

# Approach to sustainable sourcing

Without a consistent supply of agricultural crops and ingredients, we wouldn't be able to make our foods and drinks and meet the needs of our customers and consumers. Our sustainable sourcing approach aims to help ensure a steady supply of key ingredients for production while providing a strong risk management foundation.

We continue our efforts to source our key ingredients in line with our [Sustainable Sourcing Guidelines](#). Because systemic barriers beyond our control prevent certain ingredients from meeting our rigorous criteria, we have [adjusted our goal](#) to sustainably source 90% of our key ingredients and progress volumes (10% or less, reported as "Engaged") that face systemic barriers towards being sustainably sourced in accordance with our [guidelines](#).<sup>1</sup>

As of the end of 2024, we sustainably sourced approximately 66%<sup>2</sup> of our key ingredients in line with our guidelines, and approximately 1%<sup>2</sup> of our key ingredients fell within the Engaged Tier, reflecting volumes that show credible progress in certain areas, despite systemic barriers preventing these volumes from meeting our full Sustainable Sourcing criteria.

We categorize ingredients into one of two pathways:

- Ingredients in the **Low-Risk** category may qualify as sustainably sourced through a PepsiCo-recognized certification or Verified Volumes pathway (the PepsiCo Sustainable Farming Program, for example) or a qualifying Continuous Improvement program.
- Ingredients in the **Not Low-Risk** category may qualify as sustainably sourced through a PepsiCo-recognized certification or a Verified Volumes pathway.

For more information on these pathways, and for a full list of key ingredients, please see our [Sustainable Sourcing Guidelines](#).

For more than a decade, we have collaborated with many farmers to adopt practices that build resilience and improve and restore ecosystems through our **Sustainable Farming Program (SFP)**. Like our demonstration farms, this farm-level engagement is also designed to build farmer confidence, address risks and encourage continuous improvement by providing farmers with safe spaces to grow accustomed to new processes and technologies. SFP focuses on self-assessment, capacity building and verification of farm-level sustainable agriculture practices and principles.

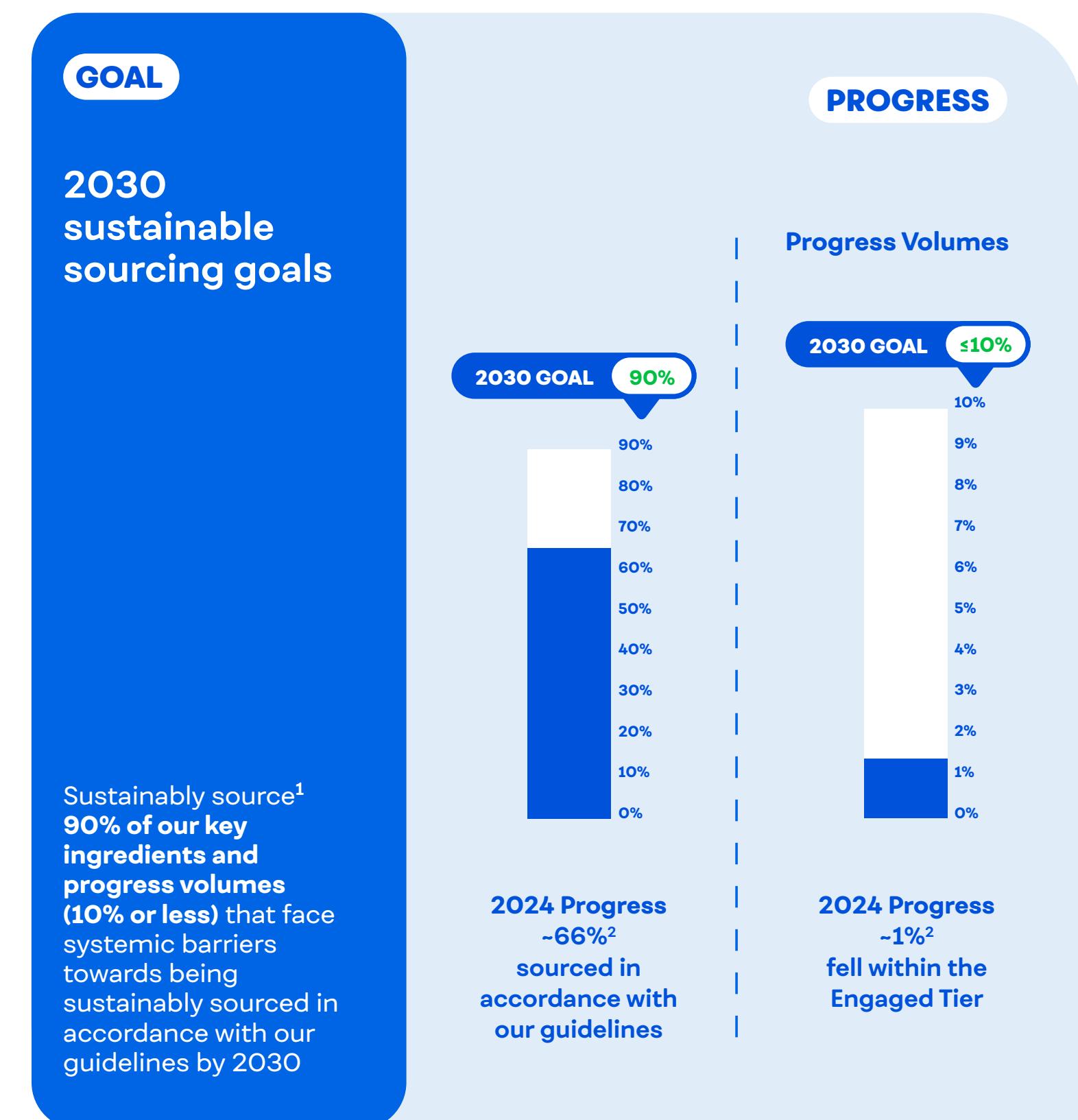
A few examples of this program in action are tied to one of our key ingredients: potatoes.

- All potatoes used in United States manufacturing in 2024 were sourced through our SFP. The program also supported the adoption of regenerative agriculture practices, contributing to greenhouse gas emissions reductions and removals.
- All of our grower-sourced potato volume from Thailand is SFP-certified, helping to deliver regenerative agriculture impacts.<sup>3</sup> The program has reached thousands of farmers, supporting local livelihoods while delivering environmental benefits through improved soil health and resource efficiency.

**~66%<sup>2</sup>**  
of our key ingredients  
are sustainably sourced  
in accordance with our  
guidelines in 2024

**~1%<sup>2</sup>**  
of our key ingredients  
fell within the Engaged  
Tier in 2024

In May 2025, [we refined our sustainable sourcing goal](#). Our 2024 ESG reporting suite, which includes this Summary and the [Agriculture](#) and [Palm Oil](#) ESG Topics A-Z pages, represents the first time we are reporting progress against this evolved goal.



<sup>1</sup> Sustainably sourced refers to in-scope ingredient volumes that meet the established criteria outlined in PepsiCo's [Sustainable Sourcing Guidelines](#). Sustainable Sourcing practices can help manage risks, but challenges like deforestation or social issues can persist in some regions.

<sup>2</sup> Refined goal announced on May 22, 2025. 2024 performance calculated retroactively. For more information, see [Calculation Methodology](#).

<sup>3</sup> Refer to PepsiCo's [Regenerative Agriculture Practice Bank](#) for an indicative listing of practices directly or indirectly linked to the five impact areas.

# Approach to deforestation- and conversion-free sourcing

We believe that forests are essential to the world. From conserving biodiversity to storing carbon and preserving the quality of water and air, forests are crucial to natural ecosystems and communities across the globe.

As a business that relies on a secure source of crops and ingredients to make our foods and drinks, our business is linked to forests through our sourcing of paper- and wood-based materials and raw agricultural materials, such as palm oil, soy, cocoa and sugarcane. We have a vested interest in helping to protect the world's forests and natural ecosystems.

Our [Stewardship of Forests and Natural Ecosystems Policy](#) outlines our aspirations. In May 2025, we [combined our deforestation- and conversion-free goals](#) into one goal to continue to strive toward deforestation-free sourcing by 2025 and toward deforestation- and conversion-free sourcing by 2030 for high-risk commodities in our company-owned and -operated activities.<sup>1</sup>

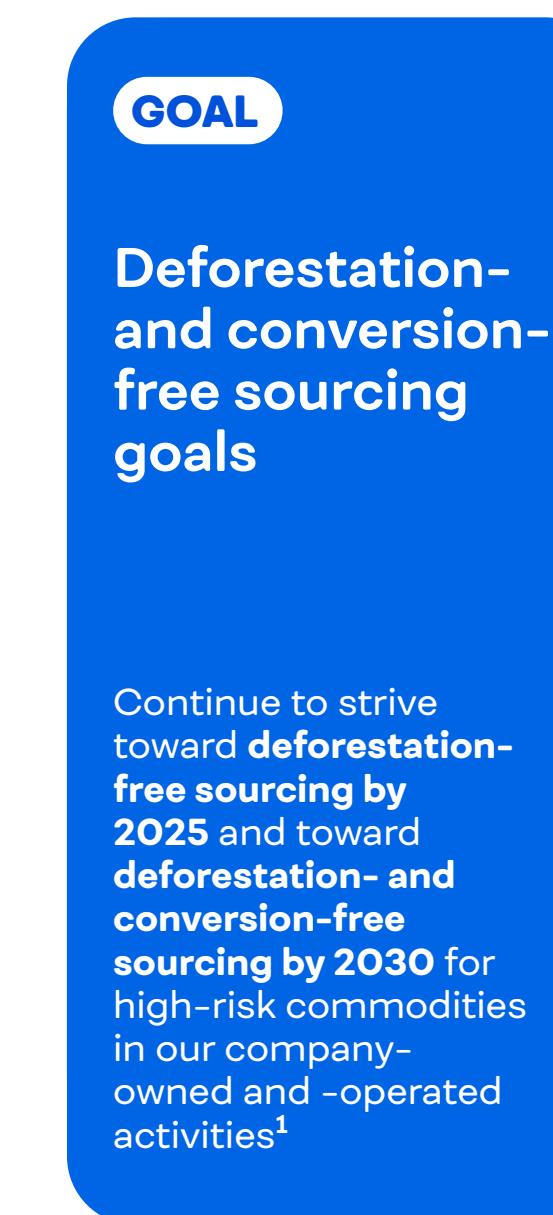
We strive to implement our Stewardship of Forests and Natural Ecosystems Policy in our agricultural supply chain where there is high risk of forest and natural ecosystem deforestation and/or conversion. For example, in our [palm oil](#) supply chains we expect suppliers to adhere to our No Deforestation, No Peat and No Exploitation (NDPE) commitments as outlined in our [Global Policy on Sustainable Palm Oil](#).

In 2024, PepsiCo took steps toward achieving our 2025 deforestation-free goal in three key areas: enhancing traceability of the ingredients and materials that we source; leveraging technology to assess progress in the field and inform engagement with suppliers; and strengthening partnerships.

- **Enhancing traceability:** PepsiCo focused on enhancing traceability in our supply chain. We worked to identify the origins for in-scope ingredients and materials procured at the scale needed to confirm the deforestation- and conversion-free (DCF) status, which may include to the aggregator or to the farm itself. This is a foundational step for progress toward our goal.
- **Leveraging technology:** we collaborated with Satelligence, a satellite monitoring platform, to help improve our capability to monitor deforestation events, detect and respond to early alerts and verify origins as deforestation-free in our palm oil (global coverage), sugarcane (Mexico) and cocoa (Brazil, Mexico) supply chains.
- **Strengthening partnerships:** we deepened our partnerships with industry coalitions that support companies to deliver on deforestation and conversion-free sourcing goals, such as the Consumer Goods Forum's Forest Positive Coalition. We also joined new initiatives: PepsiCo formally joined WWF Forests Forward, focused on corporate action in support of nature, climate and people. At the field level, we continued to invest in landscape initiatives that support conservation, sustainable livelihoods and sustainable production in ingredient supply chain origins where forest and conversion risk exists. For example, we invested in a new initiative with our peers in Aceh, Indonesia aimed at respecting Indigenous Peoples and local community rights.

For more information on our stewardship of forests and natural ecosystems in our supply chain, see [Deforestation](#) and our [Sustainable Sourcing Guidelines](#).

In May 2025, we combined our deforestation- and conversion-free ambitions across the ingredients in scope of this target [into one goal](#). This Summary shares qualitative progress and actions taken in pursuit of this goal. Industry-aligned methodologies are under development for conversion-free sourcing for most ingredients, and PepsiCo continues to assess scope and timing of reporting on our progress toward conversion-free sourcing. In the interim, we plan to report quantitative progress toward our deforestation-free sourcing ambition as data become available.



**PROGRESS**

2024 deforestation-free progress to be reported at a later date this reporting year on the [Agriculture ESG Topics A-Z page](#).

# Approach to supporting sustainable livelihoods

Our business relies on farmers and the crops and ingredients they grow. However, farmers and agricultural communities face many challenges that threaten both their livelihoods and our collective food systems – from extreme weather events to topsoil depletion and other risks.

Among the most vulnerable farming communities are smallholder farmers and farm workers. We recognize that we cannot solve the challenges facing farming and agricultural communities alone, but we hope our efforts will help promote more resilient agriculture practices and improved economic prosperity and farmer and farm worker security.

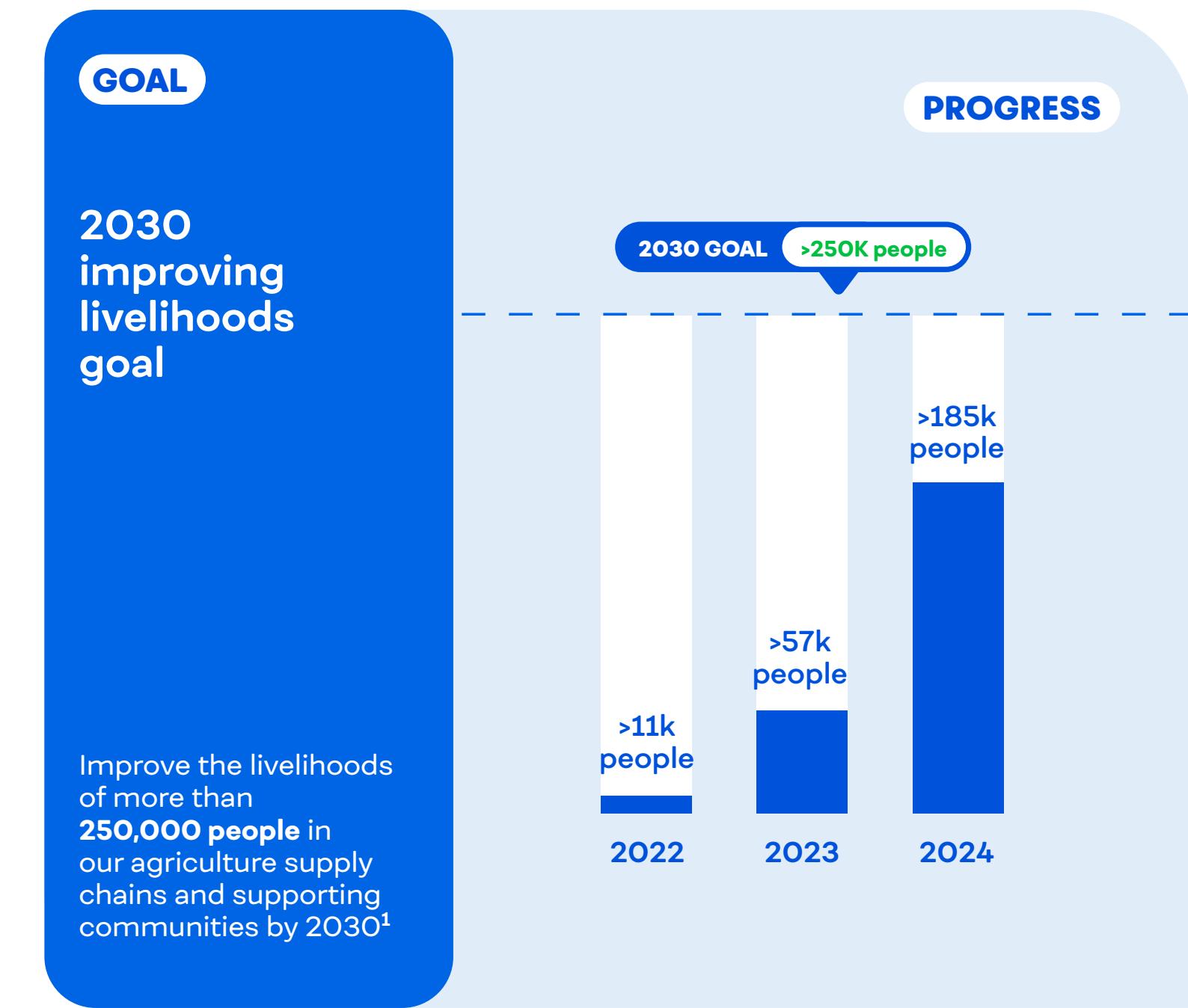
Helping encourage more sustainable and inclusive food systems not only supports farmers, but is another way we work to secure the supply of ingredients our business depends upon. Supporting resilience for farming communities relies on a farmer-centric approach. In order to achieve this, we rely on strategic partnerships across certain geographies, sectors, industries and supply chains in an effort to drive landscape-level scale and impact.

Our Livelihoods Implementation Framework for Engagement (LIFE) provides a roadmap for our programming with vulnerable communities in targeted sourcing regions and defined metrics to help us credibly measure the impact of our ongoing efforts, with a focus on trying to drive outcomes across three areas: economic prosperity, farm and farm worker security and inclusion and economic empowerment.

LIFE was designed to advance a set of common indicators and metrics that reflect industry best practice and global norms and standards. These indicators are aligned with international norms including the United Nations' (UN) Sustainable Development Goals (SDGs), International Labor Organization (ILO), UN Food and Agriculture Organization (FAO) and UN Guiding Principles on Business and Human Rights. We expect our framework to evolve in response to learnings from implementation, emerging good practice and partner feedback.

Additional examples of our efforts to support sustainable livelihoods include:

- [Agrovita](#) is a collaboration with the PepsiCo Foundation and non-profit Proforest which aims to support inclusion and economic empowerment, including of smallholder farmers in Southeast Mexico to grow crops in a more sustainable way. The program has garnered support from partners such as the Walmart Mexico Foundation, Technoserve and ECOM. The first rural cooperative formed through this collaboration now sells plantains to PepsiCo Mexico Foods for use in producing Natuchips.
- [She Feeds the World](#) is a multi-country partnership between the PepsiCo Foundation and CARE which aims to improve food security around the world by economically empowering small-scale producers and expanded to Türkiye in 2024. Since 2018, it has supported farmers in Uganda, Egypt, Peru, Colombia, Vietnam, Thailand and Pakistan and has reached over 3.6 million farmers and members of their communities.



Learn more about PepsiCo's key [agricultural strategic collaborations](#), how they strive to contribute to progress toward 2030 pep+ goals and the growing resilience and sustainability of our agricultural supply chain.

<sup>1</sup> This goal captures the number of livelihoods reached through an outcome-focused evaluation measuring improvements in economic prosperity and farmer and farm worker security. Metric counts the cumulative people impacted since 2021.

# Positive Agriculture stories



PepsiCo Foods North America launches new "Planting Pathways Initiative" to expand opportunities in the agriculture sector

[Learn more at pepsico.com/our-stories](#)



PepsiCo supports 3 novel farming projects

## Explore agriculture topics in more depth

PepsiCo's [ESG Topics A-Z](#) provides detail on strategy, data, policy, progress and more on a wide range of subjects.

- [Agriculture](#)
- [Bioengineered food and ingredients](#)
- [Climate change](#)
- [Deforestation](#)
- [Food and nutrition security](#)
- [Human rights](#)
- [Nature](#)
- [Palm oil](#)
- [Pesticides and other agrochemicals](#)
- [Water](#)

## Our 2024 ESG Performance Metrics

This download contains detailed performance data, tracking progress against our goals.

[Download 2024 ESG Performance Metrics →](#)



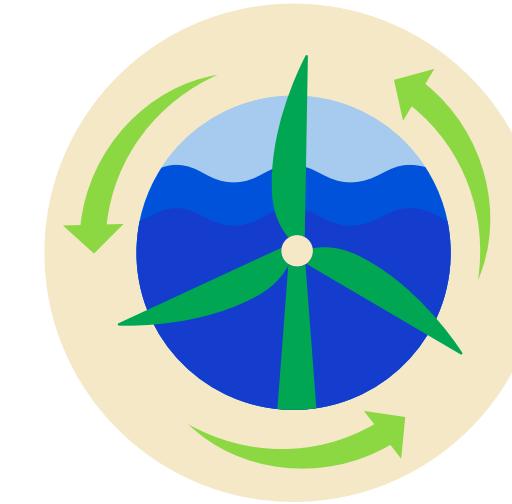
[Learn more about how we're making a difference](#)

[Positive Value Chain →](#)    [Philanthropy →](#)    [ESG Topics A-Z →](#)    [Downloads →](#)





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# Positive Value Chain

## Our business is only as strong and sustainable as our value chain

Our value chain is extensive and complex, with operations beyond our own spanning the globe to source, make, move and deliver our foods and drinks to customers and consumers.

Guided by pep+, we're working to integrate more sustainable and inclusive solutions into different areas of our value chain. From how we strive to reduce the impacts of climate change, to how we aim to improve access to nutritious foods and beverages, these changes are not only good for our company but also encourage positive change for the business partners, people and communities that touch our value chain.

Specifically, we're taking action to help:

- Mitigate our climate-related impacts and adapt our business to the realities of climate change

- Replenish high water-risk watersheds and reduce operational water use
- Innovate more sustainable packaging and minimize waste
- Provide opportunities for our employees and communities by supporting sustainable food systems, inclusive workforce development and improved nutrition and safe water access.

In 2024, we continued advancing our pep+ ambitions across our Positive Value Chain pillar by identifying areas where we believe we can have the greatest long-term impact. In May 2025, we announced evolved pep+ Value Chain goals for climate, water, agriculture and packaging, further outlined in this report. See [Positive Agriculture](#) for detail on our evolved agriculture goals.