

PepsiCo, Inc. CDP Forests Questionnaire 2022

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

PepsiCo products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. PepsiCo generated more than \$79 billion in net revenue in 2021, driven by a portfolio of brands, including Lay's, Doritos, Cheetos, Gatorade, Pepsi-Cola, Mountain Dew, Quaker and SodaStream. Through our operations, authorized bottlers, contract manufacturers and other third parties, we make, market, distribute and sell a wide variety of beverages and convenient foods, serving customers and consumers in more than 200 countries and territories.

Guiding PepsiCo is our vision to Be the Global Leader in Beverages and Convenient Foods by Winning with PepsiCo Positive (pep+). pep+ is our strategic end-to-end transformation that puts sustainability and human capital at the center of how we will create value and growth by operating within planetary boundaries and inspiring positive change for planet and people.

This CDP Climate Questionnaire 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 (Reform Act). Statements that constitute forward-looking statements within the meaning of the Reform Act are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "expressed confidence," "forecast," "future," "goal," "guidance," "intend," "may," "objective," "outlook," "plan," "position," "potential," "project," "seek," "should," "strategy," "target," "will" or similar statements or variations of such words and other similar expressions. All statements addressing our future operating performance, and statements addressing events and developments that we expect or anticipate will occur in the future, are forward-looking statements within the meaning of the Reform Act. These forward-looking statements are based on currently available information, operating plans and projections about future events and trends. 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. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. The discussion of risks in this report is by

no means all-inclusive but is designed to highlight what we believe are important factors to consider when evaluating our future performance.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

| | Start Date | End Date |
|----------------|-----------------|-------------------|
| Reporting year | January 1, 2021 | December 31, 2021 |

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

| | Commodity disclosure | Stage of the value chain | Explanation if not disclosing |
|-----------------|---|--------------------------|--|
| Timber products | Disclosing | Retailing | |
| Palm oil | Disclosing | Manufacturing | |
| Cattle products | Not disclosing | Manufacturing | Cattle products are only used in a few PepsiCo products in a small number of countries. Our current focus is on timber and palm oil, as we source substantially more of these commodities. |
| Soy | Not disclosing | Manufacturing | Soybean oil is procured from Brazil, Argentina and the U.S., primarily for use in our food businesses in Brazil, Argentina and Canada. PepsiCo procures approximately 30,000 metric tons of soybean oil annually. In 2021, we purchased less than 0.1% of the global supply of soy ² . PepsiCo has currently prioritized disclosure on the other two required commodities, timber and palm oil, for which we have implemented strong programs due to the substantive nature of consumption. |
| Other - Rubber | This commodity is not produced, sourced or used | | |

| | by our organization | | |
|----------------|---------------------|---------------|--|
| Other - Cocoa | Not disclosing | Manufacturing | Cocoa is primarily procured for use in our North America and Latin America food businesses. For 2021, PepsiCo procured approximately 23,000 metric tons of cocoa. As CDP guidance evolves with regard to disclosure on cocoa and our current consumption is relatively small, PepsiCo has currently prioritized disclosure on the other two required commodities, timber and palm oil, for which we have implemented strong programs due to the substantive nature of consumption. |
| Other - Coffee | Not disclosing | Manufacturing | As CDP guidance evolves with regard to disclosure on coffee, PepsiCo has currently prioritized disclosure on the other two required commodities, timber and palm oil, for which we have implemented strong programs due to the substantive nature of consumption. |

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F0.6

(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

| Indicate whether you are able to provide a unique identifier for your organization | Provide your unique identifier |
|--|--------------------------------|
| Yes, a Ticker Symbol | PEP |

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Paper
Primary packaging
Secondary packaging
Tertiary packaging

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Australia
Austria
Belgium
Bosnia & Herzegovina
Brazil
Canada
Chile
China
Colombia
Czechia
Dominican Republic
Ecuador
Estonia
Finland
France
Germany
Greece
Guatemala
India
Japan
Latvia
Lithuania
Mexico
Netherlands
New Zealand
Norway
Peru
Poland
Portugal
Puerto Rico
Romania
Russian Federation
Saudi Arabia
Serbia
Spain
Sweden

Switzerland
Thailand
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

% of procurement spend

1-5%

Comment

Wood fiber products are used in a wide range of PepsiCo's primary, secondary, and tertiary packing. Countries of origin are based on 2021 updated data.

Palm oil

Activity

Using as input into product manufacturing

Form of commodity

Refined palm oil
Palm oil derivatives

Source

Contracted suppliers (processors)

Country/Area of origin

Brazil
Cambodia
Costa Rica
Côte d'Ivoire
Dominican Republic
Ecuador
Gabon
Guatemala
Honduras
India
Indonesia
Malaysia
Mexico
Nicaragua
Panama
Papua New Guinea
Peru
Solomon Islands
Thailand

% of procurement spend

1-5%

Comment

In 2021, our global purchase of palm oil was 445,388 metric tons, of which palm kernel oil comprised 3,680 MT. Our top suppliers were Oleofinos, Wilmar, and Willowton and Cargill. PepsiCo sources the majority of its palm oil from mills located in Indonesia, Malaysia, and Mexico.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

| | % of revenue dependent on commodity | Comment |
|-----------------|-------------------------------------|-----------------------------------|
| Timber products | | This information is confidential. |
| Palm oil | | This information is confidential. |

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

| | Data availability/Disclosure |
|-----------------|--|
| Timber products | Consumption data available, disclosing |
| Palm oil | Consumption data available, disclosing |

F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

1,084,061

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

83

Please explain

Forest risk commodity

Palm oil

Data type

Consumption data

Commodity production/ consumption volume

445,388

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

89

Please explain

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Argentina

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.64

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Australia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

1.58

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

4.33

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Colombia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.73

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.18

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.43

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

India

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

7.27

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Mexico

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

9.33

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes

are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Peru

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.1

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Thailand

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.92

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.31

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

74.19

Please explain

Method: We perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Forest risk commodity

Palm oil

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Pará

% of total production/consumption volume

0.17

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Meta

% of total production/consumption volume

5.83

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Casanare

% of total production/consumption volume

1.39

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Cesar

% of total production/consumption volume

5.6

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers

which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Magdalena

% of total production/consumption volume

1.76

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Santander

% of total production/consumption volume

0.2

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Bolívar

% of total production/consumption volume

0.05

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Narino

% of total production/consumption volume

0.28

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Norte de Santander

% of total production/consumption volume

0.08

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Antioquia

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Cundinamarca

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Colombia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Vichada

% of total production/consumption volume

0.01

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Côte d'Ivoire

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Bas-Sassandra

% of total production/consumption volume

0.01

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Los Rios

% of total production/consumption volume

0.31

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Esmeraldas

% of total production/consumption volume

0.38

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Sando Domingo de los Tsachilas

% of total production/consumption volume

0.24

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Manabi

% of total production/consumption volume

0.06

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Ecuador

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sucumbios

% of total production/consumption volume

0.04

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Izabal

% of total production/consumption volume

0.38

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Peten

% of total production/consumption volume

0.2

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers

which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Alta Verapaz

% of total production/consumption volume

0.36

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Escuintla

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Quetzaltenango

% of total production/consumption volume

0.2

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were

traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Guatemala

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

San Marcos

% of total production/consumption volume

0.22

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Honduras

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Colon

% of total production/consumption volume

0.03

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Honduras

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Atlantida

% of total production/consumption volume

0.01

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Honduras

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Yoro

% of total production/consumption volume

3.41

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

India

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Andhra Pradesh

% of total production/consumption volume

0.01

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers

which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

India

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Telangana

% of total production/consumption volume

0.01

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Riau

% of total production/consumption volume

19.49

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sumatera Utara

% of total production/consumption volume

12.08

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were

traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Bangka Belitung

% of total production/consumption volume

1.34

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Jambi

% of total production/consumption volume

3.91

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kalimantan Barat

% of total production/consumption volume

2.85

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Kalimantan Tengah

% of total production/consumption volume

2.04

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Kalimantan Timur

% of total production/consumption volume

1.12

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers

which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Lampung

% of total production/consumption volume

1.05

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sulawesi Barat

% of total production/consumption volume

0.07

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo’s volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Sulawesi Tengah

% of total production/consumption volume

0.06

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo’s volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were

traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Sumatera Selatan

% of total production/consumption volume

1.92

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Aceh

% of total production/consumption volume

0.63

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kalimantan Septentrional

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Borneo Occidental

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Kalimantan Selatan

% of total production/consumption volume

0.24

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers

which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Sumatera Barat

% of total production/consumption volume

0.78

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Bengkulu

% of total production/consumption volume

0.45

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sulawesi Selatan

% of total production/consumption volume

0.05

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo’s volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were

traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Papua

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Papua Barat

% of total production/consumption volume

0.01

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo’s volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Sulawesi Tenggara

% of total production/consumption volume

0.01

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo’s volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Banten

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Gorontalo

% of total production/consumption volume

0.01

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers

which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Indonesia

State or equivalent jurisdictionSpecify state/equivalent jurisdiction
Kepulauan Riau**% of total production/consumption volume**

0.05

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Perak

% of total production/consumption volume

1.93

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sabah

% of total production/consumption volume

8.41

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were

traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sarawak

% of total production/consumption volume

2.7

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Selangor

% of total production/consumption volume

0.51

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Negeri Sembilan

% of total production/consumption volume

0.59

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Pulau Pinang

% of total production/consumption volume

0.09

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Trengganu

% of total production/consumption volume

0.24

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers

which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Johor

% of total production/consumption volume

3.8

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kedah

% of total production/consumption volume

0.27

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo’s volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Kelantan

% of total production/consumption volume

0.25

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo’s volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were

traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Melaka

% of total production/consumption volume

0.06

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Chiapas

% of total production/consumption volume

0.32

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Campeche

% of total production/consumption volume

0.06

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Veracruz

% of total production/consumption volume

0.05

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Mexico

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Tabasco

% of total production/consumption volume

0.02

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers

which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Nicaragua

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Atlantico Sur

% of total production/consumption volume

0.05

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Panama

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Chiriqui

% of total production/consumption volume

0.07

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

West New Britain

% of total production/consumption volume

0.05

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were

traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

East New Britain

% of total production/consumption volume

0.01

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Oro

% of total production/consumption volume

0.01

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Milne Bay

% of total production/consumption volume

0.03

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

New Ireland

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Papua New Guinea

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Morobe

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers

which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Peru

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
San Martin

% of total production/consumption volume

0.95

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Peru

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Ucayali

% of total production/consumption volume

0.17

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Peru

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Loreto

% of total production/consumption volume

0.47

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were

traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Surat Thani

% of total production/consumption volume

1.64

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Chumphon

% of total production/consumption volume

0.25

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo’s volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Krabi

% of total production/consumption volume

0.8

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo’s volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Trang

% of total production/consumption volume

0.74

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Nakhon Si Thammarat

% of total production/consumption volume

0.04

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers

which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Trat

% of total production/consumption volume

0.06

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

PepsiCo has developed and implemented a Traceability Protocol for all direct suppliers which requires the names of all palm oil and palm kernel oil mills, their location coordinates and the percentage of PepsiCo's volume that is traceable to the mills. The protocol is the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. In 2021, 100% of the traceability to mill data from our suppliers was independently verified. At the end of 2021, our suppliers reported approximately 97% of our palm oil volumes were traceable to the mill level. Based on our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation.

Forest risk commodity

Palm oil

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Chon Buri

% of total production/consumption volume

0.06

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction**% of total production/consumption volume**

1.84

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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representing 57% of our volume reported traceability to plantation.

This data is from Puntarenas, Costa Rica.

Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

0.04

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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This data is from Monte Plata, Dominican Republic.

Forest risk commodity

Palm oil

Country/Area of origin

Gabon

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Estuaire

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Gabon

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Ngounié

% of total production/consumption volume

0

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

0.03

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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This data is from Guadalcanal, Solomon Islands.

Forest risk commodity

Palm oil

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

0.36

Please explain

Method: PepsiCo requests quarterly sourcing information from suppliers on traceability of supply to the mill level and publishes an annual updated mill list (see https://www.pepsico.com/docs/default-source/policies/pepsico-mill-list-2020.pdf?sfvrsn=69c56b73_3)

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This data includes all other palm oil production and does not include data for Costa Rica, Dominican Republic, or Solomon Islands as they have been previously listed.

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

No

Data type

Volume produced/consumed

Metric

Country/Area of origin

State or equivalent jurisdiction

% of total production/consumption volume

Does the source of your organization's biofuel material come from smallholders?

Comment

PepsiCo does not produce or consume biofuel derived from palm oil.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

i. Description: Wood fiber products are used in a wide range of PepsiCo's primary, secondary, and tertiary packing. PepsiCo's main fiber need is corrugated cardboard for secondary packaging. PepsiCo has witnessed a growing interest among civil society, Socially Responsible Investors (SRIs), governments and other key stakeholders in our practices associated with forest impact. PepsiCo closely monitors consumer and customer interest in our response to deforestation risks, including potential campaigns against consumer facing companies.

ii. Scale of impact: Increased stakeholder concerns have not yet represented substantive detrimental impacts on our business. However, PepsiCo's aim is to demonstrate our responsibility toward forest-related stewardship and transparently communicate our efforts to tackle deforestation, so that a negative reaction to PepsiCo's reputation relative to the environment, which could adversely affect PepsiCo's business, does not arise.

Primary response

Greater due diligence

Total financial impact

Description of response

i. Stakeholders and outcomes: PepsiCo aims to achieve zero net deforestation in our Company-owned and -operated activities and global supply chains from direct supplier to source. This is facilitated through proactively utilizing certification programs to verify

compliance; for timber in our packaging, 83% of our total volume was certified to one of the following standards in 2021: CERFLOR, CSA, FSC, PEFC, or SFI. PepsiCo recognizes the importance of having a credible system for third parties to raise concerns where they believe our standards are not being met. Our agricultural supply chain grievance mechanism helps prevent, identify and manage environmental and social concerns throughout our value chain, including those associated with timber. This allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain. We have engaged our direct suppliers who source from the companies at the center of complaints in 2021 to 1) Validate the allegations, 2) Demonstrate the importance we attach to addressing the concerns raised, 3) Understand corrective action steps already taken and planned in the future, and 4) Influence those actions, monitor progress towards completion and ultimately address the complaint.

ii. Cost impact is confidential.

Forest risk commodity

Palm oil

Impact driver type

Reputational and markets

Primary impact driver

Increased stakeholder concern or negative stakeholder feedback

Primary impact

Brand damage

Description of impact

i. Description: Agriculture is an integral part of PepsiCo's supply chain, accounting for approximately one third of PepsiCo's emissions. The raw materials we use to produce our products are largely commodities subject to price volatility and fluctuations in availability caused by changes in global supply and demand, weather conditions, agricultural uncertainty or government incentives and controls. We have witnessed a growing interest among civil society, Socially Responsible Investors (SRIs), governments and other key stakeholders in the role of consumer facing companies like PepsiCo tackle deforestation in their palm oil supply chains. PepsiCo closely monitors consumer and customer interest in our response to deforestation risks, including potential campaigns against consumer facing companies.

ii. Scale of impact: Increased stakeholder concerns have not yet represented substantive detrimental impacts on our business. However, PepsiCo's aim is to demonstrate our responsibility toward forest-related stewardship and transparently communicate our efforts to tackle deforestation, so that a negative reaction to PepsiCo's reputation relative to the environment, which could adversely affect PepsiCo's business, does not arise.

Primary response

Engagement in multi-stakeholder initiatives

Total financial impact

Description of response

i. Stakeholders and outcomes: Our strategy for sourcing palm oil is based on four pillars: Risk management (how we understand areas of concern and opportunity in our supply chain); Supplier engagement: (how we engage with suppliers to communicate expectations and improve performance); Positive impact: (how we collaborative to help transform the wider industry); and Transparency and stakeholder engagement (how we report our progress and engage with the stakeholders). We disclose our progress through annual reports. Collaboration with peers, the wider industry and stakeholders is vital to achieving our sustainable palm oil goals. In 2021, we continued to play an active role in industry platforms (e.g. Palm Oil Collaboration Group, Consumer Goods Forum, AIM-Progress, and the Tropical Forest Alliance) and met regularly with civil society to consider ways to achieve shared goals. In response to issues raised in 2021 we: updated our approach to sustainable palm oil to adopt a more forest positive mindset, reflected in our Palm Oil strategy launched in April 2021; committed to closer collaboration with peers and updated our palm oil policy to apply to companies at the company-wide level; and committed to greater clarity and visibility via a review of our agricultural grievance process, led by an expert external organization. In 2021, 100% of our palm volumes were physically certified sustainable, with around 97% of palm volumes traceable to mill.

ii. Cost impact is confidential.

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

Yes, we estimate deforestation/conversion footprint based on sourcing area

Coverage

Full consumption volume

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Other, please specify

Quantitative figure reported reflects our total production footprint for timber. Please see further explanation in comments section.

Known or estimated deforestation/ conversion footprint (hectares)

320,000

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

Methods and data sources: As part of PepsiCo's participation in the Consumer Goods Forum's Forest Positive Coalition of Action, we leverage this methodology in partnership with 3Keel to assess our total forest production footprint. For our timber products, we use our production footprint to provide insight into our deforestation strategy; to calculate this footprint, we provide 3Keel with country of origin, metric tonnes sourced within a 12-month period, and % of virgin material to convert into hectares. This informs PepsiCo on the total footprint of each commodity, supporting our work as part of CGF's strategy to transform areas equivalent to the size of Coalition's combined production-base footprint to forest positive by 2030. The Coalition is using its production-base footprint — a neutral estimate to represent the Coalition's impact and leverage in commodity production — to determine the size of its ambition and inform local-level initiatives driving forest conservation, ecosystem restoration and community inclusion in the production of fibre-based packaging.

Forest risk commodity

Palm oil

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Known or estimated deforestation/ conversion footprint (hectares)

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Tools and methods used

Internal company methods
External consultants

Issues considered

Availability of forest risk commodities
Quality of forests risk commodities
Impact of activity on the status of ecosystems and habitats
Regulation
Climate change
Impact on water security
Tariffs or price increases
Loss of markets
Leakage markets
Brand damage related to forests risk commodities
Corruption
Social impacts

Stakeholders considered

Customers
 Employees
 Investors
 Local communities
 NGOs
 Other forest risk commodity users/producers at a local level
 Regulators
 Suppliers

Please explain

i. Tools, methods, effectiveness: We assess deforestation risks in our paper-based packaging supply chain on an annual basis using internal methods, supplemented with external support from Proforest on an as-needed basis, reporting results to the senior vice president, chief supply officer. The combination of internal and external input into our risk assessment process helps ensure that necessary expertise is available for thorough coverage of stakeholder considerations and the overall commodity landscape. The risk assessment procedure helps identify the sustainability risks in the commodity and where they exist in our supply chain. This is part of an ongoing process through which we work with our suppliers to help them become more sustainable by following credible forestry standards and purchasing wood fiber only from sources that support responsible forest management, as outlined in our policies. To enable a greater understanding of and visibility into our supply chain, PepsiCo has been working with Proforest since 2016 to trace the supply chain and support implementation of our policies related to paper packaging.

ii. Example: Most significant issue and how we are addressing it: Proforest conducts on an ongoing basis an assessment of certification schemes that we recognize (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in our Forestry Stewardship, Land Use and Sustainable Packaging policies. With the chain of custody certification requirements in collaboration with Proforest, PepsiCo will promote growth in forest-certified materials to address the issue of available forest risk commodities. Proforest also conducted a rapid assessment of our current performance and overview of risks involved in the main regions/countries of our paper packaging supply base. These findings are being addressed as we renew contracts; our percent certified material have increased in identified areas of higher risk as we renew contracts from 5% to 89% in Russia, 0% to 51% in Thailand, and 10% to 100% in Brazil, comparing 2015 to 2021 volumes. Additionally, we perform an annual analysis of our contracted volumes to understand the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.

Palm oil

Value chain stage

Direct operations
 Supply chain

Coverage

Full

Risk assessment procedure

Assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods

External consultants

Global Forest Watch Pro

Issues considered

Availability of forest risk commodities

Quality of forests risk commodities

Impact of activity on the status of ecosystems and habitats

Regulation

Climate change

Impact on water security

Tariffs or price increases

Loss of markets

Leakage markets

Brand damage related to forests risk commodities

Corruption

Social impacts

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Other forest risk commodity users/producers at a local level

Regulators

Suppliers

Please explain

i. Tools, methods, effectiveness: We assess supply chain and palm oil industry risks to identify regions and issues that have the highest likelihood of risk and prioritize our efforts to raise standards. We also rely on other sources to assess risks, including: Engagement with direct and indirect suppliers; Feedback from assessments and audits conducted as part of our Sustainable Sourcing Program (SSP) and sustainable agriculture programs; Participation in collaborative forums; Feedback from civil society; Experience and knowledge of PepsiCo employees; Working with Proforest and other organizations with expertise in managing natural resources sustainably; Risks discovered and addressed through our grievance mechanism. PepsiCo engages in industry platforms designed to tackle risks, including the World Resource Institute's

Global Forest Watch (GFW) Universal Mill List and the GFW Pro platform, to identify risks at the mill and plantation level. These methods were chosen for their thorough coverage of stakeholder considerations and the overall commodity landscape. This combination is effective in ensuring our awareness as the industry’s collective knowledge grows, and through the collected insight we have established that smallholder production, worker rights, deforestation/peatlands, and land rights are the most significant to our palm oil supply chain.

ii. Example: In 2020, Proforest conducted a social risk assessment for PepsiCo, addressing several geographic locations including Brazil, Cambodia, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, India, Indonesia, Malaysia, Mexico, Nicaragua, Panama, Papua New Guinea, Peru, Thailand, and Venezuela. The assessment looked into the risk and occurrence of social issues common in palm oil production, including child labor, forced labor, health and safety, and land issues. This allowed PepsiCo to better understand what social issues as well as whether and where deforestation may be occurring in our supply chain, and what we can do to improve. In 2022, we implemented a risk-based approach to independent third-party verification of the mill traceability data and 100% of the suppliers who will be supplying to us in 2022 have undergone verification or have scheduled this in 2022. During verification visits, we started collecting information on the percent of oil traceable back to plantation from our suppliers.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

| | Value chain mapping |
|-----------------|---|
| Timber products | Yes, we have partially mapped the value chain |
| Palm oil | Yes, we have mapped the entire value chain |

F2.2a

(F2.2a) Provide details of your organization’s value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

Tier 1 suppliers

% of total suppliers covered within selected tier(s)

76

Description of mapping process and coverage

As part of PepsiCo's value chain mapping process, we engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land and Sustainable Packaging policies. In addition, Proforest conducted a rapid assessment of PepsiCo's current performance and overview of risks involved in main regions/countries of our current paper packaging supply base. The supply chain mapping project commenced in 2016 and is ongoing. Currently, the majority of PepsiCo's mapping extends to Tier 1 suppliers, but the level of Tier 2 and 3 suppliers are increasing in several regions.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

Forest risk commodity

Palm oil

Scope of value chain mapping

Tier 1 suppliers

% of total suppliers covered within selected tier(s)

86

Description of mapping process and coverage

PepsiCo has been reporting on No Deforestation and No development on Peat palm oil volumes using the NDPE Implementation Reporting Framework (IRF) since 2021 (covering their volumes for 2020 and 2021 – to be reported this year). The NDPE IRF is a tool that provides a shared and consistent view of progress towards NDPE targets across the full supply base of companies throughout the supply chain. Based on a detailed set of questions, the IRF provides buyers with a consolidated view of how much of their volume is meeting NDPE targets in full, but equally importantly what is happening in the remaining volumes. For more details on the methodology see: <https://www.ndpe-irf.net/overview-faqs>. PepsiCo has been a key supporter of the development of this industry reporting tool since 2018, participating in pilots in 2020, and then fully operationalizing for deforestation and peat in its palm oil supply chain in 2021. Currently PepsiCo is collecting and compiling information from their suppliers to generate IRF profiles for no deforestation and no development on peat (profiles for no exploitation are still under pilot). These profiles allow PepsiCo to see the percentage of their volume over a given year that are delivering no deforestation and no development on peat targets as well as the progress of the remaining volumes in meeting these.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

| | Risk identified? |
|-----------------|------------------|
| Timber products | Yes |
| Palm oil | Yes |

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

At PepsiCo, risk impact is evaluated based on the ability to achieve operational, financial, and strategic objectives and/or potential for creating a sustained adverse impact on the business' profit, or the Company's shareholder value and/or reputation. It leverages a five point scale (Minimal, Low, Medium, High, Critical) depending on its intensity. For quantitative purposes, one example is to use % of NOPBT (Net Operating Profit Before Taxes). Once climate risks have been identified, the next step in our process is to prioritize each risk based on the likelihood that it will occur, the financial impact to PepsiCo should it occur (any impact over \$20 million would be considered substantive), and whether the activities needed to mitigate the risk are aligned with our overall climate strategy and business plan. For example, we incorporate environmental sustainability criteria into our Capital Expenditure Filter which is applied to all capital expenditure requests over \$5 million. Each request is reviewed not only against business financial metrics and value to advancing our business strategy but also for the impact (positive or negative) that it will have on our environmental performance, including energy use and GHG emissions, and its contribution to our efforts to achieve our climate goal.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Chronic physical

Geographical scale

Country

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Declining ecosystem services

Primary potential impact

Supply chain disruption

Company-specific description

The materials PepsiCo uses to produce our products are largely commodities subject to price volatility and fluctuations in availability caused by changes in global supply and demand, weather conditions, agricultural uncertainty, or government incentives and controls. Particular to timber, PepsiCo recognizes that severe weather events, losses of ecosystem services, and an unsteady supply of certified sustainable material have the potential to adversely impact our supply chain over the next 1-3 years.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

Many of the commodities used in our products are purchased on the open market. The prices we pay for such items are subject to fluctuation, and any increases could adversely impact our operating costs and decrease our operating profit growth.

Primary response to risk

Other, please specify
Global purchasing and hedging strategies

Description of response

- i. Timeframe: In the normal course of business, we currently manage these risks through a variety of strategies, including global purchasing programs and systematic hedging strategies. Our global purchasing programs include fixed-price contracts, purchase orders and pricing agreements. Our hedging strategies include the use of derivatives to economically hedge price fluctuations related to a portion of our anticipated commodity purchases, primarily for agricultural products, energy and metals.
- ii. Response effectiveness: Commodity Risk Management provides reasonable predictability of cost across our global commodity exposures while allowing controlled flexibility to adapt to unique market circumstances. For timber, PepsiCo considers country of origin and supplier business continuity planning by region. We have identified specific goals at the regional level to address the identified risks, thereby increasing our resilience to mitigate potential impacts.

Cost of response

0

Explanation of cost of response

As our management methods for these risks occur during the normal course of business and are interrelated with several other potential risks that may not be specific to forests, we consider our specific cost to manage these risks to be zero (0).

Forest risk commodity

Timber products

Type of risk

Regulatory

Geographical scale

Country

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Regulatory uncertainty

Primary potential impact

Fines, penalties or enforcement orders

Company-specific description

We are seeing increasing interest from national governments and supra-national agencies in the impact of deforestation and in setting regulations to increase transparency and reduce the environmental and social impacts of deforestation around

the world. We have also seen an increase in international cooperation, which was highlighted in the past by UN Conference of the Parties (COP)-17 and the Rio+20 Conferences that led to the REDD+ program enhancement, the U.S. Lacey Act, and the European Union Timber regulations. In 2021, more than 100 world leaders committed to end and reverse deforestation by 2030, in the COP26 climate summit's first major deal. In response, we implemented grievance mechanisms for our suppliers to better understand our agricultural supply chain, prevent, identify and manage environmental and social concerns throughout our value chain, including those associated with timber. PepsiCo must stay informed of these developments to facilitate ongoing compliance and alignment with our deforestation-related policies.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

The financial impact of this risk is confidential.

Primary response to risk

More ambitious forest-related commitments

Description of response

- i. Timeframe: Through our Forestry Stewardship Policy, Land Use Policy, Palm Oil Targets, Palm Oil Action Plan, and Sustainable Packaging Policy, PepsiCo has created a robust framework to help achieve our goal of zero deforestation in our Company-owned and operated facilities and global supply chains from direct suppliers to source.
- ii. Response effectiveness: PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which such schemes deliver PepsiCo requirements outlined in our policies. In addition, Proforest conducted a rapid assessment of PepsiCo's current performance and overview of risks involved in main regions/countries of our current paper packaging supply base. We believe this

groundwork, along with our policy framework and timber specific sourcing standards and goals will help us stay ahead of regulatory requirements.

Cost of response

0

Explanation of cost of response

The cost of managing this risk is confidential.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Reduced demand for products and services

Company-specific description

We are a leading global beverages and convenient foods company with brands that are respected household names throughout the world. Maintaining a good reputation globally is critical to selling our branded products. Socially Responsible Investors (SRIs), governments, civil society, the media and other key stakeholders have shown a growing interest in the link between timber for packaging and deforestation in Company-owned operations and supply chains, leading to increased pressure on PepsiCo to respond to related concerns. PepsiCo has closely monitored consumer and customer campaigns, and their overall interest in responsible timber sourcing in our business and how we are addressing deforestation issues that may arise.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

PepsiCo's reputation and the behavior of consumers in choosing our products are important to the market value and revenue generation of the Company. Changes in consumer preference, for example, due to a negative reaction to PepsiCo's reputation relative to the environment could adversely affect PepsiCo's business.

Primary response to risk

More ambitious forest-related commitments

Description of response

i. Timeframe: Through our Forestry Stewardship Policy, Land Use Policy, Palm Oil Targets, Palm Oil Action Plan and Sustainable Packaging Policy, PepsiCo has created a robust framework to help achieve our goal of zero deforestation in our Company-owned and operated facilities and global supply chains from direct supplier to source.

ii. Response effectiveness: To help us to better understand the risks in our supply chain, we are working with Proforest to provide traceability data of our supply chain. This includes conducting supply chain mapping with suppliers to identify high-risk suppliers, regions and countries where interventions are required. In addition, we plan to revise our paper packaging-related policies to clarify scope, make implementation targets more explicit and further develop requirements on recycled content. We believe that our policy framework and timber-specific sourcing standards and goals will help us manage the increasing reputational risk associated with timber and deforestation.

Cost of response

0

Explanation of cost of response

The cost of managing this risk is confidential.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Availability of certified sustainable material

Primary potential impact

Supply chain disruption

Company-specific description

As a leading global beverages and convenient foods company with a complementary portfolio of brands, including Lay's, Doritos, Cheetos, Gatorade, Pepsi-Cola, Mountain Dew, Quaker, and SodaStream, we make, market, distribute and sell a wide variety of convenient beverages, foods and snacks, serving customers and consumers in more than 200 countries and territories. As such, agriculture is an integral part of PepsiCo's supply chain. The raw materials we use to produce our products are largely commodities subject to price volatility and fluctuations in availability caused by changes in global supply and demand, weather conditions, agricultural uncertainty, or government incentives and controls.

Timeframe

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

240,000

Potential financial impact figure - maximum (currency)

260,000

Explanation of financial

Many of the commodities used in our products are purchased on the open market. The prices we pay for such items are subject to fluctuation, and any increases could adversely impact our operating costs and decrease our operating profit growth. The data comes from our climate risk assessment completed in 2021. The Global Climate team manages this and we plan to refresh our risk assessment every 2-3 years. This information is used to inform our leadership through the PepsiCo Risk Committee on the kinds of climate-related risks that PepsiCo faces and also used for resiliency/mitigation planning.

Primary response to risk

Other, please specify
Global purchasing and hedging strategies

Description of response

- i. Timeframe: In the normal course of business, we currently manage these risks through a variety of strategies, including global purchasing programs and systematic hedging strategies. Our global purchasing programs include fixed-price contracts, purchase orders and pricing agreements. Our hedging strategies include the use of derivatives to economically hedge price fluctuations related to a portion of our anticipated commodity purchases, primarily for agricultural products, energy and metals.
- ii. Response effectiveness: Commodity Risk Management provides reasonable predictability of cost across our global commodity exposures, while allowing controlled flexibility to adapt to unique market circumstances. For palm oil, PepsiCo considers country of origin, supplier business continuity planning by region and commodity risk management through financial planning on market-based commodities, thereby increasing our resilience to mitigate potential impacts.

Cost of response

0

Explanation of cost of response

As our management methods for these risks occur during the normal course of business and are interrelated with several other potential risks that may not be specific to forests, we consider our specific cost to manage these risks to be zero (0).

Forest risk commodity

Palm oil

Type of risk

Regulatory

Geographical scale

Country

Where in your value chain does the risk driver occur?

- Direct operation
- Supply chain

Primary risk driver

Regulatory uncertainty

Primary potential impact

Increased operating costs

Company-specific description

While most of the mechanisms to deliver more sustainable palm oil (e.g., RSPO, Consumer Goods Forum) are non-regulatory, we are seeing increasing interest from

governments in using regulation to drive change. PepsiCo must stay informed of these developments to facilitate ongoing compliance and alignment with our palm oil-related policies and action plan.

Timeframe

4-6 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

The financial impact of this risk is confidential.

Primary response to risk

More ambitious forest-related commitments

Description of response

i. Timeframe: In 2015, we published the PepsiCo Palm Oil Action Plan, describing our strategy for sourcing palm oil and achieving our goal of sourcing 100% sustainable palm oil by the end of 2020 - which was updated in April 2021. We aim to continue to source 100% RSPO certified volumes, of which at least 95% is physically certified and the remainder being comprised of independent smallholder credits, which supports independent smallholders outside our supply chain, giving farmers more options in the marketplace. We also publicize our Forestry Stewardship Policy, Land Use Policy and annual palm oil reporting.

ii. Response effectiveness: We work with Proforest to develop risk analysis and mitigation plans for key regions, as well as a verification process that stresses PepsiCo's goals on High Carbon Stock, High Conservation Values, peatlands, land rights, including Free, Prior and Informed Consent, human rights, and no burning, as described by RSPO. This involves a risk assessment of direct suppliers and their supply base (leveraging mill traceability data) to identify, assess, prioritize and address top compliance risks under PepsiCo's policies, including recommending priority mills and supply bases for verification assessments and engagement. We expect that this work

will increase engagement with suppliers to monitor implementation of continuous improvement plans and help us stay ahead of regulatory requirements.

Cost of response

Explanation of cost of response

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Primary potential impact

Reduced demand for products and services

Company-specific description

We are a leading global beverages and convenient foods company with brands that are respected household names throughout the world. Maintaining a good reputation globally is critical to selling our branded products. SRIs, governments, civil society, the media, and other key stakeholders have shown a growing interest in the link between palm oil and deforestation in Company-owned operations and supply chains. PepsiCo has closely monitored consumer and customer campaigns and general interest in responsible palm oil sourcing in our business.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial

PepsiCo’s reputation and the behavior of consumers in choosing our products are important to the market value and revenue generation of the Company. Changes in consumer preference, for example, due to a negative reaction to PepsiCo’s reputation relative to the environment could adversely affect PepsiCo’s business.

Primary response to risk

More ambitious forest-related commitments

Description of response

Timeframe: In 2015, we published the PepsiCo Palm Oil Action Plan, describing our strategy for sourcing palm oil, which was updated in April 2021. ii. Response effectiveness: We provide regular, detailed information on progress toward delivering our palm oil-related goals, all of which are publicly available to stakeholders on our website. Additionally, we solicit feedback from civil society through direct meetings and workshops and consider reports by civil society and other organizations. Our stakeholder collaboration efforts, including participation in the Palm Oil Working Group (POWG) of the Consumer Goods Forum, membership in the Tropical Forest Alliance 2020, and regular meetings with NGOs to discuss our efforts, exchange information and consider ways to achieve shared objectives have resulted in increased confidence in our efforts. In addition to our other traceability efforts (including grievance mechanisms developed in 2017), PepsiCo, in collaboration with Unilever, leads POWG’s Independent Verification Working Group, which is focused on determining approaches to independent verification for progress on deforestation, land rights and labor rights. In 2021, the group started a roadmap for independent verification, which will continue in 2022 with the development of guidance on the topics of deforestation, labor rights and land rights. This will contribute to the implementation of PepsiCo’s goals around transparency and accountability across the industry.

Cost of response

0

Explanation of cost of response

The cost of managing this risk is confidential.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

| |
|------------------------------------|
| Have you identified opportunities? |
|------------------------------------|

| | |
|-----------------|-----|
| Timber products | Yes |
| Palm oil | Yes |

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

- i. Explanation of opportunity: PepsiCo understands the unique role packaging holds in shaping the way our products are presented to consumers, customers and communities. In addition to understanding its necessary role in protecting the quality and experience consumers have with our products, we believe that our most significant influence on forests is through our sourcing of paper and wood-based products and raw agricultural materials.
- ii. Explanation of strategy: Through our Forestry Stewardship Policy, Land Use Policy, Palm Oil Targets, and Sustainable Packaging Policy, PepsiCo has created a robust framework to help achieve our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source. PepsiCo seeks to purchase only responsibly sourced wood fiber products and will not knowingly accept from its supply chain paper-based packaging that may contain wood fiber harvested illegally or sourced from protected forest areas. We are focused on developing and maintaining a deeper understanding of our paper-based packaging supply chain and our supply base sourcing as close to the forest of origin as possible.
- iii. Implementation case study: PepsiCo is working with our suppliers to help them become more environmentally sustainable in their practices by following credible forestry standards and purchasing fiber only from sources that support responsible forest management, as outlined in our policies. PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo

requirements outlined in our policies. In addition, Proforest conducted a rapid assessment of PepsiCo's current performance and overview of risks involved in main regions/countries of our paper packaging supply base.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Low

Likelihood

Very unlikely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,000,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

PepsiCo's reputation and the behavior of consumers in choosing our products are important to the market cap and revenue generation of the Company. The 2021 net revenues for PepsiCo were more than \$79 billion. PepsiCo revenues are sensitive to changes in consumer preferences. For example, a one percent impact on PEP's market value (defined as our market capitalization) would equate to ~\$2 billion. Changes in consumer preferences, for example, due to a positive reaction to PepsiCo's reputation, and the reputation of its products relative to the environment, could positively affect PepsiCo's business, financial condition or results of operations although it would be difficult to precisely identify the driving factors causing a change in consumer behavior.

Forest risk commodity

Palm oil

Type of opportunity

Products & services

Where in your value chain does the opportunity occur?

Other parts of the value chain

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

i. Explanation of opportunity: Socially Responsible Investors, governments, civil society, the media and other key stakeholders have shown a growing interest in the link between palm oil and deforestation in our Company-owned operations and supply chains. PepsiCo has closely monitored consumer and customer campaigns and general interest in responsible palm oil sourcing in our business. As awareness around palm oil grows, improved consumer response to products carrying RSPO-certified sourced material represents a potential opportunity to grow our revenue.

ii. Explanation of strategy: In 2015, we published the PepsiCo Palm Oil Action Plan, describing our strategy for sourcing sustainable palm oil and including our goal to source 100% physically-certified sustainable palm oil by the end of 2020, achieve and maintain PepsiCo and our suppliers' compliance with our various deforestation-related policies and Supplier Code of Conduct; engage suppliers on various capacity building initiatives; and achieve greater traceability. We disclose results of our work annually in Palm Oil Progress Reports, synchronized with our Annual Communication of Progress to the RSPO.

iii. Implementation case study: In 2021, we achieved 100% physically-certified sustainable palm oil, with 2% of our volume sourced comprised of Independent Smallholders (ISH) credits. We encouraged our direct suppliers to be RSPO members; since 2017, 100% of our direct suppliers have been RSPO members. We are also mapping to the mill of origin and aiming for 100%. In 2021, 97.4% of our supply was traceable to the mill. Since launching our Traceability to Plantation Protocol, 36 suppliers representing 57% of our volume reported traceability to plantation in 2021. Our Supplier Scorecards provide a means to track and encourage our suppliers' progress towards establishing policies and programs to enhance performance and capability in sustainable palm. Our Palm Oil Traceability Protocol, developed in collaboration with palm experts and industry partners, supports the development of better information systems to help achieve our goals and prioritize opportunities for improvement. Finally, our impact programs prioritize capacity building, particularly training and development.

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Low

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,000,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

PepsiCo’s reputation and the behavior of consumers in choosing our products are important to the market cap and revenue generation of the Company. The 2021 net revenues for PepsiCo were more than \$79 billion. PepsiCo revenues are sensitive to changes in consumer preferences. For example, a one percent impact on PEP’s market value (defined as our market capitalization) would equate to ~\$2 billion. Changes in consumer preferences, for example, due to a positive reaction to PepsiCo’s reputation, and the reputation of its products relative to the environment, could positively affect PepsiCo’s business, financial condition or results of operations although it would be difficult to precisely identify the driving factors causing a change in consumer behavior.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

| Position of individual | Please explain |
|------------------------|--|
| Board-level committee | <p>i. Responsibility: Under PepsiCo’s By-Laws and Corporate Governance Guidelines, the Board has the responsibility to manage the business of the Company. Because sustainability matters, including forests-related issues, are integrated into our business, the Board considers them an integral part of its oversight. The Sustainability, Diversity and Public Policy Committee assists the Board in providing more focused oversight over the Company’s policies, programs and related risks that concern key sustainability matters. The PepsiCo Executive Committee (PEC) has direct oversight of the sustainability agenda, including strategic decisions and performance management.</p> <p>ii. Decision: In 2020, the PEC and the Board made the decision to review and approve the PEC’s action to sign the Business Ambition for 1.5C pledge as well as PepsiCo’s new climate goal in line with the pledge that was subsequently announced in early 2021, which requires forest-related actions and progress.</p> |

F4.1b

(F4.1b) Provide further details on the board’s oversight of forests-related issues.

| | Frequency that forests-related issues are a scheduled agenda item | Governance mechanisms into which forests-related issues are integrated | Please explain |
|-------|---|---|---|
| Row 1 | Scheduled - some meetings | <p>Monitoring implementation and performance</p> <p>Overseeing acquisitions and divestiture</p> <p>Overseeing major capital expenditures</p> <p>Providing employee incentives</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Setting performance objectives</p> | <p>i. The Sustainability, Diversity and Public Policy Committee assists the Board with oversight of PepsiCo’s policies, programs and risks concerning key sustainability matters. The committee typically meets 4x/year and is comprised of independent directors with a mix of public policy, risk, international and science-related skills, qualifications and experience. The key agenda item for these meetings is a review of progress on our sustainability goals, including those related to deforestation. The Board also oversees PepsiCo’s integrated risk management framework to address top strategic, financial, operating, business, compliance, safety, reputational and other risks, including forests-related issues across the organization.</p> <p>The PepsiCo Risk Committee (PRC) is a cross-functional diverse group that meets regularly and is responsible for reporting progress on risk mitigation efforts to the Board. The PRC reviews potential impacts in agricultural commodity supplies and regulatory changes that may impact PepsiCo’s business. The Board receives updates on key risks throughout the year. Key risks related to forests-related issues are included in our 2021 Annual Report on Form 10-K.</p> <p>ii. The governance mechanisms selected reflect PepsiCo’s comprehensive approach to sustainability. The full Board considers sustainability issues an integral part of its business oversight, as sustainability topics are integrated into, and not separate from, our business strategy.</p> |

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

Our Board has a comprehensive, ongoing director succession planning process designed to provide for a highly independent, well-qualified Board, with the diversity, experience and background to be effective and to provide strong oversight. Our Board regularly evaluates the needs of the Company and adds new attributes, viewpoints and experiences to the Board as necessary to best position the Company to navigate through a constantly changing global landscape. The Board established a Public Policy and Sustainability Committee in 2017. In 2020, the Board amended the Committee’s charter and changed its name to Sustainability, Diversity and Public Policy Committee to reflect the Committee’s ongoing oversight over diversity and inclusion matters. The Committee assists the Board in providing more focused oversight over PepsiCo’s policies and programs and related risks that concern key sustainability, diversity and inclusion and public policy matters. Members of this Committee provide the Board with unique perspectives on human capital management, talent development and diversity and inclusion and insights on public policy and sustainability-related matters that are particularly valuable as PepsiCo continues to focus on its sustainability goals and pursue strategies to drive long-term growth.

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

| Name of the position(s) and/or committee(s) | Responsibility | Frequency of reporting to the board on forests-related issues | Please explain |
|---|---|---|--|
| Chief Executive Officer (CEO) | Both assessing and managing forests-related risks and opportunities | Quarterly | PepsiCo’s Sustainability Committee, an executive committee subcommittee, includes our Chief Financial Officer (CFO), Chief Operations Officer (COO), Chief Executive Officers (CEOs) of key business units and Chief Sustainability Officer (CSO). The members of this committee were selected to ensure that key business functions that influence sustainability performance are engaged in overseeing sustainability efforts at the highest level. The Sustainability Committee meets monthly and reviews progress against our climate and deforestation goals and forest-related initiatives, as well as assessing and approving improvements to our strategy. |

| | | |
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| | | <p>One example of this sustainability oversight is our commitment to climate change mitigation by signing the Business Ambition for 1.5C pledge in early 2020, setting our Science Based Target in late 2020, and publicly announcing our goal in 2021. Monitoring climate and forest-related issues falls directly under the responsibilities of the CSO, who oversees forestry-related issues and risks in the value chain, sets PepsiCo's forestry targets, and works with business units on environmental product criteria, design, compliance, and performance, including palm oil in products and timber in packaging. PepsiCo's CEO's at the business unit level along with the business unit CSO's are directly responsible for operationalizing the climate agenda and forestry targets at their respective business unit and delivering on our goals.</p> |
|--|--|---|

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

| | Provide incentives for management of forests-related issues | Comment |
|-------|---|---------|
| Row 1 | Yes | |

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

| | Role(s) entitled to incentive? | Performance indicator | Please explain |
|-----------------|--------------------------------|--|---|
| Monetary reward | Corporate executive team | Achievement of commitments and targets | Indicators: All executive officers oversee sustainability targets relevant to the organization, have annual strategic objectives that align with the achievement of our sustainability targets, including climate and forestry targets, and are evaluated annually against objectives related to PepsiCo's sustainability strategy. Method for measurement: The executive team is responsible for overseeing the company's product and packaging sustainability risks and progress against targets, including deforestation targets, as part of their |

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| | | | individual strategic objectives. Performance against these strategic objectives is evaluated on an annual basis for each executive officer, in conjunction with individual contributions to broader strategic business imperatives, impacting total compensation and the payout of the annual incentive award. Threshold for Success: The threshold for success is achieving our various climate and deforestation targets, including our goals for 100% RSPO physically certified palm oil and sustainable procurement standards for timber by 2025. In this way, achievement of our deforestation goals incentivizes executive performance. |
| Non-monetary reward | No one is entitled to these incentives | No indicator for incentivized performance | N/A |

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

| | Scope | Content | Please explain |
|-------|--------------|--|---|
| Row 1 | Company-wide | Commitment to eliminate conversion of natural ecosystems Commitment to no land clearance by burning or clearcutting Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands | i. Mechanisms: PepsiCo’s standards are based on international conventions and reference best practices established by forest-related initiatives and industry groups. Specific to forests-related issues, PepsiCo’s publicly available Forestry Stewardship Policy and Land Policy are important components of the more comprehensive PepsiCo Responsible Sourcing Guidelines, which applies to all PepsiCo global operations and global supply chains from direct supplier to source. Details in these policies regarding our operational standards, references, targets and business context demonstrate a robust framework to help achieve our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct |

| | | |
|--|---|---|
| | <p>and to no exploitation (NDPE)</p> <p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitment to transparency</p> <p>Commitment to align with the SDGs</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound milestones and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p> | <p>supplier to source. Additionally, our Human Rights policy specifies access to remedies. For example, PepsiCo aims to comply with across all commodities: (i) comply with applicable legal requirements of each country in which we operate and from which we source; (ii) No further development on High Carbon Stock Forests; (iii) No further development on High Conservation Values Forests; (iv) No new conversion of peatlands; and (v) Free, Prior and Informed Consent as outlined in our Land Policy. In addition, PepsiCo intends to: (i) Engage with appropriate industry and other groups to improve our understanding of deforestation issues, adapt our policy and achieve our goals; (ii) Provide appropriate grievance mechanisms for suppliers to report suspected breaches; (iii) Leverage our Supplier Code of Conduct as a means of communicating PepsiCo's Forestry Stewardship Policy and associated targets to our suppliers; and (iv) Periodically report on our performance against this policy and its associated targets. Our policies reflect PepsiCo's target to doing business the right way and transparently communicating to stakeholders our responsibility to ensure that we and our suppliers practice responsible forestry stewardship. . Policy governance: The Public Policy & Government Affairs group reviews policies every two years and amends them as appropriate. Relevant policies are available via our Sustainable Sourcing page: https://www.pepsico.com/our-impact/esg-topics-a-z/sustainable-sourcing</p> |
|--|---|---|

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

| | Do you have a commodity specific sustainability policy? | Scope | Content | Please explain |
|-----------------|---|--------------|---|--|
| Timber products | Yes | Company-wide | Commitment to eliminate deforestation Commitment to protect rights and livelihoods of local communities Commitment to transparency Commitment to align with the SDGs Description of business dependency on forests Recognition of potential business impact on forests and other natural ecosystems Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related performance standards for | i. Policy governance: The Public Policy & Government Affairs group reviews policies every two years and amends them as appropriate. i. Mechanisms: Our policies reflect PepsiCo’s goal to doing business the right way and transparently communicating to stakeholders our responsibility to ensure that we and our suppliers practice responsible forestry stewardship. Through our Forestry Stewardship Policy, Land Use Policy and Sustainable Packaging Policy, PepsiCo has created a robust framework to help address our timber commodity practices and achieve our goal of zero deforestation in our company-owned and -operated facilities and global supply chains from direct supplier to source. Details regarding our operational standards, references, targets and business context are provided in our policies to inform decision making. Our sustainable packaging policies aim to: (i) Optimize the use of post-consumer recycled fibers in our packaging materials whenever feasible; (ii) Drive traceability of the fiber supply chain to country of harvest and promote growth in forest-certified materials; (iii) Work in collaboration with other stakeholders in priority countries to engage in landscape initiatives that support forest conservation and sustainable management; (iv) Align with globally accepted standards and obtain certification from credible third parties for other bio-based materials; and (vi) Avoid materials that would stress food supply for people or animals. Relevant policies are available at the following links: https://www.pepsico.com/docs/default-source/policies/pepsico-forestry-stewardship-policy.pdf?sfvrsn=6b5ed7f8_3 https://www.pepsico.com/docs/default- |

| | | | direct operations Description of forests-related standards for procurement | source/policies/pepsico-sustainable-packaging-policy.pdf?sfvrsn=447f91c4_3 |
|----------|-----|--------------|--|---|
| Palm oil | Yes | Company-wide | <p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to no land clearance by burning or clearcutting</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitment to transparency</p> <p>Commitment to align with the SDGs</p> <p>Description of business</p> | <p>i. Mechanisms: Our policies reflect PepsiCo's goal to doing business the right way and transparently communicating to stakeholders our, and our suppliers' responsible forestry stewardship.</p> <p>Recognizing potential environmental benefits, including climate and biodiversity, as well as human rights, we achieved our commitment to source 100% physically-certified sustainable palm oil by the end of 2020. We published a Palm Oil Action Plan in 2015 describing our operational standards, references, targets and business context behind our sustainable palm oil practices; our strategy was updated in April 2021. Subsequent annual progress reports detail additional interim goals and specific activities undertaken to achieve our goals. Our June 2018 palm oil policy update provided our long-term vision for a sustainable palm oil sector and updated our NDPE targets. In February 2020, we published an update to our policy, reflecting engagement with civil society, developments in the palm oil sector and further understanding of challenges and opportunities to meet our goals for sustainable palm oil. The update strengthens our policy, including by: Extending the scope of the policy to include all palm oil that is produced by PepsiCo's palm oil suppliers, rather than just the oil that we receive; Highlighting our target to independent verification as a key part of delivering an NDPE palm oil supply chain; Clarifying our requirement for our suppliers to respect human rights, in line with the UN Guiding Principles on Business and Human Rights and other internationally recognized frameworks; and Expanding our target to a</p> |

| | | | |
|--|--|---|--|
| | | <p>dependency on forests</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p> | <p>no-deforestation cutoff date of December 31, 2015.</p> <p>Relevant policies are available at the following links: https://www.pepsico.com/our-impact/esg-topics-a-z/palm-oil https://www.pepsico.com/docs/default-source/policies/global-policy-for-sustainable-palm-oil.pdf?sfvrsn=57aba3ae_2 https://www.pepsico.com/docs/default-source/policies/global-policy-on-sustainable-palm-oil---implementation-plan.pdf?sfvrsn=169c1bfe_3</p> |
|--|--|---|--|

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Tropical Forest Alliance

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

- No conversion of natural ecosystems
- Zero gross deforestation/ no deforestation
- Zero net deforestation
- No land clearance by burning or clearcutting
- No conversion of High Conservation Value areas
- No conversion of High Carbon Stock forests
- Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
- Promotion of gender equality and women's empowerment
- Adoption of the UN International Labour Organization principles
- Resolution of complaints and conflicts through an open, transparent and consultative process
- Facilitate the inclusion of smallholders into the supply chain
- No sourcing of illegally produced and/or traded forest risk commodities
- No sourcing of forest risk commodities from unknown/controversial sources
- Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

No cutoff date

Commitment target date

2021-25

Please explain

PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in our policies. In addition, Proforest conducted a rapid assessment of PepsiCo's current performance and overview of risks involved in main regions/countries of our current paper packaging supply base. We have also developed new form contract language for our sourced materials to be FSC- and SFI-certified, with the intention of further promoting compliance with our policy criteria. As we undertake new contracts, PepsiCo is negotiating by region to determine the capabilities to source certified materials. We have identified Russia and parts of South/Southeast Asia as our primary focus to mitigate risks. PepsiCo recognizes the importance of having a credible system for third parties to raise concerns where they believe our standards are not being met, such as any compromise of Free, Prior and Informed Consent principles, our zero net deforestation and forest degradation, and potentially illegal and/or controversial activities occurring in our agricultural supply chain. Our Speak Up Hotline provides a means to report

suspected violations of our policies or applicable law. PepsiCo's grievance mechanism for our agricultural supply chain complements our existing program to help prevent, identify and manage environmental and social concerns throughout our value chain, including those associated with timber. This allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain. The Speak Up Hotline is active in the following countries: Indonesia, Brazil, Malaysia, and Guatemala.

Our approach is available here:

<https://www.pepsico.com/docs/album/esg-topics-policies/agricultural-supply-chain-grievance-mechanism-summary.pdf>

Additionally, PepsiCo adopted the Consumer Goods Forum (CGF) Deforestation Resolution, which commits a wide range of food and beverage manufacturers and retailers to achieve zero net deforestation by 2020. While good progress has been made since it was issued in 2010, our industry has not fully realized the ambition set out in the resolution. To accelerate progress, PepsiCo became an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies aiming to moving efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. 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. PepsiCo's Chairman and CEO serves on the CGF Board of Directors. For example, in PepsiCo's work to eliminate deforestation, we are sourcing 100% recycled materials in places such as Saudi Arabia, Mexico, and Egypt.

Forest risk commodity

Palm oil

Criteria

- No conversion of natural ecosystems
- Zero gross deforestation/ no deforestation
- Zero net deforestation
- No new development on peat regardless of depth
- No land clearance by burning or clearcutting
- No conversion of High Conservation Value areas
- No conversion of High Carbon Stock forests
- Secure Free, Prior and Informed Consent (FPIC) of indigenous people and local communities
- Promotion of gender equality and women's empowerment
- Adoption of the UN International Labour Organization principles
- Resolution of complaints and conflicts through an open, transparent and consultative process

Facilitate the inclusion of smallholders into the supply chain
 No sourcing of illegally produced and/or traded forest risk commodities
 No sourcing of forest risk commodities from unknown/controversial sources
 Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Direct operations and supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2015

Commitment target date

2020

Please explain

PepsiCo undertook several actions in 2021 to meet our palm oil goals. Our long-term goals are reflected in our time-bound targets, which will evolve over time and can be found in our Palm Oil Implementation Plan, updated in April 2021. Since 2017, PepsiCo has been a lead convener of the Palm Oil Collaboration Group (POCG) to address key palm oil-related sustainability challenges with companies throughout the value chain and other stakeholders in a pre-competitive manner. The POCG has work streams on human rights and social issues; independent verification of progress; addressing deforestation outside concessions; and monitoring and reporting on progress through the NDPE Independent Reporting Framework (IRF). In 2021, we continued to work with other companies, civil society organizations and governments in support of our targets. For example, in Indonesia, PepsiCo is one of eight coalition companies that are working together on a landscape program for sustainable palm oil in the districts of Siak and Pelalawan. The goal of the program is to create sustainable landscapes and avoid the conversion of natural ecosystems for palm 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 that aligns with our FPIC targets. Some 2021 program highlights from Siak and Pelalawan include mapping of high priority areas for conservation of forests and peat, training of 930 individuals on conservation activities, and beginning restoration activities starting with 5 hectares of peatland as a restoration pilot. PepsiCo has also supported the protection of over 70,000 hectares under the identification of High Conservation Values in the Southeast of Mexico and the creation of the HCS-HCV probability maps to facilitate the conservation of forests and high conservation values in the smallholder's context. These tools have been developed by Proforest and endorsed by the RSPO and HCSA (High Carbon Stock Approach) and cover the four palm oil producing states. The HCS-HCV probability maps were launched in 2021 and are a resource that could support the 18 Mexican mills to meet NDPE standards. As part of the Coalition for Sustainable Livelihoods (CSL), PepsiCo is supporting the development of the Aceh

Tamiang district initiative and implementation of the CSL’s landscape plan. In 2021, PepsiCo supported a project with local plantations, mill companies, NGOs and others that assisted 500 smallholders in Aceh Tamiang district with the restoration of 300 hectares in alignment with our restoration target in our Forest Stewardship Policy. During 2021, PepsiCo continued to co-chair the RSPO’s Shared Responsibility Working Group, which calls for all RSPO members to do their part to “Mobilize, Act and Transform” to fulfil RSPO’s mission. The Shared Responsibility requirements relate to the environment, information and outreach; human rights; complaints and grievances; land use; and Free, Prior and Informed Consent (FPIC). Finally, our grievance mechanism complements our existing agricultural program to help prevent, identify and manage environmental and social concerns throughout our value chain.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

| | Are forests-related issues integrated? | Long-term time horizon (years) | Please explain |
|-------------------------------|--|--------------------------------|---|
| Long-term business objectives | Yes, forests-related issues are integrated | 11-15 | <p>i. Description: PepsiCo considers sustainability issues, including forest-related issues, an integral part of its business objectives; sustainability topics are integrated into, and not separate from, our business strategy. Our sustainability strategy demonstrates PepsiCo’s goal to deliver top-tier financial performance while creating sustainable growth and shareholder value. The strategy sets out business objectives, including for those related to forests, through 2025.</p> <p>ii. Example: As a leading global consumer packaged goods company, it is a priority for PepsiCo to develop next-generation packaging that continues to meet the needs of our consumers for high quality, safety and consumer experience, while minimizing our environmental footprint. In line with this priority, we set a 2025 goal to to design 100% of our packaging to be recyclable, compostable, biodegradable, or reusable (RCBR), increase recycled materials in our plastic packaging, and reduce packaging’s carbon impact. We recognize that we face technical and regulatory challenges with these goals—and we may encounter additional new or unanticipated obstacles—but we are committed to moving forward with innovative packaging design solutions in pursuit of our goals. We</p> |

| | | | |
|--|---|--------------|---|
| | | | <p>have set a goal to work with associations, governments and cross-sector collaborations to help implement long-term recovery and recycling solutions, including packaging inputs originating from forest commodities. Related to palm oil, PepsiCo incorporated our targets in our Global Policy on Sustainable Palm Oil. The policy provides our long-term vision for a sustainable palm oil sector and our targets to no deforestation, no development on peatlands, and no exploitation of indigenous peoples and local communities (NDPE standards). PepsiCo plans to reduce absolute GHG emissions across its direct operations (Scope 1 and 2) by 75% and its indirect value chain (Scope 3) by 40% by 2030 (2015 baseline), and PepsiCo will further scale sustainable agriculture and regenerative practices that help lead to emissions reduction and sequestration, as well as improved soil health and biodiversity, decreased deforestation, and increased productivity for farmers. This includes expanding the Company's global network of Demonstration Farms, which provide localized training and tools to implement sustainable practices and improve livelihoods.</p> |
| <p>Strategy for long-term objectives</p> | <p>Yes, forests-related issues are integrated</p> | <p>11-15</p> | <p>i. Description: PepsiCo considers sustainability issues, including forest-related issues, an integral part of its business objectives; sustainability topics are integrated into, and not separate from, our business strategy. Our sustainability strategy demonstrates PepsiCo's goal to deliver top-tier financial performance while creating sustainable growth and shareholder value and provides a roadmap for achieving our sustainability objectives, including for those related to forests, through 2025. We believe our objectives and corresponding strategy demonstrate business value, will expand the community of engaged actors, accelerate uptake of sustainable practices and support the scale-up of solutions to systemic issues.</p> <p>ii. Example: As we continue our journey to improve our sustainable sourcing practices, we undertook an initial step in understanding the implications of our policies to support long-term implementation. We engaged Proforest to map the supply chain and support implementation of our policies related to paper packaging, including an assessment of certification schemes that we recognize (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver</p> |

| | | | |
|---------------------------|---|--------------|---|
| | | | <p>PepsiCo requirements outlined in the Forestry Stewardship, Land Use and Sustainable Packaging policies. Finally, PepsiCo plans to reduce absolute GHG emissions across its direct operations (Scope 1 and 2) by 75% and its indirect value chain (Scope 3) by 40% by 2030 (2015 baseline). With agriculture accounting for approximately one quarter of worldwide GHG emissions and one third of PepsiCo's emissions, PepsiCo will further scale sustainable agriculture and regenerative practices that help lead to emissions reduction and sequestration, as well as improved soil health and biodiversity, decreased deforestation, and increased productivity for farmers. This includes expanding the company's global network of Demonstration Farms, which provide localized training and tools to implement sustainable practices and improve livelihoods.</p> |
| <p>Financial planning</p> | <p>Yes, forests-related issues are integrated</p> | <p>11-15</p> | <p>i. Description: PepsiCo considers sustainability issues, including forest-related issues, an integral part of its business objectives; sustainability topics are integrated into, and not separate from, our business strategy. Our financial planning, therefore, is inherently impacted by our objectives and strategy to achieve them. Our sustainability strategy demonstrates PepsiCo's goal to deliver top-tier financial performance while creating sustainable growth and shareholder value, and provides a roadmap for achieving our sustainability objectives, including for those related to forests, through 2025. We believe our objectives and corresponding strategy demonstrate business value, will expand the community of engaged actors, accelerate uptake of sustainable practices and support the scale-up of solutions to systemic issues. ii. Example: As a leading global consumer packaged goods company, it is a priority for PepsiCo to develop next-generation packaging that continues to meet the needs of our consumers for high quality, safety and consumer experience, while minimizing our environmental footprint. In line with this strategic priority, we set a 2025 goal to strive to design 100% of our packaging to be recyclable, compostable, biodegradable, or reusable (RCBR), increase recycled materials in our plastic packaging and reduce packaging's carbon impact. Related to palm oil, PepsiCo incorporated our commitments in our Global Policy on Sustainable Palm Oil. The policy provides our long-term vision for a sustainable palm oil sector and our targets to no deforestation, no development on peatlands and no</p> |

| | | | |
|--|--|--|--|
| | | | <p>exploitation of indigenous peoples and local communities (NDPE standards). In terms of financial planning, a certain portion of our budget is allocated to support ongoing progress for our goals and policies. Our capacity-building efforts also support the expansion of sustainable commodities, which may experience price fluctuations that are managed by our global purchasing programs and systematic hedging strategies. Our global purchasing programs include fixed-price contracts, purchase orders and pricing agreements. Our hedging strategies include the use of derivatives to economically hedge price fluctuations related to a portion of our anticipated commodity purchases, including for agricultural products.</p> |
|--|--|--|--|

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

Sustainable procurement standard

Linked commitment

Other environmental commitments

Traceability point

Third-party certification scheme

FSC (any type)
FSC Chain of Custody
PEFC Chain of Custody
SFI Forest Management standard
SFI Chain of Custody
SFI Fiber Sourcing certification
Other, please specify
CSA, CERFLOR

Start year

2015

Target year

2025

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

83

Please explain

i. Why and how target was chosen: PepsiCo seeks to purchase only responsibly sourced wood fiber products and will not knowingly accept from its supply chain paper-based packaging that may contain wood fiber harvested illegally or sourced from protected forest areas. PepsiCo is focused on developing and maintaining a deeper understanding of our paper-based packaging supply chain and our supply base sourcing as close to the forest of origin as possible. This is an extremely complex undertaking since PepsiCo does not purchase direct raw material from the forest. However, such action is important to achieving our ultimate goal of only purchasing responsibly sourced wood fiber products. PepsiCo works with suppliers to help them become environmentally sustainable in their practices by following credible forestry standards and purchasing their wood fiber only from sources that support responsible forest management, as outlined in our policies. PepsiCo recognizes the forestry standards below as credible within their scope and requires our suppliers to commit to utilizing the appropriate standard: CERFLOR, CSA, FSC, PEFC and SFI.

ii. Strategy to meet target: To enable a greater understanding of, and visibility into, our

supply chain, in 2016, PepsiCo began working with Proforest to trace the supply chain and support implementation of our policies related to paper packaging. For example, Proforest conducted an assessment of certification schemes that we recognize to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land Use and Sustainable Packaging policies. In addition, Proforest conducted a rapid assessment of our current performance and overview of risks involved in main regions/countries of our current paper packaging supply base. The supply chain mapping project commenced in 2016 and is ongoing. In 2017, PepsiCo worked with a Tier-1 supplier to develop new contract language for sustainably-sourced materials, further promoting compliance with our policy criteria. As we look to renew contracts, PepsiCo has been negotiating by region to determine our suppliers' capabilities to source certified materials. We have seen our percent certified material increase in several high-risk priority regions, including Russia and Thailand. Metrics reflect FSC, PEFC, and SFI certification for 2021.

Target reference number

Target 2

Forest risk commodity

Palm oil

Type of target

Third-party certification

Description of target

Our target was to have a palm oil supply chain with no deforestation, no peatland development and no exploitation (NDPE) by the end of 2020. As part of our goal to sustainably source palm oil, we set a target of sourcing 100% RSPO physically certified palm oil by the end of 2020. We achieved this goal, increasing our sourcing to 100% in 2021 from 82% in 2019. This target falls under the "Risk Management" pillar of our strategy to achieve our long-term vision on palm; as we seek to expand the benefits of sustainable palm oil while working to eliminate the harm that may be done, it is important to address standards in our own supply chain while addressing systemic issues in partnership with others, so that high environmental standards become the norm and human rights are respected. Achieving this target will help us meet our NDPE targets, including delivering of our timebound plan by end of 2022, which address both environmental and social goals.

Linked commitment

No conversion of natural ecosystems

Traceability point**Third-party certification scheme**

RSPO Mass Balance
 RSPO Book and Claim
 Other, please specify
 RSPO Independent Smallholder Credits

Start year

2015

Target year

2020

Quantitative metric**Target (number)****Target (%)**

100

% of target achieved

100

Please explain

i. Why and how target was chosen: In 2010, PepsiCo set a goal to source exclusively 100% RSPO-certified sustainable palm oil by 2015. In 2013, PepsiCo further strengthened this goal to purchasing 100% physically RSPO-certified palm oil by the end of 2020, providing additional visibility into our palm oil supply chain. The RSPO has played a leading role in mobilizing commercial activity to encourage sustainable supply and setting baseline standards for sustainable palm oil, informing our choice to set this target. While we are committed to the RSPO and its process and standards, we are also looking to go beyond current RSPO standards in order to see further protection of forests, peatlands and human rights. Through our policies and actions, PepsiCo seeks to support the growth of sustainable palm oil, first by addressing standards in our own supply chain and then by working with others to drive improvement more widely which will make our supply chain more secure and support stable social, economic and environmental conditions for producers, mills and the communities they support. From 2022, we intend to use our market scale and engagement to support RSPO uptake and effectiveness to meet our target of 100 percent RSPO certification, through at least 95 percent being physically certified, with the balance comprised of ISH credits.

ii. Strategy to meet target: As more mass balance physically-certified sustainable palm oil (CSPO) became available, we strategically increased our use toward our goal to source 100% physically-certified sustainable palm oil by the end of 2020. In 2021, we achieved 100% physically-certified sustainable palm oil with the balance (8,162 MT) comprised of Independent Smallholders (ISH) credits, which are an effective way to recognize efforts made by smallholders to reach the level of RSPO certification. Contrary to reports of a surplus of RSPO-certified palm oil, physically-certified supply is limited or non-existent in some regions including some markets in the Americas. To

address this problem, PepsiCo seeks to build certification capacity, which is why we are implementing a holistic program for sustainable palm oil in Mexico based on the RSPO Principles & Criteria framework. This capacity-building program involves the entire supply chain and provides training and technical assistance toward RSPO certification.

Target reference number

Target 3

Forest risk commodity

Palm oil

Type of target

Traceability

Description of target

Our historical target was to trace 100% of our palm oil to mill by the end of 2020. In 2021, 97.4% of our palm was traceable to mill, with 100% of our palm volume physically certified as sustainable. Achieving the 100% traceability target has been challenging given the complexity of global supply and consistent availability of data from direct suppliers in some markets, so we set a new goal for 98% traceability to mill by 2022 to maintain our current engagement while continuing work with industry partners to drive 100% traceability in the future. We continue to strive towards our 100% traceability to mill goal through work with Peterson and Proforest, engaging direct suppliers in reporting mill information back to PepsiCo, ensuring our policies are being met, and driving positive impact on the ground. This target falls under the "Risk Management" pillar of our strategy to achieve our long-term vision on palm oil and meet our social and environmental NDPE targets.

Linked commitment

Zero net/gross deforestation

Traceability point

Mill

Third-party certification scheme**Start year**

2015

Target year

2022

Quantitative metric**Target (number)**

Target (%)

98

% of target achieved

97

Please explain

i. Why and how target was chosen: Palm oil is the most widely used edible oil in the world and an ingredient in several PepsiCo food products. Like many of our stakeholders, PepsiCo has ongoing concerns about how some palm oil is produced. Rainforest conversion, biodiversity loss and human rights abuses persist in various producing regions. Through our policies and actions, PepsiCo seeks to support the growth of sustainable palm oil, first by addressing standards in our own supply chain and then by working with others to drive improvement more widely. We believe that fulfilment of these policies and targets will make our supply chain more secure and support stable social, economic and environmental conditions for producers, mills and the communities they support. Our traceability targets were chosen to provide more visibility into our supply chain to achieve our sustainable palm oil goals, and we have updated our goal to achieve 98% traceability to mill by 2022 based on the complexity of global supply and the availability of data from direct suppliers in some of our markets. We will continue to work with industry partners towards 100% traceability as part of our goal to sustainable palm oil.

ii. Strategy to meet target: PepsiCo worked with external experts including Peterson to develop and implement PepsiCo's Palm Oil Traceability Protocol, launched in 2017. The protocol was distributed to all direct suppliers along with a required semi-annual reporting template, which requires the names of all palm oil and palm kernel oil mills, their geo coordinates and the percentage of PepsiCo's volume that is traceable to the mills. We also implemented a training program in both English and Spanish and maintain a helpdesk. The protocol is also the basis for independent verification undertaken by suppliers to verify the quality of the management systems used to collect their supply chain data. We continue to make progress toward our goal of 100% traceability to the mill and, at the end of 2021, approximately 97% of the palm oil we used is traced to specific mills, up from 94% in 2017, 89% in 2016 and 65% in 2015. We will continue working with our suppliers to increase visibility of the mills in our palm oil supply chain through various engagement efforts, including our mill traceability data verification protocol.

Target reference number

Target 4

Forest risk commodity

Palm oil

Type of target

Assess and/or verify compliance

Description of target

By the end of 2022, 100% of direct suppliers will have internal systems in place to measure, manage and report NDPE progress across their entire supply base and report via NDPE IRF. In 2021, 86% of suppliers have provided IRF profiles, therefore monitoring direct and indirect suppliers. This target falls under the “Risk Management” pillar of our strategy to achieve our long-term vision on palm. Achieving this target will help us meet our NDPE commitments, which address both environmental and social goals.

Linked commitment

No conversion of natural ecosystems

Traceability point**Third-party certification scheme****Start year**

2020

Target year

2021

Quantitative metric**Target (number)****Target (%)**

100

% of target achieved

86

Please explain

i. Why and how target was chosen: Our Global Policy on Sustainable Palm Oil provides a long-term vision for sustainable palm oil production and use. As we seek to expand the benefits of sustainable palm oil while working to eliminate the harm that may be done, it is important to address standards in our own supply chain while addressing systemic issues in partnership with others, including suppliers, peer companies, civil society, governments and certification bodies, so that high environmental standards become the norm and human rights are respected. To achieve our long-term vision and meet our NDPE goals, PepsiCo is implementing a strategy comprised of three interconnecting targets: 1) Sector Transformation towards 100% No Deforestation, No Peat, No Exploitation (NDPE); 2) Thriving Communities & Ecosystems; and 3) Transparency & Accountability. Meeting our NDPE targets and the individual and collective actions required is an ongoing process and we have mapped our current work

towards meeting our strategy through this implementation plan. These actions will evolve over time as targets are met and as our understanding of the issues and how to tackle them develops. We therefore set a goal that by the end of 2022, 100% of direct suppliers will have internal systems in place to measure, manage and report NDPE progress across their entire supply base and report via the NDPE Implementation Reporting Framework, an industry-wide reporting tool for companies. During 2021, PepsiCo continued to make progress towards operationalizing profiles for NDPE by working with the POCG and our suppliers to help them implement reporting on mills against the framework including by providing information and training via webinars and one-on-one discussions. In 2021, 86% of Tier 1 suppliers have provided IRF profiles, therefore monitoring direct and indirect suppliers for deforestation and peat for the volumes that they source to PepsiCo. By end of 2022, 100% of our palm oil supply will be covered under the NDPE principles or within a timebound initiative that demonstrates progress to delivering, as measured by the NDPE Implementation Reporting Framework

Target reference number

Target 5

Forest risk commodity

Palm oil

Type of target

Assess and/or verify compliance

Description of target

By the end of 2022, 100% of our palm oil supply will be covered under the NDPE principles or within a timebound initiative that demonstrates progress to delivering, as measured by the NDPE IRF.

Linked commitment

No conversion of natural ecosystems

Traceability point**Third-party certification scheme****Start year**

2020

Target year

2022

Quantitative metric**Target (number)**

Target (%)

100

% of target achieved

89

Please explain

Why and how target was chosen: Our Global Policy on Sustainable Palm Oil provides a long-term vision for sustainable palm oil production and use. As we seek to expand the benefits of sustainable palm oil while working to eliminate the harm that may be done, it is important to address standards in our own supply chain while addressing systemic issues in partnership with others, including suppliers, peer companies, civil society, governments and certification bodies, so that high environmental standards become the norm and human rights are respected. To achieve our long-term vision and meet our NDPE goals, PepsiCo is implementing a strategy comprised of three interconnecting commitments: 1) Sector Transformation towards 100% No Deforestation, No Peat, No Exploitation (NDPE); 2) Thriving Communities & Ecosystems; and 3) Transparency & Accountability. Meeting our NDPE commitments and the individual and collective actions required is an ongoing process and we have mapped our current work towards meeting our strategy through this implementation plan. These actions will evolve over time as targets are met and as our understanding of the issues and how to tackle them develops. We therefore set a goal that by the end of 2021, 100% of direct suppliers will have internal systems in place to measure, manage and report NDPE progress across their entire supply base and report via the NDPE Implementation Reporting Framework, an industry-wide reporting tool for companies. During 2021, PepsiCo continued to make progress towards operationalizing profiles for NDPE by working with the POCG and our suppliers to help them implement reporting on mills against the framework including by providing information and training via webinars and one-on-one discussions. . In 2021, 86% of Tier 1 suppliers have provided IRF profiles accounting for 89% of palm volume, therefore monitoring direct and indirect suppliers for deforestation and peat for the volumes that they source to PepsiCo. By end of 2022, 100% of our palm oil supply will be covered under the NDPE principles or within a timebound initiative that demonstrates progress to delivering, as measured by the NDPE Implementation Reporting Framework

Target reference number

Target 6

Forest risk commodity

Palm oil

Type of target

Engagement with direct suppliers

Description of target

Build capability of our direct suppliers, so that all suppliers score greater than 80% through our supplier scorecard process by the end of 2025.

Linked commitment

No conversion of natural ecosystems

Traceability point

Third-party certification scheme

Start year

2020

Target year

2025

Quantitative metric

Target (number)

Target (%)

100

% of target achieved

52

Please explain

Why and how target was chosen: Our Global Policy on Sustainable Palm Oil provides a long-term vision for sustainable palm oil production and use. As we seek to expand the benefits of sustainable palm oil while working to eliminate the harm that may be done, it is important to address standards in our own supply chain while addressing systemic issues in partnership with others, including suppliers, peer companies, civil society, governments and certification bodies, so that high environmental standards become the norm and human rights are respected. To achieve our long-term vision and meet our NDPE goals, PepsiCo is implementing a strategy comprised of three interconnecting targets: 1) Sector Transformation towards 100% No Deforestation, No Peat, No Exploitation (NDPE); 2) Thriving Communities & Ecosystems; and 3) Transparency & Accountability. Our Supplier 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. We therefore set a

goal to build capability of our direct suppliers, so that all suppliers score greater than 80% through our supplier scorecard process by the end of 2025.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

| | Do you have system(s) in place? | Description of traceability system | Exclusions |
|-----------------|---------------------------------|---|----------------|
| Timber products | Yes | <p>i. Methods: PepsiCo is focused on developing and maintaining a deeper understanding of our paper-based packaging supply chain and our supply base sourcing as close to the forest of origin as possible. This is an extremely complex undertaking since PepsiCo does not purchase direct raw material from the forest. For this reason, PepsiCo relies on third-party certifications such as FSC to determine traceability, based on mills where production occurs. We also perform an annual analysis of our contracted volumes through targeted outreach to global procurement contacts to understand the attributes of the fiber packaging products we purchase, including the source country, whether the volumes are certified to a specific sustainability standard, and if suppliers are considered high risk.</p> | Not applicable |
| Palm oil | Yes | <p>i. Methods: PepsiCo is implementing data systems and processes that allow us to identify the mills in our supply chain. We worked with Peterson and Proforest to develop a Palm Oil Traceability Protocol that describes the traceability reporting requirements for suppliers and verification of this data. As required by the Traceability Protocol, suppliers must report quarterly on the name of all palm oil mills from which palm oil is sourced, geo coordinates of the mills and traceability percentage. Using a risk-based approach, the palm oil data submitted by suppliers are subject to verification by a third party to assess accuracy and completeness.</p> <p>ii. Examples: Recognizing the importance of building capacities to reach RSPO certification and smallholder inclusion, in 2021 PepsiCo sponsored a training program, in collaboration with Proforest and Femexpalma, for mills, associations and producers to build technical capacities of the Mexican palm oil sector on sustainability topics, such as RSPO certification schemes, evaluation and conservation of High Conservation Values (HCV), implementation of the RSPO Smallholder certification, internal control systems and</p> | Not applicable |

| | | | |
|--|--|--|--|
| | | evaluation of risks. The program has supported the certification of two mills under the RSPO standard in 2020, two mills in 2021 and is targeting the certification of one additional mill in 2022. PepsiCo has also supported the training of over 670 professionals on sustainability issues in Mexico and across Latin America. | |
|--|--|--|--|

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

| Forest risk commodity | Point to which commodity is traceable | % of total production/consumption volume traceable |
|-----------------------|---------------------------------------|--|
| Timber products | Country | 100 |
| Palm oil | Mill | 97 |

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

| | Third-party certification scheme adopted? | % of total production and/or consumption volume certified |
|-----------------|---|---|
| Timber products | Yes | 83 |
| Palm oil | Yes | 100 |

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

SFI Chain of Custody

Chain-of-custody model used

% of total production/consumption volume certified

17

Form of commodity

Paper

Primary packaging
Secondary packaging
Tertiary packaging

Volume of production/ consumption certified

185,307

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

i. Actions: PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land and Sustainable Packaging policies.

Forest risk commodity

Timber products

Third-party certification scheme

FSC (any type)

Chain-of-custody model used

% of total production/consumption volume certified

47

Form of commodity

Paper
Primary packaging
Secondary packaging
Tertiary packaging

Volume of production/ consumption certified

512,276

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

i. Actions: PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land and Sustainable Packaging policies.

Forest risk commodity

Timber products

Third-party certification scheme

FSC (any type)

Chain-of-custody model used

% of total production/consumption volume certified

19

Form of commodity

Paper

Primary packaging

Secondary packaging

Volume of production/ consumption certified

203,127

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

i. Actions: PepsiCo engaged Proforest to map the supply chain and support implementation of its policies related to paper packaging, including an assessment of certification schemes that PepsiCo recognizes (e.g., CERFLOR, CSA, FSC, PEFC, SFI) to analyze the extent to which they deliver PepsiCo requirements, as outlined in the Forestry Stewardship, Land and Sustainable Packaging policies.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO Mass Balance

Chain-of-custody model used

% of total production/consumption volume certified

98

Form of commodity

Refined palm oil
Palm oil derivatives

Volume of production/ consumption certified

437,226

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

i. Actions: As more mass balance physically-certified sustainable palm oil (CSPO) becomes available, and as part of our goal to sustainably source palm oil, we set a target of sourcing 100% RSPO physically certified palm oil by the end of 2020. We achieved this goal, increasing our sourcing from 82% in 2019. In addition, we procured 8,162 MT of Independent Smallholder Credits in 2021, which are an effective way to recognize efforts made by smallholders to reach the level of RSPO certification. To address the problem of limited physically-certified palm oil, PepsiCo also seeks to build certification capacity on our journey to 100%, supported by our supplier scorecard mechanism.

Forest risk commodity

Palm oil

Third-party certification scheme

Other, please specify
RSPO Independent Smallholder Credits

Chain-of-custody model used

Not applicable

% of total production/consumption volume certified

2

Form of commodity

Refined palm oil
Palm oil derivatives

Volume of production/ consumption certified

8,162

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

i. Actions: As more mass balance physically-certified sustainable palm oil (CSPO) becomes available, and as part of our goal to sustainably source palm oil, we set a target of sourcing 100% RSPO physically certified palm oil by the end of 2020. We achieved this goal, increasing our sourcing from 82% in 2019. In addition, we procured 8,162 MT of Independent Smallholder Credits, which are an effective way to recognize efforts made by smallholders to reach the level of RSPO certification. To address the problem of limited physically-certified palm oil, PepsiCo also seeks to build certification capacity on our journey to 100%, supported by our supplier scorecard mechanism.

ii. Examples: PepsiCo became an RSPO Member in 2009, and since then, we have been actively working with the RSPO, suppliers to promote the benefits of membership, which includes to the environment, workers, local communities and business overall. In 2018, PepsiCo participated in the revision of the 2013 principles and criteria, which strengthened the RSPO Standards, including on smallholder inclusion. 100% of our direct suppliers have been RSPO members since 2017. In 2021, we will continue to focus on using our market scale and engagement to support RSPO uptake and effectiveness through a continued target to 100% RSPO certification, through at least 95% being physically certified, with the balance comprised of Independent Smallholders (ISH) credits.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

| | A system to control, monitor or verify compliance |
|-----------------|---|
| Timber products | Yes, we have a system in place for our no conversion and/or deforestation commitments |
| Palm oil | Yes, we have a system in place for our no conversion and/or deforestation commitments |

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Direct operations

Supply chain

Description of control systems

In July 2017, we formalized a grievance mechanism for our agricultural supply chain to complement our existing programs and processes to prevent, identify, and manage environmental and social concerns throughout our value chain. The mechanism allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain. Our Speak Up Hotline provides a means to report suspected violations of our policies or applicable law. PepsiCo's publicly available grievance mechanism for our agricultural supply chain complements our existing program to help prevent, identify and manage environmental and social concerns throughout our value chain, including those associated with timber. This allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain.

Monitoring and verification approach

Other, please specify

Supplier scorecards; Grievance mechanisms

% of total volume in compliance

81-90%

% of total suppliers in compliance

81-90%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance

Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

Types of monitoring, monitoring frequency, response to non-compliance: The grievance mechanism provides continuous monitoring for our agricultural supply chain and complements our Speak Up! process. We are guided by Section 31 of the United Nations Guiding Principles on Business and Human Rights, which sets out the principles for good business-led grievance mechanisms. Annually, we engage our direct suppliers who source from the companies at the center of the complaint to: Validate the allegations; Demonstrate the importance we attach to addressing the concerns; Understand previous and future corrective action steps; and influence those actions, monitor progress towards completion and address the complaint. In every case, we look to engage suppliers first and promote corrective actions that solve problems and build capability for sustainable agricultural commodities. In cases where engagement does

not lead to progress, we will consider all appropriate steps including significant action where deemed necessary. At the end of 2021, 36 grievances were registered in our system, including legacy grievances. Most of the concerns relate to palm oil production in Southeast Asia. 11 of the grievances have been closed, and PepsiCo deemed five to be “out-of-scope.” 20 remain open, and we continue to engage with suppliers, peers and others to make progress.

Forest risk commodity

Palm oil

Operational coverage

Direct operations

Supply chain

Description of control systems

PepsiCo believes that RSPO certified volumes are essential in sourcing palm oil grown in compliance with our NDPE targets. To facilitate pre-competitive collaboration and drive sustainable production, we have led through the ‘Palm Oil Collaboration Group’ the development and roll out of the NDPE IRF, an industry-wide tool that allows companies to report on palm that delivers on targets, or is on its way to delivery. We rolled this to our global supply network in 2020 – today, 86% of our suppliers have provided IRF profiles, and we aim to have 100% of our suppliers aligned with NDPE standards by 2022. We also work with our direct suppliers through our supplier scorecard mechanism to build capability to deliver NDPE compliant palm oil, and to address non-compliances found in our supply chain. Our publicly available grievance mechanism allows third parties to raise concerns that our environmental and social policies may not be upheld within our supply chain, including NDPE targets.

Monitoring and verification approach

Geospatial monitoring tool

Third-party verification

Other, please specify

RSPO certification; Supplier scorecards; Grievance mechanisms

% of total volume in compliance

81-90%

% of total suppliers in compliance

71-80%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Providing information on appropriate actions that can be taken to address non-compliance

Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics
 Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

We conduct annual Supplier Scorecards to engage suppliers on traceability and verification; certification; policy and implementation; grievance management; and transparency. PepsiCo has engaged with suppliers through 1:1 meetings and webinars on NDPE IRF initiatives. To support the goals in our Palm Oil Strategy, in 2021 PepsiCo integrated the IRF into our supplier scorecard process. Reporting and performance against NDPE IRF will make up half of the total supplier score, encouraging ongoing improvement against the IRF and guiding how we support suppliers in delivering our shared NDPE targets (available at <https://ndpe-irf.net/>). The average supplier performance score improved by approximately 3%, increasing from 73.8% in 2020 to 77.3% in 2021. 86% of suppliers were in compliance, which reflects the percentage of suppliers that reported their NDPE profiles. By 2022, we aim to have 100% of our suppliers reporting their NDPE profiles. The grievance mechanism provides continuous monitoring for our agricultural supply chain. We engage our direct suppliers to: Validate the allegations; Demonstrate the importance in addressing concerns; Understand corrective action steps; Influence those actions, and Monitor progress towards completion. At the end of 2021, 36 grievances were registered, including legacy grievances. Most of the concerns relate to palm oil production in Southeast Asia. 11 of the grievances have been closed, five were deemed “out-of-scope”, and 20 remain open.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

| | Assess legal compliance with forest regulations |
|-----------------|---|
| Timber products | Yes, from suppliers |
| Palm oil | Yes, from suppliers |

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

i & ii. Procedure and methods/tools: In order to source from Brazil, PepsiCo must comply with the Brazilian Forest Code. In addition to being articulated within our Supplier Code of Conduct (compliance with all applicable environmental laws and regulations), suppliers complete a self-assessment that assesses compliance with all

applicable environmental laws in the country. In the case of suppliers in Brazil, this would then be further verified by an independent auditor, as part of the Sedex Members Ethical Trade Audit (SMETA) on-site audits conducted with these suppliers, as part of the Sustainable Sourcing Program. Legal environmental compliance is reviewed as part of the SMETA 4-Pillar methodology, section 10B4.1, stating: 10B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards. The independent audit provides an additional layer of confidence in findings to ensure legal compliance.

iii. Why procedures are sufficient: As the procedures are multilayered, first by a supplier self-assessment followed by an independent audit, and in alignment with the established SMETA methodology, PepsiCo considers these procedures sufficient to ensure legal compliance.

Country/Area of origin

Brazil

Law and/or mandatory standard(s)

Brazilian Forest Code

Comment

Palm oil

Procedure to ensure legal compliance

i & ii. Procedure and methods/tools: In order to source from Brazil, PepsiCo must comply with the Brazilian Forest Code. In addition to being articulated within our Supplier Code of Conduct (compliance with all applicable environmental laws and regulations), suppliers complete a self-assessment that assesses compliance with all applicable environmental laws in the country. In the case of suppliers in Brazil, this would then be further verified by an independent auditor as part of the SMETA on-site audits conducted with these suppliers as part of the Sustainable Sourcing Program. Legal environmental compliance is reviewed as part of the SMETA 4-Pillar methodology, section 10B4.1, stating: 10B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards. The independent audit provides an additional layer of confidence in findings to ensure legal compliance.

iii. Why procedures are sufficient: As the procedures are multilayered, first by a supplier self-assessment followed by an independent audit, and in alignment with the established SMETA methodology, PepsiCo considers these procedures sufficient to ensure legal compliance.

Country/Area of origin

Brazil

Law and/or mandatory standard(s)

Brazilian Forest Code

Comment

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

| | Are you working with smallholders? | Type of smallholder engagement approach | Smallholder engagement approach | Number of smallholders engaged | Please explain |
|-----------------|------------------------------------|--|--|--------------------------------|--|
| Timber products | Yes, working with smallholders | Supply chain mapping | Other, please specify Offering on-site technical assistance and extension services | 15 | i. Description of main strategy: We are striving to supporting the inclusion of smallholders in our supply chain and work with our suppliers to ensure that our timber policies are implemented in a way that supports them. As part of this goal, PepsiCo is investing in landscape initiatives that support conservation, smallholder inclusion and responsible production practices. |
| Palm oil | Yes, working with smallholders | Supply chain mapping Capacity building Financial and commercial incentives | Offering on-site technical assistance and extension services Providing agricultural inputs Disseminating technical materials Organizing capacity building events Investing in pilot projects | 500 | i. Description of main strategy: We are striving to supporting the inclusion of smallholders in our supply chain and work with our suppliers to ensure that our palm oil policies are implemented in a way that supports them. As part of this goal, PepsiCo is investing in landscape initiatives that support conservation, community development, smallholder inclusion and responsible |

| | | | | | |
|--|--|--|--|--|---|
| | | | <p>Financial incentives for certified products</p> | | <p>production practices.</p> <p>li. Engagement activities: In 2021, we continued to coordinate our efforts in this area with other companies as well as through working with civil society organizations and government. PepsiCo is supporting landscape programs in Indonesia and continuing its support for the Mexico Holistic Palm Program. In Mexico, PepsiCo has begun to implement the RSPO smallholder Certification to bring 5,000 metric tons (MT) ISH to market by end of 2023 and source 100% domestic production of RSPO Mass Balance (MB) by end of 2025. In Indonesia, our landscape programs include efforts to support smallholder livelihoods and production. For example, in Aceh PepsiCo has supported a project with local plantation and mill companies, NGOs and others that assisted 500 smallholders in Aceh Tamiang district with better production and sustainability practices and restoration of 300 hectares. The first phase of this work was completed in 2021, with the project having</p> |
|--|--|--|--|--|---|

| | | | | | |
|--|--|--|--|--|--|
| | | | | | <p>restored 300 hectares of forest previously given to oil palm, established two farmer groups and a community nursery, trained 500 farmers in best practices and supported formalisation of land titles for 789 smallholder plots. In Siak and Pelalawan districts in Riau, in partnership with other supply chain companies, PepsiCo is supporting fifteen villages with full-time community coordinators and other capacity building efforts. In 2022, PepsiCo is supporting the first certification of independent smallholders in Mexico. This will drive the inclusion of smallholders within sustainable supply chains and it is fundamental since approximately 80% of the palm oil in Mexico is produced by smallholders.</p> |
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F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

| | Are you working with direct suppliers? | Type of direct supplier engagement approach | Direct supplier engagement approach | % of suppliers engaged | Please explain |
|-----------------|--|---|-------------------------------------|------------------------|--|
| Timber products | Yes, working | Supply chain mapping | Supplier questionnaires | 100% | i. Strategy: PepsiCo works with our suppliers to help them |

| | | | | |
|--|-----------------------|--|--|--|
| | with direct suppliers | Capacity building Financial and commercial incentives | on environmental and social indicators | <p>become environmentally sustainable in their practices by following credible forestry standards and purchasing their wood fiber only from sources that support responsible forest management, as outlined in our policies. PepsiCo recognizes the forestry standards below as credible within their scope and requires 100% of our suppliers commit to utilizing an appropriate standard: CERFLOR, CSA, FSC, PEFC and SFI. We are also working with Proforest to trace our supply chain and understand the level of paper packaging certification and risk of paper used.</p> <p>ii. Examples and number of direct suppliers: In 2017, PepsiCo developed new contract language for our sourced materials to be FSC- and SFI-certified, further promoting compliance with our policy criteria. This contract language has since been implemented in 2018. As we undertake new contracts, PepsiCo has been negotiating by region to determine the capabilities to source certified materials. We have identified Russia and parts of South/Southeast Asia as our primary focus to mitigate risks and have seen our percent certified material increase in all of these areas as we renew contracts between 2015 and 2021: from 5% to 89% in Russia, 0% to 51% in Thailand, as well as 10% to 100% in Brazil.</p> <p>iii. Number of suppliers engaged: In 2020, our RFI/RFP</p> |
|--|-----------------------|--|--|--|

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|----------|------------------------------------|---|---|------|--|
| | | | | | <p>process was conducted across regions, regular meetings were held to evaluate and develop new opportunities, and PepsiCo implemented circular economy aspects with some suppliers such as selling scrap and unusable boxes to close the loop. As all suppliers must engage with PepsiCo during contract negotiations, we consider our engagement to be 100%.</p> |
| Palm oil | Yes, working with direct suppliers | Supply chain mapping Capacity building | <p>Supplier questionnaires on environmental and social indicators</p> <p>Developing or distributing supply chain mapping tool</p> <p>Supplier audits</p> <p>Offering on-site training and technical assistance</p> <p>Disseminating technical materials</p> | 100% | <p>i. Strategy: PepsiCo updated our Global Palm Oil Policy in April 2021, reflecting our NDPE targets. We encouraged direct suppliers to be RSPO members; since 2017, 100% of direct suppliers have been RSPO members. Supplier Scorecards track and encourage our progress towards sustainable palm, and in 2021, we integrated the IRF into our supplier scorecard process. Reporting and performance against the IRF will make up half of the total supplier score, encouraging ongoing improvement against the IRF and helping to support suppliers in delivering our shared NDPE targets. Our palm traceability protocol supports development of better information systems to help achieve our goals, identify opportunities for improvement, and prioritize capacity building.</p> <p>ii. Examples and number of direct suppliers: PepsiCo works with suppliers to drive compliance with our Policy and support their sustainability efforts. Based on our Supplier Scorecard methodology</p> |



| | | | | |
|--|--|--|--|---|
| | | | | <p>implemented among the 56 suppliers that we sourced from in 2021, we have seen marked improvements and an average supplier performance score improvement of approximately 3.5% since 2020. In 2021, informed by scorecard results, we continued to support capability building to improve practices via 1:1 sessions with subject matter experts and live webinars, focusing on scorecard outages and NDPE IRF. All of our suppliers (56 in total) participated in these engagements, which were delivered in multiple formats. Higher performing suppliers (in the top 25%) were approached to partner on industry leading practices, such as traceability to mill verification and development of the NDPE IRF. Our palm traceability protocol requires direct suppliers to provide a full mill list supplying them on a quarterly basis, including geo coordinates, parent company of the mills and certification/verification status, and undergo an independent third-party review of the reported data. We also: 1) attained approximately 97% traceability to mill by the end of 2021, 2) implemented our Palm Traceability to Mill Verification Protocol, with 100% of our direct suppliers' self-reported mill data independently verified, and 3) increased the volume of suppliers reporting traceability to plantation based on our Traceability to Plantation Protocol, with 36 direct</p> |
|--|--|--|--|---|

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|--|--|--|--|--|--|
| | | | | | suppliers reporting traceability to plantation, representing 57% of our volume, up from 49% in 2020. |
|--|--|--|--|--|--|

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

| | Are you working beyond first tier? | Type of engagement approach with indirect suppliers | Indirect supplier engagement approach | Please explain |
|-----------------|------------------------------------|---|--|--|
| Timber products | Yes, working beyond first tier | Other | Other, please specify Multi-stakeholder and collaborative initiatives | <p>i. Strategy: PepsiCo is focused on developing and maintaining a deeper understanding of our paper-based packaging supply chain and its supply-base sourcing as close to the forest of origin as possible. This is an extremely complex undertaking since PepsiCo does not purchase direct raw material from the forest. However, such action is important to achieving our ultimate goal of purchasing only responsibly-sourced wood fiber products. Given our position in the value chain, PepsiCo looks for opportunities to understand strategies for engaging beyond first tier suppliers through multi-stakeholder initiatives and collaborative initiatives. We also work with our suppliers to help them become environmentally sustainable in their practices by following credible forestry standards and purchasing their wood fiber only from sources that support responsible forest management, as outlined in our policies.</p> <p>ii. Example: PepsiCo became an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies committed to moving efficiently and quickly towards a forest positive future and who understand the need to work</p> |

| | | | | |
|----------|--------------------------------|---|--|--|
| | | | | <p>collaboratively with multiple stakeholders. In 2020, PepsiCo, as a member of the Coalition, was involved in creating specific actions that were formalized in 2021 to: Engage direct suppliers and key upstream actors by: Requesting/Promoting the uptake of credible third-party certification where possible, including Chain of Custody; Actively engaging to promote implementation of Forest Positive sourcing across their whole PPP business (linking to the Collaborative Action) and increased use of recycled content; Actively engaging with the suppliers sourcing in countries where certification is not an option to promote sustainable forestry or is known to not adequately address all risks. To do so, from 2021 onwards PepsiCo intends to work with our procurement team to ensure there are internal systems in place that drive consequences for good or bad supplier performance, as well as report on progress using agreed KPIs at least annually.</p> |
| Palm oil | Yes, working beyond first tier | Supply chain mapping Capacity building | <p>Developing or distributing supply chain mapping tools</p> <p>Disseminating technical materials</p> <p>Participating in workshops</p> <p>Investing in pilot projects</p> | <p>i. Strategy: We work with suppliers to ensure PepsiCo’s palm oil policies include smallholders and addresses our full supply chain, through traceability to mill, traceability to plantation (TTP), on the ground initiatives, and industry level engagement. We annually disclose a list of our direct suppliers and mills as of 2020. Self-reported traceability to mill data in 2021 was 97.4%, and was 100% independently verified. The number of suppliers reporting traceability to plantation based on our TTP Protocol is 36 (57% of our volume). Since 2017, PepsiCo has convened the ‘Palm Oil Collaboration Group’ to discuss sustainability issues and challenges in a pre-competitive manner. The group is rolling out the NDPE IRF, an industry-wide reporting tool for companies to comprehensively report on NDPE progress across the supply base. The development phase included pilot studies</p> |

| | | | |
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| | | | <p>and in the next phase, refineries and mills will be requested and supported to allocate fresh fruit bunches (FFB) to progress categories based on production practices in the concession or smallholder plot where the FFB is produced, which will become more feasible with more TTP information. ii. Example: We created the Mexico Holistic Palm Program, a 3-year inclusive palm oil program that engages the supply chain at multiple levels: the sector level (with national palm oil federation Femexpalma), in the PepsiCo Supply Base (with our supplier Oleofinos) and with smallholders (with Oleopalma and the smallholders in their supply base). To help drive scale and expand the existing capacity of the Smallholders Program, nine demo farms were launched in 2019. The demo farms enable the demonstration of sustainable agricultural practices, including nutrient management, productivity, quality and improving livelihoods. To date, these growers have demonstrated an average of an 84% increase in yields, from an average of 9 tons/ha (in 2019) to 16.6 tons/ha (in 2021). In 2021, the program supported the certification of 2 mills and and trained over 670 professionals on sustainability issues in Mexico and Latin America. In 2022, the program is targeting the certification of 4 smallholder associations under the RSPO Independent Smallholders Standard, which would be the first group of certified smallholders in Mexico. In 2022, the partnership estimates that Mexico will reach the milestone of 5 certified mills.</p> |
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F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

| Do you engage in landscape/jurisdictional approaches? | |
|---|--|
| Row 1 | Yes, we engage in landscape/ jurisdictional approaches |

F6.10a

(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

| | Criteria for prioritizing landscapes/jurisdictions for engagement | Please explain |
|-------|--|---|
| Row 1 | <p>Company actions align with already established jurisdictional and/or landscape initiative priorities in area</p> <p>Opportunity for smallholder inclusion</p> <p>Opportunity to protect natural ecosystems</p> <p>Opportunity to restore natural ecosystems</p> <p>Response to regulation</p> <p>Risk of deforestation/conversion</p> | <p>PepsiCo is a member of the Consumer Goods Forum and subsequent group, Forest Positive Coalition of Action, which is led by 20 companies with a collective market value of around US\$2 trillion, to leverage collective action and accelerate systemic efforts to remove deforestation, forest degradation and conversion from key commodity supply chains, while supporting sustainable forest management, conservation and restoration. As a member of this coalition, PepsiCo's goals and initiatives are in alignment and strive for specific goals, such as smallholder inclusion and reduced deforestation outside of concessions for palm and to eliminate deforestation and degradation of HCV forest and areas for timber. Our palm oil strategy articulates our specific role and the actions we intend to take in our own supply chain and to catalyze wider change. It is informed by our understanding of the key sustainability challenges facing palm oil, including deforestation, biodiversity loss, the role of smallholder farmers, and respect for human rights. Our goal is to promote the transformation of the palm oil sector to support thriving communities, human rights and the health of vital ecosystems and source 100 percent sustainable palm oil, which includes 100 percent Roundtable on Sustainable Palm Oil (RSPO) certified. To meet our goal, we have set three interconnected targets that also guide our jurisdictional approach, including 'Thriving Communities and Ecosystem', where we aim to address systemic issues facing communities and ecosystems in priority landscapes, including deforestation, land and workers' rights, and economic viability. Specific Example of jurisdictional approach: In Riau, PepsiCo is one of seven companies working together on a landscape program for sustainable palm oil in the districts of Siak and Pelalawan. The goal of the program is to create sustainable landscapes across both districts that will produce deforestation-free and exploitation-free palm oil and maintain or enhance key conservation areas. This</p> |

| | | |
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| | | will build upon existing local efforts and multi-stakeholder platforms to advance sustainable, inclusive palm oil production models. |
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F6.10b

(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.

Country/Area

Indonesia

Name of jurisdiction or landscape area

Siak/Pelalawan

Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?

Yes, the landscape is defined by administrative boundaries and the approach has active government involvement

Brief description of landscape/ jurisdictional approach

PepsiCo is collaborating with local communities and government to create more sustainable landscapes across Siak and Pelalawan districts. As part of Proforest Coalition, our efforts and roles are in alignment with local governments and the Coalition based on an established agreement. Our shared vision is to support the region's development of a more inclusive, deforestation-free palm oil production system.

Forest risk commodities relevant to this landscape/jurisdictional approach

Palm oil

Type of engagement

Convener: High level of engagement in set-up, design, management and implementation

Funder: Provides full or partial financial support

Description of engagement

The program has three phases which are: 1) design the intervention, 2) define the partnership and 3) implement the intervention. PepsiCo is engaged with Siak District Government to support implementation of the District action plan, which includes providing training and funding for facilitators in seven rural communities and engaging with all local mills.

Goals supported by engagement

Avoided deforestation/conversion of other natural ecosystems

Company actions supporting approach

Co-design and develop goals, strategies and an action plan with timebound targets and milestones for the initiative

Implementation partner(s)

Proforest and Daemeter Consulting

Engagement start year

2,019

Engagement end year

Please specify

2025

Total investment over the project period (currency)

750,000

Details of your investment

PepsiCo has invested \$150,000 annually to this project, which estimates around \$300,000 by the end of 2021 and expects to invest a similar amount annually for the duration of the project period. These investments are spreads across the range of activities done by the coalition including the mapping of high priority conservation areas, training 930 individuals on conservation activities and implementation of a peat restoration pilot project on 5 hectares.

Type of assessment framework

No assessment framework in place

Is progress monitored and publicly reported on?

Yes, progress is monitored and publicly reported on

State the achievements of your engagement so far, and how progress is monitored

In 2020 and 2021, the Coalition has focused on implementing activities within the workplan, including providing support to local communities, engaging mills, improving traceability, and coordinating on deforestation monitoring. Some highlights from 2021 include: Mapping of high priority areas for conservation of forests and peat in the districts of Siak and Pelalawan, and training of 930 individuals on conservation activities; Begin restoration activities starting with 5 hectares of peatland as a restoration pilot; Support to 15 rural communities including training of and funding for 7 full-time village facilitators to work in local communities, and the completion of participatory mapping in the fifteen villages which formed the basis of ongoing village support programs; Engagement of 51 mills on sustainability, and work to collect traceability to village level (at a minimum) for all mills in the project area; Alignment with government and Pelalawan the Coalition's role in supporting the implementation of the district action plan for sustainable palm oil. This builds on an agreement that was signed between the Coalition and the Siak District Government in 2019 to support the Siak government's plan for sustainable governance of the district, ensuring that the Coalition is working in alignment with the government of both districts.

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Brazil

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Other, please specify

Sustainable Packaging Coalition, EUROPEN, CGF Forest Positive Coalition

Please explain

i. PepsiCo role and fit within environmental strategy: PepsiCo is an active member of The European Organization for Packaging and the Environment, known as EUROPEN, serving on the Executive Committee and Scientific & Regulatory Affairs Committee, to drive forward our Global Sustainable Packaging Policy (see: https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-sustainable-packaging-policy.pdf?sfvrsn=d808643c_4) As a member of the Tropical Forest Alliance (TFA), PepsiCo supports the TFA's mission to foster public-private partnerships in which partners take voluntary actions, individually and collaboratively, to reduce tropical deforestation. The TFA is a multi-stakeholder partnership platform, initiated to support the implementation of private-sector targets to remove their deforestation from their palm oil, beef, soy, and pulp and paper supply chains. Hosted by the World Economic Forum, PepsiCo is a partner of the TFA and supports its mission, goals and objectives, including through active involvement in programs and initiatives to end commodity-driven tropical deforestation. PepsiCo is an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies striving to move efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. The Coalition is focusing 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. Realizing the connection between deforestation and climate change, PepsiCo established an ambitious science-based goal to reduce

absolute greenhouse gas (GHG) emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy goals (specifically no deforestation and no development on peatlands). Our involvement in these initiatives directly ties to PepsiCo's efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Thailand

Subnational area

Not applicable

Initiatives

Please explain

i. PepsiCo role and fit within environmental strategy: PepsiCo adopted the Consumer Goods Forum (CGF) Deforestation Resolution, which commits a wide range of food and beverage manufacturers and retailers to achieve zero net deforestation by 2020. While good progress has been made since it was issued in 2010, our industry has not fully realized the ambition set out in the resolution. To accelerate progress, PepsiCo became an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies striving to move efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. 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. PepsiCo's Chairman and CEO serves on the CGF Board of Directors. Realizing the connection between deforestation and climate change, PepsiCo established an ambitious science-based goal to reduce absolute greenhouse gas (GHG) emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy goals (specifically no deforestation and no development on peatlands). Our involvement in these initiatives directly ties to PepsiCo's efforts to realize our goal of zero deforestation in our

Company-owned and -operated facilities and global supply chains from direct supplier to source.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Other, please specify

Involved in jurisdictional approaches

Country/Area

Indonesia

Subnational area

Please specify

Aceh

Initiatives

Please explain

PepsiCo role and fit within environmental strategy: PepsiCo is a founding member of the CSL. CSL is a group of civil society and private sector organizations with a shared interest in sustainable development, active investments in the Aceh and North Sumatra provinces of Indonesia, and a strong desire to work collaboratively with government. Within CSL, PepsiCo is a supporter of the Aceh Tamiang Verified Sourcing Area initiative and implementation of the landscape plan that the CSL has formulated. In late 2019, the district government formally adopted the plan and signed an agreement to work together towards specific targets on deforestation, livelihoods, and productivity in partnership with local stakeholders (a production-protection-inclusion model). In support of this, PepsiCo has invested in partnership with PT Mopoli Raya, Forum Konservasi Leuser (FKL), and IDH (The Sustainable Trade Initiative) in the restoration of 300 hectares of forest and supporting at least 500 smallholders to become more productive and sustainable. The first phase of this work was completed in 2021, with the project having restored 300 hectares of forest previously given to oil palm (using a combination of tree planting and natural regeneration), established two farmer groups and a community nursery, trained 500 farmers in best practices (6 modules per farmer) and supported formalisation of land titles for 789 smallholder plots. The work in 2022 will provide continued support for the development of a government-led landscape management body and engagement with other stakeholders to develop an effective monitoring system and response protocol to deforestation alerts. Delivering NDPE policy goals supports our science-based target to reduce emissions by more than 40% across our value chain by 2030.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Indonesia

Subnational area

Please specify

Riau

Initiatives

Tropical Forest Alliance 2020 (TFA)

Roundtable on Sustainable Palm Oil (RSPO)

Other, please specify

Palm Oil Collaboration Group, CGF Forest Positive Coalition of Action

Please explain

PepsiCo role and fit within environmental strategy: PepsiCo is an active member of the Shared Responsibility Task Force, and on October 31, 2019, the RSPO's Board of Governors approved landmark rules calling for "Shared Responsibility," and for all members of the organization to do their part to "Mobilize, Act and Transform" to fulfil the RSPO's mission. PepsiCo will continue to represent consumer goods manufacturers on the working group as a substantial member. PepsiCo is also a founding member of the North American Sustainable Palm Oil Network, whose mission is to educate, build momentum and assist North American companies in making and delivering on goals to source sustainable palm oil. The TFA is a multi-stakeholder partnership platform supporting the implementation of private-sector targets to remove their deforestation from their palm oil, beef, soy, and pulp and paper supply chains. Hosted by the World Economic Forum, PepsiCo is a partner of the TFA and supports its mission, goals and objectives through active involvement in programs and initiatives to end commodity-driven tropical deforestation. Since 2017, PepsiCo has taken the lead in convening the 'Palm Oil Collaboration Group' to discuss key sustainability issues and challenges in the palm oil space with companies and other stakeholders in a pre-competitive manner. The group developed and rolled out the No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF), an industry-wide reporting tool for companies. This work tackles human rights and social issues, independent verification of progress, addressing deforestation outside concessions, and monitoring and reporting on progress. PepsiCo is an original signatory to the CGF Forest Positive Coalition of Action, comprised of ambitious member companies striving to move efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. The Coalition is focusing 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. Delivering NDPE policy goals supports our science-based target to reduce emissions by more than 40% across our value chain by 2030.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Engaging with non-governmental organizations

Country/Area

Thailand

Subnational area

Please specify
Bangkok

Initiatives

Please explain

PepsiCo engages with non-governmental organizations such as Landesa, Proforest, Oxfam, and Shift to make progress on our palm oil policies and goals. For example, PepsiCo sponsored a week-long workshop, in collaboration with Proforest and Femexpalma, for mills, associations and producers to learn about how to implement the RSPO Smallholder certification. This course was part of a larger initiative to strengthen the technical capacity of the Mexican palm oil sector by hosting a series of 5 training events on RSPO licensed and endorsed courses on sustainability topics. During the RSPO Roundtable (“RT17”) conference in Bangkok, PepsiCo and Cargill hosted a series of discussions with a wide range of civil society organizations dedicated to preserving forests and biodiversity, and protecting human rights associated with palm oil production in South East Asia. The meeting covered issues including measuring progress on delivering on NDPE standards; independent verification; and human rights within palm oil production. These discussions are part of a broader series of workshops which have become central in guiding our approach to developing and implementing actions. We have been working with Proforest and other stakeholders to provide more structure to the ongoing discussions through the Palm Oil Collaboration Group and its associated working groups. In 2019, we joined other companies to work with Business for Social Responsibility on a program to protect the rights of children living in oil palm plantations, which includes developing a Child Protection and Safeguarding Implementation Manual, as well as a series of capacity-building workshops for palm oil producers. The NGOs we engage with have missions ranging from environmental conservation to protection of human rights. In response to issues raised in 2019 we updated our palm oil policy to apply to companies at the company-wide level; co-led a workshop with industry and civil society at RT17 to discuss the role of independent

verification, and agreed to convene and participate in follow-up meetings; accommodated requests for greater clarity and visibility into the review of our agricultural grievance process, led by an expert external organization. Delivering NDPE policy goals supports our science-based target to reduce emissions by more than 40% across our value chain by 2030.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Mexico

Subnational area

Please specify

Campeche, Chiapas

Initiatives**Please explain**

PepsiCo role and fit within environmental strategy: We are an active member of the Consumer Goods Forum, including work streams on deforestation and palm oil. We are an original signatory to the CGF Forest Positive Coalition of Action, launched in 2019, which focuses on systemic change underpinned by supply chain management and integrated land use approach. The Forest Positive Coalition of Action 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 more transformational change in these key commodity landscapes; and transparently report on progress to ensure accountability. Since 2017, PepsiCo has taken the lead in convening the 'Palm Oil Collaboration Group' to discuss key sustainability issues and challenges in the palm oil space with companies and other stakeholders in a pre-competitive manner. The group has been able to develop and roll out the No Deforestation, No Peat and No Exploitation Implementation Reporting Framework (NDPE IRF), an industry-wide reporting tool for companies. This work tackles human rights and social issues, independent verification of progress, addressing deforestation outside concessions, and monitoring and reporting on progress. PepsiCo is also a member of AIM – Progress, a forum of leading Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to enable and promote responsible sourcing practices and sustainable supply chains. The key objective is to build capability so that member organizations and their suppliers have the knowledge, confidence, and ability to develop and execute robust responsible sourcing programs. PepsiCo also

continues to support Femexpalma (Federation of Mexican palm oil producers and processors) to implement sustainability across the palm growing regions in Mexico and further promote RSPO by providing technical support and capacity building and continue to champion the cause where RSPO certified palm oil is not yet available. Delivering NDPE policy goals supports our science-based target to reduce emissions by more than 40% across our value chain by 2030.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Engaging with policymakers or governments

Country/Area

Indonesia

Subnational area

Please specify
Aceh

Initiatives

Please explain

PepsiCo role and fit within environmental strategy: As part of our role in the CSL, PepsiCo has been supporting the development of the Aceh Tamiang district initiative and implementation of the landscape plan that the CSL has formulated. In late 2019, the district government formally adopted the plan and signed an agreement to work together towards specific targets on deforestation, livelihoods, and productivity in partnership with local stakeholders (a production-protection-inclusion model). In support of this plan, PepsiCo has invested in partnership with PT Mopoli Raya, Forum Konservasi Leuser (FKL), and IDH (The Sustainable Trade Initiative) in the restoration of 300 hectares of forest and supporting at least 500 smallholders to become more productive and sustainable. The first phase of this work was completed in 2021, with the project having restored 300 hectares of forest previously given to oil palm (using a combination of tree planting and natural regeneration), established two farmer groups and a community nursery, trained 500 farmers in best practices (6 modules per farmer) and supported formalisation of land titles for 789 smallholder plots. The work in 2022 will provide continued support for the development of a government-led landscape management body and engagement with other stakeholders to develop an effective monitoring system and response protocol to deforestation alerts. Additionally, realizing the connection between deforestation and climate change, PepsiCo established a goal to reduce absolute GHG emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including

palm oil, by implementing our NDPE policy goals. Our involvement in this work ties to our efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source, as well as address systemic issues facing communities and ecosystems in priority landscapes, including deforestation, land and workers' rights and economic viability.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Engaging with communities

Country/Area

Indonesia

Subnational area

Please specify
Aceh

Initiatives**Please explain**

PepsiCo role and fit within environmental strategy: In February 2018, PepsiCo agreed to participate in Oxfam's FAIR Company-Community Partnerships project in Indonesia. The project promotes a model for sustainable palm oil that benefits women, smallholder farmers, local communities, the environment, and participating companies. FAIR Company-Community Partnerships offer an alternative vision and business model for palm oil production. At the core of the project is the promotion of rights and development aspirations among women, small-holder farmers, and host communities. PepsiCo is the first palm oil buyer to publicly commit its participation and will be joined by others as the project progresses. We are contributing funds for projects and providing relevant business perspectives to the initiative, as well as sharing the lessons in our own supply chains and with our sector peers. In 2021, we continued to work with other companies, civil society organizations and government. PepsiCo is supporting landscape programs in Indonesia and continuing its support in Mexico. In Indonesia, our landscape programs include efforts to support smallholder livelihoods and production. For example, in Aceh PepsiCo has developed a project with local plantation and mill companies, NGOs and others to support at least 500 smallholders in Aceh Tamiang district with better production and sustainability practices and restoration of 300 hectares. In Siak and Pelalawan districts in Riau, in partnership with other supply chain companies, PepsiCo is supporting fifteen villages with full-time community coordinators and other capacity building efforts. Realizing the connection between deforestation and climate change, PepsiCo established a goal to reduce absolute GHG emissions by more than 40%

across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy goals. Our involvement in this work ties to our efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Russian Federation

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Other, please specify

Sustainable Packaging Coalition, EUROOPEN, CGF Forest Positive Coalition

Please explain

i. PepsiCo role and fit within environmental strategy: PepsiCo is an active member of The European Organization for Packaging and the Environment, known as EUROOPEN, serving on the Executive Committee and Scientific & Regulatory Affairs Committee, to drive forward our Global Sustainable Packaging Policy (see: https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-sustainable-packaging-policy.pdf?sfvrsn=d808643c_4) As a member of the Tropical Forest Alliance (TFA), PepsiCo supports the TFA's mission to foster public-private partnerships in which partners take voluntary actions, individually and collaboratively, to reduce tropical deforestation. The TFA is a multi-stakeholder partnership platform, initiated to support the implementation of private-sector targets to remove their deforestation from their palm oil, beef, soy, and pulp and paper supply chains. Hosted by the World Economic Forum, PepsiCo is a partner of the TFA and supports its mission, goals and objectives, including through active involvement in programs and initiatives to end commodity-driven tropical deforestation. PepsiCo is an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies striving to move efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. The Coalition is focusing 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. Realizing the connection between deforestation and

climate change, PepsiCo established an ambitious science-based goal to reduce absolute greenhouse gas (GHG) emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy goals (specifically no deforestation and no development on peatlands). Our involvement in these initiatives directly ties to PepsiCo's efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

India

Subnational area

Not applicable

Initiatives

Tropical Forest Alliance 2020 (TFA)

Other, please specify

Sustainable Packaging Coalition, EUROPEN, CGF Forest Positive Coalition

Please explain

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Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Brazil

Subnational area

Not applicable

Initiatives**Please explain**

i. PepsiCo role and fit within environmental strategy: PepsiCo adopted the Consumer Goods Forum (CGF) Deforestation Resolution, which commits a wide range of food and beverage manufacturers and retailers to achieve zero net deforestation by 2020. While good progress has been made since it was issued in 2010, our industry has not fully realized the ambition set out in the resolution. To accelerate progress, PepsiCo became an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies striving to move efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. 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. PepsiCo’s Chairman and CEO serves on the CGF Board of Directors. Realizing the connection between deforestation and climate change, PepsiCo established an ambitious science-based goal to reduce absolute greenhouse gas (GHG) emissions by more than 40% across our value chain

by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy goals (specifically no deforestation and no development on peatlands). Our involvement in these initiatives directly ties to PepsiCo's efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

Russian Federation

Subnational area

Not applicable

Initiatives

Please explain

i. PepsiCo role and fit within environmental strategy: PepsiCo adopted the Consumer Goods Forum (CGF) Deforestation Resolution, which commits a wide range of food and beverage manufacturers and retailers to achieve zero net deforestation by 2020. While good progress has been made since it was issued in 2010, our industry has not fully realized the ambition set out in the resolution. To accelerate progress, PepsiCo became an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies striving to move efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. 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. PepsiCo's Chairman and CEO serves on the CGF Board of Directors. Realizing the connection between deforestation and climate change, PepsiCo established an ambitious science-based goal to reduce absolute greenhouse gas (GHG) emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy goals (specifically no deforestation and no development on peatlands). Our involvement in these initiatives directly ties to PepsiCo's efforts to realize our goal of zero deforestation in our

Company-owned and -operated facilities and global supply chains from direct supplier to source.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Country/Area

India

Subnational area

Not applicable

Initiatives

Please explain

i. PepsiCo role and fit within environmental strategy: PepsiCo adopted the Consumer Goods Forum (CGF) Deforestation Resolution, which commits a wide range of food and beverage manufacturers and retailers to achieve zero net deforestation by 2020. While good progress has been made since it was issued in 2010, our industry has not fully realized the ambition set out in the resolution. To accelerate progress, PepsiCo became an original signatory to the CGF Forest Positive Coalition of Action (the Coalition), comprised of ambitious member companies striving to move efficiently and quickly towards a forest positive future and who understand the need to work collaboratively with multiple stakeholders. 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. PepsiCo's Chairman and CEO serves on the CGF Board of Directors. Realizing the connection between deforestation and climate change, PepsiCo established an ambitious science-based goal to reduce absolute greenhouse gas (GHG) emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy goals (specifically no deforestation and no development on peatlands). Our involvement in these initiatives directly ties to PepsiCo's efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Engaging with communities

Country/Area

Mexico

Subnational area

Please specify

Chiapas

Initiatives

Please explain

PepsiCo role and fit within environmental strategy: In February 2018, PepsiCo agreed to participate in Oxfam's FAIR Company-Community Partnerships project in Indonesia. The project promotes a model for sustainable palm oil that benefits women, smallholder farmers, local communities, the environment, and participating companies. FAIR Company-Community Partnerships offer an alternative vision and business model for palm oil production. At the core of the project is the promotion of rights and development aspirations among women, small-holder farmers, and host communities. PepsiCo is the first palm oil buyer to publicly commit its participation and will be joined by others as the project progresses. We are contributing funds for projects and providing relevant business perspectives to the initiative, as well as sharing the lessons in our own supply chains and with our sector peers. In 2021, we continued to work with other companies, civil society organizations and government. PepsiCo is supporting landscape programs in Indonesia and continuing its support in Mexico. In Indonesia, our landscape programs include efforts to support smallholder livelihoods and production. For example, in Aceh PepsiCo has developed a project with local plantation and mill companies, NGOs and others to support at least 500 smallholders in Aceh Tamiang district with better production and sustainability practices and restoration of 300 hectares. In Siak and Pelalawan districts in Riau, in partnership with other supply chain companies, PepsiCo is supporting fifteen villages with full-time community coordinators and other capacity building efforts. Realizing the connection between deforestation and climate change, PepsiCo established a goal to reduce absolute GHG emissions by more than 40% across our value chain by 2030. To achieve this goal, we must reduce emissions in our agricultural supply chain, including palm oil, by implementing our NDPE policy goals. Our involvement in this work ties to our efforts to realize our goal of zero deforestation in our Company-owned and -operated facilities and global supply chains from direct supplier to source.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Engaging with non-governmental organizations

Country/Area

Indonesia

Subnational area

Please specify

Riau

Initiatives

Please explain

PepsiCo engages with non-governmental organizations such as Landesa, Proforest, Oxfam, and Shift to make progress on our palm oil policies and goals. For example, PepsiCo sponsored a week-long workshop, in collaboration with Proforest and Femexpalma, for mills, associations and producers to learn about how to implement the RSPO Smallholder certification. This course was part of a larger initiative to strengthen the technical capacity of the Mexican palm oil sector by hosting a series of 5 training events on RSPO licensed and endorsed courses on sustainability topics. During the RSPO Roundtable (“RT17”) conference in Bangkok, PepsiCo and Cargill hosted a series of discussions with a wide range of civil society organizations dedicated to preserving forests and biodiversity, and protecting human rights associated with palm oil production in South East Asia. The meeting covered issues including measuring progress on delivering on NDPE standards; independent verification; and human rights within palm oil production. These discussions are part of a broader series of workshops which have become central in guiding our approach to developing and implementing actions. We have been working with Proforest and other stakeholders to provide more structure to the ongoing discussions through the Palm Oil Collaboration Group and its associated working groups. In 2019, we joined other companies to work with Business for Social Responsibility on a program to protect the rights of children living in oil palm plantations, which includes developing a Child Protection and Safeguarding Implementation Manual, as well as a series of capacity-building workshops for palm oil producers. The NGOs we engage with have missions ranging from environmental conservation to protection of human rights. In response to issues raised in 2019 we updated our palm oil policy to apply to companies at the company-wide level; co-led a workshop with industry and civil society at RT17 to discuss the role of independent verification, and agreed to convene and participate in follow-up meetings; accommodated requests for greater clarity and visibility into the review of our agricultural grievance process, led by an expert external organization. Delivering NDPE policy goals supports our science-based target to reduce emissions by more than 40% across our value chain by 2030.

F6.12

(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.12a

(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Other, please specify

Landscape program including forest protection; peatland protection and best management; sustainable agricultural production

Primary motivation

Voluntary

Description of project

In Indonesia, PepsiCo is one of seven companies that are working together on a landscape program for sustainable palm oil in the districts of Siak and Pelalawan. 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. This will build upon existing local efforts and multi-stakeholder platforms to advance a shared vision of sustainable, inclusive palm oil production models. The program has three phases which are: 1) design the intervention, 2) define the partnership and 3) implement the intervention. In 2019, the partners worked to complete phase 1. In 2020, the Coalition established a final definition of the partnership and implemented activities within the workplan including support to local communities, engagement of mills, improving traceability, and coordination of deforestation monitoring. In 2021, the Coalition focused on implementing activities within the workplan, including providing support to local communities, engaging mills, improving traceability, and coordinating on deforestation monitoring.

Primary motivation: PepsiCo is voluntarily pursuing this program in recognition that smallholder engagement and participation in the shift to sustainable palm oil is critically important and requires industry-wide initiatives and collaboration, especially in the largest and most fragmented production markets. Therefore, we are investing in landscape initiatives that support conservation, community development, smallholder inclusion and responsible production practices. The goal of the program is to create sustainable landscapes across both districts which will produce deforestation and exploitation-free palm oil and maintain or enhance key conservation areas. As the one

of the largest palm oil producing region in Indonesia and with extensive areas of peatland and forests, developing approaches for sustainable palm oil that can work in Riau is important in PepsiCo's work to support systemic change across the industry.

Start year

2019

Target year

Indefinitely

Project area to date (Hectares)

2,248,109

Project area in the target year (Hectares)

2,248,109

Country/Area

Indonesia

Latitude

1.275

Longitude

100.905833

Monitoring frequency

Annually

Measured outcomes to date

Other, please specify

Mill engagement, village mapping

Please explain

Measured outcomes: In 2020 and in 2021, the Coalition focused on implementing activities within the workplan, including providing support to local communities, engaging mills, improving traceability, and coordinating on deforestation monitoring. Project coverage refers to the total ha in the Siak and Pelalawan districts; PepsiCo currently supports 15 rural communities in these districts, where we now have funding and training for 7 village facilitators on the ground. To develop and implement a district wide TTP strategy, including a risk calibrated approach as relevant, 51 mills have been identified with 75% of TTP data collected. Finally, toward our effort to build capacity for NDPE compliance of the mills in the landscape, 96% of mills in the 2 districts have had some kind of engagement on sustainability and landscape. In 2021, the Coalition began mapping high priority areas of forest and peat, training 930 individuals on conservation activities, began a restoration pilot on five acres, engaged with 51 mills on sustainability while remaining in alignment with government and Pelalawan the Coalition's role in supporting the implementation of the district action plan for sustainable palm oil.

Project reference

Project 2

Project type

Other, please specify

Landscape program including sustainable agricultural production, forest restoration, agroforestry, reforestation, smallholder engagement and support

Primary motivation

Voluntary

Description of project

As part of its role in the CSL, PepsiCo's primary motivation has been supporting the development of the Aceh Tamiang district initiative and implementation of the landscape plan that the coalition has formulated. In late 2019, the district government formally adopted the plan and signed an agreement to work together towards specific targets on deforestation, livelihoods, and productivity in partnership with local stakeholders (a production-protection-inclusion model). The first phase of this work was completed in 2021, with the project having restored 300 hectares of forest previously given to oil palm (using a combination of tree planting and natural regeneration), established two farmer groups and a community nursery, trained 500 farmers in best practices (6 modules per farmer) and supported formalisation of land titles for 789 smallholder plots. The work in 2022 will provide continued support for the development of a government-led landscape management body and engagement with other stakeholders to develop an effective monitoring system and response protocol to deforestation alerts. The landscape coalition is also supporting the development of a landscape level HCS/HCV (High Carbon Stock/High Conservation Value) map and capacity building for government institutions in sustainable land management.

Primary motivation: 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 Function, demonstrates the need for a multi-stakeholder approach. Therefore, we are supporting the implementation of the PPI Compact signed by Local Government and private sector in 2019

(<https://www.idhsustainabletrade.com/news/aceh-tamiang-to-become-sustainable-producing-region-as-1st-step-towards-vsa/>)

Start year

2019

Target year

Indefinitely

Project area to date (Hectares)

10,000

Project area in the target year (Hectares)

43,000

Country/Area

Indonesia

Latitude

4.274905

Longitude

97.87216

Monitoring frequency

Annually

Measured outcomes to date

Other, please specify

Agriculture practice and forest protection training, tree plantings, clearing of illegal palm

Please explain

Measured outcomes: This project serves as a pilot project contributing to the targets of Aceh Tamiang Compact. Focusing in a sub-district of Tenggulun, the project will contribute to the reduction of deforestation, improvement of sustainable palm oil production and land legality/conflict resolution in Aceh Tamiang through following interventions: Protection: Developing forest monitoring and improving traceability in the direct surroundings of two PT Mopoli Raya's concessions. Establishing forest-friendly livelihood models to reduce forest encroachment Production: Increasing capacity of independent smallholders and growers via good agricultural practices to increase production. Inclusion: Increasing smallholders' access to finance, inputs and sustainability practices. At jurisdiction level, this project is one of the building blocks of PPI Compact in Aceh Tamiang which focuses on three pillars: Production, Protection and Inclusion. The establishment of a compact governance body – Centre of Excellence – is an essential part of the compact work. The first phase of this work was completed in 2021, with the project having restored 300 hectares of forest previously given to oil palm (using a combination of tree planting and natural regeneration), established two farmer groups and a community nursery, trained 500 farmers in best practices (6 modules per farmer) and supported formalization of land titles for 789 smallholder plots. The work in 2022 will provide continued support for the development of a government-led landscape management body and engagement with other stakeholders to develop an effective monitoring system and response protocol to deforestation alerts. The landscape coalition is also supporting the development of a landscape level HCS/HCV (High Carbon Stock/High Conservation Value) map and capacity building for government institutions in sustainable land management. In later parts of 2021, there was slight increase in possibilities for work in the field. In Indonesia, movement restrictions delayed activities in our program in Aceh Tamiang by several months, as experts from outside

the district were not allowed to enter. Furthermore, limitations on the size of gatherings meant that trainings and other meetings had to be staggered across a wider time period than originally planned.

Project reference

Project 3

Project type

Other, please specify

Sustainable agricultural production and conservation

Primary motivation

Voluntary

Description of project

We launched a holistic program for sustainable palm oil in Mexico that engages the entire supply chain: from the national palm oil federation Femexpalma to our main supplier Oleofinos, to Oleopalma and the smallholders in their supply base. We are working with Femexpalma to consolidate its role in supporting the sustainability of the palm oil sector, strengthening the expertise of the team to support to its members through capacity building and applied research. PepsiCo engages with Oleofinos to improve transparency and traceability.

Primary motivation: Contrary to reports of a surplus of RSPO-certified palm oil, physically-certified supply is limited or non-existent in some regions including, for example, some markets in the Americas. To address this problem, PepsiCo seeks to build certification capacity on our journey to 100%, which is why we are implementing a holistic program for sustainable palm oil in Mexico based on the RSPO Principles & Criteria framework. This capacity-building program involves the entire supply chain and provides training and technical assistance toward RSPO certification.

Start year

2016

Target year

2025

Project area to date (Hectares)

70,000

Project area in the target year (Hectares)

70,000

Country/Area

Mexico

Latitude

17.9895

Longitude

92.9475

Monitoring frequency

Annually

Measured outcomes to date

Biodiversity

Please explain

Measured outcomes: Stakeholder engagement began in late 2016, and program rollout began in 2017. To date, these growers have demonstrated an average of an 84% increase in yields, from an average of 9 tons/ha (in 2019) to 16.6 tons/ha (in 2021). In 2022, the program is targeting an important milestone with the certification of 4 smallholder associations under the RSPO Independent Smallholders Standard, which would be the first group of certified smallholders in Mexico. In 2022, the partnership estimates that Mexico will reach the milestone of 5 certified mills. Note that latitude/longitude refers to an identified location within the region for which the program applies. In 2019 and 2020, PepsiCo supported Femexpalma and Proforest in implementing a series of courses to accelerate the adoption of sustainable practices in Mexico, including a course on Social and Environmental Impact Assessments, RSPO Lead Auditor P&Cs, Standard Operating Procedures, RSPO Independent Smallholder Standard, and RSPO Supply Chain Standard. RSPO certified mills in Mexico. At the supplier level, PepsiCo engages with Oleofinos, PepsiCo's main supplier, to improve transparency and traceability. In 2018-2019, PepsiCo supported development and implementation of Oleopalma's roadmap for certification of their Jalapa and Palenque mills. In March 2020, Oleopalma's Jalapa mill became the first RSPO certified mill in Mexico. In 2020, Femexpalma organized a webinar for Oleopalma to share lessons learned on the certification process with the wider industry. PepsiCo continues to engage in supporting the uptake of RSPO certification in the local market. Our goal is to continue to implement the RSPO smallholder Certification to bring 5,000 metric tons (MT) ISH to market by 2023 and source 100% domestic production of RSPO Mass Balance (MB) by 2025. PepsiCo has supported the protection of over 70,000 ha under the identification of High Conservation Values in the Southeast of Mexico. PepsiCo has also supported the creation of the HCS-HCV probability maps to facilitate the conservation of forests and high conservation values on the smallholder's context, these tools have been developed by Proforest and endorsed by the RSPO and HCSA and cover the four-palm oil producing states. The HCS-HCV probability maps were launched in 2021 and is a resource that could support the 18 Mexican mills to meet NDPE goals.

Project reference

Project 4

Project type

Other, please specify

Sustainable agricultural production and conservation

Primary motivation

Voluntary

Description of project

In collaboration with Lestari Capital, Nestlé, Procter & Gamble and Wilmar, PepsiCo helped to establish the Rimba Collective, which aims to protect and restore over 500,000 ha of tropical forests in Southeast Asia and therefore create a significant private sector-enabled forest conservation initiatives. The Rimba Collective complements the palm oil industry's efforts to end deforestation by integrating and embedding funding for conservation across the supply chain. The initiative creates a transformative and sustainable financial model for long-term forest conservation investments that simultaneously support economic development and job creation for local communities.

Primary motivation: Professionalization and improved coordination of conservation and restoration are an important part of PepsiCo's strategy to support systemic changes in the palm oil industry. The Rimba Collective complements the palm oil industry's efforts to end deforestation by integrating and embedding funding for conservation across the supply chain. The initiative creates a transformative and sustainable financial model for long-term forest conservation investments that simultaneously support economic development and job creation for local communities.

Start year

2021

Target year

2046-2050

Project area to date (Hectares)

0

Project area in the target year (Hectares)

500,000

Country/Area

Indonesia

Latitude

6.2

Longitude

106.816666

Monitoring frequency

Annually

Measured outcomes to date

No measured outcomes

Please explain

Expected outcomes: The initiative's 25-year project agreements will directly benefit 32,000 local people in forest-frontier communities, thereby strengthening equitable livelihoods and providing a secure source of income. It also contributes to the Indonesian Government's targets to expand social forestry, accelerate peat and mangrove restoration, and reduce deforestation. The initiative's project portfolio will initially focus on Indonesia, before expanding to projects across Southeast Asia. Projects funded by Rimba Collective will be prioritized based on the potential to protect and restore large, continuous areas of natural ecosystems and critical habitats. Other priorities include generating measurable ecosystem service benefits and resilient livelihoods for local communities. All projects will undergo third-party verification. The mechanism became operational in late 2021, and the focus for 2022 will be the development of the project portfolio and the inclusion of additional partners from across the supply chain.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

Other, please specify

Various data points across disclosure modules related to palm volume and traceability have been verified

Data points verified

Palm volumes and % volumes of the mills sourced which are already delivering on no-deforestation targets or have timebound plans in place.

Verification standard

NDPE IRF Verification Protocol

Please explain

PepsiCo verifies forests information via two different means which work in combination:

1. Verification of traceability to mill information received. PepsiCo requires all Tier 1 suppliers to disclose traceability information to undergo a traceability verification, on a yearly basis. -Reference document: PepsiCo Palm Traceability Protocol. The protocol is publicly available on PepsiCo website and details the methodology for correctly measuring and calculating traceability percentages reported <https://www.pepsico.com/docs/album/esg-topics-policies/pepsico-palm-oil-traceability->

protocol-(1).pdf?sfvrsn=55daa7e4_6 Methodology- the methodology has 2 main steps: a. review of the risks involved in the data collected and submitted to PepsiCo, looking at the actions the suppliers undertakes to ensure the data are correct (internally and externally) and supply chain complexity. b. review of the incoming volumes and traceability data collection and percentage calculation 2) Verification of NDPE Data. PepsiCo requires that all Tier 1 suppliers disclose NDPE IRF data, on a yearly basis. The NDPE IRF is a tool to collect NDPE performance of mills, detailing the % volumes of the mills sourced which are already delivering on no-deforestation targets or have timebound plans on how to deliver so. Reference document for the NDPE IRF is the NDPE IRF Verification protocol. The protocol is publicly available and details the verification approach, including qualification requirements for third parties who are willing to be involved. The document is available here: <https://www.ndpe-irf.net/technical>
 Methodology – the methodology relies on the verification of traceability information received, and includes a combined review of evidence directly collected from the mills or publicly available databases.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Value chain complexity

Comment

With respect to deforestation-free supply chains, barriers and challenges include: • Our ability to trace supply, meaning the ability of a buyer or end user to have accurate data on the specific sources of its purchased commodities, working back through direct suppliers all the way to individual plantations • Availability of public sector initiatives whereby government legislators, regulators and other officials work in concert with the private sector to incentivize forest conservation, protect forests through effective enforcement of laws and anti-corruption measures, improve transparency and achieve synergy between laws/regulations and certification schemes • Ability to identify areas at high-risk of deforestation in order to prioritize action • Root causes of deforestation such as poverty and the inability of small holders to produce commodities sustainably • Lack of availability of credibly-certified volumes for certain commodities in some markets •

Lack of universally-accepted definitions and protocols, leading to varying certifications and related claims • Our ability to collaborate with key public and private actors to achieve meaningful results

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Value chain complexity

Comment

With respect to deforestation-free supply chains, barriers and challenges include: • Our ability to trace supply, meaning the ability of a buyer or end user to have accurate data on the specific sources of its purchased commodities, working back through direct suppliers all the way to individual plantations • Availability of public sector initiatives whereby government legislators, regulators and other officials work in concert with the private sector to incentivize forest conservation, protect forests through effective enforcement of laws and anti-corruption measures, improve transparency and achieve synergy between laws/regulations and certification schemes • Ability to identify areas at high-risk of deforestation in order to prioritize action • Root causes of deforestation such as poverty and the inability of small holders to produce commodities sustainably • Lack of availability of credibly-certified volumes for certain commodities in some markets • Lack of universally-accepted definitions and protocols, leading to varying certifications and related claims • Our ability to collaborate with key public and private actors to achieve meaningful results

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Improvement in data collection and quality

Comment

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Improvement in data collection and quality

Comment

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

| | Job Title | Corresponding job category |
|-------|--|------------------------------------|
| Row 1 | Executive Vice President, Chief Sustainability Officer | Chief Sustainability Officer (CSO) |

SF. Supply chain module

SF0.1

(SF0.1) What is your organization's annual revenue for the reporting period?

| | Annual revenue |
|-------|----------------|
| Row 1 | 70,372,000,000 |

SF1.1

(SF1.1) In F6.3 you were asked "Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption". Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

No

SF1.1b

(SF1.1b) Why can you not indicate the percentage of certified volume sold to each of your requesting CDP supply chain members? Describe any future plans for adopting and communicating levels of certification to requesting members.

Requesting member

McDonald's Corporation

Forest risk commodity

Timber products

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified volumes to the many individual customers we have.

Requesting member

McDonald's Corporation

Forest risk commodity

Palm oil

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified volumes to the many individual customers we have.

Requesting member

J Sainsbury Plc

Forest risk commodity

Timber products

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified volumes to the many individual customers we have.

Requesting member

J Sainsbury Plc

Forest risk commodity

Palm oil

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified volumes to the many individual customers we have.

Requesting member

Walmart, Inc.

Forest risk commodity

Timber products

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified volumes to the many individual customers we have.

Requesting member

Walmart, Inc.

Forest risk commodity

Palm oil

Primary reason

Insufficient data on what is sold to requesting member

Please explain

PepsiCo does not currently have the capability to allocate certified volumes in the many thousands of product types currently sold to our customers, or to allocate those certified

volumes to the many individual customers we have.

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No

SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Timber products

Estimate GHG emissions and removals from land use and land use change

No

Please explain

Palm oil

Estimate GHG emissions and removals from land use and land use change

Yes, willing to share details with requesting CDP SC members

Please explain

Estimate: 485,501 These estimates are based on a study we conducted to evaluate land use change impacts within our sourcing locations for certified commodity as compared to non-certified commodity. This study helped us develop emission factors for RSPO certified palm oil to be included within our corporate greenhouse gas inventory. We then determined the change in our emissions from palm oil between 2015 and 2020.

SF3.1a

(SF3.1a) For your disclosed commodity(ies), provide details on the actions implemented in your direct operations and/or supply chain that have resulted in a reduction of GHG emissions and/or enhancement in removals.



Forest risk commodity

Palm oil

Description of actions

Procurement of certified commodity

CO2e reductions and removals achieved from base year (metric tons CO2e)

485,501

Base year

2,015

Emissions accounting boundary

Included in the corporate GHG inventory boundary

Scope

Scope 3: Purchased goods & services

Emissions accounting methodology and standards

- Corporate Value Chain (Scope 3) Standard
- The GHG Protocol for Project Accounting
- LULUCF Guidance for GHG Project Accounting
- Value chain (scope 3) intervention guidance

Please explain calculation

These estimates are based on a study we conducted to evaluate land use change impacts within our sourcing locations for certified commodity as compared to non certified commodity. This study helped us develop emission factors for RSPO certified palm oil to be included within our corporate greenhouse gas inventory. We then determined the change in our emissions from palm oil between 2015 and 2020.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---------------------------------------|---|---------------------|
| Please select your submission options | Yes | Public |

Please confirm below

I have read and accept the applicable Terms

