

Ethics & Integrity

Values

PepsiCo's Values and Global Code of Conduct (Code) 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. In today's hyper-connected and transparent world, how we do things is just as important as what we do. PepsiCo's 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 result in corrective action or discipline, as appropriate, up to and including termination.

PepsiCo's Global Compliance & Ethics Department (GC&E), led by the Global Chief Compliance & Ethics officer, 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 28 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 2017, over 72,000 employees worldwide completed an online Code of Conduct training course available in 24 languages, and certified compliance to the Code. Also in 2017 over 184,000 frontline employees in our plants and warehouses received Code and Values training through in-person training workshops. Many of those workshops were manager-led and featured custom-written training videos. In addition to our annual training, the Code of Conduct is reinforced throughout the year with local and global communications including internal articles, digital signage, portal updates, tone at the top messaging and ethics and Values campaigns. To help promote a Culture of Integrity, leaders at all levels across the organization incorporate Culture of Integrity into their speeches and other written and oral communications. Subject-matter compliance on key risks is also conducted on a global and targeted basis. In our 2017 training cycle, online Anti-Bribery training was completed by over 72,000 employees, and an online Human Rights Modern Slavery course was completed by over 4,200 employees. In addition, over 1,100 Contract Workers were trained on our Supplier Code and over 3,800 newly hired employees completed a Code and Anti-Bribery course.

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, complaints, and concerns. In addition, all employees have an obligation to report what they suspect or believe to be a violation of the 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 Global Compliance & Ethics Department or the PepsiCo Law Department
- Speak Up hotline available by phone or by web

When contacting the Speak Up hotline, an employee 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.

Learn more about [Speak Up](#) on our website.

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. Matters are either referred for handling or assigned to investigators within each Sector/Region. Global Compliance & Ethics provides guidance and oversight to investigators 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.

Anticorruption

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 the countries in which we operate.

Our Policy

At the core of our anticorruption program is PepsiCo's 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, the Code prohibits unethical business practices including corruption, improper gifts, bribery, extortion, kickbacks and money laundering.

Monitoring Our Policy

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

- Company-wide training initiatives on anti-bribery and anticorruption as described below
- Compliance & Ethics resources dedicated to continuous improvement of our anticorruption policies and agenda
- Prohibition of facilitation payments
- Gifts and entertainment are never permissible in order to improperly influence government officials. Under limited circumstances and with prior written consent from the Compliance & Ethics Department or the Law Department, a reasonable expense involving a government official may be approved.
- 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 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/anticorruption risks conducted periodically in targeted geographic and/or functional areas

- A proactive effort to catalog and evaluate Anti-bribery/Anticorruption controls, policies, and procedures worldwide to identify potential areas for improvement and to identify local controls that are already “best-in-class” and possibly capable of worldwide replication
- Periodic reviews of PepsiCo’s Anti-bribery/Anticorruption program by outside counsel to identify weaknesses and areas for enhancement
- Third party relationship management and due diligence as described below

Anticorruption 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 anticorruption due diligence on third parties through a risk-based Third Party Due Diligence (TPDD) program that provides a consistent process for vetting 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.

Anticorruption Training

The importance we place on maintaining an effective anticorruption program is reflected in our annual anti-bribery training program. In 2017, over 72,000 employees worldwide completed an online training course and certified compliance to our Anti-Bribery Policy. The course, available in 24 languages, was focused on proper dealings with government officials specific to PepsiCo job roles and our Third Party Due Diligence process. It also included a means for employees to disclose contacts with government officials. In addition, over 5,800 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.