

Particulars**About Your Organisation****1.1 Name of your organization**PepsiCo

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

- Oil Palm Growers
 - Palm Oil Processors and/or Traders
 - Consumer Goods Manufacturers
 - Retailers
 - Banks and Investors
 - Social or Development Organisations (Non Governmental Organisations)
 - Environmental or Nature Conservation Organisations (Non Governmental Organisations)
 - Affiliate Members
 - Supply Chain Associate
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1.3 Membership number4-0041-09-000-00

1.4 Membership categoryOrdinary

1.5 Membership sectorConsumer Goods Manufacturers

Consumer Goods Manufacturers**Operational Profile**

1.1 Please state what your main activity(ies) is/are within manufacturing

- Own-brand-Manufacturer

Operations and Certification Progress

2.1.1 In the markets where you operate, in which do you manufacture goods with palm oil and oil palm products?

- Applies Globally

2.1.2 Do you have a system for calculating how much palm oil and oil palm products you use?

Yes

2.1.3 Does this system only cover your own-brand or all the brands you manufacture?

own-brand

2.1.4 In the markets where you operate, in which do you calculate how much palm oil and oil palm product there is, in the goods you manufacture?

- Applies Globally

2.2.1 Total volume of Crude and Refined Palm Oil used in the year (Tonnes)

477,561

2.2.2 Total volume of Crude and Refined Palm Kernel Oil used in the year (Tonnes)

4,633

2.2.3 Total volume of Palm Kernel Expeller used in the year (Tonnes)

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2.2.4 Total volume of other palm-based Derivatives and Fractions used in the year (Tonnes)

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

482,194

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 & Claim	401,289.00	4,633.00	-	-
2.3.2 Mass Balance	76,272.00	-	-	-
2.3.3 Segregated	-	-	-	-
2.3.4 Identity Preserved	-	-	-	-
2.3.5 Total volume	477,561.00	4,633.00	-	-

2.4 Volume of RSPO certified sustainable palm oil and oil palm products sold to other 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 & Claim	-	-	-	-
2.4.2 Mass Balance	-	-	-	-
2.4.3 Segregated	-	-	-	-
2.4.4 Identity Preserved	-	-	-	-
2.4.5 Total volume	-	-	-	-

2.5 What is the percentage of RSPO certified sustainable palm oil and oil palm products in the total volume used by your company in the following regions:

2.5.1 Africa	6%
2.5.2 Australasia	2%
2.5.3 China	7%
2.5.4 Europe	12%
2.5.5 India	8%
2.5.6 North America	34%
2.5.7 South America	11%
2.5.8 Indonesia	--
2.5.9 Malaysia	--
2.5.10 Middle East	15%
2.5.11 Rest of Asia	5%

Time-Bound Plan**3.1 Date of first supply chain certification (planned or achieved)**

2020

3.2 Date expected to/or started to use any RSPO certified sustainable palm oil and oil palm products in your own brand products

2015

3.3 Date 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

3.4 Date 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

3.5 In which markets where you operate do these commitments cover?

Applies Globally

3.6 Does your company use RSPO certified sustainable palm oil and oil palm products in goods you manufacture on behalf of other companies?

No

3.7 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 brands?

No

Trademark Related

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

No

Please explain why

We do not currently have plans to use the RSPO trademark on any of our branded products based on present consumer demand.

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**

PepsiCo has made public commitments to support RSPO and promote the use of certified sustainable palm oil. As part of our Palm Oil Action Plan, we have a commitment to ensure that all direct suppliers are RSPO Members. PepsiCo actively engages with our suppliers on the benefits of RSPO membership to their businesses, the environment and the protection of human rights. As a result of this engagement, 93% of our direct suppliers (supplying 98% of palm oil procured by PepsiCo) were RSPO members at the end of 2016. The sole exception to this goal is in Venezuela where we have not been able to identify any local suppliers who are RSPO members. We will continue to implement this commitment to achieve the 100% mark.

PepsiCo is also committed to sourcing 100% physically certified sustainable palm oil by 2020. In 2016, we increased the use of physically certified palm oil to 16% of our volume as compared to 8% in 2015. We continue to ramp up and have a multi-year roadmap to achieving the goal. For the remainder of our palm oil, we have achieved certification using Green Palm RSPO credits, which we see as an initial step to support market development. In addition, PepsiCo has begun work on our Chain of Custody Certification for palm oil, including conducting a pilot exercise in 2017.

We publicly support RSPO Next, and we look forward to engaging in RSPO's 2018 Principles & Criteria consultation.

Reasons for Non-Disclosure of Information**6.1 If you have not disclosed any of the above information, please indicate the reasons why**

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- Others:

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Application of Principles & Criteria for all members sectors

7.1 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

Uploaded file: --

Related link: https://www.pepsico.com/docs/album/default-document-library/2015_pepsicosustainableagriculturepolicy.pdf

- Land Use Rights

Uploaded file: --

Related link: http://www.pepsico.com/docs/album/policies-doc/pwp/pepsico_land_policy.pdf

- Ethical conduct and human rights

Uploaded file: --

Related link: https://www.pepsico.com/Assets/Download/supplier_code_of_conduct/ENGLISH_SCOC_2013.pdf

- Labour rights

Uploaded file: --

Related link: https://www.pepsico.com/Assets/Download/supplier_code_of_conduct/ENGLISH_SCOC_2013.pdf

- Stakeholder engagement

Uploaded file: --

Related link: https://www.pepsico.com/Assets/Download/supplier_code_of_conduct/ENGLISH_SCOC_2013.pdf

- None of the above

7.2 What best practice guidelines or information has your organization 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 Control Union and Proforest on the development and implementation of a Palm Oil Traceability 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 is conducted in English and Spanish. We also established a traceability helpdesk with Control Union to provide on-going assistance.

Uploaded files: [M-Practice-Guidelines.pdf](#)

Related Link: <https://www.pepsico.com/docs/album/policies-doc/pepsico-palm-oil-action-plan-progress-report-august-2016.pdf>

GHG Emissions**8.1 Are you currently assessing the GHG emissions from your operations?**

Yes

Related link: http://www.pepsico.com/docs/album/sustainability-reporting/pep_rpt14_gri_v10.pdf?sfvrsn=2

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

Yes

Related link: http://www.pepsico.com/docs/album/sustainability-reporting/pep_rpt14_gri_v10.pdf?sfvrsn=2

Support for Smallholders

9.1 Are you currently supporting any independent smallholder groups?

Yes

As stated in our Palm Oil Action Plan, we are committed to working with suppliers to ensure that PepsiCo's palm oil policies are implemented in a way that supports the inclusion of smallholders.

Planning is underway to develop long-term programs in collaboration with our suppliers to support smallholders in addressing risks of deforestation and human rights issues to help them improve their livelihoods while ensuring they are not excluded from the supply base. We seek to coordinate our efforts in this area with the efforts of other companies as well as through working with civil society organizations and government.

Specifically, PepsiCo has supported a grant proposal to the RSPO Smallholders Support Program for sustainable palm oil in Mexico. The objective 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. We are also evaluating smallholder programs in other regions.

We have also made a commitment to establish traceability to farms / plantations by the end of 2020. One barrier to achieving this commitment is lack of a common definition of traceability at the independent smallholder level. We are actively working with the IDH-led Landscapes Working Group to align around a common definition which will be incorporated into our Palm Oil Traceability Protocol and supplier engagement program.

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?

We recognize that there are significant environmental and human rights challenges facing the palm oil industry. 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. As we have unlocked our supply chain through our mill-level traceability effort, we have identified the presence of more than 1,500 mills. We seek to manage the risk of policy non-conformance across this large and complex supply chain, but we know that taking action by ourselves in isolation is not practical. 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 is needed to foster sustained and wide-spread collaboration. We are evaluating 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 non-conformance with our environmental or human rights policies. 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. This year we sponsored the National Interpretation of RSPO in Mexico and are working with our suppliers and other supply chain actors across this growing region to build capacity of sustainable palm oil. More broad support for RSPO is needed in this region to increase awareness of sustainable production, including but not limited to training on High Conservation Value (HCV) and High Carbon Stock (HCS) assessment. 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 is implementing data systems and processes that allow us to identify the mills in our supply chain. We worked with Control Union 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. 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. A training program on how to use the protocol was implemented for suppliers. We also established a traceability helpdesk with Control Union to provide suppliers with on-going assistance. With this significant level of effort we have established mill-level traceability accounting for over 86% of our source volume, however achieving the 100% target will be very difficult given the complexity of the supply and the availability of this data from direct suppliers in certain key markets. Lastly, no industry definition currently exists on "traceability" to the farm/plantation, so we are participating in the Landscapes Working Group coordinated by the IDH Sustainable Trade Initiative. The definition will be developed with input from a wide range of stakeholders.

2 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), 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. PepsiCo also supports RSPO Next. Our Palm Oil Commitments and Action Plan published in 2015 are aligned with the direction of RSPO Next, including further protection to forests, peatlands and human rights. We shared our Palm Oil Action Plan with all of our direct suppliers, including the requirement that direct suppliers must be members of RSPO, and increased their awareness of environmental and social standards in the palm oil industry. PepsiCo funded risk assessments in a number of markets and as well as an assessment of "Land tenure and other human rights issues in the oil palm and sugarcane sectors in Mexico", which will be published in 2017. The assessment was led by Proforest with consultation from key stakeholders and will present the findings of an analysis of land rights, labor rights, community impacts and transparency and other human rights risks in Mexican palm oil and sugar cane supply chains. Although it is not a comprehensive human rights assessment of the sectors, nor of any specific suppliers, the assessment is designed to help inform PepsiCo – and other actors in the palm oil supply chain on opportunities to address barriers to sustainable production in accordance with RSPO Standards. PepsiCo will work with RSPO and other supply chain actors to communicate these opportunities and develop a platform for continuous improvement in Mexico.

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

- No files were uploaded

Link: <https://www.pepsico.com/docs/album/policies-doc/pepsico-palm-oil-action-plan-progress-report-august-2016.pdf>