

# Political Activities, Political Contributions & Issue Advocacy

July 2017

In each of the more than 200 countries and territories in which our products are made, manufactured, distributed or sold, we abide by the local laws and regulations governing interaction with government officials and political giving. In the democratic societies in which we operate, the health of those societies depends on citizens being responsibly engaged in the political process. PepsiCo's political activities – including political giving and issue advocacy -- must always comply with all applicable national laws and PepsiCo's Political Activities, Contributions & Issue Advocacy Policy & Guidelines below.

## Governance and Oversight

PepsiCo's Board of Directors recognizes that the use of Company resources in the political process is an important issue for shareholders. PepsiCo's Board of Directors oversees the Company's public policy processes and activities with the assistance of its Public Policy and Sustainability Committee. This includes the periodic review of policies and practices regarding political contributions, as well as the review of PepsiCo's political contributions and expenditures of both corporate and political action committee funds.

## Issue Prioritization

PepsiCo's Public Policy & Government Affairs team works with senior management to develop annual and long term public policy priorities. Such priorities include efforts to protect and advance our business and strategic goals, which are embodied as part of PepsiCo's Performance with Purpose mission. Key issues include discriminatory taxation, trade, commodities, restrictions in the marketplace and environmental regulation.

## Lobbying: Guidelines, Reporting and Expenses

PepsiCo monitors and abides by the changing laws and regulations governing lobbying activities, including the rules regarding state and federal lobbying registration and reporting obligations. PepsiCo associates who engage in and support lobbying efforts at the U.S. federal and state level undergo annual ethics training by expert outside counsel. PepsiCo discloses all lobbying activities at the federal, state and local level, as required by law.

PepsiCo's quarterly federal lobbying reports can be found [here](#). In 2016, PepsiCo spent approximately \$3,140,000 USD on federal lobbying-related activities in the United States. In support of transparency, when reporting its lobbying activities PepsiCo uses a broad definition of lobbying-related activities, provided in the Lobbying Disclosure Act.<sup>1</sup>

In addition, any consultants PepsiCo retains also must file public disclosures regarding their activities on behalf of the company as required by law.

## Downloads

[PepsiCo's 2016 Registered Lobbyists](#)

## Political Contributions (PAC and corporate funds) – Governance, Criteria, Accountability

Political contributions by PepsiCo's political action committee – the PepsiCo Concerned Citizens Fund (CCF) – and by the company, where permitted by law, provide an important opportunity for PepsiCo and its employees to participate in the democratic process. CCF receives voluntary employee contributions to from eligible individuals to make political campaign contributions to U.S. federal and state candidates, political parties and other political committees. Management and supervisory employees who are lawful citizens/residents of the United States may voluntarily contribute to CCF.

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<sup>1</sup> Expenses related to federal lobbying activities as reported by PepsiCo per the Lobbying Disclosure Act include such

Except for administrative expenses, CCF is completely funded with voluntary contributions from eligible PepsiCo employees.

#### Downloads

[PepsiCo's Political Contributions Policy](#)

All CCF and corporate contributions must be approved by the Contributions Executive Committee comprised of PepsiCo executives. All such political contributions are distributed in a non-partisan manner to U.S. candidates, political parties, other political committees and ballot measure committees. Moreover, all such contributions must be made and reported in accordance with applicable federal, state and local campaign finance laws.

PepsiCo has developed processes designed to further promote corporate accountability:

- PepsiCo employees must obtain approval of the Corporate Vice President Public Policy & Government Affairs before making political contributions of corporate funds.
- All contributions must be reviewed by the corporate law department and expert outside counsel to ensure legal compliance
- All contributions must further reflect PepsiCo's business or strategic interest and not those of its individual officers or directors.
- No contribution will be given in anticipation of, in recognition of, or in return for an official act.
- Employees will not be reimbursed directly or through compensation increases for personal political contributions or expenses.
- Details on all PepsiCo's political contributions will be posted on its website on an annual basis.

The following criteria will be used in connection with all contributions:

- The candidate's or entity's commitment to improving the business climate
- The candidate's commitment to the long-term public policy goals of PepsiCo
- The location of PepsiCo facilities or employees within the candidate's district or state
- The candidate's position on key committees where legislation of importance to PepsiCo is considered or the candidate's demonstrated leadership - or potential for leadership - within the U.S. Congress or a State Legislature

As a result of a 2010 U.S. Supreme Court decision corporations may now make independent political expenditures such as sponsoring political ads in federal elections, but are still prohibited from contributing directly to federal candidates. PepsiCo has not made independent political expenditures and does not anticipate that the Court decision will impact how the company contributes or engages in the political process.

Finally, PepsiCo employees have the right to be engaged in the political process in their individual capacity as they see fit, and make political contributions of their own time and money to the candidates or parties of their choice. Of course, those efforts must not in any way suggest PepsiCo's support. Coercion of any employee to contribute to the CCF or to make any political contribution of any kind is unacceptable. In addition, an employee's personal political affiliation or political activities shall not be the basis of adverse employment action so long as those affiliations and activities are both lawful and fully compliant with PepsiCo's Code of Conduct.

#### Contribution Factors

PepsiCo seeks to support candidates who have responsible pro-business records and positions. In this way, PepsiCo seeks to improve the business climate, our quality of life and the society in which we live, enabling us to succeed as a company committed to integrity, innovation and value.

PepsiCo generally does not make contributions with corporate funds or CCF to candidates outside the United States. Any exception to this policy would require a written recommendation by PepsiCo's regional government affairs representative and approval by (1) the Corporate Vice President of Public Policy & Government Affairs and (2) the corporate and regional law departments to ensure strict legal compliance. Any such contribution would be posted on the PepsiCo website with other political contributions.

#### Downloads

- [PepsiCo's 2016 Concerned Citizens Fund Contributions](#)
- [PepsiCo's 2016 Corporate Political Contributions](#)
- [PepsiCo's 2015 Concerned Citizens Fund Contributions](#)
- [PepsiCo's 2015 Corporate Political Contributions](#)

## Trade Associations

PepsiCo is a member of numerous industry and trade groups and partners with various nonprofit organizations and non-governmental organizations, including:

- American Beverage Association
- Business for Social Responsibility (BSR)
- Ceres
- Consumer Goods Forum
- FoodDrinkEurope
- Food Industry Asia
- Global Reporting Initiative (GRI)
- The Grocery Manufacturers Association
- International Council of Beverage Associations
- International Food & Beverage Alliance
- International Life Sciences Institute
- Mexican Council of Consumer Goods Products (ConMexico)
- Snack Food Association
- UN Global Compact
- U.S. Council for International Business
- World Business Council for Sustainable Development (WBCSD)
- World Economic Forum

PepsiCo works with these groups because they represent the food and beverage industry and the business community on issues that are critical to PepsiCo's business and its stakeholders. Importantly, such organizations help develop consensus among varied interests.

PepsiCo does not always share or agree with all of the views of each of our peers or associations. PepsiCo representatives on the boards and committees of such groups ensure that PepsiCo's position about policy or related activities is voiced. As such, there may be times when PepsiCo chooses not to fund certain initiatives sponsored by such organizations.

PepsiCo annually reviews the benefits and challenges from membership in our major trade associations. In addition, our trade associations are required to obtain specific consent from PepsiCo to use PepsiCo's dues or similar payments for the funding of exceptional political expenditures beyond regular dues and business matters. PepsiCo specifically directs in writing each of its primary trade associations to use PepsiCo dues for general operating expenses and other routine activities, which includes lobbying executive and legislative bodies, and not to apply PepsiCo dues to any political event or election related activity without a specific approval from PepsiCo.

PepsiCo currently does not belong to any organizations which have as a major focus the creation and promotion of model legislation.

### Downloads

[PepsiCo's 2016 Trade Associations and Policy Groups](#)

## PEP Response on U.S. Chamber of Commerce and Climate Change

Climate change is one of the most important issues of our time and requires immediate, coordinated action. Building on our track record of action on climate change, PepsiCo has a goal to reduce absolute greenhouse gas emissions across our value chain by at least 20% by 2030. This goal has been independently recognized by leading NGOs as a science-based target.

Industry action must be supported by climate policy that creates clear price signals and incentives to accelerate clean technology and needed innovation. PepsiCo does not question the science behind climate change, and we have a record of supporting climate policy through membership in the US Climate Action Partnership, signing the American Business Act on Climate Pledge, supporting the Paris Climate Accord, and becoming a founding member of the US Climate Leadership Council.

PepsiCo is a member of many trade associations and other business and civil society associations, and we do not always agree with all of the positions these associations may take on specific policy matters. On our web site we disclose our contributions to US trade associations and policy groups of which PepsiCo is a member and which lobby in the US at the state and federal level. The document may be downloaded [here](#). PepsiCo is a member of the U.S. Chamber of Commerce, but we do not serve on the organization's Board and we do not share its views on climate policy.