

Working Together to Preserve the Leuser Ecosystem

January 2020

PepsiCo is committed to implementing its sustainable palm oil policy globally, including in and around the Leuser Ecosystem. PepsiCo recognizes the value of the Leuser Ecosystem as a particularly sensitive and valuable ecosystem that should be protected in order to benefit the wildlife, natural resources and people of Aceh, North Sumatra and Indonesia. PepsiCo also recognizes that the situation surrounding the Leuser Ecosystem is complex and there is a need to balance development and conservation outcomes. In Aceh, the fragmented nature of the palm oil supply chain and the complications arising from various forest functions within the 2.6 million hectare Leuser Ecosystem, that is designated as a National Strategic Area for Environmental Protection Function¹, demonstrates the need for a multi-stakeholder approach.

The Leuser Ecosystem encompasses 38% of the land area of the district of Aceh Tamiang. Therefore, this program must seek to develop a vision for the landscape in Aceh Tamiang that is approved by stakeholders including local communities, civil society, government and private sector and balances the needs of development and conservation as desired by the people of Aceh Tamiang. We are committed to working with peers, suppliers, affected parties and local government in the district of Aceh Tamiang to develop a landscape program which can serve as a model for application across the Leuser Ecosystem and elsewhere. As part of the multi-stakeholder process, local private sector, government, affected parties and civil society in the landscape will work together to develop a governance system that supports improved decision-making for land-use planning and policy development. PepsiCo will, where appropriate support and contribute to this process. PepsiCo will also work with government and other stakeholders to support improved livelihoods in Aceh Tamiang while conserving remaining forest and restoring degraded areas where possible. PepsiCo supports the Government of Aceh Tamiang district's recently-announced plan to develop a sustainable landscape that is verified as a sustainable sourcing area for multiple commodities².

Where needed, we will support the Government of Aceh Tamiang in its plan to develop a forest monitoring system that can be integrated with existing procedures; and will seek to encourage greater enforcement of existing laws and policies, and moratoria on deforestation. PepsiCo, working with others, will also aim to establish a consistent forest monitoring system across the Leuser Ecosystem in 2020, learning from piloting efforts in Aceh Tamiang and other priority landscapes. In line with our traceability policy, PepsiCo will work with partners to catalyze the establishment of consistent traceability systems to identify and address the challenge of unsustainable palm oil in the supply chain.

PepsiCo will continue to monitor, engage and work collaboratively with all stakeholders to demonstrate the importance of land use planning, implementing the forest conservation and restoration work whilst improving the livelihoods of the communities and smallholders.

¹ Law no. 11/2006 on Governing Aceh, article 150 (1) (2) (3) and (4)[1] and Law no. 26/2007 on National Spatial Plan juncto Government Regulation 26/2008

² KEPUTUSAN BUPATI ACEH TAMIANG NOMOR 1680 TAHUN 2019