



2019
Sustainability
Report
Summary

**Helping to
build a more
sustainable
food system**

June 2020



PEPSICO

Message from Our CEO

Even before the COVID-19 pandemic profoundly transformed how we work, parent, shop, learn, and socialize, the food system was under tremendous stress.

Around the world, topsoil is degrading, packaging waste is piling up, more regions are experiencing water scarcity, and climate change is dangerously accelerating. These pressures threaten the long-term ability to feed a growing global population.

But we know that systemic problems require systemic solutions, and the pandemic has brought into sharp focus the larger need to address our long-term sustainability challenges. It is clearer than ever that organizations like PepsiCo and our partners need to take bold steps to catalyze positive change and bring about a stronger, more sustainable future for us all.

We've laid out an ambitious agenda, focusing on the areas where we believe we can have the most impact.



While we've made great progress, we know there's even more to be done and that we can't do it alone. Partnership is more important than ever before, and we'll continue to work with our peers, governments, NGOs, and the communities where we operate, leveraging all the tools at our disposal to advance progress. We also issued our first "Green Bond" in 2019, generating nearly \$1 billion to fund key sustainability initiatives.

Forward-Looking Statements

This PepsiCo, Inc. Sustainability Report Summary contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "target" and "will" or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties. For information on certain factors that could cause actual events or results to differ materially from our expectations, please see PepsiCo's filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

With the help of partners and the leadership of our first-ever Chief Sustainability Officer, Simon Lowden, we will look to build on the tremendous progress we've made and double down on our efforts in the months and years ahead.

Only by working together can we emerge from the current crisis stronger than before, with a more sustainable food system and a brighter future for all.



RAMON LAGUARTA

PepsiCo Chairman of the Board of Directors and Chief Executive Officer
June 2020



From the way we grow our crops to the transport of our products and the coolers that display our brands, PepsiCo has already made significant progress in reducing greenhouse gas emissions throughout our value chain—but we know tackling climate change will require even more, and we can't lose sight of that.



SIMON LOWDEN

PepsiCo Chief Sustainability Officer

Read the full 2019 PepsiCo Sustainability Report
pepsico.com/sustainability/strategy

Scale And Reach Across Our Value Chain

Across our value chain, PepsiCo is using our global reach and expertise to drive solutions at scale.



*23 brands that generate more than \$1 billion each in estimated annual retail sales

PepsiCo's sustainability strategy targets every stage of our complex value chain to use resources more efficiently, reduce GHG emissions, replenish water, improve our products, and recapture packaging materials.



Our Focus Areas

Agriculture

Making agriculture more intelligent, inclusive, and gentler on the earth:

- » We continue to expand our Sustainable Farming Program (SFP), reaching more than 40,000 farmers around the world with training in sustainable practices like more efficient use of fertilizer and water, plant protection techniques, and respect for workers' rights.
- » Our global network of more than 230 Demonstration Farms in 9 countries show farmers how to increase yields with sustainable techniques and encourage peer-to-peer learning with neighboring farms.
- » In India, our collaboration with the US Agency for International Development (USAID) is empowering women farmers and making agriculture more inclusive and productive.



Water

Using water more efficiently, replenishing water locally, and helping to ensure water security:

- » We've delivered safe water access to 44 million people since 2006, far surpassing our goal of 25 million people by 2025. We are now setting a new target to reach 100 million people by 2030.
- » We've adopted the globally recognized Alliance for Water Stewardship (AWS) best practice standard at our high water-risk facilities and completed four pilots around the world.

Packaging

Supporting a circular economy by reducing, recycling, and reinventing our packaging:

- » We are 88% of the way to our goal of 100% recyclable, compostable, or biodegradable packaging by 2025.
- » We are innovating to transform our packaging by testing 100% industrially compostable thin-film plant-based snack bags in the U.S., India, and Chile.
- » Through the growth of SodaStream, the #1 sparkling water brand in the world by volume*, we estimate that about 67 billion single-use plastic bottles will be avoided through 2025.



*Total global volumes taken from GlobalData's *Global Packaged Water Report 2018*, compared with SodaStream company information.

Our Focus Areas (continued)

Product

Improving choices across our portfolio and integrating purpose into our brands:

- » We're making progress against our goals to reduce added sugars, sodium, and saturated fat and expanding products like Pepsi Zero Sugar and Baked Lay's around the world.
- » We've made acquisitions like Pioneer Foods, BFY Brands (PopCorners), CytoSport (Muscle Milk), Be & Cheery, and Bare to offer more brands to help meet consumers' needs as part of a balanced diet.
- » Our brands are inspiring positive change, such as Stacy's Rise, a mentoring program for women entrepreneurs in the U.S., and Doritos Rainbow celebrating the LGBTQ community in partnership with the It Gets Better Project.



Climate

Reducing greenhouse gas (GHG) emissions across every part of our value chain:

- » We signed the UN Business Ambition for 1.5°C pledge, demonstrating our commitment to climate action and are developing a strategy for achieving net-zero emissions by 2050.
- » In 2020, we announced a transition to 100% renewable electricity through a range of solutions across all U.S. direct operations, building on progress we have made globally.
- » Our Sustainable from the Start program helps our product development teams project and consider the environmental impact, carbon and water footprint, and packaging recyclability of a product.

People

Advancing respect for human rights, promoting diverse and inclusive workplaces, and empowering women across our business and throughout our global value chain:

- » We respect the rights of our PepsiCo associates, suppliers, farmers, retail and franchise partners, and many others who make, move, and sell our products.
- » In 2019, more than 860 on-site audits of PepsiCo's first-tier suppliers were conducted or recognized to ensure compliance with our Sustainable Sourcing Program's rigorous standards.



Our Progress Highlights

PepsiCo is leveraging our scale, reach and expertise across the areas where we can have the greatest impact.

- AGRICULTURE
- WATER
- PACKAGING
- PRODUCT
- CLIMATE
- PEOPLE

Nearly **80%** of our potatoes, whole corn, oats, and oranges are **sustainably sourced**

Potatoes

Whole Corn

Oats

Oranges

86% of our sugar cane was **Bonsucro-certified sustainably sourced**, progress toward our end-2020 target of **100%**

2020 Goal **100%**
86%

82% of our palm oil was **RSPO-certified sustainably sourced**, progress toward our end-2020 target of **100%**

2020 Goal **100%**
82%

Locally replenished over **1.6B** liters of water in high water-risk areas in 2019

Delivered safe water access to **44M+ people** in underserved communities since 2006

Improved **operational water-use efficiency** by 9% in high water-risk areas since 2015

Improved **9%**

\$65M pledged globally to **advance recycling and collection**, between 2018 and early 2020

88% of our **packaging is recyclable, compostable, or biodegradable**; making progress toward our goal of 100% by 2025

Set new goal in 2019:

35% reduction

of virgin plastic content across our beverage portfolio by 2025



47%

of our beverage portfolio volume in our top 26 beverage markets **met our 2025 added sugars reduction target**, progress toward our goal of **67%**



62%

of our food portfolio volume in our top 23 foods markets **met our 2025 saturated fat reduction target**, progress toward our goal of **75%**



61%

of our food portfolio volume in our top 23 foods markets **met our 2025 sodium reduction target**, progress toward our goal of **75%**



6%

reduction in absolute GHG emissions across our value chain in 2019, progress toward our goal of 20% by 2030



PEPSICO IS EMBRACING RENEWABLE ELECTRICITY AROUND THE WORLD:



- » Transitioning to **100% renewable electricity in U.S. direct operations** in 2020
- » Currently using **100% renewable electricity in 9 European countries**

- » Sourcing **65%** of electricity needs from **wind energy** at PepsiCo Foods Mexico in 2019



12M

Over the life of our **Frito-Lay electric vehicle fleet**, we will have driven 12 million **all-electric miles**



41%

of our **manager positions were held by women** in 2019, progress toward our goal of 50%



\$38.5M

invested since 2016 to **support workforce readiness and empower women**



Matching donations from employees led to

\$11M

in **charitable contributions** in 2019



Milestones

In 2006, PepsiCo started on a journey to transform the way we do business with the fundamental belief that the success of our company is inextricably linked to the sustainability of the world around us, and each year we continue to make valuable progress.

2006

Launch of *Performance with Purpose* integrating sustainability into our daily business operations

2009



Naked Juice first U.S. brand to transition to 100% rPET bottles

2010

Our first all-electric delivery trucks hit the road



2012

PepsiCo wins prestigious *Stockholm Industry Water Award*



2017

1st *Demonstration Farm* opens in India. By 2020, over 230 farms are testing and sharing best practices around the world



2016

25% operational water-use efficiency goal achieved ahead of target date

2013

Sustainable Farming Program launches; as of 2019, the program engaged more than 40,000 farmers



2018

Acquisition of *SodaStream*, #1 sparkling water brand in the world by volume, with the potential to avoid 67 billion single-use plastic bottles by 2025



2019

PepsiCo receives *Climate Leadership Award*



2020

PepsiCo announces shift to 100% renewable electricity in U.S. direct operations, building on global efforts



PepsiCo exceeds safe water access goal 5 years early, delivering access to safe water to 44 million people since 2006