

Particulars

About Your Organisation

1.1 Member Name

PepsiCo

1.2 Membership Number

4-0041-09-000-00

1.3 Membership Sector

Consumer Goods Manufacturers

1.4 Membership Category

Ordinary

1.5 Country

United States

2.0 Does your company or organisation produce, process, consume or sell any palm oil or any products containing derivatives of palm oil?

Yes

2.1 Please select all description(s) that describe the palm oil-related activities of your company or organisation. Multiple selections are allowed, and not limited to the primary sector of the member's RSPO membership. You will be required to complete the relevant ACOP section based on your selection(s).

- I own and operate oil palm estate(s) and/or palm oil mill(s)
- I represent a palm oil Independent Smallholder farmer Group
- I own and operate independent palm oil mills
- I own and operate independent palm kernel crushing plants - Processors and/or Traders
- I trade or broker palm oil, palm kernel oil or related products - Processors and/or Traders
- I am a refiner of palm oil or palm kernel oil - Processors and/or Traders
- I am a processor of intermediate (B2B) palm oil, palm kernel oil or related fractions/derivatives - Processors and/or Traders
- I am a B2B distributor or wholesaler of palm oil, palm kernel oil or related products - Processors and/or Traders
- I manufacture final consumer (B2C) products containing palm oil, palm kernel oil or related products. This includes products manufactured by 3rd party contractors - Consumer Goods Manufacturers
- I retail final consumer (B2C) products containing palm oil, palm kernel oil or related products - Retailers
- I operate food retail outlets that use palm oil, palm kernel oil or related products - Retailers
- I am a conservation and environmental NGO supporting the sustainable development of the palm oil industry
- I am a social and human development NGO supporting the sustainable development of the palm oil industry

Consumer Goods Manufacturers

1. Operational Profile

1.1 Please state your company's main activity within the palm oil supply chain.

- Food Good Manufacturer - own brand
- Food Good Manufacturer - third-party brand
- Home & Personal Care Good Manufacturer - own brand
- Home & Personal Care Good Manufacturer - third-party brand
- Ingredient Manufacturers
- Biofuels
- Other

Other

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2. Palm Oil and Certified Sustainable Palm Oil Consumption

Information in Section 2.0 - Palm Oil and Certified Sustainable Palm Oil Consumption - is a mandatory declaration in your ACOP. This includes volume data on palm oil, palm kernel oil and related products consumed, to enable the RSPO to accurately calculate uptake of individual members, sectors and RSPO members as a whole. ACOP reports without reported volume data will be considered as incomplete and will not be accepted. Incomplete ACOP reports may lead to suspension or termination of RSPO membership.

2.1 Please list down all operations and subsidiaries using palm oil, palm kernel oil and related products that are owned and/or managed by the member, including those under Group Membership

Fully Owned

2.1.1 In which markets does your company sell goods with palm oil and oil palm products?

Europe ,North America ,China,India,Africa ,Latin America ,Rest of the World

DL.2.0 In order to facilitate ease of reporting and transparency, RSPO members operating within the palm oil demand supply chain can now choose to report palm oil and palm oil product volumes on:

an aggregate level (as in previous ACOP reporting cycles)

2.2 Total volume of uncertified and certified palm oil, palm kernel oil and related products purchased for use in your company's own-brand and third-party brand products

| Description | Tonnes |
|---|---------------|
| Total volume of crude palm oil (tonnes) | 433546.00 |
| Total volume of crude palm kernel oil (tonnes) | 3680.00 |
| Total volume of palm kernel expeller (tonnes) | 0.00 |
| Total volume of crude palm oil/palm kernel oil-based derivatives and fractions (tonnes) | 0.00 |
| Total | 437226.00 |

2.2.1 Please estimate the percentage of derivatives and fractions (reported in Question CG.2.2) derived from palm oil or from palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.

| Description | Percentage |
|---|-------------------|
| Palm oil-based derivatives and fractions | 0 |
| Palm kernel oil-based derivatives and fractions | 0 |

2.3 Please estimate the regional distribution of your company's uncertified and certified palm oil, palm kernel oil and related products sales (as declared in Question 2.2) in the following countries/regions.

| Countries/Regions | Percentage |
|--------------------------|-------------------|
| Europe | 6 |
| North America | 1 |
| Malaysia | 0 |
| Indonesia | 0 |
| China | 13 |
| India | 13 |
| Latin America | 30 |
| Africa | 20 |
| Rest of World | 17 |

2.4 Volume of RSPO-certified palm oil, palm kernel oil and related products purchased for use in your company's own-brand and third-party brand products in the year:

| Description | Crude/Refined Palm Oil (CSPO) | Crude/Refined Palm Kernel Oil (CSPKO) | Palm Kernel Expeller (CSPKE) | Certified Derivatives and Fractions |
|---|-------------------------------|---------------------------------------|------------------------------|-------------------------------------|
| RSPO Credits from Mill / Crusher | 0.00 | 0.00 | 0.00 | 0.00 |
| RSPO Credits from Independent Smallholder | 8162.00 | 0.00 | 0.00 | 0.00 |
| Mass Balance (MB) | 433546.00 | 3680.00 | 0.00 | 0.00 |
| Segregated (SG) | 0.00 | 0.00 | 0.00 | 0.00 |
| Identity Preserved (IP) | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 441708.00 | 3680.00 | 0.00 | 0.00 |

2.4.1 Please estimate the percentage of RSPO-certified derivatives and fractions (reported in Question CG.2.4) derived from RSPO-certified palm oil or from RSPO-certified palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based

| Description | Percentage |
|---|------------|
| Certified Palm oil-based derivatives and fractions | 0 |
| Certified Palm kernel oil-based derivatives and fractions | 0 |

2.5 According to the volume information you have provided in Question 2.2 and Question 2.4, your company's certified palm oil and palm oil products uptake is:

101.87%

2.5.1 Please provide additional information on your certified palm oil, palm kernel oil and related products uptake. This may include your usage of RSPO Credits to cover gaps in certified uptake, changes due to business environment, variations due to stock positions or efforts to support independent smallholders beyond volume commitments.

In 2021, PepsiCo achieved 100% RSPO through two supply chain models; RSPO Mass Balance physically certified and Independent Smallholder Credits. 98% was RSPO mass balance physically certified; and in recognition of the efforts made by smallholders to achieve RSPO certification, PepsiCo directly supported smallholders by purchasing Independent Smallholder Credits for 2% of the volumes.

2.6 Please estimate the regional sales volume distribution of your company's RSPO certified palm oil, palm kernel oil and related products (as declared in Question 2.4) in the following countries/regions:

| Countries/Regions | Percentage |
|--------------------------|-------------------|
| Europe | 6 |
| North America | 1 |
| Malaysia | 0 |
| Indonesia | 0 |
| China | 13 |
| India | 13 |
| Latin America | 30 |
| Africa | 20 |
| Rest of World | 17 |

3. TimeBound Plan

3.1 Which year did your company achieve (or expects to achieve) the RSPO supply chain certification?

2025

3.2 Which year did your company begin (or expects to begin) using RSPO-certified sustainable palm oil and palm oil products in own-brand products

2015

3.2.1 If the previous target year has not been met, please explain why.

-

3.3 Which year did your company begin (or expects to begin) using only RSPO-certified sustainable palm oil and palm oil products from any supply chain option in own-brand products.

2015

3.3.1 If the previous target year has not been met, please explain why.

-

3.4 Which year did your company begin (or expects to begin) using only RSPO-certified sustainable palm oil and palm oil products from physical supply chain options (Identity Preserved, Segregated and/or Mass Balance) in own-brand products.

2020

3.4.1 If the previous target year has not been met, please explain why.

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4. Trademark Use

4.1 Does your company use or plan to use the RSPO Trademark in own-brand products?

No

4.3 Please explain why your company does not plan to use the RSPO Trademark in own-brand products

- 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

Others

5. Actions for Next Reporting Period

5.1 Please outline activities that your company will take in the coming year to promote the production or consumption of certified sustainable palm oil (CSPO)

- Participation in RSPO Working Group or Task Forces
- Support Independent Smallholders (ISH)
- Contribute to the RSPO Smallholder Trainer Academy
- Financial contribution to the RSPO Smallholder Support Fund
- Direct investments in Smallholder Certification projects
- Involvement/direct investments in Jurisdictional/Landscape approach
- Direct/collective investments in conservation and restoration initiatives
- Financial contribution to support members with Remediation and Compensation (RaCP) process, direct/collective investments in conservation and restoration initiatives
- Allocating FTE to promote the production or consumption of certified sustainable oil palm products
- Specific policies and action plans by the member to promote CSPO production or consumption in the upstream or downstream supply chain, including target dates or broader policies that include such efforts
- No activities planned
- Others

Other

During 2020, we reviewed and updated our strategy to reflect increased commitments on climate change and sustainable agriculture, industry developments and feedback from stakeholders, including our supply chain, peers, collaborative initiatives and civil society. We put this new strategy into practice in 2021 and will continue to strive to meet our commitments in 2022.

Our goal is to promote the transformation of the palm oil sector to support thriving communities, human rights and the health of vital ecosystems and source 100% sustainable palm oil which includes 100% RSPO certified. To meet our goal, we have set three interconnected commitments:

Sector Transformation towards 100% No Deforestation, No Peat, No Exploitation (NDPE): Drive industry-level change toward 100% NDPE, including delivery within our own supply chain.

Thriving Communities & Ecosystems: Address systemic issues facing communities and ecosystems in priority landscapes, including deforestation, land and workers' rights and economic viability.

Transparency & Accountability: Promote and demonstrate transparency and accountability in our value chain and across the wider sector through collaboration, engagement and reporting.

We will turn these long-term commitments into action through a series of time-bound targets. This includes a commitment to use our market scale and engagement to support Roundtable on Sustainable Palm Oil (RSPO) uptake and effectiveness through our continued commitment to 100% RSPO certification by ensuring that at least 95% of the volume is physically certified, with the balance comprised of Independent Smallholders (ISH) credits aligning with the requirements and demonstrating our commitment to shared responsibility.

The targets will evolve over time as they are met and as our understanding of the issues and how to tackle them develops. The full list of targets can be found in our Palm Oil Implementation Plan, which is attached to our policy. Current priorities include, with work continuing in 2022:

Drive industry-level change toward 100% NDPE, including delivery within our own supply chain.

By 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 Implementation Reporting Framework

Build capacity among our direct suppliers to ensure that all suppliers score greater than 80% through our supplier scorecard process by the end of 2025.

Address systemic issues facing communities and ecosystems in priority landscapes, including deforestation, land and workers' rights and economic viability.

In Mexico, implement the RSPO smallholder Certification to bring 5,000 metric tons (MT) ISH to market by end of 2023 and source 100% domestic production of RSPO Mass Balance (MB) by end of 2025.

Conserve or restore at least 140,000 hectares (ha) by 2025.

Promote & demonstrate transparency and accountability in our value chain and across the wider sector through collaboration engagement and reporting.

Provide transparency to stakeholders including our value chain, peers, civil society and others through ongoing disclosure.

Continue collaborating with stakeholders on developing an industry roadmap for Independent Verification of NDPE compliance and apply this in our supply chain as soon as practically possible. This work was developed under the Palm Oil Collaboration Group sub-working groups.

Shared Responsibility

The Board of Governors of the Roundtable on Sustainable Palm Oil approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility (SR) requirements will be done through ACOP and MyRSPO. As the process of verification of the reports is in development, the Shared Responsibility section in ACOP may change in future ACOP cycles. Evidence to show compliance to the SR requirements shall be uploaded via your membership profile in MyRSPO. Please login to your MyRSPO account and upload the relevant policies, plans and relevant reports there. If you do not have a policy or your policy does not cover all items, you will be required to provide a Declaration of Support for the relevant policy items in your MyRSPO profile. Additional information on the required policies and plans applicable to all sectors as well as the annual uptake targets for supply chain actors can be found on <https://rspo.org/members/shared-responsibility> or email the Shared Responsibility team at sharedresponsibility@rspo.org.

Information & Public Availability

1.1 Does your company have organisational management documents publicly-available?

Yes

Ethical Conduct & Human Rights

1.2 Does your company have a publicly-available Policy covering Ethical Conduct & Human Rights?

Yes

1.2.1 Does the policy cover:

- Recruitment
- Contractors
- Suppliers and Sub-Contractors

Legal Compliance

1.3 Does your company comply with all applicable legal requirements?

Yes

1.4 Does your company require its third party contractors to comply with legal requirements, i.e. including a clause on legal compliance in the contracts?

Yes

Complaints & Grievances

1.5 Does your company have a Grievance Mechanism that is accessible to all affected parties?

Yes

1.5.1 Is your Grievance mechanism in line with the principles of the RSPO's Complaints System?

Yes

Land Use & FPIC

1.6 Does your company have a publicly-available policy covering Commitment to respect Free Prior and Informed Consent (FPIC) in the Palm Oil Supply chain?

Yes

1.6.1 Does your company have a procedure in place to identify legal, customary or user rights, and people entitled to compensation?

Yes

Smallholders

1.7 Does your company support oil palm smallholders (groups)?

Yes

1.7.1 Does your company report on the actions to support the inclusion of smallholders?

Yes

Labour & Labour Rights

1.8 Does your company have a publicly-available policy covering Labour & Labour Rights?

Yes

1.8.1 Does the policy cover:

- No discrimination and equal opportunities
- Pay and working conditions at least at legal or industry minimum standards and are sufficient to provide decent living wages (DLW)
- Freedom of association and Collective bargaining
- Protection of children, as well as the workforce of suppliers and third-party contractors
- Prevention of all forms of harassment, including sexual harassment
- No forced or trafficked labour

Occupational Health & Safety

1.9 Does your company have a publicly-available Policy covering Occupational Health & Safety?

Yes

1.9.1 Does your company have a Standard Operating Procedure (SOP) for Occupational Health & Safety?

Yes

Waste Management

1.10a Does your company have a waste management plan that includes reduction, recycling, reusing and disposal based on the hazardous characteristics?

Yes

1.10a.1 Is this plan implemented?

Yes

Water Management

1.11 Does your company have a water management plan to promote efficient use and continued availability of water sources?

Yes

1.11.1 Is this plan implemented?

Yes

Energy Use

1.12 Does your company have an energy use plan to improve the efficiency of the fossil fuels used and to optimise renewable energy?

Yes

1.12.1 Are there records of implementation of the plan ie. monitoring and reporting?

Yes

Climate Change & Greenhouse Gas (GHG)

1.13 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG) including identification and assessment of GHG emissions and implementation of a plan to reduce or minimise them?

Yes

Challenges and Support

1.1 What significant obstacles or challenges has your company encountered in the promotion of certified sustainable palm oil (CSPO)? What efforts has your company taken to address these obstacles or challenges?

- 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
- No challenges faced
- Others

Others

Environmental and human rights challenges. We recognize that there are significant environmental and human rights challenges facing the palm oil industry, including forest and peatland conversion, labour and land rights issues and the need to support smallholders and local communities. Our strategy, updated in 2021, aims to address these challenges in our own supply chain and the industry more widely. Our goal is to promote the transformation of the palm oil sector to support thriving communities, human rights and the health of vital ecosystems and source 100% RSPO palm oil. Our approach is underpinned by a series of policies that are embedded in our business and supply chain, including our Global Policy on Sustainable Palm Oil, updated in 2020.

Specific actions include continuing to increase visibility in our supply chain; we disclose a complete list of our direct suppliers and mills on an annual basis. Self-reported traceability to mill data in 2021 was approximately 97.4%, which was 100% independently verified. This disclosure leverages our ongoing work on traceability and responds to the need for greater transparency which plays a critical role in helping to understand and 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. PepsiCo plays a central role in multiple collaboration spaces with significant impact for the whole sector.

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 several 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 implemented a holistic program for sustainable palm oil in Mexico.

Supply chain traceability. 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 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 biannually 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, parent company, certification status 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 Peterson to provide suppliers with on-going assistance. With this significant level of effort, we have established mill-level traceability accounting for approximately 97.4% of our source volume, and PepsiCo will publish its 2021 mill list.

Achieving the 100% traceability target has been 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 implemented a risk-based approach to independent third-party verification of the mill traceability data and 100% of the suppliers who will be supplying to us in 2022 have undergone verification or have scheduled this in 2022. During the verification visits, we started collecting information on the percent of oil traceable back to plantation from our suppliers. Since launching our Traceability Protocol, we collected information from 36 suppliers, which represents approximately 57% of our volume reported traceability to plantation. We have also supported efforts to improve traceability management on the ground via our landscape programs in Aceh and Riau.

Smallholder engagement. Representing approximately 40% of the world's palm oil production, smallholders are fundamental to driving impact on the ground. Common challenges include a wide dispersion of growers, lack of expertise on sustainability topics, reduced yields and limited access to financing – among others. RSPO's Smallholder Trainer Academy (STA) provides a unique platform for sharing scalable and replicable training on sustainable farming practices, specifically for smallholders. Linking this platform with a larger number of partners in Mexico, including Femexpalma, Proforest and the technical teams at Mexico's 18 mills, would provide further support in helping to address these challenges. In Indonesia, many smallholders in the most high-risk areas have no RSPO Mills available to sell to, blocking their access to physical certified supply chains. PepsiCo has addressed this by purchasing 100% RSPO certified oil and a commitment to supporting small holders with purchasing volumes of ISH credits. However, in the long-term, greater efforts by all stakeholders in the value chain will be required to increase smallholder access and interest in certification. It will require the alignment of stakeholders and the creation of a harmonized narrative around sustainability requirements, benefits and incentives. Additionally, RSPO's leadership is critical in promoting the uptake of the smallholder standard, particularly in exploring how the smallholder pilots have progressed and where additional support is needed. It would be helpful if RSPO could bring stakeholders to the table to discuss and address existing barriers to broader adoption by smallholder groups.

Supporting smallholders. 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 into sustainable supply chains through our Global Policy on Sustainable Palm Oil, and work with our suppliers to ensure that PepsiCo's palm oil policies are implemented in a way that supports this commitment. Specifically, PepsiCo is investing in landscape initiatives that support conservation, community development, smallholder inclusion and responsible production practices.

In 2021, we continued to work with other companies, civil society organizations and government. PepsiCo is supporting landscape programs in Indonesia and continuing its support in Mexico. In Indonesia, our landscape programs include efforts to support smallholder livelihoods and production. For example, in Aceh PepsiCo has supported a project with local plantation and mill companies, NGOs and others that assisted 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 is supporting fifteen villages with full-time community coordinators and other capacity building efforts.

With regards to market support, in 2021, PepsiCo purchased 8,162 MT independent smallholder credits. In 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 Roundtable on Sustainable Palm Oil (RSPO) independent smallholder credits had made to the livelihoods of farmers in cooperatives in South Sumatra.

Coalition for Sustainable Livelihoods (Aceh & North Sumatra, Indonesia). PepsiCo is 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. In 2019, the Coalition worked on developing solutions to systemic challenges such as smallholder legality while also moving to implementation of programs on the ground.

Specifically, the Coalition developed five working groups to address the key thematic areas requiring attention: governance, metrics, growth, and one for each district initiative (Aceh Tamiang and Tapanuli Selatan). Emerging from each group's discussion were draft recommendations for action and investment for how CSL should move forward in relation to that specific topic. This has informed and guided our work with smallholders and other stakeholders in the Aceh Tamiang Landscape Program. Throughout 2021, PepsiCo has supported the implementation of the recommendations for action in Aceh Tamiang (see next section) and has continued to participate in the wider Coalition.

Production, Protection, Inclusion in Aceh Tamiang. 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 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 has invested in partnership with PT Mopoli Raya, Forum

Konservasi Leuser (FKL), and IDH (The Sustainable Trade Initiative) in the restoration of 300 hectares of forest and supporting at least 500 smallholders to become more productive and sustainable. The first phase of this work was completed in 2021, with the project having restored 300 hectares of forest previously given to oil palm (using a combination of tree planting and natural regeneration), established two farmer groups and a community nursery, trained 500 farmers in best practices (6 modules per farmer) and supported formalisation of land titles for 789 smallholder plots.

The work in 2022 will provide continued support for the development of a government-led landscape management body and engagement with other stakeholders to develop an effective monitoring system and response protocol to deforestation alerts. The landscape coalition is also supporting the development of a landscape level HCS/HCV (High Carbon Stock/High Conservation Value) map and capacity building for government institutions in sustainable land management.

Siak –Pelalawan Landscape Program (Riau, Indonesia). In Indonesia, PepsiCo is one of eight coalition companies (hence the Coalition) 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. The program builds 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 focused on final definition of the partnership and started implementing agreed activities. Coalition wide activities within the workplan include support to local communities, engagement of mills, improving traceability and coordination of deforestation monitoring.

In 2020 and 2021, the Coalition has focused on implementing activities within the workplan, including providing support to local communities, engaging mills, improving traceability, and coordinating on deforestation monitoring. Some highlights from 2021 include:

Mapping of high priority areas for conservation of forests and peat in the districts of Siak and Pelalawan, and training of 930 individuals on conservation activities

Begin restoration activities starting with 5 hectares of peatland as a restoration pilot

Support to 15 rural communities including training of and funding for 7 full-time village facilitators to work in local communities, and the completion of participatory mapping in the fifteen villages which formed the basis of ongoing village support programs

Engagement of 51 mills on sustainability, and work to collect traceability to village level (at a minimum) for all mills in the project area

Alignment with government and Pelalawan the Coalition's role in supporting the implementation of the district action plan for sustainable palm oil. This builds on an agreement that was signed between the Coalition and the Siak District Government in 2019 to support the Siak government's plan for sustainable governance of the district, ensuring that the Coalition is working in alignment with the government of both districts.

Un Mexico Palmero Sustentable. In Mexico, PepsiCo supported the first ever RSPO certified mill and will continue to support this work. In 2017, 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 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. In February 2018, PepsiCo initially announced this as 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. The program is supported by the RSPO Smallholder Support Fund and is in partnership with Oleopalma, Oleofinos, Federación Mexicana de Palma de Aceite (Femexpalma), Smallholder Associations and Proforest. In 2019, Nestle joined the partnership to further the impact of the program and support the implementation of sectorial activities and technical components for allowing the compliance of NDPE commitments. In 2022, Cargill joined the program to allow for the collaboration to deepen their existing engagement with mills and independent producers between 2022 and 2025.

Of the almost 8,000 oil palm producers in Mexico, nearly 95% of palm oil groves are less than 20 hectares and represents approximately 85% of national fruit production. Inclusion of smallholders is fundamental to improving livelihoods and to meeting a growing domestic demand for palm oil through sustainable intensification. The productivity rates of smallholders in Mexico are among the lowest globally and have the potential to double. To help drive scale and expand the existing capacity building component of the Smallholders Program, nine demo farms were launched in 2019. The demo farms enable the demonstration of good sustainable agricultural practices, including nutrient management, productivity, quality and improving livelihoods. It also seeks to demonstrate the productivity potential to growers in the region. To date, these growers have demonstrated an average of an 84% increase in yields, from an average of 9 tons/ha (in 2019) to 16.6 tons/ha (in 2021).

In 2022, the program is targeting an important milestone with the certification of 4 smallholder associations under the RSPO Independent Smallholders Standard, which would be the first group of certified smallholders in Mexico. In 2022, the partnership estimates that Mexico will reach the milestone of 5 certified mills.

Recognizing the importance of building capacities to reach RSPO certification and smallholder inclusion, PepsiCo sponsored a training program, in collaboration with Proforest and Femexpalma, for mills, associations and producers to build technical capacities of the Mexican palm oil sector on sustainability topics, such as RSPO certification schemes, evaluation and conservation of High Conservation Values (HCV), implementation of the RSPO Smallholder certification, internal control systems and evaluation of risks. The program has supported the certification of two mills under the RSPO standard in 2020, two mills in 2021 and is targeting the certification of one additional mill in 2022. PepsiCo has also supported the training of over 670 professionals on sustainability issues in Mexico and across Latin America.

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

Visit our website, www.unmexicopalmerosustentable.com to learn more about the program.

ISEAL Landscapes common reporting framework. In 2021 PepsiCo collaborated with Nestle and Unilever in the support for development of landscapes' common reporting framework, developed by ISEAL.

ISEAL, with support from Proforest, delivered an action based landscape level framework to report on progress in landscape and jurisdictional initiatives and how the actions help progress towards delivering outcomes related to 4 pillars, including: natural ecosystem conservation; natural ecosystem restoration; farmer inclusion and improvement of livelihoods and landscape partnership governance.

The metrics included in this framework can be used to measure the companies' contribution to landscape partnership development and the delivering on landscape programmes' sustainability goals and outcomes.

Future plans to support smallholders

PepsiCo will continue to build on the work we are undertaking in Latin America and Southeast Asia to support smallholders as we view smallholder inclusion as an important component of PepsiCo's Palm Oil Policy and implementation plan. In 2022, we will:

Seek to continue to support smallholder programs in Indonesia and Mexico, including adding additional programs where appropriate.

Continue to support independent smallholders through the purchase of smallholder credits. Smallholder credits are an effective way to recognize efforts made by smallholders to reach the level of RSPO certification. We have a commitment to continue to source 100% RSPO certified volumes, of which at least 95% is physically certified and the remainder being comprised of independent smallholder credits, which provides support to independent smallholders who are outside our supply chain, giving farmers more options in the marketplace.

Work together with multiple stakeholders in several landscapes to support the inclusion of non-certified smallholders into responsible supply chains. In Aceh Tamiang, PepsiCo has completed the first phase of a project with IDH and local grower Mopoli Raya to support improved productivity and sustainability of at least 500 smallholders. The project was launched in December 2019 and continued running throughout 2021. The next phase (2022 onwards) will explore supporting farmers to RSPO and ISPO certification where possible, as well as expanding to include new farmers where needed.

Continue to support the Coalition for Sustainable Livelihoods. PepsiCo has ambitions to scale up the inclusion and support of smallholders across North Sumatra and Aceh through this program. In Riau, as a founding member of the Siak Pelalawan Landscape Program, PepsiCo is working with other stakeholders to ensure smallholders are supported under that program. In 2021, we continued supporting the seven villages from the 2020 program, and provided support to an additional eight, to build capacity for sustainable oil palm.

Support the sharing of knowledge with growers and workers in Mexico through demo farm days (when COVID restrictions permit). These smallholder farmers serve as local champions of agricultural sustainability, having committed to demonstrate good practices on their farms and open up their plantations to workers and growers. The program strives to demonstrate the potential for a productivity increase upwards of 100% for smallholders in the region.

In 2021, PepsiCo launched Agrovita, in collaboration with the Global PepsiCo Foundation and the PepsiCo Mexico Foundation, a three-year program with the aim of adopting regenerative agriculture practices across 12 million hectares in the states of Tabasco and Chiapas. The program seeks to enhance access to market for local smallholder growers through value chain development and support economy recovery, support improved food security, water access, and address sustainability challenges across value chains at scale – including cocoa, plantain and palm oil. The program will continue engaging with growers in 2022.

Public perception of palm oil. There continues to be a negative public perception of palm oil and PepsiCo proactively advocates for RSPO sustainably produced palm oil by increasing the production and supply of sustainable palm, especially in markets where there is limited supply.

COVID-19. In 2021 the world continued struggling with the COVID-19 pandemic. Global economic declines, as well as supply chain disruptions, have impacted our industry, but our commitments to sustainable sourcing remained in full effect. While there were some practical impacts, including delays to landscape programs, an inability to engage suppliers and others in our value chain on the ground and impacts on how collaborative platforms operated, we continued to drive progress by addressing these challenges and by working with others.

Specific issues included:

Traceability Data: many palm oil traders needed to rely on domestic supplies in countries where traceability is still challenging (e.g., China, India), so their reported traceability figures are lower than usual. Under normal circumstances, the traders could instead limit the suppliers from such sources and therefore achieve an overall higher traceability figure. We will continue working with our suppliers to increase visibility of the mills in our palm oil supply chain and encourage RSPO to build the understanding of why traceability and sustainable palm oil is important.

Landscape programs: In terms of our on-the-ground impact work, PepsiCo has engaged with our suppliers and implementing partners to develop safety protocols to ensure the health of the producers, the local team and implementing partners remains a priority. While the local teams were still able to progress our joint programmatic aims broadly, some activities were impacted more than others – and reliance on other forms of communication became increasingly important. In later parts of 2021, there was slight increase in possibilities for work in the field. In Indonesia, movement restrictions delayed activities in our program in Aceh Tamiang by several months, as experts from outside the district were not allowed to enter. Furthermore, limitations on the size of gatherings meant that trainings and other meetings had to be staggered across a wider time period than originally planned. In Mexico, the global pandemic delayed the certification process for smallholder growers in our supply base and impacted the level of engagement with growers through group trainings and demo farm days. In 2021 good practices for remote work and support on the ground remained in place, however, it still remained challenging to conduct visits on the ground.

Collaborative platforms: COVID also continued to impact some of the collaborative work that PepsiCo is doing, changing the format of the Palm Oil Collaboration Group (POCG) conversations and transferring all meetings and workshops online. Even though the group of companies working in pre-competitive collaborative manner were not able to meet face-to-face, we have embraced the challenge and managed to make the best out of holding the POCG workshops and various workstreams online, which allowed for greater inclusion and an even broader participation of stakeholders.

1.2 In addition to the actions already reported in this ACOP report, what other ways has your company supported the vision of the RSPO to transform markets to make sustainable palm oil the norm?

- Communication and/or engagement to transform the negative perception of palm oil
- Engagement with business partners or consumers on the use of CSPO
- Engagement with government agencies
- Engagement with peers and clients
- Promotion of CSPO through off product claims
- Promotion of CSPO outside of RSPO venues such as trade workshops or industry associations
- Promotion of physical CSPO
- Providing funding or support for CSPO development efforts
- Research & Development support
- Stakeholder engagement
- No actions taken
- Others

Others

Delivery of 100% RSPO certified sustainable palm oil as part of our strategy. Among PepsiCo's aim to deliver sustainable palm oil in our own supply chain and across the industry more widely, we aim to continue to source 100% RSPO certified 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 three interconnecting commitments: 1) Sector transformation towards 100% NDPE, 2) Thriving communities and ecosystems, and 3) Transparency and accountability. Details of our actions and progress are available in our 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.

Purchase of RSPO credits. In 2020 and 2021 PepsiCo achieved 100% RSPO through two supply chain models: RSPO Mass Balance physically certified and Independent Smallholder Credits. For 2021 we leveraged 98% RSPO mass balance physically certified and in recognition of the efforts made by smallholders to achieve RSPO certification, PepsiCo directly supported smallholders by purchasing Independent Smallholder Credits for 2% of the total.

Palm oil Collaboration Group (POCG) and focus on No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF)

Since 2017, PepsiCo has been convening the 'Palm Oil Collaboration Group' (POCG) to pre-competitively discuss key sustainability issues and challenges in the palm oil sector. Through this, we have led the creation of a space where companies can identify and overcome key challenges to the sector in addressing social issues, independent verification of progress, addressing deforestation outside concessions, and monitoring and reporting on progress, among other topics. Today more than 30 companies from all stages of the palm oil supply chain including producers, refiners, traders, manufacturers and retailers are members of the POCG.

One of the key achievements of the group has been the development and roll out of the No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF), an industry-wide reporting tool for companies. PepsiCo is committed to purchasing 100% RSPO certified volumes and believes that certified volumes offer the best guarantee that palm oil is grown in a way that complies with our NDPE commitments. Nevertheless, as the RSPO recognizes, sustainability across all palm oil production requires pre-competitive collaboration to drive sustainable production.

We continue to believe that a shared framework for reporting will allow a common methodology to identify gaps and collaborate to drive progress and we are pleased with the continued progress in 2021 to further enhance the NDPE IRF through the POCG.

The POCG has four active working groups each of which focus on the topics listed above.

NDPE IRF - Implementation Reporting Framework Active Working Group (IRF AWG) – responsible for the development, dissemination and technical advancement of the IRF tool. It has achieved impressive progress over the course of two years with the Deforestation and Peat IRF fully rolled out and the social issues IRF (land rights and labour rights) advancing towards across the supply chain pilot in 2022. Sets of guidance and supporting documents have been developed in order to ease the process of producing IRF profiles. PepsiCo has also included IRF reporting in the new version of our supplier scorecards through which we engage our direct suppliers. We hope that this will further increase awareness about the tool across the industry. The capacity building activities for PepsiCo suppliers are directly and positively impacting the uptake and better understanding of the tool and contributes to PepsiCo's commitment on sector transformation towards NDPE.

Based on the IRF reporting, the POCG will be able to work towards positive impact on the ground, by identifying gaps and executing an informed decision-making process. The group is convened by the 28 Active Working Group companies.

Social Issues Working Group (SIWG) – the aim of the group is to foster collaboration to address human rights issues on the ground. There are 3 sub-working groups focusing on recruitment practices in Malaysia, Human Rights Due Diligence (HRDD) tools and resources and Indigenous People and Local Communities rights. The group has also fostered collaboration with stakeholders who are both company representatives and working within the realm of human rights. The group is convened by PepsiCo and Unilever. In 2021 one of the greatest achievements of the group was the publication of the HRDD library of tools, which can be found on the POCG website: <https://palmoilcollaborationgroup.net/hrdd-library-of-tools>

Production and Protection Beyond Concessions (PPBC) – focused on analysis of areas outside of concessions which are high risk for deforestation. This allows prioritization in order to plan where action is needed. The group consists of different stakeholders – company representatives, NGOs, implementation partners, service providers - and is contributing to the pool of actions for addressing deforestation outside concessions. The group will contribute to the mill engagement strategy developed by the POCG in order to inform the scoping of priority areas for action. Conveners of the group are PepsiCo, Nestle and Cargill.

Independent Verification Working Group (IVWG) – the group is focused on determining approaches to independent verification for progress on deforestation, land rights and labour rights. The group began work in 2020 and created functional working groups, which have a defined scope and started outlining framework for action. The groups are linking up to already existing initiatives like the social issues IRF, the CGF Palm Oil roadmap, the IRF data verification protocol. In 2021, the group was committed to producing a roadmap for Independent Verification which can outline commitments to verification on the ground, based on the agreed mechanism within the working groups. In 2022, the group will continue with the development of Verification guidance on the topics of deforestation, labour rights and land rights. This will contribute to the implementation of PepsiCo's commitment around transparency and accountability across the industry. All three groups engage with different stakeholders – companies, NGOs, RSPO, practitioners, sourcing regions local organizations, who are all contributing to monthly focused discussions. The group is convened by PepsiCo and Unilever.

Palm Oil Collaboration Group Latin America chapter (POCG LATAM) – In late 2021, PepsiCo actively supported and became co-convenor (together with Cargill and AAK) of the POCG LatAm. The purpose of the group is to extend the space for collaboration by being more inclusive to companies and actors based in the Latin America region, as well as targeting topics which are a priority for the region.

In addition to the four working groups, the POCG also meets twice a year, historically at the fringe of RSPO RT and EU RT, in order to discuss topics which are key for the industry. The last physical meeting took place in Bangkok, in 2019. In 2021, due to COVID-19 restrictions the meetings were again held virtually in June and December and held twice to ensure we covered all time zones. Momentum continues to build, with all meetings well attended and in 2021. There was agreement reached between the POCG members that there will be changes made to the governance to include the establishment of a Consultation Group which has representatives from across the supply chain and aims to address topics which are of strategic importance for the group and further support improvement on the ground in a collaborative manner. In 2022, the POCG is aiming to hold an in-person meeting for the first time in 3 years to further facilitate implementation and execution of the NDPE IRF and above workgroup priorities.

In 2021, PepsiCo continued to support the development of the POCG website (www.palmoilcollaborationgroup.net) in order to boost the process of engagement, transparency and external communication on the achievements of the four working groups with participants' portals for each of the working groups activated so members of each group can easily access resources shared within the working groups.

The work has developed in the following stages since the meetings ahead of the RSPO 2018 RT in Paris when PepsiCo first 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 NDPE commitments. A three-phase development process was agreed on: Phase 1: Proof of concept; Phase 2: Trialling at scale; and Phase 3: Full implementation. We continue to support this iterative approach and have seen further enhancements made to the NDPE IRF in 2020 and 2021 and look forward to further pilots on the social portion of the IRF in 2022. Most recently:

In 2020, the dissemination of the IRF for Deforestation and Peat continued and the uptake across the industry progressed, with many companies including the IRF as reposting request for suppliers and incorporating IRF requirements into their internal reporting systems. Additional guidance has been published, and PepsiCo supported and produced IRF introduction webinars openly available to everyone on the IRF website (<https://ndpe-irf.net/>). The Deforestation and Peat template has been updated, and a document tracking changes between the versions has been published in order to ease the process of IRF incorporation in internal systems. The template was also translated into Spanish for dissemination in Latin America.

In 2021, the demand and sharing of No Deforestation and Peat (NDP) profiles has further increased. The NDP IRF template has undergone review for fixing of technical issues identified through the use of the tool across the supply base. Additional documents have been developed for clarifying the use of IRF profiles. Continued discussions on the social IRF led to the alignment of land and labour questions with the UNGPs (United Nations Guiding Principles) for HRDD and further revision of the questions, in preparation for piloting across the supply chain in first half of 2022.

Another major achievement of the IRF was the Data Verification protocol, published in November 2020 and developed by Peterson with active support from Proforest. The protocol outlines steps for verifying data for deforestation and peat IRF profiles. Companies in the AWG started applying the protocol and verifying their IRF profiles in 2020 and we saw continued expansion of this protocol use in 2021 supporting an increase in verified profiles further becoming the norm.

As we further close out Phase 2 and move into Phase 3, 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 Traceability to Plantation (TTP) information.

PepsiCo NDPE IRF Reporting. PepsiCo has engaged with suppliers through one-on-one meetings, and webinars on the NDPE IRF initiatives. To reflect the framework's importance and support the goals set out in our Palm Oil Strategy, PepsiCo has integrated the IRF into our supplier scorecard process during 2021. Reporting and performance against the NDPE IRF will make up half of the total supplier score, encouraging ongoing improvement against the IRF and helping to guide how we support suppliers towards delivering their and our NDPE commitments. We will continue to be publishing our report on the ESG page (<https://www.pepsico.com/esg-topics-a-z/palm-oil>).

The latest information on the NDPE IRF, one of the key achievements of PepsiCo and the Palm Oil Collaboration Group, is available at <https://ndpe-irf.net/>.

Rimba Collective. In April 2021, Lestari Capital launched the Rimba Collective, an initiative with the aim of delivering USD 1 billion to forest protection and restoration in Southeast Asia over a 25-year duration. The initiative, which aims to protect and restore over 500,000 hectares of tropical forests, was developed by Lestari Capital, an impact-focused enterprise, in collaboration with founding partners including Nestlé, PepsiCo, Procter & Gamble and Wilmar. 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.

The initiative's project portfolio will initially focus on Indonesia, before expanding to projects across Southeast Asia. Projects funded by Rimba Collective will be prioritised based on the potential to protect and restore large, continuous areas of natural ecosystems and critical habitats, such as primary rainforest, peatland and mangroves. Other priorities include generating measurable ecosystem service benefits (such as carbon sequestration, water purification and soil health) and resilient livelihoods for local communities. All projects will undergo third-party verification.

Rimba Collective aligns with the Government of Indonesia's focus on protecting the country's natural capital whilst generating resilient jobs, attracting high quality international and domestic capital, and driving economic development to recover from the COVID-19 crisis. The initiative's 25-year project agreements will directly benefit 32,000 local people in forest-frontier communities, strengthening equitable livelihoods and providing a secure source of income. It also contributes to the Government's targets to expand social forestry, accelerate peat and mangrove restoration, and reduce deforestation.

The Rimba Collective officially launched the mechanism with its founding partners at a virtual event on 8 April 2021. The event included a panel discussion with the founding partners, project proponents and government representatives discussing their perspectives on the Rimba Collective and the exciting path ahead.

Wern-Yuen Tan, Chief Executive Officer, PepsiCo APAC, said, "At PepsiCo we believe nature provides one of the most powerful levers we can pull to restore our planet and help meet the world's climate targets. By working together through Rimba Collective, companies are demonstrating shared responsibility in restoring vital ecosystems and providing meaningful livelihoods to those living in and around forests. This partnership allows us to have an impact that reaches far beyond any one company or supply chain and helps to demonstrate the importance of forests in building a regenerative food system."

The mechanism became operational in late 2021, and the focus for 2022 will be the development of the project portfolio and the inclusion of additional partners from across the supply chain.

Supporting Uptake of RSPO Certification in Latin America: Mexico. Prior to 2020, there was no RSPO certified palm oil domestically available in Mexico and PepsiCo supported the first RSPO certification in Mexico in collaboration with Proforest and Femexpalma. The RSPO Principles & Criteria's (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, with the support of Proforest, so they can provide advice and support to its members through capacity building. PepsiCo has also supported the development of local expertise in sustainability – and helped drive a demand for that expertise.

Early on, baseline diagnostics were conducted against the RSPO P&Cs for 8 Femexpalma members, representing 22,000+ hectares and 90,000+ tons of crude palm oil (CPO). These diagnostics identified existing compliance and served as a key step in shaping technical assistance with Mexican mills. This baseline enabled Femexpalma and PepsiCo to focus capacity building on common gaps and demonstrate an improvement of 18% of Femexpalma members in compliance against the RSPO P&Cs in 2019. Femexpalma members increased their level of compliance with RSPO P&Cs from 45% in 2019 to 60% in 2020 – demonstrating positive steps towards certification and a commitment to sustainability. This progress was made possible by conducting diagnostics, developing action plans and supporting technical assistance - which is aligned

with Femexpalma's aim to support members to achieve sustainability goals, including RSPO certification through training and technical assistance.

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.

At the supplier level, PepsiCo engages with Oleofinos, PepsiCo's main supplier in Mexico, 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. In 2022, PepsiCo is supporting the first certification of independent smallholders in Mexico. This will drive the inclusion of smallholders within sustainable supply chains and it is fundamental since approximately 80% of the palm oil in Mexico is produced by smallholders.

Supporting Uptake of RSPO Certification in Latin America: Peru. In March 2022, Grupo Palmas achieved RSPO certification for their main industrial complex. This makes them the first Peruvian company to be RSPO certified and the second biggest supplier of RSPO volumes in Latin America. This success was due to 4 years' commitment to the meeting the requirements for sustainable production, from becoming RSPO member, developing a comprehensive LUCA (Land Use Change Analysis) and the biggest remediation and compensation plan in the RSPO system as of now. It signals that RSPO certification is possible with the right market incentives and responsible buyers supporting this transformational shift to cleaner production. PepsiCo provided support for the process of getting the Peru company certified.

Improving Traceability. PepsiCo worked with 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 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. We have four approved independent third-party providers and are training auditors across the globe to enable progress toward our commitment to completion of traceability verifications.

Self-reported traceability to mill data in 2021 was approximately 97.4% and the traceability of mill data for our suppliers has been 100% 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 Tier I 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 2019. 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. The 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. In 2020, the overall performance improvement on the supplier scorecards against the 2017 baseline was 106% - with a 11% increase from 2019 to 2020. In 2021 the scorecards integrated the IRF scores and this caused a slight drop in the overall scores of suppliers, however the change encourages suppliers to take further actions and use the IRF as reference point for reporting on progress for implementation of NDPE commitments.

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)

Business for Social Responsibility (BSR) Child Protection. In 2019, PepsiCo joined together with other palm oil buyers and producers to launch a program to protect the rights of children living on oil palm plantations. The program ran until the end of 2020 and included the development of a Child Protection and Safeguarding Implementation Manual as well as a series of capacity building workshops to enable suppliers to learn, discuss and implement pragmatic measures to strengthen the rights and protection of children. PepsiCo, together with major companies including Wilmar, Colgate Palmolive, Nestlé, Procter & Gamble and Neste, among others, are working in collaboration with Business for Social Responsibility (BSR) to deliver the program. A detailed implementation manual for child protection is now publicly available and free to access, including pictorial guides and other resources. These efforts have resulted in positive brand and supplier engagements, with a deeper understanding of salient labour issues facing the palm oil sector. With growing support from partner brands, the industry is set to take much needed collective action on addressing impacts on children's rights.

To ensure suppliers are able to understand and implement the manual, and to support development of KPIs that can be used to monitor implementation in future, PepsiCo and others agreed to continue a further phase of implementation beginning in late 2021. This new phase will focus on trialling implementation of the manual with suppliers and further refining of the manual based on feedback from the field, as well as building capacity of selected suppliers and plantations to address and

manage child protection issues. Findings will be shared with key stakeholders and suppliers at the end of this phase in early 2023.

Consumer Goods Forum (CGF) Forest Positive Coalition of Action: PepsiCo is an active member and signatory to the CGF Forest Positive Coalition, which was launched in 2019. The Coalition of Action is committed to leveraging collective action and accelerating systemic efforts to remove deforestation, forest degradation and conversion from key commodity supply chains (palm oil, pulp & paper, soy and beef). The Coalition focuses on systemic change across four key areas including: Supplier and trader engagement; Transparency and accountability; Production landscapes; and Government and stakeholder engagement. They were developed with significant input from both supply chain companies and other stakeholders. PepsiCo is an active member of the Palm Oil Working Group and Co-Chaired the Production Landscape Working Group. The Palm Oil Roadmap was developed by members and stakeholders were consulted throughout the process. In 2021, the Palm Oil Roadmap was published, with all underlying KPIs. PepsiCo's Chief Sustainability Officer, Jim Andrew, shared details of the Coalitions ambitions during a panel session at the 26th Annual United Nations Climate Conference (COP26) in Glasgow. The Palm Oil Roadmap was last updated and published in January 2022. PepsiCo also took an active role in the development and publication of the Monitoring and response framework (MRF) under the Forest Positive Coalition of Action.

Digital library for capacity building. To assist with development of existing and new suppliers PepsiCo has established a digital library of resources. This library houses supporting documents, webinars and other materials that suppliers may find as valuable references to aid in their sustainability journey and in interfacing with PepsiCo. We intend to continue updating this library with new resources and best practices as they are developed.

1.3 If your company has any other publicly-available reports or information regarding its palm oil-related policies and activities, please provide the links here

Palm Oil Disclosure

Palm Oil Progress Report: <https://www.pepsico.com/sustainability/palm-oil>

Policies

Global Policy on Sustainable Palm oil: <https://www.pepsico.com/docs/album/a-z-topics-policies/global-policy-for-sustainable-palm-oil.pdf>

Global Supplier Code of Conduct: https://www.pepsico.com/docs/album/supplier-code-of-conduct/pepsico-global-scoc-final_english.pdf

Global Human Rights Statement: <https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-global-human-rights-and-salient-issues-statement.pdf>

Land Policy: https://www.pepsico.com/docs/album/esg-topics-policies/pepsico_land_policy.pdf

Forestry Stewardship Policy: <https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-forestry-stewardship-policy-1.pdf>

Further information

Direct Suppliers: <https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-global-palm-oil-supplier-list-2021.pdf>

Mill List: <https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-mill-list-2020.pdf>

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

PepsiCo Palm Oil Traceability Protocol: [https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-palm-oil-traceability-protocol-\(1\).pdf](https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-palm-oil-traceability-protocol-(1).pdf)

PepsiCo sourcing of Palm Oil from Indonesia: <https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-palm-oil-indonesia-sourcing.pdf>

Agriculture: <https://www.pepsico.com/esg-topics-a-z/agriculture>

Deforestation: <https://www.pepsico.com/esg-topics-a-z/deforestation>

Human Rights: <https://www.pepsico.com/esg-topics-a-z/human-rights>

Land Rights: <https://www.pepsico.com/esg-topics-a-z/land-rights>

Climate change: <https://www.pepsico.com/esg-topics-a-z/climate-change>

Statement on Modern Slavery and Human Trafficking (2020): https://www.pepsico.com/docs/album/esg-topics-policies/2020-pepsico-modern-slavery-and-human-trafficking-statement.pdf?sfvrsn=8a4f8a76_4

CDP Forests response: https://www.pepsico.com/docs/album/esg-topics-policies/2021-cdp-forest-response.pdf?sfvrsn=b3d58e22_4

CDP Climate change response: [2021-cdp-climate-response.pdf \(pepsico.com\)](https://www.pepsico.com/docs/album/esg-topics-policies/2021-cdp-climate-response.pdf)
