

Stakeholder Engagement

We value the views of our stakeholders, including customers, consumers, shareholders, employees, suppliers 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 sustainability 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 2018, members of our management team met with a significant number of our diverse stakeholders to discuss our sustainability agenda, which establishes a dynamic framework to accommodate the demands of a rapidly changing business environment while remaining responsive to the needs of society. 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, some consistent themes emerged. In particular, stakeholders reinforced their expectation that PepsiCo – as a leading global company – should use our strengths in collaboration with others to help improve 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 33 of our 2019 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 is not exhaustive, but it represents the issues we are addressing that certain stakeholders identified as the highest priority. 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.

TOPICS		STAKEHOLDER PERSPECTIVES	WHAT WE ARE DOING ABOUT IT	RELEVANT ESG TOPICS
PUBLIC HEALTH	Innovating More Nutritious Options	PepsiCo and other food and beverage companies should increase their offerings of healthier choices to address risk factors associated with noncommunicable diseases and leverage consumer demand for healthier products.	<p>PepsiCo has adopted goals to reduce saturated fats, sodium and added sugars in our products.</p> <p>We have also joined industry groups in adopting specific sugar and sodium reduction goals in certain countries to drive broad progress and have greater impact. For example, in 2018, PepsiCo joined the Brazilian Minister of Health and food & beverage industry in adopting a sugar reduction agreement.</p>	Nutrition Saturated Fat Sodium Sugar
	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 in a healthier diet.	<p>PepsiCo is continuing to implement our global labeling policy and adopting new labeling systems that we believe provide greater transparency and help consumers to make responsible dietary decisions.</p> <p>In 2018, PepsiCo announced it will trial interpretative color-coded labeling on our food and beverage packaging in many EU markets, using the 100g/ml-based approach already voluntarily implemented in the UK and Ireland.</p>	Nutrition Labeling
	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 strengthen our policies in this regard.	We have engaged with the World Federation of Advertisers to provide additional training to our marketing and nutrition departments on our policies. We continue to monitor our performance on this topic and are exploring policy enhancements.	Advertising and Marketing
WATER		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. PepsiCo needs 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.	PepsiCo has a number of interconnected goals that enhance water stewardship.	Water
CLIMATE CHANGE	Public Policy Advocacy	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>PepsiCo’s climate goal is to reduce absolute emissions by at least 20 percent by 2030 compared with a 2015 baseline, across the value chain.</p> <p>We also engage with policymakers, e.g. on truck efficiency rules.</p>	Climate Change

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SUSTAINABLE AGRICULTURE		As a significant customer of palm oil and cane sugar, PepsiCo should ensure their supply chains are environmentally and socially sustainable with ambitious future targets, policies being implemented on the ground and mechanisms to manage current issues.	PepsiCo has set a goal to source palm oil and cane sugar sustainably by 2020. We are also enhancing our governance mechanism for our agricultural supply chain and working with our suppliers to enhance their capability on these issues	Agriculture Palm Oil Deforestation Land Rights Human Rights
PACKAGING & WASTE		Customers want convenient packaging that does not pollute the environment while also preserving the freshness of the product and avoiding spoilage.	Through our sustainability goals we are continuing our work to redesign packaging to be more sustainable (e.g. removing packaging components that disrupt recycling) and we are partnering with a variety of organizations to improve recycling rates. We are also looking at ways to lower the carbon footprint of our packaging.	Packaging Waste
HUMAN RIGHTS	Salient Issues	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.	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 United Nations Guiding Principles Reporting Framework to better explain our approach to Human Rights.	Human Rights

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:

- **National Prevention Agreement (Netherlands) (2018-2040):** Building on an existing self-regulatory framework launched in 2014, industry partnered with the Ministry of Health on a commitment to improve health by 2040, fighting obesity and other non-communicable diseases. The food & beverage industry continues to improve the nutrient content of its products across an array of categories. As such, PepsiCo is engaged in on-going calorie reduction in our soft drinks portfolio in line with our European Beverage industry commitment through the Union of European Soft Drinks Associations (UNESDA), as well as a commitment to a reduction in sugar levels in our kids cereals. PepsiCo is also working on a sodium reduction map for our snacks portfolio.
- **Climate Change:** PepsiCo is one of the founding members of the Climate Leadership Council, advocating for a consensus climate solution — including a gradually rising and revenue-neutral carbon dividend — that is intended to protect the climate system.
- **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 core partner in the New Plastics Economy initiative, founding funder of Circulate Capital, a member of Trash Free Seas Alliance, Alliance to End Plastic Waste, and The Recycling Partnership, among [other initiatives](#). 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.