

## Particulars

### About Your Organisation

#### 1.1 Name of your organisation

PepsiCo

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

- Palm Oil Grower
- Processor and/or Trader
- Consumer Goods Manufacturer
- Retailer
- Bank and/or Investor
- Social and/or Development NGO
- Environmental and/or Conservation NGO
- Affiliate

#### 1.3 Membership number

4-0041-09-000-00

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#### 1.4 Membership category

Consumer Goods Manufacturers

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#### 1.5 Membership sector

Ordinary

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## Consumer Goods 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 - Palm Oil and Certified Sustainable Palm Oil Consumption - is a mandatory declaration in your ACOP. This includes volume data on palm oil and palm oil products consumed, to enable the RSPO to accurately calculate uptake on a member, sector and total level. ACOP reports without reported volume data will be considered incomplete and will not be accepted.*

2.1 Please list down all operations and subsidiaries using palm oil 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?

Applies globally

2.2.5 Total volume of all palm oil and palm oil products (palm-content only) used in your company's own-brand products and in products produced by your company for third-party brands in the year:

Description	Tonnes
Total volume of crude/refined palm oil (tonnes)	483716
Total volume of crude/refined palm kernel oil (tonnes)	2040
Total volume of palm kernel expeller (tonnes)	0
Total volume of palm oil/palm kernel oil derivatives and fractions (tonnes)	0
Total	485756

**2.2.6 Please estimate the percentage of derivatives and fractions (reported in Question CG.2.2.4) 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	80
Palm kernel oil-based derivatives and fractions	20

**2.3 Volume of RSPO-certified palm oil and palm oil products used in your company's own brand products and in products produced by your company for third-party brands in the year (tonnes):**

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	75032	0	0	0
RSPO Credits from Independent Smallholder	12177	0	0	0
Mass Balance (MB)	396507	2040	0	0
Segregated (SG)	0	0	0	0
Identity Preserved (IP)	0	0	0	0
Total	483716	2040	0	0

**2.3.1 Please estimate the percentage of RSPO-certified derivatives and fractions (reported in Question CG.2.3) 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 derivatives.**

Description	Percentage
Certified Palm oil-based derivatives and fractions	80
Certified Palm kernel oil-based derivatives and fractions	20

**2.4 According to the volume information you have provided in Question 2.2 and Question 2.3, your company's certified palm oil and palm oil products uptake is:**

100.00%

**2.4.1 If your company has not reached 100% usage of sustainable palm oil through the four supply chain models (RSPO Credits, MB, SG or IP), do you have any plans to cover the gap using RSPO Credits?**

Yes

2.5 Please estimate the regional distribution of your company's RSPO certified palm oil and palm oil-products usage (as declared in Question CG.2.3) in the following countries/regions:

<b>Countries/Regions</b>	<b>Percentage</b>
Europe	19
North America	2
Malaysia	0
Indonesia	0
China	12
India	0
Latin America	46
Africa	0
Rest of World	21

### 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 for CG.3.2 has not been met, please explain why.**

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**3.3 Which year did your company begin (or expects to begin) using 100% 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 for CG.3.3 has not been met, please explain why.**

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**3.4 Which year did your company begin (or expects to begin) using 100% 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 for CG.3.4 has not been met, please explain why.**

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**3.5 If the TimeBound Plan commitments declared above do not cover all countries in which the member operates, please explain why**

Applies globally

#### 4. Trademark Use

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

No

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##### 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

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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)

Since 2017, 100% of our direct suppliers have been RSPO members. In 2019, we achieved 82% RSPO physically certified sustainable palm oil and our goal is to reach 100% RSPO physically certified sustainable palm oil by the end of 2020. The No-deforestation, No-peat and No-exploitation (NDPE) Implementation Reporting Framework, known as NDPE IRF, is a reporting tool designed to help companies to systematically understand and track progress in delivering NDPE commitments in their palm oil supply chains. Having a consistent framework for reporting on these activities allows individual companies and the industry collectively to understand what is required to deliver NDPE commitments, monitor progress, identify gaps, and drive improvement. Will continue to support the global roll-out of the NDPE IRF implementation in 2020, including through a regional training held in Campeche, Mexico during a side-event at the RSPO LATAM 2020 conference. The framework recognises that RSPO certification is the strongest guarantee of delivery, and encourages and supports certification, but additionally allows companies to report on volumes that are at different stages of progressing towards delivery, where certification has not yet been achieved. We are committed to ensuring smallholder inclusion in our supply chain and the RSPO Smallholder Standard helps to increase accessibility, by supporting and simplifying the path to RSPO certification. We have and will continue to support the RSPO Smallholder certification scheme and look forward to positive impact from the new Principles and Criteria (P&C's). In addition to supporting the pilot Smallholder Program in Mexico, PepsiCo will seek to continue to support independent smallholders through the purchasing of smallholder credits. PepsiCo is a member of the RSPO's No Deforestation Task Force and the Shared Responsibility Task Force. On 31 October 2019, the RSPO's Board of Governors approved landmark rules calling for "Shared Responsibility," and for all members of the organisation to do their part to "Mobilize, Act and Transform" to fulfil RSPO's mission. PepsiCo will continue to represent consumer goods manufacturers on the Shared Responsibility Working Group in 2020. In February 2020, PepsiCo updated its Global Sustainable Palm Oil Policy to reflect internal learnings from our approach, feedback from suppliers and engagement with civil society. The updates strengthen our commitment to delivering an NDPE palm oil supply chain and work in collaboration with others to tackle systemic challenges across the palm oil industry. PepsiCo will continue to support Femexpalma (Federation of Mexican palm oil producers and processors) to implement sustainability across the palm growing regions in Mexico and further promote RSPO by providing technical support and capacity building and continue to champion the cause where RSPO certified palm oil is not yet available.

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## 6. Shared Responsibility

*The Board of Governors of the Roundtable on Sustainable Palm Oil (RSPO) approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility indicators will be done through several channels, including ACOP. As the implementation of Shared Responsibility reporting is still on-going and in development, the Shared Responsibility section in ACOP is not yet final and may change in future ACOP cycles. For more information on Shared Responsibility, please go to <https://rspo.org/news-and-events/news/what-are-the-new-shared-responsibility-rules> or email the ACOP team at [acop@rspo.org](mailto:acop@rspo.org)*

### Labour & Labour Rights

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

Yes

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##### 6.1.1 Does the policy cover:

- No discrimination
- Wage and working conditions
- Freedom of association
- No child labour
- No harassment
- No forced or trafficked labour

#### 6.1.2 Has your company previously uploaded or linked its Labour & Labour Rights policy in previous ACOP reporting cycles?

Yes

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### Ethical Conduct & Human Rights

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

Yes

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##### 6.2.1 Does the policy cover:

- Recruitment
- Contractors
- Sub-Contractors & Third-Party Contractors

#### 6.2.2 Has your company previously uploaded or linked its Ethical Conduct & Human Rights policy in previous ACOP reporting cycles?

Yes

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### Land Use

#### 6.3 Does your company have a publicly-available Policy covering Land Use?

Yes

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##### 6.3.1 Does the policy cover:

- Free Prior and Informed Consent (FPIC)
- Compensation

#### 6.3.2 Has your company previously uploaded or linked its Land Use policy in previous ACOP reporting cycles?

Yes

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**Occupational Health & Safety****6.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?**

Yes

**6.4.1 Has your company previously uploaded or linked its Occupational Health & Safety policy in previous ACOP reporting cycles?**

Yes

**Climate Change & Greenhouse Gas (GHG)****6.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?**

Yes

**6.5.1 Does the policy cover:**

- Identification and assessment of GHG
- Public reporting of GHG footprint
- Monitored implementation plan to reduce or minimise GHG emissions

**6.5.2 Has your company previously uploaded or linked its Climate Change & Greenhouse Gas policy or report in previous ACOP reporting cycles?**

Yes

**Complaints & Grievances****6.6 Does your company have a Complaints & Grievances Mechanism?**

Yes

**6.6.1 Is your Complaints & Grievances mechanism in line with the RSPO's grievance mechanism? For details of the RSPO's grievance mechanism, please go to <https://askrspo.force.com/Complaint/s/>**

Yes

**Smallholders****6.7 Does your company support oil palm independent smallholder groups?**

Yes

**6.7.1 Does this support cover:**

- Fair and transparent dealings with Smallholders
- Improved Smallholder livelihoods

### 6.7.2 How is your company supporting them?

Smallholder engagement and participation in the shift to sustainable palm oil is critically important and requires industry-wide initiatives and collaboration, especially in the largest and most fragmented production markets. We are committed to supporting the inclusion of smallholders in our supply chain and work with our suppliers to ensure that PepsiCo's palm oil policies are implemented in a way that supports them, and this includes a specific policy commitment to support the inclusion of smallholders into sustainable supply chains. As part of this commitment, PepsiCo is investing in landscape initiatives that support conservation, community development, smallholder inclusion and responsible production practices. In 2019, we continued to coordinate our efforts in this area with other companies as well as through working with civil society organizations and government. PepsiCo is supporting landscape programs in Indonesia and continuing its support in Mexico. In Indonesia, our landscape programs specifically include efforts to support smallholder livelihoods and production. For example, in Aceh PepsiCo has developed a project with local plantation and mill companies, NGOs and others to support at least 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 will support up to 10 villages in a similar manner. With regards to market support, in 2019 PepsiCo purchased 12,177 independent smallholder credits and 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. This culminated in a workshop that brought together more than 130 representatives from across government, private sector, financial institutions and civil society to align and define the path forward. Among other outcomes, participants agreed on the need to strengthen farmer livelihoods, build solutions with government and develop impact programs that can achieve scale. In 2019, the Coalition will work on developing solutions to systemic challenges such as smallholder legality while also moving to implementation of programs on the ground. In 2019, 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. The working groups were successfully conducted from August to October 2019 with a total of 14 meetings and over 90 participants from across government, private sector, and civil society. 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. Siak –Pelalawan landscape program (Riau, Indonesia). In Indonesia, PepsiCo is one of seven companies that are working together on a landscape program for sustainable palm oil in the districts of Siak and Pelalawan. The goal of the program is to create sustainable landscapes across both districts, which will produce deforestation-free and exploitation-free palm oil and maintain or enhance key conservation areas. This will build upon existing local efforts and multi-stakeholder platforms to advance a shared vision of sustainable, inclusive palm oil production models. 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 will focus on final definition of the partnership as well as implementing activities within the workplan including support to local communities, engagement of Mills, improving traceability and coordination of deforestation monitoring. Oxfam FAIR partnership. In February 2018, PepsiCo committed to participate in Oxfam's FAIR Company-Community Partnerships project in Indonesia. The project promotes a model for sustainable palm oil that benefits women, smallholder farmers, local communities, the environment, and participating companies. FAIR Company-Community Partnerships address sustainability, human rights, and economic development issues holistically through a multi-stakeholder, inclusive, and landscape-based approach. PepsiCo is contributing funds for the project and contributes relevant business perspective to the initiative as well as sharing the lessons in its own supply chains and with its sector peers. Initial scoping and development had begun in Riau, Sumatra. However, in late 2018 during Oxfam's regular renegotiation with the host Government of Indonesia, Oxfam had to reconsider its geographical and thematic focus. Oxfam needed to explore possibilities for relocating the project location to Sulawesi. Building on continued interest from PepsiCo and following the geographic priorities as directed by the Indonesian government, Oxfam has redirected its focus to local economic development needs in Sulawesi. Taking this into account, progress achieved in 2019 includes: Developing relevant contacts and relationships with stakeholders in Sulawesi, including local government and local civil society; Commissioning and completing a scoping study in two prioritized regencies in Central and South-East Sulawesi: Morowali and Konawe; Developing a revised plan for the initial phase of the project (co-creation and prioritization) In 2020 the project is expected to begin implementation in the new location. Un Mexico palmero sustentable. In Mexico, PepsiCo supported Oleopalma's successful application to the RSPO Smallholders Support Fund, committing to match funding of the RSPO contribution 1:1, leveraging important resources to the benefit of smallholders. On February 8, 2018, PepsiCo announced this three-year program to train and support 157 Mexican smallholder palm oil producers in adopting sustainable palm oil cultivation practices that can help maximize economic benefits while also protecting the environment. The program is expected to benefit more than 2,200 people and their communities over a three-year period. The objective of the program is for Mexican smallholders to achieve the RSPO independent group certification while contributing to their livelihoods and ensuring the sustainable supply of certified palm oil and in addition, to serve as a model of sustainable development for the palm oil industry in Mexico. The program is supported by the 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. To help drive scale and expand the existing capacity building component of the Smallholders Program, nine demo farms were launched in 2019 with over 200 participants from the surrounding communities. Of the almost 7,000 oil palm producers in Mexico, nearly 95% of palm oil groves are less than 30 hectares and represents approximately 85% of national fruit production. Inclusion of smallholders is fundamental to meet a growing domestic demand for palm oil through sustainable intensification and to improve livelihood opportunities. The productivity rates of smallholders in Mexico are among the lowest globally and have the potential to double. The demo farms enable the demonstration of good sustainable agricultural practices, including nutrient management, productivity, quality and improving livelihoods. Recognizing the criticality of mill support in smallholders reaching RSPO certification, PepsiCo sponsored a week-long workshop, in collaboration with Proforest and Femexpalma, for mills, associations and producers to learn more about how to implement the RSPO Smallholder certification. The topics covered in the workshop included development of internal control systems and monitoring systems, evaluation of risks, and high conservation values (HCVs). This course was part of a larger initiative to strengthen the technical capacity of the Mexican palm oil sector by hosting a series of 5 training events on RSPO licensed and endorsed courses on sustainability topics.

6.7.3 Do you have any future plans to support palm independent smallholders? PepsiCo will continue to build on the work we are undertaking in Mexico and South East Asia to support smallholders. Smallholder inclusion is an important component of

PepsiCo's Palm Oil Policy. In 2020, we will: Seek to continue to support smallholder programs in Indonesia and Mexico. Seek opportunities to continue to support independent smallholders through the purchase of smallholder credits. Smallholder credits are an effective way to support independent smallholders that 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. For example, in Aceh Tamiang PepsiCo is developing 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. Continue to support the Coalition for Sustainable Livelihoods. PepsiCo has ambition 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 Programme, PepsiCo is working with other stakeholders to ensure smallholders are supported under that program. Support the sharing of knowledge with growers and workers in Mexico through demo farm days, which will be held in two different locations in the region. 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 of up to 30% for smallholders in the region.

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## 7. Challenges

### 7.1 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 policies. We work to ensure compliance with our environmental and human rights policies across our large and complex supply chain and we know that -working with others helps to drive change. We recognize that there are significant environmental and human rights challenges facing the palm oil industry, including forest and peatland conversion, labour practices, the prevalence of smallholder farmers and potential exploitation of local communities. In 2015, we published a detailed set of palm oil commitments, including commitments to source 100% RSPO certified sustainable palm oil, trace our entire supply chain and engage with stakeholders, among other actions by the end of 2020. As we have unlocked our supply chain through our mill-level traceability effort, we increased our transparency efforts in 2019 by disclosing a complete list of our direct suppliers and mills. Self-reported traceability to mill data in 2019 was approximately 97%, which was 100% independently verified for 2019. This disclosure leveraged our ongoing work on traceability, and we have welcomed the trend for greater transparency around our supply chain, which plays a critical role in helping to address deforestation and human rights challenges. Greater collaboration and transparency from all supply chain actors is required and represents a significant opportunity to drive change. Because the issues in the palm oil industry are systemic and widespread, the solutions that drive improvement at scale require pre-competitive collaboration and investment by end users, intermediaries, producers, civil society, investors and government. This requires a significant level of coordination and support through organizational platforms. The RSPO is very helpful in this regard, though more organizational platforms are needed to foster sustained and wide-spread collaboration. We continue to evaluate and participate in a number of positive impact programs that bring industry supply chain actors together. Our consideration of these programs is guided in part by a risk assessment process that identifies geographic areas within our supply chain that are at high risk of policy non-conformance. Contrary to reports of a surplus of RSPO certified palm oil, physically certified supply is limited or non-existent in some regions in which we source, including some markets in the Americas. To address this problem, PepsiCo seeks to build certification capacity, which is why we are implementing a holistic program for sustainable palm oil in Mexico. 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 quarterly on all palm oil mills from which palm oil is sourced. As required by the Traceability Protocol, the name of the palm oil mills, GPS coordinates of the mills and traceability percentage need to be reported. A training program on how to use the protocol was implemented for suppliers. We also established a traceability helpdesk with Peterson to provide suppliers with on-going assistance. With this significant level of effort, we have established mill-level traceability accounting for approximately 97% of our source volume, and PepsiCo has published its 2019 mill list. Achieving the 100% traceability target will be challenging given the complexity of the supply and the availability of data from direct suppliers in some of our markets. Based on our evaluation of the quality of the data received to date, we 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 2020 have undergone verification or have scheduled this in 2020. 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 31 suppliers, which represents approximately 41% of our volume reported traceability to plantation. 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, 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, including Femexpalma and the technical teams at Mexico's 17 mills, would provide further support in helping to address these challenges. 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. Public perception of palm oil. There continues to be a negative public perception of palm oil and PepsiCo proactively advocates for sustainable produced palm oil at conferences and promotes to increase the production and supply of sustainable palm, especially in markets where there is limited supply.

## 7.2 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?

- Engagement with business partners or consumers on the use of CSPO
- Engagement with government agencies
- 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

Shared Responsibility Task Force. PepsiCo is an active member of the Shared Responsibility Task Force and on 31 October 2019, the RSPO's Board of Governors approved landmark rules calling for "Shared Responsibility," and for all members of the organisation to do their part to "Mobilize, Act and Transform" to fulfil RSPO's mission. PepsiCo will continue to represent consumer goods manufacturers on the Shared Responsibility Working Group in 2020. Delivery of 100% RSPO certified sustainable palm oil as part of our strategy. PepsiCo aims 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 four mechanisms: 1) risk management, 2) supplier engagement, 3) positive impact, and 4) transparency and stakeholder engagement. Details of our actions and progress are available in our fourth annual Progress Report. Given the impacts associated with some palm oil cultivation, we understand that stakeholders want PepsiCo to move as fast as possible, which is why we have developed a dedicated, cross-functional, global team with deep expertise to execute our strategy and accelerate progress toward achieving our commitments. We meet directly with stakeholders on palm oil on a frequent basis and welcome the opportunity to listen to their concerns, receive input and advice about our programs, and explain our approach to support the development of a sustainable palm industry. We are open to engaging with any organization that is willing to work constructively with us. Purchase of RSPO credits. In 2019, PepsiCo sourced 82% RSPO physically certified, 15% RSPO credits and in addition 3% independent smallholder credits to reach 100%. No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF). 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. Since 2017, PepsiCo has been convening the 'Palm Oil Collaboration Group' to pre-competitively discuss key sustainability issues and challenges in the palm oil space. Through this, we have been an important leader in creating 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. One of the key achievements of PepsiCo and the group is the development and roll out of the No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF), an industry-wide tool that allows companies to report on the oil that delivers on commitments or is on its way to delivery. The framework recognises that RSPO certification is the strongest guarantee of delivery, and encourages and supports certification, but additionally allows companies to report on volumes that are at different stages of progressing towards delivery, where certification has not yet been achieved. This work has been spearheaded by PepsiCo, as we believe that a shared framework for reporting will allow a common methodology to identify gaps and collaborate to drive progress. The work has developed in the following stages: Ahead of the RSPO's 2018 (RT) meetings in Paris, PepsiCo convened a group of companies and other stakeholders with the aim of collaborating pre-competitively to develop an approach to monitoring and reporting on progress against delivering 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. At the RSPO RT in Kota Kinabalu in November 2018, PepsiCo and Cargill convened a session to present the results of Phase 1 (completed between June and December 2018), including pilot studies carried out by companies throughout the supply chain. The concept was also further refined, including reviewing the number of categories included in the Volume Profile, and revising the criteria for allocating volumes to categories. One of the outcomes of Phase 1 was agreement that mills be allocated to a category by a refinery or other first aggregator. The methodology will therefore focus on supporting refineries and aggregators to do this allocation and pass the profiles down the supply chain. In Utrecht in 2019, PepsiCo and Cargill hosted a meeting where the companies agreed to move forward with the NDPE IRF as a tool to comprehensively report on progress across the supply base. Tools and guidance were developed on the allocation process and developing guidance on creating and communicating Volume Profiles. As we wrap up 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. More 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/>. Supporting Uptake of RSPO Certification in Mexico. Prior to 2020, there was no RSPO certified palm oil domestically available in Mexico. RSPO P&C's provided us with the framework for a capacity-building program in Mexico, where we built a partnership that involves the entire supply chain. At the federal level, we are working with Femexpalma to consolidate its role in representing and supporting the sustainability of the palm oil sector. This involves strengthening the expertise of the team, so they can provide expert advice and support to its members through capacity building. PepsiCo has also supported the development of local expertise in sustainability – and helped drive a demand for that expertise. Baseline diagnostics were conducted against the RSPO Principles and Criteria for 8 Femexpalma members, representing 22,000+ hectares and 90,000+ tonnes of crude palm oil (CPO). These diagnostics have identified existing compliance against RSPO Principles & Criteria and serve as a key step in shaping technical assistance with Mexican mills. 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. 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, PepsiCo supported Femexpalma and Proforest in implementing a series of 5 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. These courses reached over 100 attendees, including producers and staff from mills and refineries, and included 17 days of training. First RSPO certified mill in Mexico. At the supplier level, PepsiCo engages with Oleofinos, PepsiCo's main supplier, 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 will organize a webinar for Oleopalma to share lessons learned on the certification process with the wider industry.



Scaling the partnership. In 2019, Nestlé joined the program in Mexico to help to drive the holistic program to scale and this partnership seeks to serve as a model for sustainable development for the palm industry in Mexico by demonstrating impact.

Improving Traceability. With respect to traceability of our palm oil supply chain, 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. This year we approved four independent third-party providers and trained 27 auditors across the globe to enable progress toward our commitment to completion of traceability verifications. Self-reported traceability to mill data in 2019 was 97% and the traceability of mill data for our suppliers in 2020 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. The overall performance improvement on the supplier scorecards against the 2017 baseline was 61%.  
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 will run until the end of 2020 and includes 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. 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. The collaboration is part of an ongoing series of workshops, conducted by Wilmar in 2017 and 2018, for suppliers to improve working conditions and livelihoods of plantation workers. 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 set to take much needed collective action on addressing impacts on children's rights.

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

Global palm reporting PepsiCo Palm Oil ESG Information: <https://www.pepsico.com/sustainability/palm-oil> Global Policy on Sustainable Palm oil: [https://www.pepsico.com/docs/album/a-z-topics-policies/global-policy-for-sustainable-palm-oil.pdf?sfvrsn=fffec838\\_6](https://www.pepsico.com/docs/album/a-z-topics-policies/global-policy-for-sustainable-palm-oil.pdf?sfvrsn=fffec838_6) Palm Progress Report (2018): [https://www.pepsico.com/docs/album/esg-topics-policies/palm-oil-progress-report-2018.pdf?sfvrsn=69379f0c\\_2](https://www.pepsico.com/docs/album/esg-topics-policies/palm-oil-progress-report-2018.pdf?sfvrsn=69379f0c_2) Palm Progress Report (2017): [https://www.pepsico.com/docs/album/a-z-topics-policies/palm-oil-progress-report-2017.pdf?sfvrsn=5608d226\\_4](https://www.pepsico.com/docs/album/a-z-topics-policies/palm-oil-progress-report-2017.pdf?sfvrsn=5608d226_4) Labour rights policy Global Policy on Sustainable Palm oil: [https://www.pepsico.com/docs/album/a-z-topics-policies/global-policy-for-sustainable-palm-oil.pdf?sfvrsn=fffec838\\_6](https://www.pepsico.com/docs/album/a-z-topics-policies/global-policy-for-sustainable-palm-oil.pdf?sfvrsn=fffec838_6) Supplier Code of Conduct: [https://www.pepsico.com/docs/album/supplier-code-of-conduct/pepsico-global-scoc-final\\_english.pdf](https://www.pepsico.com/docs/album/supplier-code-of-conduct/pepsico-global-scoc-final_english.pdf) Global Human Rights Statement (2017): <https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-global-human-rights-and-salient-issues-statement.pdf> Statement on Modern Slavery and Human Trafficking (2018): [https://www.pepsico.com/docs/album/esg-topics-policies/2018-pepsico-modern-slavery-and-human-trafficking-statement.pdf?sfvrsn=b67d3d78\\_8](https://www.pepsico.com/docs/album/esg-topics-policies/2018-pepsico-modern-slavery-and-human-trafficking-statement.pdf?sfvrsn=b67d3d78_8) Ethical Conduct and Human Rights Global Human Rights Statement (2017): [https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-global-human-rights-and-salient-issues-statement.pdf?sfvrsn=9d5f20c8\\_4](https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-global-human-rights-and-salient-issues-statement.pdf?sfvrsn=9d5f20c8_4) Land use policy Land Rights: [https://www.pepsico.com/docs/album/a-z-topics-policies/land-rights.pdf?sfvrsn=9b4db153\\_4](https://www.pepsico.com/docs/album/a-z-topics-policies/land-rights.pdf?sfvrsn=9b4db153_4) Land Policy: [https://www.pepsico.com/docs/album/esg-topics-policies/pepsico\\_land\\_policy.pdf](https://www.pepsico.com/docs/album/esg-topics-policies/pepsico_land_policy.pdf) Occupational Health and Safety Global Policy on Sustainable Palm Oil: <https://www.pepsico.com/docs/album/esg-topics-policies/global-policy-for-sustainable-palm-oil.pdf> PepsiCo Statement on Salient Human Rights: [https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-global-human-rights-and-salient-issues-statement.pdf?sfvrsn=9d5f20c8\\_8](https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-global-human-rights-and-salient-issues-statement.pdf?sfvrsn=9d5f20c8_8) Supplier Code of Conduct: [https://www.pepsico.com/docs/album/supplier-code-of-conduct/pepsico-global-scoc-final\\_english.pdf](https://www.pepsico.com/docs/album/supplier-code-of-conduct/pepsico-global-scoc-final_english.pdf) Climate change and GHGs Policy: [https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-sustainable-agriculture-policy.pdf?sfvrsn=201f5573\\_6](https://www.pepsico.com/docs/album/a-z-topics-policies/pepsico-sustainable-agriculture-policy.pdf?sfvrsn=201f5573_6) Climate change: <https://www.pepsico.com/sustainability/climate-change> CDP Report 2019: [https://www.pepsico.com/docs/album/esg-topics-policies/2019-cdp-climate-response.pdf?sfvrsn=feb57a1a\\_4](https://www.pepsico.com/docs/album/esg-topics-policies/2019-cdp-climate-response.pdf?sfvrsn=feb57a1a_4) Complaints and grievance mechanism Grievance Mechanism: [https://www.pepsico.com/docs/album/esg-topics-policies/agricultural-supply-chain-grievance-mechanism-summary.pdf?sfvrsn=8d8bccf3\\_6](https://www.pepsico.com/docs/album/esg-topics-policies/agricultural-supply-chain-grievance-mechanism-summary.pdf?sfvrsn=8d8bccf3_6)