

## Particulars

### About Your Organisation

#### 1.1 Name of your organization

PepsiCo

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#### 1.2 What is/are the primary activity(ies) or product(s) of your organization?

- Grower
  - Processor and/or Trader
  - Consumer Goods Manufacturer
  - Retailer and/or Wholesaler
  - Bank and/or Investor
  - Social and/or Development NGO
  - Environmental and/or Conservation NGO
  - Supply Chain Associate
  - Affiliate
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#### 1.3 Membership number

4-0041-09-000-00

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#### 1.4 Membership category

Consumer Goods Manufacturers

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#### 1.5 Membership sector

Ordinary

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**Consumer Goods Manufacturer****1. Operational Profile**

1.1 Please state your main activity(ies) within the palm oil supply chain. Please select the option(s) that apply to you

- End-product manufacturer
- Food goods manufacturer
- Ingredient manufacturer
- Home & personal care goods manufacturer
- Own-brand manufacturer
- Manufacturing on behalf of other third-party brands
- Biofuels manufacturer
- Other

Other:

**2. Palm Oil and Certified Sustainable Palm Oil Use**

2.1 Please include details of all operations using palm oil, owned and/or managed by the member and/or all entities that belong to the group.

Fully Owned

2.1.1 In which markets do you manufacture goods with palm oil and oil palm products?

Applies globally

2.1.2 In the market(s)/country(ies) where you operate, do you calculate how much palm oil and oil palm product there is in the goods you manufacture?

Yes

2.2 Volumes of palm oil and oil palm products purchased

2.2.1 Total volume of crude and refined palm oil used in the year (tonnes)

474,884.00

2.2.2 Total volume of crude and refined palm kernel oil used in the year (tonnes)

4,013.00

2.2.3 Total volume of palm kernel expeller used in the year (tonnes)

0.00

2.2.4 Total volume of other palm-based derivatives and fractions used in the year (tonnes)

0.00

**2.2.5 Total volume of all palm oil and oil palm products used in the year (tonnes)**

478,897.00

**2.3 Volume of palm oil and oil palm products used in the year in your own brand products that are RSPO-certified (in tonnes):**

Description	Crude and Refined Palm Oil	Crude and Refined Palm Kernel Oil	Palm Kernel Expeller	Other palm-based derivatives and fractions
2.3.1 Book and Claim from Mill / Crusher	240643	4651	-	-
2.3.2 Book and Claim from Independent Smallholder	-	-	-	-
2.3.3 Mass Balance	250269	-	-	-
2.3.4 Segregated	-	-	-	-
2.3.5 Identity Preserved	-	-	-	-
2.3.6 Total volume	490912	4651	-	-

**2.4 Volume of RSPO-certified palm oil and oil palm products sold to 3rd party RSPO certified companies (in tonnes)**

Description	Crude and Refined Palm Oil	Crude and Refined Palm Kernel Oil	Palm Kernel Expeller	Other palm-based derivatives and fractions
2.4.1 Book and Claim from Mill / Crusher	-	-	-	-
2.4.2 Book and Claim from Independent Smallholder	-	-	-	-
2.4.3 Mass Balance	-	-	-	-
2.4.4 Segregated	-	-	-	-
2.4.5 Identity Preserved	-	-	-	-
2.4.6 Total volume	-	-	-	-

**2.5 According to the information you have provided in this questionnaire, your company has not reached 100% sustainable palm yet by using the four supply chain models (Book and Claim, MB, SG, IP). Do you have plans to immediately cover the gap by using RSPO Credits?**

**2.5.1 When do you plan to cover the gap by using RSPO Credits?**

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**2.5.2 Please explain why**

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**2.6 What is the percentage of RSPO Certified Sustainable Palm Oil in the total palm oil used by your company in the following regions:**

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**2.6.1 Africa**

38%

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**2.6.2 Oceania**

100%

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**2.6.3 Europe**

100%

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**2.6.4 North America**

52%

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**2.6.5 Latin America**

78%

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**2.6.6 Middle East**

100%

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**2.6.7 China**

10%

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**2.6.8 India**

0%

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**2.6.9 Indonesia**

0%

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**2.6.10 Malaysia**

0%

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**2.6.11 Rest of Asia**

34%

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**3. Time-Bound Plan**

**3.1 Year of first supply chain certification (planned or achieved)**

2020

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**3.2 Year expected to/or started to use any RSPO-certified sustainable palm oil and oil palm products in your own brand products**2015

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**3.2.1 If target has not been met, please explain why.**-

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**3.3 Year expected to be using 100% RSPO-certified sustainable palm oil and oil palm products from any supply chain option in your own brand products.**2020

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**3.3.1 If target has not been met, please explain why.**-

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**3.4 Year expected to be using 100% RSPO-certified sustainable palm oil and oil palm products from physical supply chains (Identity Preserved, Segregated and/or Mass Balance) in your own brand products.**2020

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**3.4.1 If target has not been met, please explain why.**-

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**3.4.2 Which markets do these commitments cover?**Applies globally

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**3.5 Does your company use RSPO-certified sustainable palm oil and oil palm products in goods you manufacture on behalf of other companies?**No

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**3.6 Does your company have a Time-Bound Plan to only use RSPO-certified sustainable palm oil and oil palm products in the goods you manufacture on behalf of other companies?**No

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**3.7 When do you expect all products you manufacture to only contain RSPO-certified sustainable palm oil and oil palm products?**2020

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**4. Trademark Use****4.1 Do you use or plan to use the RSPO Trademark on your own brand products?**No

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**4.2 Please select the countries where you use or intend to apply the Trademark.**--

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**4.2.1 Please state the year that you started using the RSPO Trademark or the year you plan to start using the RSPO Trademark.**

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**4.3 Please explain why**

- Challenging reputation of palm oil
- Confusion among end-consumers
- Costs of changing labels
- Difficulty of applying for RSPO Trademark
- Lack of customer demand
- Limited label space
- Low consumer awareness
- Low usage of palm oil
- Risk of supply disruption
- Others

Other:

**4.4 Have you uploaded information and images of products using the RSPO Trademark to the RSPO mobile app?****5. Actions for Next Reporting Period****5.1 Outline actions that you will take in the coming year to promote the use of RSPO-certified sustainable palm oil and oil palm products along the supply chain.**

In 2018, RSPO published a revision of the 2013 Principles and Criteria (P&C, 's) for the Production of Sustainable Palm Oil. New P&C, 's impact areas of prosperity, people and planet, provide an update to existing criteria including peat development, forest protection, legal sourcing and human rights. In addition, the P&C, 's address Smallholder inclusion with the objective of increasing accessibility and simplifying the path to RSPO certification. We have and will continue to support the RSPO certification scheme and look forward to positive impact from the new P&C, 's. Since 2017, 100% of our direct suppliers have been RSPO members. In 2018, we achieved 52% RSPO physically certified sustainable palm oil, slightly exceeding our year-end target. This performance is an improvement from prior year, 's achievements of 8% in 2015, 16% in 2016 and 32% in 2017. For 2019, we, 've set the objective to achieve 80% and move us along the path to 100% by the end of 2020. In addition, PepsiCo is a member of the RSPO, 's No Deforestation Task Force and the Shared Responsibility Task Force.

**6. Non-Disclosure of Information**

**6.1 Information in the sections above are mandatory declarations in your ACOP. For confidentiality purposes, members may choose not to display volume data in Section 2 publicly; however, RSPO reserves the right to utilise the member's data on an aggregate basis for sectoral and total analysis. Please check this box if the member chooses to have the data in Section 2 displayed publicly.**

Yes - Display Publicly

**7. Application of Principles & Criteria for all member sectors**

**7.1 Related to company's procurement or operations, do you have organisational policies that are in line with the RSPO P&C? Select all relevant options.**

**7.1.A Water, land, energy and carbon footprints**

File: --

Link: [https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-sustainable-agriculture-policy.pdf?sfvrsn=201f5573\\_6](https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-sustainable-agriculture-policy.pdf?sfvrsn=201f5573_6)

**7.1.B Land use rights**

File: --

Link: [https://www.pepsico.com/docs/album/a-z-topics-policies/land-rights.pdf?sfvrsn=9b4db153\\_4](https://www.pepsico.com/docs/album/a-z-topics-policies/land-rights.pdf?sfvrsn=9b4db153_4)

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**7.1.C Ethical conduct and human rights**

File: --

Link: [https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-global-human-rights-and-salient-issues-statement.pdf?sfvrsn=9d5f20c8\\_4](https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-global-human-rights-and-salient-issues-statement.pdf?sfvrsn=9d5f20c8_4)

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**7.1.D Labour rights**

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Link: [https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-global-human-rights-policy.pdf?sfvrsn=476b842a\\_4](https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-global-human-rights-policy.pdf?sfvrsn=476b842a_4)

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**7.1.E Stakeholder engagement**

File: --

Link: [https://www.pepsico.com/docs/album/a-z-topics-policies/global-policy-for-sustainable-palm-oil.pdf?sfvrsn=ffec838\\_6](https://www.pepsico.com/docs/album/a-z-topics-policies/global-policy-for-sustainable-palm-oil.pdf?sfvrsn=ffec838_6)

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**7.1.F None of the above. Please explain why.**

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**7.2 What best practice guidelines or information has your organisation provided in the past year to facilitate the uptake of RSPO-certified sustainable palm oil and oil palm products? What languages are these guidelines available in?**

With respect to traceability of our palm oil supply chain, PepsiCo worked with One Peterson and Proforest on the development and implementation of a Palm Oil Traceability and Supply Chain Verification Protocol to be used by direct suppliers to report mill information back to PepsiCo. A training program on how to use the protocol was implemented for suppliers and was conducted in English and Spanish. We also established a traceability and verification helpdesk with One Peterson to provide on-going assistance. In 2018, we implemented the independent verification of our traceability to mill data as described in our Palm Oil Traceability Protocol across our entire Tier I supplier base and by the end of 2018, 22% of our suppliers' traceability to mill data was independently verified.

In 2017, we created the criteria, methodology and initial evaluation that led to our first Supplier Scorecards and in 2018 the scorecard was implemented across our entire Tier1 supply base. This tool was built to address a range of opportunities. It provides a means to track and encourage progress of our suppliers towards putting in place the key policies and programs necessary to enhance performance and capability in sustainable palm. After introducing supplier scorecards, we were able to baseline and begin capability building to improve scores in 2018. A distinction that we created following the initial assessments was to segment our approach for improvement based on supplier capability. Suppliers receiving a score in the top quartile were designated as partners to pilot industry leading protocols and practices to advance systemic sustainability challenges. Focus for the remaining suppliers was to increase capability in applicable policies and transparency of sustainable palm initiatives. In pursuit of a more enabled supplier base, we made available a variety of engagement methods including one-on-one sessions with subject matter experts and live webinars that were recorded for easy access, both of which were delivered in English and Spanish.

PepsiCo supported FEMEXPALMA, (Mexico, Palm Oil Federation) launch of the Farming Notebook, instructional videos and implementation guides to accelerate the adoption of sustainable practices in Mexico. These guidelines focus on several areas that are critical for palm oil production for both producers and millers. In addition, we supported, through FEMEXPALMA training, instructional videos and implementation guides the accelerated adoption of sustainable practices in Mexico. These all include awareness and adoption of Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria and the development of practical sustainability implementation guides for producers and mills. PepsiCo is also investing in piloting studies to adapt global approaches to the Mexico context, specifically in Environmental and Social Impact Assessments (ESIA) and High Conservation Values (HCV). PepsiCo has partnered with Proforest and One Peterson to provide technical guidance and support locally.

Related link:

[https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-palm-oil-traceability-protocol-\(1\).pdf?sfvrsn=55daa7e4\\_4](https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-palm-oil-traceability-protocol-(1).pdf?sfvrsn=55daa7e4_4)

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**8. Greenhouse Gas (GHG) Footprint****8.1 Are you currently reporting any GHG footprint?**Yes

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**8.1.1 Please upload your publicly available GHG report**File: --

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**8.1.1.1 OR please insert the URL to the GHG section of your corporate website.**

Link: [https://www.pepsico.com/docs/album/a-z-topics-policies/2018-cdp-climate-response.pdf?sfvrsn=3d7c9d36\\_6](https://www.pepsico.com/docs/album/a-z-topics-policies/2018-cdp-climate-response.pdf?sfvrsn=3d7c9d36_6)

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**8.2 Please explain and justify why you are not calculating your GHG footprint. Please include any future plans you may have to calculate your GHG footprint.**

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**8.3 What methodology are you using to calculate your GHG footprint?**

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**9. Support for Oil Palm Smallholders****9.1 Are you currently supporting any oil palm Independent Smallholder groups?**

Yes

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**9.2 How are you supporting them?**

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. We are committed to supporting the inclusion of smallholders in our supply chain and working with our suppliers to ensure that PepsiCo's palm oil policies are implemented in a way that supports them. PepsiCo is committed to providing direct support to landscape initiatives that support conservation, community development, smallholder inclusion and responsible production practices.

In 2018, we coordinated our efforts in this area with other companies as well as through working with civil society organizations and government. PepsiCo is supporting two landscape programs in Indonesia and continuing its support in Mexico. PepsiCo became a founding member of the Coalition for Sustainable Livelihoods (CSL). CSL is a group of civil society and private sector organizations with a shared interest in sustainable development, active investments in the Aceh and North Sumatra provinces of Indonesia, and a strong desire to work collaboratively with government. The coalition members have agreed to work collectively to achieve common objectives for smallholder livelihoods, sustainable agricultural production and conservation in North Sumatra and Aceh.

The Coalition aims to create sustainable commodity value chains (including palm oil) that create business and livelihood opportunities for the people of Aceh and North Sumatra while preserving natural resources. In 2018, the Coalition worked on scoping and baselining opportunities, including mapping existing initiatives and outreach to stakeholders. This culminated in a workshop that brought together more than 130 representatives from across government, private sector, financial institutions and civil society to align and define the path forward. Among other outcomes, participants agreed on the need to strengthen farmer livelihoods, build solutions with government and develop impact programs that can achieve scale. In 2019, the Coalition will work on developing solutions to systemic challenges such as smallholder legality while also moving to implementation of programs on the ground.

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.

In Mexico, PepsiCo supported Oleopalma's successful application to the RSPO Smallholders Support Fund, committing to match funding of the RSPO contribution 1:1, leveraging important resources to the benefit of smallholders. On February 8, 2018, PepsiCo announced this three-year program to train and support 157 Mexican smallholder palm oil producers in adopting sustainable palm oil cultivation practices that can help maximize economic benefits while also protecting the environment. The program is expected to benefit more than 2, 200 people and their communities over the next three years. The objective of the program is for Mexican smallholders to achieve the RSPO independent group certification while contributing to their livelihoods and ensuring the sustainable supply of certified palm oil and in addition, to serve as a model of sustainable development for the palm oil industry in Mexico. The program is supported by the Roundtable on Sustainable Palm Oil (RSPO) Smallholder Support Fund and is in partnership with Oleopalma, Oleofinos, Federación Mexicana de Palma de Aceite (Femexpalma), Smallholder Associations and Proforest.

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**9.2.1 Do you have any future plans to support oil palm Independent Smallholders?**

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**9.2.2 When do you plan to start your support for oil palm Independent Smallholders?**

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**10. Challenges**

**10.1 What significant economic, social or environmental obstacles have you encountered in the production, procurement, use and/or promotion of CSPO and what efforts did you make to mitigate or resolve them?**

- Awareness of RSPO in the market
- Difficulties in the certification process
- Certification of smallholders
- Competition with non-RSPO members
- High costs in achieving or adhering to certification
- Human rights issues
- Insufficient demand for RSPO-certified palm oil
- Low usage of palm oil
- Reputation of palm oil in the market
- Reputation of RSPO in the market
- Supply issues
- Traceability issues
- Others

**Other:**

We work to ensure compliance with our environmental and human rights policies across our large and complex supply chain and we know that taking action by ourselves in isolation is not practical. We recognize that there are significant environmental and human rights challenges facing the palm oil industry, including forest and peatland conversion, labor practices, the prevalence of smallholder farmers and potential exploitation of local communities. In 2015, we published a detailed set of palm oil commitments, including commitments to source 100% RSPO certified sustainable palm oil, trace our entire supply chain and engage with stakeholders, among other actions by 2020. As we have unlocked our supply chain through our mill-level traceability effort (97% traceable to mill), in 2018, we increased our transparency efforts by disclosing a complete list of our Direct Suppliers. This disclosure leveraged our ongoing work on traceability, and we have welcomed the trend for greater transparency around our supply chain, which plays a critical role in helping to address deforestation and human rights challenges. Greater collaboration and transparency from all supply chain actors is required and represents a significant opportunity to drive change. Because the issues in the palm oil industry are systemic and widespread, the solutions that drive improvement at scale require pre-competitive collaboration and investment by end users, intermediaries, producers, civil society, investors and government. This requires a significant level of coordination and support through organizational platforms.

The RSPO is very helpful in this regard, though more organizational platforms are needed to foster sustained and wide-spread collaboration. We continue to evaluate and participate in a number of positive impact programs that bring industry supply chain actors together. Our consideration of these programs is guided in part by a risk assessment process that identifies geographic areas within our supply chain that are at high risk of policy non-conformance. Contrary to reports of a surplus of RSPO certified palm oil, physically certified supply is limited or non-existent in some regions in which we source, 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.

Another challenge is traceability of the supply chain to ensure that the palm oil we buy is produced in line with our policy commitments and RSPO certification. PepsiCo has implemented data systems and processes that allow us to identify the mills in our supply chain. We worked with One Peterson and Proforest on the development of a Palm Oil Traceability Protocol that describes the traceability reporting requirements for suppliers and verification of this data. PepsiCo requires its suppliers to report quarterly on all palm oil mills from which palm oil is sourced. As required by the Traceability Protocol, the name of the palm oil mills, GPS coordinates of the mills and traceability percentage need to be reported. A training program on how to use the protocol was implemented for suppliers. We also established a traceability helpdesk with One Peterson to provide suppliers with on-going assistance. With this significant level of effort, we have established mill-level traceability accounting for approximately 97% of our source volume, and PepsiCo has published its 2018 mill list.

Achieving the 100% traceability target will be challenging given the complexity of the supply and the availability of data from direct suppliers in some of our markets. Based on our evaluation of the quality of the data received to date, we have developed a risk-based approach to independent third-party verification of the mill traceability data to assess accuracy and completeness. Lastly, no industry definition on "traceability" to the farm/plantation level has been fully adopted and there are a number of tools available on the market. In 2018, we used the Sustainable Trade Initiative (IDH) definition of tracing palm oil back to the mill, meaning that the actual plantation can be expected to be found within a 50 km radius from the mill location. While this enables us to take some actions to prevent environmental and social issues occurring at source, our ultimate goal is to know with certainty the location of the plantations of the palm we buy from. For this reason, as part of the verification visits, we have started collecting information on the percent of oil traceable back to plantation from our suppliers. Since launching our Traceability Protocol, 26 suppliers representing 32% of our volume reported traceability to plantation.

**10.2 In addition to the actions already reported in this ACOP, how has your organisation supported the vision of RSPO to transform the market for sustainable palm oil in other ways?**

- Engagement with business partners or consumers on the use of CSPO
- Engagement with government agencies
- Promotion of CSPO outside of RSPO venues eg trade workshops industry associations
- Promotion of physical CSPO
- Providing funding or support for CSPO development efforts
- Research & Development support
- Stakeholder engagement
- Others

**Other:**

PepsiCo aims to source 100% sustainable palm oil, while helping to lift production standards across the palm oil sector. To achieve these objectives, we are implementing a holistic strategy built on four mechanisms: 1) risk management, 2) supplier engagement, 3) positive impact, and 4) transparency and stakeholder engagement. Details of our actions and progress are available in our fourth annual Progress Report. Given the impacts associated with some palm oil cultivation, we understand that stakeholders want PepsiCo to move as fast as possible, which is why we have developed a dedicated, cross-functional, global team with deep expertise to execute our strategy and accelerate progress toward achieving our commitments. We meet directly with stakeholders on palm oil on a frequent basis and welcome the opportunity to listen to their concerns, receive input and advice about our programs, and explain our approach to support the development of a sustainable palm industry. We are open to engaging with any organization that is willing to work constructively with us.

Prior to the RSPO, 's Roundtable (RT) meetings in Paris, PepsiCo convened a group of companies and other stakeholders with the aim of collaborating pre-competitively to develop an approach to monitoring and reporting on progress against delivering No-deforestation, No-peat development and No-exploitation (NDPE) commitments for palm oil volumes used based on the NDPE Implementation Framework. A three-phase development process was planned: Phase 1: Proof of concept; Phase 2: Trialling at scale; Phase 3: Full implementation.

Between June and December 2018, Phase 1 was completed, with development of the concept and pilot studies carried out by companies throughout the supply chain. The pilot results were discussed at a workshop convened by PepsiCo and Cargill at the RSPO RT in November.

Based on experience from the pilot tests and inputs from companies and other stakeholders in Phase 1, the methodology is being revised and improved. This includes reviewing the number of categories included in the Volume Profile, revising the criteria for allocating volumes to categories, developing tools and guidance on the allocation process and developing guidance on creating and communicating Volume Profiles.

One of the outcomes of Phase 1 was agreement that mills be allocated to a category by a refinery or other first aggregator. The methodology will therefore focus on supporting refineries and aggregators to do this allocation and pass the profiles down the supply chain. As we move into Phase 3, 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 Traceability to Plantation (TTP) information.

RSPO P&C, 's provided us with the framework for a capacity-building program in Mexico, where we built a partnership that involves the entire supply chain. At the federal level, we are working with Femexpalma to consolidate its role in representing and supporting the sustainability of the palm oil sector. This involves strengthening the expertise of the team, so they can provide expert advice and support to its members through capacity building.

Baseline diagnostics were conducted against the RSPO Principles and Criteria for 8 FEMEXPALMA members, representing 22,000+ hectares and 90,000+ tonnes of crude palm oil (CPO). These diagnostics have identified existing compliance against RSPO Principles & Criteria and serve as a key step in shaping technical assistance with Mexican mills.

In 2018, the holistic program implemented the High Conservation Value (HCV) approach through large-scale assessment, adoption of global methodology, and development of local capacity. Over 44,000 hectares of smallholder, medium, and large palm-producer lands have been assessed through the HCV approach, with a wider landscape around these lands (up to 5km) of 200,000 hectares were analyzed.

We have initiated a pre-competitive collaboration with Nestlé to help to drive the holistic program to scale and this partnership seeks to serve as a model for sustainable development for the palm industry in Mexico by demonstrating impact.

**10.3 Please attach or add links to any other information from your organisation on your palm oil policies and activities (e.g.: sustainability reports, policies, other public information)**

[https://www.pepsico.com/docs/album/a-z-topics-policies/global-policy-for-sustainable-palm-oil.pdf?sfvrsn=ffec838\\_6](https://www.pepsico.com/docs/album/a-z-topics-policies/global-policy-for-sustainable-palm-oil.pdf?sfvrsn=ffec838_6)

[https://www.pepsico.com/docs/album/a-z-topics-policies/palm-oil-progress-report-2017.pdf?sfvrsn=5608d226\\_4](https://www.pepsico.com/docs/album/a-z-topics-policies/palm-oil-progress-report-2017.pdf?sfvrsn=5608d226_4)