performance WITH purpose

Ethical Sourcing Forum
Brian Kramer, Director Global Sustainability
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About PepsiCo

PepsiCo products are enjoyed by consumers one billion times a day in more than 200 countries and territories around the world. PepsiCo’s product portfolio is comprised of a wide range of enjoyable foods and beverages, including 22 brands that each generates $1 billion or more in estimated annual retail sales.

- **GLOBAL BEVERAGES**
- **GLOBAL SNACKS**
- **GLOBAL NUTRITION**

**PERFORMANCE**
- Approximately $63 billion net revenue in 2016

**BRANDS**
- 22 billion-dollar brands

**SCALE**
- More than 200 countries & territories

**PEOPLE**
- More than 250,000 employees
Performance with Purpose is PepsiCo’s vision to deliver top-tier financial performance over the long term by integrating sustainability into our business strategy.
OUR AGENDA FOR THE NEXT DECADE

To substantially increase our efforts to improve the products we sell, protect our planet and empower people around the world in order to contribute solutions to shared challenges.

PLANT
WORK TO ACHIEVE
POSITIVE WATER IMPACT
SIGNIFICANTLY LOWER
CARBON EMISSIONS
SOURCE SUSTAINABLY
REDUCE & ELIMINATE
WASTE

PRODUCTS
TRANSFORM OUR
PORTFOLIO & OFFER
HEALTHIER OPTIONS

PEOPLE
ADVANCE RESPECT FOR
HUMAN RIGHTS
SUPPORT DIVERSITY,
WOMEN’S ADVANCEMENT
& WORKING CAREGIVERS
SPUR PROSPERITY
Our Sustainable Sourcing Program Journey

2007: PepsiCo Joined Sedex

2009: Released Global Human Rights Policy

2010: SCoC Contractual Requirement

2011: Global Speak Up!

2014: Web-Based SCoC Training

2015: Sustainable Sourcing Program (SSP) Launch

2016: Expanded Human Rights Focus
Sustainable Sourcing Program

1. Initial Risk Assessment
2. Supplier Parent Level Code of Conduct Training
   *Annual*
3. Site Level Self-Assessment Questionnaire (SAQ)
   *Annual*
4. On-site Audit (SMETA 4 Pillar) -or- Mutually Recognized Audit
5. Corrective Action Plan (CAP) Verification & Follow-up Audit

Escalation of Critical Issues
Looking Ahead

• 100% risk assessed suppliers through audit process
• Further expansion beyond Tier 1 Suppliers
• JV/Franchisee engagement on SCoC Principles
• Continued collaboration and engagement on measuring impact
Thank You

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Social Compliance Engagement

Denise A. Meagles
EVP Global Sourcing

May 2017
Major Achievements

1. Secured 100% Participation
2. Developed a Pre- and Post-Audit Process
3. Instituted a Standard Audit
4. Established a Supplier Scorecard
5. Built a Compliance Driven Culture
“Teams exist to produce results.”
Look at the factors that support the team’s ability to be productive.

*The Productivity Continuum*

“The culture of the team has the power to block or unlock results.”
Look at the factors that create a positive environment.

*The Positivity Continuum*
Productivity Factors

- Resources
- Decision Making
- Alignment
- Accountability
- Leadership
- Goals and Strategies
- Proactive
Positivity Factors

- Respect
- Values Diversity
- Camaraderie
- Communication
- Constructive Interaction
- Optimism
- Trust
The human element represents the most important building block in the social compliance infrastructure and it is the determining factor in its development, growth and sustainability especially in a global, dynamic and competitive marketplace.
Ethical Sourcing Forum 2017

Plenary Panel #1 Supply Chain Assurance

Mathieu LAMOLLE
Senior Advisor, Sustainability Standards & Value Chains

New York, 4th of May, 2017
What is ITC?

Mission

ITC enables business export success in emerging markets by providing, with partners, trade development solutions to the private sector, trade support institutions and policy-makers.
230+ sustainability standards & codes
ITC Global Database of Sustainability Standards

www.standardsmap.org
Welcome to Standards Map

Standards Map provides information on over 230 standards, codes of conduct, audit protocols addressing sustainability hotspots in global supply chains.

Over 230 sustainability standards, codes & audit protocols
ITC Sustainability Toolkit

Linking communities committed to sustainable production and trade

The Sustainability Community is focused on driving sustainable agriculture value chains and trade. This website is also designed to empower trainers, businesses, standards organizations, NGOs and government.

Transparency on standards initiatives

This website enables users to analyse standards-related data and self-assess their sustainability-related performance. The site currently covers more than 220 standards initiatives applicable to more than 80 sectors and 180 countries.

Market data for more informed sustainability decisions

The Sustainability Trends provides greater access to information on sustainable markets. Regularly updated, this component of Sustainability Map offers a comprehensive overview of production-related market information on some of the major sustainability-related standards.

Connecting businesses along sustainable value chains

This virtual marketplace allows users to share their business and sustainability profiles with buyers, traders, standards organizations, certification bodies, financiers and others.
What is the Sustainability Network?

A neutral global platform, which:

- Gives previously ‘invisible’ farmers and agribusinesses of any size a visible online presence.
- Encourages them to enhance their sustainability practices.
- Connects them to the global buyers who prioritize sustainable sourcing.
- Allows them to assess compliance with national and international voluntary standards, as well as to chart a path to improve performance.
How do we engage with the value chain?

The Value Proposition

**Tier 1**
Retailers, Government, Standards Organizations

**Tier 2**
Manufacturers, Processors, Traders, TPOs, Producer Organizations, Cooperatives, Certification Bodies

**Tier 3**
Farmers, Producers

**Decision Makers - Data Analytics**
- Access to unique sustainability information & intelligence
- Generate real time aggregated analytics
- Tailored decisions making to address sustainability related issues and challenges

**Sustainable Supply Chain Management**
- Engage with sustainable supply chains
- Invite existing or potential suppliers and business partners to connect in the Sustainability Network

**Understanding Compliance, Boosting Visibility**
- Share profiles on the Sustainability Network to enable producers to link up to traders, international buyers and others in the global value chain
- Contact specific businesses based on their Sustainability Business Profiles
For more information:

www.standardsmap.org

Thank You!

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