

In an effort to drive systemic change, we have increased our engagement and leadership in collective initiatives and actions with peer companies and suppliers. These initiatives include:

Cross-industry collaboration

Palm Oil Collaboration Group

The Palm Oil Collaboration Group (POCG) was founded in 2017 to bring together companies and other stakeholders from the supply chain to pre-competitively discuss key sustainability issues and challenges in the palm oil sector with the intent to drive sustainable production. The POCG aims to provide space for companies to identify and overcome key challenges to the sector including addressing social issues, improving independent verification of progress, addressing deforestation outside concessions, monitoring and reporting on progress and other topics. Today, many companies from all stages of the palm oil supply chain, including producers, refiners, traders, manufacturers and retailers, are members of the POCG. PepsiCo acts as a co-convenor of the POCG together with Cargill and co-convenes multiple working groups.

One of the key achievements of the group has been the development and rollout of the No Deforestation, No Peat, No Exploitation Implementation Reporting Framework (NDPE IRF), an industry-wide reporting tool for companies. We continue to believe that a shared framework for reporting will allow a common methodology to identify gaps and collaborate to drive progress, and we are pleased with the continued progress in 2024 to further enhance the NDPE IRF through the POCG.

The group has four active working groups: the IRF Active Working Group, which focuses on the technical advancement of the IRF tool; the Social Issues Working Group, which addresses human rights issues; the Production and Protection Beyond Concessions Working Group, which analyzes deforestation risks outside concessions; and the Independent Verification Working Group, which develops verification approaches for deforestation, land rights and labor rights. Additionally, the POCG Latin America chapter was established in 2021 to include regional stakeholders. The POCG meets regularly to discuss industry-wide topics and has formed a Consultation Group in an effort to address strategic issues collaboratively. For more detail on the progress and outputs from the POCG Working Groups and IRF, [visit their website](#).

Consumer Goods Forum Forest Positive Coalition of Action (CGF FPC)

Since 2023, PepsiCo co-chairs the CGF Forest Positive Coalition of Action, which was launched in 2019. The Coalition aims to leverage collective action and drive systemic efforts to remove deforestation, forest degradation and conversion from key commodity supply chains (palm oil, pulp paper, soy and beef). The Coalition focuses on systemic change across four key areas: supplier and trader engagement; transparency and accountability; production landscapes; and government and stakeholder engagement. These focus areas were developed with significant input from both supply chain companies and other stakeholders. PepsiCo is an active member of the Palm Oil Working Group and co-chaired the Production Landscape Working Group. The Palm Oil Roadmap was developed by members, and stakeholders were consulted throughout the process. In 2021, the Palm Oil Roadmap was published, with all underlying KPIs. The Palm Oil Roadmap was last updated and published in June 2024. PepsiCo also took an active role in the development and publication of the Monitoring and response framework (MRF) under the Forest Positive Coalition of Action. PepsiCo reports our progress in the four key areas annually via the CGF Forest Positive Coalition KPI report (see [2023 report](#)).

Federación Mexicana de Palma de Aceite (FEMEXPALMA)

Founded in 2016, Femexpalma represents palm growers and extractors and seeks to be a catalyst for sustainable oil palm cultivation in Mexico. PepsiCo is supporting Femexpalma's efforts to implement sustainability across the palm growing regions in Mexico and further promote the RSPO by providing technical support and capacity building.

AIM – Progress

PepsiCo is a member of AIM – Progress, a forum of leading Fast Moving Consumer Goods (FMCG) manufacturers and common suppliers, assembled to work towards enabling and promoting 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. They do this through focusing on issues such as respect for human rights and prioritizing practical action to create lasting change in global supply chains. They also foster pre-competitive collaboration among brands and suppliers in an effort to drive convergence in approaches to responsible sourcing.

Interlaken Group

PepsiCo is a member of the Interlaken Steering Committee, an informal network of individual leaders from influential companies, investors, civil society organizations (CSOs), government and international organizations. The purpose of the group is to expand and leverage private sector action to secure community land rights. Together, they develop, adopt and disseminate new tools and advance new pre-competitive mechanisms to drive private sector learning on responsible land rights practices.

Landscape programs

We are currently supporting eight landscape initiatives that work to holistically address sustainable production and natural ecosystem protection and restoration in Indonesia and Mexico:

- Coalition for Sustainable Livelihoods, and as part of the Coalition, we support the Production, Protection, Inclusion district initiative in Aceh Tamiang (Indonesia)
- Siak Pelalawan Landscape Program (Indonesia)
- Mexico Holistic Smallholder Program (Mexico)
- Agrovita Program (Mexico)
- The Rimba Collective, an innovative sustainable finance mechanism to support forest conservation and restoration in palm oil sourcing regions, for which we serve as a Founding Partner (SE Asia)
- Sungai Linau Landscape Conservation and Livelihoods Program (Indonesia)
- Sustain Kutim (Indonesia), an early stage program focusing on the Kutai Timur oil palm district
- Aceh Timur (Indonesia), an early stage program focusing on the Aceh Timur oil palm district

We are continuously working to understand our forest footprint through landscape initiatives and our partnerships.

Coalition for Sustainable Livelihoods (Aceh and North Sumatra, Indonesia)

PepsiCo is a founding member of the Coalition for Sustainable Livelihoods (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. CSL members aim to work collectively towards common objectives for smallholder livelihoods, sustainable agricultural production and conservation in North Sumatra and Aceh.

CSL aims to create sustainable commodity value chains (including palm oil) that create business and livelihood opportunities for the people of Aceh and North Sumatra while preserving natural resources. In 2018, CSL worked on scoping and baselining opportunities, including mapping existing initiatives and outreach to stakeholders. In 2019, CSL worked on developing solutions to systemic challenges such as smallholder legality while also moving to the implementation of programs on the ground.

Specifically, CSL developed five working groups to address the key thematic areas requiring attention: governance, metrics, growth and one for each district initiative (Aceh Tamiang and Tapanuli Selatan). Emerging from each group's discussion were draft recommendations for action and investment for how CSL should move forward in relation to that specific topic. This has informed and guided our work with smallholders and other stakeholders in the Aceh Tamiang Landscape Program. Throughout 2021, PepsiCo has supported the implementation of the recommendations for action in Aceh Tamiang and has continued to participate in the wider coalition.

Production, Protection, Inclusion in Aceh Tamiang

As part of its role in the CSL, PepsiCo has been supporting the development of the Aceh Tamiang district initiative and implementation of the landscape plan that CSL has formulated. In late 2019, the district government formally adopted the plan and signed an agreement to work together towards specific objectives 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).

We plan to 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.

As part of our Coalition for Sustainable Livelihoods Program in Aceh and North Sumatra, we supported development of district and provincial sustainability action plans, as well as facilitating a learning exchange between the kabupatens of Aceh Tamiang and Tapanuli Selatan, which led to a simplification of land registration processes from smallholders. Also in Aceh, PepsiCo has directly supported the first RSPO certification of an independent smallholder group, which was achieved in November 2022.

Siak-Pelalawan Landscape Program (Riau, Indonesia)

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 aim of the program is to create sustainable landscapes across both districts, to in turn produce deforestation-free and exploitation-free palm oil and maintain or enhance key conservation areas. This aims to 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 the first phases.

Mexico Holistic Palm Program – “Un México Palmero Sustentable!”

PepsiCo supported the first-ever RSPO-certified mill in Mexico and continues to support this work. In 2017, PepsiCo supported Oleopalma's successful application to the RSPO Smallholders Support Fund, committing to match funding of the RSPO contribution 1:1, leveraging important resources to the benefit of smallholders to achieve the RSPO independent group certification. PepsiCo believed that certification would not only contribute to smallholders' livelihoods and towards ensuring the sustainable supply of certified palm oil, but also serve as a model of sustainable development for the palm oil industry in Mexico. In

February 2018, PepsiCo initially announced this as a three-year program to train and support Mexican smallholder palm oil producers in adopting sustainable palm oil cultivation practices that can help maximize economic benefits while also protecting the environment. The program is supported by the RSPO Smallholder Support Fund and is in partnership with Nestlé, Cargill, Oleopalma, Oleofinos, Federación Mexicana de Palma de Aceite (Femexpalma), Smallholder Associations and Proforest.

Recognizing the criticality of support mills to reach RSPO certification and smallholders' inclusion, PepsiCo sponsored a capacity building 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. These include RSPO certification schemes, evaluation and conservation of HCVs in addition to the implementation of the RSPO Smallholder certification, internal control systems and the evaluation of risks. Visit the [Mexico Holistic Palm Program](#) website to learn more about the program.

Agrovita

In 2021, in collaboration with the PepsiCo Foundation, PepsiCo launched Agrovita, a three-year program with the aim of adopting regenerative agriculture practices across the states of Tabasco and Chiapas with a focus on the following efforts:

- **Value chain development:** Developing small and medium-sized producers in South Mexico for PepsiCo Mexico Foods (PMF) boutique crops, including plantain and cocoa, to increase the availability in the local market.
- **Improved food security and nutrition:** Seeking to contribute to improved food security and water access by supporting improvement of community infrastructure.
- **Sustainable food systems:** Engaging in a multi-stakeholder and cross-supply chain approach to contribute to a more sustainable food system – promoting regenerative farms, thriving communities and a more resilient agriculture sector.

The Rimba Collective

In April 2021, Lestari Capital launched the Rimba Collective, an initiative with the aim of delivering USD \$1 billion to forest protection and restoration in Southeast Asia over a 30-year duration. The initiative, which aims to protect and restore over 500,000 hectares of tropical forests, was developed by Lestari Capital, an impact-focused enterprise, in collaboration with founding partners including PepsiCo, Nestlé, Procter & Gamble and Unilever. 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 aims to create a transformative and sustainable financial model for long-term forest conservation investments that simultaneously support economic development and job creation for local communities.

The initiative's project portfolio will initially focus on Indonesia, before expanding to projects across Southeast Asia. Projects funded by the Rimba Collective will be prioritized based on the potential to protect and restore large, continuous areas of natural ecosystems and critical habitats, such as primary rainforest, peatland and mangroves. Other priorities include generating measurable ecosystem service benefits (such as carbon sequestration, water purification and soil health) and resilient livelihoods for local communities. All projects will undergo third-party verification.

The Rimba Collective aligns with the Indonesian Government's focus on protecting the country's natural capital whilst generating resilient jobs, attracting high quality international and domestic capital and driving economic development to recover from the COVID-19 crisis. The initiative's 25-year project agreements are hoped to directly benefit an estimated 32,000 local people in forest-frontier communities, and thereby strengthen equitable livelihoods and provide 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.

Sungai Linau Landscape Conservation and Livelihoods Program

This landscape initiative is located in one of the last remaining large blocks of lowland peat forest in Sumatra, Indonesia, home to critically endangered species (i.e., Sumatran tiger and elephants). Launched in 2021, the program aims to protect forest and peatland in the frontier areas beyond traditional concessions. The framework of the program is developed through the understanding that successful conservation activities should go hand in hand with efforts to improve livelihoods of communities surrounding the conservation areas. The program is implemented by Proforest and supported by a coalition of companies, including PepsiCo, IFF, Nestlé, Lactalis, Musim Mas and Asia Pulp & Paper.

Partners strive to deliver this program's objectives through:

- Participatory mapping and land use planning
- Village peat regulation developed and implemented across the Sungai Linau landscape
- Capacity building of local government to apply to social forestry license and development of forest management plans
- Community-based Forest monitoring in Hutan Desa
- Support for the establishment of self-sustaining businesses by identifying alternative livelihood opportunities for minority groups and building the capacity of communities of village-owned enterprises

Sustain Kutim

Started in 2023, Sustain Kutim aims to support sustainable palm oil production and the protection of HCV areas in the district of Kutai Timur, which is among the ten oil palm districts in Indonesia for remaining natural forest cover. To strengthen the effectiveness of the program, it brings together representatives of local communities, smallholders, workers, private sector and CSOs in an active multistakeholder platform. The program is implemented by Proforest, German Agency for International Cooperation and Tanah Air Lestari, and we support the program together with Nestlé, McDonalds and Barry Callebaut. The program is in early stages of development with an initial focus on convening stakeholders and participatory mapping in priority villages. Funding is expected to be used to support:

- Establishing a functioning multistakeholder platform
- Monitoring land use management and identifying and jointly-managing HCV areas
- Strengthening tenurial and operational legalities of local communities and smallholders
- Planning village land-use together with cooperative farmer groups and communities to secure land, monitor and manage community forests, improve agricultural practices and support alternative livelihoods
- Increasing sustainable production from smallholders and companies
- Supporting smallholders in meeting certification standards (e.g., ISPO, RSPO)

Aceh Timur

Launched in 2023, Aceh Timur is a landscape initiative in Aceh Timur District, Indonesia. Aceh Timur is part of the Eastern Leuser region, a significant producer of forest commodities, and is experiencing rapid deforestation due to increased demand for the commodities. This initiative seeks to build consensus, implement sustainability measures and support local communities and livelihoods to combat unsustainable commodity production and forest degradation, especially considering the district's proximity to the Leuser ecosystem. The program works to protect HCV areas, rehabilitate forests through community partnership

and engage with supply chain actors to improve productivity and traceability. The program is co-funded by IDH and implemented by FKL. The Eastern Leuser initiative is also supported by other corporate partners, which are Unilever and Musim Mas.

Issue programs

World Resources Institute RADD (WRI RADD)

In 2019, PepsiCo joined other major palm oil producers and buyers to support and fund WRI's development of a publicly available radar-based forest monitoring system known as RADD. This partnership between PepsiCo and Bunge, Cargill, Golden Agri-Resources (GAR), Musim Mas, Nestlé, Sime Darby Plantation, Unilever, Mondelēz International and Wilmar aims to make it easier for companies and other stakeholders to see deforestation happening in near-real-time and with greater accuracy. The RADD system has been developed for Indonesia and Malaysia and can detect tropical deforestation several weeks earlier than optical-based systems. With this information, producers could quickly mobilize follow-up actions on the ground and try to improve the sustainability of commodity supply chains. The open nature of the system enables companies – in addition to governments, CSOs and concerned stakeholders – to monitor forests using the same information source and standards. The RADD database is [publicly available](#) on the Global Forest Watch platform.

PepsiCo began discussions with WRI in 2020 on potential support for the implementation of the system in Aceh Tamiang, which would include making the system available to government officials and enforcement agencies. This system is being used across Aceh and Riau including in our landscape programs in those locations. In Aceh Tamiang, this work is conducted in partnership with local government to ensure field-level verifications are recognized officially and that verified deforestation alerts are passed to the correct enforcement agency.

Tropical Forest Alliance (TFA)

TFA aims to drive change by working with the world's largest agricultural commodity players and leading consumer goods companies in tackling tropical deforestation. PepsiCo has been working with TFA since 2020 and currently sits on the Advisory Committee. The Advisory Committee contributes expertise to inform the development and implementation of TFA's strategy, striving to ensure alignment with best practices and emerging trends in the field.

Child Protection and Safeguarding – Business for Social Responsibility (BSR)–Led Coalition

In 2019, PepsiCo joined together with other palm oil buyers and producers to launch a program aiming to help protect the rights of children living on oil palm plantations. The initial phase of the program ran until the end of 2020 and included the development of a Child Protection and Safeguarding Implementation Manual as well as a series of capacity building workshops to enable suppliers to learn, discuss and implement pragmatic measures to strengthen the rights and protection of children. PepsiCo, together with major companies including Colgate Palmolive, Nestlé, Procter & Gamble and Wilmar, among others, are working in collaboration with Business for Social Responsibility (BSR) to deliver the program. The participants included senior government, private sector and union representatives, alongside plantation and mill companies, civil society and industry organizations. A detailed implementation manual for child protection is now publicly [available](#) and free to access, including pictorial guides and other resources. These efforts have resulted in positive brand and supplier engagements, with a deeper understanding of salient labor issues facing the oil palm sector. Since the end of the first phase, PepsiCo has been supporting work in Indonesia and Malaysia to monitor the adoption and implementation of approaches set out in the

manual, with a view to understanding how further improvements can be made in order to maximize effective implementation in the supply chain.

In an effort to ensure suppliers can understand and implement the manual, and to support the development of KPIs that can be used to monitor implementation in the future, PepsiCo and others agreed to continue a further phase of implementation beginning in late 2021 through 2024. This new phase focuses on trialing the implementation of the manual with suppliers and further refining the manual based on pilots in the field, as well as building capacity of selected suppliers and plantations to address and manage child protection issues.

Using technology to strengthen the voice of workers

To strengthen engagement with workers in the value chain, PepsiCo partnered with Cargill and Proforest to pilot the new "ULULA Worker's Voice Tool" that uses technology in an effort to support human rights and inclusive impacts among palm oil producers. The tool, developed by ULULA, provides real-time information on key risk indicators at the plantation level and enables local teams and management to receive complaints and feedback directly from workers, making it easier to identify areas of improvement and collaborate on corrective action. Aggregate results from the tool will be shared with PepsiCo, Cargill and the RSPO.