



**2019**  
Sustainability  
Report

Helping to  
build a more  
sustainable  
food system



**PEPSICO**

# Sustainability Overview

## Helping To Build A More Sustainable Food System

Over the years, the global food system has brought nutrition, economic opportunity, convenience, and enjoyment. Today, however, the global impacts of climate change, soil erosion, water scarcity, and population growth bring challenges that threaten its ability to meet our needs. The food system is in urgent need of transformation.



## Our Opportunity To Lead Positive Change

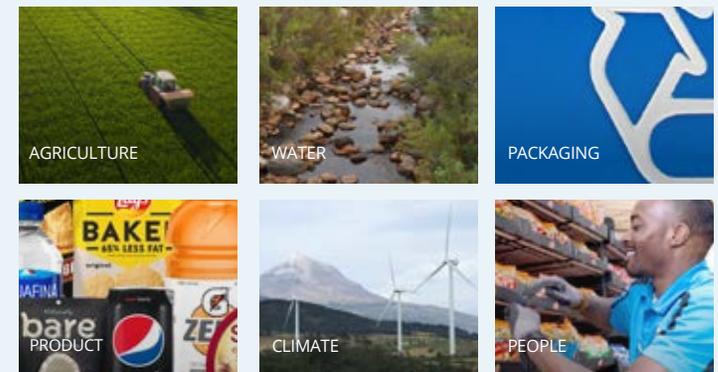
At PepsiCo, we believe that there is an opportunity to change how the world produces, distributes, consumes, and disposes of foods and beverages in order to tackle the shared challenges we face.

We aim to use our scale, reach, and expertise to help build a more sustainable food system; one that can meet human needs for nutrition and enjoyment, and continue to drive economic and social development, without exceeding the natural boundaries of the planet.

As well as being good for our business, working to realize this purpose is also the right thing to do. Where our food system may be operating in an unsustainable way, it can create supply chain, operational, and financial risks for our company. By contrast, addressing risks within our value chain and the wider food system effectively can create new opportunities for competitive advantage and future market growth, while also supporting the communities in which we operate.

## Our Focus Areas

PepsiCo's sustainability agenda focuses on six overlapping priorities within our food system. Our priorities meet three important criteria: They relate to the most pressing sustainability challenges, risks, and opportunities facing PepsiCo and our food system; they matter most to PepsiCo's key external stakeholders; and they offer the opportunity for PepsiCo to make a positive difference at a systemic level, within and beyond our own value chain.



## Highlights Video

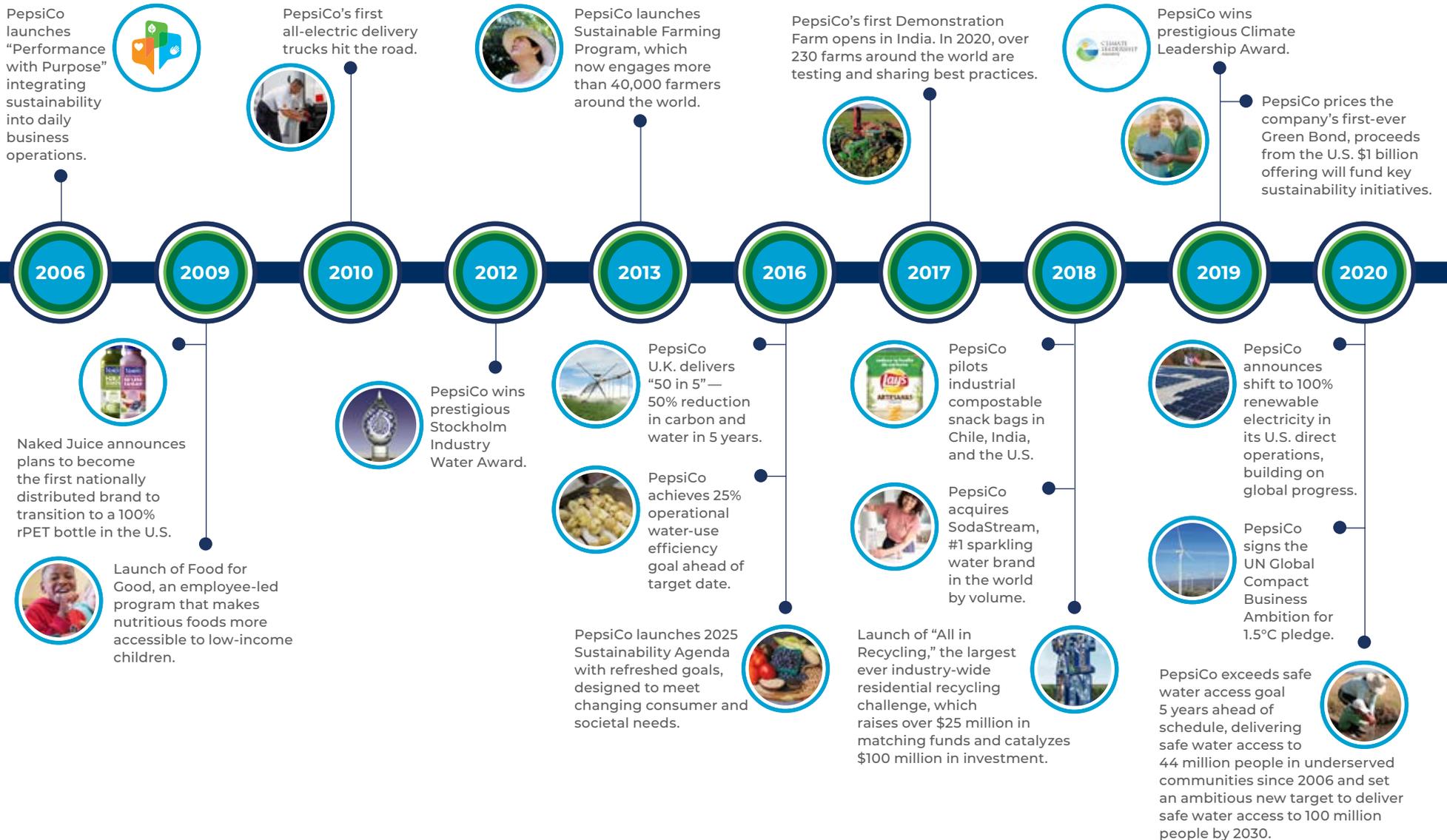
Learn more about the progress PepsiCo is making to help build a more sustainable food system.

[View the video.](#)



# Our Sustainability Journey

In 2006, PepsiCo started on a journey to transform the way we do business so that we can deliver strong financial returns in a way that is responsive to the needs of the world around us. Our fundamental belief is 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.



# SCALE & REACH

We're using our global reach to drive solutions at scale

Climate change, water scarcity, soil erosion, and packaging waste are growing threats to our global food system. These challenges are pushing the planet's boundaries and straining the world's ability to meet the needs of a growing population. Across our value chain, PepsiCo is using our global reach and expertise to drive solutions at scale, working with our peers, governments, non-governmental organizations (NGOs), and individuals around the world.

## Our Global Scale

Products enjoyed

**1 billion+ times**  
each day

**200+**  
countries and  
territories



**260,000+**  
**associates**  
worldwide

**23**  
billion-dollar  
brands\*

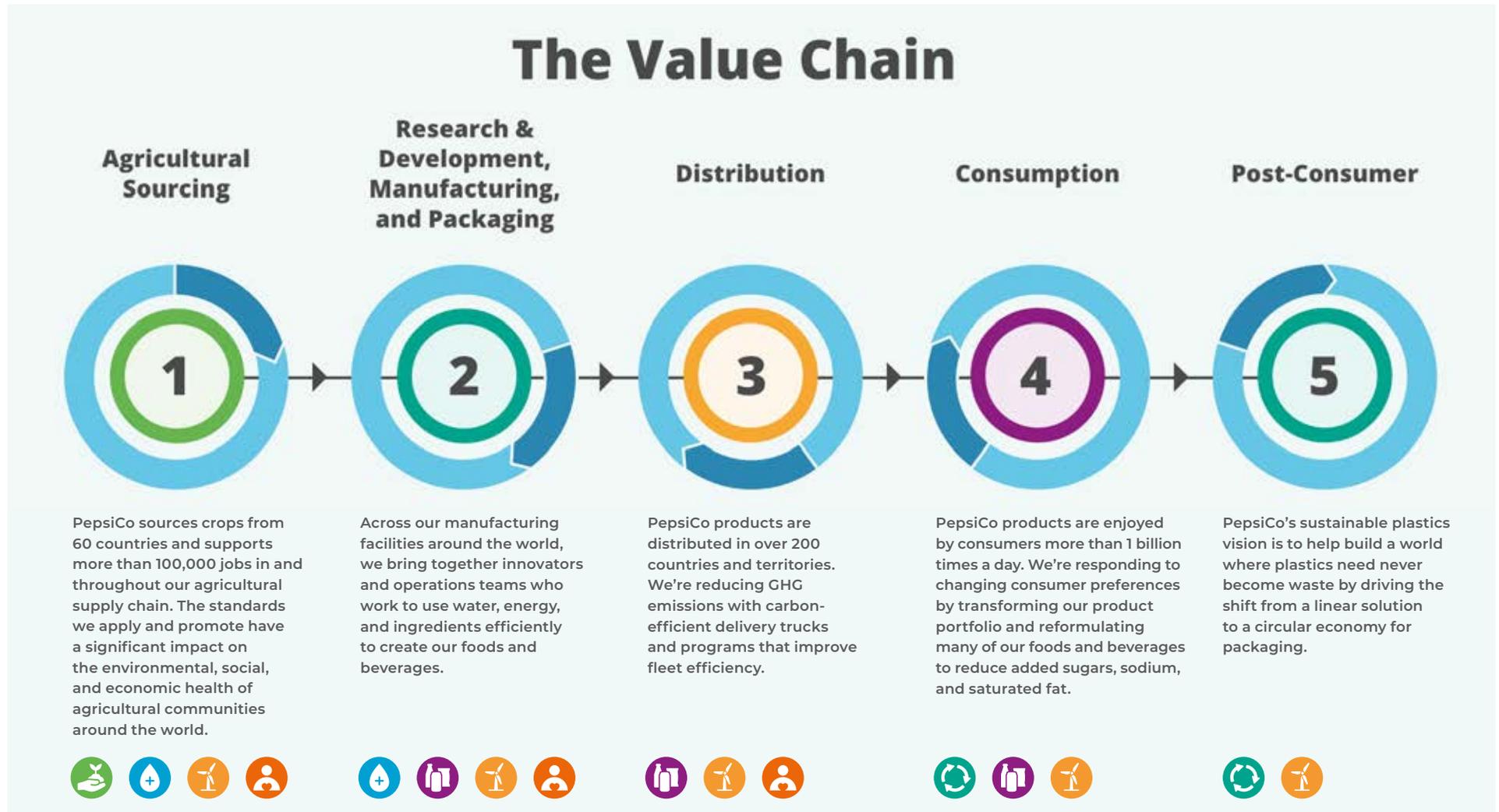
**\$67 billion**  
net revenue in 2019

**Support 100,000+ jobs**  
in and throughout our agricultural  
supply chain

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

# Our Value Chain

Our sustainability strategy targets every stage of our complex value chain. We're working to use resources more efficiently, reduce greenhouse gas (GHG) emissions, replenish water, improve the nutritional profile of our products, and recapture packaging materials.



# OUR STRATEGY

Read About Our Sustainability Strategy And Areas Of Focus



## A message from our CEO, Ramon Laguarta

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The past few months have been among the most challenging in recent memory.

COVID-19 has profoundly transformed how we work, parent, shop, learn, and socialize. It has caused unfathomable grief and taxed our social infrastructure like nothing before, revealing hidden societal pain points, reopening old wounds, and creating fresh ones.

At PepsiCo, we have been working with our Foundation to offer immediate community relief where we can. That includes donating more than \$60 million [to support people impacted by COVID-19](#), providing 50 million meals, protective gear for healthcare workers, and other vital resources.

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.

Over the last few years, we've made important progress toward this goal. We reoriented our company around a new mission—to *Create More Smiles with Every Sip and Every Bite*, with a focus on bringing smiles to our consumers, customers, associates and communities, the planet, and shareholders—and a new vision—to *Be the Global Leader in Convenient Foods and Beverages by Winning with Purpose*.

We also set three lofty aspirations that will help us achieve these goals: becoming *Faster* by winning in the marketplace; *Stronger* by transforming our capabilities, cost, and culture; and *Better* by integrating purpose into our business strategy and brands, whilst doing even more for our planet and people.

As part of our efforts to become *Better*, we were proud to sign the Business Roundtable's 2019 Statement on the Purpose of a Corporation. This standard for corporate responsibility aligns with our existing values and strategy to lead the company for the benefit of all of our stakeholders.

But we know that being a *Better* company is about more than words. It's about doing the most good for the most people. That's why we are focused on using our scale and expertise as one of the world's leading food and beverage companies to tackle the long-term challenges facing the global food system.

Even before the COVID-19 pandemic, 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.

PepsiCo has not only an opportunity, but a responsibility to use our scale and reach to help build a more sustainable food system—one that can provide nutrition and enjoyment, and drive economic growth and social development, while protecting and restoring the planet.

To do so, we're transforming our business in fundamental ways, including how we grow our food, make our products, and inspire positive change in our communities.

## We are aiming to grow our food in a way that regenerates land, ecosystems, and farming communities.

**That means 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 on sustainable farming practices like field agronomy, efficient fertilizer- and water-use, plant protection techniques, and respect for workers' rights.
- ▶ We've set up a global network of Demonstration Farms—more than 230 farms across nine countries—with a focus on teaching farmers how to increase yields, whilst minimizing their environmental footprint and enabling impactful peer-to-peer learning with neighboring farms outside of our supply chain.
- ▶ We're advancing diversity and respect for [human rights](#). For example, we are empowering female farmers in India through our collaboration with the US Agency for International Development (USAID) to help make agriculture more inclusive and productive.

## We are aiming to make our products in a way that is circular and minimizes waste.

**That means replenishing the water we use locally, using water more efficiently, and helping ensure water security:**

- ▶ In 2019, PepsiCo locally replenished more than 1.6 billion liters of water through watershed conservation projects in high water-risk areas around the world.

- ▶ We joined the Alliance for Water Stewardship (AWS) with the aim to adopt the AWS's globally recognized best practice in water stewardship across our high water-risk facilities and have completed four pilots around the world.

- ▶ We've delivered safe water access to more than 44 million people in underserved communities since 2006, far surpassing our goal of 25 million people by 2025. We are now setting a new goal to reach 100 million people by 2030.

**We're also accelerating our efforts to reduce greenhouse gas emissions throughout our value chain:**

- ▶ In April, we signed the [UN's Business Ambition for 1.5°C](#), reinforcing our commitment to science-based targets and more aggressive climate action.
- ▶ We announced that we are shifting to 100% renewable electricity through a range of solutions for direct operations in our largest market, the United States, building on progress we've made elsewhere around the world.
- ▶ We continue working to limit emissions from our fleet of vehicles. Compressed natural gas vehicles represent about 46% of Frito-Lay North America's long-haul inventory, and over the life of our EV fleet, we will have driven 12 million all-electric miles.
- ▶ And our 'Sustainable from the Start' program is providing our teams with tools to consider the environmental impact of their decisions throughout the innovation process, including an estimate of the carbon and water footprints of a product and the recyclability of its packaging.

**We continue to drive progress toward a world where plastics need never become waste by focusing on reducing, recycling, and reinventing packaging:**

- ▶ In 2019, we announced our goal to reduce our virgin plastic content across our beverage business by 35% by 2025. We are also working to make 100% of our packaging recyclable, compostable, or biodegradable by 2025— we are about 90% complete.
- ▶ Through innovation and partnerships, we're reinventing packaging. We've piloted plant-based, compostable packaging for brands like Lay's Artesanas in Chile, which has made environmental sustainability a core part of its value proposition. In addition to being compostable, these bags are primarily made from renewable, plant-based materials and use less energy to produce— reducing their carbon footprint by 60%.
- ▶ Between 2018 and early 2020, PepsiCo and The PepsiCo Foundation have pledged more than \$65 million globally to advance recycling and collection.

**Finally, we are aiming to inspire consumers and communities to make better choices and enable positive change.**

**That means delivering a portfolio of options that minimize the use of single-use plastics, while still meeting consumers' individual needs, whether they're at home, away from home, or on-the-go:**

- ▶ SodaStream, the #1 sparkling water brand in the world by volume,<sup>1</sup> is changing consumer behavior, and we estimate expansion of the business will avoid 67 billion single-use plastic bottles by 2025.

- ▶ We're rolling out new water stations that allow consumers to customize still or sparkling water with a range of flavors, along with a QR code for reusable bottles and an app that remembers your preferences, lets you set hydration goals, and automatically tracks your water consumption.

**We're also continuing to integrate purpose into our brands, using our scale to inspire and lift up people and communities:**

- ▶ LifeWTR is using its bottles as canvases to highlight emerging artists and designers around the world and working with organizations like Scholastic to provide art supplies to communities that don't have art classes in school. LifeWTR bottles will be made from 100% rPET starting in 2020.
- ▶ We launched the Stacy's Rise Project, which provides \$10,000 grants and business support to women entrepreneurs in the food and beverage space. This year, we expanded the Project from five entrepreneurs to 15.
- ▶ In the U.S. and Latin America, Doritos Rainbow has partnered with the It Gets Better Project to celebrate and support the LGBTQ community.

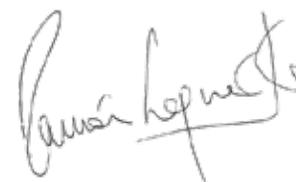
**At the same time, we continue improving choices across our portfolio:**

- ▶ We are reducing added sugars, sodium, and saturated fats in certain products and expanding our offering of products like baked chips, which have 65% less fat than regular chips, as well as zero- and low-sugar beverages. Today, you can find Lay's Oven Baked in 23 markets around the world and Pepsi Zero Sugar has expanded into 95 markets.

- ▶ We're also broadening our portfolio of options by acquiring new brands that help meet consumers' needs as part of a balanced diet, including Pioneer Foods, BFY Brands (the maker of PopCorners), Cytosport (the maker of Muscle Milk), and Bare.

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.

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. We know that the success of our company and the prosperity of our societies go hand in hand. Only by working together can we emerge from the current crisis stronger than before, less vulnerable to future shocks, with more resilient communities, 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

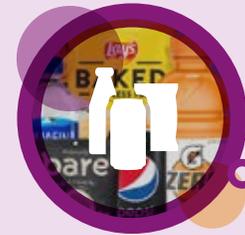
1. Total global volumes taken from GlobalData's Global Packaged Water Report 2018, compared with SodaStream company information.

## Our Focus Areas & Key Highlights

Our strategy for building a more sustainable food system focuses on six priority areas. These address the most pressing challenges facing the food system and offer the most opportunity for PepsiCo to use our global scale to make a positive impact at a systemic level:



Nearly **80% of our potatoes, whole corn, oats, and oranges are sustainably sourced**, progress toward our goal of 100% by 2020.



As of 2019, **47%** of our beverage portfolio volume in our top 26 beverage markets **met our 2025 added sugar reduction target**, progress toward our goal of 67%.



We delivered **safe water access to more than 44 million people** in underserved communities since 2006, and set a **new target to reach 100 million people by 2030**.



We reduced absolute GHG emissions by **6% across our value chain in 2019**, progress toward our goal of 20% by 2030.



In 2019, we set a new target to **reduce 35% of virgin plastic content** across our beverage portfolio by 2025.



Since 2016, we've invested **\$38.5 million to support initiatives that provide women with essential resources** for workforce readiness and programs that support women in the food system and farming.

## Our CSO's Perspective

“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**

Chief Sustainability Officer



### What are some of your observations in your first year as PepsiCo's Chief Sustainability Officer?

The world is facing some big challenges, but one thing that encourages me is the collaboration on sustainability across the CPG industry and the business community more generally. When it comes to sustainability, it's about collective action and making progress that's essential to the future of our businesses and planet. The business community is stepping up and setting ambitious targets that we all know will require partnership, and there is genuine excitement about driving change together. What is critical now is that these plans are followed up with concrete actions ... and we at PepsiCo will make sure we do.

Since taking on this role, I have also been bowled over by the passion PepsiCo associates have for sustainability. We have a lot of energy from both the top down and bottom up, showing dedicated leadership to do our part in helping to build a more sustainable food system. That's the kind of energy we need to drive positive change.

### How do PepsiCo's brands fit into the company's sustainability strategy?

We're going to make supporting the communities and issues that matter most to both our consumers and our planet a priority for our brands.

PepsiCo's brands are enjoyed by consumers more than a billion times a day—they're powerful drivers of culture with enormous global reach. There is responsibility and opportunity that comes with that. As we continue to accelerate efforts across

our business toward a more sustainable future, harnessing brand purpose has the power to inspire consumers and bring about positive change.

So, in addition to manufacturing our products in a responsible way and investing in programs that help new products be sustainable from the start, we're also developing brand propositions that inspire, make life more enjoyable, restore and care for our planet, and help communities thrive. The scale and reach of our brands have the power to be a real force for good.

### With urgent calls for climate action rising, how is PepsiCo thinking about climate change?

There's no question that climate change is one of the defining issues of our day. In some ways the current pandemic is shining a spotlight on some vital truths,

like the importance of heeding the advice of experts and following the science, as well as what can be accomplished when the global community rallies behind a critical issue. Global emissions have fallen significantly because of sheltering in place, revealing clean air and visible horizons for the first time in decades in some of the most polluted parts of the world, which also reminds us the direct impact our actions have on the planet.

But even before COVID-19, the threat of climate change has demanded faster and bolder action from all of us. The resilience of our food system and the future of our planet depends on it. It's why earlier this year we announced that we're shifting to 100% renewable electricity for direct operations in our biggest market, the U.S., which builds on progress we've made globally, including nine countries in our European operations that already meet all electricity needs from renewable sources. It's also why we recently signed the [Business Ambition for 1.5°C pledge](#), committing to reduce our emissions in line with limiting global warming to 1.5°C, while also developing a long-term strategy for achieving net-zero emissions by 2050.

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.

### **How are you thinking about the future of agriculture, as part of PepsiCo's sustainability agenda?**

About 70 percent of the world's fresh water use, and roughly a quarter of global greenhouse gas emissions, comes from agriculture alone. Transforming agriculture to support the growth of a more sustainable food system is vital, and we're in a position to help catalyze systemic change.

Agriculture is the foundation of PepsiCo's business—we use more than 25 crops sourced from across 60 countries to make our foods and beverages. So, our scale and reach means that the practices we use, and the standards we apply, can have significant influence and impact.

Through our Sustainable Farming Program, we work with more than 40,000 farmers around the world providing training and techniques like efficient fertilizer- and water-use, helping them increase productivity and resiliency, as well as support for workers' rights. And on our more than 230 Demonstration Farms, we're testing and measuring local techniques and solutions, and then

hosting Innovation Days for peer-to-peer learning with neighboring farmers. That best-practice sharing enables a ripple effect for wider adoption of sustainable practices, as well as improved livelihoods. I see a lot more potential in this area.

Additionally, through regenerative agriculture practices—like introducing cover crops—we can actually sequester carbon into the soil, improving the climate impact of the farm while also increasing soil fertility and supporting biodiversity.

So sustainable agriculture is absolutely a big part of our agenda, and key to making progress toward our ambitious goals. I'm really proud of the great work our teams are doing in this area and see a lot of opportunity for us to have a big impact.

# FOCUS AREA: AGRICULTURE

Building a more sustainable food system begins with changing the way we grow food



As one of the world’s leading food and beverage companies, a steady, sustainable supply of crops is central to our business. Sustainable agricultural practices are also critical to meeting the increasing demand for food as the global population grows.

The world’s global food system is under severe pressure. Agriculture accounts for approximately 70% of freshwater consumption worldwide and one quarter of greenhouse gas (GHG) emissions. Agriculture also contributes to approximately 75% of deforestation and if trends continue, could be the largest driver of biodiversity loss by 2050. Globally, the demand for agricultural products is expected to grow by as much as 50% over the next 30 years.

Fortunately, opportunities to change the way the world produces food are increasingly available. Agriculture offers many ways to address global challenges like climate change and inequality. More sustainable use of global agricultural lands could sequester 1.5 to 4.5 gigatons of carbon dioxide per year—the equivalent of taking up to half the world’s cars off the road for a year. And improving agricultural productivity has the potential to help lift food insecure nations out of extreme poverty. To provide food for a growing population while taking care of our farming communities and planet, we need to make agriculture more intelligent, inclusive, and sustainable.

PepsiCo sources more than 25 crops across 60 countries and supports over 100,000 jobs throughout our agricultural supply chain. We use this global scale to drive progress toward more sustainable agricultural standards and practices around the world.

Through our Sustainable Farming Program and partnerships with suppliers, PepsiCo is working with farmers to test and promote a range of sustainable, regenerative farming approaches, from new smart agriculture technologies, irrigation practices, and soil health management techniques, to measures that improve worker safety. Our goal is for PepsiCo to be a catalyst for change in the field, because we recognize that transforming how we grow food is an essential part of building a more sustainable food system.

[Learn more about PepsiCo’s comprehensive approach to agriculture](#)

We source  
**25 crops**  
 across  
**60 countries**  
 and support over  
**100,000 jobs**  
 through our agricultural  
 supply chain.

# Progress Highlights

We work with **over 40,000 farmers** through our Sustainable Farming Program.

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 target of 100% by the end of 2020.



2020 Goal **100%**  
**86%**

SUGAR CANE

82% of our palm oil was **Roundtable on Sustainable Palm Oil (RSPO)-certified sustainably sourced**, progress toward our target of 100% by the end of 2020.



2020 Goal **100%**  
**82%**

PALM OIL

## Stakeholder Perspective

“PepsiCo helped me switch to drip irrigation, which has completely changed the way I farm for the better. It has extended my harvest from 90 to 110 days, helped me save on electricity, fuel, and chemicals, and reduced the amount of water I use while increasing the amount of potatoes I grow.”



**Ketsarin Boonkerd**  
Farmer, Demonstration Farm in Thailand

In this interview, PepsiCo Vice President of Sustainability **Christine Daugherty** speaks with **Demonstration Farmer Ketsarin Boonkerd** on how PepsiCo is supporting smallholder farmers and helping them flourish.

For interview with PepsiCo Demonstration Farmer Ketsarin Boonkerd, [click here](#).

[See our agricultural goals & progress](#)

# Impact Stories

## DEMONSTRATION FARMS: SHARING BEST PRACTICES

Through our growing network of Demonstration Farms, PepsiCo is working with farmers in diverse growing regions around the world to show that sustainable technologies and practices can be more efficient and profitable for growers.

What's farmed—and how it's farmed—depends on local geography, climate, and culture. We work with smallholders and large-scale farmers around the world to test locally relevant, sustainable approaches to water use and soil health, such as drip irrigation and drone imaging for pest management.

Sharing these practices and technologies is the key to widespread adoption, enabling positive impact at scale, so other nearby farmers are invited to the Demonstration Farms for “Field Days” to see the techniques, tools, and results first-hand. This peer-to-peer idea-sharing helps accelerate positive change with greater scale.

Together, we find what works best for their particular geography and crops, then help the farmers implement these approaches. The results can include more efficient water and fertilizer use, healthier soil, and increased crop yields and profitability.



*Harvesting potatoes at a PepsiCo Demonstration Farm in Thailand.*

## Expanding our Demonstration Farm footprint around the world

Having begun in India in 2017 with just six farms, our growing global network now numbers more than 230 Demonstration Farms that span nearly 110,000 hectares across 9 countries. We measure the impact of our Demonstration Farms by looking at environmental and social criteria as well as core business metrics like farm performance and crop quality. In just one example, we found that select potato Demonstration Farms in India achieved an 8% increase in average yield and a 15% reduction in average GHG emissions over the 2018–2019 crop year.





## Improving Productivity and Earnings for Smallholders

○ Mexico

In 2019 and early 2020, we launched 9 palm oil Demonstration Farms in Mexico.

There are nearly 7,000 palm oil producers in Mexico. The vast majority, around 95%, of palm groves are smaller than 30 hectares, yet these account for about 85% of the country's production.

PepsiCo has led a program to support smallholder growers and help to expand the Mexican palm oil industry in a sustainable way, assuring a positive impact on communities, where human rights and biodiversity are respected. Helping smallholders implement sustainable techniques to increase crop yield, like efficient nutrient management, is essential to meeting a growing domestic demand for palm oil and improving opportunities and livelihoods for small growers.



## Increasing Crop Yield and Reducing Emissions

○ India

From the small pilot of just six farms, PepsiCo's Demonstration Farm program in India has grown to 39 farms that are producing outstanding results. The 2018–2019 crop year saw an 8% increase in average net yield. For the farmers, that translated into an average income increase of U.S. \$107 per acre. At the same time, per-ton GHG emissions were reduced by 15%.



## Raising Living Standards and Economic Opportunity

○ Vietnam

In Vietnam, training and technical support on efficient irrigation and fertilization offers potential for increasing yield, quality, and profitability on the farm. This can have a huge impact on the quality of life of farmers and their families.

Tran Thi Anh Phuong operates a PepsiCo Demonstration Farm in Vietnam's Central Highlands. She's been working with PepsiCo for more than 10 years, and in that time has been able to expand her potato production operation, acquire more land, and increase yields.

By expanding her business, Mrs. Phuong was able to send her son and daughter to university. Her daughter is now an agriculture lecturer while her son works in the aerospace sector.



## Sustainably Farming Potatoes

○ Argentina

We currently have three Demonstration Farms in Argentina. At the El Parque Papas farm in Nicanor Otamendi, sustainability is the foundation of all their farming practices, from seeding and harvesting, to cleaning and transporting. See how we sustainably farm potatoes at this farm in Argentina to make Lay's chips.

[View the video.](#)



## Smart Weather Systems Reduce Electricity Needs

○ Petrolina, Brazil

At a PepsiCo farm in Petrolina, Brazil, where we source coconuts for KeroCoco coconut water, a smart irrigation system enables the distribution of the precise amount of water needed by each of the coconut trees. Weather stations tell growers when the trees need water, helping farmers make smarter decisions about when irrigation is needed. This technology has helped to reduce the cost of electricity by over U.S. \$60 per hectare per year compared to 2015 and increase productivity by over 2,000 liters of coconut water per hectare.

The plantation makes use of every part of the coconut, including turning the husks into a natural fertilizing mulch that helps grow new trees with less need for artificial fertilizer.



## Growing More with Fewer Resources

○ São Paulo, Brazil

In São Paulo, Brazil, smart practices and technologies are being tested on a small plot of land on the farm. Preliminary results have proven a 30% increase in yield on this plot versus the rest of the farm based on these smart practices. This Brazilian Demonstration Farm uses drip irrigation and a sprinkler for potato fertigation, which infuses nutrients or fertilizer into the irrigation system, enabling precise nutrient management of the potato crop. With satellite imaging and high efficiency irrigation equipment, farmers can grow more while using less resources.

## GLOBAL PROGRESS TOWARD 100% SUSTAINABLY SOURCED CROPS

PepsiCo is making progress toward our goal of sustainably sourcing 100% of our potatoes, oats, whole corn, oranges, palm oil, and sugar cane by the end of 2020. At the end of 2019, nearly 80% of our potatoes, whole corn, oats, and oranges were sustainably sourced, along with 82% of our palm oil and 86% of our sugar cane.

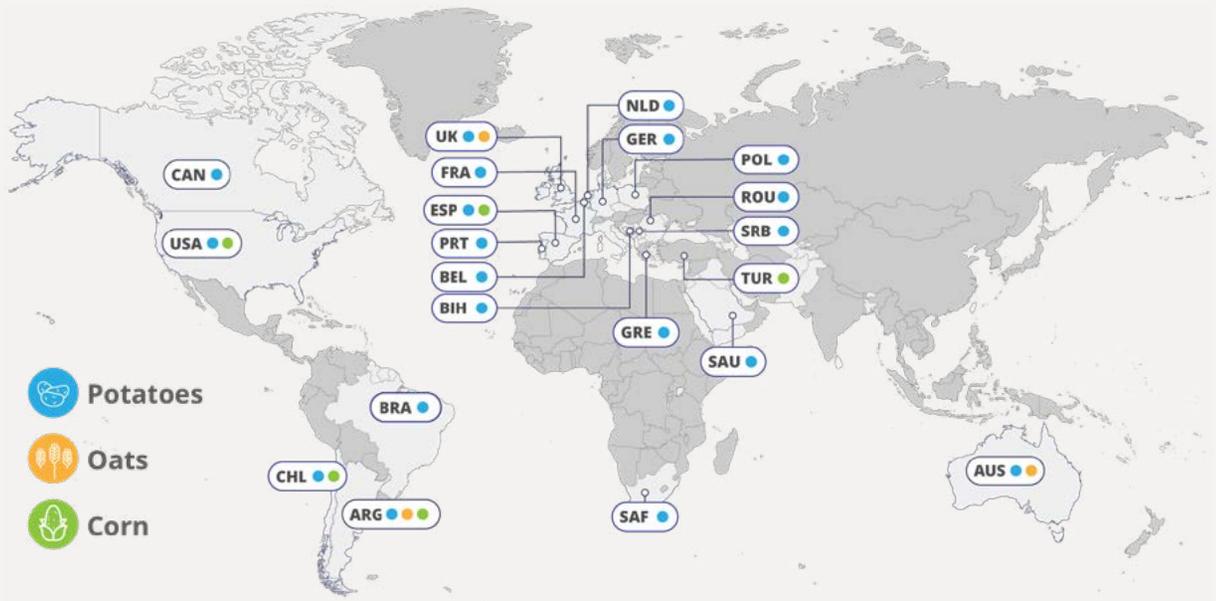
As part of our Sustainable Farming Program (SFP), our supplier farms are independently verified as meeting select [criteria](#) from the program's **114 social, environmental, and economic principles**, which reflect best practices and promote positive outcomes for farmers, communities, and the environment. The SFP is a continuous improvement process and PepsiCo works with suppliers and farmers on an ongoing basis to deliver sustainable outcomes that address salient risks and opportunities in our supply chain.

Key indicators include compliance with PepsiCo's Supplier Code of Conduct and commitment to zero deforestation, meeting international standards for employment and health and safety practices, optimization of nutrient and water use, and enhanced soil health and biodiversity.

The program also promotes Integrated Pest Management (IPM), which ensures responsible, safe, and legal agrochemical and pesticide use along with biological crop protection measures.

View the [video](#).

### 100% Sustainable Crops sourced through our Sustainable Farming Program



See how we're working with farmers through our Sustainable Farming Program to sustainably source the potatoes used to make Frito-Lay products sold in the U.S. & Canada.

## OUR LEADERSHIP IN SUSTAINABLY SOURCED PALM OIL AND SUGAR CANE

PepsiCo's global supply chains for certified palm oil and sugar cane are complex and involve hundreds of thousands of smallholders. We've partnered with our suppliers to implement a range of programs aimed at supporting smallholder producers. By increasing yield on smallholder farms in our value chain, we're not only improving farmer livelihoods, we're also increasing our ability to source sustainable commodities.

### Supporting the First Mill in Mexico to Meet RSPO Certification

In 2017, PepsiCo partnered with our local suppliers, smallholder farmers, and industry to create a holistic program for the development of a sustainable palm oil sector in Mexico. Prior to 2020, Mexico had no domestically available supply of Roundtable on Sustainable Palm Oil (RSPO) certified palm oil.

This program supports the use of RSPO Standards in local mills and the inclusion of smallholders. In March 2020, Oleopalma's Jalapa Mill became the first mill to achieve certification by the globally recognized RSPO Standard. It's an important milestone on the road to meeting our commitment to sourcing 100% RSPO-certified sustainable palm oil by the end of

2020 and demonstrates to the Mexican industry that it can be done.

PepsiCo believes that working collaboratively with all stakeholders in Mexico to help build capabilities is critical to ensuring sustainable production of palm oil. This kind of multi-stakeholder approach with mills, smallholder farmers, and peer companies can help to create sustainable livelihoods while protecting vital ecosystems. We hope that our programs in Mexico will be a catalyst for broader industry change.

[Learn more on our Palm Oil ESG Topics A-Z page](#)

Potential for increase of

# up to 30%

**in smallholder productivity** as a result of the holistic palm oil program in Mexico.



*Training session on agricultural best practices for palm oil producers in Tenosique, Mexico—hosted by PepsiCo, Oleopalma, RSPO, Nestle, and Proforest*

## Meeting the Global Standard for Sustainable Sugar Cane

In 2019, with PepsiCo's support, Group Azucarero Mexico (GAM) achieved Bonsucro certification. Bonsucro is a global nonprofit organization whose certification is the standard for sustainable farming and milling of sugar cane.

In partnership with GAM, implementation partners, and technical experts like Proforest and Peterson, PepsiCo co-created an engagement plan with Mexican smallholders in Tala Mill's supply area to pilot Bonsucro's Smallholder Standard.

The program includes building capacity for Tala's smallholder farmers and sharing best practices with the wider sector. In 2019, PepsiCo and GAM partnered with the University of Guadalajara to host an Agricultural Summit with over 200 participants, bringing together technical experts from across Latin America to share approaches to more effective production and farmer health and safety.

After participating in the Summit, Jaime Gareca Rossell, Chief Administrative Division, Ingenio Azucarero Guabirá S.A., Bolivia, visited smallholder farms to demonstrate the best practices he learned while transforming operations on his farm to meet the Bonsucro Smallholder Standard.

**Bonsucro presented PepsiCo with the 2020 Inspire Award, which honors changemakers in sustainable sugarcane.**



**Bonsucro Inspire Awards 2020**

“Economic development must be achieved without neglecting the social and environmental aspects that guarantee sustainable growth over time. I congratulate PepsiCo, Bonsucro, the Tala Mill and others for bringing together a range of smallholders.”

**Jaime Gareca Rossell**

Chief Administrative Division  
Ingenio Azucarero Guabirá S.A., Bolivia

**GUABIRÁ**

## REDUCING OUR CARBON FOOTPRINT THROUGH REGENERATIVE AGRICULTURE

One of the ways we’re working to combat climate change and build a more resilient supply chain is through regenerative agriculture practices.

Making positive changes at the farm level, such as growing cover crops, improves the soil health of the farm, enables efficient use of water and fertilizer, lessens soil erosion and nutrient run off, improves biodiversity and, importantly, captures carbon.

### Reducing GHG Emissions with Cover Crops in the U.S.

PepsiCo is testing regenerative agricultural practices such as cover crops across the Midwest United States, including with Iowa corn growers who support iconic brands like Tostitos and Fritos. We’re providing cost-share assistance for cover crop seeds to promote adoption in the short term, along with free technical assistance for farmers.

To make the long-term business case for sustainable practices, PepsiCo and farmers are sharing program results to demonstrate the impact on soil health and profitability.

In 2019, nearly 100 Iowa corn farms used cover crops and other regenerative practices such as efficient nutrient management and reduced tillage to achieve a 33% reduction in GHG emissions. PepsiCo provided agronomic support and cost sharing on over 12,500 acres to jump-start the implementation, and the total planted cover crop acreage exceeded 36,000 acres.

Two-thirds of the farmers reported expanding cover crop acreage as a result of the program, and interest is growing among farmers in including cover crops in their long-term farming strategy.

In 2019, nearly 100 Iowa corn farms used cover crops and other regenerative practices to achieve a

**33%**  
reduction in greenhouse gas emissions.



After harvesting corn, a rye cover crop protects the soil from the Iowa winter before Boone-area farmer Jeremy Gustafson plants his cash crop—soybeans—into the rye. 67% of farmers participating in PepsiCo’s Iowa cover crop cost-share program reported expanding their use of cover crops due to the program.

## USING PRECISION FARMING TECHNOLOGY IN EUROPE TO BUILD CROP RESILIENCE

Our Sustainable Farming Program is helping to drive innovation and the adoption of new skills and technologies by farmers and growers, increasing yield and profitability, and leading to more efficient use of water and fertilizer.

One way we're working to increase efficiency and precision in farming is through mobile and web-based crop monitoring technology. This can enable growers to identify, understand, and manage crop performance factors and share these learnings with other farmers.

In Europe, PepsiCo continues to build on the monitoring technology it co-developed with Cambridge University, empowering farmers to use the latest mobile and web-based capabilities to monitor over 48,000 hectares of potato production. In 14 markets across Europe, we capture in-field data to help our farmers better understand how to increase yield and crop quality, while optimizing the inputs needed, such as water and fertilizer, which can help to reduce resource use and GHG emissions.

Through data-led approaches, we can develop more efficient farming practices to build stronger crop resilience. We have used our crop monitoring system to track our potato varieties and seed supply over the past number of years. The benefits from this program became evident during the heavy rainfall in Europe in the last harvesting season and we were able to work more closely with local farmers to extend the harvest season and avoid crop loss.



Our precision farming technology is helping to drive innovation across

**48,000**

hectares of European potato production.

## SCALING WOMEN’S EMPOWERMENT THROUGH PARTNERSHIPS IN INDIA

PepsiCo’s leadership in promoting women’s empowerment in agriculture is also an opportunity to progress toward a more sustainable food system. Engaging and empowering women in our agricultural supply chain can improve livelihoods and resilience in farming communities, enhance supplier performance, and increase adoption of sustainable practices.

Women’s contributions to global agriculture are often overlooked. Women make up 43% of the global agricultural labor force and are also responsible for the vast majority—nearly 90%—of household food preparation.

According to The Food and Agriculture Organization (FAO), if women farmers had the same time and access to resources as their male counterparts, their food production would increase by up to 30% and help eliminate hunger for 150 million people.



### Empowering Female Farmers with USAID



Since 2019, PepsiCo has partnered with the United States Agency for International Development (USAID) under the White House-led Women’s Global Development and Prosperity (W-GDP) Initiative, to advance sustainable agriculture goals, including women’s economic empowerment. One shared focus of W-GDP and PepsiCo is to promote women’s entrepreneurship and access to capital, markets, and membership networks in the developing world.

With support from the W-GDP Fund at USAID, PepsiCo and The PepsiCo Foundation committed U.S. \$3 million of in-kind and cash contributions to this project and another U.S. \$5 million to support further agriculture development in India. Together, we are working to scale successful approaches to women’s economic empowerment for our global supply chains, while helping to ensure demand for local crops.

## Overcoming Barriers to Women’s Self-Sufficiency

Women farmers in West Bengal, India, part of the PepsiCo potato supply chain, face substantial obstacles to economic self-sufficiency. Barriers include lack of land rights, limited access to information, technology, and financing, and expectations of domestic work based on prevailing gender norms. Engaging local partners, like [Landesa](#) and [TetraTech](#), helps us better understand these challenges and target aid resources. Over the 3-year life of PepsiCo-supported training programs, we expect to reach 160,000 women directly and an additional 150,000 women through community engagement and outreach.

Our community initiatives include supporting women to lease land, training women’s self-help groups, and engaging male champions who are working to design local approaches to more equitable and sustainable agriculture. PepsiCo-supported training programs cover a broad range of topics from good record keeping and pest control, to irrigation and crop rotation techniques, as well as opportunities to help them become lead farmers on their own.

PepsiCo’s training program with USAID is

**expected to reach more than 300,000 women through direct and community engagement.**

### Sustainable Farming Solutions in West Bengal, India

#### CHALLENGES



#### PEPSICO-SUPPORTED INITIATIVES



# FOCUS AREA: WATER

We're working to support a long-term, sustainable supply of water for all



*The PepsiCo Foundation is partnering with WaterAid Pakistan to increase handwashing facilities and educate on proper handwashing techniques in a socially safe manner.*

## WHY IT MATTERS

By 2030, demand for fresh water will **exceed supply by 40%**

Today, **2.2 billion people lack access** to safely managed drinking water

**1 in 3 primary schools worldwide** do not have handwashing facilities

## Facing the Challenge of Water Insecurity

As the world faces an unprecedented global pandemic, we are seeing clearer than ever the importance of access to clean water. According to the World Health Organization, access to clean water for sanitation and hygiene could prevent at least 9% of global disease and 6% of all deaths. Yet, water insecurity is growing throughout the world, and more and more people are living in areas with chronic water shortages.

Climate change and increasingly unpredictable weather patterns are making droughts and floods more severe, and population growth is accelerating this trend. Nearly two-thirds of the world's population currently experience water insecurity at least one month a year and it's likely that, by 2040, one quarter of the world's children will live in water-stressed regions. Water shortages threaten community health, diminish hygiene and lead to disease, famine, migration, and violence. In farming communities, water scarcity can leave lands too arid to farm and decrease crop yields, threatening food supply.

### Striving for Impact at the Local Watershed Level

As a food and beverage company, PepsiCo is acutely aware of the critical role water plays in the food system. Our water strategy is designed to enable long-term, sustainable water security for our business and for local communities that depend on an accessible and reliable supply of clean, safe water. We are focused on improving agricultural and operational water-use efficiency, local replenishment in high water-risk areas, public education, advocacy for smart water policies and regulations, and adoption of best practices with key partners in the community. We work to understand the water challenges at a local level and support solutions that address the specific needs of the watershed.

[Learn more about PepsiCo's comprehensive approach to water](#)

## Progress Highlights

# Locally replenished over 1.6 billion liters of water

in high water-risk areas in 2019.

Delivered

# safe water access to 44 million+ people

in underserved communities since 2006.

Operational **water-use efficiency improved by 9%** in high water-risk areas since 2015.



### Stakeholder Perspective:

“PepsiCo has used its voice and network to highlight the need for long-term, strategic collaboration among business, government, and civil society to achieve water security. It has challenged its traditional approaches and operating models to make 2030 WRG possible.”



**Karin Krchnak**

Program Manager

2030 Water Resources Group (WRG)

In this discussion, PepsiCo Vice President of Global Sustainability Roberta Barbieri and Karin Krchnak of 2030 WRG discuss the importance of partnership and community-led system thinking in solving the water challenges facing our planet.

For interview with 2030 WRG Program Manager Karin Krchnak, [click here](#).

[See our water goals & progress](#)

# Impact Stories

## EXCEEDING OUR SAFE WATER ACCESS GOAL

Since 2006, The PepsiCo Foundation has helped more than 44 million people gain access to safe water through distribution, purification, and conservation programs, far surpassing the company’s original target to help 25 million people by 2025.

Over the years, The PepsiCo Foundation has invested more than \$46 million as a founding partner or early investor in programs with WaterAid, Water.org, Safe Water Network, Inter-American Development Bank (IDB), 2030 Water Resources Group (WRG), the Columbia Water Center, and the China Women’s Development Foundation (CWDF). The investments helped catalyze nearly \$700 million in additional funding from other donors, government organizations, and multilateral agencies.

Recognizing the increase in worldwide water risk due to climate change, as well as the essential connection of safe water to health, PepsiCo has set an ambitious new target: helping to expand safe water access to 100 million people by 2030 with an immediate-term focus on supporting water distribution, sanitation, and hygiene practices.

Exceeded goal to reach  
**25 million people**  
 and set an ambitious  
 NEW TARGET to deliver safe water access to  
**100 million people by 2030**

## Localizing Safe Water Access to Meet Community Needs

Recognizing that access to water is a human right, PepsiCo’s safe water access work focuses on distribution, purification, and conservation programs in support of the UN’s Sustainable Development Goal #6: *Ensure the availability and sustainable management of clean water and sanitation for all.*

- Increasing Access to Handwashing with WaterAid in Pakistan and India**
- Bringing Safe Water to Remote Communities in Latin America**
- Providing Safe Water Access to Farming Communities in India**
- Cleaning Up “Small Water Sources” in China**
- Supporting Groundwater Purification in Ghana and India**

## Localizing Safe Water Access To Meet Community Needs



### Increasing Access to Handwashing with WaterAid in Pakistan and India

The PepsiCo Foundation is working with WaterAid to increase access to safe water, sanitation, and hygiene in water-stressed communities in India and Pakistan. In Pakistan, we have reached over 15,000 people through a combination of hygiene workshops and COVID-19 education through media. We have also provided strategic handwashing stations and hygiene education to schools, community organizations, and people in their homes across 18 communities in southern India.



### Bringing Safe Water to Remote Communities in Latin America

The PepsiCo Foundation partnered with Inter-American Development Bank (IDB) on a program to install water pumps and delivery pipes in difficult-to-reach rural and dispersed communities in Latin America. Water infrastructure for these communities has historically lagged behind that of urban areas. This program helped provide access to clean water and sanitation for more than 778,000 people in Peru, Mexico, Colombia, and Honduras.

We're also working with IDB on a project called HydroBID, which uses predictive modelling based on climate change data and the competing needs of end-users to estimate freshwater availability. This innovative conservation program has increased the reliability of water access for more than 15 million people in nine countries.



### Providing Safe Water Access to Farming Communities in India

In early 2020, as part of our focus on extending access programs to our agricultural supply chain in support of farmers and their families, The PepsiCo Foundation invested \$3 million with WaterAid to help communities in India facing urgent water crises. The program aims to provide 200,000 people with access to piped water supply for household and farm use, as well as increased water accessibility.



### Cleaning Up "Small Water Sources" in China

The PepsiCo Foundation worked with the China Women's Development Foundation to train 200,000 residents near the Danjiangkou Water Reservoir in conservation and environmental protection techniques. This program will help to ensure a long-term supply of clean water for 10 million people by 2025.



### Supporting Groundwater Purification in Ghana and India

In Ghana and India, local water sources often contain dangerous levels of contaminants that can cause debilitating illnesses. The PepsiCo Foundation partnered with Safe Water Network to pilot and expand support for "small water enterprises"—self-sustaining water delivery solutions that purify local groundwater. The programs have helped provide convenient, affordable, and reliable access to safe water to more than 1.5 million people since the partnership began in 2008.

## IMPROVING AGRICULTURAL WATER-USE EFFICIENCY IN INDIA

Every region where we work has its own unique geography and, in turn, challenges. To have the greatest impact, we tailor water-use strategies to meet each farmer's unique circumstances and needs.

In India, PepsiCo is working with smallholder farmers to encourage drip irrigation. In the Indian state of Maharashtra alone, approximately 95% of the land used to grow our potatoes uses micro-irrigation practices, such as drip irrigation and precision sprinklers. Part of our work is focused on helping farmers identify the strategies that work best for them.

At smallholder farms across India, we've been piloting a product called "[family drip system](#)," which is a low-tech, low-cost option based on gravity instead of continuously pumped water. This can help farmers grow more and optimize water efficiency by reducing run-off, leaching, and soil erosion. By using water-efficient agricultural practices across our potato supply chain, we reduced our water footprint in India by more than 1.7 billion liters of water in 2019.

In 2019, we **reduced our water footprint in India by**

**over 1.7 billion liters of water**

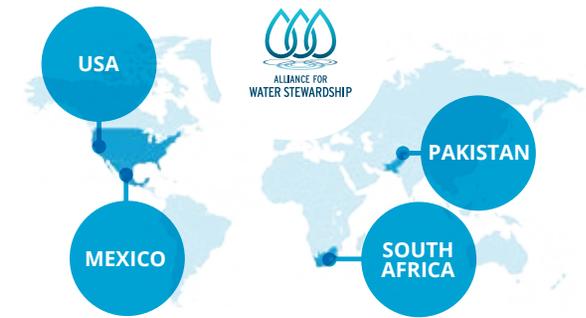
across our potato supply chain.

## ADOPTING THE ALLIANCE FOR WATER STEWARDSHIP STANDARD

PepsiCo is a member of the Alliance for Water Stewardship (AWS), and we aim to adopt the AWS Standard at all of our high water-risk facilities by 2025.

Adopting the standard is helping us identify and pursue opportunities to be better water stewards at the local level. This includes working with local stakeholders to better understand the unique challenges of the watershed and focusing our efforts on collective action and advocacy to achieve better water governance.

In 2019, we piloted the AWS standard at three manufacturing locations in South Africa, Pakistan, and Mexico, and in 2020, we launched a pilot in the U.S. We are training our Operations, Public Policy and Government Affairs, Environmental, Health and Safety, and Supply Chain associates on local watershed concerns and how PepsiCo can work with local stakeholders to improve conditions for all.



### Spotlight on South Africa: Addressing Local Water Challenges with Local Resources

When PepsiCo learned in 2018, that Cape Town, South Africa, might run out of fresh water, we became a founding member of the Greater Cape Town Water Fund (GCTWF), contributing what was, at the time, the organization’s largest financial commitment.

In 2019, PepsiCo launched our AWS South Africa pilot at our Simba Foods manufacturing facility in Cape Town. We are working alongside members of the local community to continually improve water

management and ensure a water-secure future for Cape Town.

“Being based in Cape Town, water sustainability has been top of mind for us for some time now. Applying the AWS Standard at our Simba food manufacturing facility has helped bring together our longstanding efforts, including improving our own water footprint through operational efficiency measures and partnering to improve water security for all in the region through the Greater Cape Town Water Fund. The Standard is helping us shape a new way of working towards our end goal of being good water stewards.”

**Reoagile Monageng**

Plant Manager, PepsiCo Simba Foods Facility  
PepsiCo representative on the GCTWF team

“PepsiCo’s leadership in adopting the Alliance for Water Stewardship Standard gives practical and commendable effect to the ‘think global, act local’ mentality, as it brings its considerable global leadership capabilities to act in concert with dynamic local stakeholders in Cape Town.”

**Dr. Mark Dent**

Alliance for Water Stewardship South African Regional Coordinator and Global Training Development Manager

## TRAINING WOMEN-LED TEAMS TO REMOVE WATER-THIRSTY VEGETATION AT HIGH ALTITUDES

Invasive plant species greatly impact South Africa’s Western Cape Water Supply System, sucking up water and reducing the amount that reaches the rivers and dams that feed the region by 55 billion liters per year.

With support from PepsiCo, the Greater Cape Town Water Fund (GCTWF) is removing these species in remote, high-elevation locations that are typically inaccessible, flying in women-led teams by helicopter for ecosystem restoration. We have trained team members in the specialized rope-access skills needed to remove trees in the remote, mountainous terrain. This training and skilled work experience also helps them earn higher wages as “high angle technicians,” improving their livelihoods.

By removing water-thirsty invasive trees, like pine, Cape Town is expected to add two months of water supply to seven sub-catchments that supply 73% of the area’s water. From 2018 to early 2020, almost 863 hectares of invasive plants were cleared and over 350 million liters of water replenished.



*PepsiCo’s support of the GCTWF has helped train women-led teams in specialized rope-access skills.*

**See how The Nature Conservancy is tackling water scarcity at great heights in Greater Cape Town Region**

[View the video.](#)



## OPTIMIZING WATER-USE EFFICIENCY IN OUR OPERATIONS

At our beverage facilities around the world, we use innovative water treatment processes to keep our products safe, our production efficient, and to ensure that we're delivering the taste and quality our consumers expect. As water resources become further strained around the world, we are constantly looking for ways to make every drop go further. Our North American beverage operations developed and piloted a new water treatment process that has proven to be 8% more water-efficient over the traditional industry baseline.

To improve water-use efficiency while making some of our most iconic drinks, our sustainability engineers in the U.S. reconfigured the water flow and filtration process, rethinking the water treatment sequence in our facilities to enable us to recover more clean water. At the first site where this technology has been fully implemented, the new design has reduced our water footprint by over 40 million liters in 2019, compared to 2017 pre-project performance.

A North American pilot **helped reduce our water footprint by**

**40 million  
liters**

over two years.

### Splash Cone Technology Saves Water in Snacks Manufacturing



In 2019, PepsiCo installed innovative “splash cone” technology at select production facilities in high water-risk areas. The new technology distributes water more efficiently around our potato slicers, enabling a 64% reduction in water use. In 2019, this innovation avoided approximately 62 million liters of water use at these locations. As this technology rolls out across PepsiCo’s global manufacturing operations, it has the potential to reduce water use by over 640 million liters every year—the equivalent of 320 competitive-size swimming pools.

## REDUCING OUR WATER FOOTPRINT IN LATIN AMERICA

Around the world, PepsiCo has been implementing different strategies to ensure we continue to operate in a way that is sustainable for the planet, our business, and our shared communities.

Our teams implemented projects aimed at reducing our water footprint in production plants located in water-stressed regions across Latin America and, since 2015, we have reduced the water footprint in our Latin American food plants by an average of more than 28%. This reduction was the result of more efficient practices, such as water reuse technologies, splash cones, and low-spray nozzles in our potato and corn lines.

To use water more efficiently in our Vallejo, Mexico plant, our local team implemented a new technology that reduces the amount of water needed to clean potatoes before cooking. By coupling this innovation with technologies like reverse osmosis, that purify water for reuse, we've been able to reuse 70% of the water needed for daily snack production.

Using water more efficiently is just one part of our sustainability journey in Mexico. In 2019, all the production plants in our Mexico Foods operation sent zero waste to landfill. In March 2016, our Mexico Foods business initiated a purchase agreement to source a large portion of its power via wind energy and, by 2019, 65% of the business's power was wind-based.



Water reuse pumps at a PepsiCo Mexico Foods facility.

Since 2015, we have **reduced the water footprint** in our Latin American food plants by an average of

**more than 28%**

Technologies implemented at our Vallejo, Mexico snacks plant have enabled

**70%**  
water reuse

## GROWING BARLEY FOR IMPROVED REPLENISHMENT AND ECONOMIC IMPACT

PepsiCo partners with organizations like The Nature Conservancy (TNC) and World Wildlife Fund (WWF) to replenish local watersheds in areas where we operate. In 2019, we replenished more than 1.6 billion liters of water around the world through a variety of projects and partnerships.

In Camp Verde, Arizona, located in the Verde River Basin, PepsiCo and TNC are partnering to help local farmers implement more sustainable techniques, such as seasonal crop switching, that reduce the need for irrigation and support local economic development in the watershed.

Traditional summer crops grown in the Verde River Valley, such as alfalfa and corn, require significant water during the hot and dry summer growing season. In contrast, barley is harvested before the critical summer water-stress period. By working with farmers to switch from growing alfalfa and corn to malt barley, this program reduces the irrigation needs in the critical summer months when the Verde River is low, ultimately leaving more water in the river. The effort is estimated to have replenished 130 million liters of water in 2019.



PepsiCo support for crop-switching helped **replenish 130 million liters of water to the Verde River**

This program also helped support the market for barley by creating a local malting facility, Sinagua Malt. Creating this local demand provides a profit incentive for farmers to sell barley and helps ensure that conversion to crop switching continues to grow. The malt barley can also be sold to craft breweries around the state and has potential value in other markets, which may further increase future demand.

# FOCUS AREA: PACKAGING

We're working toward our vision of a world where plastics need never become waste



## Building a Circular Future for Packaging

Packaging waste is an urgent global problem. While plastic is a lightweight and highly effective packaging material that helps to keep food safe, accessible, and affordable, only 14% of what is used is effectively recycled.

PepsiCo envisions a world where plastics need never become waste. We share concern over the growing threat that packaging waste poses to our communities and marine environment. As a global leader in food and beverages, we have an important role to play in making sustainable packaging a reality. It will require fundamental changes in how packaging is made and disposed of, along with rethinking its forms and functions.

Our approach is based on three interconnected strategies: **reducing** the amount of plastic that we use, **recycling** more plastic to support a circular economy, and **reinventing** the plastic packaging we use.

To truly scale a circular future for plastics, it will require innovation and cooperation at every stage of the plastics value chain. PepsiCo will drive change by working with a broad group of partners, including industry peers, nonprofit organizations, and people and companies throughout the plastics supply chain. We are investing in and advocating for improved recycling infrastructure, as well as educating and actively empowering consumers.



[Learn more about PepsiCo's comprehensive approach to packaging](#)

**Learn more about our vision to build a world where plastics need never become waste.**

[View the video.](#)



# Progress Highlights



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



We set a new target to reduce **35%** of virgin plastic content across our beverage portfolio by 2025.



We're striving to use **25%** recycled content in our plastic packaging by 2025, another step toward building a world where plastics need never become waste.



PepsiCo and The PepsiCo Foundation are accelerating efforts to boost recycling rates and waste collection across the world.

**Between 2018 and early 2020, we pledged \$65 million globally in partnership initiatives**

## Stakeholder Perspective

“As a Core Partner of The Ellen MacArthur Foundation’s New Plastics Economy initiative, PepsiCo is working closely with the initiative’s stakeholders to advance a common vision of a world where plastic never becomes waste. By setting ambitious 2025 targets and working aggressively to reduce, reuse, recycle, and reinvent their packaging, PepsiCo is helping to create a circular economy for packaging, keeping it in the economy and out of the environment.”



**Sander Defruyt**

Lead of the New Plastics Economy initiative at the Ellen MacArthur Foundation

“Supporting a circular economy is at the heart of PepsiCo’s vision for a world where plastics need never become waste. Innovative solutions and partnerships are critical to supporting a circular economy for plastics. That’s why we are proud to be a part of the broad group of key stakeholders The New Plastics Economy has assembled.”

**Burgess Davis**

Vice President, Global Sustainable Plastics PepsiCo

[See our packaging goals & progress](#)

# Impact Stories

## BEYOND THE BOTTLE

PepsiCo is continually expanding our portfolio to go “Beyond the Bottle” and find ways to deliver beverages free from single-use plastic. These efforts contribute to our vision of building a world where plastics need never become waste.

In 2019, we made progress toward reinventing how our products are delivered to consumers through the expansion of our SodaStream business and the introduction of our new hydration platform, SodaStream Professional.™



### Expanding reusable offerings with SodaStream

In 2020, SodaStream announced that it will switch all of its flavors from plastic to metal bottles. Production is expected to start in 2021, which will eliminate nearly another 200 million single-use plastic bottles over the next five years. We also announced that new *Pepsi by SodaStream* flavors will launch in select European markets, including Norway, Sweden, Germany, and France.

SodaStream is the #1 sparkling water brand in the world by volume<sup>1</sup> and one of PepsiCo’s billion-dollar brands. 2019 was the first full year that SodaStream was a part of the PepsiCo family, providing consumers the option to prepare personalized beverages at home in reusable bottles. SodaStream empowers consumers to quickly transform ordinary tap water into plain or flavored sparkling water in an environmentally sustainable way.

Over its lifetime, one SodaStream bottle can help avoid the use of thousands of single-use bottles. Through growth of our SodaStream business, an estimated 67 billion single-use plastic bottles will be avoided through 2025.

<sup>1</sup>Total global volumes taken from GlobalData’s Global Packaged Water Report 2018, compared with SodaStream company information.

SodaStream is the  
**#1 sparkling water brand by volume**

and one of PepsiCo’s billion-dollar brands.

Through growth of our SodaStream business, an estimated

**67 billion single-use plastic bottles**

will be avoided through 2025.

## Encouraging refills through our SodaStream Professional

First previewed on Earth Day 2019 when pilot tests began, SodaStream Professional is building on the sustainability roots of the SodaStream brand as it lets people personalize and digitally track their water intake while cutting back on plastic bottles. Designed to deliver customizable hydration on-the-go, the platform’s ecosystem is made up of three components: a beautifully designed water-forward beverage dispenser, a smartphone app called SodaStream Connect, and an individualized QR code sticker for reusable bottles that recognizes users when they fill up. Users can choose from various unsweetened

flavors, carbonation levels, and temperature options to make the perfect drink while using the app to record their preferences and environmental impact.

In a pilot program in 2019 and early 2020, we placed 30 units in select workplaces, universities, and hospitality partners across the U.S., avoiding nearly 160,000 bottles. The commercial launch of the platform continues to expand, as many businesses reimagine the future of away-from-home beverage experiences that are both healthy for consumers and for the planet.



Designed to deliver customizable hydration on-the-go, the platform’s ecosystem is made up of three components: a beautifully designed water-forward beverage dispenser, a smartphone app called SodaStream Connect, and an individualized QR code sticker for reusable bottles that recognizes users when they fill up.

Nearly 160,000 bottles were avoided through a three-month pilot of this platform in 2019–2020.

Users can choose from various unsweetened flavors, carbonation levels, and temperature options to make the perfect drink while using the app to record their preferences and environmental impact.

## EXPLORING ALTERNATIVE MATERIALS & SOLUTIONS

PepsiCo aims to design all of our packaging with the most efficient use of materials possible. We will continue to work to reduce the plastic that we use. One way we do this is by making our PET bottles lighter, thereby reducing the amount of packaging material.

We also use a process called “charge compaction” in our snacks packaging. This allows the snacks to settle to the bottom of a bag before sealing to reduce the overall amount of packaging required. It also enables us to transport more bags in each truck. These efficiencies help to reduce carbon emissions from our snacks packaging portfolio. They are already being implemented in Canada and, in 2019, we began testing them across all sectors.

Here are some other examples of how we’re working to improve and reduce the packaging for our products.

### Innovating and Shifting to Alternative Materials

We are innovating to transform our packaging. From 2018–2019, we tested 100% industrially compostable thin-film plant-based packaging for snack products. From these pilot programs in the U.S., India, and Chile, we’ve collected insights that will inform our continued partnership with Danimer Scientific and further develop packaging that will compost under the widest range of conditions. We’re also working with Origin Materials and peer companies in the NaturALL Bottle Alliance to develop fully recyclable, 100% renewable plastic bottles.



Improving our packaging also helps to reduce our carbon footprint. Natural packaging alternatives, including plant-based materials, have the potential to provide safe, efficient packaging while supporting a more circular economy. We aim for the materials to be made from renewable feedstocks, like sustainably farmed trees, that avoid the use of food resources and are less carbon-intensive than oil-based plastics. Increasing recycled content in our packaging, often by using recycled PET (rPET), which has a smaller carbon footprint than PET, is another approach.

Progress toward our target to reduce 35% of virgin plastic content across our beverage portfolio by 2025, will be driven by increased use of recycled content and alternative packaging materials. For example, in the U.S. bubly will no longer be packaged in plastic bottles and instead sold in 16 oz. aluminum cans. In the U.K., we introduced Doritos Stax in a canister that can be widely recycled, progressing toward 100% of our packaging being recyclable, compostable, or biodegradable by 2025.

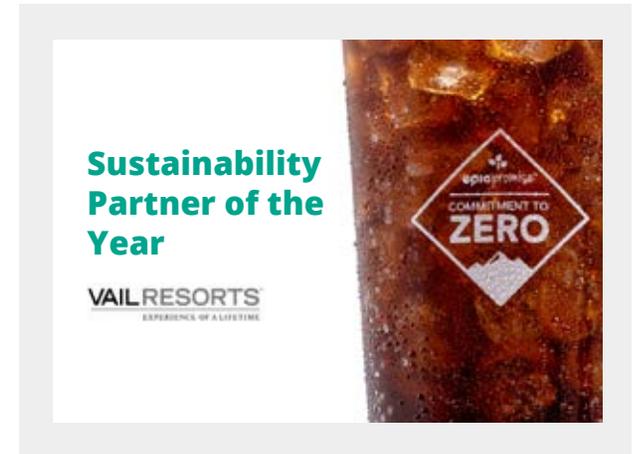


In early 2020, we piloted an innovation to eliminate plastic-ring multi-can packaging. In Sacramento, California, we tested two recyclable alternatives. For four weeks, Pepsi and Sierra Mist mini-can six-packs were held together by a paper-based material, similar to an egg carton, and new 4-sided paperboard, respectively. We will analyze the data on performance and consumer acceptance of these innovative materials.

## Partnering with Foodservice Providers to Drive Plastic Reduction

Around the world, PepsiCo partners with our foodservice customers to drive sustainability forward. Foodservice channels are uniquely positioned to make an impact at scale through high-volume consumer touch points from restaurants and workplaces to hotels and sports & entertainment venues and beyond. PepsiCo partners with its customers to co-create sustainability initiatives that address short-term business requirements while working to reach longer-term ambitions.

One example is our partnership with Vail Resorts, which recognized PepsiCo as “Sustainability Partner of the Year” for keeping more than 250,000 single-use cups out of landfills during their 2018–2019 ski season. Our initiative provided the resort’s restaurants with compostable Pepsi paper cups and, where dishwashing was available, reusable Pepsi tumblers. The program was aligned with the resort’s Zero Waste to Landfill goal. So far, this partnership has helped the resort avoid sending 7,750 lbs. of waste to landfill.



## LEVERAGING OUR BRANDS TO INSPIRE ACTION ON RECYCLING

Increasing the supply of recycled plastic will enable us to use more recycled content in our packaging. Improving regional collection rates helps to increase that supply, so it's a key focus for us. We're using the power of our brands to educate consumers about the importance of proper and consistent recycling, while working with government and local stakeholders to improve recycling infrastructure through strategic partnerships and investments.

**Pepsi MAX #RecyclingThrowdown in the U.K.:** The #RecyclingThrowdown used the power of the Pepsi MAX brand and sponsorship of the London NFL games to help consumers recycle in a fun and engaging way. One recycled can counted for one vote for their favorite team. It helped drive the message that our cans are easily recycled and allowed fans to dispose of our product responsibly.



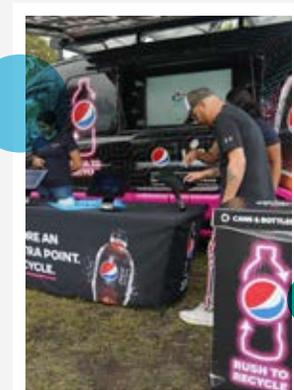
**Live On Consumer Campaign in the UAE:** In November 2019, PepsiCo launched a new sustainability platform for the UAE called *Live On*. The platform kicked off with a campaign encouraging consumers to recycle to “Feel Good.” Featuring new Aquafina labels prompting consumers to recycle, the campaign was designed to show the positive impact that recycling has on the environment and the feel-good factor that comes from protecting our planet.



**Aquafina Plastic-Waste-Free Race Day in Saudi Arabia:** Aquafina, one of PepsiCo's brands of bottled water and the hydration partner of the ABB FIA Formula E Championship, made this season's opener in Diriyah, Saudi Arabia, free of plastic waste, a first for Formula E. The event delivered high-intensity electric car racing and encouraged attendees to recycle plastic at stations that had staff on hand to educate visitors. Formula E visitors helped recycle over 5,700 lbs. of plastic at the Aquafina stations.



**Pepsi Zero Sugar — Recycling Roadster in the U.S.:** PepsiCo's Recycling Roadster is a hybrid vehicle that travels around the U.S. to educate on the importance of recycling. It was created to engage and inform people at events about recycling in their communities. In 2019, the Roadster traveled for 111 days, stopped at 76 events, engaged more than 270,000 consumers, and collected more than 275,000 containers. In early 2020, the Roadster made a stop at Super Bowl LIV in Miami.



## PARTNERSHIPS DRIVING A CIRCULAR FUTURE FOR PACKAGING

PepsiCo and The PepsiCo Foundation are investing in efforts around the world to increase and improve recycling and clean up natural environments.

PepsiCo and The PepsiCo Foundation are accelerating efforts to boost recycling rates and collection across the world. Between 2018 and early 2020, we pledged \$65 million.

Some examples of our partnership initiatives:

Between 2018 and early 2020, PepsiCo and The PepsiCo Foundation

**pledged \$65 million in partnerships**

to boost recycling rates and waste collection

### Driving Catalytic Capital

PepsiCo and The PepsiCo Foundation are driving progress by helping to unlock seed capital for circular economy programs. Our strategic approach to partnership investing increases the impact of these programs.

#### All In On Recycling raises \$25 million



In collaboration with The Recycling Partnership (TRP), our [All In On Recycling](#) became the largest ever industry-led residential recycling challenge in the United States, successfully raising \$25 million in a little more than a year since its launch in July 2018. More than 2,800 communities are expected to participate in the initiative, which will triple the collective investment, catalyzing roughly \$75 million in municipal funding and bringing the total amount of support to \$100 million.

#### Circulate Capital raises \$106 million



CIRCULATE CAPITAL

Circulate Capital, the investment management firm focused on circular solutions to plastic waste in Southeast Asia, closed a \$106 million round of financing. The funds will be deployed to promising companies in Southeast Asia (including India, Philippines, Vietnam, and Indonesia) working on solutions that prevent plastic leakage into waterways. For example, Circulate Capital recently announced that it [will invest](#) more than \$6 million in two companies in India and Indonesia that recycle local plastic into useful products. The PepsiCo Foundation was the first investor in Circulate Capital upon its founding in 2018.

#### Closed Loop Fund announces a \$2 million investment in Reterra



The PepsiCo Foundation is a founding member of the Closed Loop Fund, which provides investment that cities, counties, and businesses use to help move recycling to the next level. In early 2020, it announced a [\\$2 million investment in Reterra](#), an advanced recycling company that turns recycling-byproduct PET streams into high-value products. Reterra creates a market for material that would otherwise typically end up in a landfill, while also improving the overall economics of PET recycling.

## Partnering to Educate and Inspire

Partnership is key to reaching consumers with recycling education and inspiring more sustainable behaviors. Examples of this approach include:

### PepsiCo launches waste management awareness program in schools in India



PepsiCo recently launched a partnership with waste management firm Nepra Foundation to educate school children and drive understanding of how different types of plastic can be recycled and recovered. PepsiCo and Nepra will work together to create eco-clubs in local schools and urge students to donate plastic waste, which will be collected and repurposed into useful products like school tables and chairs.

### Recycling with Purpose in Latin America



In Latin America, PepsiCo has launched Recycling with Purpose—an inclusive recycling initiative that promotes consumer engagement through incentives and a rewards program designed to increase recycling. The program also encourages consumer involvement and education, promotes inclusive recycling through work with civil society organizations, and strengthens the local recycling industry.

### Collecting snack bags in Australia & the U.K.



In Australia, PepsiCo partners with a recycling organization called REDcycle. This partnership allows consumers to drop used flexible packaging at supermarket collection sites. The films are then made into recycled plastic products such as durable plastic benches or other outdoor furniture. PepsiCo also partners with a recycler in the U.K. to collect flex packs through public drop-off locations.

## Partnering to Drive Innovation

Innovation requires partnership across the full supply chain and we are working with peers pre-competitively through these partnerships, which highlight how collective action will drive progress toward a circular economy for plastic.

### Carbios develops recycling enzyme



Carbios, a French company, is pioneering a new enhanced recycling technology that uses a novel enzyme to break down all kinds of PET into its original building blocks, which are used to produce high-quality PET plastic. In 2019, PepsiCo joined a consortium of peer companies who are invested in developing and scaling the technology, which will reduce the amount of PET that becomes waste.

### The Recycling Partnership Film & Flexibles Coalition



In 2019, The Recycling Partnership launched the Film & Flexibles Coalition to define, pilot, and scale recycling solutions for an over \$31 billion U.S. packaging category including plastic film, bags, and pouches. PepsiCo is a founding member of the coalition.

### Innovative waste collection in India



PepsiCo India is part of a national consortium, Waste Efficient Collection and Recycling Efforts (WeCare), including more than 35 consumer goods companies, that are working toward sustainable management of post-consumer plastic packaging and to promote circular economy efforts for consumer goods packaging. Along with the local Pollution Control Board, this consortium has been able to showcase industry intent and provide policy inputs for harmonized plastic waste management in India.

## INCORPORATING rPET IN OUR PACKAGING

By displacing virgin plastic with recycled plastic, PepsiCo can lower our dependency on non-renewable fossil resources and boost the carbon and resource efficiency of our packaging.

PET is the main material used to make beverage bottles and is the most widely recycled plastic. Recycled PET (rPET) is part of a closed loop recycling solution for beverage bottles, carrying a lower carbon footprint than virgin PET—specifically, 63% lower greenhouse gas (GHG) emissions and 79% lower energy consumption.

PepsiCo is already one of the largest customers of food-grade rPET in the world. If there was more available, we would buy it, and if there were more markets where it could be used, we'd utilize it. Currently demand outpaces supply, especially for food-grade rPET.

### To increase rPET in our packaging:



We're making sure our packaging materials are recyclable, on our way to being 100% recyclable, compostable, or biodegradable by 2025.



We're supporting recycling infrastructure, including enhanced recycling, through our global investments and partnerships.



We're using the power of our brands to educate consumers about the importance of recycling properly and more frequently. Improved regional collection rates means increased recycled supply.



Some countries do not allow recycled materials in food-grade packaging, so we're advocating for policy changes to enable recycled content in all markets. This will build the pipeline for a circular future for packaging.



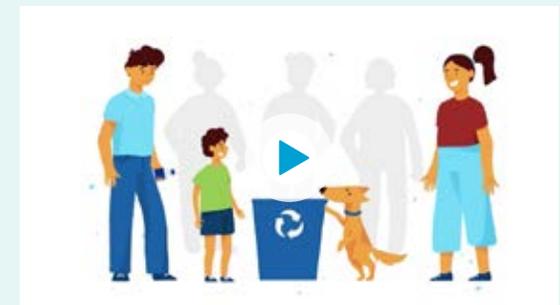
We're reclaiming the recycled material to incorporate into our packaging, including brands like Naked Juice, Tazo, and LIFEWTR, which all will be bottled in 100% recycled content by the end of 2020.

We set a target to increase recycled content in our plastic packaging to

**25% by 2025**

Watch this video for more on how PepsiCo recycling is building a world where plastics need never become waste.

[View the video.](#)



## Brands Incorporating rPET:

In Latin America, Europe and North America, we have started moving toward 100% rPET packaging. We're steadily increasing the recycled content in our plastic packaging, achieving 4% in 2019, as we head toward our global goal of 25% by 2025.

We're working toward a new target of a 35% reduction of virgin PET in our beverage portfolio by 2025, starting with a 1% reduction in 2019. In order to ensure there is enough recycled plastic packaging to continue to incorporate rPET in our packaging, we need to continue to increase worldwide recycling rates.

### Examples of some of our brands moving toward 100% rPET:



Naked juices and smoothies already use 100% rPET bottles in the U.S.



In some markets in western Europe, Tropicana relaunched using 50% rPET bottles and aims to reach 100% rPET by 2025



In the U.S., Tazo Chilled bottles are made of 100% recycled plastic

We have set a target to **reduce virgin plastic content by 35%**

across our beverage portfolio by 2025

# FOCUS AREA: PRODUCT

We're making it easier for consumers to make choices that feel good for themselves and are good for the planet



## Improving choices across our portfolio

Around the world, consumers enjoy PepsiCo products more than one billion times a day. With that global scale comes an enormous opportunity to provide our consumers with products that meet human needs for nutrition and enjoyment.

To help build a more sustainable food system, we are making it easier for consumers to choose foods and beverages that feel good for themselves and are good for the planet. We're improving the nutritional profile of our products, working to provide simple, clear information on our packaging, rethinking packaging sizes, and leveraging the scale of our brands to drive positive change.

We also know that our consumers care about the planet and their community, so we're continuing to expand our [Sustainable from the Start](#) program. This program empowers our product development teams to consider the environmental impacts of their decisions at every stage, from concept to launch, including ingredients, packaging, and distribution.

Our product sustainability goals are to reduce added sugars in our beverages and sodium and saturated fats in our food products so that people can continue to enjoy our most-loved brands as part of a balanced diet.

# Progress Highlights

As of 2019,  
**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%.

As of 2019,  
**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%.

As of 2019,  
**61%**  
 of our food portfolio volume in our top 23 foods markets **met our 2025 sodium reduction target**, progress toward our goal of 75%.



**Lay's Oven Baked offers 65% less fat**  
 than regular potato chips and is now in 23 markets globally.

Since 2017, in **15 markets across Latin America, Pepsi-Cola** has been reformulated with  
**30% less**  
**added sugars**, while maintaining its great flavor.



Since 2016, we've **expanded Pepsi Zero Sugar to nearly 100 markets**  
 also known as Pepsi Max and Pepsi Black around the world.



Around the world, we're offering products in smaller portion sizes. For example, 7UP and Pepsi are now available in  
**7.5oz mini cans in India**



In 2019, we had double-digit volume growth of our **100% wholegrain oat products in Brazil, Spain, and Saudi Arabia.**

## Stakeholder Perspective:

“Having spent my life dedicated to improving food for everyone, I appreciate the steps PepsiCo is making to reduce salt, fat, and sugar in their portfolio. As a proud partner with PepsiCo for many years now, Partnership for a Healthier America looks forward to continuing our work together to transform the food landscape in pursuit of health equity.”



**Nancy Roman**  
 President & CEO,  
 Partnership for a Healthier America

“At PepsiCo, we’re working to inspire people to live richer lives through products that provide joy and nutrition while enabling more sustainable living. To provide consumers with more of what they need and want, we’re transforming our portfolio through innovation and reformulation that is guided by rigorous science-based nutrition guidelines. Our broad portfolio of foods and beverage options makes it easier and more convenient for consumers to make the choice that is right for them.”

**René Lammers**  
 PepsiCo Chief Science Officer

[See our product goals & progress](#)

# Impact Stories

## REDUCING ADDED SUGARS IN OUR BEVERAGES AND EXPANDING LOW-SUGAR OPTIONS

At PepsiCo, consumers are at the center of everything we do. Our global scale gives us the opportunity to reach a wide range of consumers with nutritious and great-tasting foods and beverages that are accessible and affordable.

PepsiCo product reformulations, including reducing added sugars, sodium, and saturated fat, are based on the PepsiCo Nutrition Criteria, a set of science-based nutrition guidelines for our product developers that inform the transformation and diversification of our portfolio. These criteria define maximum

thresholds for the nutrients we aim to limit and minimum levels for the nutrients and food groups we want to encourage. Our goal for reducing added sugars provides an important example.

We're reducing added sugars across our beverage portfolio to meet the demand for balanced beverage options. As of 2019, 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%.



### Mtn Dew Zero Sugar:

In the U.S., we're providing our consumers with the same Mtn Dew taste, without the sugar.



### H2Oh! Grapefruit:

In 2019, we launched a new H2Oh! flavor in Colombia, providing consumers with a refreshing zero-calorie option.



### G Active:

In Brazil, we launched a zero-calorie Gatorade option, providing athletes with the fluid and electrolytes they need to replace during exercise.



### bubly:

In 2019, we launched two new flavors of bubly—watermelon and pineapple—in the U.S., further expanding our portfolio of zero-calorie options.



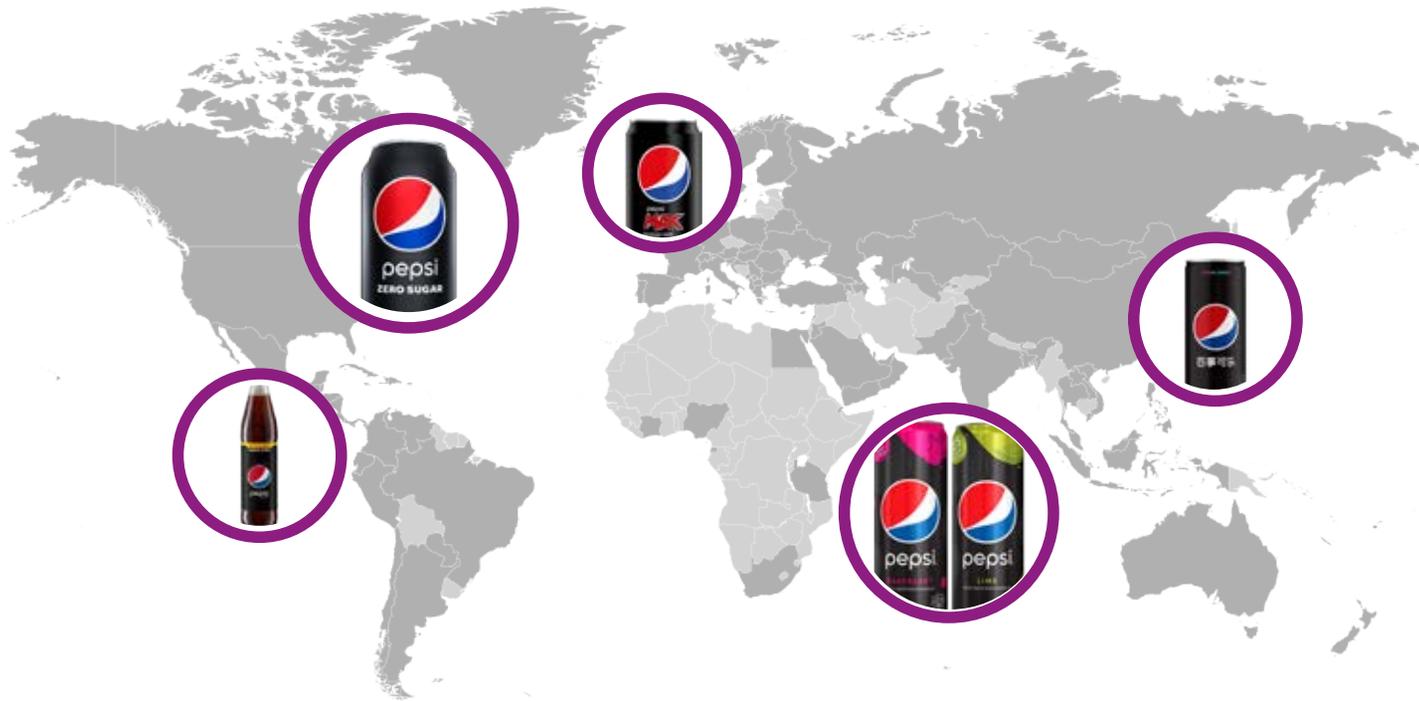
### Pure Leaf Cold Brew:

In early 2020, Pure Leaf released new Unsweetened Black Tea Cold Brew. A ready-to-drink tea brewed 3x longer at a colder temperature, with no added sugar and zero calories.

## Expanding Pepsi Zero Sugar Around the World

By expanding the availability of a no-calorie version of our most iconic brand, we're providing our consumers with choices to meet every taste, lifestyle, and occasion.

Since the beginning of 2016, we've expanded the availability of no-sugar Pepsi Black, also known as Pepsi Zero Sugar in the U.S., and Pepsi MAX in Western Europe, to 95 markets. Pepsi Black made its debut across the Middle East and North Africa in 2019, launching in major retailers in the Kingdom of Saudi Arabia, United Arab Emirates, Egypt, Jordan, Kuwait, Oman, Bahrain, Libya, and Morocco.



## REDUCING SODIUM AND SATURATED FAT IN OUR FOODS

To help our consumers continue to enjoy the products they love as part of a balanced diet, we're using innovative seasoning techniques and exploring alternative healthier oils to reformulate snacks from around the world to meet our sodium and saturated fat reduction targets.

### Reduced Saturated Fat

As of 2019, 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%.

#### Expanding Lay's Oven Baked around the world



PepsiCo offers Lay's Oven Baked Original Potato Chips, which have 65% less total fat than regular potato chips, in 23 markets around the world.

#### Reducing saturated fat in Australia & New Zealand



We've also reduced saturated fat across our Australian and New Zealand product portfolio by up to 75% in brands like Doritos, Twisties, and Bluebird.

#### Reducing Saturated Fat in Eastern Europe



In 2019, we completed significant saturated fat reduction projects across three of our key East Europe markets. This work impacted 30 recipes across our Lay's brand in Russia, 16 recipes across the Lay's brand in Ukraine, and 18 across multiple product types in Poland. This effort reduced the average saturated fat per 100g by approximately 17% across these three markets.

## Reduced Sodium

As of 2019, 61% of our food portfolio volume in our top 23 foods markets met our 2025 sodium reduction target, progress toward our goal of 75%.

### U.S. SunChips

In 2019, SunChips Harvest Cheddar, sold in the U.S., was reformulated to meet our sodium goal.



### South Africa Simba

In 2019, we reformulated 33 recipes across our South Africa Foods business. As a result, sodium is down approximately 7% compared to 2018.



### India Uncle Chipps

In 2019, Uncle Chipps Salted was reformulated to meet our sodium goal.



### Saudi Arabia Lay's

In 2019, Lays Forno Black Pepper was reformulated to meet our sodium goal.



### Australia Coolpak

In 2019, Coolpak Original Popcorn was reformulated to meet our sodium goal.



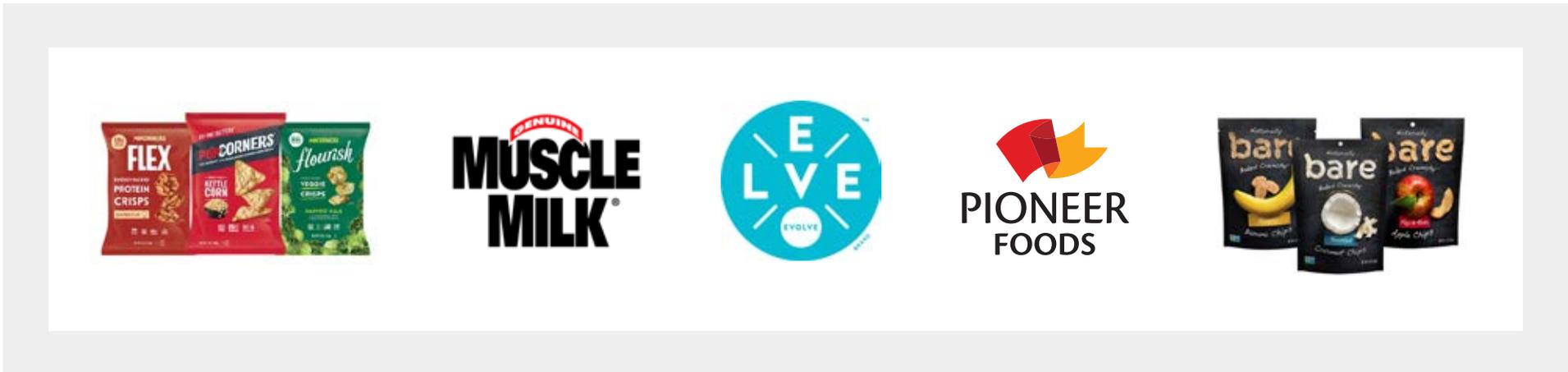
## ADDING INNOVATIVE NEW BRANDS

Over the years, PepsiCo has acquired new brands to offer more choices and help meet consumer needs for flavor and convenience as part of a balanced diet.

In 2020, BFY Brands, the maker of PopCorners snacks joined the PepsiCo family. Sustainability is at the core of BFY Brands—a value we share. The BFY portfolio also includes options like FLEX protein crisps, which provide consumers with 10 grams of plant-based protein per serving. We also acquired Pioneer Foods, an acquisition that brings locally relevant South African cereals, juices, and nutritional food staples to our portfolio, including well-known brands like Weet-Bix, Liqui-Fruit, Ceres, Sasko, Safari, Spekko, and White Star.

In early 2020, we announced an agreement to acquire Be & Cheery, one of the largest online snacks companies in China with product offerings across nuts, dried fruits, meat snacks, baked goods, and confectionery. Be & Cheery predominantly sells online through the major e-commerce platforms in China.

In 2019, we also acquired CytoSport, makers of Muscle Milk and Evolve Protein. This builds on 2018 portfolio additions, such as Bare baked fruit and vegetable snacks and Health Warrior, a snack brand that makes bars and mug muffins with ingredients like chia and pumpkin seeds.



## PROVIDING CONSUMERS WITH CONVENIENT PORTIONS

PepsiCo is developing more convenient, satisfying food and beverage options that are easy to prepare and consume. These products are right-sized for consumers on-the-go and make it easier for our consumers to eat in a way that fits their lifestyle and supports a more sustainable food system.



### Alvalle

Ready-to-Drink Gazpacho

Partnering closely with our community of farmers in Southern Spain is the key to guaranteeing the quality and freshness of our vegetables. That's why all of the tomatoes, cucumbers, and bell peppers in our Gazpacho Original are cultivated less than 200 km from our plant in Murcia. One 100 mL serving of Alvalle Traditional Gazpacho contains 12g fiber and 46 calories.

See how the world's largest gazpacho brand is [sustainably made](#)

Some other satisfying on-the-go options include:



### Quaker

Porridge To Go Squares



### Gatorade

Whey Protein Bars



### Muscle Milk

Protein Drink



### Sabra Snack Cups

Hummus with Pretzel Crisps

## UNLOCKING THE POWER OF THE OAT

PepsiCo and our partners are paving the way for more sustainable, nutritious, and tasty oat varieties. For the first time ever, PepsiCo has sequenced an entire oat genome and made it publicly available via an open source platform to continue the advancement of oat research. Through a collaborative effort with Corteva Agriscience and other key partners, we were able to unlock the difficult oat genome sequence in just a few months' time, leading to an oat varietal that is more sustainable and disease-resistant, to support a more resilient supply chain for Quaker.

While oat grains are already flavorful and rich in fiber and essential nutrients, understanding the full genome improves our ability to target these qualities for consumers looking for elevated nutrition profiles from their oats.

As we continue to tackle food security around the world, this important discovery may lead to better yield and healthier soils, as well as potentially reducing the amount of land and resources needed to grow oats.

The sequenced oat genome is available at USDA Agricultural Research Service's [GrainGenes](#). More information on oat research can be found at [Quaker Oats Center of Excellence](#).



## HELPING CONSUMERS MAKE MORE INFORMED CHOICES THROUGH LABELING

Providing easy-to-find, easy-to-understand information about what’s inside our products helps consumers make the right choices for themselves and their families. Around the world, we are supporting various voluntary front-of-pack labeling systems to provide our consumers with the information they are looking for when making product choices.

In Australia, we’re using the Health Star Rating on our packaging. This front-of-pack labeling system rates the nutritional profile of a product within a category, on a ½–5 star scale. In 2019, our entire line of Off the Eaten Path products had a 3.5 or higher rating.



*Health Star Rating on our Off the Eaten Path Nut & Veggie Mix sold in retailers in Australia.*

As part of a 2020 pilot program, we announced that our products in France, Alvalle cold soups, Lay’s chips, Bénénuts seeds, and Quaker breakfast cereals, will begin using the Nutri-Score labeling system. This optional labeling system uses a 5-letter scale—A to E—and a color-coding system to help consumers make more informed decisions.



## SUPPORTING ENTREPRENEURS AND NEW BUSINESS MODELS

PepsiCo is investing in forward-looking food and beverage brands and the entrepreneurs who are creating new business models and financing tools that directly support sustainability research and innovation.

**In 2019–2020, PepsiCo supported these valuable programs:**



[North American Greenhouse Program](#), an innovation initiative designed to support emerging entrepreneurs and brands in the food and beverage industry.



[Stacy's Rise Project](#) & [WomenMade](#): a funding and mentorship program exclusively for female entrepreneurs in the food and beverage industry. In 2019, as part of the Stacy's Rise Project, Frito-Lay North America launched the inaugural [WomenMade](#) initiative, which aims to advance female-founded start-ups in the food and beverage industry.



[Miss Vickie's PartnerChip program](#) which supports small- and medium-size foodservice operators and innovators.

## EMBRACING BRAND PURPOSE

At PepsiCo, we're proud of our brands and the experiences they offer to consumers. We believe our brands can be powerful forces for good, helping bring positive change to society and smiles to consumers.

### Lay's & Sabritas support Operation Smile in the U.S. & Mexico



#### Lay's Smiles

Lay's spotlighted 31 inspirational "Everyday Smilers" in 60+ unique packaging designs, donating \$1 million in sales proceeds to the international medical charity Operation Smile. Everyday Smilers are individuals who are sharing joy and helping others in a wide variety of ways, reflecting the brand's mission to share joy through the power of a smile.

#### Sabritas Smiles

In Mexico, Sabritas launched its campaign "One Smile Leads to Another" and partnered with Operation Smile for the fourth consecutive year. Since 2017, the brand and The PepsiCo Foundation provided over 250 Mexican children with full medical treatments, including surgeries and language therapy through this initiative.

### LIFEWTR supports artistic projects in Mexico



In June 2019, LIFEWTR Mexico and the Contemporary Arts Board partnered to create the LIFEWTR Fund for the Arts, a fund to support artistic projects with profound social impact and to recognize diverse contemporary art initiatives of social character. From June to December 2019, the LIFEWTR Fund for the Arts supported three local projects in the towns of Zacatecas, Tlaxcala, and Mexico City, benefiting a total of 2,670 people.

### Pepsi celebrates women in China



In 2019, Pepsi partnered with MOMHANDWORKS, a public welfare project initiated by China Women's Development Foundation (CWDF) to protect and promote China's intangible cultural heritage and support traditional craftsmanship while creating jobs for rural indigent women with handicraft skills. Pepsi kicked off the partnership by funding an embroidery workshop and a paper-cutting studio. The partnership was highlighted on the brand's packaging with the launch of a limited-time offer can and branded Pepsi merchandise that featured the embroidery and paper-cut designs.

## EMBRACING BRAND PURPOSE

At PepsiCo, we're proud of our brands and the experiences they offer to consumers. We believe our brands can be powerful forces for good, helping bring positive change to society and smiles to consumers.

### bubly promotes All for Love Pride Pack & Cans for Good



PepsiCo's sparkling water brand, bubly, celebrated love for all flavors and people with a special rainbow colored *All for Love Pride Pack*. The brand has also supported the Susan G. Komen breast cancer foundation with its *Cans for Good* campaign. In addition to using bubly cans for good, bubly pledged more than \$220,000 to the organization.

### Doritos celebrates LGBT+ communities in Brazil and Mexico



#### Brazil

In Brazil, Doritos partnered with the It Gets Better Project to celebrate and support the lesbian, gay, bisexual, and transgender (LGBT) community around the world. Consumers who donated \$10 or more to support the It Gets Better Project were mailed a limited-edition bag of Doritos Rainbow chips. Upon making their donations, consumers were encouraged to share messages of hope and inspiration using #BoldandBetter.

#### Mexico

In Mexico, Doritos partnered with the "*Cuenta Conmigo, Diversidad Sexual Incluyente*" organization to show that love is BOLD, reinforcing the brand's commitment to diversity and human rights. The 2019 "Unlock the Love" program featured packaging designs with the faces of representatives and allies of the LGBT+ community.

### Gatorade supports young athletes around the world



2019 was the fourth edition of the Gatorade 5v5 Football Tournament, an annual five-a-side competition for 14- to 16-year-olds, which runs across Latin America, North America, Asia, and Europe. The tournament aims to fuel the next generation of athletes and provide them with the opportunity to compete for their country on a global stage, reinforcing the brand's commitment to generate formative experiences for athletes around the world. Since the tournament started four years ago, more than 18,900 teams have competed.

# FOCUS AREA: CLIMATE

We're taking action to address climate change and reducing greenhouse gas emissions across our value chain



## Reducing Greenhouse Gas Emissions

Climate change is one of the most pressing concerns facing our global food system. While the food system is currently responsible for around 30% of greenhouse gas (GHG) emissions, we believe it can become more carbon-efficient and resilient, and even has the potential to play a positive role in restoring the health of our climate.

As one of the world's leading food and beverage companies, we're committed to doing our part to curb climate change by reducing GHG emissions across our value chain. In 2015, we announced a goal to achieve a 20% reduction in absolute GHG emissions by 2030, but as the impact of climate change becomes ever more apparent, we must step up to be even more ambitious.<sup>1</sup>

Science guides our actions at PepsiCo, and the latest science calls on the global community to do more to slow and stop the rise in global temperatures.

In early 2020, we signed the UN's [Business Ambition for 1.5°C pledge](#), joining other leading companies in committing to set science-based emissions-reduction targets, across our entire value chain, aimed at limiting global warming to 1.5°C above pre-industrial levels, while also developing a long-term strategy for achieving net-zero emissions by 2050.

[Learn more about PepsiCo's comprehensive approach to climate action](#)

In early 2020, we signed the UN's **Business Ambition for 1.5°C pledge** joining other leading companies in committing to set science-based emissions-reduction targets.

<sup>1</sup>Against a 2015 baseline.

# Progress Highlights

## 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.



Sourced 65% of electricity needs from **wind energy** at PepsiCo Foods Mexico in 2019.

In early 2020, we signed the UN's

## Business Ambition for 1.5°C pledge,

underscoring our commitment to science-based target setting.

Over the life of our Frito-Lay electric vehicle fleet, we will have driven

## driven 12 million all-electric miles

## PepsiCo reduced absolute GHG emissions by 6%

across our value chain in 2019, progress toward our goal of 20% by 2030.

## Stakeholder perspective

“WRI worked closely with PepsiCo to review how they account for their Scope 3 emissions to help inform their strategy for reducing greenhouse gas emissions across their value chain. As one of the world’s largest and most influential companies, PepsiCo’s commitment to reducing emissions in line with limiting global temperatures to 1.5° C signals their ambition and climate leadership and puts them on a path to accelerate emissions reductions.”



### Cynthia Cummis

Director of Private Sector Climate Mitigation  
World Resources Institute (WRI)

[See our climate goals & progress](#)

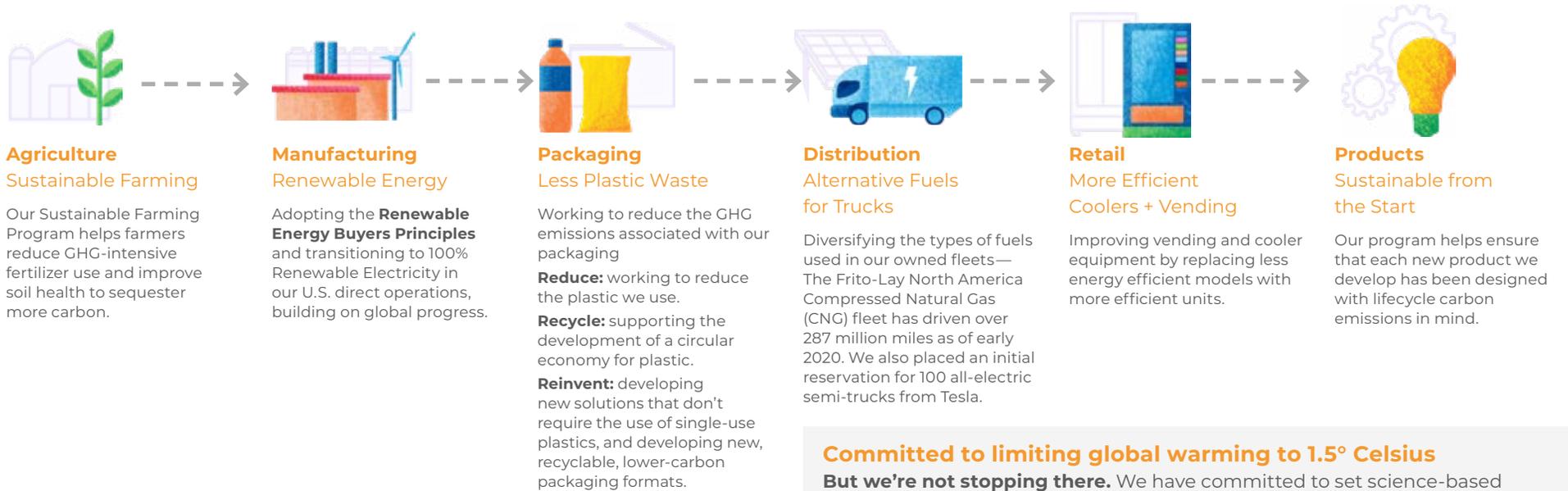
# Impact Stories

## REDUCING OUR EMISSIONS

Emissions from direct operations (Scope 1 & 2) made up 9% of our footprint in 2019, while our value chain (Scope 3) accounted for 91%. Our current goal is to reduce absolute GHG emissions across our value chain by 20% by 2030<sup>1</sup> and we are accelerating our efforts to deliver against our recent pledge to help limit global warming within 1.5° C of pre-industrial levels.



### Reducing GHG Emissions — From Seed to Shelf See how we're taking action across our entire value chain to reduce greenhouse gas emissions.



**Committed to limiting global warming to 1.5° Celsius**  
**But we're not stopping there.** We have committed to set science-based reduction targets in line with limiting global warming to 1.5° C, while also developing a strategy for achieving net-zero emissions by 2050.

<sup>1</sup>Against a 2015 baseline.

## IMPROVING SOIL HEALTH AND REDUCING CARBON DIOXIDE

Making positive changes at the farm level, such as growing cover crops, can strengthen the soil's natural recycling process and improve soil stability, reducing the need for fertilizers and limiting GHG emissions by capturing carbon. Cover crops also reduce soil erosion and nutrient loss between harvesting the main cash crop and re-seeding.

In partnership with 30 other conservation groups, agriculture technology companies, private foundations, and Federal agencies, PepsiCo is working directly with farmers in Illinois, U.S. to help them adopt conservation practices in a financially responsible way, using an approach we plan to lift and scale to other regions in the future. As part of this program, over half of the 63 farmers working with PepsiCo are growing cover crops on acres where cover crops were not grown before and the remaining program farmers have expanded their cover crop acreage.

“PepsiCo's partnership and funding have made a real difference in Illinois farmers' willingness to implement new practices, and these financial incentives allow farmers to offset some of the risks while making changes to their farm management practices.”

**Travis Deppe**

member of Illinois Corn Growers Association's [Precision Conservation Management](#) program



To learn more about how we're making agriculture more intelligent, inclusive, and sustainable, visit our [Agriculture page](#)

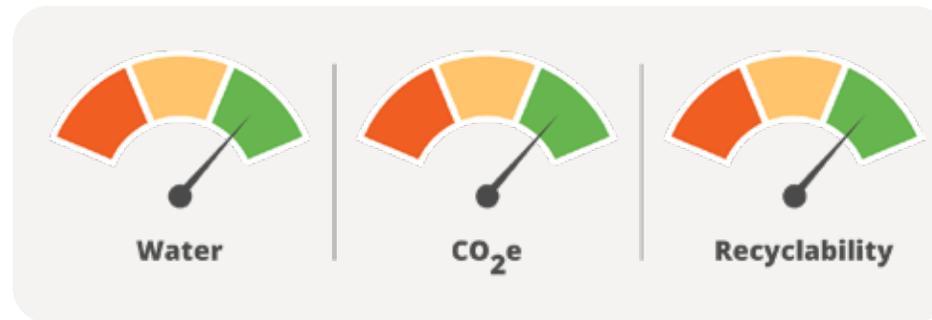
Illinois farmers working with PepsiCo are growing cover crops and have

**reduced CO<sub>2</sub> emissions by 8,155 metric tons**  
in the first 2 years of the program, the equivalent of  
taking 1,762 cars off the road.

## SUSTAINABLE FROM THE START

PepsiCo’s Sustainable from the Start program puts sustainability at the heart of product design, encouraging product development teams to make environmental impact an essential part of their decision making across the product lifecycle, from design, manufacturing, and packaging to transportation and delivery.

Throughout our global business, we’re rolling out innovative new tools to help our teams estimate the carbon and water footprint of products in development. Comparing this data to best practice benchmarks helps our product development teams make more informed decisions.



Through our Sustainable from the Start program, we converted non-recyclable shrink sleeves to

## 100% removable and recyclable labels

on all 89 oz Tropicana bottles. By making more of our packaging recyclable, we’re contributing to a closed loop recycling solution, which carries a lower carbon footprint.

## TRANSITIONING TO 100% RENEWABLE ELECTRICITY IN THE U.S. AND BEYOND

In 2020, we [announced](#) a transition to 100% renewable electricity across all U.S. direct operations, building on progress we have made globally. For example, nine countries in PepsiCo’s European direct operations already generate 100% of their electricity demand from renewable sources and, in 2019, our PepsiCo Mexico Foods business met 65% of its electricity needs with wind energy.

The U.S. is PepsiCo’s largest market and accounts for nearly half of our total global electricity consumption. Our shift to renewable electricity is expected to deliver a 20% reduction in total global GHG emissions from direct operations (Scopes 1 and 2), relative to a 2015 baseline.



*PepsiCo recently installed new solar rooftop panels on our New York global headquarters.*

“We have entered a decade that will be critical for the future of our planet’s health. PepsiCo is pursuing 100% renewable electricity in the U.S. because the severe threat that climate change poses to the world demands faster and bolder action from all of us.”

**Ramon Laguarta**

Chairman and Chief Executive Officer, PepsiCo.

### Progress highlights in Europe

In 2019, we installed a windmill at our Tropicana plant in Zeebrugge, Belgium, that will generate approximately 40% of the site’s total electricity consumption.



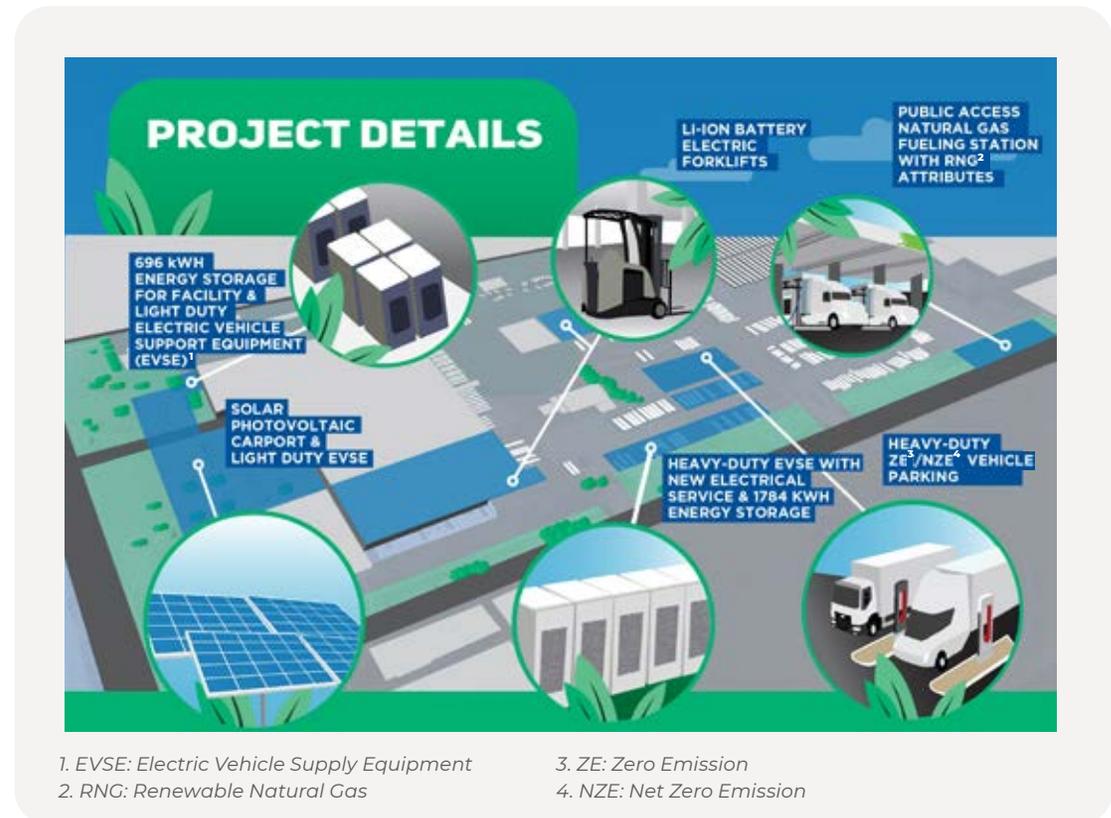
We installed over 400 solar panels at our Quaker plant in Rotterdam, Netherlands.



## MOVING TO ZERO AND NEAR-ZERO TECHNOLOGIES IN OUR MANUFACTURING AND DISTRIBUTION

PepsiCo’s Frito-Lay North America business aims to help reduce PepsiCo’s absolute GHG emissions by replacing its diesel-powered freight equipment with zero-emission and near-zero-emission technologies at its Modesto, California manufacturing site. The project will transform a 500,000 square-foot site into an industry-leading showcase for environmentally sustainable manufacturing, warehousing, and distribution.

Once implemented, the facility will have electric semis, trucks, tractors, and forklifts, in addition to 38 tractors powered by natural gas sourced from renewable resources. The site will also add to its infrastructure through solar power, onsite battery storage, electric vehicle charging stations for employees, and truck charging systems to power the new electric fleet.



## FOCUSING ON PACKAGING TO REDUCE OUR CARBON FOOTPRINT

Over the last decade, we have been leaders in significantly reducing the amount of virgin PET in many of our beverage bottles, like those used for Gatorade. This reduces the volume of plastic as well as the total carbon impact of the packaging.

### Increasing our use of rPET

Using Recycled PET (rPET) can reduce GHG emissions by 63% and total energy consumption by 79% compared to virgin PET. By increasing recycling rates to ensure there is more rPET supply and incorporating more rPET into our packaging, we can continue to reduce our carbon footprint. In Latin America, Europe, and North America, we have started moving toward 100% rPET packaging and we're steadily increasing the rPET contents of packaging, achieving 4% in 2019, as we head toward our global goal of 25% recycled plastic content by 2025.

### Partnering on innovative packaging solutions

Through the NaturALL Bottle Alliance, we are partnering with Origin Materials and peer companies to develop packaging that will reduce our carbon footprint, such as plant-based, 100% renewable plastic bottles. We aim for the bottles to be made from renewable feedstocks, like sustainably farmed trees, that are less carbon-intensive than oil-based PET and also avoid reducing food resources.



Learn more about how we're building a circular future for packaging

[Learn more](#)

# FOCUS AREA: PEOPLE

We are committed to advancing respect for human rights throughout our value chain, building diverse and inclusive workplaces, and investing to promote shared prosperity in local communities where we live and work



*Members of PepsiCo's new "Ethnicity + Culture" employee-led resource group in the U.K.*

Across our business and throughout our complex global value chain, PepsiCo is committed to advancing respect for human rights, building diverse and inclusive workplaces, and investing to promote shared prosperity in local communities where we live and work.

From growing and harvesting ingredients, to loading a truck for distribution, to placing an item on the store shelf, we rely on PepsiCo associates, suppliers, farmers, retail and franchise partners, and many others to make, move, and sell our products. We are committed to respecting the rights of these workers and their local communities.

[Learn more about PepsiCo's comprehensive approach to diversity and engagement.](#)



# Progress Highlights

## COVID-19 Relief

**\$7 million donated to support Black and Latino communities** in 15 U.S. cities with medical and economic aid.

More than **\$60 million and 50 million meals donated** worldwide in early 2020.

[Learn more >](#)

Women held

**41%**

of our **manager positions** in 2019, progress toward our goal of 50%.



Matching donations from employees led to **\$11 million** in charitable contributions in 2019.



**\$38.5 million invested**

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

Over **1.2 million hours**

invested in **workforce development training** in 2019.

[See our people goals & progress](#)

## Stakeholder Perspective

“As COVID-19 continues to threaten food security around the world, the task of supporting those in need is simply too large and complex for one sector, one agency, or one organization to address on its own. So, when the Baylor Collaborative on Hunger and Poverty began planning our response to the pandemic, we knew we needed the help of the PepsiCo Food for Good team. Without PepsiCo’s support, compassion, and expertise, hundreds of thousands of children would not have received the necessary food we have been able to provide.”



**Jeremy Everett**  
Executive Director  
Baylor Collaborative on Hunger and Poverty

“We’re proud to partner with the USDA and Baylor to deliver meals directly to students who need them now more than ever. Since 2009, we’ve been operating a U.S. nutrition program within PepsiCo called Food for Good that has delivered more than 30 million nutritious meals to children through afterschool and summer programs. In this time when millions of children are affected by school closures, it is a privilege to bring our scale and experience to this innovative partnership to serve our neighbors in need nationwide.”

**Matt Smith**  
Senior Director of Food for Good at PepsiCo

## Impact Stories

### ACTIVATING OUR GLOBAL RESOURCES TO COMBAT FOOD SECURITY

In early 2020, PepsiCo committed to be a [Business Avenger](#) for the 2030 UN Sustainable Development Goal 2 for *Zero Hunger*. This commitment means we will use our scale, reach, and expertise to help achieve the Global Goals over the next decade, with a focus on food insecurity and hunger relief.

As efforts to contain COVID-19 reduce access to food and other essential goods in communities around the world, we are taking action to help those most affected.

Supporting our local communities is a priority for PepsiCo, now more than ever. Building on progress in 2019, we're supporting communities to address hunger during this global pandemic. See how we're working to ensure the health and safety of our supply chain and support our communities.

[Learn more](#)

#### Food for Good

The PepsiCo Foundation's program Food for Good, was launched in 2009 by a group of PepsiCo employees who wanted to make a meaningful impact in their communities. The program partners with local nonprofits across America to make nutritious meals more accessible to local families and since 2009, has delivered more than 30 million nutritious meals to children in need. In 2019, Food for Good delivered more than 7.2 million meals.



food for  
good  
fresh thinking by PepsiCo



## ADVANCING RESPECT FOR HUMAN RIGHTS AROUND THE WORLD

At PepsiCo, we believe that acting ethically and responsibly is not only the right thing to do, but it’s also right for our business. Success can only be achieved when everyone, inside our company and across our broader value chain, is treated with dignity and respect.

PepsiCo is committed to implementing the [UN Guiding Principles on Business and Human Rights \(UNGPR\)](#) throughout our business and publicly reporting on our progress in line with the [UNGPR Reporting Framework](#).

[Our Human Rights Report](#) outlines how PepsiCo puts our commitment into action.

### Respecting Human Rights in Agriculture

A truly sustainable food system is also one that respects human rights.

That’s why our Sustainable Sourcing Program (SSP) includes formal risk assessments, third-party audits, mitigation, and capacity building for our most business-critical first-tier suppliers. SSP has worked with suppliers in 92 countries to promote human rights and safety, environmental sustainability, health, and business integrity as part of our revised Supplier Code of Conduct (SCoC).

In 2019,  
**100%**  
 of PepsiCo business-critical direct suppliers completed our **Supplier Code of Conduct Training**.

In 2019, more than  
**860 on-site audits**  
 of PepsiCo’s **first-tier suppliers** were conducted or recognized to ensure compliance with our SSP’s rigorous standards.



### Leveraging Technology to Connect Directly with Suppliers

To strengthen our engagement with workers in our value chain, PepsiCo is partnering with Cargill and Proforest to pilot the new “Ulula Worker’s Voice Tool,” that helps use technology to drive human rights and inclusivity among our palm oil producers.



The tool, developed by [ULULA](#), provides real time information on key risk indicators at the plantation level and enables local teams and management to receive feedback directly from workers, making it easier to identify areas of improvement and collaborate on corrective action. Aggregate results are shared with PepsiCo, Cargill, and the [Roundtable on Sustainable Palm Oil \(RSPO\)](#).

## PROMOTING A DIVERSE AND INCLUSIVE WORKPLACE

At PepsiCo, we recognize that supporting diversity and engagement is not only the right thing to do, it is the right thing to do for our business. This commitment is woven into our values and belief that our company is strongest when we embrace the full spectrum of humanity, regardless of what we look like, where we come from, or who we love. We know diversity is a business advantage that fuels innovation and fosters engagement with employees and members of the communities where we do business.

### Committing to equal pay



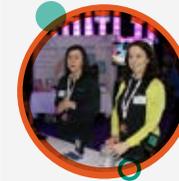
Across 69 countries representing 99% of PepsiCo's salaried employees, men and women are paid within 1% of each other, and similarly in the U.S., employees of color and non-minorities are paid within 1% of each other.

### Supporting working caregivers



PepsiCo recognizes that support for working caregivers is key to achieving our goal of a diverse, empowered workforce. We offer on-site childcare at our New York headquarters and near-site childcare for our Frito-Lay North America headquarters in Texas, with care provided by highly trained and reputable third-party providers. We also currently offer access to on-site or near-site childcare at international locations, including Mexico, India, Egypt, and Pakistan, and we will continue to evaluate our global need.

### Career-long learning and development opportunities



We implemented the "Transformational Leadership Program" designed to equip women with the knowledge and skills to navigate a global matrixed organization and increase their effectiveness and influence. This program is active in the U.S., Europe, and in our business in Asia, Middle East, and North Africa, across multiple functions and levels.

We established a Global Coaching Circle program, a series of educational sessions designed to inspire and support women managers by offering insights into the career pathways of senior leaders and providing women managers with a network to share ideas and advice.

## PARTNERING WITH DIVERSE SUPPLIERS

Through our supplier diversity program, we are collaborating with a set of diverse-owned suppliers who put sustainability at the forefront of their operations. Working with businesses owned and operated by women, ethnic minorities, people with disabilities, U.S. veterans, and members of the LGBTQ+ community better positions us to deliver innovation, increase our supply-chain efficiency, and reflect the markets and communities we serve.

In 2019, through our Supplier Diversity Program, we contracted with

# 260+

diverse-owned businesses in the U.S. and Canada.

In 2019, our total spend with diverse business enterprises was

# \$1.4 billion

for Tier 1 and Tier 2 suppliers.

## Empowering Female Entrepreneurs

As part of our commitment to empowering female entrepreneurs, PepsiCo has partnered with the Women's Business Enterprise National Council (WBENC), since 2018, to sponsor *WBENC Pitch*, a tournament-style competition in which 80 women's business enterprises (WBEs) pitch their companies to a panel of judges for the opportunity to win \$20,000 in prize money and access to strategic business mentoring with PepsiCo & WBENC.

In the final round of the 2019 competition, four women-owned businesses pitched before an audience of more than 4,000 business owners and corporate professionals. Kathleen Woods, owner of Suzy's Swirl, a frozen yogurt, gelato, and sorbet shop in Lake Bluff, Illinois, was awarded the grand prize.



## SUPPORTING WOMEN & GIRLS

We have committed \$100 million by 2025 to support workforce readiness and empower women. Since 2016, we've invested \$38.5 million to support initiatives that provide women with essential resources for workforce readiness and programs that support women in the food system and farming.

### Education and Economic Support for Female Farmers

In March 2019, The PepsiCo Foundation announced an \$18.2 million investment with the leading humanitarian organization, CARE, as part of their [She Feeds the World](#) initiative. Through this program, approximately five million women farmers and their families around the world will receive education and economic support to help them increase crop yields, income, and access to nutrition. And through our partnership on [Closing the Crop Gap](#), we helped shine a light on the unique challenges facing female farmers around the world in an effort to change culture and catalyze additional support.



Photo by Caroline Joe/CARE

### Life Skills Training for Students Around the World

The PepsiCo Foundation launched its *Passport to Success®* Traveler program in partnership with the International Youth Foundation (IYF) in January 2020. The [online training course](#) is free, and provides opportunities for students to learn and practice life skills to prepare for social-emotional situations where non-cognitive and work readiness skills are essential. By promoting self-confidence, responsibility, teamwork, and communication, the program prepares young people for success at home, in school, and on the job.



### Employment Assistance in Bronx, NY

A long-term partner of the organization, PepsiCo has supported Win with more than

**\$1 million**

in grants since 2014.

In 2019, PepsiCo employees hosted a workshop for women living in [Win's](#) South Bronx shelter, to help them with job search skills like resume writing and interviewing.

A grant from The PepsiCo Foundation enabled Win to purchase new computers, hire job specialists, and create a dedicated space for residents to focus on finding employment. Last year, Win's Income Building Program helped 3,175 women achieve "employment gains," such as securing a job, moving to a full-time position, earning a raise, or obtaining benefits. A long-term partner of the organization, The PepsiCo Foundation has supported Win with more than \$1 million in grants since 2014.

# 2019 PERFORMANCE METRICS

Our Sustainability Reporting Suite includes multiple resources available online that explain our approach to help build a more sustainable food system. This document reflects progress against our sustainability goals, as they were structured in 2019. For detail on how we measure performance against these goals, see the Calculation Methodology page on our [ESG Topics A-Z](#).

## AGRICULTURE



Goal	2016	2017	2018	2019	2020 Target	2019 Comments
<b>Agriculture</b> Advance environmental, social, and economic benefits to communities around the world by supporting practices and technologies that promote improved farmer livelihoods and agricultural resiliency.						
Achieve 100% sustainably sourced <sup>1</sup> potato, whole corn, oats, and oranges by 2020	0%	24%	51%	Nearly 80%	100%	Percentage of volume sustainably sourced and verified by a third party.
Achieve 100% sustainably sourced <sup>1</sup> palm oil by 2020	16%	32%	52%	82%	100%	Progress based on volume of certified sustainable palm oil meeting RSPO standard.
Achieve 100% sustainably sourced <sup>1</sup> cane sugar by 2020	0%	34%	58%	86%	100%	Progress based on volume of certified sustainable cane sugar meeting Bonsucro or equivalent standard.
Achieve sustainably sourced <sup>1</sup> priority raw materials based on business needs by 2025	– <sup>2</sup>	15%	23%	12% <sup>3</sup>	100% (2025 Target)	

<sup>1</sup> “Sustainably sourced” refers to meeting the independently verified environmental, social, and economic principles of PepsiCo’s Sustainable Farming Program, enabling continuous improvement, best practices, and positive outcomes for farmers, communities, and the planet

<sup>2</sup> Data for this time period not available

<sup>3</sup> Scope of goal was expanded in 2019 to include additional raw materials identified through a materiality assessment



Goal	2016	2017	2018	2019	2025 Target	2019 Comments
<b>Water</b> Drive water security to assure business continuity while positively contributing to communities.						
Improve water-use efficiency by 15% in our agricultural supply chain (focused on corn and potatoes) in high water-risk areas by 2025 <sup>1</sup>	– <sup>2</sup>	– <sup>2</sup>	3%	– <sup>3</sup>	15%	High water-risk locations defined by WRI's Aqeduct tool.
Improve operational water-use efficiency by 25% in high water-risk areas by 2025 <sup>4</sup>	1% <sup>5</sup>	2% <sup>5</sup>	4% <sup>5</sup>	9%	25%	Between 2006–2015, water-use efficiency improved by 25.8% in all global legacy operations.
Replenish 100% of the water we use in manufacturing operations in high water-risk areas by 2025	9% <sup>6</sup>	11% <sup>6</sup>	8% <sup>6</sup>	10%	100%	Replenishment benefits claimed for local activities are capped at 100% to prevent overachieving projects from inflating global progress measurements.
Adopt the Alliance for Water Stewardship Standard as our vehicle for water advocacy in high water-risk areas by 2025	Our actions include: <ul style="list-style-type: none"> <li>• Advocating for the adoption of smart water policies and regulations</li> <li>• Sharing information and best practices with water stakeholders</li> <li>• Supporting public education and training for consumers and communities</li> </ul>			At the end of 2019, we had 3 high water-risk facilities in progress of adopting the Alliance for Water Stewardship Standard.		For more information, visit the Water page on our <a href="#">ESG Topics A-Z</a> .
Deliver safe water access to 25 million people by 2025	11 million	16 million	22 million	44 million	25 million	Metric counts the cumulative number of people provided with access to safe water since 2006.

<sup>1</sup> 15% improvement target measured versus a 2015 baseline

<sup>2</sup> Data for this time period not available

<sup>3</sup> To focus efforts on implementing sustainable practices, we currently intend to collect and publish agricultural water-use efficiency data every three years

<sup>4</sup> 25% improvement target measured versus a 2015 baseline

<sup>5</sup> Prior period results for this metric have been adjusted to reflect calculations for high water-risk sites only

<sup>6</sup> Prior period results for this metric have been expanded to measure volume of water used in previous year; previously measured volume of water consumed



Goal	2016	2017	2018	2019	2025 Target	2019 Comments
<b>Packaging</b> Fundamentally change the way the world interacts with our packaging to deliver our vision of a world where plastics need never become waste.						
Design 100% of packaging to be recyclable, compostable, or biodegradable by 2025	– <sup>1</sup>	87% <sup>2</sup>	88% <sup>2</sup>	88%	100%	
Increase recycled content in our plastics packaging to 25% by 2025	– <sup>3</sup>	3%	3%	4%	25%	
Reduce 35% of virgin plastic content across our beverage portfolio by 2025	– <sup>4</sup>	– <sup>4</sup>	– <sup>4</sup>	1%	35%	
Invest to increase recycling rates in key markets by 2025	Our actions include: <ul style="list-style-type: none"> <li>• Educating and encouraging consumers to recycle</li> <li>• Partnering to increase and improve recycling infrastructure and building solutions for current and future material streams</li> </ul>					Further information on partnerships, including with The Recycling Partnership, the Alliance to End Plastic Waste, and Circulate Capital, are detailed on the Packaging page of our <a href="#">ESG Topics A-Z</a> .

<sup>1</sup> All data for this time period is not available

<sup>2</sup> Prior period results for this metric have been adjusted to reflect enhanced calculation methodology and data availability

<sup>3</sup> Target established in 2017

<sup>4</sup> Target established in 2019



## PRODUCTS



Goal	2016	2017	2018	2019	2025 Target	2019 Comments
<b>Products</b> <b>Reduce added sugars, sodium, and saturated fats.</b>						
<b>≥ 67% of beverage portfolio volume will have ≤100 Calories from added sugars per 12oz. serving by 2025</b>	40% <sup>1</sup>	40% <sup>2</sup>	44% <sup>3</sup>	47% <sup>4</sup>	67%	Our global progress is based on our Top 26 Beverage markets, which represent 79% of our global beverage volume as of 2019.
<b>≥ 75% of foods portfolio volume will not exceed 1.3 milligrams of sodium per Calorie by 2025</b>	54% <sup>1</sup>	56% <sup>2</sup>	58% <sup>3</sup>	61%	75%	Our global progress is based on our Top 23 Foods markets, which represent 90% of our global foods volume as of 2019.
<b>≥ 75% of foods portfolio volume will not exceed 1.1 grams of saturated fat per 100 Calories by 2025</b>	66% <sup>1</sup>	61% <sup>2</sup>	61% <sup>3</sup>	62%	75%	Our global progress is based on our Top 23 Foods markets, which represent 90% of our global foods volume as of 2019.

<sup>1</sup> Represents Top 10 markets. Top 10 markets represent 63% of beverages volume and 79% of foods volume as of 2016.

<sup>2</sup> As of 2017, Top 26 Beverage markets represent 80% of our global beverages volume and Top 23 Foods markets represents 90% of our global foods volume

<sup>3</sup> As of 2018, Top 26 Beverage markets represent 80% of our global beverages volume and Top 23 Foods markets represents 89% of our global foods volume

<sup>4</sup> 2019 results reflect the inclusion of the SodaStream portfolio



Goal	2016	2017	2018	2019	2030 Target	2019 Comments
<b>Climate</b> Do our part to curb climate change by reducing greenhouse gas (GHG) emissions across our value chain.						
Scope 1 & 2: Reduce absolute greenhouse gas (GHG) emissions by at least 20% by 2030 <sup>1</sup>	1%	2%	7%	9%	20%	
Scope 3: Reduce absolute greenhouse gas (GHG) emissions by at least 20% by 2030 <sup>1</sup>	- <sup>2</sup>	- <sup>2</sup>	3%	5% <sup>3</sup>	20%	
Total Emissions: Reduce absolute greenhouse gas (GHG) emissions by at least 20% by 2030 <sup>1</sup>	- <sup>2</sup>	- <sup>2</sup>	3%	6% <sup>3</sup>	20%	

<sup>1</sup> 20% improvement target measured versus a 2015 baseline

<sup>2</sup> All data for this time period is not available

<sup>3</sup> Beginning in 2019, we enhanced our calculation methodology. For baseline years 2015 and 2018, data has been recalculated utilizing this enhanced methodology. Where 2019 transport data was not available, we used 2018 data as a proxy.



Goal	2016	2017	2018	2019	2025 Target	2019 Comments
<b>Human Rights</b> Advance respect for human rights by using PepsiCo's capabilities and scale.						
<b>Drive fair and safe working conditions throughout our value chain by addressing our most salient human rights issues</b>	Our actions include: <ul style="list-style-type: none"> <li>• Embedding respect for human rights throughout our business and value chain</li> <li>• Conducting ongoing due diligence</li> <li>• Engaging with our stakeholders and driving collaborative action</li> <li>• Providing effective grievance mechanisms and access to remedy</li> </ul>					Please see our <a href="#">2019 Human Rights Report</a> for detailed information on our approach, ongoing initiatives, and progress in addressing our salient human rights issues.
<b>Extend the principles of our Supplier Code of Conduct to all of our franchisees and joint ventures by 2025</b>	Our actions include: <ul style="list-style-type: none"> <li>• Establishing a formal program to engage our franchisees and joint ventures</li> <li>• Engaging our franchisees and joint ventures on our human rights agenda</li> </ul>					Please see the Policy Framework Section of our <a href="#">2019 Human Rights Report</a> for detailed information on our work to extend the principles of our Supplier Code of Conduct to our franchisee and joint ventures.
<b>Diversity</b> Promote a diverse and inclusive workplace.						
<b>Achieve gender parity by 2025 in management roles</b>	38%	39%	40%	41%	50%	% of women in management roles.
<b>Sustain our pay equity program</b>	Women and men are paid within 1% of each other (base compensation) <sup>1</sup>				100%	U.S. and U.K. included in 2016 analysis. 21 countries included in 2017 analysis. 33 countries included in 2018 analysis. 69 countries included in 2019 analysis, representing 99% of salaried population.
<b>Prosperity</b> Increase the earnings potential of women to drive economic growth and increase food security.						
<b>Invest \$100 million by 2025 to provide 12.5 million women with essential resources for workforce readiness and in programs that empower women in the food system and farming</b>	\$6.7 million	\$14.3 million	\$27.3 million	\$38.5 million	\$100 million	Cumulative investments. These are funded by both PepsiCo and the PepsiCo Foundation.

<sup>1</sup> After controlling for legitimate drivers of pay; analysis excludes frontline

Organizational changes (e.g. acquisitions, mergers, divestitures) are evaluated to determine if they have a statistically significant impact to sustainability metric performance. As data becomes available, all reported years for impacted metrics are recast to consistently reflect organizational changes.