



Ethics & Integrity

Values

PepsiCo's Values and Global Code of Conduct are the cornerstone of our governance strategy. Our Values are our compass, guiding us to fulfill our Performance with Purpose vision of being the socially and environmentally responsible company we believe we are and aspire to be. Our Global Code of Conduct is our roadmap, delivering results the right way and positioning us for long-term sustainable growth. We uphold our Values with six guiding principles:

- Care for our customers, our consumers and the world we live in
- Sell only products we can be proud of
- Speak with truth and candor
- Win with diversity and inclusion
- Balance the short term and long-term
- Respect others and succeed together

Our Global Code of Conduct

At PepsiCo, we believe acting ethically and responsibly is not only the right thing to do, but also the right thing to do for our business. PepsiCo's Global Code of Conduct (Code) provides specific guidance on *how* we make decisions, *how* we treat others and *how* we conduct business globally, with:

- Respect in the workplace
- Integrity in the marketplace
- Ethics in our business activities
- Responsibility to our shareholders

Operating in accordance with these principles creates sustainable growth by driving our ethical culture and building trust with our employees, consumers, investors and communities.

Our Code applies to all PepsiCo employees around the world (including employees of our subsidiaries), members of the PepsiCo Board of Directors when they act in their capacity as directors, and PepsiCo's joint ventures over which PepsiCo has management control, and to every employee, officer and director of such joint ventures. It is reviewed each year to reflect changes in law, and is available in over 25 languages on our internal and external websites.

Exceptional instances of ethical conduct are recognized each year through peer-nominated ethical leadership awards. Alleged violations of the Code are investigated in accordance with an incident management process and escalation policy. Confirmed violations generally result in discipline or other corrective action up to and including termination.

PepsiCo's Global Compliance & Ethics Department (GC&E) has primary responsibility for promoting, monitoring and enforcing the Code. GC&E accomplishes this through training, policies and processes designed to foster an ethical culture and protect against the risk of non-compliance. However, the ultimate responsibility for ethical excellence rests with each employee.

To learn more about our Global Code of Conduct and to download it in more than 25 languages, please visit our [Global Code of Conduct page](#).

Compliance Training and Awareness

We require associates at all levels of the organization to participate in annual Code of Conduct training. In 2016, over 69,000 salaried employees worldwide completed an online Code of Conduct course custom-written in 24 languages to reflect real-life PepsiCo business situations. 100% of eligible salaried employees completed the course and certified compliance to the Code. Also in 2016 over 179,000 frontline employees in our plants and warehouses received Code and Values training through in-person, manager-led workshops.

In addition to our annual training, the Code of Conduct is reinforced throughout the year with local and global communications including internal newsletter articles, digital signage, portal updates, tone at the top messaging and ethics and Values campaigns.

Subject-matter compliance on key risks is also conducted on a global and targeted basis. In our 2016 training cycle, online Anti-Bribery training was completed by over 69,000 employees and online Information Security training by over 68,000 employees. Targeted training based on role and geography was also conducted and included the following subject matters: Consent Order (11,200 employees), Trade Spend (8,500), Antitrust/Competition Law (8,000), Contract Workers (1,200), and new hire training (3,000).

Reporting Mechanisms

Speaking Up at PepsiCo

Speaking up is an integral part of our culture of ethics at PepsiCo. We encourage employees to raise issues when faced with an ethical dilemma and seek guidance when a course of action is unclear. In addition, all employees have an obligation to report what they suspect or believe to be a violation of PepsiCo's Global Code of Conduct or applicable law.

Employees can raise concerns and report Code violations through any of the following channels:

- Their supervisor manager or next level manager
- A Human Resource manager
- The PepsiCo Law Department or Global Compliance & Ethics Department
- Speak Up hotline available by phone or by web

If a PepsiCo associate is uncomfortable approaching his/her manager or others within the company to report a Code violation, he/she has the option of contacting the Speak Up hotline and may remain anonymous where permitted by law.

Speak Up Hotline

Our Speak Up hotline is operated by an independent third-party vendor to provide employees, consumers, business partners and community members with a 24/7 anonymous and confidential means of reporting alleged violations of our Code or applicable law. It is accessible anywhere in the world by phone or by web in languages spoken by PepsiCo employees. Speak Up is widely promoted at facilities and office locations, on Company internal and external websites, and in various training programs.

To learn more, please see our [Speak Up page](#).

Handling Reports

All reports of suspected violations received through Speak Up are reviewed by the Global Compliance & Ethics team in accordance with an incident management process and our Code of Conduct Escalation Policy. Global Compliance & Ethics provides guidance and oversight to investigators assigned to each case within each Sector/Region to foster consistency of the investigative process, discipline and appropriate corrective actions.

Non-Retaliation

PepsiCo is committed to protecting the rights of those individuals who report issues in good faith either through one of the reporting means described in our Code or to government authorities. Our company will not retaliate or permit retaliation against a person who in good faith:

- Reports what he or she believes is a violation of our Values, our Code, our policies or the law
- Raises a compliance question or seeks advice about a particular business practice, decision or action
- Cooperates in an investigation of a potential Code violation

Retaliation against an employee for reporting an issue in good faith is itself a violation of our Code.

Anti-Corruption

Our Commitment

Reducing the risk of corruption in our business operations is a top priority at PepsiCo. Internal controls, systems and processes are in place to reduce the risk of corruption and bribery and to assure our associates understand the criticality of conducting PepsiCo business in compliance with the laws and regulations of countries where we operate.

Our Policy

At the core of our anti-corruption program is the Global Anti-Bribery Compliance Policy. Our Anti-Bribery Policy prohibits any payment or any offer, promise or authorization to give anything of value to any government official or other person or entity in the private sector with intent to obtain or retain business, improperly influence decisions or obtain an unfair advantage. In addition, our Global Code of Conduct prohibits unethical business practices including corruption, improper gifts, bribery, extortion, kickbacks and money laundering.

Monitoring Our Policy

We mitigate corruption risks and monitor compliance with our Anti-Bribery Policy through systems, procedures and controls that include the following:

- Company-wide training initiatives on anti-bribery and anti-corruption as described below
- Compliance & Ethics resources dedicated to continuous improvement of our anti-corruption policies and agenda
- Prohibition of facilitating payments
- Requirement for prior written consent by a Compliance & Ethics representative or Law Department General Counsel for anything of value offered, promised or authorized to a government official, and proper supporting documentation for pre-approved expenditures as part of employee expense reimbursements
- Widely communicated means of reporting suspected bribery and corruption to Global Compliance & Ethics or through our Speak Up Reporting hotline (See Reporting Mechanisms) where employees have the option to remain anonymous where permitted by law
- Investigation of all suspected bribery and corruption allegations in connection with an incident management process and escalation policy
- Assessment of compliance and corruption risks through proactive integrated risk assessments conducted periodically in key markets together with outside counsel, Corporate Audit, Global Compliance & Ethics and Enterprise Risk Management
- Internal audits of control capabilities relating to Code of Conduct and anti-bribery/anti-corruption risks conducted periodically in targeted geographic and/or functional areas
- Third party relationship management and due diligence as described below

Anti-Corruption Third Party Due Diligence

PepsiCo prohibits all forms of bribery and corruption in our operations, and we expect our third parties, including suppliers, service providers, agents and contractors to do the same. Our third parties are required through mandatory contract provisions to comply with our Supplier Code of Conduct which prohibits corruption and bribery. We also conduct anti-corruption due diligence on third party relationships through a risk-based Third Party Due Diligence (TPDD) program that provides a consistent process for vetting new and existing third party vendors in high risk industries and high risk countries. No in-scope third party may be engaged by PepsiCo until it has successfully gone through the TPDD review.

Anti-Corruption Training

The importance we place on maintaining an effective anti-corruption program is reflected in our annual anti-bribery training program. In 2016, over 69,000 salaried employees worldwide completed an online training course and certified compliance to our Anti-Bribery Policy. The course, available in 24 languages, was custom-written to reflect proper dealings with government officials specific to PepsiCo job roles and included a means for employees to disclose contacts with government officials. In addition, over 6,800 employees in high-risk countries participated in in-person anti-bribery training sessions led by PepsiCo lawyers. This training is interactive and addresses the U.S. Foreign Corrupt Practices Act in addition to country-specific laws.