



## Stakeholder Engagement

We value the views of our shareholders and other stakeholders, and the input that we receive from them is a cornerstone of our Performance with Purpose (PwP) 2025 agenda. These engagements help us learn about emerging sustainability topics, better inform our efforts, and help PepsiCo work to create value for society.

We use a variety of mechanisms to solicit feedback from our stakeholders, including bilateral meetings and participation in stakeholder networks, outreach programs, webinars and partnerships on a wide variety of topics. Engaging with a wide range of stakeholders is important, including organizations that are critical of our actions, in order to understand and address their concerns.

Throughout 2016, members of our management team met with a significant number of our stakeholders to discuss our new PwP 2025 agenda, which we believe established a dynamic framework that can accommodate the demands of a rapidly changing business environment while remaining responsive to the priorities of our stakeholders. We solicited feedback on areas where PepsiCo can strive to have the greatest impact, as well as how to support this agenda through strong corporate governance, executive compensation and management practices.

Although stakeholder perspectives varied in emphasis, there were some consistent themes. In particular, stakeholders reinforced their expectation that PepsiCo – as a leading global company – should use our strengths in collaboration with others to help reshape social and environmental systems for the benefit of society as well as business.

The following chart summarizes stakeholder perspectives on how PepsiCo can contribute to addressing some of the leading societal and environmental challenges that intersect with our business. This chart represents the issues we are addressing that certain stakeholders identified as the highest priority, but it is not exhaustive. Cross references are provided to areas of our website where you can find more information on our activities, including governance and management approach, business risks and opportunities and next steps.

	TOPICS		STAKEHOLDER PERSPECTIVES	WHAT WE ARE DOING ABOUT IT	RELEVANT A-Z TOPICS
PRODUCTS	PUBLIC HEALTH	Innovating More Nutritious Options	PepsiCo and other multinational food and beverage companies should increase their offerings of healthier choices to address risk factors associated with non-communicable diseases and leverage consumer demand for healthier products.	PepsiCo has adopted goals to drive the reduction of saturated fats, sodium and added sugars.	Nutrition Saturated Fat Sodium Sugar
		Consumer Information	Consumers want greater transparency about what is in the foods they eat. Additionally, governments and public health advocates are calling on PepsiCo and other multinational food and beverage companies to provide consumers with more information so that they can make decisions about the foods they consume and how they fit in a healthy diet.	PepsiCo is continuing to implement our global labeling policy and adopting new labeling systems that provide greater transparency and help consumers make responsible dietary decisions.	Nutritional Labeling
		Responsible Marketing to Children	Our stakeholders continue to acknowledge that PepsiCo has taken many positive steps to limit marketing to children. However, our industry continues to receive pressure to strengthen our policies in this regard.	We have engaged with the World Federation of Advertisers to provide additional training to our marketing, nutrition and legal departments on our policies. We continue to monitor our performance on this topic and are exploring policy enhancements.	Advertising & Marketing
	FOOD SECURITY	Access to Affordable Nutrition	At the same time that the world is facing rising rates of obesity, malnutrition, hunger and access to nutrition continue to present global challenges.	As part of our PwP 2025 agenda, we have committed to providing access to at least 3 billion servings of nutritious foods and beverages to underserved communities and consumers.	Nutrition
PLANET	WATER		Water is critical to human health, sanitation and an array of commercial and industrial operations, including agriculture. But it is being used unsustainably in many watersheds and must be conserved. PepsiCo needs to use water efficiently, replenish water within local watersheds, work with farmers to promote conservation, and work with policymakers to establish better water governance, especially in areas with high water stress.	As part of our PwP 2025 agenda, PepsiCo has committed to a number of interconnected goals that enhance our water stewardship.	Water
	CLIMATE CHANGE	Public Policy Advocacy	Stakeholders are looking for businesses such as PepsiCo to publicly support government actions, and collaborative approaches between business, civil society and governments, that tackle climate change. They also want companies to look beyond their direct operations and reduce emissions along their value chains consistent with a "2 degree scenario."	<ul style="list-style-type: none"> <li>• PwP 2025 climate goal: Reduce absolute emissions by at least 20 percent by 2030 compared with 2015 baseline, across the value chain.</li> <li>• Engage with policymakers, e.g., on truck efficiency rules.</li> </ul>	Climate Change
	SUSTAINABLE AGRICULTURE	Palm Oil and Cane Sugar	As a significant customer of palm oil and cane sugar, PepsiCo should ensure their supply chains are environmentally and socially sustainable with ambitious future targets, policies being implemented on the ground and mechanisms to manage current issues.	PepsiCo has set a goal to source palm oil and cane sugar sustainably by 2020. We are also enhancing our grievance mechanism for our agricultural supply chain and working with our suppliers to enhance their capability on these issues.	Agriculture Palm Oil Deforestation Land Rights Human Rights
	PACKAGING AND WASTE		Stakeholders want convenient packaging that does not pollute the environment while also preserving the freshness of the product and avoiding spoilage.	Through our PwP 2025 goals we are continuing our work to redesign packaging to be more sustainable, (e.g., removing packaging components that disrupt recycling), and we are partnering with a variety of organizations to improve recycling rates. We are also looking at ways to lower the carbon footprint of our packaging.	Packaging Waste
PEOPLE	HUMAN RIGHTS	Salient Issues	PepsiCo should identify the most important human rights risks to rights holders, articulate the specific challenges, problems found and how PepsiCo is working to address them.	PepsiCo has launched a new human rights policy, which includes an identification of our salient issues. We are developing additional programs to address these issues and following the UNGP Reporting Framework to better explain our approach to human rights.	Human Rights

Many of the issues that we are engaged on require collaboration between governments, civil society and business to achieve progress. We are participating in a wide range of initiatives that are focused on some of our key issues, including:

- **Nutrition labeling:** One version of interpretive logos has been developed by the Choices International Foundation's Choices Programme, a multi-stakeholder initiative to help consumers easily select healthy food options and help industry improve their products. For example, we are collaborating with the Singapore government to place a Healthier Choice nutritional logo on appropriate products in our portfolio in that market.
- **Climate Change:** PepsiCo is one of the founding members — along with institutions like The Nature Conservancy and individuals like Michael Bloomberg — of the Climate Leadership Council, advocating a consensus climate solution — including a gradually rising and revenue-neutral carbon tax — that bridges partisan divides, strengthens our economy, and protects our environment.

- **Renewable Energy:** To support our company's transition to renewable energy sources, PepsiCo has also joined the Business Renewables Center at the Rocky Mountain Institute and signed on to the Renewable Energy Buyers' Principles, developed by leading nongovernmental organizations to help increase access to more renewable energy in the United States.
- **Forced Labor:** Following feedback from several stakeholders, including the Interfaith Center on Corporate Responsibility (ICCR) and the UN Global Compact, we are taking an active role in the Consumer Goods Forum's initiative to fight forced labor through the Social Sustainability Committee. With the release of the Priority Industry Principles on Forced Labor, the Social Sustainability Committee aims to drive global collaboration between retailers and manufacturers in identifying and tackling key social sustainability issues for the industry with a focus on ensuring every worker has freedom of movement, should not pay for a job, and should not be indebted or coerced to work.