

## RSPO Annual Communication of Progress 1.

### Profile

<b>Name of the organisation:</b>	PepsiCo
<b>Membership type (tick one only):</b>	<input checked="" type="checkbox"/> Ordinary Affiliate
<b>Membership category (tick one only):</b>	Oil palm growers Palm oil processors and traders <input checked="" type="checkbox"/> Consumer goods manufacturers Retailers Banks and investors Environmental/nature conservation organisations(NGOs) Social/development organisations (NGOs)
<b>Operational structure of the organisation:</b>	Corporation

### Responsible Contact(s)

<b>Primary contact for questions, feedback:</b>	<b>Name:</b>	Jeff Einspahr
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<b>Senior representative, authorising commitments:</b>	Bruce Vahjen	
<b>Person submitting progress report:</b>	Jeff Einspahr	
<b>Financial contact for membership fee:</b>	Jeff Einspahr	

**Guidance:** The standard reporting period is 12 months or less. The date of submitting the report should not be longer than 3 months after the end of the reporting period.

<b>Reporting Period:</b>	<b>May 2009 to May 2010</b>
<b>Date of Report:</b>	August 31, 2010

## **2. Details of Progress A. Analysis and**

### **Strategy for Sustainable Palm Oil**

#### **1. High-level strategic view of the organisation's relation to sustainable palm oil and related longer term objective.**

PepsiCo joined the RSPO in April of 2009. Since joining the RSPO, we have assessed our use of palm oil in the production of our products. During the past year, PepsiCo has supported a moratorium on the illegal deforestation of high conservation value forest in Indonesia, asked our suppliers to confirm that the palm oil we purchase has not been produced from illegally deforested land, and are now committing to purchase 100% certified sustainable palm oil (CSPO) in the production of our products by 2015. We continue to be encouraged at the development of the CSPO supply chain, and each market in which we operate will assess the most optimal supply chain mechanism for purchasing CSPO. The conversion to CSPO is aligned with our Performance with Purpose agenda. At PepsiCo, Performance with Purpose means delivering sustainable growth by investing in a healthier future for people and our planet. We view our membership in the RSPO and our commitment to purchase 100% CSPO by 2015 as key planks to our overall agenda.

#### **2. Time bound plan with milestones/targets.**

- Purchasing certified sustainable palm oil products started in 2010 and will be completed by 2015

#### **3. Targets for the next reporting period.**

Each region that uses palm oil in their production is analyzing their current supply chain, and assessing the use of CSPO. As the CSPO supply chain continues to develop globally, this will enhance our ability to effectively source CSPO in the markets where we utilize and produce our snacks. By the next report, we will have a region by region plan for converting to CSPO by 2015.

#### **4. Statement from the organisation's senior representative.**

As part of our "Performance with Purpose" initiative, we work with our suppliers to insure that they create sustainable supply chains. Many of our suppliers have already certified palm plantation meeting RSPO standards. We continue to encourage them to certify their palm plantations as quickly as possible. Meeting the rigorous criteria for RSPO certification does take some time. As you know, these standards were just developed two years ago. We have the commitment of our suppliers that they will stop buying from any supplier that is not adhering to the RSPO's sustainability principles and criteria. PepsiCo is a committed member of the RSPO and will continue to work with our suppliers, NGOs, governments, growers and mills on assuring a deliberate and timely transition to certified sustainable palm oil.

### **B. Progress made in producing, procuring and/or utilizing sustainable palm oil**

Our Duyvis nut business in Europe began using segregated CSPO at the beginning of 2010.

## C. Challenges

### **1. Significant economic, social or environmental obstacles encountered in production, procurement and/or use of sustainable palm oil and efforts made to mitigate or resolve them.**

The development of efficient CSPO supply chains will enable a greater use of CSPO. In addition, cost premiums for CSPO continue to be a factor in expanding its use.

### **2. Suggestions on how the RSPO can assist your organisation's sustainability performance.**

Consistent, timely enforcement of the RSPO P&C to identify non-compliant members, whose shortcomings threaten the credibility of the overall effectiveness of the RSPO.

### **3. Suggestions on how your organisation can assist RSPO's overall progress.**

Continue to communicate to our supplier base the importance of creating sustainable supply chains for CSPO.