

# PepsiCo Global Sustainable Packaging Policy

Oct 2016

PepsiCo recognizes the unique role that packaging holds in shaping the way our products are presented to consumers, customers and communities. In addition to understanding its necessary role in protecting the quality and experience consumers have with our products, we respect our responsibility to contribute to the quality of life in our communities by optimizing the use of materials and continually improving our processes.

Our Global Sustainable Packaging Policy expresses our Performance with Purpose vision and commitment to build shareholder value by making PepsiCo a truly sustainable company through programs that reflect our focus on economic growth, improving communities and environmental stewardship.

## PepsiCo's Packaging Policy

PepsiCo is committed to develop packaging that:

- Supports continued shareholder growth
- Exemplifies Best-in-Class design and use of materials
- Maintains the highest quality and hygiene standards expected of our products by consumers
- Provides optimal protection for our products and trademarks
- Meets value, cost and performance criteria that satisfies consumer and customer desires
- Strives for the smallest possible environmental footprint

## Our Aspirations Regarding Sustainable Packaging

As we strive for the smallest possible environmental footprint, PepsiCo has been inspired by many science-based sources, including the Sustainable Packaging Coalition (SPC) and the European Organization for Packaging and the Environment (EUROPEN). While some elements are straightforward to commercialize, others will require the continued work of our innovation and procurement teams in conjunction with our suppliers. Our sustainable packaging aspirations aim to:

- Increase the use of recycled content or materials from renewable sources
- Optimize packaging design to use the fewest materials necessary Oct 2016
- Promote the use of materials that can be recycled (beverage containers, cereal cartons, etc.) or recovered
- Minimize post-industrial waste
- Avoid negative impacts to the environment
- Achieve a lower carbon footprint by ensuring efficient energy usage across the product lifecycle

## PepsiCo Principles Regarding Sustainable Packaging

As we continue our journey to optimize materials, we have developed a set of principles to guide our decision making process. Decisions and actions will be based upon:

- The use of sound science with reputable assumptions and benchmarks regarding the environmental impact of packaging
- Using common and understandable language, definitions and metrics
- Setting quantifiable, time-bound goals consistent with our Performance with Purpose vision
- The responsible balancing of multiple considerations and variables when making packaging decisions
- Developing short-term and long-term continuous improvement packaging strategies

As part of this approach, we have established broad sustainable packaging objectives that are the basis for measurable goals that aim to turn these aspirations and principles into action across all functions within PepsiCo to focus our efforts and empower our employees.

PepsiCo seeks to only purchase responsibly-sourced wood fiber products and will not knowingly accept from its supply chain paper-based packaging that may contain wood fiber harvested illegally or sourced from protected forest areas.

PepsiCo will develop and maintain a deeper understanding of its paper-based packaging supply chain and its supply base sourcing as close to the forest of origin as possible. This commitment is a complex

undertaking since PepsiCo does not purchase direct raw material. However, such action is a key towards achieving our ultimate goal to only purchase responsibly-sourced wood fiber products.

PepsiCo will continuously work with its suppliers to be environmentally sustainable in their practices by following credible forestry standards and ensuring their fiber purchasing is only from sources that support responsible forest management.

PepsiCo recognizes the forestry standards below as credible within their scope and requires our suppliers to commit to utilizing the appropriate standard:

- CERFLOR Sistema Brasileiro de Certificação Florestal in Brazil Oct 2016
- CSA Canadian Standards Association's Sustainable Forest Management Standards
- FSC Forest Stewardship Council
- PEFC Program for the Endorsement of Forest Certification Schemes
- SFI Sustainable Forest Initiative

Specific goals will be aligned with the line of business, such as Snacks and Beverages, and geographies, based on the opportunities that exist in those areas.

## Broad Objectives

REMOVE Eliminate environmentally sensitive materials

REDUCE Achieve Best-in-Class material optimization or performance criteria for packaging

RECYCLE Achieve Best-in-Class recycled content for Beverage primary packaging Increase recyclability of rigid (Beverage) packaging Increase recycling of postindustrial packaging related to PepsiCo packaging (trimmings, etc. at suppliers)

RENEW Innovate and develop commercially viable biodegradable packaging (Snacks & Foods)

REUSE Increase the reuse of consumer, operational or transport packaging

As we continue to innovate and build upon our understanding of opportunities, PepsiCo will update our approach to sustainable packaging to reflect the new technologies and materials that become commercially viable.