

Stakeholder Engagement

May 2018

We value the views of our stakeholders, including customers, consumers, shareholders, employees and a wide range of organizations, and the input that we receive from them is a cornerstone of how we developed, implement and evolve 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 our company and 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 broad range of stakeholders is important, including organizations critical of our actions, to understand and address their concerns.

Throughout 2017, members of our management team met with a significant number of our shareholders and other stakeholders to discuss our PwP 2025 agenda, which establishes a dynamic framework to 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 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 PepsiCo’s business. For additional information about our engagement with shareholders and other stakeholders, please see Page 34 of our [2018 proxy statement](#).

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.

PRODUCTS	TOPICS	STAKEHOLDER PERSPECTIVES	WHAT WE ARE DOING ABOUT IT
	PUBLIC HEALTH	Innovating More Nutritious Options	PepsiCo and other food and beverage companies should increase their offerings of nutritious choices to address risk factors associated with non-communicable diseases and leverage consumer demand for nutritious products.
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 they can make decisions about what they consume and how it fits into their diet.	PepsiCo is continuing to implement our global labeling policy and adopting new labeling systems that we believe provide greater transparency to help consumers to make responsible dietary decisions.
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 expand our policies in this regard.	We continue to obtain third party verification of our performance on this topic and are exploring policy enhancements.
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 the PwP 2025 Agenda, we intend to provide access to at least 3 billion servings of nutritious foods and beverages to underserved communities and consumers, a goal against which we are actively executing.

PLANET

TOPICS	STAKEHOLDER PERSPECTIVES	WHAT WE ARE DOING ABOUT IT
<p>WATER</p>	<p>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. Stakeholders look to PepsiCo 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.</p>	<p>As part of the PwP 2025 Agenda, PepsiCo announced a number of interconnected goals that enhance water stewardship, against which we are actively executing.</p>
<p>CLIMATE CHANGE</p> <p>Public Policy Advocacy</p>	<p>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."</p>	<p>As part of the PwP 2025 Agenda, we have a climate goal to reduce absolute emissions by at least 20 percent by 2030 compared with a 2015 baseline, across our value chain, against which we are actively executing.</p>
<p>SUSTAINABLE AGRICULTURE</p>	<p>As a significant buyer of agricultural raw materials such as palm oil and cane sugar, PepsiCo should ensure its supply chains are environmentally and socially sustainable with policies being implemented on the ground and mechanisms to manage current issues.</p>	<p>PepsiCo has set a goal to sustainably source 100 percent of its palm oil and cane sugar by 2020. We developed a dedicated grievance mechanism for our agricultural supply chain and are working with our suppliers to improve their capability on these issues. We are actively executing against these goals and continue to make progress in our sustainable sourcing journey.</p>
<p>PACKAGING AND WASTE</p>	<p>Consumers want convenient packaging that does not pollute the environment while also preserving the freshness of the product and avoiding spoilage.</p>	<p>Through our PwP 2025 goals, we strive to design 100 percent of our packaging to be recyclable, compostable or biodegradable; increase recycled materials in our plastic packaging; reduce packaging's carbon impact; and in partnership with the PepsiCo Foundation, work to increase recycling rates.</p>

PEOPLE

TOPICS	STAKEHOLDER PERSPECTIVES	WHAT WE ARE DOING ABOUT IT
<p>HUMAN RIGHTS</p> <p>Salient Issues</p>	<p>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.</p>	<p>PepsiCo has launched a new Human Rights policy which includes an identification of our salient issues. We are developing additional programs to address these areas and following the UNGP Reporting Framework to better explain our approach to Human Rights.</p>

We believe we can have a greater impact on many of these issues by collaborating with governments, nongovernmental organizations, communities and businesses to achieve progress. We are participating in a wide range of initiatives that are focused on some of our key issues, such as:

- Nutrition labeling:** PepsiCo has been working with the Choices International Foundation's Choices Programme, a multi-stakeholder initiative to develop an interpretive nutrition logo to help consumers easily select nutritious 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 of the Climate Leadership Council, advocating a consensus climate solution — including a gradually rising and revenue-neutral carbon tax — that is intended to protect our environment.
- Human Rights:** Following feedback from several stakeholders, including the Interfaith Center on Corporate Responsibility (ICCR), we are taking an active role in the Consumer Goods Forum's initiative to fight forced labor through its 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.
- Packaging:** PepsiCo is a partner in the New Plastics Economy initiative as well as the Trash Free Seas Alliance. Through these engagements, we collaborate with a broad range of actors working together to develop sustainable packaging globally, including the improvement of recycling systems designed with the aim that our packaging does not wind up in the environment but gets recaptured and used to make new products.

Also see the [A-Z Topics](#) and the [Philanthropy](#) sections of our website for more examples of collaborations.