



PEPSICO QUALITY and FOOD SAFETY

TITLE: PEPSICO RAW MATERIAL QUALITY & FOOD SAFETY POLICY	
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PEPSICO

RAW MATERIAL QUALITY & FOOD SAFETY POLICY

(Applicable to Ingredients and Packaging)

Approved By:

Jan Weststrate
SVP, R&D Global Functions, Governance & Compliance

Signature:

Date: May 1, 2015

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Purpose

For purposes of this Policy, “raw material” includes packaging materials and ingredients (including raw agricultural commodities), including any intermediate, blend, mix, or work-in-process of any packaging material or ingredient.

The purpose of this Policy is to outline minimum quality and food safety requirements applicable to suppliers, brokers, and agents (individually, a “Supplier” and collectively, “Suppliers”) processing, growing, manufacturing, supplying, or storing raw materials for PepsiCo, Inc., its affiliates and subsidiaries (collectively, “PepsiCo”), and independent bottlers, contract manufacturers, and joint ventures (collectively with PepsiCo, the “PepsiCo Buyers”). Suppliers to any PepsiCo Buyer must abide by, and be able to demonstrate compliance with, this Policy.

For the avoidance of doubt, under no circumstances will this Policy diminish a Supplier’s warranties or other obligations pursuant to any applicable agreement, statement of work, purchase order, material specification, or any other applicable policy or transaction document.

Minimum Supplier Requirements

Suppliers shall adopt a management system that is compliant with and certified per a GFSI-recognized scheme or equivalent (as approved by PepsiCo) that promotes continuous improvement and compliance with applicable Laws (“Laws” defined below), regulations and contract requirements in both the country of manufacture and country of destination for the material. It is Suppliers’ responsibility to ensure compliance with these standards, as well as any requirements set forth in the relevant agreement, statement of work, purchase order, material specification, or other applicable policy or transaction document. Suppliers’ management system must, at a minimum, include the following elements:

1. **GFSI Requirement.** All PepsiCo Buyers’ supplier sites must be certified per a GFSI-recognized scheme. In the event Suppliers are not GFSI certified, they must demonstrate compliance with an equivalent PepsiCo-approved audit scheme and/or be working toward GFSI certification, a timeline for which must be approved by PepsiCo.
2. **Raw Material Quality and Food Safety Program.** Supplier sites that grow, process, manufacture, supply, or store raw materials for PepsiCo Buyers must have a documented, verifiable, and adequate food safety program that addresses biological, chemical, and physical hazards, as well as cross-contaminant management, as applicable.
3. **Food Defense Program.** Suppliers are responsible for ensuring that their sites (including, without limitation, warehouses) plan for, design, implement, document, and maintain, a comprehensive site security program to ensure that raw materials grown, processed, manufactured, supplied, transported, or stored for PepsiCo Buyers are safe for human consumption and not adulterated.
4. **Specifications.** Raw materials must meet the applicable PepsiCo Buyers’ specifications. If required in the specification, then a Certificate of Analysis shall be provided.
5. **Qualified Ingredient.** Supplier will cooperate with PepsiCo to share information, as requested, to allow PepsiCo to evaluate each ingredient.
6. **Supplier Site.** Prior to newly processing, manufacturing, supplying or storing raw materials for PepsiCo Buyers, each supplier site must undergo a facility site evaluation to determine approval status. Supplier will cooperate with PepsiCo to share information, as requested, to allow PepsiCo to evaluate each site. PepsiCo will provide guidance on its requirements and supplier is responsible to meet the requirements provided.

7. **GMPs/GAPs.** Supplier sites that process, grow, manufacture, supply, or store raw materials for PepsiCo Buyers must have documented effective and verifiable Good Manufacturing Practices (GMPs) and/or Good Agricultural Practices, as applicable, and Sanitation Programs.
8. **HACCP Plans.** Suppliers must ensure that supplier sites have HACCP plans to control the risks associated with raw materials and manufacturing processes.
9. **Allergen Management.** Suppliers must have programs that manage and control allergens in order to control cross-contact, and must accurately represent their materials, including accurate allergen labeling information.
10. **Physical, Chemical, Biological Contaminants.** HACCP plans and Food Safety Programs must address such contaminants.
11. **Traceability.** Supplier sites that process, manufacture, supply, or store raw materials for PepsiCo Buyers must have an on-site documented traceability program that is capable of demonstrating, at a minimum, a one-step-forward and a one-step-back material trace within a maximum of 24 hours of being notified to do so. Where legal regulatory requirements require faster traceability, supplier sites providing materials for use in those jurisdictions must comply with local law.
12. **Country of Origin.** Suppliers must be able to disclose immediately upon request the country of origin for raw materials that they process, grow, manufacture, supply, or store for PepsiCo Buyers.
13. **Notice to PepsiCo Regarding Adulterated Ingredients.** If a Supplier becomes aware that any raw materials are or may become infested, adulterated, contaminated, or otherwise in violation of applicable Laws, or are or may become harmful to persons or property (whether the raw materials are used in the same mode as when delivered to a PepsiCo Buyer or are used in the manufacture of, or otherwise become part of, a product), Supplier must provide notice immediately to its PepsiCo representative, including relevant information with respect thereto.

Compliance with Laws

Suppliers must comply with all applicable federal, national, state and local laws, ordinances, orders, rules, actions, and regulations (collectively, "Laws") and industry standards relevant to the supply of raw materials.

Suppliers must comply with regulations and industry standards associated with packaging including, without limitation, those related to the following:

- Print quality and dimensions.
- Ink safety and chemical hazards (e.g., heavy metals and solvent residues).
- Material composition safety (e.g., recyclable materials, processing aids, additives, and chemical hazards derived from sub-components or processing procedures).
- Pesticides (e.g., fumigants and gaseous pest controls).

Additional United States Supplier Requirement. For raw materials grown, processed or manufactured in the U.S., or grown, processed or manufactured outside the U.S. and shipped to the U.S., compliance with Laws includes, without limitation, compliance with applicable provisions of the U.S. Federal Food, Drug and Cosmetic Act ("FD&C Act"), the U.S. Public Health Security and Bioterrorism Preparedness and Response Act of 2002, the FDA's Reportable Food Registry, and the Food Safety Modernization Act of 2011, and any regulations related thereto.

Continuing Guaranty

Suppliers must, if requested, provide a signed continuing guaranty (including documentary support) that with respect to raw materials grown, processed, manufactured, supplied, or stored for PepsiCo Buyers (1) such materials are not adulterated or misbranded and not excluded from commerce within the meaning of applicable Laws, and (2) color additives that comprise, or are contained in, such raw materials comply with applicable Laws, including for the place of manufacture and the place of final sale, and including relevant certification requirements (e.g., from certified batches).

Additional United States Supplier Requirement. U.S. Suppliers (whether based in the U.S. or shipping raw materials into the U.S. for use in the U.S.) must further guarantee to PepsiCo and the applicable PepsiCo Buyer that (i) the raw materials they supply are not adulterated or misbranded and not excluded from interstate commerce within the meaning of applicable Laws, including without limitation, the FD&C Act, and (ii) any color additives which are contained in any raw materials they supply (or which are themselves raw materials) are manufactured by such Supplier (or a supplier of such Supplier) and are from batches certified in accordance with applicable Laws, including without limitation, the FD&C Act.

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Revision History:

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00	Jan. 20, 2014	New Document	K. Kealey
2.0	May 1, 2015	New Document	C. Kruger