

# PepsiCo Sustainable Agriculture

Overview for Grain Industry Western  
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# PepsiCo is an agriculture company at its core

## Agriculture

is the foundation of the food system and the root of PepsiCo's business

- We use more than 200 crops (25 main crops)
- We cover ~7 million acres (2.8m hectares) of farmland
- We operate across 60 countries
- We support over 100,000 jobs in our agricultural supply chain
- We spend ~US\$7B annually in agricultural commodities



# A resilient agricultural supply chain is critical to the future of our industry

The aspirations of our new agenda encourage us to value grower investment in sustainability more holistically



## Industry Growth

- Drive Growth for Oats and Oat Products
- Enable Industry Flexibility/Agility to Expand into New Growth Segments
- Enhance Commercial Relationships



## Economic value

- Increase Yield & Farm Income
- Maximise Quality
- Offset Inflation & Volatility



## Production Risk Management

- Assure Supply
- Improve Farm Resilience
- Adapt to Emerging Risk



## License to Operate

- Enhance Industry Reputation
- Address Regulatory Pressure



Transform the way we create shared value by operating within planetary boundaries and inspiring positive change for the planet and people



## POSITIVE AGRICULTURE

**SOURCE** crops and ingredients in a way that accelerates regenerative agriculture and strengthens farming communities



## POSITIVE VALUE CHAIN

**MAKE** products in a way that builds a circular, inclusive, fair economy



## POSITIVE CHOICES

**INSPIRE** people through our brands to make choices that create more smiles for them and the planet



Transform the way we create shared value by operating within planetary boundaries and inspiring positive change for the planet and people



## POSITIVE AGRICULTURE

**SOURCE** crops and ingredients in a way that accelerates regenerative agriculture and strengthens farming communities

*Sustainably Sourced Ingredients  
Regenerative Practices  
Strengthened Livelihoods*



## POSITIVE VALUE CHAIN

**MAKE** products in a way that builds a circular, inclusive, fair economy

*Net Zero Emissions  
Net Water Positive  
Circular Packaging  
Meaningful Jobs and Opportunities  
Diversity, Equity and Inclusion*



## POSITIVE CHOICES

**INSPIRE** people through our brands to make choices that create more smiles for them and the planet

*Expanded Portfolio Offerings  
Sustainable Packaging Solutions  
Planet + People Brands*



# Defining *Positive Agriculture*

**Sustainably source 100% of our key ingredients**



Verified to PepsiCo's internal Sustainable Farming Program standard

**Spread the adoption of regenerative farming practices across 7 million acres (2.8m ha)**



Practices that demonstrably benefit the grower and local environment

**Improve the livelihoods of more than 250,000 people** in our agricultural supply chains and communities, including economically empowering women



Practices that benefit the livelihoods of growers, workers and communities

# Defining *Sustainably Sourced*

- PepsiCo has an internal standard comprising of a number of sustainability practices
- The standard is benchmarked against well known standards such as Rainforest Alliance, Global GAP, SAI FSA
- Globally applied, with some adaptation to local context
- Verification approach
  - 3<sup>rd</sup> party verifier
  - Sampling basis
  - 3-year physical verification cycle
  - “Best case” presumption
  - Minimise documentation



Control Union confirms that

**FMG-Oats-ANZ**

**Australia**

**2019**

**OATS**



It has successfully completed the third party verification process according to the "PepsiCo Verification Protocol – Guidelines for SFP Verification Assessments".

Result obtained

**100% "Sustainable sourced"**



Valid since 27/04/2020 to 26/04/2023





# Positive outcomes focused on five themes



## ***Building soil health and fertility***

to support a healthy and productive ecosystem and increase farm resilience



## ***Sequestering carbon and reducing emissions***

to build resilience to climate change impacts and support our GHG reduction targets



## ***Improving watershed health***

by reducing nutrient runoff and quantity of water used



## ***Protecting and enhancing biodiversity***

across our agricultural landscapes



## ***Improving farmer livelihoods,*** particularly for the most vulnerable farming communities

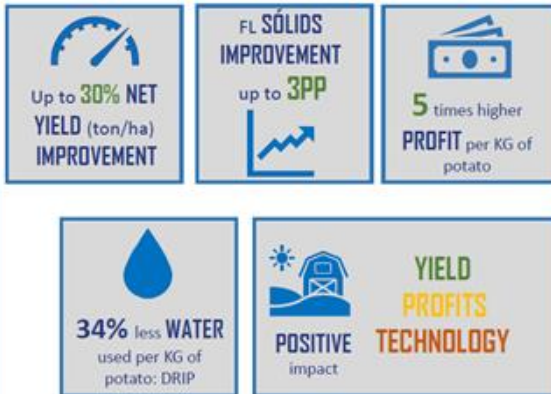


# Adding value through grower partnerships

- Partnerships with growers, service providers, government and others for testing of new approaches
- **Goal:**
  - Add value to the operation while improving sustainability
  - Evaluate new practices
  - Develop grower-PepsiCo relationships and networks
  - Share learning and ideas
- Cost sharing approach

## Potato Demo Farm – Overview

### Demo Farm Results

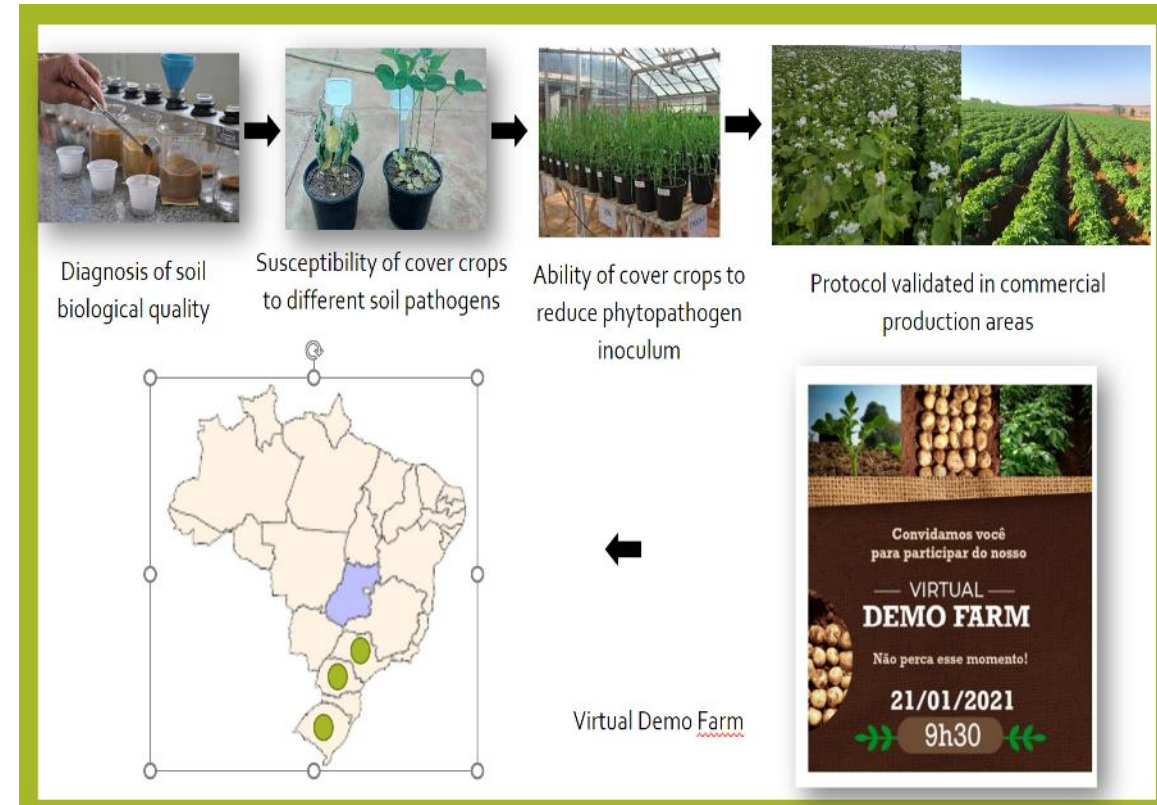


### Field Day

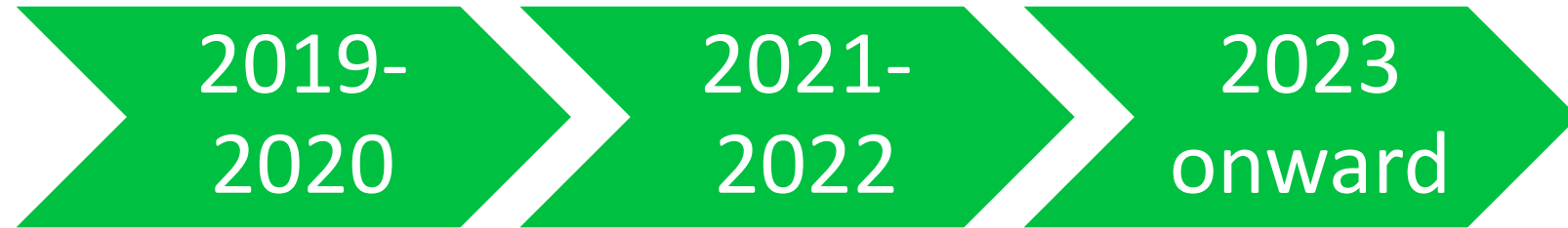
71

26 growers or their employees (potato and corn)

FASTER  
  
 We impact farmers who represent **77%** of our potato total volume.



# Outlook: *Positive Agriculture* in Western Australian Oats



**Sustainably source 100% of our key ingredients**

Worked with growers to achieve the verification

Continue to work to maintain verification status with existing and new growers

**Spread the adoption of regenerative farming practices across 7 million acres (2.8m ha)**

**Improve the livelihoods of more than 250,000 people**

Work with growers and industry to define priorities and identify practices that add value and deliver impact

Support adoption and expansion of practices in partnership with growers



# Summary and recap

- Long-term sustainability investments are crucial to the health of our industry
- PepsiCo and Quaker recognize and applaud the efforts of Western Australian growers in leading the sustainability agenda so far
- We want to work with growers to identify how we can support the next level of value-add practices

