

# PepsiCo Forestry Stewardship Policy

Sept 2015

PepsiCo is committed to doing business the right way and to realizing zero deforestation in our company- owned and -operated activities and global supply chains from direct supplier to source by 2020. We recognize that PepsiCo has a responsibility to ensure that we and our suppliers operate in accordance with applicable legal requirements and practice responsible forestry stewardship.

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

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

- Compliance with applicable legal requirements of each country in which we operate and from which we source.
- No further development on High Carbon Stock (HCS) Forests.<sup>1</sup>
- No further development on High Conservation Value (HCV) Areas, including High Conservation Value Forests<sup>2</sup> and intact forest landscapes.
- No new conversion of any Peatlands and the use of best management practices for existing operations on Peatlands.<sup>3</sup>
- Compliance with our Land Use Policy.

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

- Use sustainable forest management practices in forests they own, lease, or manage to provide fiber, timber, and other forest based products.
- Leverage principles, such as in the PepsiCo Sustainable Farming Initiative, to September 2015 implement sustainable agriculture practices that enable farmers to increase production on currently farmed land and minimize impacts on the surrounding area.
- Preserve biodiversity and cultural values and optimize the social, environmental, and economic benefits of managed forests.
- Ensure that this policy is implemented in such a way that supports the inclusion of smallholders in their supply chains.

In order to ensure a transparent, confidential and safe process for investigating grievances that is open to any potentially affected party and to help support implementation of the Forestry Stewardship Policy, PepsiCo and our suppliers will utilize appropriate grievance mechanisms, including the PepsiCo Speak Up! Hotline, to provide for reporting of suspected breaches of this policy to PepsiCo. Additional information concerning PepsiCo's Speak Up! Hotline, and how to report a suspected violation of this and other PepsiCo policies, can be found on our website:

<http://www.pepsico.com/About/Global-Code-Of-Conduct>

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<sup>1</sup> PepsiCo recognizes HCS as defined by the HCS Toolkit: [http://highcarbonstock.org/wp-content/uploads/2015/04/HCS-Approach-Toolkit\\_Full-version.pdf](http://highcarbonstock.org/wp-content/uploads/2015/04/HCS-Approach-Toolkit_Full-version.pdf)

<sup>2</sup> High Conservation Areas as defined by the Common Guidance on Identification of HCVs available at: <https://www.hcvnetwork.org/resources/folder.2006-09-29.6584228415/cg-for-hcv-identification>, this includes the HCVF concept.

<sup>3</sup> Peatlands/Peat soils contain more than 65% organic matter. Best Management Practices for plantations already planted on peat can be found in the RSPO Manual on Best Management Practices for Existing Oil Palm Cultivation on Peat: <http://www.sustainablepalmoil.org/files/2012/11/RSPO-Manual-on-BMPs-forExisting-Oil-Palm-Cultivation-on-Peat-SMALL-120812.pdf>