

**PepsiCo, Inc.**  
**2022 Annual Meeting of Shareholders**

**May 4, 2022**  
**9:00 AM Eastern Daylight Time**

**Corporate Participants**

**Ramon Laguarta** *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

**David Flavell** *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

**Other Participants**

**Frederick Alexander** *Representative for The John Bishop Montgomery Trust*

**Kam Franklin** *Representative for Kenneth Steiner*

**Paula Johns** *Representative for Harrington Investments*

**Presentation**

**Operator**

Good morning. Before we begin, please take note of our cautionary statement posted on the Meeting Site. The presentation today will include forward-looking statements based on currently available information. Forward-looking statements inherently involve risks and uncertainties that could cause our actual results to differ materially from those predicted in such forward-looking statements. Statements made in this presentation should be considered together with the cautionary statements and other information contained in our 2021 Annual Report, 2021 Form 10-K, first quarter 2022 Form 10-Q, and subsequent filings with the SEC, also defined reconciliations of non-GAAP measures that we may use when discussing PepsiCo's financial results.

Please refer to the Investors section of PepsiCo's website under the Events and Presentation tab. As a reminder, our financial results in the United States and Canada are reported on a 12-week basis, while our international operations report on a monthly basis for which the months of January and February were reflected in our results for the 12 weeks ended March 19th, 2022. And now, please welcome the Chairman and Chief Executive Officer of PepsiCo, Ramon Laguarta.

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**Ramon Laguarta** *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Good morning, everyone, and welcome to PepsiCo's 2022 Annual Meeting of Shareholders. Let's begin by introducing each of my fellow directors who are on the line -- Segun Agbaje, Shona Brown, Cesar Conde, Ian Cook, Edith Cooper, Dina Dublon, Michelle Gass, Sir Dave Lewis, David Page, Bob Pohlada, Dan Vasella, Darren Walker, and Alberto Weisser. I would like to thank the Board for their guidance as we faced the second year of the COVID-19 pandemic and the onset of the deadly conflict in Ukraine. Every step of the way, the Board has offered outstanding partnership and advice, always representing the best interests of our company and our shareholders.

With the Board's support, we suspended the majority of our operations in Ukraine to enable our colleagues to seek safety for themselves and for their families. At the same time, we're providing financial assistance and other aid to our Ukrainian associates, whether they stayed in the Ukraine or fled to Poland, Romania or the Czech Republic. In Ukraine, we transformed our Lviv warehouse to serve as a temporary rest stop for our employees and their families moving out of the conflict zone, and we've guaranteed contracts with local potato and dairy farmers.

In Poland, we transformed our headquarters in Warsaw into the PepsiCo Hotel. So far, more than 150 PepsiCo families, about out 450 people have passed through. In Romania, we've taken over five motels to house 600 people, including 200 families with more than 250 children. And we opened a school for approximately 200 displaced children in Bucharest. In the Czech Republic, our bottler Mattoni is graciously housing 70 Ukrainian PepsiCo families in their office, which has also converted into a hotel called Mattoni House.

We've made the decision to suspend the sale of Pepsi-Cola and certain of our other global beverage brands in Russia, including 7Up and Mirinda, and Mountain Dew. We're also suspending discretionary capital investments and all advertising and promotional activities in Russia. As a food and beverage company, now more than ever, we must stay true to the humanitarian aspect of our business. That means we have a responsibility to continue to offer our other products in Russia, including daily essentials such as milk and other dairy offerings, baby formula and baby food.

By continuing to operate, we will also continue to support the livelihoods of our 20,000 Russian associates. Our hearts go out to the Ukrainian people who are caught in the middle of this deadly conflict and we join all of those praying for peace. The conflict has added complexity to an already very dynamic environment. The pandemic has created massive disruption to society and our business. In 2021, the pace of markets reopening around the world was varied and our team did an amazing job adapting to new consumer and customer behaviors, whilst keeping our colleagues safe and supporting our communities. But it's not just the pandemic. We're seeing major shifts in consumer behavior that date back to before 2020.

There have been ongoing supply chain and inflationary pressures. The competition for talent has never been more fierce, especially in developed markets. And we continue to face the impacts of climate change. For many companies, this is a make-or-break moment, a moment that would require new skills, new processes and new partnerships, that would require continually re-evaluating businesses as usual, that will require working harder than ever. In a lot of ways, that's exactly what we've been doing at PepsiCo for the last three years. Ever since we adopted the key behaviors of The PepsiCo Way and we began our Winning with Purpose journey, but we too must adapt to meet this moment and we're doing so by evolving our strategy to Winning with pep+.

Introduced in 2021, pep+ is the future of our company, a strategic end-to-end transformation that places sustainability and human capital at the center of how we create growth and we create value. It recognizes a new business reality where consumers are becoming more interested in the future of the planet and the future of society.

Winning with pep+ reflects the way we plan to win in the marketplace and position ourselves to deliver top-tier financial performance, whilst continuing to transform ourselves to create value for all of our stakeholders. It embeds pep+ firmly at the center of our business from how we innovate to how we operate, to how we run our teams and build our brands.

And it is the key to sustaining the kind of performance we delivered in 2021, a year that saw us become an even faster, an even stronger and an even better company, a year that was in so many ways one of the most successful years in PepsiCo's recent history.

We are becoming an even faster company, which is reflected in our financial performance. I'm very pleased with our results for the full year as our business delivered 9.5% organic revenue growth and 12% core constant currency earnings per share growth, the fastest pace we have delivered in over five years. Among the highlights of our performance in 2021:

- Our total shareholder return outpaced the consumer staples category 20.5% to 18.6%. And our return over the past three years has been 71.5% compared to 67.7% for the category.
- PepsiCo Beverages North America displayed superior execution and delivered 10% organic revenue growth, representing its fastest rate of organic revenue growth on an annual basis in over five years.
- Frito-Lay North America delivered 7% organic revenue growth for the full year, reflecting both volume growth and positive net revenue realization.
- Our international businesses accelerated and delivered 11% organic revenue growth. It's the strongest rate of net revenue growth in over five years.
- We continued to win in the marketplace as we held or gained share across many of our key markets, including the US, Mexico, Brazil, China, Saudi Arabia and Poland.
- Our customers ranked us #1 in the Kantar PowerRanking survey for the sixth year in a row, which reflects our role as a valued partner and demonstrates the benefits of investing alongside our customers to help them drive growth.
- Our core operating profit increased 8% and reflected a double-digit increase in our advertising and marketing spend.
- We announced a 7% increase in our annualized dividend effective with the expected June 2022 payment. This will represent PepsiCo's 50th consecutive annualized dividend per share increase.
- And we announced that our Board of Directors has authorized the repurchase of up to \$10 billion of PepsiCo common stock through February 2026. In 2022, we expect share repurchases of \$1.5 billion and dividends of \$6.2 billion, which will bring total cash returns to shareholders to approximately \$7.7 billion, up from roughly \$5.9 billion in 2021.

We're also becoming an even stronger company by transforming ourselves and building new capabilities:

- Our Global Business Services continues to help fuel PepsiCo's growth and it's 5,000-plus associates continue to partner with all sectors to build capabilities across a growing number of functions to deliver productivity, unlock efficiencies, boost effectiveness in key processes, drive agility and re-imagine digital user experiences.
- We established PepsiCo's first two Digital Hubs in Dallas and in Barcelona, with plans to expand to more locations in the future. These hubs will drive PepsiCo digitalization agenda and are expected to create more than 500 new high-caliber data and digital jobs over the next two years.
- Our eCommerce business delivered significant growth and share gains across all major accounts in the US channels, enabled by best-in-class digital capabilities and leveraging PepsiCo's scale to drive channel development and establish deeply entrenched competitive advantages.

- We created a global marketing function to help us elevate consumer centricity across the company, continue delivering best-in-class brand growth and build on our successes to take our marketing capabilities to a whole new level.
- We expanded and extended our multi-year productivity plan that aims to deliver at least \$1 billion in annual productivity savings through 2026.
- We entered into a new business venture with Beyond Meat to develop, produce and market plant-based protein products. We also entered into an agreement with the Boston Beer Company, whereby Boston Beer owns and manufactures Hard Mtn Dew low-alcohol beverage and our Blue Cloud Distribution entity distributes the product.
- And we completed the divestiture of Tropicana, Naked and other select juice brands to PAI Partners for pre-tax cash proceeds of approximately \$3.5 billion, whilst retaining a 39% non-controlling interest in a newly-formed joint venture that will operate across North America and Europe.

And thirdly, we're becoming an even better company by operating within planetary boundaries and inspiring positive change for the planet and for people, with our strategic end-to-end transformation, PepsiCo Positive. pep+ drives action and progress across three pillars -- Positive Agriculture, Positive Value Chain and Positive Choices.

When it comes to Positive Agriculture, we're working to source our crops and ingredients in ways that restore the earth and strengthen farming communities. We will do this by:

- Striving to spread regenerative practices across 7 million acres by 2030, which is approximately equal to our entire agricultural footprint. We estimate this effort will eliminate at least 3 million tons of greenhouse gas emissions by the end of the decade.
- We're also aiming to improve the livelihoods of more than 250,000 people in our agricultural supply chain and communities by 2030. In 2021, we launched Agrovita, an initiative with Proforest and the PepsiCo Foundation, to benefit more than 37,000 people over the three years in the production landscape in Mexico, with a focus on women and smallholder farmers who produce plantains, cocoa and palm.
- And we set a goal to sustainably source 100% of our key ingredients by 2030, expanding to include not only grower-sourced crops like potatoes, whole corn and oats, but also key crops from third parties such as vegetable oils and grains. As of 2021, we're using 100% RSPO physically certified palm oil and 100% Bonsucro certified sustainable cane sugar globally.
- PepsiCo was recognized with two major awards for our continuous commitment and improvement in Positive Agriculture. The Field to Market's Collaboration of the Year Award as well as the 2021 Environmental Excellence Award by the Illinois Corn Growers Association Board of Directors.

When it comes to Positive Value Chain, we're working to build a circular and inclusive value chain. We'll do this by:

- Setting a goal to achieve Net-Zero emissions by 2040, a decade earlier than called for in the Paris Agreement. In 2021, we added Mexico, our second largest market, to our list of 100% renewable energy countries, helping us on the journey to meet our goal to source 100% renewable electricity across all our company-owned and controlled operations globally by 2030. Approximately 70% of our global electricity needs are now met by renewable sources.
- We're also aiming to become Net Water Positive by 2030, by replenishing more water than we use. In 2021, we began a partnership with N-Drip to help farmers around the world to adopt water efficiency technology across 10,000 hectares by 2025. We're also continuing to expand access to safer water globally, reaching more than 68 million people since 2006. And our goal is to reach 100 million people by 2030.
- We're introducing more sustainable packaging into our value chain, with new goals to cut virgin plastic per serving by 50% across our global beverages and convenient foods portfolio by 2030 against the 2020 baseline. We will do this in part by using 50% recycled content in our plastic packaging and scaling the SodaStream business globally. In 2021, we launched all Pepsi branded products in 100% recycled PET bottles in Spain, with plans to expand to 11 additional European markets in 2022. We also set goals to eliminate virgin fossil-based plastic in all European crisp and chip bags by 2030, and convert all US Pepsi branded products to 100% rPET by 2030.
- And we're continuing to advance our more than \$570 million Racial Equality Journey, including growing our Black and Hispanic managerial populations in the US, and increasing our spend with diverse suppliers. We now spend more than \$1 billion annually with certified diverse enterprises in the US across categories, ranging from marketing to manufacturing.

When it comes to Positive Choices, we are continuing to evolve our portfolio of beverages and convenient food products, so that they are better for the planet and better for people. We'll do this by:

- Incorporating more diverse ingredients in both new and existing convenient food products that are better for the planet and will deliver nutritional benefits, prioritizing chickpeas, plant-based proteins and whole grains.
- Expanding our position in the nuts & seeds category, where PepsiCo is already the global branded leader, including leadership positions in Mexico, China and several Western European markets.
- Accelerating the reduction of added sugars and sodium through the use of science-based targets across all our portfolio and cooking our convenient foods offerings with healthier oils. We are over 70% of the way toward our 2025 targets for reducing added sugars, sodium and saturated fat throughout our portfolio.
- And continuing to scale new business models that require little or no-single use packaging. SodaStream already sold in more than 40 countries is bringing PepsiCo flavor options like Pepsi Zero Sugar, Lipton and bubly to 23 markets. The new SodaStream Professional platform is expected to expand into functional beverages and reach more than 10 additional markets by the end of 2022, part of the brand's effort to help consumers avoid more than 200 billion plastic bottles by 2030. We're also delivering important packaging innovations like an industrially compostable bag made with plant-based materials, which debuted in 2021 with Off The Eaten Path.

To give you an example of what pep+ would look like in practice, imagine our iconic Lay's potato chips. With pep+, we envision Lay's will start with a potato grown sustainably on a regenerative field and then be cooked and delivered from a Net-Zero and Net Water Positive supply chain, sold in a bio-compostable bag with the lowest sodium levels on the market. That's a positive choice. That's the best-tasting number-one potato chip of the future. That's how pep+ will be better for people, better for the planet and better for our business.

So as you can see, we are becoming even Faster, even Stronger, and even Better in many different ways.

The majority of the credit belongs to our incredible associates. Over the past year, our global and local teams came together as one PepsiCo to beat the odds and create smiles for all of our stakeholders. We will continue to rely on our people in the years ahead. The changes we're seeing in the market are likely to accelerate. The demand for sustainable consumer-centric innovation will continue to increase. The expectations of people and society will continue to escalate. The virus will be with us for the foreseeable future and the deadly conflict in Ukraine tragically has no end in sight.

But, but as I speak to you today, I'm more confident than ever in PepsiCo's long-term success. Not only do we have the right people, but we also have the right investments, the right culture, and now, in Winning with pep+, we have the right strategy. When we collaborate across our organization and win with external partners around the world, our shareholders, our consumers, our customers, our communities, we can create even more smiles and position ourselves for long-term success. That is the magic of PepsiCo.

Thank you for joining us on the next phase of our journey, for the confidence you continue to place in us with your investment, and for your participation in this year's Annual Meeting. And now, I'll turn it over to David Flavell, Executive Vice President, General Counsel and Corporate Secretary, who will serve as Secretary of the meeting and lead us through the agenda.

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**David Flavell**- *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. We've designed the format of this virtual meeting to provide shareholders with the same rights and opportunities to participate, as they would at an in-person meeting. As is our custom, we will conduct the business portion of our meeting first and answer questions at the end of this meeting. The meeting agenda and rules of conduct are available on the Meeting Website. We ask that all review those items, and we appreciate your cooperation with the rules of conduct.

As a reminder, shareholders attending the virtual meeting can vote their shares online from now through the closing of the polls, by logging into the Meeting Website as a shareholder and clicking the Vote Here button on the bottom of their screen. If you've previously voted by proxy and do not wish to change your vote, your vote will be cast as you previously instructed and no further action is required.

We've received questions that were submitted by shareholders in advance of today's meeting that we will address during the Q&A session as time permits. If you've logged into the Meeting Website as a shareholder, you may submit a question by selecting a topic and typing your question in the field labeled Enter Question. To ensure that we receive your questions before the Q&A session is closed, we encourage you to submit your questions now. Though we may not be able to answer every question, we will do our best to provide a response to as many questions as possible. To give everyone a chance to ask a question, we will limit each shareholder to one question. Questions on the same topic or that are otherwise related may be grouped, summarized and answered together.

Consistent with state law and our bylaws, a list of shareholders entitled to notice of this meeting has been available for inspection at our Principal Office since the 28th of March, 2022. The Inspectors of Election, Beth VanDerbeck and Matthew Criscenzo from Broadridge Investor Communication Solutions are attending the meeting today and have previously taken the oath as Inspectors of Election at this meeting. I've been informed by the Inspectors of Elections that a majority of the votes entitled to be cast at this meeting are represented by proxy. And therefore, we have the necessary quorum under state law and our bylaws.

Now that we have a quorum, I declare this meeting to be duly convened for purposes of transacting such business as may properly come before it in accordance with state law and our bylaws. The polls are open for voting. We will close the polls after the proposals have been presented. We will now proceed with the formal business of this meeting. Because we did not receive notice of any additional matters to be considered beyond those in the proxy, no other proposals or nominations may be introduced at this meeting.

So we'll begin with our first agenda item, which is the election of Directors. I place before the meeting to serve as Directors for the coming year, the 14 individuals whose names and biographies appear in our Proxy Statement. Our Board recommends a vote for each of the nominees for Director. The second agenda item is the ratification of the appointment of KPMG as the company's independent registered public accounting firm for 2022, which I now place before the meeting. Brian Hegarty and Ian Wildenborg are also present today, representing KPMG and will be available to answer any questions during the question-and-answer session of the meeting. Our board recommends a vote for the ratification of the appointment of KPMG as PepsiCo's independent registered public accounting firm for 2022.

The third agenda item is the advisory vote to approve the compensation of the named executive officers identified in our Proxy Statement, which I now place before the meeting. Our Board recommends a vote for the advisory resolution to approve executive compensation. We'll now move on to the shareholder proposals in the order that they appear in the agenda. Each of the shareholders or their representatives will have three minutes to present their respective proposals. So, we'll now turn to the first shareholder proposal requesting that the company adopt a policy and amend its governing documents as necessary to require the Chairman to be an independent member of the Board, which was submitted by Mr. Kenneth Steiner. Ms. Kam Franklin will be presenting the proposal as his representative. Operator, could you please open the line for Ms. Franklin?

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**Kam Franklin** - *Representative for Kenneth Steiner*

Good morning. Can you hear me okay?

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**David Flavell** - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Yes, we can. Please go ahead. Thank you.

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**Kam Franklin** - *Representative for Kenneth Steiner*

Proposal for Independent Board Chairman sponsored by Kenneth Steiner. The shareholders request that the Board of Directors adopt an enduring policy and amend the governing documents as necessary in order that two separate people hold the office of the Chairman and the office of the CEO. Whenever possible, the Chairman of the Board shall be an Independent Director. The Board has the discretion to select a temporary Chairman of the Board who is not an Independent Director to serve while the board is seeking an Independent Chairman of the Board. The Chairman shall not be a former CEO of the company.

This policy could be phased in when there is a contract renewal for our current CEO or for the next CEO transition. The proposal topic won 52% support at Boeing and 54% support at Baxter International in 2020. Boeing then adopted this proposal topic in June 2020. The roles of Chairman and CEO are fundamentally different and should be held by two Directors, a CEO and a Chairman who is completely independent of the CEO and our company. The proposal topic won 44% support at our 2012 Annual Meeting. This 44% support likely represented 51% support from the shares that have access to independent proxy voting advice.

A CEO serving as a Chair can result in excessive management influence on the Board and weaker oversight management. The CEO gets comfortable with being his own boss with the current CEO serving as Chair, this means giving up a substantial check and balance, safeguard that can only occur with an Independent Board Chairman. Management says it wants flexibility, which is another way of saying the management wants what makes it feel comfortable, which may not be in the best interest of shareholders. A Lead Director is no substitute for an independent Board Chairman. The value to shareholders of having a Lead Director is perhaps 10% of the value of having an Independent Board Chairman. A Lead Director cannot call a special shareholder meeting and cannot even call a special meeting of the Board.

A Lead Director can delegate most of the Lead Director duties to the CEO office and then simply rubber stamp it. There is no way shareholders can be sure of what goes on. The lack of an Independent Board Chairman is an unfortunate way to discourage new outside ideas and an unfortunate way to encourage the CEO to pursue pet projects that would not stand up to effective oversight. Plus, PepsiCo shareholders are restricted in bringing new ideas to management in a manner that has traction because shareholders have no right to act by written consent. And an example from a company whose share price went from \$130 to \$200 in 10 months, the 2020 Lowe's annual proxy -- the 2020 Lowe's Annual Meeting proxy said Lowe's Independent Directors determined that having a separate Chairman and Chief Executive Officer affords the CEO the opportunity to focus his time and energy on managing the business and allows the Chairman to devote his time and attention to board oversight and governance.

Please vote yes, Independent Board Chairman, Proposal Four. Thank you.

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**Ramon Laguarta** - *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Thank you, Ms. Franklin. Our Board has carefully considered this proposal and believes that it is important to have the flexibility to determine whether roles of the Chairman and CEO should be separate or should be combined based on the company's needs. The Board has deep knowledge of the strategic goals of the company, the unique opportunities and challenges that the company faces, and the various capabilities of our Directors and the company's senior management. Therefore, the Board is best positioned to determine the most effective leadership structure to protect and enhance long-term shareholder value.

Our Board currently believes that PepsiCo and our shareholders are best served by a combined Chairman and CEO role, together with a strong Independent Presiding Director. PepsiCo has a track record of strong long-term performance under this combined leadership structure. The Board also believes that our strong corporate governance policies and practices provide for an objective and independent board leadership structure necessary to oversee management and the key issues facing the company. Among other things, we have a diverse and experienced board comprised entirely of Independent Directors, except for the Chairman and CEO, all Board Committees comprised solely of and chaired by Independent Directors, and regular executive sessions of Board and its committees without the presence of the CEO and other members of management.

The Nominating and Corporate Governance Committee revisits the leadership structure regularly as part of its ongoing board assessment process to determine whether it remains in the best interest of our shareholders. For these reasons, the Board believes that the action requested by the proposal is neither necessary nor in the best interest of PepsiCo or our shareholders, and recommends that shareholders do not support this proposal.

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**David Flavell** - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. I'll now turn to the second shareholder proposal on the ballot is requesting a report on global public policy and political influence outside of the United States submitted by Mr. John C. Harrington of Harrington Investments. I understand Mr. Harrington will be presenting the proposal. Operator, please open the line for Mr. Harrington.

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**Paula Johns** - *Representative for Harrington Investments*

Good morning. Can you hear me?

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**David Flavell** - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Yes. Thank you.

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**Paula Johns** - *Representative for Harrington Investments*

Thank you. Thank you for this opportunity to introduce item five on behalf of Harrington Investments regarding the importance of PepsiCo's global political transparency. I'm Paula Johns, Co-founder and Director of ACT Health Promotion, a Brazilian coalition of over 1,000 members focused on reducing the deadly toll of non-communicable diseases. I speak to you today from my home country Brazil. Here, 50,000 people die due to the consumption of ultra-processed foods every year. And PepsiCo recognizes that the food and beverage niche is a major influencer of the health of people around the globe. This can't be emphasized enough.

The dire human toll in Brazil and globally is both avoidable and exacerbated by PepsiCo's political interference. Operating through trade groups like ABIA and ABIR, PepsiCo has effectively blocked or watered down a range of life-saving nutrition and public health policies. Both groups lobby aggressively against policies to protect children from consuming products harmful to their health, such as the prohibition of soda sales in elementary schools. As the leader of an organization that monitors health promotion deals in the last 15 years, I can say with confidence that the concern for children's health PepsiCo claims in its well-written reports does not mirror the practice of their trade associations in the corridors of the Brazilian Congress.

Although it claims to be committed to transparency, a new report finds PepsiCo sources from a production chain involving deforestation and human rights violations. In Brazil, PepsiCo snacks are produced of corn planted illegally on indigenous land. The corporation suppliers subject indigenous people to toxic pesticide exposures and the lack of official action to stop these abuses may well stem from political pressures by the corporation and its suppliers that we wouldn't know given the corporation's lack of disclosure. I offer this example as just one illustration and only one important country of some of the 200 countries and territories PepsiCo does business in.

You as investors, as well as those directly affected by PepsiCo's political activities globally deserve and indeed need total transparency. Why should we in Brazil, for instance, have any less visibility than those in the US? Why would investors not have a view of political spending on activities in the global south as they do in the US, after all nearly half of PepsiCo's business is international.

PepsiCo's opposition on the grounds that they disclose some, but not all, of its political spending globally is the perfect argument for a yes vote on Item Five. Let us fill in the significant gaps in disclosure that remains and live up to our first stated value of advancing overall welfare of the societies across the globe. Thank you very much.

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**Ramon Laguarta** - *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Thank you, Ms. Johns. And I would like to explain now the Board's position on your proposal. We recognize the need for corporations to ensure strong governance over their corporate political activities, as well as to provide transparency with respect to their advocacy and related actions. And we have worked to ensure active oversight and abundant corporate transparency around this topic. We have not, and we do not plan to make political contributions to candidates outside of the US. Although no international political contributions are currently planned, we have publicly stated on our website that we would disclose any international contributions on our website, along with all our US contributions.

We also follow all national transparency rules regarding the disclosure of our contributions to trade associations. As a general rule, the trade associations with which we engage internationally do not provide contributions to political candidates and we expect our associations to inform the company if they were to begin engaging in this way. With respect to scientific research, we believe that adherence to ethical principles is essential and we have adopted the PepsiCo position on conduct of scientific research. The position outlines our guiding principles on transparency, conflicts of interest, and minimizing bias and best practices with respect to PepsiCo-sponsored research and research conducted by PepsiCo associates with external research partners.

Among other things, we require sponsored researchers to follow accepted principles of scientific rigor in order to adequately test the stated hypothesis and assure accuracy of data produced. In addition, the position states that we will make available on our website links to PepsiCo-funded research at the time of publication in a peer-reviewed journal and be fully transparent about our role in the design, implementation and analysis of the research, as well as in funding when promoting the findings of sponsored research. We also do not make charitable contributions for purposes of political influence.

Most of our international cash contributions in 2021 were made through the PepsiCo Foundation and all charitable contributions made by the Foundation are publicly disclosed in its US tax returns. Given our robust public reporting and our current policies and practices, which both meet high standards and are reviewed on a regular basis, the Board believes the reporting called for in this proposal is neither necessary nor a good use of company resources, and recommends that shareholders do not support this proposal.

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**David Flavell** - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. The third shareholder proposal on the ballot is requesting a report on public health costs, submitted by The John Bishop Montgomery Trust. Mr. Rick Alexander will be presenting the proposal as its representative. Operator, please open the line for Mr. Alexander.

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**Frederick Alexander** - *Representative for The John Bishop Montgomery Trust*

Thank you. Thanks to the Chairman and all the members of the Board for allowing me to speak today. My name is Rick Alexander. I'm the CEO of The Shareholder Commons, which is a not-for-profit organization that advocates for the interest of diversified shareholders. In particular, we focus on the fact that it is often the case, although it's an uncomfortable truth, that the best financial outcome for an individual business is not necessarily the best financial outcome for its diversified shareholders, especially when the company's profits come from the externalization of certain costs.

Moving to the company in particular, in our proposal, I want to note something that a recent McKinsey Report said, which was that obesity today has the same impact on the global economy as armed violence, war and terrorism, and only a shade less than smoking. These three are far and away the largest global economic impact areas driven by human behavior. So, our -- this proposal, Proposal Number Six, asked for a report on the public health costs that the company's food and beverage business creates and the manner in which such costs may affect its diversified shareholders who rely on overall market returns to support the value of their portfolios.

In brief, we worry that the products that the company markets and sells are contributing to the 3% hit to GDP as measured by the World Health Organization -- the 3% hit to GDP created by the obesity crisis, and that hits the portfolios of all of PepsiCo's diversified shareholders. And I want to -- I appreciate some of what we've heard today about the efforts the company is making in this area, but I want to highlight some facts. These facts come from the Global Index 2021 prepared by the Access to Nutrition Foundation, a very respected non-profit group funded by parties like the Bill and Melinda Gates Foundation, and the Robert Wood Johnson Foundation.

So, here's a couple of salient facts from that report. Only 21% of PepsiCo's global sales consisted of healthy products. Only 6% of the sales came from products suitable to market to children. From 2018 to 2021, there was no improvement in the nutritional profile of the products that were assessed by the Foundation. Of the 25 companies assessed, PepsiCo ranked 18th for the healthfulness of its products profile. Overall, the company scored 4.5 out of a possible 10. Clearly, there's room for the company to sell more healthful products. And clearly, from what we've heard about the company's financial health, it is trading off its contribution to the obesity crisis in exchange for improving its profitability and we would say that's a bad trade for shareholders and that it would be in the interest of shareholders for the company to repair -- prepare a report on how it considers those tradeoffs. So in closing...

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**David Flavell** - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Mr. Alexander, can we ask you to wrap up your remarks, please? Thank you.

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**Frederick Alexander** - *Representative for The John Bishop Montgomery Trust*

Yes. The loss in economic growth created by obesity crisis threatens the diversified portfolios of company's shareholders and we would ask that the shareholders vote in favor of Proposal Number Six. Thank you.

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**Ramon Laguarta** - *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Thank you very much, Mr. Alexander. I'd like to now provide an overview of what is the Board's position on this proposal.

We truly embrace the role that we can play in promoting a balanced diet that supports health and wellness. And we've long been committed to being a part of that solution, the solution to the complex issue of the role of diet in obesity and in under nutrition. There are a number -- numerous factors that contribute to obesity and we believe it is not feasible to accurately quantify external public health costs for specific food and beverage products or categories in its isolation. The World Health Organization assessment referenced in this proposal is based on a 2014 McKinsey Global Institute Report that states obesity is impacted by numerous health, socioeconomic and lifestyle factors, of which diet is just one of them.

It is our belief that existing research and analysis has effectively identified the multitude of factors that contribute to obesity under collective public health costs, and the resources that will be required to attempt to produce the proposed report will be better spent on our significant existing efforts in this area. While PepsiCo closely monitors and actively manages sustainability risks as part of our Enterprise Risk Management Program, our sustainability agenda reflects a much, much broader ambition to drive positive action for the planet and for our people. In September 2021, we introduced pep+ and reinforced our commitment to evolve our portfolio and to improve its nutritional profile and help improve nutrition access.

The pep+ framework includes incorporating more diverse ingredients in food products, expanding our position in the nut and seeds category. We already have the global branded leader position. Accelerating our reduction of added sugars and sodium by 2025 and cooking our food offerings with healthier oils, and partnering with communities to advance food security and make nutritious food accessible to 50 million people by 2030. We also continue to take aggressive steps to implement many of the actions recommended by the WHO. Our multifaceted approach includes developing and publishing the PepsiCo nutrition criteria, providing clear labeling information about product ingredients, adhering to responsible marketing policies, and meeting the highest standards for food quality and food safety.

In addition, we're increasing more nutritious options in our portfolio through innovation and through acquisition to offer more choices and meet consumer needs as part of a balanced diet. Recent acquisitions and strategic investments include expanding the presence and availability of SodaStream, a joint venture partnership with Beyond Meat to produce and market plant-based offerings -- plant-based protein offerings. Be & Cheery, which is one of the largest convenient food companies in China with product offerings that include nuts, dried foods and meat snacks; and Pioneer Foods Group, one of South Africa's largest food and beverage companies with a strong position in cereals, juice and other nutritional food staples.

We also engage with many third-party organizations to inform our sustainability strategy. That's what organizations that work with young people and communities to promote the development of lifelong healthy habits, including the Partnership for a Healthier America and Alliance for a Healthier Generation in the United States; the Food Standards and Safety Authority of India's Safe and Nutritious Food at School campaign; EIT Food a pan-European partnership aimed at empowering innovators, entrepreneurs and students to accelerate innovation in food; and in Canada, the Canadian Foundation for Dietetic Research.

Given our belief that it is not feasible to accurately provide the requested report due to a number -- numerous factors that contribute to obesity and PepsiCo's ongoing commitment beyond enterprise risk management to follow the recommendation of the United Nations and the WHO, in order to be part of the solution, the Board recommends that shareholders do not support this proposal.

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**David Flavell** - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. We will now address questions submitted about the proposals that we just reviewed. I remind you that there will be an opportunity for general questions not related to the proposals after the formal portion of the meeting has concluded. And also, we are limiting each shareholder to one question to give everyone a chance to ask a question. Firstly, we received a question relating to the advisory vote on executive compensation regarding the quantum of executive compensation. Mr. Chairman, can you please tell us about PepsiCo's compensation philosophy?

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**Ramon Laguarta** - *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Yes. Thanks, David. The Compensation Committee of the Board of Directors regularly reviews PepsiCo's executive compensation programs with a set of independent advisors to ensure that we have alignment with our business strategy, market trends and long-term operating goals. Our pay philosophy is underpinned by strong pay for performance principles, which signify that executives only receive incentive payouts when PepsiCo achieves its performance targets.

Since variable compensation is the largest component of an executive's pay, on average around between 85% and 90%, the majority of compensations for our executives is at risk. This strengthens alignment with shareholders' best interests as executives are incentivized to deliver on our financial and operating goals communicated to investors. All compensation programs also incorporate strong governance features such as payout maximums and stringent claw-back provisions triggered in the event of gross misconduct.



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**David Flavell** - PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary

Thank you, Mr. Chairman. We've also received a few questions related to the shareholder proposal on the public health cost report, including whether the sugar content in our regular beverages can be reduced and the total share of our food and drink sales made up of healthier products.

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**Ramon Laguarta** - PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer

Yes, thank you, David. As I said in my earlier remarks, PepsiCo embraces the role we can play in promoting both a balanced diet and healthy portfolio that supports health and wellness. We've long been committed to being part of the solution to what is a very complex issue, the role of diet in obesity and under nutrition. And over the last few years, our innovation has been focused on new product platforms and new brands that offer consumers reduced or non- sugar, lower-sodium and lower-saturated fat options and positive nutritional ingredients.

And we've been quite successful, I might say, in scaling many of these efforts, including Pepsi Zero Sugar or Pepsi Black in other parts of the world, Mtn Dew Zero Sugar, Gatorade Zero, Baked Lay's, SunChips and Off The Eaten Path. We've established science-based targets to guide our portfolio expansion and reformulations efforts. And we report every year our progress on all these targets.

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**David Flavell** - PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary

Thank you, Mr. Chairman. I don't see any further questions pertaining to the proposals. That concludes the presentation of the items of business that you've been asked to vote on in today's meeting. For those shareholders who have not yet voted, we're preparing to close the poll and we'll give you only a few more moments to cast your vote using the Vote Here button on the Virtual Meeting Website, as I noted earlier. If you have previously voted, you do not need to take any further action.

(Voting)

Now that everyone has had the opportunity to vote, I declare the polls closed. I've received the preliminary voting results from the Inspectors of Elections and the preliminary voting results show that all Director nominees have been duly elected by the affirmative vote of a majority of the votes cast. Ballot Item Number Two, the appointment of KPMG as our independent registered public accounting firm for 2022 has been ratified by the affirmative vote of approximately 94% of the votes cast.

Ballot Item Number Three, the advisory vote on executive compensation has been approved on an advisory basis by the affirmative vote of approximately 93% of the votes cast. Ballot Item Number Four, the shareholder proposal regarding an Independent Board Chairman received support of approximately 31% of the votes cast and did not receive enough votes to pass. Ballot Item Number Five, a shareholder proposal for report on global public policy and political influence received the support of approximately 18% of the votes cast and did not receive enough votes to pass.

Ballot Item Number Six, the shareholder proposal for a report on public health costs received the support of approximately 14% of the votes cast and did not receive enough votes to pass. We'll be reporting the final vote results in a Form 8-K that will be filed with the US Securities and Exchange Commission within four business days.

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**Ramon Laguarta** - PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer

Thank you, David. There being no further business to come before the meeting, the formal business portion of this meeting is now adjourned. We'll now address general questions. For the general question, also joining me on the line, together with David, is Hugh Johnston, Vice Chairman and Chief Financial Officer; and Ronald Schellekens, Executive Vice President and Chief Human Resource Officer.

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**David Flavell** - PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary

We'll begin with questions that we received in advance of the meeting or during the course of meeting. And please note, we will attempt to answer as many questions as we can, noting that time is short and we'll start off with first question which we received. Super Bowl is one of the most expensive advertising buys of the year. PepsiCo is active with several snacks and beverage brands. How does PepsiCo justify this expense?

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**Ramon Laguarta** - PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer

Yeah, thank you for the question. Good question. As you know, PepsiCo has a longstanding relationship with the National Football League, which affords us many opportunities to drive consumer engagement throughout the year and during the Super Bowl specifically, which is consistently the most watched and the most highly engaging cultural events of the year in the United States.

Super Bowl is also one of the biggest at-home entertainment events of the year, which is a huge opportunity for our brands. Our relationship with the NFL and association with the Super Bowl enables us to promote in tens of thousands of retail displays throughout the NFL system and in the weeks leading up to Super Bowl, ensuring that PepsiCo brands maintain their relevance and top-of-mind awareness with consumers at the point of purchase.

On top of that, we regularly evaluate all of our advertising and marketing decisions to determine the return on investment and our research -- latest research shows that Super Bowl constantly provides tens of millions of dollars of return to our business every year, including media value and retail sales as consumers stock up on our products to watch the game.

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**David Flavell** - PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary

Thank you, Mr. Chairman. The next question we received is, what is PepsiCo doing in regard to Ukraine?

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**Ramon Laguarta** - PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer

Yes. Thank you, David. I stated earlier in my prepared remarks that PepsiCo's first priority continues to be the safety and the security of our Ukrainian associates. We remain fully committed to supporting our Ukrainian employees and have already provided approximately \$14 million in aid to assist our Ukrainian associates and Ukrainian refugees in neighboring countries. This includes direct financial assistance, services, charitable donations and in-kind product support such as dairy, water and fridges to help the humanitarian relief efforts.

In particular locations -- in the Ukraine, we're providing accommodations and financial support for more than 300 displaced employees and their families. In Poland, we've transformed our headquarters in Warsaw into the PepsiCo Hotel, as we call it. 450 people have passed through that hotel. In Romania, we've taken over five hotels to house 600 people, including 200 families with more than 250 children. And we began to redeploy people temporarily in their new countries and created jobs for PepsiCo family members. So, a very comprehensive effort to support our associates. We believe that the war is never an answer and we stand with all those calling for peace.

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**David Flavell** - PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary

Thank you, Mr. Chairman. The next question we received is, did PepsiCo consider purchasing Planters Peanuts when it was for sale recently, or it was acquired by a competitor? It seems like it would've been a good fit for the Frito-Lay business, salty snacks and the good-for-you side of the business. If PepsiCo did not consider purchasing Planters, why not?

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**Ramon Laguarta** - PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer

Thank you for your question. As a matter of practice and we've done this historically, PepsiCo does not comment on mergers and acquisition speculation.

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**David Flavell** - PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary

Thank you, Mr. Chairman. I -- noting the time, we'll take one last question. With the shared price of the company hovering around \$170, has the company considered a stock split?

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**Ramon Laguarta** - PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer

Thank you. Yes, we're aware that stock split is always an option for us. However, we believe that the administrative cost of executing one outweighs the benefits that we think we'll have in our evaluation.

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**David Flavell** - PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary

Thank you, Mr. Chairman, and thank you to all of our shareholders for your questions. Given the time, that concludes the question-and-answer session. Any questions that we did not get to that are in accordance with the rules of conduct will be addressed on our company website. If you have any other questions, please send a note to our investor relations team at [investor@pepsico.com](mailto:investor@pepsico.com).

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**Ramon Laguarta** - PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer

So, thank you everyone for your time and for attending PepsiCo's Annual Meeting of Shareholders. I wish you and your families very good health.

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**Operator**

This now concludes the meeting. Thank you for joining and have a pleasant day.