

PepsiCo Stewardship of Forests and Natural Ecosystems Policy

Updated June 2023

Our Aspirations Regarding Forest and other Natural Ecosystem Stewardship

Agriculture is core to PepsiCo's business, and we recognize that our supply chain is linked to the health and sustainability of the world's forests and other natural ecosystems. PepsiCo is committed to doing business the right way and strives to realize deforestation-free sourcing in our company-owned and -operated activities and global supply chains by 2025 and conversion-free sourcing by 2030. We recognize that PepsiCo has the opportunity to ensure that we and our suppliers operate in accordance with applicable legal requirements and practice responsible forest and natural ecosystem stewardship.

PepsiCo's most significant influence on forests and other natural ecosystems is through its sourcing of paper and wood-based products and raw agricultural materials. As we strive for deforestation- and conversion-free business operations and supply chains, PepsiCo will continue to source from suppliers that adhere to the following principles:

- Compliance with applicable legal requirements of each country in which we operate and from which we source.
- Per AFI¹ guidance, no conversion of forest or other natural ecosystems as from the earlier of existing sector-wide cutoff dates or December 2020. Tools that should be used where applicable to find areas not to be converted include:
 - High Carbon Stock Approach (HCS) toolkit².
 - High Conservation Value (HCV) Areas, including HCV Forests³ and intact forest landscapes.
- No new conversion of any Peatlands and the use of best management practices for existing operations on Peatlands.
- Compliance with our [Land Use Policy](#).

Additionally, PepsiCo will source from suppliers that strive to:

- Use sustainable forest and natural ecosystem management practices in lands they own, lease, or manage to provide fiber, timber, and other ingredients.
- Implement sustainable and regenerative agriculture practices, support resilient livelihoods and communities, and support landscape approaches that enable sustainable agriculture production and thriving natural ecosystems to co-exist.
- Preserve biodiversity and cultural values and optimize the social, environmental, and economic benefits of managed forests and other natural ecosystems.
- Ensure that this PepsiCo Stewardship of Forests and Natural Ecosystems Policy is implemented in a way that supports the inclusion of smallholders in their supply chains.

Our Grievance Management Process

We recognize that our policies may not prevent all adverse impacts in our value chain, and we aim to help provide and/or enable effective remedy wherever possible. To facilitate this process, we have established a variety of mechanisms that allow our employees, stakeholders, and other

¹ Accountability Framework initiative guide to aligning corporate targets: https://accountability-framework.org/fileadmin/user_upload/AFI-LUC-and-Emissions-Guidance-09_2022.pdf

² PepsiCo recognizes HCS as defined by the HCSA Toolkit: <https://highcarbonstock.org/toolkit/>

³ High Conservation Value Areas as defined by the Common Guidance on Identification of HCVs available at: <https://www.hcvnetwork.org/hcv-approach>

potentially affected individuals to raise grievances and seek remedy. If any stakeholder believes that PepsiCo or one of our suppliers or partners has breached our policies or local law, they should raise a complaint through one of our available grievance channels:

- Our [Speak Up! Hotline](#) is a toll-free ethics hotline operated by an independent third party that provides PepsiCo stakeholders with a 24/7, anonymous and confidential means of reporting suspected violations.
- Our [Agricultural Grievance Mechanism](#) is open to anyone who has a concern that our policies and expectations are not being met in our agricultural supply chain.