliance with our various deforestation-related policies and Supplier Code of Conduct; engage suppliers on various capacity building initiatives; and achieve greater traceability. We disclose results of our work annually in Palm Oil Progress Reports, synchronized with our Annual Communication of Progress

to the RSPO.

iii. Implementation case study: In 2020, we achieved 99.3% physically-certified sustainable palm oil with the balance comprised of Independent Smallholders (ISH) credits. We encouraged our direct suppliers to be RSPO members; since 2017, 100% of our direct suppliers have been RSPO members. We are also mapping to the mill of origin and aiming for 100%, with a concurrent goal to achieve traceability to the farm/plantation by the end of 2020. In 2020, 96.5% of our supply was traceable to the mill. Since launching our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation in 2020. Our Supplier Scorecards provide a means to track and encourage our suppliers' progress towards establishing policies and programs to enhance performance and capability in sustainable palm. Our Palm Oil Traceability Protocol, developed in collaboration with palm experts and industry partners, supports the development of better information systems to help achieve our goals and prioritize opportunities for improvement. Finally, our impact programs prioritize capacity building, particularly training and development.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,000,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

PepsiCo's reputation and the behavior of consumers in choosing our products are important to the market cap and revenue generation of the Company. The 2020 net revenues for PepsiCo were more than \$70 billion. PepsiCo revenues are sensitive to changes in consumer preferences. For example, a one percent impact on PEP's market value (defined as our market capitalization) would equate to ~\$2 billion. Changes in consumer preferences, for example, due to a positive reaction to PepsiCo's reputation, and the reputation of its products relative to the environment, could positively affect PepsiCo's business, financial condition or results of operations although it would be difficult to precisely identify the driving factors causing a change in consumer behavior.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board-level committee	i. Responsibility: Under PepsiCo's By-Laws and Corporate Governance Guidelines, the Board has the responsibility to manage the business of the Company. Because sustainability matters, including forests-related issues, are integrated into our business, the Board considers them an integral part of its oversight. The Sustainability, Diversity and Public Policy Committee assists the Board in providing more focused oversight over the Company's policies, programs and related risks that concern key sustainability matters. The PepsiCo Executive Committee (PEC) has direct oversight of the sustainability agenda, including strategic decisions and performance management. ii. Decision: In 2020, the PEC and the Board made the decision to review and approve the PEC's action to sign the Business Ambition for 1.5C pledge as well as PepsiCo's new climate goal in line with the pledge that was subsequently announced in early 2021, which requires forest-related actions and progress.

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture	i. The Sustainability, Diversity and Public Policy Committee assists the Board with oversight of PepsiCo's policies, programs and risks concerning key sustainability matters. The committee typically meets 4x/year and is comprised of independent directors with a mix of public policy, risk, international and science-related skills, qualifications and experience. The key agenda item

		Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Setting performance objectives	for these meetings is a review of progress on our sustainability goals, including those related to deforestation. The Board also oversees PepsiCo's integrated risk management framework to address top strategic, financial, operating, business, compliance, safety, reputational and other risks, including forests-related issues across the organization. The PepsiCo Risk Committee (PRC) is a cross-functional diverse group that meets regularly and is responsible for reporting progress on risk mitigation efforts to the Board. The PRC reviews potential impacts in agricultural commodity supplies and regulatory changes that may impact PepsiCo's business. The Board receives updates on key risks throughout the year. Key risks related to forests-related issues are included in our 2020 Annual Report on Form 10-K. ii. The governance mechanisms selected reflect PepsiCo's comprehensive approach to sustainability. The full Board considers sustainability issues an integral part of its business oversight, as sustainability topics are integrated into, and not separate from, our business strategy.
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F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	Quarterly	i. Role, rationale, responsibilities, reporting: Overall responsibility lies with PepsiCo's Chief Sustainability Officer (CSO), who reports directly to the CEO. With a specific focus on sustainability, forests-related issues monitoring and overseeing the delivery of our forests-related goals fall directly under the role's responsibilities. The CSO is involved in the day-to-day management of our strategy toward delivery

			of our sustainability agenda; responsibilities include providing strategic direction, guidance and leadership on critical forests-related issues facing the Company and actions the Company must take. In 2019, PepsiCo's CEO convened a PepsiCo Executive Committee Sustainability Subcommittee, which comprises executives including the CSO. The Sustainability Subcommittee meets at least quarterly and forests-related topics addressed include reviewing progress against our strategy as well as assessing and approving improvements to our strategy. In addition, our Chief Sustainability Officer sits on the PepsiCo Risk Committee, which meets regularly to identify, assess, prioritize, address, manage, monitor and communicate our top enterprise risks. The PRC is also responsible for reporting progress on our risk mitigation efforts to the Board on an annual basis, including with respect to deforestation. PRC meetings are scheduled one month before the quarterly Board of Directors meetings so that the Board's Risk sub-committee can review the same material.
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F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Corporate executive team	Achievement of commitments and targets	Our corporate executive team has strategic objectives based on an individual executive's role and accountabilities that are aligned with our

			sustainability agenda including our forests-related goals. Performance against these objectives impacts a portion of both annual and long-term incentives.
Non-monetary reward	No one is entitled to these incentives	No indicator for incentivized performance	N/A

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	Commitment to eliminate deforestation Commitment to remediation, restoration and/or compensation of past harms Commitment to protect rights and livelihoods of local communities Commitment to transparency Commitment to align with the SDGs Description of business dependency on forests	i. Policy governance: The Public Policy & Government Affairs group reviews policies every two years and amends them as appropriate. ii. Why content is included: PepsiCo's standards are based on international conventions and reference best practices established by forest-related initiatives and industry groups. Specific to forests-related issues, PepsiCo's publicly available Forestry Stewardship Policy and Land Policy are important components of the more comprehensive PepsiCo Responsible Sourcing Guidelines, which applies to all PepsiCo global operations and global supply chains from direct supplier to source. Details in these policies regarding our operational standards, references, targets and business context demonstrate a robust framework to help achieve our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source. Additionally, our Human Rights policy specifies access to remedies. iii. How policy informs internal decision making: PepsiCo's policies inform our decision making by formalizing the principles we aim to comply with across all commodities: (i) comply with

		Recognition of potential business impact on forests and other natural habitats Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound milestones and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	applicable legal requirements of each country in which we operate and from which we source; (ii) No further development on High Carbon Stock Forests; (iii) No further development on High Conservation Values Forests; (iv) No new conversion of peatlands; and (v) Free, Prior and Informed Consent as outlined in our Land Policy. In addition, PepsiCo intends to: (i) Engage with appropriate industry and other groups to improve our understanding of deforestation issues, adapt our policy and achieve our goals; (ii) Provide appropriate grievance mechanisms for suppliers to report suspected breaches; (iii) Leverage our Supplier Code of Conduct as a means of communicating PepsiCo's Forestry Stewardship Policy and associated commitments to our suppliers; and (iv) Periodically report on our performance against this policy and its associated commitments. Our policies reflect PepsiCo's commitment to doing business the right way and transparently communicating to stakeholders our responsibility to ensure that we and our suppliers practice responsible forestry stewardship. Relevant policies are available via our Sustainable Sourcing page: https://www.pepsico.com/sustainability/sustainable-sourcing
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F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities	i. Policy governance: The Public Policy & Government Affairs group reviews policies every two years and amends them as appropriate. ii. Why content is included: Our policies reflect PepsiCo's commitment to doing business the right way and transparently communicating to stakeholders our responsibility to ensure that

			Commitment to transparency Commitment to align with the SDGs Description of business dependency on forests Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	we and our suppliers practice responsible forestry stewardship. Through our Forestry Stewardship Policy, Land Use Policy and Sustainable Packaging Policy, PepsiCo has created a robust framework to help address our timber commodity practices and achieve our goal of zero deforestation in our company-owned and -operated facilities and global supply chains from direct supplier to source. iii. How policy informs internal decision making: Details regarding our operational standards, references, targets and business context are provided in our policies to inform decision making. Our sustainable packaging aspirations aim to: (i) Increase the use of recycled content or materials from renewable sources; (ii) Optimize packaging design to use the fewest materials necessary; (iii) Promote the use of materials that can be recycled (beverage containers, cereal cartons, etc.); (iv) Reduce post-industrial waste; (v) Reduce known negative impacts to the environment; and (vi) Achieve a lower carbon footprint by efficient energy usage across the product lifecycle. Our decisions therefore are to be aligned with these aspirations. Relevant policies are available at the following links: https://www.pepsico.com/docs/album/esgtopics-policies/pepsico-forestry-stewardship-policy-1.pdf https://www.pepsico.com/docs/album/esg-topics-policies/pepsico_land_policy.pdf https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-sustainable-packaging-policy.pdf
Palm oil	Yes	Company-wide	Commitment to eliminate conversion of	i. Policy governance: The Public Policy & Government Affairs group reviews policies every two years and amends them as

			natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to remediation, restoration and/or compensation of past harms Commitment to protect rights and livelihoods of local communities Commitment to transparency Commitment to align with the SDGs Description of business dependency on forests Recognition of potential business impact on forests and other natural ecosystems Description of forest risk	appropriate. ii. Why content is included: Our policies reflect PepsiCo's commitment to doing business the right way and transparently communicating to stakeholders our, and our suppliers' responsible forestry stewardship. Recognizing potential environmental benefits, including climate and biodiversity, as well as human rights, we achieved our commitment to source 100% physically-certified sustainable palm oil by the end of 2020. We published a Palm Oil Action Plan in 2015 describing our operational standards, references, targets and business context behind our sustainable palm oil practices; our strategy was updated in April 2021. Subsequent annual progress reports detail additional interim goals and specific activities undertaken to achieve our goals. Our June 2018 palm oil policy update provided our long-term vision for a sustainable palm oil sector and updated our NDPE commitments. In February 2020, we published an update to our policy, reflecting engagement with civil society, developments in the palm oil sector and further understanding of challenges and opportunities to meet our goals for sustainable palm oil. The update strengthens our policy, including by: Extending the scope of the policy to include all palm oil that is produced by PepsiCo's palm oil suppliers, rather than just the oil that we receive; Highlighting our commitment to independent verification as a key part of delivering an NDPE palm oil supply chain; Clarifying our requirement for our suppliers to respect human rights, in line with the UN Guiding Principles on Business and Human Rights and other internationally recognized frameworks; and Expanding our commitment to a no-deforestation cutoff date of December 31, 2015. iii. How policy informs internal decision making: PepsiCo's policies formalize the principles we aim to comply with, and apply to all of our products, regardless of the source of
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			commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for direct operations Description of forests-related standards for procurement	production. Details regarding our operational standards, references, targets and business context are provided in our policies to inform decision making. Our decisions therefore are to be aligned with these aspirations. Relevant policies are available at the following links: https://www.pepsico.com/docs/album/esg-topics-policies/global-policy-for-sustainable-palm-oil.pdf
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F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Tropical Forest Alliance 2020

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

Zero gross deforestation/ no deforestation
Zero net deforestation
No land clearance by burning or clearcutting
No conversion of High Conservation Value areas
No conversion of High Carbon Stock forests
Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
Promotion of gender equality and women's empowerment
Adoption of the UN International Labour Organization principles
Resolution of complaints and conflicts through an open, transparent and consultative process
Facilitate the inclusion of smallholders into the supply chain
No sourcing of illegally produced and/or traded forest risk commodities
No sourcing of forest risk commodities from unknown/controversial sources
Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

Not applicable

Commitment target date

2020

Please explain

PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in our policies. In addition, Proforest conducted a rapid assessment of PepsiCo's current performance and overview of risks involved in main regions/countries of our current paper packaging supply base. We have also developed new form contract language for our sourced materials to be FSC- and SFI-certified, with the intention of further promoting compliance with our policy criteria. As we undertake new contracts, PepsiCo is negotiating by region to determine the capabilities to source certified materials. We have identified Russia, China and parts of South/Southeast Asia as our primary focus to mitigate risks. PepsiCo recognizes the importance of having a credible system for third parties to raise concerns where they believe our standards are not being met, such as any compromise of Free, Prior and Informed Consent principles, our zero net deforestation and forest degradation, and potentially illegal and/or controversial activities occurring in our agricultural supply chain. Our Speak Up Hotline provides a means to report suspected violations of our policies or applicable law. PepsiCo's grievance

mechanism for our agricultural supply chain complements our existing program to help prevent, identify and manage environmental and social concerns throughout our value chain, including those associated with timber. This allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain. Our approach is available here:

<https://www.pepsico.com/docs/album/esg-topics-policies/agricultural-supply-chain-grievance-mechanism-summary.pdf>

Additionally, PepsiCo adopted the Consumer Goods Forum (CGF) Deforestation Resolution, which commits a wide range of food and beverage manufacturers and retailers to achieve zero net deforestation by 2020. While good progress has been made since it was issued in 2010, our industry has not fully realized the ambition set out in the resolution. To accelerate progress, PepsiCo became an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies committed to moving efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. The previous strategy was rooted in remediating individual company supply chains often through certification. Going forward, the Coalition will focus on systemic change underpinned by two pillars of action – supply chain management and integrated land use approach – developed with significant input from both supply chain companies and other stakeholders. PepsiCo's Chairman and CEO serves on the CGF Board of Directors.

Forest risk commodity

Palm oil

Criteria

- No conversion of natural ecosystems
- Zero gross deforestation/ no deforestation
- Zero net deforestation
- No land clearance by burning or clearcutting
- No conversion of High Conservation Value areas
- No conversion of High Carbon Stock forests
- Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
- Promotion of gender equality and women's empowerment
- Adoption of the UN International Labour Organization principles
- Resolution of complaints and conflicts through an open, transparent and consultative process
- Facilitate the inclusion of smallholders into the supply chain
- No sourcing of illegally produced and/or traded forest risk commodities
- No sourcing of forest risk commodities from unknown/controversial sources
- Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

2020

Please explain

PepsiCo undertook several actions in 2020 to meet our commitments. In 2020, we updated our strategy to reflect increased commitments on climate change and sustainable agriculture, industry developments and feedback from stakeholders. Our long-term commitments are reflected in our time-bound targets, which will evolve over time and can be found in our Palm Oil Implementation Plan, updated in April 2021. Since 2017, PepsiCo has been a lead convener of the Palm Oil Collaboration Group (POCG) to address key palm oil-related sustainability challenges with companies throughout the value chain and other stakeholders in a pre-competitive manner. The POCG has work streams on human rights and social issues; independent verification of progress; addressing deforestation outside concessions; and monitoring and reporting on progress through the NDPE Independent Reporting Framework (IRF).

In 2020, PepsiCo worked with our suppliers to help them implement reporting on mills against the NDPE IRF, through both the POCG and our direct suppliers for whom we provided information and training via webinars and one-to-one discussions. For example, in early 2020, we hosted a workshop in Campeche, Mexico, for our suppliers in Latin America.

As part of the Coalition for Sustainable Livelihoods (CSL), PepsiCo is supporting the development of the Aceh Tamiang district initiative and implementation of the CSL's landscape plan. In support of this plan, PepsiCo is partnering with PT Mopoli Raya, Forum Konservasi Leuser (FKL), and the Sustainable Trade Initiative (IDH) to restore 300ha of forest and support the productivity and sustainability of at least 500 smallholders. PepsiCo is currently implementing this partnership work on the ground, while also supporting the development of a government-led landscape management body and working with other stakeholders to develop an effective monitoring system and response protocol to deforestation alerts.

In 2020, PepsiCo's support allowed for the training of 500 smallholders in good agricultural practices, sustainability and risk analysis of local palm oil producers, the training of 93 forest rangers for improved forest protection and tree planting of 30,000 seedlings. In partnership with the government, the clearing of illegal palm oil has begun and the site for the establishment of a community led nursery for indigenous trees used in reforestation and agroforestry on the cleared land has been identified.

In 2019, PepsiCo joined several major companies to work with the Business for Social Responsibility to protect the rights of children living in oil palm plantations. The program ran until the end of 2020 and included developing a Child Protection and Safeguarding Implementation Manual, as well as a series of capacity-building workshops for palm oil producers.

Implementation of our supplier scorecard has seen suppliers improve their overall performance by 106% against the 2017 baseline, a 12% increase from 2019. This mechanism supports our efforts to build suppliers' capability to deliver NDPE compliant palm oil, and to address non-compliances found in our supply chain.

PepsiCo co-chairs the RSPO's Shared Responsibility Working Group, which calls for all RSPO members to do their part to "Mobilize, Act and Transform" to fulfil RSPO's mission. The Shared Responsibility requirements relate to the environment, information and outreach; human rights; complaints and grievances; land use; and Free, Prior and Informed Consent (FPIC).

Finally, our grievance mechanism complements our existing agricultural program to help prevent, identify and manage environmental and social concerns throughout our value chain. Since 2020, we have undertaken a formal review of our grievance approach for our agricultural supply chain to identify ways to strengthen our grievance process in line with the UNGPs. The review is being led by an organization with expertise in the UNGPs and grievance mechanisms, and is expected to be completed in 2021.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	11-15	i. Description: PepsiCo considers sustainability issues, including forest-related issues, an integral part of its business objectives; sustainability topics are integrated into, and not separate from, our business strategy. Our sustainability strategy demonstrates PepsiCo's commitment to deliver top-tier financial performance while creating sustainable growth and shareholder value. We believe our strategy enables us to continue delivering strong performance while positioning our Company for long-term sustainable growth. The strategy sets out business objectives, including for those related to forests, through 2025. ii. Example: As a leading global consumer packaged goods company, it is a priority for PepsiCo to develop next-generation packaging that continues to meet the needs of our consumers for high quality, safety and consumer experience, while minimizing our environmental footprint. In line with this strategic priority,

			we set a 2025 goal to strive to design 100% of our packaging to be recyclable, compostable or biodegradable, increase recycled materials in our plastic packaging, and reduce packaging's carbon impact. We have also set a goal to work with associations, governments and cross-sector collaborations to help implement long-term recovery and recycling solutions, including for packaging inputs originating from forest commodities. Related to palm oil, PepsiCo incorporated our commitments in our Global Policy on Sustainable Palm Oil. The policy provides our long-term vision for a sustainable palm oil sector and our commitments to no deforestation, no development on peatlands, and no exploitation of indigenous peoples and local communities ("NDPE commitments"). Finally, PepsiCo plans to reduce absolute GHG emissions across its direct operations (Scope 1 and 2) by 75% and its indirect value chain (Scope 3) by 40% by 2030 (2015 baseline). In support of our targets, PepsiCo will further scale sustainable agriculture and regenerative practices that help lead to emissions reduction and sequestration, as well as improved soil health and biodiversity, decreased deforestation, and increased productivity for farmers. This includes expanding the Company's global network of Demonstration Farms, which provide localized training and tools to implement sustainable practices and improve livelihoods.
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	i. Description: PepsiCo considers sustainability issues, including forest-related issues, an integral part of its business objectives; sustainability topics are integrated into, and not separate from, our business strategy. Our sustainability strategy demonstrates PepsiCo's commitment to deliver top-tier financial performance while creating sustainable growth and shareholder value and provides a roadmap for achieving our sustainability objectives, including for those related to forests, through 2025. We believe our objectives and corresponding strategy demonstrate business value, will expand the community of engaged actors, accelerate uptake of sustainable practices and support the scale-up of solutions to systemic issues. ii. Example: As we continue our journey to improve our sustainable sourcing practices, we undertook an initial step in understanding the implications of our policies to

			support long-term implementation. We engaged Proforest to map the supply chain and support implementation of our policies related to paper packaging, including an assessment of certification schemes that we recognize (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements outlined in the Forestry Stewardship, Land Use and Sustainable Packaging policies. Finally, PepsiCo plans to reduce absolute GHG emissions across its direct operations (Scope 1 and 2) by 75% and its indirect value chain (Scope 3) by 40% by 2030 (2015 baseline). With agriculture accounting for approximately one quarter of worldwide GHG emissions and one third of PepsiCo's emissions, PepsiCo will further scale sustainable agriculture and regenerative practices that help lead to emissions reduction and sequestration, as well as improved soil health and biodiversity, decreased deforestation, and increased productivity for farmers. This includes expanding the company's global network of Demonstration Farms, which provide localized training and tools to implement sustainable practices and improve livelihoods.
Financial planning	Yes, forests-related issues are integrated	11-15	i. Description: PepsiCo considers sustainability issues, including forest-related issues, an integral part of its business objectives; sustainability topics are integrated into, and not separate from, our business strategy. Our financial planning, therefore, is inherently impacted by our objectives and strategy to achieve them. Our sustainability strategy demonstrates PepsiCo's commitment to deliver top-tier financial performance while creating sustainable growth and shareholder value, and provides a roadmap for achieving our sustainability objectives, including for those related to forests, through 2025. We believe our objectives and corresponding strategy demonstrate business value, will expand the community of engaged actors, accelerate uptake of sustainable practices and support the scale-up of solutions to systemic issues. ii. Example: As a leading global consumer packaged goods company, it is a priority for PepsiCo to develop next-generation packaging that continues to meet the needs of our consumers for high quality, safety and consumer experience, while minimizing our environmental footprint. In line with this strategic priority, we set a 2025 goal to strive to design 100% of our

			packaging to be recyclable, compostable or biodegradable, increase recycled materials in our plastic packaging and reduce packaging's carbon impact. Related to palm oil, PepsiCo incorporated our commitments in our Global Policy on Sustainable Palm Oil. The policy provides our long-term vision for a sustainable palm oil sector and our commitments to no deforestation, no development on peatlands and no exploitation of indigenous peoples and local communities ("NDPE commitments"). In terms of financial planning, a certain portion of our budget is allocated to support ongoing progress for our goals and policies. Our capacity-building efforts also support the expansion of sustainable commodities, which may experience price fluctuations that are managed by our global purchasing programs and systematic hedging strategies. Our global purchasing programs include fixed-price contracts, purchase orders and pricing agreements. Our hedging strategies include the use of derivatives to economically hedge price fluctuations related to a portion of our anticipated commodity purchases, including for agricultural products.
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F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

Sustainable procurement standard

Linked commitment

Other environmental commitments

Traceability point

Third-party certification scheme

FSC (any type)
FSC Chain of Custody
PEFC Chain of Custody
SFI Forest Management standard
SFI Chain of Custody
SFI Fiber Sourcing certification
Other, please specify
CSA, CERFLOR

Start year

2015

Target year

2020

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

90

Please explain

i. Why and how target was chosen: PepsiCo seeks to purchase only responsibly sourced wood fiber products and will not knowingly accept from its supply chain paper-based packaging that may contain wood fiber harvested illegally or sourced from protected forest areas. PepsiCo is focused on developing and maintaining a deeper understanding of our paper-based packaging supply chain and our supply base sourcing as close to the forest of origin as possible. This is an extremely complex undertaking since PepsiCo does not purchase direct raw material from the forest. However, such action is important to achieving our ultimate goal of only purchasing responsibly sourced wood fiber products. PepsiCo works with suppliers to help them

become environmentally sustainable in their practices by following credible forestry standards and purchasing their wood fiber only from sources that support responsible forest management, as outlined in our policies. PepsiCo recognizes the forestry standards below as credible within their scope and requires our suppliers to commit to utilizing the appropriate standard: CERFLOR, CSA, FSC, PEFC and SFI.

ii. Strategy to meet target: To enable a greater understanding of, and visibility into, our supply chain, in 2016, PepsiCo began working with Proforest to trace the supply chain and support implementation of our policies related to paper packaging. For example, Proforest conducted an assessment of certification schemes that we recognize to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land Use and Sustainable Packaging policies. In addition, Proforest conducted a rapid assessment of our current performance and overview of risks involved in main regions/countries of our current paper packaging supply base.

The supply chain mapping project commenced in 2016 and is ongoing. In 2017, PepsiCo worked with a Tier-1 supplier to develop new contract language for sustainably-sourced materials, further promoting compliance with our policy criteria. As we renew expiring contracts starting in 2018, PepsiCo has been negotiating by region to determine our suppliers' capabilities to source certified materials. We have seen our percent certified material increase in several high-risk priority regions, including Russia, China, and Thailand. Metrics reflect FSC, PEFC, and SFI certification for 2020.

Target reference number

Target 2

Forest risk commodity

Palm oil

Type of target

Third-party certification

Description of target

Our target was to have a palm oil supply chain with no deforestation, no peatland development and no exploitation (NDPE) by the end of 2020. As part of our goal to sustainably source palm oil, we set a target of sourcing 100% RSPO physically certified palm oil by the end of 2020. We achieved this goal, increasing our sourcing from 82% in 2019. This target falls under the "Risk Management" pillar of our strategy to achieve our long-term vision on palm; as we seek to expand the benefits of sustainable palm oil while working to eliminate the harm that may be done, it is important to address standards in our own supply chain while addressing systemic issues in partnership with others, so that high environmental standards become the norm and human rights are respected. Achieving this target will help us meet our NDPE commitments, including delivering of our timebound plan by end of 2022, which address both environmental and social commitments.

Linked commitment

No conversion of natural ecosystems

Traceability point

Third-party certification scheme

RSPO Mass Balance
 RSPO Book and Claim
 Other, please specify
 RSPO Independent Smallholder Credits

Start year

2015

Target year

2020

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

100

Please explain

i. Why and how target was chosen: In 2010, PepsiCo committed to source exclusively 100% RSPO-certified sustainable palm oil by 2015. In 2013, PepsiCo further strengthened this commitment to purchasing 100% physically RSPO-certified palm oil by the end of 2020, providing additional visibility into our palm oil supply chain. The RSPO has played a leading role in mobilizing commercial activity to encourage sustainable supply and setting baseline standards for sustainable palm oil, informing our choice to set this target. While we are committed to the RSPO and its process and standards, we are also looking to go beyond current RSPO standards in order to see further protection of forests, peatlands and human rights. Through our policies and actions, PepsiCo seeks to support the growth of sustainable palm oil, first by addressing standards in our own supply chain and then by working with others to drive improvement more widely which will make our supply chain more secure and support stable social, economic and environmental conditions for producers, mills and the communities they support. From 2021, we intend to use our market scale and engagement to support RSPO uptake and effectiveness to meet our target of 100 percent RSPO certification, through at least 95 percent being physically certified, with the balance comprised of ISH credits.

ii. Strategy to meet target: As more mass balance physically-certified sustainable palm

oil (CSPO) became available, we strategically increased our use toward our goal to source 100% physically-certified sustainable palm oil by the end of 2020. In 2020, we achieved 99.3% physically-certified sustainable palm oil with the balance (6,051 MT) comprised of Independent Smallholders (ISH) credits, which are an effective way to recognize efforts made by smallholders to reach the level of RSPO certification. Contrary to reports of a surplus of RSPO-certified palm oil, physically-certified supply is limited or non-existent in some regions including some markets in the Americas. To address this problem, PepsiCo seeks to build certification capacity, which is why we are implementing a holistic program for sustainable palm oil in Mexico based on the RSPO Principles & Criteria framework. This capacity-building program involves the entire supply chain and provides training and technical assistance toward RSPO certification.

Target reference number

Target 3

Forest risk commodity

Palm oil

Type of target

Traceability

Description of target

Our target was to trace 100% of our palm oil to mills and plantations by the end of 2020. To ensure that our policies are being met, improve standards and drive positive impact on the ground, we must know where our palm oil comes from. Building better information systems is therefore a critical step to achieving our goals, informing our choice to set this target. This target falls under the "Risk Management" pillar of our strategy to achieve our long-term vision on palm. Achieving this target will help us meet our NDPE commitments, which address both environmental and social commitments.

Linked commitment

Zero net/gross deforestation

Traceability point

Mill

Third-party certification scheme**Start year**

2015

Target year

2020

Quantitative metric

Target (number)**Target (%)**

100

% of target achieved

97

Please explain

i. Why and how target was chosen: Palm oil is the most widely used edible oil in the world and an ingredient in several PepsiCo food products. Like many of our stakeholders, though, PepsiCo has ongoing concerns about how some palm oil is produced. Rainforest conversion, biodiversity loss and human rights abuses persist in various producing regions. Through our policies and actions, PepsiCo seeks to support the growth of sustainable palm oil, first by addressing standards in our own supply chain and then by working with others to drive improvement more widely. We believe that fulfilment of these policies and commitments will make our supply chain more secure and support stable social, economic and environmental conditions for producers, mills and the communities they support. Our traceability targets were chosen to provide more visibility into our supply chain to achieve our sustainable palm oil goals.

ii. Strategy to meet target: PepsiCo worked with external experts including Peterson to develop and implement PepsiCo's Palm Oil Traceability Protocol, launched in 2017. The protocol was distributed to all direct suppliers along with a required quarterly reporting template, which requires the names of all palm oil and palm kernel oil mills, their geo coordinates and the percentage of PepsiCo's volume that is traceable to the mills. We also implemented a training program in both English and Spanish and maintain a helpdesk. The protocol is also the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. We continue to make progress toward our goal of 100% traceability to the mill and, at the end of 2018, 2019 and 2020, we estimated that approximately 97% of the palm oil we used was traced to specific mills, up from 94% in 2017, 89% in 2016 and 65% in 2015. We will continue working with our suppliers to increase visibility of the mills in our palm oil supply chain through various engagement efforts, including our mill traceability data verification protocol.

Target reference number

Target 4

Forest risk commodity

Palm oil

Type of target

Traceability

Description of target

Our target was to trace 100% of our palm oil to mills and plantations by the end of 2020. To ensure that our policies are being met, improve standards and drive positive impact on the ground, we must know where our palm oil comes from. Building better information systems is therefore a critical step to achieving our goals, informing our choice to set this target. This target falls under the “Risk Management” pillar of our strategy to achieve our long-term vision on palm. Achieving this target helps us meet our NDPE commitments, which address both environmental and social commitments.

Linked commitment

Zero net/gross deforestation

Traceability point

Plantation

Third-party certification scheme
Start year

2015

Target year

2020

Quantitative metric
Target (number)
Target (%)

100

% of target achieved

49

Please explain

i. Why and how target was chosen: Palm oil is the most widely used edible oil in the world and an ingredient in several PepsiCo food products. Like many of our stakeholders, though, PepsiCo has ongoing concerns about how some palm oil is produced. Rainforest conversion, biodiversity loss and human rights abuses persist in various producing regions. Through our policies and actions, PepsiCo seeks to support the growth of sustainable palm oil, first by addressing standards in our own supply chain and then by working with others to drive improvement more widely. We believe that fulfilment of these policies and commitments will make our supply chain more secure and support stable social, economic and environmental conditions for producers, mills and the communities they support. Our traceability targets were chosen to provide more visibility into our supply chain to achieve our sustainable palm oil goals.

ii. Strategy to meet target: PepsiCo worked with external experts including Peterson to

develop and implement PepsiCo's Palm Oil Traceability Protocol, launched in 2017. The protocol was distributed to all direct suppliers along with a required quarterly reporting template, which requires the names of all palm oil and palm kernel oil mills, their geo coordinates and the percentage of PepsiCo's volume that is traceable to the mills. We also implemented a training program in both English and Spanish and maintain a helpdesk. The protocol is also the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. PepsiCo is also committed to driving traceability to plantation (TTP) in our supply chain by working together with our direct suppliers to further understand the production base. In 2017, we established an interim definition for farm/plantation traceability. Based on our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation. In 2021, PepsiCo will continue to support TTP in our supply base through our engagement with suppliers and sector initiatives such as the NDPE IRF.

Target reference number

Target 5

Forest risk commodity

Palm oil

Type of target

Assess and/or verify compliance

Description of target

By the end of 2021, 100% of direct suppliers have internal systems in place to measure, manage and report NDPE progress across their entire supply base and report via NDPE IRF. 80% of suppliers have provided IRF profiles, therefore monitoring direct and indirect suppliers.

This target falls under the "Risk Management" pillar of our strategy to achieve our long-term vision on palm. Achieving this target will help us meet our NDPE commitments, which address both environmental and social commitments.

Linked commitment

No conversion of natural ecosystems

Traceability point**Third-party certification scheme****Start year**

2020

Target year

2021

Quantitative metric**Target (number)****Target (%)**

100

% of target achieved

80

Please explain

Why and how target was chosen: Our Global Policy on Sustainable Palm Oil provides a long-term vision for sustainable palm oil production and use. As we seek to expand the benefits of sustainable palm oil while working to eliminate the harm that may be done, it is important to address standards in our own supply chain while addressing systemic issues in partnership with others, including suppliers, peer companies, civil society, governments and certification bodies, so that high environmental standards become the norm and human rights are respected. To achieve our long-term vision and meet our NDPE goals, PepsiCo is implementing a strategy comprised of three interconnecting commitments: 1) Sector Transformation towards 100% No Deforestation, No Peat, No Exploitation (NDPE); 2) Thriving Communities & Ecosystems; and 3) Transparency & Accountability. Meeting our NDPE commitments and the individual and collective actions required is an ongoing process and we have mapped our current work towards meeting our strategy through this implementation plan. These actions will evolve over time as targets are met and as our understanding of the issues and how to tackle them develops. We therefore set a goal that by the end of 2021, 100% of direct suppliers will have internal systems in place to measure, manage and report NDPE progress across their entire supply base and report via the NDPE Implementation Reporting Framework, an industry-wide reporting tool for companies. During 2020, PepsiCo made progress towards operationalizing profiles for NDPE by working with the POCG and our suppliers to help them implement reporting on mills against the framework including by providing information and training via webinars and one-on-one discussions. Working with our suppliers, we were able to create a baseline of current performance in our supply chain. For 2020, 80 percent of our Tier 1 suppliers were able to provide us with the full profiles for deforestation and peat for the volumes that they source to PepsiCo. The profiles represent approximately 74 percent of PepsiCo's total palm oil volume in 2020.

Target reference number

Target 6

Forest risk commodity

Palm oil

Type of target

Assess and/or verify compliance

Description of target

By the end of 2022, 100% of our palm oil supply will be covered under the NDPE principles or within a timebound initiative that demonstrates progress to delivering, as measured by the NDPE IRF.

Linked commitment

No conversion of natural ecosystems

Traceability point

Third-party certification scheme

Start year

2020

Target year

2022

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

55

Please explain

Why and how target was chosen: Our Global Policy on Sustainable Palm Oil provides a long-term vision for sustainable palm oil production and use. As we seek to expand the benefits of sustainable palm oil while working to eliminate the harm that may be done, it is important to address standards in our own supply chain while addressing systemic issues in partnership with others, including suppliers, peer companies, civil society, governments and certification bodies, so that high environmental standards become the norm and human rights are respected. To achieve our long-term vision and meet our NDPE goals, PepsiCo is implementing a strategy comprised of three interconnecting commitments: 1) Sector Transformation towards 100% No Deforestation, No Peat, No Exploitation (NDPE): 2) Thriving Communities & Ecosystems: and 3) Transparency & Accountability. Meeting our NDPE commitments and the individual and collective actions required is an ongoing process and we have mapped our current work towards meeting our strategy through this implementation plan. These actions will evolve over time as targets are met and as our understanding of the issues and how to tackle them

develops. We therefore set a goal that by the end of 2021, 100% of our palm oil supply will be covered under the NDPE principles or within a timebound initiative that demonstrates progress to delivering, as measured by the NDPE IRF. During 2020, PepsiCo made progress towards operationalizing profiles for NDPE by working with the POCG and our suppliers to help them implement reporting on mills against the framework including by providing information and training via webinars and one-on-one discussions. Working with our suppliers, we were able to create a baseline of current performance in our supply chain. For 2020, 80 percent of our Tier 1 suppliers were able to provide us with the full profiles for deforestation and peat for the volumes that they source to PepsiCo. The profiles represent approximately 74 percent of PepsiCo's total palm oil volume in 2020.

Target reference number

Target 7

Forest risk commodity

Palm oil

Type of target

Engagement with direct suppliers

Description of target

Build capability of our direct suppliers, so that all suppliers score greater than 80% through our supplier scorecard process by the end of 2025.

Linked commitment

No conversion of natural ecosystems

Traceability point**Third-party certification scheme****Start year**

2020

Target year

2025

Quantitative metric**Target (number)****Target (%)**

100

% of target achieved

Please explain

Why and how target was chosen: Our Global Policy on Sustainable Palm Oil provides a long-term vision for sustainable palm oil production and use. As we seek to expand the benefits of sustainable palm oil while working to eliminate the harm that may be done, it is important to address standards in our own supply chain while addressing systemic issues in partnership with others, including suppliers, peer companies, civil society, governments and certification bodies, so that high environmental standards become the norm and human rights are respected. To achieve our long-term vision and meet our NDPE goals, PepsiCo is implementing a strategy comprised of three interconnecting commitments: 1) Sector Transformation towards 100% No Deforestation, No Peat, No Exploitation (NDPE); 2) Thriving Communities & Ecosystems; and 3) Transparency & Accountability. Our Supplier Scorecards provide a means to track and encourage progress of our suppliers towards sustainable palm production. The scorecards engage suppliers on several areas (traceability and verification; certification; policy and implementation; grievance management; and transparency) to highlight areas for improvement for suppliers and ways in which PepsiCo can support them. We can therefore identify more capable partners who are poised to help drive industry leading actions, as well as suppliers at the other end of the spectrum with which we can focus capability building efforts to improve their foundational programs. We therefore set a goal to build capability of our direct suppliers, so that all suppliers score greater than 80% through our supplier scorecard process by the end of 2025. Utilizing the information from the scorecards, we were able to continue our engagement with suppliers and support capability building to help improve practices. In 2020, we delivered this through a variety of engagement methods including one-on-one sessions with subject matter experts and live webinars, with a focus on policies and timebound plans and the NDPE IRF. 50 suppliers participated in these engagements, which were delivered in multiple formats, and the webinar trainings were recorded for future access. To further support capacity building of our suppliers, PepsiCo established a digital library of resources, with supporting documents.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions
Timber products	Yes	i. Methods: PepsiCo is focused on developing and maintaining a deeper understanding of our paper-based packaging supply chain and our supply base sourcing as close to the forest of origin as possible. This is an extremely complex undertaking since PepsiCo does not purchase direct raw material from the forest. For this reason, PepsiCo relies	Not applicable

		on third-party certifications such as FSC to determine traceability, based on mills where production occurs. We also perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk. ii. Examples: PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land and Sustainable Packaging policies. In addition, Proforest conducted a rapid assessment of PepsiCo's current performance and overview of risks involved in main regions/countries of our current paper packaging supply base. The supply chain mapping project commenced in 2016 and is ongoing. In 2021, we conducted an annual analysis on contracted volumes, with the results of the analysis reported in this response.	
Palm oil	Yes	i. Methods: PepsiCo is implementing data systems and processes that allow us to identify the mills in our supply chain. We worked with Peterson and Proforest to develop a Palm Oil Traceability Protocol that describes the traceability reporting requirements for suppliers and verification of this data. As required by the Traceability Protocol, suppliers must report quarterly on the name of all palm oil mills from which palm oil is sourced, geo coordinates of the mills and traceability percentage. Using a risk-based approach, the palm oil data submitted by suppliers are subject to verification by a third party to assess accuracy and completeness. ii. Examples: In 2019 we approved four independent third-party providers and delivered virtual training to 27 auditors from various certification bodies around the globe, including Control Union, SGS, Bureau Veritas and TUV Nord. We also implemented a training program and maintain a traceability help desk in both English and Spanish to provide suppliers with on-going assistance. In 2019 we also provided suppliers with a tool through which they can uniformly measure and communicate external traceability commitments, as well as the quality and accuracy of the data received and passed	Not applicable

		further in the chain. With this significant level of effort, we have established mill-level traceability accounting for approximately 97% of our source volume as of 2020; since the start of the program, mill traceability has increased by nearly 30%. In addition, 100% of our Tier 1 suppliers' mill traceability data has been independently verified. PepsiCo is also committed to achieving traceability to plantation (TTP) in our supply chain. In 2017, we established an interim definition for farm/plantation traceability, and in 2018, we engaged with our partners to understand how PepsiCo can work with the industry to achieve this. Since launching our Traceability to Plantation Protocol, 36 suppliers representing 49% of our volume reported traceability to plantation in 2020.	
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F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Country	100
Palm oil	Mill	97

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	90
Palm oil	Yes	100

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC (any type)

Chain-of-custody model used

% of total production/consumption volume certified

35

Form of commodity

Paper
Primary packaging
Secondary packaging
Tertiary packaging

Volume of production/ consumption certified

437,365

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

i. Actions: PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land and Sustainable Packaging policies.

ii. Example: In 2017, PepsiCo worked with a Tier-1 supplier to develop new contract language for our sourced materials to be FSC- and SFI-certified, further promoting compliance with our policy criteria. As we renewed expiring contracts starting in 2018, PepsiCo has been utilizing this language negotiating by region to determine our suppliers' capabilities to source certified materials. We have identified Russia, China and parts of South/Southeast Asia as our primary focus to mitigate risks, and have seen our percent certified material increase in all of these areas as we renew contracts between 2015 and 2020: from 5% to 94% in Russia, 19% to 32% in China, 0% to 58% in Thailand, as well as 10% to 100% in Brazil.

Forest risk commodity

Timber products

Third-party certification scheme

FSC (any type)

Chain-of-custody model used

% of total production/consumption volume certified

40

Form of commodity

Paper
Primary packaging
Secondary packaging
Tertiary packaging

Volume of production/ consumption certified

506,744

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

i. Actions: PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land and Sustainable Packaging policies.

ii. Example: In 2017, PepsiCo worked with a Tier-1 supplier to develop new contract language for our sourced materials to be FSC- and SFI-certified, further promoting compliance with our policy criteria. As we renewed expiring contracts starting in 2018, PepsiCo has been utilizing this language negotiating by region to determine our suppliers' capabilities to source certified materials. We have identified Russia, China and parts of South/Southeast Asia as our primary focus to mitigate risks, and have seen our percent certified material increase in all of these areas as we renew contracts between 2015 and 2020: from 5% to 94% in Russia, 19% to 32% in China, 0% to 58% in Thailand, as well as 10% to 100% in Brazil. Note: Data reflects FSC certified material that is certified by more than one scheme, including SFI, PEFC, and ISO.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC Chain of Custody

Chain-of-custody model used

% of total production/consumption volume certified

15

Form of commodity

Paper
Primary packaging
Secondary packaging
Tertiary packaging

Volume of production/ consumption certified

187,794

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

i. Actions: PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land and Sustainable Packaging policies.

ii. Example: In 2017, PepsiCo worked with a Tier-1 supplier to develop new contract language for our sourced materials to be FSC- and SFI-certified, further promoting compliance with our policy criteria. As we renew expiring contracts starting in 2018, PepsiCo has been utilizing this language negotiating by region to determine our suppliers' capabilities to source certified materials. We have identified Russia, China and parts of South/Southeast Asia as our primary focus to mitigate risks, and have seen our percent certified material increase in all of these areas as we renew contracts between 2015 and 2020: from 5% to 94% in Russia, 19% to 32% in China, 0% to 58% in Thailand, as well as 10% to 100% in Brazil.

The reported PEFC certified material is also certified to FSC and SFI standards.

Forest risk commodity

Timber products

Third-party certification scheme

SFI Chain of Custody

Chain-of-custody model used

% of total production/consumption volume certified

15

Form of commodity

Paper
Primary packaging

Secondary packaging

Tertiary packaging

Volume of production/ consumption certified

191,296

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

i. Actions: PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land and Sustainable Packaging policies.

ii. Example: In 2017, PepsiCo worked with a Tier-1 supplier to develop new contract language for our sourced materials to be FSC- and SFI-certified, further promoting compliance with our policy criteria. As we renew expiring contracts starting in 2018, PepsiCo has been utilizing this language negotiating by region to determine our suppliers' capabilities to source certified materials. We have identified Russia, China and parts of South/Southeast Asia as our primary focus to mitigate risks, and have seen our percent certified material increase in all of these areas as we renew contracts between 2015 and 2020: from 5% to 94% in Russia, 19% to 32% in China, 0% to 58% in Thailand, as well as 10% to 100% in Brazil.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Mass Balance

Chain-of-custody model used

% of total production/consumption volume certified

100

Form of commodity

Refined palm oil

Palm oil derivatives

Volume of production/ consumption certified

445,085

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

i. Actions: As more mass balance physically-certified sustainable palm oil (CSPO) becomes available, and as part of our goal to sustainably source palm oil, we set a target of sourcing 100% RSPO physically certified palm oil by the end of 2020. We achieved this goal, increasing our sourcing from 82% in 2019. In addition, we procured 6,051 MT of Independent Smallholder Credits, which are an effective way to recognize efforts made by smallholders to reach the level of RSPO certification. To address the problem of limited physically-certified palm oil, PepsiCo also seeks to build certification capacity on our journey to 100%, supported by our supplier scorecard mechanism.

ii. Examples: PepsiCo became an RSPO Member in 2009, and since then, we have been actively working with the RSPO, suppliers to promote the benefits of membership, which includes to the environment, workers, local communities and business overall. In 2018, PepsiCo participated in the revision of the 2013 principles and criteria, which strengthened the RSPO Standards, including on smallholder inclusion. 100% of our direct suppliers have been RSPO members since 2017. In 2021, we will continue to focus on using our market scale and engagement to support RSPO uptake and effectiveness through continued commitment to 100% RSPO certification, through at least 95% being physically certified, with the balance comprised of Independent Smallholders (ISH) credits. Additionally, our supplier scorecards engage suppliers on traceability and verification, certification, policy and implementation, grievance management, and transparency. The tool enables us to engage directly with suppliers, gauge their status on key performance measures and guide a process of continuous improvement to enable them to meet all of PepsiCo's policy commitments, including our commitment to 100% physical RSPO-certified palm oil. Through the implementation of the scorecard and engagement with our suppliers, we observed marked improvement across the scorecard criteria from 2019 to 2020. In 2020, the overall performance improvement on the supplier scorecards against 2019 was 12 percent. The average score of our suppliers has increased by 106 percent from the 2017 baseline.

Forest risk commodity

Palm oil

Third-party certification scheme

Other, please specify

RSPO Independent Smallholder Credits

Chain-of-custody model used

Not applicable

% of total production/consumption volume certified

5

Form of commodity

Refined palm oil
Palm oil derivatives

Volume of production/ consumption certified

6,051

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

i. Actions: As more mass balance physically-certified sustainable palm oil (CSPO) becomes available, and as part of our goal to sustainably source palm oil, we set a target of sourcing 100% RSPO physically certified palm oil by the end of 2020. We achieved this goal, increasing our sourcing from 82% in 2019. In addition, we procured 6,051 MT of Independent Smallholder Credits, which are an effective way to recognize efforts made by smallholders to reach the level of RSPO certification. To address the problem of limited physically-certified palm oil, PepsiCo also seeks to build certification capacity on our journey to 100%, supported by our supplier scorecard mechanism.

ii. Examples: PepsiCo became an RSPO Member in 2009, and since then, we have been actively working with the RSPO, suppliers to promote the benefits of membership, which includes to the environment, workers, local communities and business overall. In 2018, PepsiCo participated in the revision of the 2013 principles and criteria, which strengthened the RSPO Standards, including on smallholder inclusion. 100% of our direct suppliers have been RSPO members since 2017. In 2021, we will continue to focus on using our market scale and engagement to support RSPO uptake and effectiveness through continued commitment to 100% RSPO certification, through at least 95% being physically certified, with the balance comprised of Independent Smallholders (ISH) credits. During 2020, we received an award from FORTASBI (Forum of Sustainable Oil Palm Smallholders in Indonesia) in recognition of the support that PepsiCo's sourcing of Roundtable on Sustainable Palm Oil (RSPO) independent smallholder credits had made to the livelihoods of farmers in cooperatives in South Sumatra.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments
Palm oil	Yes, we have a system in place for our no conversion and/or deforestation commitments

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Direct operations

Supply chain

Description of control systems

In July 2017, we formalized a grievance mechanism for our agricultural supply chain to complement our existing programs and processes to prevent, identify, and manage environmental and social concerns throughout our value chain. The mechanism allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain. Our Speak Up Hotline provides a means to report suspected violations of our policies or applicable law. PepsiCo's publicly available grievance mechanism for our agricultural supply chain complements our existing program to help prevent, identify and manage environmental and social concerns throughout our value chain, including those associated with timber. This allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain.

Monitoring and verification approach

Other, please specify

Supplier scorecards; Grievance mechanisms

% of total volume in compliance

81-90%

% of total suppliers in compliance

81-90%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

Types of monitoring, monitoring frequency, response to non-compliance: The grievance mechanism provides continuous monitoring for our agricultural supply chain and complements our Speak Up! process. We are guided by Section 31 of the United Nations Guiding Principles on Business and Human Rights, which sets out the principles for good business-led grievance mechanisms. We engage our direct suppliers who source from the companies at the center of the complaint to: Validate the allegations; Demonstrate the importance we attach to addressing the concerns; Understand previous and future corrective action steps; and Influence those actions, monitor progress towards completion and address the complaint. In every case, we look to engage suppliers first and promote corrective actions that solve problems and build capability for sustainable agricultural commodities. In cases where engagement does not lead to progress, we will consider all appropriate steps including significant action where deemed necessary. At the end of 2020, 28 grievances were registered in our system, including legacy grievances. Most of the concerns relate to palm oil production in Southeast Asia. 12 of the grievances have been closed, and PepsiCo deemed four to be “out-of-scope.” 12 remain open, and we continue to engage with suppliers, peers and others to make progress.

Forest risk commodity

Palm oil

Operational coverage

Direct operations
Supply chain

Description of control systems

PepsiCo believes that RSPO certified volumes is an important aspect of sourcing palm oil that is grown in a way that complies with our NDPE commitments. To facilitate pre-competitive collaboration and drive sustainable production, we have spearheaded through the ‘Palm Oil Collaboration Group’ the development and roll out of the NDPE IRF, an industry-wide tool that allows companies to report on the oil that delivers on commitments, or is on its way to delivery. We undertook a global roll out of the IRF to suppliers in 2020. We also work with our direct suppliers through our supplier scorecard mechanism to build their capability to deliver NDPE compliant palm oil, and to address non-compliances found in our supply chain. Finally, our publicly available grievance mechanism allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain, including our NDPE commitments.

Monitoring and verification approach

Geospatial monitoring tool
Third-party verification
Other, please specify
RSPO certification; Supplier scorecards; Grievance mechanisms

% of total volume in compliance

71-80%

% of total suppliers in compliance

71-80%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
 Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

Types of monitoring, monitoring frequency, response to non-compliance: We conduct our Supplier Scorecards annually to engage suppliers on traceability and verification; certification; policy and implementation; grievance management; and transparency. In 2020, we included NDPE IRF reporting in the newest iteration and continued to share the assessments with suppliers. We are currently working with them to develop tailored time-bound action plans. The average supplier performance score improved by 106% since the 2017 baseline. % suppliers in compliance reflects suppliers that reported their NDPE profiles.

The grievance mechanism provides continuous monitoring for our agricultural supply chain. We engage our direct suppliers who source from the companies at the center of the complaint to: Validate the allegations; Demonstrate the importance we attach to addressing the concerns; Understand previous and future corrective action steps; and Influence those actions, monitor progress towards completion and address the complaint. At the end of 2020, 28 grievances were registered in our system, including legacy grievances. Most of the concerns relate to palm oil production in Southeast Asia. 12 of the grievances have been closed, and PepsiCo deemed four to be "out-of-scope." 11 remain open, and we continue to engage with suppliers, peers and others to make progress.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations
Timber products	Yes, from suppliers
Palm oil	Yes, from suppliers

F6.6a

(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

i & ii. Procedure and methods/tools: In order to source from Brazil, PepsiCo must comply with the Brazilian Forest Code. In addition to being articulated within our Supplier Code of Conduct (compliance with all applicable environmental laws and regulations), suppliers complete a self-assessment that assesses compliance with all applicable environmental laws in the country. In the case of suppliers in Brazil, this would then be further verified by an independent auditor, as part of the Sedex Members Ethical Trade Audit (SMETA) on-site audits conducted with these suppliers, as part of the Sustainable Sourcing Program. Legal environmental compliance is reviewed as part of the SMETA 4-Pillar methodology, section 10B4.1, stating: 10B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards. The independent audit provides an additional layer of confidence in findings to ensure legal compliance.

iii. Why procedures are sufficient: As the procedures are multilayered, first by a supplier self-assessment followed by an independent audit, and in alignment with the established SMETA methodology, PepsiCo considers these procedures sufficient to ensure legal compliance.

Country/Area of origin

Brazil

Law and/or mandatory standard(s)

Brazilian Forest Code

Comment

Palm oil

Procedure to ensure legal compliance

i & ii. Procedure and methods/tools: In order to source from Brazil, PepsiCo must comply with the Brazilian Forest Code. In addition to being articulated within our Supplier Code of Conduct (compliance with all applicable environmental laws and regulations), suppliers complete a self-assessment that assesses compliance with all applicable environmental laws in the country. In the case of suppliers in Brazil, this would then be further verified by an independent auditor as part of the SMETA on-site audits conducted with these suppliers as part of the Sustainable Sourcing Program. Legal environmental compliance is reviewed as part of the SMETA 4-Pillar methodology, section 10B4.1, stating: 10B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards. The independent audit provides an additional layer of confidence in findings to ensure legal

compliance.

iii. Why procedures are sufficient: As the procedures are multilayered, first by a supplier self-assessment followed by an independent audit, and in alignment with the established SMETA methodology, PepsiCo considers these procedures sufficient to ensure legal compliance.

Country/Area of origin

Brazil

Law and/or mandatory standard(s)

Brazilian Forest Code

Comment

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	No, not working with smallholders				
Palm oil	Yes, working with smallholders	Supply chain mapping Capacity building Financial and commercial incentives	Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Organizing capacity building events Investing in pilot projects Financial incentives for	500	i. Description of main strategy: We are committed to supporting the inclusion of smallholders in our supply chain and work with our suppliers to ensure that our palm oil policies are implemented in a way that supports them. As part of this commitment, PepsiCo is investing in landscape initiatives that support conservation, community development, smallholder inclusion and responsible production practices.

			certified products		li. Engagement activities: In 2020, we continued to coordinate our efforts in this area with other companies as well as through working with civil society organizations and government. PepsiCo is supporting landscape programs in Indonesia and continuing its support for the Mexico Holistic Palm Program. In Indonesia, our landscape programs specifically include efforts to support smallholder livelihoods and production. For example, In 2020, PepsiCo's support allowed for the training of 500 smallholders in good agricultural practices, sustainability and risk analysis of local palm oil producers, the training of 93 forest rangers for improved forest protection and tree planting of 30,000 seedlings. In partnership with the government, the clearing of illegal palm oil has begun and the site for the establishment of a community led nursery for indigenous trees used in reforestation and agroforestry on the cleared land has been identified. The nursery will be established in
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					2021. In Siak and Pelalawan districts in Riau, in partnership with other supply chain companies PepsiCo is supporting seven rural communities in a similar manner. With regards to market support, in 2020 we procured 6,051 MT of Independent Smallholder Credits, which is an effective way to recognize efforts made by smallholders to reach the level of RSPO certification. During 2020, we received an award from FORTASBI (Forum of Sustainable Oil Palm Smallholders in Indonesia) in recognition of the support that PepsiCo's sourcing of Roundtable on Sustainable Palm Oil (RSPO) independent smallholder credits had made to the livelihoods of farmers in cooperatives in South Sumatra.
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F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working	Supply chain mapping	Supplier questionnaires on	100%	i. Strategy: PepsiCo works with our suppliers to help them become environmentally

	with direct suppliers	Capacity building Financial and commercial incentives	environmental and social indicators Disseminating technical materials		sustainable in their practices by following credible forestry standards and purchasing their wood fiber only from sources that support responsible forest management, as outlined in our policies. PepsiCo recognizes the forestry standards below as credible within their scope and requires 100% of our suppliers commit to utilizing an appropriate standard: CERFLOR, CSA, FSC, PEFC and SFI. We are also working with Proforest to trace our supply chain and understand the level of paper packaging certification and risk of paper used. ii. Examples and number of direct suppliers: In 2017, PepsiCo developed new contract language for our sourced materials to be FSC- and SFI-certified, further promoting compliance with our policy criteria. This contract language has since been implemented in 2018. As we undertake new contracts, PepsiCo has been negotiating by region to determine the capabilities to source certified materials. We have identified Russia, China and parts of South/Southeast Asia as our primary focus to mitigate risks and have seen our percent certified material increase in all of these areas as we renew contracts between 2015 and 2020: from 5% to 94% in Russia, 19% to 32% in China, 0% to 58% in Thailand, as well as 10% to 100% in Brazil. In
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					2020, our RFI/RFP process was conducted across regions, regular meetings were held to evaluate and develop new opportunities, and PepsiCo implemented circular economy aspects with some suppliers such as selling scrap and unusable boxes to close the loop. As all suppliers must engage with PepsiCo during contract negotiations, we consider our engagement to be 100%.
Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance Disseminating technical materials Organizing capacity building events Investing in pilot projects	100%	i. Strategy: PepsiCo updated our Global Palm Oil Policy and Implementation Plan in February 2020 and April 2021, respectively, reflecting our NDPE commitments. We encouraged our direct suppliers to be RSPO members; since 2017, 100% of our direct suppliers have been RSPO members. Supplier Scorecards track and encourage our suppliers' progress towards sustainable palm; in 2020 we integrated NDPE IRF reporting in our scorecard. Our palm traceability protocol supports development of better information systems to help achieve our goals and prioritize opportunities for improvement. Finally, our impact programs prioritize capacity building. ii. Examples and number of direct suppliers: PepsiCo works with suppliers to drive compliance with our Policy and support their sustainability efforts. Based on our Supplier Scorecard methodology implemented among the 47

					suppliers that we sourced from in both 2019 and 2020, we have seen marked improvements whereby the average supplier performance score improved by an additional 12% since 2019. The average score, as calculated for all suppliers in each respective year, increased a total of 106%; overall supplier performance improved by 106% in 2020, against the 2017 baseline. Informed by scorecard results, in 2020 we supported capability building to help improve practices via one-on-one sessions with subject matter experts and live webinars, with a focus on scorecard outages and the NDPE IRF. 50 suppliers participated in these engagements, which were delivered in multiple formats. Higher performing suppliers (in the top 25%) were approached to partner on industry leading protocols and practices, such as traceability to mill verification and development of the NDPE IRF. Our palm traceability protocol requires direct suppliers provide a full list of mills supplying them on a quarterly basis, including geo coordinates, parent company of the mills and certification/verification status, and undergo an independent third-party review of the reported data. We also: 1) attained approximately 97% traceability to mill by the end of 2020, 2) implemented our Palm Traceability to Mill Verification Protocol, with 100% of our
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					direct suppliers' self-reported mill data independently verified, and 3) increased the number of suppliers reporting traceability to plantation based on our Traceability to Plantation Protocol to 36 (49% of our volume).
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F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Other	Other, please specify	i. Strategy: PepsiCo is focused on developing and maintaining a deeper understanding of our paper-based packaging supply chain and its supply-base sourcing as close to the forest of origin as possible. This is an extremely complex undertaking since PepsiCo does not purchase direct raw material from the forest. However, such action is important to achieving our ultimate goal of purchasing only responsibly-sourced wood fiber products. Given our position in the value chain, PepsiCo looks for opportunities to understand strategies for engaging beyond first tier suppliers through multi-stakeholder initiatives and collaborative initiatives. We also work with our suppliers to help them become environmentally sustainable in their practices by following credible forestry standards and purchasing their wood fiber only from sources that support responsible forest management, as outlined in our policies. ii. Example: PepsiCo became an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member

				companies committed to moving efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. In 2020, PepsiCo, as a member of the Coalition, was involved in creating specific actions that were formalized in 2021 to: Engage direct suppliers and key upstream actors by: •Requesting/Promoting the uptake of credible third-party certification where possible, including Chain of Custody; •Actively engaging to promote implementation of Forest Positive sourcing across their whole PPP business (linking to the Collaborative Action) and increased use of recycled content; •Actively engaging with the suppliers sourcing in countries where certification is not an option to promote sustainable forestry or is known to not adequately address all risks. To do so, from 2021 onwards PepsiCo intends to work with our procurement team to ensure there are internal systems in place that drive consequences for good or bad supplier performance, as well as report on progress using agreed KPIs at least annually.
Palm oil	Yes, working beyond first tier	Supply chain mapping Capacity building	Developing or distributing supply chain mapping tools Disseminating technical materials Participating in workshops Investing in pilot projects	i. Strategy: We work with suppliers to see that PepsiCo's palm oil policies are implemented in a way that supports the inclusion of smallholders and addresses our full supply chain. We do this through traceability to mill, traceability to plantation (TTP), on the ground initiatives, and industry level engagement. We annually disclose a complete list of our direct suppliers and mills as of 2020. Self-reported traceability to mill data was approximately 96.5%, which was 100% independently verified. The number of suppliers reporting traceability to plantation based on our TTP Protocol increased to 36 (49% of our volume). Since 2017, PepsiCo has taken the lead in convening the 'Palm Oil Collaboration Group' to discuss key sustainability issues and challenges in the

			palm oil space with companies and other stakeholders in a pre-competitive manner. The group is rolling out the NDPE IRF, an industry-wide reporting tool for companies to comprehensively report on NDPE progress across the supply base. The development phase included pilot studies carried out by companies throughout the supply chain. As we move to the next phase, refineries and mills will be requested and supported to allocate fresh fruit bunches (FFB) to progress categories based on production practices in the concession or smallholder plot where the FFB is produced, which will become more feasible with increasing TTP information. ii. Example: We created the Mexico Holistic Palm Program, a 3-year inclusive and collaborative palm oil sustainability program that engages the supply chain at three different levels: at the sector level (with national palm oil federation Femexpalma), in the PepsiCo Supply Base (with our supplier Oleofinos) and with smallholders (with Oleopalma and the smallholders in their supply base). In 2019 and 2020, PepsiCo supported Femexpalma and Proforest in implementing a series of courses to accelerate the adoption of sustainable practices in Mexico, including a course on Social and Environmental Impact Assessments, RSPO Lead Auditor P&Cs, Standard Operating Procedures, RSPO Independent Smallholder Standard, and RSPO Supply Chain Standard. Through this program, PepsiCo has supported the certification of two mills under the RSPO standard in 2020 and is targeting the certification of three additional mills in 2021.
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F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

UN Global Compact

Tropical Forest Alliance 2020 (TFA)

Other, please specify

Sustainable Packaging Coalition, EUROPEN, CGF Forest Positive Coalition

Jurisdictional approaches

Please explain

i. PepsiCo role and fit within environmental strategy: PepsiCo is an active member of The European Organization for Packaging and the Environment, known as EUROPEN, serving on the Executive Committee and Scientific & Regulatory Affairs Committee, to drive forward our Global Sustainable Packaging Policy (see: https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-sustainable-packaging-policy.pdf?sfvrsn=d808643c_4) As a member of the Tropical Forest Alliance 2020 (TFA), PepsiCo supports the TFA's mission to foster public-private partnerships in which partners take voluntary actions, individually and collaboratively, to reduce tropical deforestation. The TFA is a multi-stakeholder partnership platform, initiated to support the implementation of private-sector commitments to remove their deforestation from their palm oil, beef, soy, and pulp and paper supply chains. Hosted by the World Economic Forum, PepsiCo is a partner of the TFA and supports its mission, goals and objectives, including through active involvement in programs and initiatives to end commodity-driven tropical deforestation. PepsiCo is an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies committed to moving efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. The Coalition is focusing on systemic change underpinned by two pillars of action – supply chain management and integrated land use approach – developed with significant input from both supply chain companies and other stakeholders. Realizing the connection between deforestation and climate change, PepsiCo established an ambitious science-based goal to reduce absolute greenhouse gas (GHG) emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy commitments (specifically no deforestation and no development on peatlands). Our involvement in these initiatives directly ties to PepsiCo's efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Initiatives

Jurisdictional approaches

Please explain

i. PepsiCo role and fit within environmental strategy: PepsiCo adopted the Consumer Goods Forum (CGF) Deforestation Resolution, which commits a wide range of food and beverage manufacturers and retailers to achieve zero net deforestation by 2020. While good progress has been made since it was issued in 2010, our industry has not fully realized the ambition set out in the resolution. To accelerate progress, PepsiCo became an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies committed to moving efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. The previous strategy was rooted in remediating individual company supply chains often through certification. Going forward, the Coalition will focus on systemic change underpinned by two pillars of action – supply chain management and integrated land use approach – developed with significant input from both supply chain companies and other stakeholders. PepsiCo's Chairman and CEO serves on the CGF Board of Directors. Realizing the connection between deforestation and climate change, PepsiCo established an ambitious science-based goal to reduce absolute greenhouse gas (GHG) emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy commitments (specifically no deforestation and no development on peatlands). Our involvement in these initiatives directly ties to PepsiCo's efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in jurisdictional approaches

Initiatives

Jurisdictional approaches

Production, Protection and Inclusion (PPI)

Verified Sourcing Areas

Please explain

PepsiCo role and fit within environmental strategy: PepsiCo is a founding member of the CSL. Within CSL, PepsiCo is a supporter of the Aceh Tamiang Verified Sourcing Area initiative and implementation of the landscape plan that the CSL has formulated. In late 2019, the district government formally adopted the plan and signed an agreement to work together towards specific targets on deforestation, livelihoods, and productivity in partnership with local stakeholders (a production-protection-inclusion model). In support of this, PepsiCo is investing in partnership with PT Mopoli Raya, Forum Konservasi Leuser (FKL), and IDH in the restoration of 300 hectares of forest and supporting at least 500 smallholders to become more productive and sustainable. PepsiCo is currently implementing this partnership work on the ground, while also supporting the development of a government-led landscape management body and working with other stakeholders to develop an effective monitoring system and response protocol to deforestation alerts. In Riau, PepsiCo is one of seven companies working together on a landscape program for sustainable palm oil in the districts of Siak and Pelalawan. The goal of the program is to create sustainable landscapes across both districts that will produce deforestation-free and exploitation-free palm oil and maintain or enhance key conservation areas. This will build upon existing local efforts and multi-stakeholder platforms to advance sustainable, inclusive palm oil production models. The program was developed throughout 2018 and 2019 and implementation begins in 2020, in support of the District Government's Green Siak Plan and support to the Indonesian National Action Plan on Palm Oil in Pelalawan. This work supports our commitment to implementing our sustainable palm oil policy globally, including in and around the Leuser Ecosystem. Specifically, this is aligned with our goal to partner with government agencies, nongovernmental organizations and other critical stakeholders to help bring about positive change and improvements in the operation, regulation and governance of the palm oil industry, which is in alignment with our overall environmental strategy. Delivering NDPE policy commitments supports our science-based target to reduce emissions by more than 40% across our value chain by 2030.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Tropical Forest Alliance 2020 (TFA)

Roundtable on Sustainable Palm Oil (RSPO)

Other, please specify

Palm Oil Collaboration Group, CGF Forest Positive Coalition of Action

Jurisdictional approaches

Please explain

PepsiCo role and fit within environmental strategy: PepsiCo is an active member of the Shared Responsibility Task Force, and on October 31, 2019, the RSPO's Board of Governors approved landmark rules calling for "Shared Responsibility," and for all members of the organization to do their part to "Mobilize, Act and Transform" to fulfil the RSPO's mission. PepsiCo will continue to represent consumer goods manufacturers on the working group as a substantial member in 2020. PepsiCo is also a founding member of the North American Sustainable Palm Oil Network, whose mission is to educate, build momentum and assist North American companies in making and delivering on commitments to source sustainable palm oil. The TFA is a multi-stakeholder partnership platform supporting the implementation of private-sector commitments to remove their deforestation from their palm oil, beef, soy, and pulp and paper supply chains. Hosted by the World Economic Forum, PepsiCo is a partner of the TFA and supports its mission, goals and objectives through active involvement in programs and initiatives to end commodity-driven tropical deforestation. Since 2017, PepsiCo has taken the lead in convening the 'Palm Oil Collaboration Group' to discuss key sustainability issues and challenges in the palm oil space with companies and other stakeholders in a pre-competitive manner. The group developed and rolled out the No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF), an industry-wide reporting tool for companies. This work tackles human rights and social issues, independent verification of progress, addressing deforestation outside concessions, and monitoring and reporting on progress. PepsiCo is an original signatory to the CGF Forest Positive Coalition of Action, comprised of ambitious member companies committed to moving efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. The Coalition is focusing on systemic change underpinned by two pillars of action – supply chain management and integrated land use approach – developed with significant input from both supply chain companies and other stakeholders. Delivering NDPE policy commitments supports our science-based target to reduce emissions by more than 40% across our value chain by 2030.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Engaging with non-governmental organizations

Initiatives

Jurisdictional approaches

Please explain

PepsiCo engages with non-governmental organizations such as Landesa, Proforest, Oxfam, and Shift to make progress on our palm oil policies and commitments. For example, PepsiCo sponsored a week-long workshop, in collaboration with Proforest and Femexpalma, for mills, associations and producers to learn about how to implement the RSPO Smallholder certification. This course was part of a larger initiative to strengthen the technical capacity of the Mexican palm oil sector by hosting a series of 5 training events on RSPO licensed and endorsed courses on sustainability topics. During the RSPO Roundtable ("RT17") conference in Bangkok, PepsiCo and Cargill hosted a series of discussions with a wide range of civil society organizations dedicated to preserving forests and biodiversity, and protecting human rights associated with palm oil production in South East Asia. The meeting covered issues including measuring progress on delivering on NDPE commitments; independent verification; and human rights within palm oil production. These discussions are part of a broader series of workshops which have become central in guiding our approach to developing and implementing actions. We have been working with Proforest and other stakeholders to provide more structure to the ongoing discussions through the Palm Oil Collaboration Group and its associated working groups. In 2019, we joined other companies to work with Business for Social Responsibility on a program to protect the rights of children living in oil palm plantations, which includes developing a Child Protection and Safeguarding Implementation Manual, as well as a series of capacity-building workshops for palm oil producers. The NGOs we engage with have missions ranging from environmental conservation to protection of human rights. In response to issues raised in 2019 we: updated our palm oil policy to apply to companies at the company-wide level; co-led a workshop with industry and civil society at RT17 to discuss the role of independent verification, and committed to convene and participate in follow-up meetings; accommodated requests for greater clarity and visibility into the review of our agricultural grievance process, led by an expert external organization. Delivering NDPE policy commitments supports our science-based target to reduce emissions by more than 40% across our value chain by 2030.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Initiatives

Jurisdictional approaches

Please explain

PepsiCo role and fit within environmental strategy: We are an active member of the Consumer Goods Forum, including work streams on deforestation and palm oil. We are an original signatory to the CGF Forest Positive Coalition of Action, launched in 2019, which focuses on systemic change underpinned by supply chain management and integrated land use approach. The Forest Positive Coalition of Action will: accelerate efforts to remove commodity-driven deforestation from our individual supply chains; set higher expectations for traders to act across their entire supply base; drive more transformational change in these key commodity landscapes; and transparently report on progress to ensure accountability. Since 2017, PepsiCo has taken the lead in convening the 'Palm Oil Collaboration Group' to discuss key sustainability issues and challenges in the palm oil space with companies and other stakeholders in a pre-competitive manner. The group has been able to develop and roll out the No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF), an industry-wide reporting tool for companies. This work tackles human rights and social issues, independent verification of progress, addressing deforestation outside concessions, and monitoring and reporting on progress. PepsiCo is also a member of AIM – Progress, a forum of leading Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains. The key objective is to build capability so that member organizations and their suppliers have the knowledge, confidence, and ability to develop and execute robust responsible sourcing programs. PepsiCo also continues to support Femexpalma (Federation of Mexican palm oil producers and processors) to implement sustainability across the palm growing regions in Mexico and further promote RSPO by providing technical support and capacity building and continue to champion the cause where RSPO certified palm oil is not yet available. Delivering NDPE policy commitments supports our science-based target to reduce emissions by more than 40% across our value chain by 2030.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Engaging with policymakers or governments

Initiatives

Jurisdictional approaches

Please explain

PepsiCo role and fit within environmental strategy: As part of our role in the CSL, PepsiCo has been supporting the development of the Aceh Tamiang district initiative and implementation of the landscape plan that the CSL has formulated. In late 2019, the district government formally adopted the plan and signed an agreement to work together towards specific targets on deforestation, livelihoods, and productivity in partnership with local stakeholders (a production-protection-inclusion model). In support of this plan, PepsiCo is investing in partnership with PT Mopoli Raya, Forum Konservasi Leuser (FKL), and IDH in the restoration of 300 hectares of forest and supporting at least 500 smallholders to become more productive and sustainable. PepsiCo is currently implementing this partnership work on the ground, while also supporting the development of a government-led landscape management body and working with other stakeholders to develop an effective monitoring system and response protocol to deforestation alerts. Additionally, realizing the connection between deforestation and climate change, PepsiCo established a goal to reduce absolute GHG emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy commitments. Our involvement in this work ties to our efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source, as well as address systemic issues facing communities and ecosystems in priority landscapes, including deforestation, land and workers' rights and economic viability.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Engaging with communities

Initiatives

Jurisdictional approaches

Please explain

PepsiCo role and fit within environmental strategy: In February 2018, PepsiCo committed to participate in Oxfam's FAIR Company-Community Partnerships project in Indonesia. The project promotes a model for sustainable palm oil that benefits women, smallholder farmers, local communities, the environment, and participating companies. FAIR Company-Community Partnerships offer an alternative vision and business model

for palm oil production. At the core of the project is the promotion of rights and development aspirations among women, small-holder farmers, and host communities. PepsiCo is the first palm oil buyer to publicly commit its participation and will be joined by others as the project progresses. We are contributing funds for projects and providing relevant business perspectives to the initiative, as well as sharing the lessons in our own supply chains and with our sector peers. PepsiCo is supporting landscape programs in Indonesia and continuing its support for the Mexico Smallholders Program. In Indonesia, our landscape programs include efforts to support smallholder livelihoods and production. For example, in Aceh PepsiCo has developed a project with local plantation and mill companies, NGOs and others to support at least 500 smallholders in Aceh Tamiang district with better production and sustainability practices and restoration of 300 hectares. In Siak and Pelalawan districts in Riau, in partnership with other supply chain companies PepsiCo will support up to 10 villages in a similar manner. In 2019 and 2020 PepsiCo received an award from FORTASBI (Forum of Sustainable Oil Palm Smallholders in Indonesia) in recognition of the support that PepsiCo's sourcing of RSPO independent smallholder credits had made to the livelihoods of farmers in cooperatives in South Sumatra. Realizing the connection between deforestation and climate change, PepsiCo established a goal to reduce absolute GHG emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy commitments. Our involvement in this work ties to our efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Other, please specify

Landscape program including forest protection; peatland protection and best management; sustainable agricultural production

Primary motivation

Voluntary

Description of project

In Indonesia, PepsiCo is one of seven companies that are working together on a landscape program for sustainable palm oil in the districts of Siak and Pelalawan. The goal of the program is to create sustainable landscapes across both districts, which will produce deforestation-free and exploitation-free palm oil and maintain or enhance key conservation areas. This will build upon existing local efforts and multi-stakeholder platforms to advance a shared vision of sustainable, inclusive palm oil production models. The program has three phases which are: 1) design the intervention, 2) define the partnership and 3) implement the intervention. In 2019, the partners worked to complete phase 1. In 2020, the Coalition established a final definition of the partnership and implemented activities within the workplan including support to local communities, engagement of mills, improving traceability, and coordination of deforestation monitoring.

Primary motivation: PepsiCo is voluntarily pursuing this program in recognition that smallholder engagement and participation in the shift to sustainable palm oil is critically important and requires industry-wide initiatives and collaboration, especially in the largest and most fragmented production markets. Therefore we are investing in landscape initiatives that support conservation, community development, smallholder inclusion and responsible production practices. The goal of the program is to create sustainable landscapes across both districts which will produce deforestation and exploitation-free palm oil and maintain or enhance key conservation areas. As the one of the largest palm oil producing region in Indonesia and with extensive areas of peatland and forests, developing approaches for sustainable palm oil that can work in Riau is important in PepsiCo's work to support systemic change across the industry.

Start year

2019

Target year

Indefinitely

Project area to date (Hectares)

2,248,109

Project area in the target year (Hectares)

2,248,109

Country/Area

Indonesia

Latitude

1.275

Longitude

100.905833

Monitoring frequency

Annually

Measured outcomes to date

Other, please specify

Mill engagement, village mapping

Please explain

Measured outcomes: In 2020, the Coalition focused on implementing activities within the workplan, including providing support to local communities, engaging mills, improving traceability, and coordinating on deforestation monitoring. Project coverage refers to the total ha in the Siak and Pelalawan districts; PepsiCo currently engages with 7 villages in these districts, where we now have village facilitators on the ground. All the villages have begun a process of participatory village mapping with 14 enumerators and 7 facilitators trained. To develop and implement a district wide TTP strategy, including a risk calibrated approach as relevant, 51 mills have been identified with 75% of TTP data collected. Finally, toward our effort to build capacity for NDPE compliance of the mills in the landscape, 96% of mills in the 2 districts have had some kind of engagement on sustainability and landscape.

Project reference

Project 2

Project type

Other, please specify

Landscape program including sustainable agricultural production, forest restoration, agroforestry, reforestation, smallholder engagement and support

Primary motivation

Voluntary

Description of project

As part of its role in the CSL, PepsiCo's primary motivation has been supporting the development of the Aceh Tamiang district initiative and implementation of the landscape plan that the coalition has formulated. In late 2019, the district government formally adopted the plan and signed an agreement to work together towards specific targets on deforestation, livelihoods, and productivity in partnership with local stakeholders (a production-protection-inclusion model). In support of this plan, PepsiCo is investing in partnership with PT Mopoli Raya, Forum Konservasi Leuser (FKL), and IDH in the restoration of 300 hectares of forest and supporting at least 500 smallholders to become more productive and sustainable. PepsiCo is currently implementing this partnership work on the ground, while also supporting the development of a government-led landscape management body and working with other stakeholders to develop an effective monitoring system and response protocol to deforestation alerts.

Primary motivation: PepsiCo recognizes the value of the Leuser Ecosystem as a particularly sensitive and valuable ecosystem that should be protected in order to benefit the wildlife, natural resources and people of Aceh, North Sumatra and Indonesia. PepsiCo also recognizes that the situation surrounding the Leuser Ecosystem is complex and there is a need to balance development and conservation outcomes. In Aceh, the fragmented nature of the palm oil supply chain and the complications arising

from various forest functions within the 2.6 million hectare Leuser Ecosystem, that is designated as a National Strategic Area for Environmental Protection Function , demonstrates the need for a multi-stakeholder approach. Therefore we are supporting the implementation of the PPI Compact signed by Local Government and private sector in 2019

(<https://www.idhsustainabletrade.com/news/aceh-tamiang-to-become-sustainable-producing-region-as-1st-step-towards-vsa/>)

Start year

2019

Target year

Indefinitely

Project area to date (Hectares)

11,000

Project area in the target year (Hectares)

43,000

Country/Area

Indonesia

Latitude

4.274905

Longitude

97.87216

Monitoring frequency

Annually

Measured outcomes to date

Other, please specify

Agriculture practice and forest protection training, tree plantings, clearing of illegal palm

Please explain

Measured outcomes: This project serves as a pilot project contributing to the targets of Aceh Tamiang Compact. Focusing in a sub-district of Tenggulun, the project will contribute to the reduction of deforestation, improvement of sustainable palm oil production and land legality/conflict resolution in Aceh Tamiang through following interventions: Protection: Developing forest monitoring and improving traceability in the direct surroundings of two PT Mopoli Raya's concessions. Establishing forest-friendly livelihood models to reduce forest encroachment Production: Increasing capacity of independent smallholders and growers via good agricultural practices to increase production. Inclusion: Increasing smallholders' access to finance, inputs and sustainability practices. At jurisdiction level, this project is one of the building blocks of PPI Compact in Aceh Tamiang which focuses on three pillars: Production, Protection and Inclusion. The establishment of a compact governance body – Centre of Excellence

– is an essential part of the compact work. In 2020, PepsiCo's support allowed for the training of 500 smallholders in good agricultural practices, sustainability and risk analysis of local palm oil producers; the training of 93 forest rangers for improved forest protection; and tree planting of 30,000 seedlings. In partnership with the government, the clearing of illegal palm oil has begun. In addition, the site on the cleared land has been identified for the establishment of a community-led nursery for indigenous trees used in reforestation and agroforestry. The nursery will be established in 2021. Project coverage includes: 300 ha restoration; 1000 ha smallholder plots; 4,000 ha corporate plantation; estimated 10,000 ha forest.

Project reference

Project 3

Project type

Other, please specify

Sustainable agricultural production and conservation

Primary motivation

Voluntary

Description of project

We launched a holistic program for sustainable palm oil in Mexico that engages the entire supply chain: from the national palm oil federation Femexpalma to our main supplier Oleofinos, to Oleopalma and the smallholders in their supply base. We are working with Femexpalma to consolidate its role in supporting the sustainability of the palm oil sector, strengthening the expertise of the team to support to its members through capacity building and applied research. PepsiCo engages with Oleofinos to improve transparency and traceability.

Primary motivation: Contrary to reports of a surplus of RSPO-certified palm oil, physically-certified supply is limited or non-existent in some regions including, for example, some markets in the Americas. To address this problem, PepsiCo seeks to build certification capacity on our journey to 100%, which is why we are implementing a holistic program for sustainable palm oil in Mexico based on the RSPO Principles & Criteria framework. This capacity-building program involves the entire supply chain and provides training and technical assistance toward RSPO certification.

Start year

2016

Target year

2021

Project area to date (Hectares)

70,000

Project area in the target year (Hectares)

70,000

Country/Area

Mexico

Latitude

17.9895

Longitude

92.9475

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity

Please explain

Measured outcomes: Stakeholder engagement began in late 2016, and program rollout began in 2017. Measured outcomes: To date, we have assessed the following: • Surface (Ha) assessed under the HCV regional assessment: 70,000 ha • Surface (ha) of smallholdings under Land Use Change Analysis (LUCA): 7,604 ha Note that latitude/longitude refers to an identified location within the region for which the program applies.

In 2019 and 2020, PepsiCo supported Femexpalma and Proforest in implementing a series of courses to accelerate the adoption of sustainable practices in Mexico, including a course on Social and Environmental Impact Assessments, RSPO Lead Auditor P&Cs, Standard Operating Procedures, RSPO Independent Smallholder Standard, and RSPO Supply Chain Standard. RSPO certified mills in Mexico. At the supplier level, PepsiCo engages with Oleofinos, PepsiCo's main supplier, to improve transparency and traceability. In 2018-2019, PepsiCo supported development and implementation of Oleopalma's roadmap for certification of their Jalapa and Palenque mills. In March 2020, Oleopalma's Jalapa mill became the first RSPO certified mill in Mexico. In 2020, Femexpalma organized a webinar for Oleopalma to share lessons learned on the certification process with the wider industry. PepsiCo continues to be committed to supporting the uptake of RSPO certification in the local market. Our goal is to continue to implement the RSPO smallholder Certification to bring 5,000 metric tons (MT) ISH to market by 2023 and source 100% domestic production of RSPO Mass Balance (MB) by 2025.

PepsiCo has supported the protection of over 70,000 ha under the identification of High Conservation Values in the Southeast of Mexico. PepsiCo has also supported the creation of the HCS-HCV probability maps to facilitate the conservation of forests and high conservation values on the smallholder's context, these tools have been developed by Proforest and endorsed by the RSPO and HCSA and cover the four-palm oil producing states. The HCS-HCV probability maps will be launched in 2021 and is a resource that could support the 18 Mexican mills to meet NDPE commitments.

Project reference

Project 4

Project type

Other, please specify

Sustainable agricultural production and conservation

Primary motivation

Voluntary

Description of project

In collaboration with Lestari Capital, Nestlé, Procter & Gamble and Wilmar, PepsiCo helped to establish the Rimba Collective, which aims to protect and restore over 500,000 ha of tropical forests in Southeast Asia and therefore create a significant private sector-enabled forest conservation initiatives. The Rimba Collective complements the palm oil industry's efforts to end deforestation by integrating and embedding funding for conservation across the supply chain. The initiative creates a transformative and sustainable financial model for long-term forest conservation investments that simultaneously support economic development and job creation for local communities.

Primary motivation: Professionalization and improved coordination of conservation and restoration are an important part of PepsiCo's strategy to support systemic changes in the palm oil Industry. The Rimba Collective complements the palm oil industry's efforts to end deforestation by integrating and embedding funding for conservation across the supply chain. The initiative creates a transformative and sustainable financial model for long-term forest conservation investments that simultaneously support economic development and job creation for local communities.

Start year

2021

Target year

2046-2050

Project area to date (Hectares)

0

Project area in the target year (Hectares)

500,000

Country/Area

Indonesia

Latitude

6.2

Longitude

106.816666

Monitoring frequency

Annually

Measured outcomes to date

No measured outcomes

Please explain

Expected outcomes: The initiative's 25-year project agreements will directly benefit 32,000 local people in forest-frontier communities, thereby strengthening equitable livelihoods and providing a secure source of income. It also contributes to the Indonesian Government's targets to expand social forestry, accelerate peat and mangrove restoration, and reduce deforestation. The initiative's project portfolio will initially focus on Indonesia, before expanding to projects across Southeast Asia. Projects funded by Rimba Collective will be prioritized based on the potential to protect and restore large, continuous areas of natural ecosystems and critical habitats. Other priorities include generating measurable ecosystem service benefits and resilient livelihoods for local communities. All projects will undergo third-party verification (see the website for more information).

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

No, but we are actively considering verifying in the next two years

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

With respect to deforestation-free supply chains, barriers and challenges include: • Our ability to trace supply, meaning the ability of a buyer or end user to have accurate data

on the specific sources of its purchased commodities, working back through direct suppliers all the way to individual plantations • Availability of public sector initiatives whereby government legislators, regulators and other officials work in concert with the private sector to incentivize forest conservation, protect forests through effective enforcement of laws and anti-corruption measures, improve transparency and achieve synergy between laws/regulations and certification schemes • Ability to identify areas at high-risk of deforestation in order to prioritize action • Root causes of deforestation such as poverty and the inability of small holders to produce commodities sustainably • Lack of availability of credibly-certified volumes for certain commodities in some markets • Lack of universally-accepted definitions and protocols, leading to varying certifications and related claims • Our ability to collaborate with key public and private actors to achieve meaningful results

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

With respect to deforestation-free supply chains, barriers and challenges include: • Our ability to trace supply, meaning the ability of a buyer or end user to have accurate data on the specific sources of its purchased commodities, working back through direct suppliers all the way to individual plantations • Availability of public sector initiatives whereby government legislators, regulators and other officials work in concert with the private sector to incentivize forest conservation, protect forests through effective enforcement of laws and anti-corruption measures, improve transparency and achieve synergy between laws/regulations and certification schemes • Ability to identify areas at high-risk of deforestation in order to prioritize action • Root causes of deforestation such as poverty and the inability of small holders to produce commodities sustainably • Lack of availability of credibly-certified volumes for certain commodities in some markets • Lack of universally-accepted definitions and protocols, leading to varying certifications and related claims • Our ability to collaborate with key public and private actors to achieve meaningful results

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Improved data collection and quality

Comment**Forest risk commodity**

Timber products

Coverage

Supply chain

Main measure

Improved data collection and quality

Comment

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

N/A

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Chief Executive Officer	Chief Executive Officer (CEO)

SF. Supply chain module

SF0.1

(SF0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	70,372,000,000

SF0.2

(SF0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

No

SF1.1

(SF1.1) In F6.3 you were asked “Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption”. Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

No

SF1.1b

(SF1.1b) Why can you not indicate the percentage of certified volume sold to each of your requesting CDP supply chain members? Describe any future plans for adopting and communicating levels of certification to requesting members.

Requesting member

McDonald's Corporation

Forest risk commodity

Timber products

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified volumes to the many individual customers we have.

Requesting member

McDonald's Corporation

Forest risk commodity

Palm oil

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified volumes to the many individual customers we have.

Requesting member

J Sainsbury Plc

Forest risk commodity

Timber products

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified volumes to the many individual customers we have.

Requesting member

J Sainsbury Plc

Forest risk commodity

Palm oil

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified volumes to the many individual customers we have.

Requesting member

Walmart, Inc.

Forest risk commodity

Timber products

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those

certified volumes to the many individual customers we have.

Requesting member

Walmart, Inc.

Forest risk commodity

Palm oil

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified volumes to the many individual customers we have.

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No

SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Timber products

Estimate GHG emissions and removals from land use and land use change

No

Please explain

Palm oil

Estimate GHG emissions and removals from land use and land use change

Yes, willing to share details with requesting CDP SC members

Please explain

Estimate: 485,501 These estimates are based on a study we conducted to evaluate land use change impacts within our sourcing locations for certified commodity as compared to non-certified commodity. This study helped us develop emission factors for RSPO certified palm oil to be included within our corporate greenhouse gas inventory. We then determined the change in our emissions from palm oil between 2015 and 2020.

SF3.1a

(SF3.1a) For your disclosed commodity(ies), provide details on the actions implemented in your direct operations and/or supply chain that have resulted in a reduction of GHG emissions and/or enhancement in removals.

Forest risk commodity

Palm oil

Description of actions

Procurement of certified commodity

CO2e reductions and removals achieved from base year (metric tons CO2e)

485,501

Base year

2,015

Emissions accounting boundary

Included in the corporate GHG inventory boundary

Scope

Scope 3: Purchased goods & services

Emissions accounting methodology and standards

Corporate Value Chain (Scope 3) Standard
The GHG Protocol for Project Accounting
LULUCF Guidance for GHG Project Accounting
Value chain (scope 3) intervention guidance

Please explain calculation

These estimates are based on a study we conducted to evaluate land use change impacts within our sourcing locations for certified commodity as compared to non certified commodity. This study helped us develop emission factors for RSPO certified palm oil to be included within our corporate greenhouse gas inventory. We then determined the change in our emissions from palm oil between 2015 and 2020.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below