



PepsiCo Contract Manufacturing pep+ Plan Creation Playbook

2023



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Need help? Please contact your PepsiCo relationship manager



Introduction

Introduction & Background Information



- Through the standard Sustainability Clause, we document commitment of partners have agreed to pep+ Plan creation (see right)
- This Playbook is intended to be used by Contract Manufacturing Managers (CMMs), together with each of their facilities, to develop each facility's pep+ Plan *by December 15, 2023*
- PepsiCo needs every partner along the value chain to begin working on sustainability this year in order to achieve our climate change and water pep+ goals (see appendix slides 31-33 to review these goals)



How to Use This Playbook



This playbook is intended to be used by CMMs in conversation with each individual facility

If a company produces PepsiCo products at three different facilities, there should be three separate completed playbooks

The pep+ Plan is a 5-step process, and there is a section within this playbook to walk you through each step that should be completed in the meeting, together with the facility. For an overview of the process, take the ~20-minute degreed training [here](#) (search for “Focus Areas & pep+ Plan Creation with 3rd Party Manufacturers”)



Slides where **YOU** need to take action: Look for the green headers and this icon:



Step 0: Start By Doing These Things

TAKE
ACTION NOW



1

CMMs should start by setting up a **1.5-hour meeting** with each facility, and inviting their sustainability contact (can be found on our Contact Persons List on 3PM Teams/General/Supplier Management/Supplier Comms, Email in column N), plant engineers, and budget decision-makers

- Send a copy of this playbook as a pre-read

2

CMMs should ask the facility to **come to the meeting prepared with** the following, for use in the Reduction Finder Tool in Step 3:

- Total facility electricity use for 1 year (in kWh)
- Renewable electricity use for 1 year (if any, in kWh)
- PepsiCo production volume at this facility for 1 year
- Total production volume at this facility for 1 year (they can keep this confidential from PepsiCo if they wish)

Step 0: Enter Information Here

TAKE
ACTION NOW

Company (Partner) Name

Enter Here

Facility Location

Enter Here

CoMan or RePack

Enter Here

PepsiCo Contact Name (CMM)

Enter Here

Partner Contact Name & Email

Enter Here

Completion Date

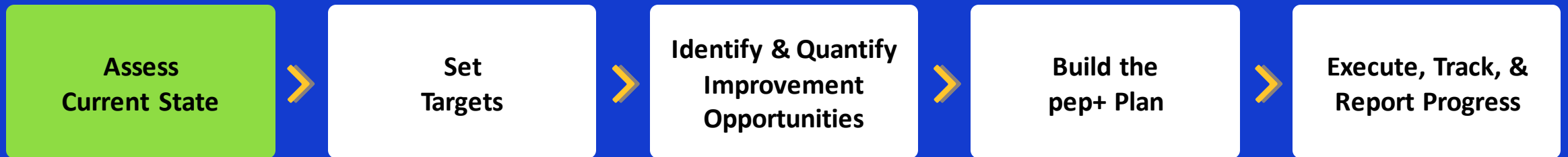
Enter Here

***Complete this Playbook once with each facility**





Step 1: Assess Current State



Climate Change: Document the Answers to these Questions Here



	Yes	No
<p>Have they measured their baseline scope 1 & 2 greenhouse gas emissions footprint for each facility and submitted it to us through the annual survey? *Check the link here and navigate to “Input Playbook Climate” tab (filter on your supplier and check question 1 and if scope 1 & 2 figures are there. If it has number, answer yes. If it is empty or cannot find the Coman, answer no)</p>		
<p>Have they set their own climate change goal(s) for their organization? Question 2 on dashboard</p>		
<p>Have they initiated Science Based Targets (SBT) approval for their target? Question 3 on dashboard</p>		
<p>Have they received approval from Science Based Targets Initiative on their target? Question 4 on dashboard</p>		
<p><i>Do they own this facility (answer Yes if owned, No if leased)</i> ask CoMan</p>		
<p>Are they currently sourcing renewable electricity? Question 5 on dashboard **Note: In order to answer “Yes”, they <i>must also have</i> the paperwork/documentation for the Guarantees of Origin (GOs) or Renewable Energy Certificates (RECs) or International RECs (I-RECs) for this renewable electricity procurement</p>		
<p>Do they have a resource conservation program currently in place involving GHG emissions/energy use at this facility? ask CoMan (either own program or PepsiCo Program)</p>		
<p>Do they have a detailed plan in place to achieve the pep+ climate change goals currently? (see slides 24)</p>		
SUM:		

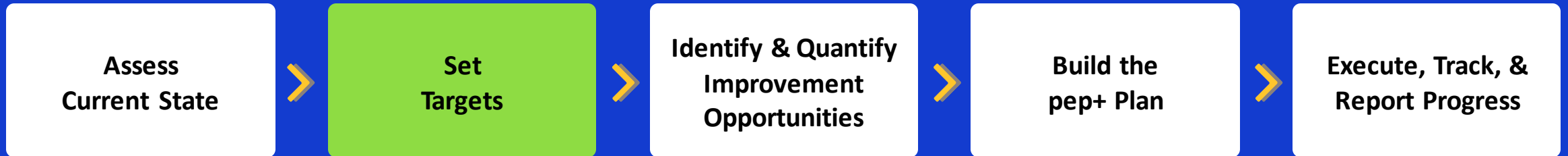
Water: Document the Answers to these Questions Here



	Yes	No	NA
<p>Have they measured their baseline water footprint for each facility and submitted it to us through the annual survey? *Check the link here and navigate to “Input Playbook Water” tab (filter on your supplier and check reported water usage - right side - or question 2b. If it has number, answer yes. If it is empty or cannot find the Coman, answer no)</p>			
<p>Have they set their own water goal(s) for their organization? Question 1a/1c on Dashboard</p>			
<p>Do they know whether they are in a non-high or a high-water risk watershed? (ask Relationship Manager – for CMM: this info can be found in the Sustainability folder on our 3PM page in the Water Folder)</p>			
<p>Foods Coman Question 2b on Dashboard For non-high water risk locations, do they use less than 4.4 liter of water per KG of food produced today? For high water risk locations, do they use less than 0.4 liter of water per pound of food produced today? Beverage Coman Question 2b on Dashboard For non-high water risk locations, do they use less than 1.4 liter of water per liter of food produced today? For high water risk locations, do they use less than 1.2 liter of water per pound of food produced today?</p>			
<p>If no to the question above, have they decided whether they are working to achieve the pep+ absolute or percentage water targets for each facility (see slide 33)? (mark NA if yes to the above question - If the answer is yes, Coman is already best in class or world class, so no further reduction is required)</p>			
<p>For high water risk locations only, do they replenish any portion of their water use today? (mark NA if they are in a non-high water risk watershed)</p>			
<p>Do they have a resource conservation program currently in place involving water at this facility? ask CoMan (either own program or PepsiCo Program)</p>			
<p>Do they have a detailed plan in place to achieve the pep+ water goals currently? (see slides 25)</p>			
SUM:			



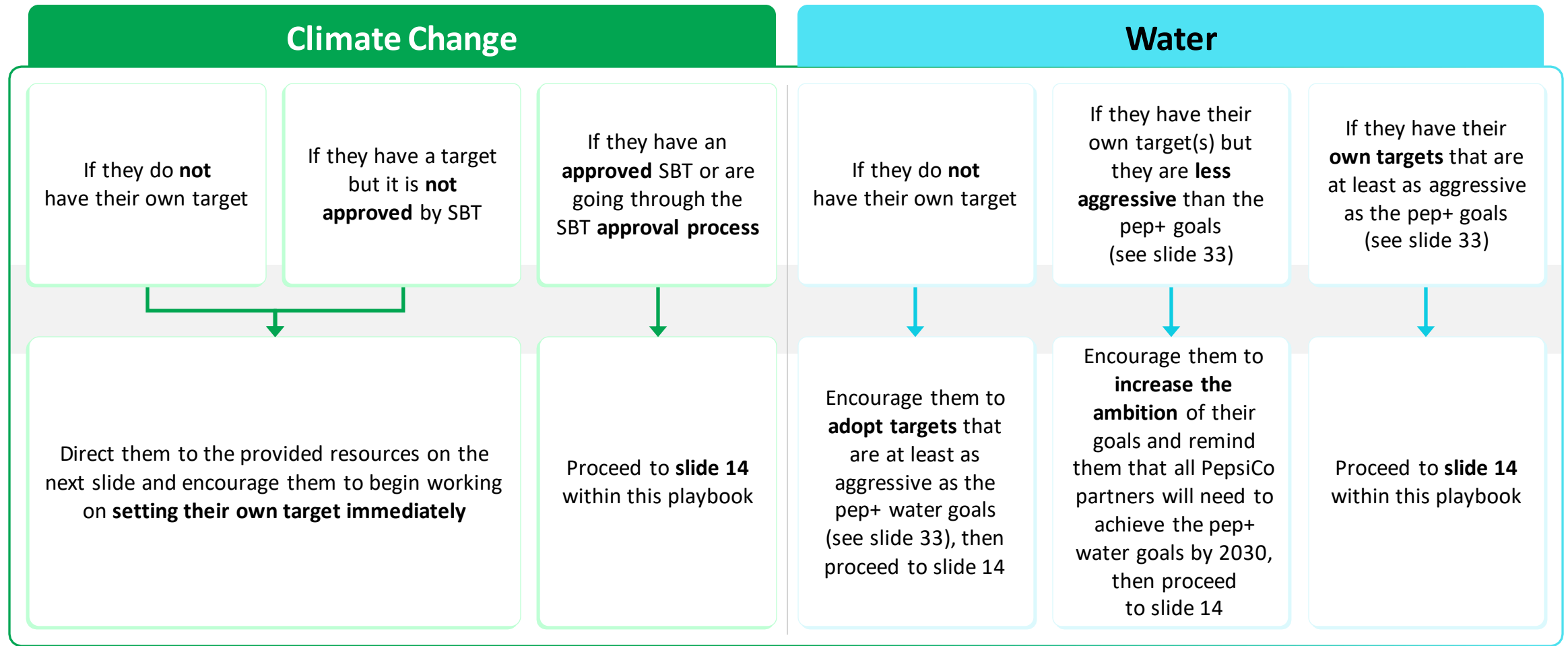
Step 2: Set & Document Targets



Step 2 Instructions



Step 1 should have given you an understanding of whether the partner has their own climate change and/or water target(s) already.



Climate Change Goal-Setting Resources for Companies without Targets



Listen to a free 30-minute [e-learning course](#) around the process of setting Science-based targets



Look at the guidance provided by the [Science Based Targets Initiative](#), including the SBT How-to Guide and Science Based Targets Overview documents to the right



Read the file to the right to learn more about the Climate School. Let us know via PepsiCo relationship manager if you would like to participate in the next season to get more help setting your target.



SBT How-To Guide



Science Based Targets Overview



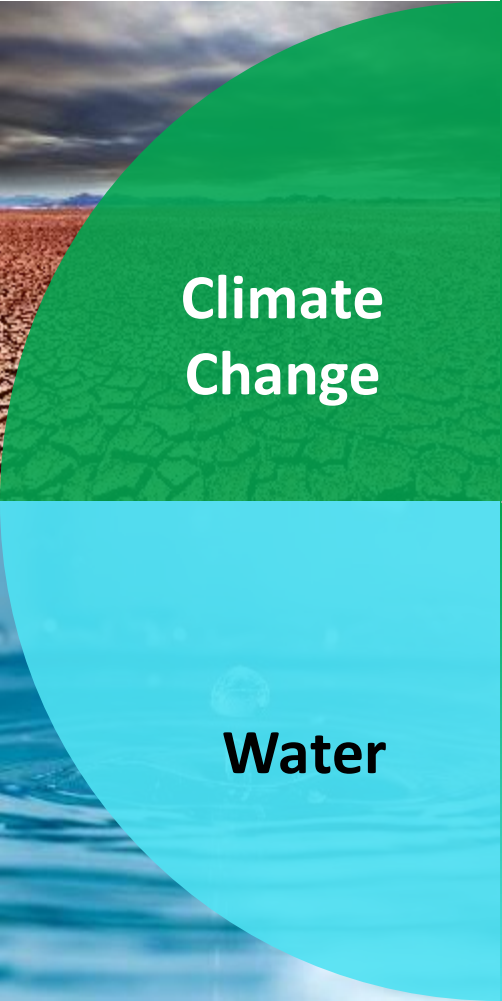
Climate School



ReCon Program

Note: Documents can also be downloaded [here](#) or attached to the external email

Document the Partners' Exact Goal Wording Here



- Add text here

- Add text here

Note: If the company does not yet have goals in place, direct them to the provided resources on the previous slide and encourage them to begin working on setting their own target immediately. Put “TBD” here and proceed to step 3.



Step 3: Identify & Quantify Improvement Opportunities



Step 3 Instructions (Page 1 of 2)



1 Navigate to the Link [here](#) and filter for the facility at the top in the “Name of Organization” drop-down (as seen to the right).

- If the facility did not submit the annual survey (the GHG Footprint box or CoMans with Water Footprint box on the Requests tab says 0), have them complete the PepsiCo Water & Emissions Calculator found [here](#) or attached to the external email

2 Navigate to the “Input Playbook Climate” tab of the dashboard on the left and look for their 2022 Scope 1 and 2022 Scope 2 emissions (on the right side in PowerBI). Document the numbers here:

- 2022 Scope 1 Emissions: **ENTER HERE**
- 2022 Scope 2 Emissions: **ENTER HERE**


3 Navigate to the “Input Playbook Water” tab of the dashboard on the left and look for their 2022 Water Use. (add up the different types or enter). Document the number here:

- 2022 Total gross water use: **ENTER HERE**

4 Document these data-points, which the facility should have come prepared to the meeting with (see slide 6):

- Total facility electricity use for 1 year (in kWh): **ENTER HERE**
- Renewable electricity use for 1 year (if any, in kWh): **ENTER HERE**
- PepsiCo production volume at this facility for 1 year: **ENTER HERE**
- Total production volume at this facility for 1 year (they can keep this confidential from PepsiCo if they wish): **ENTER HERE**

LINK TO PEP+ DASHBOARD



Name of Contact Completing the Form

1a. Calculate and Disclose Scope 1?
Yes

1b. Calculate and Disclose Scope 2?
Yes

2. Does your organization have an absolute or intensity GHG emissions reduction target?
No Target

3. Was your emission reduction target developed in line with the Science Based Targets Initiative?

Year Reported: All | Updater Name: All | BU: All

Allocated Scope 1 Emissions for the selected year, and associated year
191.593 2022

Allocated Scope 2 Emissions for the selected year, and associated year
282

Allocated Scope 3 Emissions for the selected year, and associated year

Step 3 Instructions (Page 2 of 2)



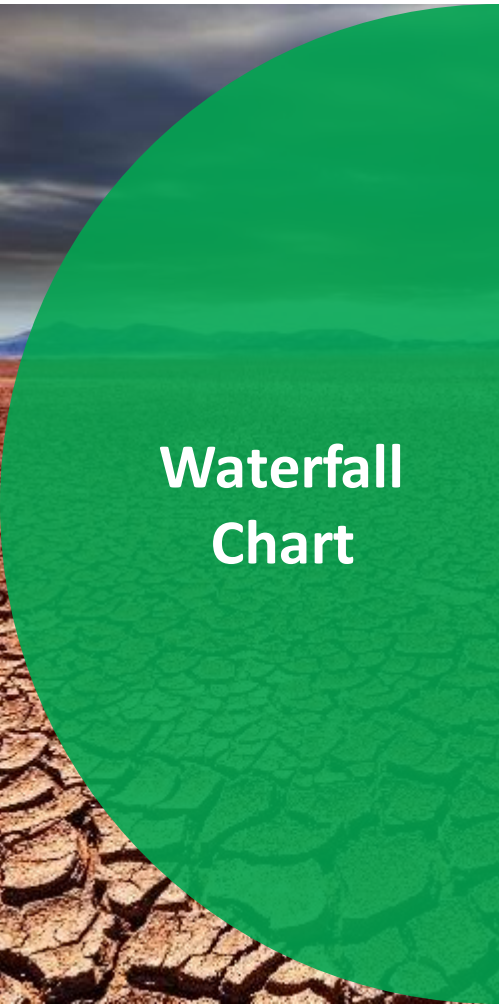
5

Download and save local copy of the Reduction Finder Tool [here](#) or attached to the external email. This tool is designed to provide you and the facility a menu of potential reduction opportunities.

6

Together with the facility, fill in the yellow cells on all the tabs of the Reduction Finder Tool using the numbers you collected on the previous page. Discuss which of the possible tactics yield the largest reductions, then proceed to the next slide.

Document the Partners' Climate Waterfall Chart Here



Insert Waterfall chart from "Climate Change Reduction Finder" tab here

Please note that these emissions reduction numbers are directionally accurate estimations only

Context: There are 4 Main Methods of Renewable Electricity Procurement



Unbundled Guarantee of Origins (GOs) or Energy Attribute Certificates (EACs)



GOs/EACs purchased separately from retail electricity agreements or utility tariffs

Bundled GOs/EACs



GOs/EACs obtained through green retail electricity contracts or green utility tariffs

Onsite Generation



GOs/EACs obtained through installed generation at the site level

Offsite / Power Purchase Agreements (PPAs)



GOs/EACs obtained through virtual or physical power purchase agreements

Pros

- Can be purchased quickly
- Inexpensive

- Can be incorporated into existing procurement processes
- Inexpensive

- High perceived impact
- Longer-term solution

- Greater sustainability impact
- Longer-term solution

Cons

- Lesser perceived impact
- Subject to price volatility
- Short term solution so must be renewed/re-purchased to continue making RE claims

- Lesser perceived impact
- Short term solution (e.g., 1-3 years) so must be renewed/re-purchased to continue making RE claims

- Sizing may not be adequate to meet emissions reduction goals
- Requires authority to install
- Long-term investment/commitment

- Complex deal structure
- Long lead time, long contract, long-term investment/commitment

*Note on terminology: A REC (Renewable Energy Certificate) or Guarantee of Origins (GOs) is a type of Energy Attribute Certificate (EAC) that represents the environmental attributes of the generation of a one-megawatt hour (MWh) of energy produced by renewable sources.

Document the Partners' *Estimated Renewable Electricity Pricing Here*



Insert numbers from “Renewable Electricity Pricing” tab here. If the facility prefers to keep this information confidential, leave the full facility information blank.

Unbundled Guarantee of Origin (GOs)/Energy Attribute Certificates (EACs)

	Low End		High End
Estimated cost to cover PepsiCo electricity use per year:	INSERT HERE	to	INSERT HERE
Estimated cost to cover facility electricity use per year:	INSERT HERE	to	INSERT HERE

Power Purchase Agreements (PPAs)

	Low End		High End
Estimated cost to cover PepsiCo electricity use per year:	INSERT HERE	to	INSERT HERE
Estimated cost to cover facility electricity use per year:	INSERT HERE	to	INSERT HERE

Please note that market prices are subject to change, and these are estimations only
We strongly encourage facilities to cover their entire electricity load with renewable electricity

Document the Partners' Climate Waterfall Chart Here



Insert Waterfall chart from "Climate Change Reduction Finder" tab here

Waterfall
Chart

Please note that these water reduction numbers are directionally accurate estimations only



Step 4: Prioritize & Build PepsiCo Positive Plan



Step 4 Instructions

Using the results found in Step 3, now it's time to prioritize and build the PepsiCo Positive Plan (pep+ Plan) with each facility

The PepsiCo Positive Plan should determine exactly what the facility will do, and when they commit to doing it



Climate Change pep+ Plan



Climate Change Action	2023	2024	2025	2026	2027	2028	2029	2030
Calculate footprint and submit to PepsiCo (annually)	X	X	X	X	X	X	X	X
Calculate & set climate change goal	X							
Initiated Science Based Targets approval for goal	X							
Receive approval from Science Based Targets Initiative on goal		X	X					
Convert to 100% renewable electricity	e.g., 50%	e.g., 75%	e.g., 100%	e.g., 100%	e.g., 100%	e.g., 100%	e.g., 100%	e.g., 100%
Launch a Resource Conservation (ReCon) Program and Identify Point Person/Team	X							
Enter other specific tactics here...								
Enter other specific tactics here...								
Enter other specific tactics here...								
Enter other specific tactics here...								
Enter other specific tactics here...								
Enter other specific tactics here...								

Water pep+ Plan



Water Action	2023	2024	2025	2026	2027	2028	2029	2030
Calculate footprint and submit to PepsiCo (annually)	X	X	X	X	X	X	X	X
Set and agree to water target(s)	X							
Monitor and map water use	X							
Launch a Resource Conservation (ReCon) Program and Identify Point Person/Team	X							
High water risk locations: Replenish 100% of PepsiCo product related water use	e.g., 10%	e.g., 20%	e.g., 50%	e.g., 75%	e.g., 80%	e.g., 90%	e.g., 100%	e.g., 100%
Enter other specific tactics here...								
Enter other specific tactics here...								
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Save this Document to SharePoint

**TAKE
ACTION NOW**

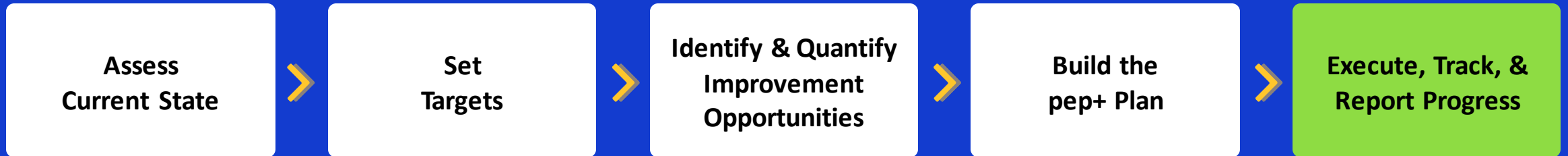
CMMs should now save this PowerPoint document to SharePoint here before December 15th, 2023: 3PM Global Brain Page, Sustainability, **pep+ Playbooks**

Title the document “COMPANY NAME_CITY NAME_pep+ Playbook”





Step 5: Execute, Track, & Report Progress



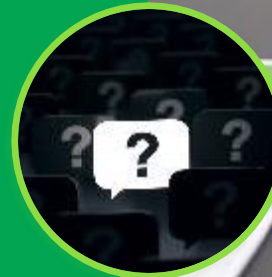
Execution of the pep+ Plan

Now it's time for the facility to execute on their PepsiCo Positive Plan (pep+ Plan)

CMMs can support by providing access to resources and connecting them with PepsiCo's sustainability office or PepsiCo facilities implementing similar tactics if they have questions

- Resources can be found within the Reduction Finder Tool [here](#) or attached to the external email

For questions, reach out to you PepsiCo relationship Manager



Tracking & Reporting

Every year, facilities must officially provide PepsiCo with data on their greenhouse gas emissions footprint and water use through the annual survey that we send to them

CMMs should follow up with their facilities to ensure they submit their data before the survey deadline
(next moment will be January.2024)

Throughout the year (e.g., during Quarterly Business Reviews), CMMs should also be checking in with each facility to track progress against their PepsiCo Positive Plan, where they are finding success, and where they could use additional support, and keep the sustainability office informed





Appendix



Strategic end-to-end transformation, with sustainability at the center, of how PepsiCo will create growth and 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

- Regenerative Practices*
- Sustainably Sourced Ingredients*
- Strengthened Livelihoods*



POSITIVE VALUE CHAIN

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

- Net Zero Emissions*
- Net Water Positive*
- Sustainable 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

- Innovative Packaging Solutions*
- Expanded Portfolio Offerings*
- Planet + People Brands*

PepsiCo's Climate Change Goals

Reduce absolute greenhouse gas emissions across our entire value chain (**including in our partners' operations!**) by more than **40%** by 2030 when compared with 2015, and achieve a **75%** reduction in emissions from our own direct PepsiCo operations

Achieve **Net Zero** emissions across our entire value chain (**including in our partners' operations!**) by 2040



SCIENCE
BASED
TARGETS

Water Use Efficiency Targets



HIGH WATER RISK AREA

Water Use Efficiency:

Improve water use efficiency by 30%+ off 2020 baseline by 2030*
OR achieve 1.2 L/L for beverage manufacturing or 0.4 L/KG for foods manufacturing

Replenishment:

- 100% of PepsiCo product related water use by 2030

ALL OTHER

Water Use Efficiency:

Improve water use efficiency by 15%+ off 2020 baseline*
OR achieve 1.4 L/L for beverage manufacturing or 4.4 L/KG for foods manufacturing

*Targets may be adjusted however, burden of proof on co-manufacturing partner to demonstrate that:

1. They are currently already operating at best practice, and therefore a lower % reduction justified
2. They are unable to deliver a 30% reduction due to a specific reason (e.g., technical/engineering layout, product type - in relation to non-PepsiCo production)
+ weighted average In either circumstance, alternative target then to be agreed/negotiated



Our Asks of you as a Strategic Business Partner



Emissions Footprint

- Calculate your greenhouse gas emissions footprint and share with us through the annual quality survey

By: December 2022



Climate Goal

- Set a climate change goal for your organization and initiate Science Based Targets approval

By: December 2023



Renewable Electricity

- Begin switching to renewable electricity. This is one of the fastest and easiest ways to reduce your emissions today!

By: December 2023



Water Use Efficiency*

- Measure your water usage and share with us through the annual quality survey
- Identify and pursue water savings opportunities

By: December 2022



PepsiCo Positive Plan

- Build a PepsiCo Positive Plan (pep+ Plan) for each facility with your Industry/Relationship Manager
- Implement the planned reduction tactics

By: Dec 15th 2023

Commitments: -40% GHG Emission by 2030, Net-Zero Emissions by 2040

Commitments for 2030

*Note: there are more goals on top of this for specific partner groups

** Note: Geographical locations where commercially viable as pre-determined.

