



PepsiCo Contract Manufacturing pep+ Plan Creation Playbook



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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 the end of the year.
- 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

(XX). **Sustainability Clauses.**

(a) **Science Based Targets.**

Supplier will develop and commit to a near-term science-based greenhouse gas emission reduction target (SBT) such as defined and set forth at the Science Based Target Initiative ("SBTi") (<https://sciencebasedtargets.org/>) and share their SBT aligned decarbonization action plan within a reasonable period of time, not to exceed six months from the effective date of this Agreement ("Supplier Target").

(b) **Decarbonization Action Plan.**

Supplier will develop and implement a decarbonization action plan ("Plan") to reduce the Carbon Footprint associated with Supplier's provision of Products and Services. For the purposes of this section, "Carbon Footprint" means the amount of carbon dioxide equivalent emissions (CO2e) released into the atmosphere as a result of Supplier's supply of the Products and/or Services for PepsiCo, determined in accordance with the accepted international carbon reporting practices consistent with the United Nations Intergovernmental Panel on Climate Change ("IPCC") and the Greenhouse Gas Protocol ("GHG Protocol") developed by the World Resources Institute ("WRI") and the World Business Council for Sustainable Development ("WBCSD").

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



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



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



**Assess
Current State**



**Set
Targets**



**Identify & Quantify
Improvement
Opportunities**



**Build the
pep+ Plan**



**Execute, Track, &
Report Progress**

Climate Change: Document the Answers to these Questions Here



	Yes	No
Have they measured their baseline scope 1 & 2 greenhouse gas emissions footprint for each facility and submitted it to us through the annual survey? pep+ Dashboard LINK (login required)		
Have they set their own climate change goal(s) for their organization? pep+ Dashboard LINK (login required)		
Have they initiated <u>Science Based Targets</u> (SBT) approval for their target? pep+ Dashboard LINK (login required)		
Have they received approval from Science Based Targets Initiative on their target? pep+ Dashboard LINK (login required)		
<i>Do they own this facility (answer Yes if owned, No if leased)</i>		
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		
Do they have a resource conservation program currently in place involving GHG emissions/energy use at this facility?		
Do they have a detailed plan in place to achieve the pep+ climate change goals currently? (see slides 24)		
SUM:		

Water: Document the Answers to these Questions Here



	Yes	No	NA
Have they measured their baseline water footprint for each facility and submitted it to us through the annual survey? pep+ Dashboard LINK (login required)			
Have they set their own water goal(s) for their organization? pep+ Dashboard LINK (login required)			
Do they know whether they are in a non-high or a high-water risk watershed?			
Foods Coman 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 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?			
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)?			
For high water risk locations only, do they replenish any portion of their water use today?			
Do they have a resource conservation program currently in place involving water at this facility?			
Do they have a detailed plan in place to achieve the pep+ water goals currently?			
SUM:			



Step 2: Set & Document Targets



**Assess
Current State**



**Set
Targets**



**Identify & Quantify
Improvement
Opportunities**



**Build the
pep+ Plan**

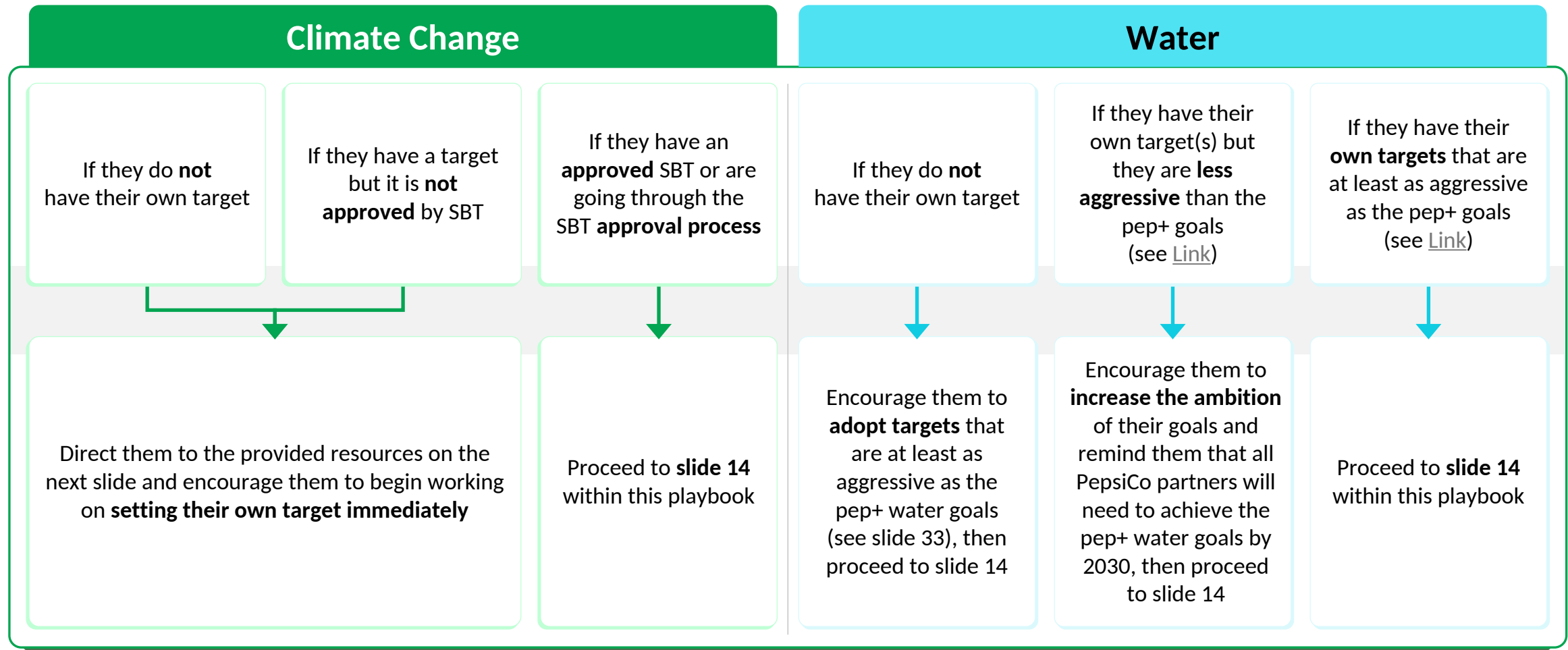


**Execute, Track, &
Report Progress**

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

A green circular graphic with a textured background of small, dark green leaves. The text "Climate Change" is written in white, bold, sans-serif font.

**Climate
Change**

- Add text here

A blue circular graphic with a background of water ripples. The text "Water" is written in white, bold, sans-serif font.

Water

- 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



Assess
Current State



Set
Targets



Identify & Quantify
Improvement
Opportunities



Build the
pep+ Plan



Execute, Track, &
Report Progress

Step 3 Instructions (Page 1 of 2)



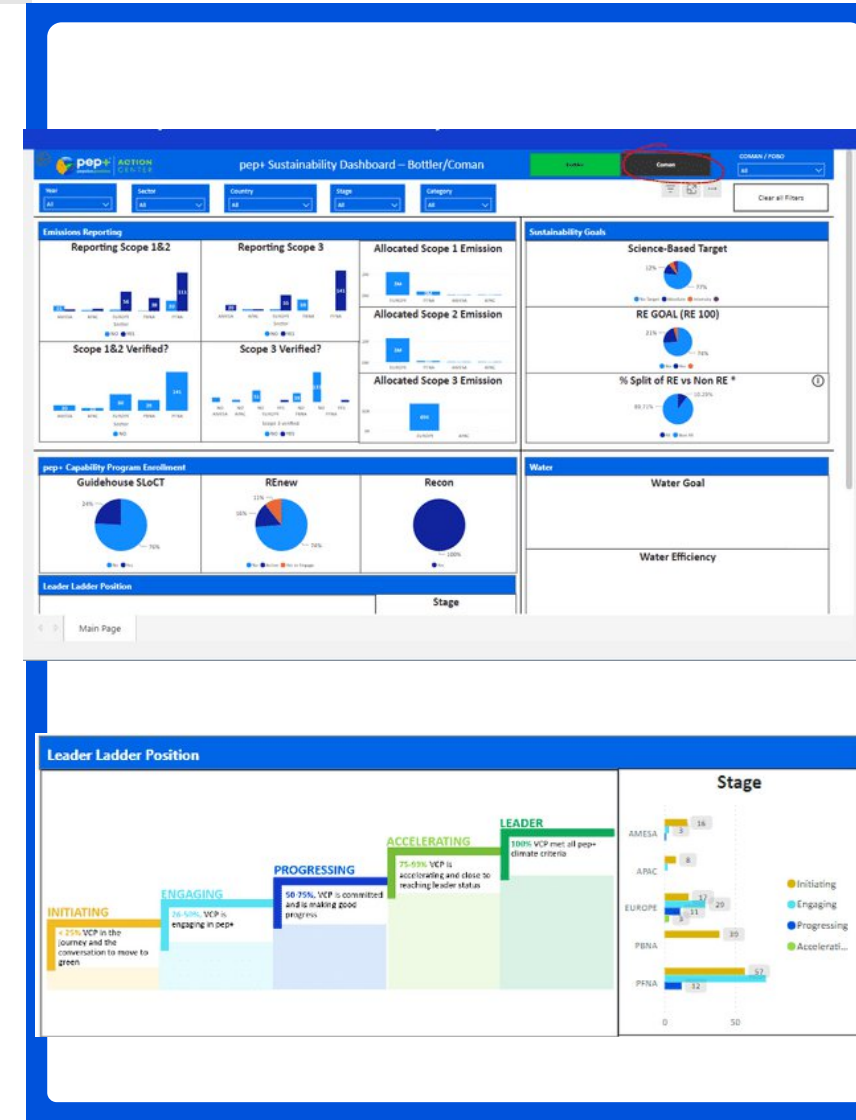
1. Navigate to the [pep+ Dashboard](#) and filter for the facility at the top in the “Name of Organization” drop-down (as seen to the right).

 - 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 last reported Scope 1/2 and Scope 3 emissions (on the right side in PowerBI). Document the numbers here:

 - Scope 1 Emissions: **ENTER HERE**
 - Scope 2 Emissions: **ENTER HERE**
 - Scope 3 Emissions: **ENTER HERE**
3. Navigate to the “Input Playbook Water” tab of the dashboard on the left and look for their last reported Water Use. (add up the different types or enter). Document the number here:

 - 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**



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

**Waterfall
Chart**

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



**Assess
Current State**



**Set
Targets**



**Identify & Quantify
Improvement
Opportunities**



**Build the
pep+ Plan**



**Execute, Track, &
Report Progress**

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
Calculate & set climate change goal								
Initiated Science Based Targets approval for goal								
Receive approval from Science Based Targets Initiative on goal		X	X					
Convert to 100% renewable electricity		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								
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
Set and agree to water target(s)								
Monitor and map water use								
Launch a Resource Conservation (ReCon) Program and Identify Point Person/Team								
High water risk locations: Replenish 100% of PepsiCo product related water use		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...								
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Save this Document to SharePoint



+ ✨
CMMs should now save this PowerPoint and upload the completed version via the survey section on the Sustainability Action Center: [LINK](#)

Title the document "COMPANY NAME_CITY
NAME_pep+ Playbook"





Step 5: Execute, Track, & Report Progress



**Assess
Current State**



**Set
Targets**



**Identify & Quantify
Improvement
Opportunities**



**Build the
pep+ Plan**



**Execute, Track, &
Report Progress**

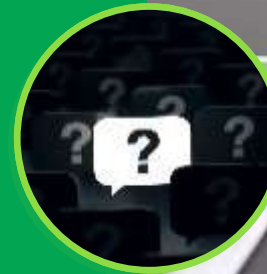
Execution of the pep+ Plan

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](#) (login required) or attached to the external email

For questions, reach out to your 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
(around end of Q1 of every year)

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

