



PepsiCo Forestry Stewardship Policy

PepsiCo is committed to doing business the right way and to realizing zero deforestation in our company-owned and -operated activities and supply chain. We recognize that PepsiCo has a responsibility to ensure that we and our suppliers operate in accordance with applicable legal requirements and practice responsible forestry stewardship.

Our products depend on a safe, high-quality, and affordable supply of raw materials to meet the demands of our business as well as the expectations of our consumers, customers, and other stakeholders. As agriculture is an integral part of PepsiCo's supply chain, we recognize that our supply chain is linked to the health and sustainability of the world's forests. PepsiCo's Forestry Stewardship Policy is an essential part of the broader and more comprehensive *PepsiCo Responsible Sourcing Guidelines*, which incorporate applicable portions of the PepsiCo Supplier Code of Conduct, Sustainable Farming Initiative, Environmental Health and Safety Policy, Sustainable Packaging Policy, and Sustainable Agriculture and Land Use Policies.

PepsiCo's most significant influence on forests is through its sourcing of paper and wood based products and raw agricultural materials. As we strive for zero deforestation in our business operations and supply chain, PepsiCo will adhere to the following principles:

- Compliance with applicable legal requirements of each country in which we operate and from which we source.
- No further development on High Carbon Stock (HCS) Forests.¹
- No further development on High Conservation Value (HCV) Forests.²
- No new conversion of Peatlands.³
- Free, Prior, and Informed Consent (FPIC) as outlined in the PepsiCo Land Use Policy.

Additionally, PepsiCo shall, and shall source from suppliers that, strive to:

- Use sustainable forest management practices in forests they own, lease, or manage to provide fiber, timber, and other forest based products.
- Leverage the PepsiCo Sustainable Farming Initiative to implement sustainable agriculture practices that enable farmers to increase production on currently farmed land and minimize impacts on the surrounding area.
- Preserve biodiversity and cultural values and optimize the social, environmental, and economic benefits of managed forests.
- Respect the legitimate land tenure rights of indigenous peoples and other community members directly affected by forestry operations, as outlined in the PepsiCo Land Use Policy.

In order to ensure a confidential and safe process for investigating grievances raised by affected parties and to help ensure the Forestry Stewardship Policy is properly implemented, PepsiCo and our suppliers will utilize appropriate grievance mechanisms, such as the PepsiCo Speak Up! Hotline to provide for reporting of suspected breaches of this policy to PepsiCo.

Additional information concerning PepsiCo's Speak Up! Hotline, and how to report a suspected violation of this and other PepsiCo policies, can be found on our website: <http://www.pepsico.com/Company/SpeakUp>

Supplementary Notes:

¹ PepsiCo recognizes six different classes or strata of vegetation as High Carbon Stock (HCS) forests. These categories include: High Density Forest (HK3), Medium Density Forest (HK2), Low Density/older regenerating Forest (HK1), Old Scrub (BT), Young Scrub (BM), and Cleared/Open Land (LT).

PepsiCo recognizes HK3 to BT Forests as HCS Forests. HCS Forests should not be developed, while Young Scrub and Cleared/Open Land areas may be developed. The classification of high carbon stock does not apply to land in agricultural production.

We recognize that further research may identify additional HCS areas that can and should be protected from further development and will review this policy on a periodic basis to determine if other classifications should be added.

² In accordance with the RSPO Principles 5.2 and 7.3 of the "RSPO Principles and Criteria for the Production of Sustainable Palm Oil 2013," PepsiCo will not source from further developed High Conservation Value (HCV) areas.

³ Peatlands/Peat soils contain more than 65% organic matter.