

CALCULATION METHODOLOGY

Our sustainability goals are aligned with our priority areas. Each of our eight goals has a series of target metrics against which our progress can be assessed.

To this end, we have defined a clear methodology for calculating each target metric, enabling us to measure performance accurately and consistently. We believe that transparency is an important driver of trust and accountability with our stakeholders, and in that spirit, we are publishing a summary of our calculation methodology. For detail on performance against our target metrics, see our latest Performance Metrics Sheet, [here](#).



NEXT GENERATION AGRICULTURE

Metric

How we measure

Our goal: Advance environmental, social and economic benefits to farmers and their communities around the world, by supporting practices, and technologies that promote improved farmer livelihoods and resiliency.

Achieve 100% sustainably sourced potato, whole corn, oats, and oranges by 2020

This metric measures specific agricultural raw materials sourced from farms whose practices are verified by a third party to comply with our Sustainable Farming Program guidelines including social, economic, and environmental criteria. The measurement is expressed as a proportion of the total metric tons of direct agricultural raw materials received from verified sustainable sources versus the total metric tons of direct agricultural raw materials sourced by PepsiCo for use in wholly owned PepsiCo manufacturing facilities, contract manufacturing and/or, JV facilities where PepsiCo has raw material purchasing authority. For more details on program implementation, please see [Sustainable Farming Program Scheme rules](#). Sustainably sourced refers to meeting the independently verified Social, Environmental and Economic principles of PepsiCo's Sustainability Farming Program, enabling best practices and positive outcomes for farmers, communities and the planet.

Achieve 100% sustainably sourced palm oil by 2020

This metric calculates the volume of Roundtable on Sustainable Palm Oil (RSPO) physically certified sustainable palm oil as compared to the total volume of palm oil procured by PepsiCo for itself and on behalf of its divisions, subsidiaries, affiliates, and joint-venture partners for which PepsiCo has purchasing authority. The metric does not include palm oil or derivatives purchased indirectly in seasonings, flavorings, or other ingredients.

Achieve 100% sustainably sourced cane sugar by 2020

This metric calculates the volume of physically certified/sustainable cane sugar by Bonsucro or equivalent standard as compared to the total volume of cane sugar procured by PepsiCo for itself and on behalf of its divisions, subsidiaries, affiliates and joint-venture partners for which PepsiCo has purchasing authority.

Achieve sustainably sourced priority raw materials based on business needs by 2025

The metric captures the percentage of priority raw materials that were sustainably sourced in the reporting year. This includes volumes that have been verified to a sustainability standard or certification recognized as equivalent to PepsiCo's Sustainable Farming Program principles, and volumes from suppliers that they can demonstrate are engaged in a continuous improvement program to address material sustainability issues.



POSITIVE WATER IMPACT

Metric

How we measure

Our goal: Drive water security to assure business continuity, while positively contributing to communities.

In high water-risk areas, by 2025, improve water-use efficiency by 15% in our agricultural supply chain (focused on corn & potatoes)

This metric is a weighted average of the percent improvement in water-use efficiency in producing direct crops in high water-risk areas. Water-use efficiency is defined as the cubic meters of irrigation water used per tonne produced, and calculated by estimating the irrigation water requirements with FAO CROPWAT modelling tool versus the theoretical water use based on the weighted average practices and irrigation systems of the growers in scope. PepsiCo defines locations in high water-risk areas by leveraging the World Resource Institute's Aqueduct water stress assessment tool along with site-specific risk assessment surveys.

In high water-risk areas, by 2025: Improve operational water-use efficiency by 25%

This metric tracks the combined improvement in operational water-use efficiency in PepsiCo controlled food and beverages manufacturing operations located in high water-risk areas. The metric is a weighted average of food and beverage water use efficiency improvements based on respective volume produced. Water use efficiency is calculated as the liters of water used to produce one liter of beverage or kilogram of food and excludes rain water and water reused or recycled on-site. PepsiCo defines locations in high water-risk areas by leveraging the World Resources Institute's Aqueduct water stress assessment tool along with site-specific risk assessment surveys. PepsiCo defines locations in high water-risk areas by leveraging the World Resources Institute's Aqueduct water stress assessment tool along with site-specific risk assessment surveys.

In high water-risk areas, by 2025: Replenish 100% of the water we use in manufacturing operations

This metric is the ratio of [volume of water replenished to high water-risk sites' watersheds] to [volume of water used at those sites]. Volume of water replenished is equal to volume of water estimated to be made available (returned or conserved) through PepsiCo-funded water replenishment projects in the source watersheds of PepsiCo's high water-risk facilities. Projects include those that improve water availability by increasing water quantity and in some cases also improving water quality. PepsiCo defines locations in high water-risk areas by leveraging the World Resources Institute's Aqueduct water stress assessment tool along with site-specific risk assessment surveys.

In high water-risk areas, by 2025: Adopt the Alliance for Water Stewardship standard as our vehicle for water advocacy

Progress for this metric is measured based on the number (count) of company-owned high water-risk facilities who are in the process of adopting the Standard and the number (count) of company-owned high water-risk facilities who have completed Standard adoption.

Deliver safe water access to 100 million people by 2030¹

This metric measures the number of people provided with access to safe water through projects led and executed by NGO partners that are funded by The PepsiCo Foundation. Access to safe water is achieved at watershed, community and household levels by making water more readily available, better managing supply or volume of water, and/or ensuring quality through water treatment, improved hygiene, and community sanitation. We classify a person as having been provided access to safe water by aggregating the number of individuals who benefit from our investments in water conservation, distribution, and purification projects. Beneficiary information is self-reported by funded non-governmental organizations (NGOs) and aggregated by a third-party validator on behalf of PepsiCo.

¹ Expanded in 2020 from 25 million by 2025.



CIRCULAR FUTURE FOR PACKAGING

Metric

How we measure

Our goal: Fundamentally change the way the world interacts with our packaging to deliver our vision of a world in which plastics need never become waste.

Design 100% of packaging to be recyclable, compostable or biodegradable by 2025

This metric tracks the weight of packaging that is recyclable, compostable, or biodegradable (RCB). Specific packaging material components are identified as either recyclable or non-recyclable based on both a global list of prohibited materials and local market conditions such as type of local recycling system and actual end use of the material. RCB definitions are based on the guidance of the New Plastics Economy, the Association of Plastics Recyclers, and European PET Bottle Platform. Includes company-owned brands, franchise-owned bottling operations, and joint ventures with greater than 50% ownership held by PepsiCo, as well as all primary, secondary, and tertiary packaging delivered and involved in the delivery to customers that can no longer be used for its intended purpose following consumer consumption. This includes returns of material from the distribution chain and packaging material used during inter-plant transfers.

Increase recycled content in our plastics packaging to 25% by 2025

This metric calculates as a ratio the volume of recycled plastic to the volume of total packaging by weight. Includes company-owned brands, franchise-owned bottling operations, and joint ventures with greater than 50% ownership held by PepsiCo, as well as all primary, secondary, and tertiary packaging delivered and involved in the delivery to customers that can no longer be used for its intended purpose following consumer consumption. This includes returns of material from the distribution chain and packaging material used during inter-plant transfers.

Reduce 35% of virgin plastic content across our beverage portfolio by 2025

This metric is calculated by subtracting the percent of virgin PET (virgin PET divided by total PET) for plastic for business as usual for the reporting year from the percent of virgin PET (virgin PET divided by total PET) for baseline year 2018 and then dividing by the percent of virgin PET in the baseline year. It includes company-owned brands, franchise-owned bottling operations, and joint ventures with greater than 50% ownership held by PepsiCo, as well as all primary, secondary, and tertiary packaging delivered and involved in the delivery to customers that can no longer be used for its intended purpose following consumer consumption. This includes returns of material from the distribution chain and packaging material used during inter-plant transfers.



IMPROVED CHOICES ACROSS OUR PORTFOLIO

Metric

How we measure

Our goal: Reducing added sugars, sodium, and saturated fats

≥ 67% of beverage portfolio will have ≤100 Calories from added sugars per 12oz. serving by 2025

This metric measures the portion of our global beverage portfolio volume containing 100 Calories or less from added sugars per 12 ounce serving. This metric is calculated by dividing the total volume of beverage product sales with 100 Calories from added sugars or less per 12 ounce serving size by the total volume of beverage product sales. The metric considers PepsiCo global beverage sales volumes in the Top 26 markets. Beverage volumes related to products where PepsiCo solely performs a distribution role are excluded from this calculation. In 2016, only the Top 10 markets were reported.

≥ 75% of foods portfolio will not exceed 1.3 milligrams of sodium per Calorie by 2025

This metric measures the portion of our global food volume with 1.3 milligrams or less of sodium per Calorie. This metric is a ratio of PepsiCo's food portfolio sales volume with 1.3 milligrams or less of sodium per Calorie relative to the total food product sales volumes. The metric considers all PepsiCo global Top 23 markets food sales volumes. In 2016, only the Top 10 markets were reported.

≥ 75% of foods portfolio will not exceed 1.1 grams of saturated fat per 100 Calories by 2025

This metric measures the portion of our global food volume with 1.1 grams of saturated fat or less per 100 Calories. The metric is a ratio of the sum of PepsiCo's foods portfolio sales volume in kilograms with 1.1 grams or less of saturated fats per 100 Calories as compared to PepsiCo's total sales volume of food products in kilograms. The metric considers all PepsiCo global Top 23 markets food sales volumes. In 2016, only the Top 10 markets were reported.



CLIMATE CHANGE MITIGATION

Metric

How we measure

Our goal: Doing our part to curb climate change by reducing greenhouse gas (GHG) emissions across our value chain.

Reduce absolute greenhouse gas emissions across PepsiCo's value chain by at least 20% by 2030

A Greenhouse Gas (GHG) emissions inventory for Scopes 1, 2, and 3 is carried out on an annual basis, following the [GHG Protocol](#). Emission reductions will be calculated as the percent reduction from 2015 baseline.



PEOPLE & PROSPERITY

Metric

How we measure

HUMAN RIGHTS

Our goal: Advance respect for human rights by using PepsiCo's capabilities and scale.

Drive fair and safe working conditions throughout our value chain by addressing our most salient human rights issues

This metric captures both qualitative and quantitative information that reflects PepsiCo's progress in addressing its salient human rights issues. This information may include:

- Recent policy, position statement, and training developments;
- Progress of PepsiCo's Due Diligence Programs (i.e., [Sustainable Sourcing Program](#), Global Labor Human Rights Assessment Program, [Sustainable Farming Program](#)) in identifying these issues across PepsiCo's supply chain;
- Recent engagements with external stakeholders to inform our approach and initiatives or resolve identified issues;
- Recent participation in multi-stakeholder forums or industry initiatives to drive collaborative action on systemic human rights challenges;
- Progress of PepsiCo's grievance mechanisms (i.e., [Speak Up Hotline](#), [Agricultural Grievance Mechanism](#));
- Progress of ongoing initiatives to address each salient issue.

Extend the principles of our Supplier Code of Conduct to all of our franchisees and joint ventures by 2025

This metric tracks our progress in verifying that we have extended the principles of [PepsiCo's Global Supplier Code of Conduct](#) to all of our franchisees and joint ventures. This includes formally engaging our franchisees and joint ventures on our human rights agenda through our [Sustainable Sourcing Program](#).

DIVERSITY

Our goal: Promote a diverse and inclusive workplace.

Sustain our pay equity program

This metric measures the ratio of women's to men's base pay using the difference between actual pay and the estimated pay. Following professional guidance from a third party, this metric is calculated by taking the difference between the residual pay for women and the residual pay for men. Residual pay is calculated as the difference between an employee's actual pay and their predicted pay. Predicted pay is calculated based on a multiple regression model that predicts base pay holding constant other legitimate drivers of pay. The metric excludes certain groups such as temporary employees, interns, executive assistants, frontline, and new hires and rehires within one year.

Strive to achieve gender parity by 2025 in our management roles

The percentage of women in management roles is calculated by dividing the number of female employees in management roles by the total number of employees in management roles as of December 31st of the reporting period. Temporary and non-salaried workers are excluded from the calculation. Employee gender is recorded on a self-reported basis.

PROSPERITY

Our goal: Increase the earnings potential of women to drive economic growth and increase food security.

Invest \$100 million by 2025 to provide 12.5 million women with essential resources for workforce readiness and in programs that support women in the food system and farming.

This metric includes the sum of dollars invested by PepsiCo and The PepsiCo Foundation in initiatives that benefit women and girls. For PepsiCo's investments in programs that benefit both women and men, we include an estimate for female beneficiaries in the reporting of progress against this goal.