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 the palm oil-related activity(ies) that describe your company or organisation as multiple selections are allowed. ACOP reporting is 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)
- [ ] I represent a palm oil Independent Smallholder farmer Group
- [ ] I own and operate palm oil mills
- [ ] I own and operate 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
- [x] 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.

- [x] 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

All fully owned subsidiaries

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 RSPO-certified (IP, MB, SG and RSPO Credits/Book and Claim) and Non RSPO-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)	396000.00
Total volume of crude palm kernel oil (tonnes)	4000.00
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	400000.00

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	1
North America	1
Malaysia	0
Indonesia	0
China	9
India	19
Latin America	29
Africa	25
Rest of World	16

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	3000.00	0.00	0.00	0.00
Mass Balance (MB)	393000.00	4000.00	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	396000.00	4000.00	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:

100.00%

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.

We have maintained our achievement on uptake of certified oil, using 100% Certified Sustainable Palm Oil (CSPO) of which 99% is physically certified. We have decided to maintain minimum 95% volume as RSPO-Certified sustainable palm oil from physical supply chain options, with the balance of certified palm being made up of Independent Smallholder Credits as part of our efforts to support smallholders. We believe this demonstrates shared responsibility to drive demand for physical certified palm oil while also supporting independent smallholders to avoid unintended exclusion or disadvantages. Further information regarding our approach to sustainable and certified palm oil can be found at: Palm oil (pepsico.com).

Note that in 2024 we sourced trace amounts of palm (<.5% of our volumes) from Europe which rounded to 1% in response to question CG.2.3.

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	1
North America	1
Malaysia	0
Indonesia	0
China	9
India	19
Latin America	29
Africa	25
Rest of World	16

3. TimeBound Plan

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

2015

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.

N/A

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.

2020

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

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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.

2022

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

We have decided to maintain minimum 95% volume as RSPO-Certified sustainable palm oil from physical supply chain options, with the balance of certified palm being made up of Independent Smallholder Credits as part of our efforts to support smallholders. We believe this demonstrates shared responsibility to drive demand for physical certified palm oil while also supporting independent smallholders to avoid unintended exclusion or disadvantages. This year we have achieved 99% physical certified with the balance coming from ISH credits.

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

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

Others

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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
- [x] Support Independent Smallholders (ISH)
- [ ] Contribute to the RSPO Smallholder Trainer Academy
- [ ] Financial contribution to the RSPO Smallholder Support Fund
- [x] Direct investments in Smallholder Certification projects
- [x] Involvement/direct investments in Jurisdictional/Landscape approach
- [x] 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
- [x] 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

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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
- [x] Certification of smallholders
- [ ] Competition with non-RSPO members
- [x] High costs in achieving or adhering to certification
- [x] Human rights issues
- [ ] Insufficient demand for RSPO-certified palm oil
- [ ] Low usage of palm oil
- [x] Reputation of palm oil in the market
- [ ] Reputation of RSPO in the market
- [x] Supply issues
- [x] Traceability issues
- [ ] No challenges faced
- [x] Others

Others

1. Certification of smallholders. PepsiCo strives to support inclusion of palm oil smallholders into sustainable supply chains. However, there are significant challenges around farmer capability, farmer organisation for group certification, cost of certification and demand for ISH credits or links to physical certified supply chains. To address this, amongst other actions PepsiCo:

1a.Plans to purchase ISH credits for up to 5% of global volumes, contributing to sustained and predictable demand for ISH credits. In 2024 we purchased approximately 3,000 ISH credits, equivalent to ~1% of our global palm oil volumes.

1b. Supports the progress of RSPO certification for farmer groups. In 2024 we continued to support the 117 producers certified to date through a variety of means. These smallholders produced 6,305 MT of certified palm in Mexico in 2024, up from 2,800 MT in 2024. We aim to continue to support 160+ smallholders (117 existing farmers with certification plus additional farmers) in 2025 to increase productivity through regenerative agriculture practices.

2. High costs in achieving or adhering to certification. A key challenge, especially for smallholders, is the cost of certification and particularly the cost of certification bodies (CB) to complete the certification. To address this, PepsiCo has supported cost contributions to relevant projects. For example, one of the activities in our Eastern Leuser program is supporting the capacity building of Independent Smallholders in Good Agricultural Practices (GAP). In 2024, the program conducted two training sessions covering 831 smallholders in total. Following the training, trained smallholders and extension service providers are expected to coach others to access the learning platform and gain better knowledge to improve their plantation productivity, which can be an important milestone toward certification.

3. Human rights issues. We recognize that there are significant human rights challenges facing the palm oil industry, including labour and land rights issues and the need to support smallholders and local communities. Our palm oil strategy aims to address these challenges in our own supply chain and the industry more widely. Our vision is to promote 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.

Specific actions include:

3a. Continuing to increase visibility in our supply chain; we disclose a list of our direct suppliers and mills on an annual basis. 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.

3b. Developing, supporting and implementing landscape programs in Indonesia and Mexico

3c. Supporting programs on specific topics of focus. For example, in 2023 we continued to work with a direct supplier and producers on a program led by Business for Social Responsibility (BSR) to develop systems to help protect children living on and around oil palm plantations. The program started in 2019 and included developing 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. In 2023 the program finalised pilot implementation of the manual with plantation companies, and have set out these final recommendations in 2024:

3c1. Commitment and Buy-in from Management of palm producers and plantation companies: Clear communication among relevant units in the company can help integrate improved practices in existing business operation.

3c2. Operationalizing Best Practices Through Training and Continuous Improvement: Regular review of procedures and practices in an effort to ensure continuous improvement and extend best practices across all operations.

3c3. Collaboration and Shared Ownership: collaborate with external organizations or experts to conduct assessments across all facilities, including schools and crèches, in an effort to maintain international standards for child safety and protection

These efforts have resulted in positive brand and supplier engagements, with a deeper understanding of salient labor issues facing the oil palm sector. With growing support from partner brands, the industry is working to take collective action to address impacts on children’s rights.

3d. Participate in and provide financial support for the Coalition for Sustainable Livelihood Labour Working Group (CSL LWG) activities. This multi-stakeholder initiative is aimed at discussing and developing recommendations to improve working conditions and workers’ welfare in the palm oil industry, particularly in Aceh and North Sumatera provinces.

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 that seek to enable coordination for the whole sector.

4. Supply Issues: 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 capacity of smallholder farmers to achieve RSPO certification, through our support for initiatives such as the Holistic Program in Mexico.

5. Reputation of palm oil in the market. There continues to be a negative public perception of palm oil in some markets. PepsiCo proactively advocates for RSPO sustainably produced palm oil by working to increase the production and supply of sustainable palm, especially in markets where there is limited supply. Our strategy also seeks to support sector-wide transformation of the palm oil industry by understanding the root causes of reputation issues, which we do via collective action projects in Indonesia and Mexico.

6.Traceability Issues. Another challenge is traceability of the supply chain to ensure that the palm oil we buy is produced in line with our policies and RSPO certification requirements. PepsiCo has implemented data systems and processes that allow us to identify the mills in our supply chain. We worked with external partners to develop a Palm Oil Traceability Protocol that describes the traceability reporting requirements for suppliers and verification of this data. Through this Protocol, PepsiCo requires its suppliers to report biannually on all palm oil mills from which palm oil is sourced, including the name and GPS coordinates of the palm oil mills, parent company, certification status and traceability percentage. We implemented a training program on how to use the Protocol and established a traceability helpdesk to provide suppliers with on-going assistance. We have also supported efforts to improve traceability management on the ground via our landscape programs in Aceh and Riau in Indonesia.

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?

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

Others

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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

https://www.pepsico.com/our-impact/esg-topics-a-z/palm-oil