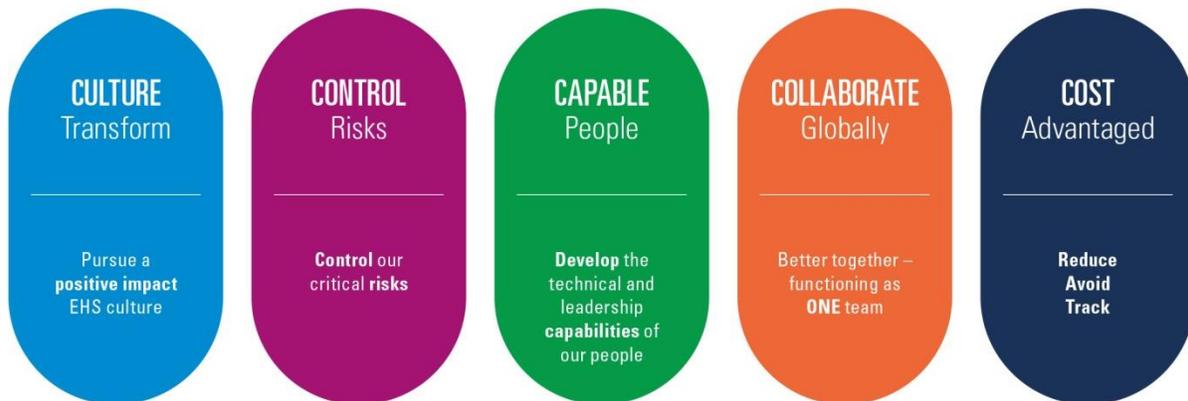




## Environmental, Health & Safety

Protecting the safety, health and well-being of our associates around the world is one of our top priorities. We use many methods to integrate health and safety values into the collective consciousness at PepsiCo and to ensure the continual improvement of our health and safety culture and performance. In 2016, we evolved our Global Environmental, Health and Safety (EHS) strategy to focus on pursuing a positive impact culture, as well as reducing our significant incidents. Our new five strategic platforms are best described as follows:



There are inherent risks in any business operation. At PepsiCo, we believe that effective systems of risk management can be put in place to help prevent environmental incidents and occupational injuries. Our EHS Policy formally establishes our commitment to environmental protection and occupational health and safety at every level. Through compliance with the policy and implementation of our strategy, we aspire to achieve an incident-free workplace and to make a positive impact on the lives of our employees and their families. This aim underpins our core values and helps us deliver on our Performance with Purpose goals. Indra Nooyi, our Chairman and CEO, has encouraged health and safety leaders from around the world to:

- Go beyond their businesses to think and act like a global function, recognizing that environmental incidents or unsafe practices reverberate throughout the entire company;
- Go beyond compliance with local regulations, because simply complying with the law will not make us best-in-class; and
- Go beyond their teams by making everyone accountable for PepsiCo being a safe and responsible company.

A key component of the overall risk management strategy is the implementation of a robust Global EHS Management System (GEHSMS), a thorough compilation of management and technical standards for key risk areas across our business. Each year, PepsiCo operations complete a self-assessment against GEHSMS and generate corrective/preventive actions for any non-conformances that have been identified. GEHSMS also forms the foundation for PepsiCo's ISO 14001 and OHSAS 18001 multi-site, companywide certifications. Annually, sites are selected to undergo third-party audits in support of the multi-site certification and must conform to the criteria established by GEHSMS, ISO 14001 and OHSAS 18001. To facilitate the audit process, as well as provide visibility into the overall risk management process, PepsiCo relies on a global EHS information system. This system, myEHS, allows us to record and track incidents in real time, conduct audits on mobile devices and tablets, automate our metric reporting, track corrective and preventative actions, and share safety alerts and best practices. Data from myEHS is easily accessible by EHS professionals and senior PepsiCo leaders to ensure that Health and Safety is front of mind during routine operations and targeted visits.

PepsiCo's EHS structure is designed to accelerate local performance against globally-agreed upon objectives that support the strategy. PepsiCo's Vice President of Environment, Health and Safety, by direction from PepsiCo's Risk Committee and in partnership with the EHS Leadership Team (EHSLT), is tasked with implementing our Global Roadmap to Health and Safety Excellence and for establishing the overall strategy. The EHSLT is comprised of EHS senior leaders from each geographic sector of our business and is responsible for governing environmental compliance and occupational health and safety within their respective businesses. In order to ensure execution against the strategy, each Sector develops an annual health and safety operating plan that includes sector and site-specific strategies and targets. The implementation of these plans is administered by designated health and safety professionals who have specific health and safety objectives. Furthermore, safety committees or coordinators are present and active in all company-owned manufacturing plants to ensure that plans are delivered at the most local level.

PepsiCo also leverages the following Centers of Expertise (COE) – a team of cross-sector and cross-functional experts who are charged with delivering control solutions for our highest risk areas:

- Ergonomics
- Machinery Safety
- Powered Industrial Truck
- Fleet Safety
- Walking and Working Surfaces
- Working at Height
- Wastewater

Each COE is sponsored by a senior leader from the EHSLT and is responsible for developing technical, organizational and capability building risk control strategies that are replicated across all PepsiCo operations. The COE categories represent risks that are high both in severity and frequency, allowing PepsiCo to address multiple dimensions of safety.

In 2016, each of these COEs delivered risk control strategies that are currently being adopted by each geographic sector. By taking this approach, PepsiCo can accelerate risk management while reducing redundancy and inefficiency in the process.

Starting in 2015, PepsiCo placed a targeted focus on fleet and sales health and safety risks, while not losing momentum in manufacturing plant operations. We sought proactive approaches based on behavioral science and technology to support positive changes and drive performance improvement. For example:

- To reduce the number of injuries resulting from vehicle collisions, PepsiCo has mandated the installation of black boxes and reverse cameras on all PepsiCo owned commercial vehicles. Black boxes collect general telematics information including routes and location, speed, acceleration, hard cornering and harsh breaking. To date, we have installed more than 45,000 black boxes and 54,000 reverse cameras, with the balance scheduled to be complete by the end of 2017.
- As a cornerstone of our fleet health and safety program, we continue to actively implement mandatory defensive driver training using either the commercially available Smith System or our in-house training called “TEST (Ten Easy Safety Tips) Drive.”
- In high-risk countries, we have implemented state-of-the-art behavior-monitoring devices to provide drivers with feedback on their speed, harsh accelerations or decelerations, use of seatbelts and other safety factors.
- We are also piloting non-traditional technology, such as wearables, as a way of identifying and addressing high frequency but low severity risks like ergonomics and fatigue.

As a founding member of the Together for Safer Roads (TSR) Coalition, PepsiCo collaborates with industry leading multi-national corporations, including Anheuser-Busch InBev, Walmart and UPS, to align private sector goals with the United Nations’ Decade of Action for Road Safety. The aim of this coalition is to improve road safety; enhance vehicles and systems; reduce deaths and injuries from road traffic; and promote safer road users, advocacy and thought leadership. A key component of PepsiCo’s World Day for Safety and Health at Work communication campaign has been to promote and bring awareness to the importance of safe driving practices.

#### Metrics and Indicators

By implementing our strategy and targeting our highest risk areas, we aim to achieve world-class health and safety performance. Our scope of reporting, based on total hours worked, consists of 50 percent operations (manufacturing plants) and 50 percent sales (salespeople & drivers and warehouses not attached to plants). It is important to note that the health and safety risk profile of our sales force differs from that of our operations force. The nature of work in the sales organization has inherently greater ergonomic risks presented by stocking shelves and lifting products, as well as additional challenges from implementing alternative working situations should an employee not be able to return to full capacity, after an incident. We set intentionally aggressive goals for improving our health and safety performance within this organization to help mitigate these risks.

In 2016, the total lost-time incident rate (LTIR)<sup>1</sup> across PepsiCo was 15 percent lower than in 2015. Employee LTIR was reduced by 17 percent while contractor LTIR increased by 6 percent. Overall, there were 9 percent fewer contractor LTIs in 2016 versus 2015; however, hours worked also decreased by 15 percent. This resulted in a slight increase in LTIR.

#### TOTAL GLOBAL LTIR

YEAR	2012	2013	2014	2015	2016
GLOBAL LTIR (PER 1 MILLION HOURS)	5.80	4.80	3.68	3.31	2.83

#### SECTOR LTIR

SECTOR	AMENA	ESSA	NORTH AMERICA	LATAM	OTHER
2015 LTIR	0.86	2.01	5.99	2.50	0.50
2016 LTIR	0.67	2.04	5.48	1.62	0.19

In 2016, the total injury rate (IR) across PepsiCo was 6 percent lower than in 2015. Employee IR was reduced by 8 percent while contractor IR increased by 6 percent. Overall there were 9 percent fewer contractor injuries in 2016 versus 2015; however, hours worked also decreased by 15 percent. This resulted in a slight increase in IR.

In 2016, the total occupational disease rate (ODR) across PepsiCo was 27 percent lower than in 2015. Employee ODR was reduced by 27 percent while contractor ODR decreased by 67 percent.

<sup>1</sup> LTIR calculated by: (Total number of lost time injuries and illnesses)/(total number of hours worked)\*(multiplier of 1,000,000)