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**2022 PepsiCo Annual Public  
Reporting on the Roadmap  
KPIs: Palm oil, Soy, PPP**

## INTRODUCTION

PepsiCo is a founding member of the Forest Positive Coalition of Action (FPC or Coalition) launched by the Consumer Goods Forum (CGF). The Coalition consists of 21 global consumer goods brands, retailers and manufacturers that will work together and use their collective voice to accelerate systemic efforts to remove deforestation, forest degradation and conversion from the key commodity supply chains of palm oil, soy, and paper, pulp and fiber-based packaging, and drive transformative change across the industry. To accelerate progress, PepsiCo became an original signatory to the Coalition. The previous strategy was rooted in remediating individual company supply chains often through certification. Going forward, the Coalition will focus on systemic change underpinned by two pillars of action – supply chain management and integrated land use approach – developed with significant input from both supply chain companies and other stakeholders.

The Coalition will:

- Accelerate efforts to remove commodity-driven deforestation from our individual supply chains;
- Set higher expectations for traders to act across their entire supply base;
- Drive transformational change in key commodity landscapes; and
- Define measurable outcomes (Key Performance Indicators, KPIs) on which all members agree to track and report individually and collectively.

The Coalition has published road maps for palm oil, pulp and paper and soy and issued its first two annual progress reports for 2020 and 2021.

The information contained in this report serves to cover PepsiCo's company reporting for the 2022 CGF FPC annual reporting.

## POLICIES AND GOALS

PepsiCo is focused on realizing zero deforestation in our company-owned and -operated activities and global supply chains, including fiber supply chains, from direct supplier to source of production.

All of our direct suppliers are required to adhere to the following principles as part of our [Stewardship of Forests and Natural Ecosystems Policy](#); our Global Policy on Sustainable Packaging (2021) and our [Global Policy on Sustainable Palm Oil](#), which includes:

- Compliance with applicable legal and regulatory requirements.
- Per AFi 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) toolkit
  - High Conservation Value (HCV) Areas, including HCV Forests 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 Rights Policy](#)

PepsiCo's forest positive policies and goals apply to our fiber supply chains; we seek to source wood fibers for packaging that originate from certified, well-managed forests/plantations and do not involve controversial sources. We aim to optimize the use of post-consumer recycled fibers in our packaging materials wherever feasible. For virgin fiber, PepsiCo is striving to achieve 100% sustainably certified fiber for our company owned packaging by 2025. We seek Forest Stewardship Council (FSC) Forest Management and Chain of Custody certification but accept product certified under national schemes approved by the Program for the Endorsement of Forest Certification (PEFC) where it provides equivalent assurance and/or there is not enough FSC-certified product available to meet our needs.

We provide further details of our progress toward transparency in relevant supply chains and toward zero net deforestation in our [CDP Forests submission](#), for which we received an A- score in palm oil and B in timber in 2021.

Secure land rights are a vital component of economic prosperity, sustainable food production, and the responsible management of natural resources, and therefore a Forest Positive approach. Since 2014, PepsiCo has been working with suppliers, civil society, and industry peers to implement our [Land Rights Policy](#). Specifically, we are committed to:

- Fair and legal negotiations for land transfers and acquisitions,
- Zero tolerance for land displacements of any peoples that are not conducted in accordance with IFC Performance Standards, including Free, Prior and Informed Consent (FPIC)
- Respecting the rights defined in the UN Declaration on the Rights of Indigenous Peoples, and
- The use of appropriate grievance mechanisms, such as the PepsiCo Speak Up! Hotline and the PepsiCo Grievance Mechanism for our Agricultural Supply Chain, for resolving potential disputes.

To support our [Land Rights Policy](#), our goals are embedded in our sustainability work including:

- [PepsiCo Supplier Code of Conduct](#), which restates our requirement that all land acquisitions by our suppliers (including leasing and utilization) meet IFC Performance Standards, including FPIC;
- [PepsiCo Human Rights and Salient Issues Statement](#), which identifies land rights as one of our salient human right issues, meaning that we are putting additional effort and resources into managing land rights beyond our standard due diligence and other human rights tools; and
- Through our contribution to developing external standards and criteria that align requirements on land rights with our policy and credible global standards. These include the IFC Performance Standards and the UN FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests in the Context of National Food Security (UN FAO Guidelines). Specific examples include development of the NDPE Implementation Reporting Framework (IRF) for commodities such as palm oil and review of the standards of certification schemes such as Bonsucro and RSPO.

## TIME BOUND ACTION PLANS

- Our palm oil action plan is described on our [palm oil ESG webpage](#) and in our [Implementation Plan](#) for our Global Policy on Sustainable Palm Oil.
- For all other FPC ingredients, our plans are described on our [Deforestation ESG page](#).

## LANDSCAPE INITIATIVES

PepsiCo is supporting a number of landscape initiatives that work to holistically address sustainable production and natural ecosystem protection and restoration. Our current initiatives are in palm oil sourcing landscapes, and in 2023 we will look to support initiatives in additional FPC ingredient supply chains. The landscape initiatives we currently support are:

- [Siak Pelalawan Landscape Programme](#) (Indonesia)
- We are a founding member of the [Coalition for Sustainable Livelihoods](#), and as part of the Coalition, we support the Production, Protection, Inclusion district initiative in Aceh Tamiang (Indonesia)
- [Sungai Linau Landscape Conservation and Livelihoods Programme](#) (Indonesia)
- [Mexico Holistic Smallholder Program](#) (Mexico)
- [Agrovita Program](#) (Mexico)
- The [Rimba Collective](#), an innovative sustainable finance mechanism to support forest conservation and restoration in palm oil sourcing regions, for which we serve as a Founding Partner (SE Asia).

These initiatives are further described on our [palm oil ESG webpage](#).

## 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 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.

## COMMODITY SPECIFIC REPORTING

### 2022 PALM OIL PROGRESS

Traceability to Mill	97%
Supply Chain Transparency	<p>2022 Mill List: <a href="https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/2022-pepsico-palm-oil-mill-list.pdf">https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/2022-pepsico-palm-oil-mill-list.pdf</a></p> <p>2022 Refinery List: <a href="https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/2022-pepsico-refineries-list.pdf">https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/2022-pepsico-refineries-list.pdf</a></p> <p>2022 Supplier List: <a href="https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/2022-pepsico-global-palm-supplier-list.pdf">https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/2022-pepsico-global-palm-supplier-list.pdf</a></p>
RSPO Certified Volumes	98% RSPO MB, remainder covered by Independent Smallholder Credits
% DCF Volumes	<p>38% Deforestation Free based on IRF Delivering Status</p> <p>43% Peat Free based on IRF Delivering Status</p>
% supply chain progressing towards DCF	<p>41% of suppliers are either IRF Delivering or have submitted an IRF action plan to describe their roadmap to Delivering, representing 45% of volume.</p> <p>We believe that the shortfall is mainly due to a combination of incomplete reporting from suppliers and lack of supplier capacity. PepsiCo will work with all suppliers with the aim to accelerate progress in 2023.</p>
Supplier Engagement on the Forest Positive Approach	<p>We engage 100% of our palm oil suppliers on the Forest Positive approach by means of a scorecard tool. Scorecards provide a means to track and encourage progress of our suppliers towards sustainable palm production. The scorecards engage suppliers on several areas (traceability and verification; certification; policy and implementation; grievance management; and transparency) to highlight areas for improvement for suppliers and ways in which PepsiCo can support them. We can therefore identify more capable partners who are poised to help drive industry-leading actions, as well as suppliers at the other end of the spectrum with which we can focus capability building efforts to improve their foundational programs. More information about our palm oil supplier scorecards can be found on our <a href="#">palm oil ESG webpage</a>.</p>
Grievances	3.8% or 70 mills out of a total of 1856 mills in our 2022 mill list are linked to deforestation or peat grievances which are currently under investigation via our grievance management process.

### 2022 SOYBEAN OIL PROGRESS

Volumes	<p>145,894 MT Soybean Equivalent (Conversion from soybean oil volumes provided by RTRS soy footprint calculator tool to convert 'Refined Oil' to soybean equivalent volumes)</p> <ul style="list-style-type: none"> <li>• Brazil – 70,080</li> <li>• Argentina – 6,141</li> <li>• Chile – 1,816</li> <li>• US – 53,203</li> <li>• Canada – 14,654</li> </ul>
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Traceability to at-risk origins	100% of our volumes are traceable to country of origin, 54% of the volumes originate from at-risk origin countries. Our suppliers in at-risk origins have high traceability to farm and in 2023 we are working to incorporate further supplier insights into our own traceability and DCF verification insights.
Supply Chain Transparency	Our soybean oil originates from Brazil, Argentina, Chile, the United States, and Canada. Our soybean oil suppliers are Bunge, Cargill, ADM, and Ferron Chile.
RTRS Certified Volumes	100% of volumes from at-risk origin countries are RTRS MB certified.
% DCF Volumes	47% of our volume originates from low-risk country origins (US and Canada). The remaining volume comes from Brazil (48%), Chile (1%), and Argentina (4%).
% supply chain progressing towards DCF	We started to engage 100% of our suppliers from non-negligible risk origins to align on evidence to provide in 2023 for DCF volumes. Suppliers from high-risk origins have traceability and DCF monitoring systems in place, and we are working to incorporate these insights into our own traceability and DCF verification processes going forward.
Supplier Engagement on the Forest Positive Approach	We started to engage 100% of our suppliers from non-negligible risk origins to align on evidence to provide in 2023 for DCF volumes. All of our suppliers from Brazil, our highest priority origin for Forest Positive supplier engagement, have traceability and DCF monitoring systems in place. In 2023 the full CGF Forest Positive Approach will be communicated to all suppliers supplying from non-negligible risk origins and Supplier Scorecards will be introduced.

## 2022 PULP AND PAPER PROGRESS

Volumes	1.7 million metric tons
% recycled, % virgin fiber	In 2022, roughly 73% of our paper volume was from recycled sources, 27% from virgin fiber.
% certified volumes	In 2022, 72% of our virgin fiber supply was certified. The certified volumes leveraged the following certification schemes and chain of custody: <ul style="list-style-type: none"> <li>• FSC Controlled Wood: 3%</li> <li>• FSC Chain of Custody: 3%</li> <li>• FSC Chain of Custody &amp; Controlled Wood: 1%</li> <li>• FSC Other: 8%</li> <li>• PEFC Chain of Custody, Sustainable Forest Management, or PEFC Other: 1%</li> <li>• SFI Certified Sourcing: 84%</li> </ul>
Supply Chain Transparency	99% of the virgin fiber was traceable to country of harvest in 2022, and the origin countries included: Australia, Austria, Brazil, Canada, Chile, China, Czech Republic, Finland, France, Germany, Hungary, India, Ireland, Mexico, Netherlands, Norway, Pakistan, Portugal, Russia, Singapore, South Africa, Spain, Sweden, Turkey, United Kingdom, United States, Uruguay. 2022 supplier list: <a href="https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/2022-pepsico-global-fiber-supplier-list.pdf">https://www.pepsico.com/docs/default-source/sustainability-and-esg-topics/2022-pepsico-global-fiber-supplier-list.pdf</a>
% from high priority origins	25% of our pulp & paper volumes have been traced to origins with high risk of deforestation or degradation.
Actions for high-risk sources	Of the virgin volumes sourced from high-risk origins, 70% are certified. In 2023, we are reviewing and updating our pulp and paper Forest Positive strategy.

## ANNEX 1: LIST OF LANDSCAPE INITIATIVES

<b>SIAK PELALAWAN LANDSCAPE PROGRAMME</b>	
Location	Riau, Indonesia
Partner	Proforest and Daemeter, together known as CORE (the Consortium of Resource Experts)
Commodity	Palm Oil
Timeline of engagement	2019-2025
Other partners involved	Cargill, L’Oreal, GAR, Musim Mas, Unilever, Danone, Siak District Government; Pelalawan District Government; Lingkar Temu Kabupaten Lestari; Sedagho Siak; Asppuk; Earthworm; Winrock
Specific actions or projects that are supported	Supported the establishment of 13 village support programs, engaged with over 50 mills on sustainability, and aligned with the Government of Pelalawan on the coalition’s role in supporting the implementation of a district action plan
How the actions intend to address systemic issues and contribute to delivering forest positive goals	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.

<b>ACEH AND NORTH SUMATRA LANDSCAPE INITIATIVE (PART OF THE COALITION FOR SUSTAINABLE LIVELIHOODS)</b>	
Location	Aceh and North Sumatra, Indonesia
Partner	IDH
Commodity	Palm Oil
Timeline of engagement	2019-present
Other partners involved	Unilever, Musim Mas, Conservation International
Specific actions or projects that are supported	300 hectares of forest restored previously allocated to palm oil; established farmer groups and community nursey; trained 500 farmers in best practices and supported formalization of land titles for 789 smallholder plots
How the actions intend to address systemic issues and contribute to delivering forest positive goals	Support government engagement and alignment including support for satellite forest monitoring system aligned to government priorities and operated in partnership with district government  Aligned to and in support of PPI compact for the district to deliver sustainable palm oil

<b>SUNGAI LINAU LANDSCAPE CONSERVATION AND LIVELIHOODS PROGRAMME</b>	
Location	Riau, Indonesia
Partner	Proforest and Daemeter, together known as CORE (the Consortium of Resource Experts)
Commodity	Palm Oil
Timeline of engagement	2021-present
Other partners involved	Supported by a coalition of companies (Cargill, IFF, Nestlé, Musim Mas, Asia Pulp & Paper) and grant funding from UK Aid via the UK government's Forest Governance, Markets and Climate programme. The on-the-ground implementation is supported by two village facilitators and two local civil society organisations.

Specific actions or projects that are supported	After completing an assessment of the social and environmental context in Sungai Linau and developing a land use plan with local community members (Phase 1), the programme has moved on to Phase 2, a three-year plan. Phase 2 activities include a reforestation and agroforestry trial; human rights and economic impact assessment and monitoring; the installation of water management system; and training for fire and water management (see photo), among many other activities.
How the actions intend to address systemic issues and contribute to delivering forest positive goals	The programme aims to support community-based land use development and strengthen village members' livelihoods, while protecting HCV (high conservation value) and HCS (high carbon stock) forest and reducing greenhouse gas emissions through forest and peat protection.

<b>HOLISTIC PALM PROGRAM: POR UN MEXICO PALMERO SUSTENTABLE</b>	
Location	Southeast Mexico
Partner	Femexpalma, Proforest
Commodity	Palm oil
Timeline of engagement	2016 – Present
Other partners involved	Nestle, Cargill, Oleofinos, Oleopalma, RSPO
Specific actions or projects that are supported	<p>The program supports the sustainable development of the Mexican palm oil sector through:</p> <ul style="list-style-type: none"> <li>• Smallholder inclusion</li> <li>• Strengthening and provision of training on sustainability issues</li> <li>• Promotion of NDPE</li> </ul>
How the actions intend to address systemic issues and contribute to delivering forest positive goals	<ul style="list-style-type: none"> <li>• Conservation and sustainable management of forests and natural ecosystems</li> <li>• Positive and lasting inclusion and resilience of farmers and local communities</li> <li>• Sustainable partnership development</li> </ul> <p>Visit the <a href="#">Mexico Holistic Palm Program website</a> to learn more about the program.</p>

<b>AGROVITA</b>	
Location	Southeast Mexico
Partner	Proforest
Commodity	Palm oil, cocoa, plantain
Timeline of engagement	2021 - Present
Other partners involved	PepsiCo Global Foundation, PepsiCo Mexico Foundation, Femexpalma, Supply chain partners
Specific actions or projects that are supported	<p>Value chain development: Develop small and medium-sized producers in South Mexico for PepsiCo Mexico Foods (PMF) boutique crops, including plantain and cocoa to increase the availability in the local market.</p> <p>Improved food security and nutrition: The program seeks to contribute to improved food security and water access by supporting improvement of community infrastructure.</p>



	Sustainable food systems: Engage in a multi-stakeholder and cross-supply chain approach to contribute to a more sustainable food system – promoting regenerative farms, thriving communities and a more resilient agriculture sector.
How the actions intend to address systemic issues and contribute to delivering forest positive goals	<p>From the outset, Agrovita was aligned with the Mexican government’s priorities linked to the socio-economic development of the Southeast of Mexico, to develop local supply chains, and to build capacities and resilience of producers. To do so, Agrovita has engaged with multiple stakeholders, including industry associations, producers, and the Government as part of its development process.</p> <p>By partnering with the Global Foundation and Mexico Foundation, Agrovita has engaged both with agricultural supply chains (palm oil, cocoa, plantain) and with the surrounding communities in three states. This engagement has proven to be an effective approach for assessing risks and opportunities in the landscape – and to co-developing solutions.</p>

<b>RIMBA COLLECTIVE</b>	
Location	Indonesia and Malaysia
Partner	Lestari Capital
Commodity	Palm Oil
Timeline of engagement	2020-2045
Other partners involved	Nestle, Proctor & Gamble, Unilever
Specific actions or projects that are supported	Protect or restore over 500,000 ha of tropical forests in Southeast Asia and therefore create significant private sector-enabled forest conservation initiatives
How the actions intend to address systemic issues and contribute to delivering forest positive goals	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 an estimated 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.

## SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This report contains statements reflecting our views about our future performance that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “strategy,” “strive,” “target,” and “will” or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties. For information on certain factors that could cause actual events or results to differ materially from our expectations, please see PepsiCo’s filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.