

Particulars

About Your Organisation

Organisation NamePepsiCo

Corporate Website Address<http://www.pepsico.com>

Primary Activity or Product

- Manufacturer
-

Related Company(ies)No

Membership

| Membership Number | Membership Category | Membership Sector |
|-------------------|---------------------|------------------------------|
| 4-0041-09-000-00 | Ordinary | Consumer Goods Manufacturers |

Consumer Goods Manufacturers**Operational Profile****1.1 Please state what your main activity(ies) is/are within manufacturing**

- Food Goods
 - Manufacturer of Biscuits & Cakes
 - Production of Cream Filled Wafers

Operations and Certification Progress**2.1 Do you have a system for calculating how much palm oil and palm oil products you use?**

Yes

2.2.1 Do you manufacture for:

Own Brand

2.2.2 Total volume of Refined Palm Oil or RBD Palm Oil used in the year:

464,465

2.2.3 Total volume of Palm Kernel Oil used in the year:

5,580

2.2.4 Total volume of other Palm Oil Derivatives and Fractions used in the year:

--

2.2.5 Total volume of all palm oil products you used in the year:

470,045

2.3 Palm oil volume used in the year in your own brands that is sourced through RSPO-certified physical supply chains:**In Your Own Brand**

| No | Description | Refined palm oil/RBD palm oil (Tonnes) | Palm Kernel Oil (Tonnes) | Palm based derivatives or fractions (Tonnes) |
|----|---|--|--------------------------|--|
| 1 | Book & Claim | 62,143.00 | - | - |
| 2 | Mass Balance | 22,962.00 | - | - |
| 3 | Segregated | - | - | - |
| 4 | Identity Preserved | - | - | - |
| 5 | Total volume of palm oil handled that is RSPO-certified | 85,105.00 | - | - |

2.4.1 Volume of Palm Kernel Expeller used/ handled:

--

2.4.2 What type of products do you use CSPO for?

Fried snack foods, cookies, crackers, biscuits, cakes, cream filled wafers.

2.5 What is the percentage of certified sustainable palm oil in the total palm oil your company sells in:

Europe 100%
 India --%
 China --%
 South East Asia --%
 North America 100%

2.6 What is the percentage of certified sustainable palm kernel oil in the total palm kernel oil your company sells in:

Europe --%
 India --%
 China --%
 South East Asia --%
 North America --%

Time-Bound Plan**3.1 Date expected to/or started to use any RSPO certified palm oil products - own brand**

2011

3.2 Date expected to be using 100% RSPO certified palm oil products from any supply chain option - own brand

2015

3.3 Date expected to be using 100% RSPO certified palm oil from physical supply chains (Identity Preserved, Segregated and/or Mass Balance) - own brand products

2020

3.4 Do your (own brand) commitments cover your company's companies' global use of palm oil?

y

3.5 Does your company use palm oil in products in goods you manufacture on behalf of other companies?

n

When do you expect to actively promote the use of certified sustainable palm oil in other manufacturers' brands that you sell?

3.6 Which countries that your organization operates in do the above commitments cover?

Argentina, Australia, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chile, Colombia, Cyprus, Czech Republic, Dominican Republic, Ecuador, Egypt, Greece, Guatemala, India, Mexico, Netherlands, New Zealand, Pakistan, Panama, Peru, Poland, Portugal, Puerto Rico, Romania, Russian Federation, Saudi Arabia, South Africa, Spain, Taiwan, Province of China, Thailand, Turkey, Ukraine, United Kingdom, United States, Uruguay, Venezuela, Vietnam

3.7 What are your interim milestones towards achieving RSPO certification commitment to your own-brands (year and progressive CSPO%) - please state annual targets/strategies

In 2010, PepsiCo committed, through the Roundtable for Sustainable Palm Oil (RSPO), to source exclusively 100% RSPO certified sustainable palm oil by 2015. In 2013, PepsiCo further strengthened this commitment to purchase 100% Physical RSPO certified palm oil by 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. While we are committed to the RSPO and its process and standards, we are also committed to going beyond current RSPO standards in order to ensure further protection of forests, peatlands, and human rights. This is why we are further committing that PepsiCo's palm oil sources globally will:

- Be sourced exclusively through direct suppliers who are members of the RSPO by 2016.
- Comply with our Forestry Stewardship Policy, which includes adherence to the following principles:
 - o Compliance with applicable legal requirements of each country in which we operate and from which we source.
 - o No further development on High Carbon Stock (HCS) Forests or High Conservation Value (HCV) Areas.
 - o No new conversion of any Peatlands, and the use of best management practices for existing plantations on Peatlands.
- Adhere to the principle of Free, Prior, and Informed Consent (FPIC) - as defined and outlined in our Land Use Policy.
- Support the Universal Declaration of Human Rights, be in basic compliance with applicable laws, prohibit forced, compulsory or child labor, follow ethical recruitment practices, respect freedom of association, recognize the rights of all workers including temporary, migrant, and contract workers; and cooperate with reasonable assessment processes requested by PepsiCo.

This commitment applies to palm and palm kernel oil that we use globally, including our global palm oil supply chain network, from direct suppliers to raw material sources. In addition, PepsiCo understands that palm oil derivatives may be used in limited amounts in certain ingredients procured for use in our products. While these derivatives represent a very small portion of our total palm oil supply, where we know they are used, we will apply the principles of this commitment. In addition, we will ask our suppliers to identify the use of derivatives in our ingredients as we continue to address the vast majority of our palm oil use through palm oil and palm kernel oil.

In addition, PepsiCo will:

- Achieve 100% traceability to the mill level for all our palm oil and palm kernel oil, and compliance with the Forestry Stewardship and Land Use Policies for palm oil and palm kernel oil by 2016.
- Work with our suppliers to ensure that these policies are implemented in such a way that supports the inclusion of smallholders.
- Engage with appropriate industry and other groups to improve our understanding of deforestation issues, adapt our policy, and achieve our goals.
- Use an appropriate means of communicating PepsiCo's palm oil commitments and associated policies to our suppliers, such as the PepsiCo Supplier Code of Conduct (SCoC).
- Leverage the PepsiCo Sustainable Farming Initiative to support implementation of sustainable agriculture practices that enable farmers to increase production on currently farmed land and minimize impacts on the surrounding area.
- Support a confidential and safe process for investigating grievances raised by affected parties by making the PepsiCo SpeakUp! hotline available, along with any supplier-provided grievance mechanisms, for the reporting of suspected breaches of this policy to PepsiCo. Additional information concerning PepsiCo's SpeakUp! hotline, and how to report a suspected violation of this and other PepsiCo policies, can be found on our website: <http://www.pepsico.com/Company/SpeakUp>.

To carry out these commitments, PepsiCo will:

- Actively risk assess our global palm oil suppliers and source countries and engage with those suppliers operating in high-risk regions to carry out on-the-ground assessments of management activities;
- In instances of non-compliance, proactively work with suppliers, and in rare circumstances when corrective action plans are not implemented, terminate the relationship with the supplier;
- Develop a publicly available action plan, including indicators to track our progress and report on our performance against this commitment.

We look forward to continuing to partner with the RSPO and other trade associations, government agencies, non-governmental organizations, and other critical external stakeholders to help influence positive changes and improvements in the palm oil supply chain and industry.

3.8 Date of first supply chain certification (planned or achieved)

2020

Comment:

PepsiCo will achieve 100% traceability to the mill level for all our palm oil and palm kernel oil, and compliance with the Forestry Stewardship and Land Use Policies for palm oil and palm kernel oil by 2016. We will be transitioning into 100% physically certified CSPO by 2020.

Trademark Related

4.1 Do you use or plan to use the RSPO trademark on your own brand products?

No

Please explain why

--

GHG Emissions**5.1 Are you currently assessing the GHG emissions from your operations?**

Yes

5.2 Do you publicly report the GHG emissions of your operations?

Yes

Actions for Next Reporting Period**6.1 Outline actions that will be taken in the coming year to promote sustainable palm oil.**

PepsiCo will be:

- Communicating to all suppliers that they must be ordinary and active members of the RSPO in order to be considered as suppliers for 2016 and beyond.
 - Engaging our suppliers to map their supply chains to the mills of origin in order to ensure that the palm oil we receive comes from responsible and sustainable sources and is also in compliance with the PepsiCo Forestry Stewardship Policy and the PepsiCo Land Use Policy.
 - Verifying and auditing the supply chains that were previously mapped.
-

Reasons for Non-Disclosure of Information**7.1 If you have not disclosed any of the above information, please indicate the reasons why**

Confidential

- Others:

--

Application of Principles & Criteria for all members sectors**8.1 Related to your sourcing, do you have (a) policy/ies, that are in line with the RSPO P&C such as:**

- Water, land, energy and carbon footprints
[M-Policies-to-PNC-waterland.pdf](#)
 - Land Use Rights
[M-Policies-to-PNC-landuseright.pdf](#)
 - Ethical conduct and human rights
[M-Policies-to-PNC-ethicalconducthr.pdf](#)
 - Labour rights
[M-Policies-to-PNC-laborrights.pdf](#)
 - Stakeholder engagement
[M-Policies-to-PNC-stakeholderengagement.pdf](#)
-

8.2 What steps will/has your organization taken to support these policies?

PepsiCo has a number of policies and programs to compliment the PepsiCo Global Supplier Code of Conduct, which clarifies our global expectations in the areas of business integrity, labor practices, associate health and safety, and environmental management. These standards apply to all stages of our upstream value chain and are meant to be complemented, as appropriate, by additional guidelines, specifications, and practical tools at the local or regional level, while respecting and complying with national laws and regulations.

The policies reference global standards and provide PepsiCo suppliers with our requirements. As discussed in more detail below, there are five environmental policies and commitments related to responsible sourcing.

These policies are interconnected, complementary and created to holistically address the potential issues and challenges in agriculture production and supply chain. All of our policies, unless otherwise noted, apply to our entire supply chain.

The policies outline our standards for establishing processes and performing assessments, as well as systems to help ensure compliance. However we recognize that sustainable and responsible sourcing is a journey. Non-conformance with our policies may occur, and PepsiCo has a responsibility to work to address them. We are committed to working with our suppliers through proactive steps, such as training, as well as to assist in implementing corrective action plans when needed. PepsiCo can have a long term positive impact by helping suppliers in this way. In a rare case where a supplier will not implement a corrective action plan, PepsiCo reserves the right to terminate the relationship.

We believe these policies can have a broader reach beyond PepsiCo. As we have seen with other industry-leading programs, such as the PepsiCo Sustainable Farming Initiative, suppliers realize benefits like increased yields and profits, decreased costs and improved environmental impact that can be replicated with other companies with whom they work.

Underpinning all of our policies, PepsiCo recognizes the importance of maintaining and promoting fundamental human rights in all of our operations and throughout our supply chain. Our strategies and policies work together to support the principles contained in the United Nation's Universal Declaration of Human Rights and the International Labor Organization Fundamental Principles and Labor Standards.

We operate under programs and policies that:

Provide fair and equitable wages, benefits and other conditions of employment in accordance with local laws
Recognize employees' right to freedom of association
Provide humane and safe working conditions
Prohibit forced or child labor
Promote a workplace free of discrimination and harassment

We expect our suppliers and business partners to uphold these principles. Our Supplier Code of Conduct and Supplier Assurance Program are tools we use to minimize the risk of human rights abuses throughout our supply chain.

We are proud of the policies outlined here. However we recognize this is a journey. We will continue to expand or enhance these policies and commitments over time as science evolves, supply chains mature and tools, practices and processes improve.

PepsiCo Land Policy

Agriculture is an integral part of PepsiCo's supply chain. PepsiCo has zero tolerance for illegal activities in our supply chain and for land displacements of any legitimate land tenure holders, which are contrary to the International Finance Corporation (IFC) Performance Standards.

As part of our land policy, we are committed to:

Zero tolerance for land displacements of any peoples, in accordance with IFC Performance Standards
Fair and legal negotiations for land acquisitions
Use of appropriate grievance mechanisms, such as the PepsiCo Speak Up! Hotline, for future dispute resolutions.

To further demonstrate our support of responsible land rights practices PepsiCo intends to join the Committee on World Food Security (CFS).

PepsiCo Forestry Stewardship Policy

PepsiCo is committed to realizing zero deforestation in our company-owned and -operated activities and supply chain. PepsiCo has a responsibility to ensure that we and our suppliers operate in accordance with applicable legal requirements and practice responsible forestry stewardship.

PepsiCo will source from suppliers that strive to:

Use sustainable forest management practices in forest they own, lease or manage to provide fiber, timber and other forest-based products.

Implement sustainable agriculture practices that enable farmers to increase production on currently farmed land and minimize impacts on the surrounding area.

Preserve biodiversity and cultural values and optimize the social, environmental and economic benefits of managed forests.

To further enhance existing programs, our Forestry Stewardship Policy establishes a zero deforestation goal through the various principles outlined in the policy below. This is consistent with our ongoing work with our partners and external organizations to affect positive change in the local communities where we live, work, and serve.

PepsiCo has long been committed to transparency on the issue of forestry and has participated in the CDP's Forest Program since its inception. For more information, please go to:

<https://www.cdp.net/en-US/Programmes/Pages/forests.aspx>.

Sustainable Agriculture Policy

The Sustainable Agriculture Policy sets PepsiCo's standards of performance and expectations for raw materials that are sourced from agricultural production. It is designed to have global reach, be relevant for industry and agricultural crops, and be adaptable for every size farm in developing and mature markets.

The Policy outlines PepsiCo's aspirations, principles, and goal setting approach in regards to sustainable agriculture as well as the broad environmental, economic, and social objectives within our agricultural supply chain.

PepsiCo's Environmental Compliance, Health and Safety Policy

Environmental stewardship and protecting the health and safety of our people are at the core of our values.

PepsiCo's Environmental Compliance, Health and Safety Policy was developed because we believe environmental incidents and occupational injuries and illnesses are preventable. The Policy applies to all our operations.

We implement our EHS policy through the PepsiCo Global Environmental, Health and Safety Management System (GEHSMS) and have established eight principles such as regulatory compliance, performance measurement and continuous improvement. PepsiCo monitors company-owned operations and joint ventures where we hold a majority share.

Commitments on Palm Oil

Beyond the policies we've established, we are committed to implementing a third-party audit program, based on available and accepted standards, of the social, environmental and human rights aspects of our palm oil supply chain in Mexico by the end of 2016, or sooner if deemed possible. The assessments will include impacts related to land rights and will be conducted with the participation of affected communities. PepsiCo will provide a public summary of critical findings, including the methodology used for each assessment, and ensure appropriate discussions with relevant stakeholders. To further enhance our commitment to transparency, PepsiCo is providing the below information on palm oil used in our products:

Palm Oil

The top three countries from which PepsiCo sources palm oil are Indonesia, Malaysia and Mexico. In 2014, PepsiCo purchased approximately 470,045 MT, which represents approximately 0.7% of the total global supply.

In 2009 we initially committed to the Roundtable on Sustainable Palm Oil (RSPO), and its processes and standards. We committed to exclusively purchase 100 percent certified sustainable palm oil for our products by 2015. To further bolster our commitment, we are working with our suppliers to achieve 100% traceability to the mill level by 2016. In this way we will have a fuller understanding of our palm oil supply chain.

At the same time, we recognize that in some regions of the world, additional measures may be necessary. This is why we've made additional commitments, such as no further development of High Carbon Stock (HCS) Forests or High Conservation Value (HCV) Forests (including primary forests). Further research may identify additional HCS areas, and we will review this policy on a periodic basis to determine if other classifications should be added.

Commitments to CSPO uptake

**As you don't source 100% CSPO through physical supply chains (IP/SG/MB), please answer the following questions:
Do you have plans to?**

Yes

Please specify

In 2010, PepsiCo committed, through the Roundtable for Sustainable Palm Oil (RSPO), to source exclusively 100% RSPO certified sustainable palm oil by 2015. In 2013, PepsiCo further strengthened this commitment to purchase 100% Physical RSPO certified palm oil by 2020, providing additional visibility into our palm oil supply chain.

9.1 Do you have plans to immediately cover the gap using Book & Claim?

Yes

How and when do you plan to immediately cover the gap using Book & Claim?

In 2010, PepsiCo committed, through the Roundtable for Sustainable Palm Oil (RSPO), to source exclusively 100% RSPO certified sustainable palm oil by 2015. In 2013, PepsiCo further strengthened this commitment to purchase 100% Physical RSPO certified palm oil by 2020, providing additional visibility into our palm oil supply chain.

Concession Map**Do you agree to share your concession maps with the RSPO?**

No

Please explain why

--

Challenges

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?

As an international certification scheme, the RSPO is uniquely positioned to support, promote, and enforce the widespread uptake of responsible and sustainable production practices across the palm oil industry. While we are committed to the RSPO and its process and standards, we are also committed to going beyond current RSPO standards in order to ensure further protection of forests, peatlands, and human rights. This is why we are further committing that PepsiCo's palm oil sources globally will:

- Be sourced exclusively through direct suppliers who are members of the RSPO.
- Comply with our Forestry Stewardship Policy, which includes adherence to the following principles:
 - o Compliance with applicable legal requirements of each country in which we operate and from which we source.
 - o No further development on High Carbon Stock (HCS) Forests¹ or High Conservation Value (HCV) Areas.²
 - o No new conversion of any Peatlands, and the use of best management practices for existing plantations on Peatlands.³
- Adhere to the principle of Free, Prior, and Informed Consent (FPIC) - as defined and outlined in our Land Use Policy.
- Support the Universal Declaration of Human Rights, be in basic compliance with applicable laws, prohibit forced, compulsory or child labor, follow ethical recruitment practices, respect freedom of association, recognize the rights of all workers including temporary, migrant, and contract workers; and cooperate with reasonable assessment processes requested by PepsiCo.

This commitment applies to palm and palm kernel oil that we use globally, including our global palm oil supply chain network, from direct suppliers to raw material sources.⁴ In addition, PepsiCo understands that palm oil derivatives may be used in limited amounts in certain ingredients procured for use in our products. While these derivatives represent a very small portion of our total palm oil supply, where we know they are used, we will apply the principles of this commitment. In addition, we will ask our suppliers to identify the use of derivatives in our ingredients as we continue to address the vast majority of our palm oil use through palm oil and palm kernel oil.

In addition, PepsiCo will:

- Achieve 100% traceability to the mill level for all our palm oil and palm kernel oil and compliance with the Forestry Stewardship and Land Use Policies for palm oil and palm kernel oil by 2016.
- Work with our suppliers to ensure that these policies are implemented in such a way that supports the inclusion of smallholders.
- Engage with appropriate industry and other groups to improve our understanding of deforestation issues, adapt our policy, and achieve our goals.
- Use an appropriate means of communicating PepsiCo's palm oil commitments and associated policies to our suppliers, such as the PepsiCo Supplier Code of Conduct (SCoC).
- Leverage the PepsiCo Sustainable Farming Initiative to support implementation of sustainable agriculture practices that enable farmers to increase production on currently farmed land and minimize impacts on the surrounding area.
- Support a confidential and safe process for investigating grievances raised by affected parties by making the PepsiCo SpeakUp! hotline available, along with any supplier-provided grievance mechanisms, for the reporting of suspected breaches of this policy to PepsiCo. Additional information concerning PepsiCo's SpeakUp! hotline, and how to report a suspected violation of this and other PepsiCo policies, can be found on our website: <http://www.pepsico.com/Company/SpeakUp>.

To carry out these commitments, PepsiCo will:

- Actively risk assess our global palm oil suppliers and source countries and engage with those suppliers operating in high-risk regions to carry out on-the-ground assessments of management activities;
- In instances of non-compliance, proactively work with suppliers, and in rare circumstances when corrective action plans are not implemented, terminate the relationship with the supplier;
- Develop a publicly available action plan, including indicators to track our progress and report on our performance against this commitment.

We look forward to continuing to partner with the RSPO and other trade associations, government agencies, non-governmental organizations, and other critical external stakeholders to help influence positive changes and improvements in the palm oil supply chain and industry.

2 How would you qualify RSPO standards as compared to other parallel standards?

--

Cost Effective:

Yes

Robust:

Yes

Simpler to Comply to:Yes

3 How has your organization supported the vision of RSPO to transform markets? (e.g. Funding; Engagement with key stakeholders; Business to business education/outreach)

In 2010, PepsiCo committed, through the Roundtable for Sustainable Palm Oil (RSPO), to source exclusively 100% RSPO certified sustainable palm oil by 2015. In 2013, PepsiCo further strengthened this commitment to purchase 100% Physical RSPO certified palm oil by 2020, providing additional visibility into our palm oil supply chain.

4 Other information on palm oil (sustainability reports, policies, other public information)

PepsiCo's palm oil commitments can be found at: http://www.pepsico.com/docs/album/policies-doc/pwp/pepsico_palm_oil_commitments.pdf
