PepsiCo, Inc.
2023 Annual Meeting of Shareholders

May 3, 2023
9:00 AM Eastern Daylight Time

Corporate Participants

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Other Participants

Paul Chesser *Representative for the National Legal and Policy Center*

Alejandra Parra *Representative for Harrington Investments*

Lyndsay Fritz *Representative for Longview Largecap 500 Index*

Sarah Rehberg *Representative for the National Center for Public Policy Research*

Presentation

Operator

Good morning. Before we begin, please take note of our cautionary statement posted on the meeting site. The presentation today will include forward-looking statements based on currently available information. Forward-looking statements inherently involve risks and uncertainties that could cause our actual results to differ materially from those predicted in such forward-looking statements. Statements made in this presentation should be considered together with the cautionary statements and other information contained in our 2022 annual report, 2022 Form 10-K, first quarter 2023 Form 10-Q and subsequent filings with the SEC.

Also, to find reconciliations of non-GAAP measures that we may use when discussing PepsiCo's financial results, please refer to the "Investors" section of PepsiCo's website by clicking "Events & Presentations" from the drop-down menu of the "Financial Information" tab.

As a reminder, our financial results in the United States and Canada are reported on a 12-week basis while our international operations report on a monthly basis for which the months of January and February were reflected in our results for the 12 weeks ended March 25, 2023.

And now, please welcome the Chairman and Chief Executive Officer of PepsiCo, Ramon Laguarta.

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Good morning, everyone. Welcome to PepsiCo's 2023 Annual Meeting of Shareholders. Let's begin by introducing each of my fellow directors who are on the line -- Segun Agbaje, Cesar Conde, Ian Cook, Edith Cooper, Dina Dublon, Michelle Gass, Sir Dave Lewis, David Page, Bob Pohlad, Dan Vasella, Darren Walker, and Alberto Weisser.

I also want to thank director Shona Brown, who is not standing for re-election, for her 14 years of service on the Board. Shona has been a key advisor on many complex issues over the years, and she leaves the Board and our company stronger and more resilient. With Shona's departure, I am excited that we are joined today by two new director nominees:

Jennifer Bailey, who will bring extensive knowledge of the information technology field and consumer marketing from her nearly 20 years' experience leading various functions at Apple, including her current role as Vice President, Internet Services for Apple Pay.

And Susan Diamond, who will bring deep knowledge of financial, accounting, strategic, and healthcare matters from her more than 15-year career in the healthcare industry, including her current role as Chief Financial Officer and previously as President of the Home Solutions business of Humana Inc.

I know Jennifer and Susan will make fantastic additions to our Board, and we look forward to welcoming them.

They will join an outstanding group of directors, and I would like to start by thanking the Board for their critical guidance and for their partnership over the past year.

Like many companies, in 2022 we continued to be challenged by a number of external forces and trends.

Despite these difficult and unpredictable circumstances, 2022 was a stellar year for PepsiCo. We delivered our best financial performance in a decade, whilst staying true to our values and continuing to build a strong, durable foundation for long-term growth.

In many ways, our success in 2022 is a testament to the agenda we set out in 2019. That year, we set out on an agenda to pivot toward growth—go from "Good To Great" and become a Faster, Stronger, and Better company, so we can deliver durable, sustainable growth over the long term.

Our primary objectives were to accelerate top-line growth, sharpen our productivity agenda, and make necessary investments in our businesses and brands to build advantaged capabilities and win in the marketplace.

Toward the end of 2021, we took our ambitions a step further by launching pep+ – a strategic end-to-end transformation of our business. A transformation that is about driving long-term, sustainable performance for our company, whilst building a more sustainable future for people and for the planet.

Since then, pep+ has become our North Star, a key part of our overarching vision: to be the global leader in convenient foods and beverages by Winning with pep+.

2022's fantastic results demonstrate that, even in the most trying times, the investments and progress we have made towards our pep+ goals are helping us become even Faster, even Stronger, and even Better.

We are becoming even Faster by focusing on continually winning in the marketplace, finding ways to be more consumer-centric, and accelerating investment for top-line growth, including by transforming our portfolio.

Since 2018, our advertising and marketing spend has increased over 20 percent, reflecting investments across our large brands and our smaller brands.

We have also increased the portion of our working media spend to optimize the return on investment of our A&M spend, while continuing to support the growth of our brands.

Additionally, our net capital spending has increased significantly since 2018. We've invested in increasing our manufacturing capacity to offer more convenience and variety across channels, while also investing in our go-to-market systems and modernizing our technology backbone.

As a result of these efforts, we ended 2022 by delivering our fifth consecutive quarter of double-digit organic revenue growth, and our second consecutive year of double-digit core constant currency earnings per share growth.

In 2022, we were able to continue to perform whilst we transform:

- We delivered more than 14% organic revenue growth and 8.7% net revenue growth;
- We achieved 10% growth in core constant currency operating profit, with 9% growth in core gross profit;
- We delivered 11% growth in core constant currency earnings per share;
- Our North America businesses delivered 14% organic revenue growth, with each division delivering strong double-digit organic revenue growth; and
- Our International business grew organic revenue by 16% for the full year.

We also continued to invest in our future success, with more than $10 billion in advertising and marketing and capital investments. And we announced a 10% increase in our annualized dividend, effective with the dividend expected to be paid in June 2023. This will represent PepsiCo's 51st consecutive annualized dividend per share increase. And finally, at the end of 2022, our five-year Total Shareholder Return of +74.3% outperformed well ahead of the category with +52.6% and the S&P 500 with +56.8%.

We are pleased that our pivot to growth is continuing to deliver outstanding results in 2023.

In Q1 of this year:

- Organic revenue increased 14.3%--our sixth straight quarter of double-digit growth;
- Core constant currency earnings per share increased 18%; and
- Just last week, our stock closed at an all time high of $189.71 per share.

In addition to our strong financial performance, we've demonstrated an ability to lead with growth and win in the market. In 2022:

- We ranked #1 in the Kantar PoweRanking for the seventh year in a row;
- We held or gained share across many of our key markets, including the U.S., Mexico, Brazil, the U.K., China, Saudi Arabia, and India;
- And we continued to meet consumers' needs and improve the consumer experience, with significant growth in more positive snacking and zero sugar platforms.

We are becoming even Stronger by continuing to transform our capabilities, our cost, our culture, especially through digitalization and putting data at the center of our business. We also want our associates to continue to feel proud of our company and even more engaged. With these goals in mind, in 2022:

- We made strong progress towards modernizing and fortifying our Enterprise Resource Planning backbone, harmonizing global data and business processes with seamless access to critical information across certain markets and divisions;
- We continued to build out Global Business Services to help fuel PepsiCo's growth, accelerating the impact GBS can have on productivity, standardization, and process improvement;
- We initiated key digital programs in many markets to advance the automation of our business planning processes across the full value chain;
- We celebrated the 40th anniversary of our Supplier Diversity Program, where we currently spend more than $1 billion annually with certified and diverse suppliers;
- We continued to invest in talent development and learning to become the best possible workplace;
- And we doubled down on our company culture by relaunching The PepsiCo Way, the seven behaviors that define who we are and how we work.

And then finally, we are also becoming an even Better company by striving to create growth and value in a way that respects planetary boundaries and inspires positive change for people and for the planet.

We know that by doing what's right for society and the environment, we can position ourselves as a consistent top market performer. We can generate stronger, more loyal connections with our consumers and with our customers. We can engage more meaningfully with our associates. And we can build deeper roots in our communities to help them prosper over the long term.

This strategic, end-to-end focus has enabled us to make visible progress across the three pillars of pep+: Positive Agriculture, Positive Value Chain, and Positive Choices:

When it comes to Positive Agriculture, we are working to spread regenerative practices to help restore the earth across 7 million acres – which is the land approximately equal to the company's entire agricultural footprint. We are also aiming to sustainably source key crops and ingredients and help improve the livelihoods of more than 250,000 people in our agricultural supply chain and communities, all by 2030.

In 2022, we moved closer to these goals by:

- Elevating external strategic partnerships, including our work with ADM to scale regenerative agriculture practices across our shared supply chains—up to 2 million acres only in the U.S.—and with N-Drip to scale micro irrigation technology that can provide water-saving, crop-enhancing benefits to farmers all around the world;
- We are continuing to advance the Global Development Alliance around "Investing in Women to Strengthen Supply Chains", a partnership with the U.S. Agency for International Development, that is working to train women to be lead farmers in Colombia, Pakistan, India, and Vietnam, and soon to be in Peru as well;
- And we have continued to expand our Demonstration Farm program. As of the end of 2022, we have 78 demonstration farms around the world, creating a peer-to-peer network that helps farmers apply regenerative agriculture techniques, overcome challenges, and share best practices:
    - For example, on 45 demonstration farms in India, we were able to improve yield and reduce GHG emissions. Our efforts resulted in a farmer income increase of $56 per acre on average.
    - And on our seven demonstration farms in Thailand, we have reached over 800 farmers to implement pest and nutrient management practices and install drip irrigation systems.

With Positive Value Chain, we are helping to drive circularity and inclusivity through actions designed for PepsiCo to achieve Net-Zero emissions by 2040, become Net Water Positive by 2030, and help build a world where packaging never becomes waste.

As part of this, we are adopting new models and working to decouple environmental impact from business growth. In 2022, we took important steps such as:

- Establishing a new global packaging goal for 20% of beverage servings to be delivered through reusable models by 2030 by expanding our SodaStream business, building out our refillable offerings, growing our fountain drinks business with reusable cups, and accelerating growth in powders and in tablets.
- We also announced a goal for PepsiCo Europe that aims to eliminate virgin fossil-based plastic in all its crisp and chip bags by 2030.
- These new goals will build upon our existing packaging sustainability goals and our aspirations for more circular packaging. For example, at the end of 2022, all sectors with a beverage portfolio have now launched 100% recycled PET in our CSD brands, and 22 markets now have at least one product packaged with 100% rPET.
- We achieved zero freshwater consumption in our Vallejo plant in Mexico City, one of PepsiCo's largest snacks plants, where we spent a total of 217 days without drawing a drop of water from the municipal supply.
- We are transforming our Frito-Lay facility in Modesto, California into a role model for end-to-end sustainability. The facility uses 100% sustainably sourced potatoes under PepsiCo's Sustainable Farming Program, and has achieved a 91% reduction in greenhouse gas emissions from direct fleet operations, by switching to zero-emission and near zero-emission vehicles—including the world's first fleet of electric semitrucks from Tesla.
- We continued to make a difference for people around the world through the PepsiCo Foundation. The Foundation is helping to increase equitable access to safe water and promote food security, delivering more than 20 million meals in 2022.
- We launched One Smile at a Time—our global employee volunteering platform—across nearly all of our top 20 markets, empowering our associates to impact their communities at scale. In 2022, we delivered more than 290,000 hours of service through the platform.
- And we are continuing to advance our Diversity, Equity & Inclusion agenda around our people, business partnerships, and the communities we serve. Women hold 44% of our global manager positions, while U.S. Black and Hispanic representation at the manager level stands at 9.0% and 10.1%, respectively. We are also expanding our efforts to support historically marginalized communities around the world by increasing diverse representation, supporting our business partners, and helping to create economic opportunity in local communities.

And last but not least, when it comes to Positive Choices, we are inspiring people through our brands to make decisions that help create better outcomes for themselves and for the planet.

That includes continuing to expand our offerings with less added sugar, sodium, and saturated fat, while driving new packaging solutions across beverages and convenient foods. In 2022, we made progress on a number of key initiatives, including:

- Advancing more Positive Choices platforms with significant growth in North America, driven by brands like PopCorners, SunChips, and Bare, with the launch of innovative flavors, expansion into broader pack sizes (including single-serve and multipacks), and distribution gains. International markets advanced as well, with expanded compression popping launches in the U.K. and in China.
- We are also using more diverse ingredients, such as legumes, whole grains, plant-based proteins, fruits and veggies, and nuts and seeds. This includes launching SunChips Black Bean, a new variety made with whole grains and real black beans, and new Quaker Oats flavors made with 100% whole grain oats.
- We continue to make good progress against our sodium reduction goal of 75% by 2025, with both product renovations such as Sabritas Adobadas in Mexico, Cheetos in Egypt, and Kukure Masala in India, and portfolio innovation solutions such as the Simply brand of potato chips and tortilla chips in Australia and Walkers 45% less salt in the U.K.
- We are also advancing against our added sugar reduction targets. For 2022, we expect to achieve 55% of our global beverage portfolio sugar reduction goal – a good progress toward our goal of 67% by 2025 – driven by improvements in developed markets and led by growth of zero sugar and hydration products.
- In fact, we are pleased that Pepsi Zero is now available in 110 international markets, and our low/zero sugar Gatorade portfolio—which includes Gatorade Zero, GFit, Gatorlyte, and G2—has grown significantly, reaching a total of nearly $2 billion in U.S. Retail Sales Value over the last year and outgrowing the full Gatorade portfolio.
- And finally, in 2022, we progressed our efforts on innovative packaging solutions with Beyond the Bottle. We began rebranding efforts on SodaStream to improve the consumer experience and revitalize the brand.
- We also continued to scale our SodaStream flavors portfolio with additional brand launches of Rockstar in Germany and bubly Bounce and Pepsi in the US. The use of our SodaStream flavors last year supported the avoidance of roughly 1 billion single use bottles. And, we recently transitioned 100% of our SodaStream flavor bottles in all of our markets to 100% clear recycled plastic.

Each example of our success is one piece of a much larger transformation. A transformation that began in 2019 and reached new heights in 2022, when we showed the world that it is possible for a large, global company to perform and transform at the same time.

Thanks to pep+, our strong brands, our market positions, our global strategy, and our incredible team, we have been able to deliver short-term results, whilst laying the foundation for long-term, sustainable growth.

I have always been proud of our performance, but never more than this year. Whilst we know the future will bring new challenges, we also know it will bring new opportunities. And when they arise, we have proven that we will be ready. That we have what it takes to build a company that wins in the marketplace and positively impacts society. Not just today, not just tomorrow, but for many years to come.

Thank you all for sharing our confidence by entrusting us with your investment, and thank you for your participation in this year's Annual Meeting.

Now I will turn it over to David Flavell, Executive Vice President, General Counsel and Corporate Secretary, who will serve as the Secretary of the meeting and guide us through the agenda.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. We have designed the format of this virtual meeting to provide shareholders with the same rights and opportunities to participate as they would at an in-person meeting. As is our custom, we will conduct the business portion of our meeting first and answer questions at the end of this meeting. The meeting agenda and Rules of Conduct are available on the meeting website. We ask that all review those items, and we appreciate your cooperation with the Rules of Conduct.

As a reminder, shareholders attending the virtual meeting can vote their shares online from now through the closing of the polls by logging into the meeting website as a shareholder and clicking the "Vote Here" button at the bottom of their screen. If you have previously voted by proxy and do not wish to change your vote, your vote will be cast as you previously instructed and no further action is required.

We have received questions that were submitted by shareholders in advance of today's meeting that we will address during the Q&A session as time permits. If you have logged into the meeting website as a shareholder, you may submit a question by selecting a topic and typing your question in the field labeled "Enter Question". To ensure that we receive your questions before the Q&A session is closed, we encourage you to submit your questions now. Though we may not be able to answer every question, we will do our best to provide a response to as many questions as possible. To give everyone a chance to ask a question, we will limit each shareholder to one question. Questions on the same topic or that are otherwise related may be grouped, summarized and answered together.

Consistent with state law and our By-laws, a list of shareholders entitled to notice of this meeting has been available for inspection at our principal office since March 23, 2023.

The Inspectors of Elections, Beth VanDerbeck and Matthew Criscenzo, from Broadridge Investor Communication Solutions, are attending the meeting today and have previously taken the oath as Inspectors of Election at this meeting.

I have been informed by the Inspectors of Elections that a majority of the votes entitled to be cast at this meeting are represented by proxy and, therefore, we have the necessary quorum under state law and our By-laws.

Now that we have a quorum, I declare this meeting to be duly convened for purposes of transacting such business as may properly come before it in accordance with state law and our By-laws. The polls are open for voting. We will close the polls after the proposals have been presented.

We will now proceed with the formal business of this meeting.

Because we did not receive notice of any additional matters to be considered beyond those in the proxy, no other proposals or nominations may be introduced at this meeting.

We'll begin with our first agenda item, which is the election of Directors. I place before the meeting to serve as Directors for the coming year the 15 individuals whose names and biographies appear in our Proxy Statement. Our Board recommends a vote "FOR" each of the nominees for Director.

The second agenda item is the ratification of the appointment of KPMG as the Company's independent registered public accounting firm for 2023, which I now place before the meeting. Allan Colaco and Ian Wildenborg are also present today representing KPMG, and will be available to answer any questions during the question and answer session of the meeting. Our Board recommends a vote "FOR" the ratification of the appointment of KPMG as PepsiCo's independent registered public accounting firm for 2023.

The third agenda item is the advisory vote to approve the compensation of the named executive officers identified in our Proxy Statement, which I now place before the meeting. Our Board recommends a vote "FOR" the advisory resolution to approve executive compensation.

The fourth agenda item is the advisory vote on the frequency of future shareholder advisory approval of executive compensation, which I now place before the meeting. Our Board recommends a vote of every "ONE YEAR" with respect to how frequently a shareholder advisory approval of the compensation of named executive officers should occur.

We'll now move on to the shareholder proposals in the order that they appear in the agenda. Each of the shareholders or their representatives will have three minutes to present their respective proposals.

Now we'll turn to the first shareholder proposal requesting that the Company adopt a policy and amend its governing documents as necessary to require the separation of the offices of the Chairman of the Board and the Chief Executive Officer, which was submitted by the National League and Policy Center – the National Legal and Policy Center. Mr. Paul Chesser will be presenting the proposal as its representative. Operator, please open the line for Mr. Chesser.

Paul Chesser *Representative for the National Legal and Policy Center*

Good morning. Like every other company that opposes independent Chair policies, Pepsi's Board members say they want to retain flexibility that allows them to combine the Chair and CEO. What this really means is we want to make up the rules as we go along. Or more plainly, we don't want any rules. Almost every other structured hierarchy, whether they be businesses, governments, NGOs, etc., have rules for their leadership roles, but not Pepsi's Board. They want to combine Chair and CEO if they feel like it, or they don't want to combine Chair and CEO if they don't feel like it. It all just depends on what day you ask them. This is no way to run a multinational corporation.

Now, Pepsi, like every other company with a combined Chair and CEO, proudly states that they have a robust lead independent director with a supposedly strong list of responsibilities. The Board cites Mr. Cook, who presides in that role, and one of the things they are proud of that he created was the Board's Sustainability, Diversity and Public Policy Committee. I'm not surprised the Board is proud of this committee because it invokes the two most favorite terms of woke corporate America, sustainability and diversity.

I'm sure the Board would cite the most superficial of diversity terms by pointing out its members' skin colors and genders. Although I'm not sure two sexes are enough these days to accomplish adequate gender diversity. Nonetheless, Pepsi's Board lacks diversity in one significant area and that's ideological diversity. Research of each director's campaign contribution shows the Board is dominated by one side of the political spectrum. And looking at the woke initiatives that Mr. Laguarta involves the company in, it's easy to tell which political side the company is on. For example, after pandering to the anti-police Black Lives Matter movement and promising $400 million to, "increase black representation at PepsiCo," you can see that while the company refuses to be colorblind, it is certainly woke.

Our destroyed inner cities have paid the price because of its support for that. And Pepsi certainly played with fire by announcing a Cracker Jill brand counterpart to its beloved Cracker Jack. The company announced that the campaign is, "fueled by powerful female and non-binary voices." In case you haven't noticed, Bud Light is suffering a brand meltdown over so-called non-binary campaign.

Pepsi's Board may think its earnings are good, but all it takes is one woke false step and your company is in a tailspin. Just ask Anheuser-Busch. Pepsi may think it's diverse, but in reality it is uniformly woke. So if we can't convince you to separate the Chairman and CEO, how about you infuse the Board with some different ideological views at least? We're ready to start the conversation with you. Please vote for proposal number five.

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Okay. So thank you, Mr. Chesser. Listen, our Board has carefully considered this proposal, including a review of market trends and feedback from our shareholders on a nearly identical and also unsuccessful proposal in 2022, and believes that it is important to have the flexibility to determine whether the roles of the Chairman and the CEO should be separate or should be combined based on the company's needs.

The Board has deep knowledge of the strategic goals of the company, the unique opportunities and also the unique challenges that the company faces and the various capabilities of our directors and the company's senior management. Therefore, the Board is best positioned to determine the most effective leadership structure to protect and to enhance long-term shareholder value.

Our Board currently believes that PepsiCo and our shareholders are best served by a combined Chairman and CEO role, together with a strong, independent Presiding Director. PepsiCo has a track record of strong long-term performance under this combined leadership structure. The Board also believes that our strong corporate governance policies and practices provide for an objective and independent Board leadership structure necessary to oversee management and the key issue facing the company.

Among other things, we have a diverse and experienced Board comprised entirely of independent directors except for the Chairman and CEO. All Board committees comprise solely of and chaired by independent directors and their regular executive sessions of Board and its committees without the presence of the CEO and other members of management. The Nominating and Corporate Governance Committee revisits the leadership structure regularly as part of its ongoing Board assessment process to determine whether it remains in the best interest of our shareholders to keep that structure.

For these reasons, the Board believes that the action requested by the proposal is neither necessary nor is in the best interests of PepsiCo or our shareholders and recommends that shareholders do not support this proposal.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. The second shareholder proposal on the ballot is requesting a global transparency report submitted by John C. Harrington of Harrington Investments. Ms. Alejandra Parra will be presenting the proposal as his representative. Operator, please open the line for Ms. Parra.

Alejandra Parra *Representative for Harrington Investments*

Thank you, Mr. Chair. [Inaudible] This is the salutation in Mapudungun, the language of the Mapuche people, the rightful owners of the territory where I live. Thank you for this opportunity to introduce item six on behalf of Harrington Investments regarding the importance of PepsiCo's global political transparency. I'm Alejandro Parra, representing the Global Alliance for Incinerator Alternatives, GAIA and Break Free from Plastics Movement. I am also a member of the Chilean Zero Waste Alliance and co-founder of the Environmental Rights Action Network in Temuco, Chile.

There can be no doubt that PepsiCo is a major polluter of the environment. In 2022, PepsiCo was named the world's second-biggest plastic polluter. PepsiCo has made commitments to tackle its plastic pollution, and yet the company's membership and political activities tell another story. The importance of transparency on global public policy and political influence cannot be overstated, especially at a time when the world's governments are negotiating a new global treaty to stop plastic pollution. And to be clear, there are many ways to influence legislation beyond providing direct contributions to politicians.

For example, in the international political sphere, PepsiCo is one of only two consumer goods companies who are members of the Alliance To End Plastic Waste. Its members are predominantly fossil fuel and petrochemical giants, and an analysis by Planet Tracker found the alliance had made paltry progress towards its objectives and labeled the alliance barely credible. The same analysis found 68% of the founding members of the alliance are also members of the American Chemistry Council, an organization actively campaigning against restrictions on plastic production within the Global Plastic Treaty.

At the country level, there are also numerous examples of PepsiCo's opaque political activities to draw upon, despite what the corporation claims. Pepsi is a member of the Philippine Alliance for Recycling and Materials Sustainability, which successfully watered down an extended producer responsibility law. These trade associations does not feature on PepsiCo's disclosed 2022 list of trade associations, nor does the Alliance to End Plastic Waste.

If PepsiCo is truly committed to sustainability and transparency, it should end its membership in the Alliance and trade associations lobbying against plastic pollution laws, including laws that prohibit the plastic waste trade, a new form of colonialism that is seriously affecting countries from the global South. Shareholders have a right to know what is being advocated for in Pepsi's name, whether these activities align with the corporation's publicly stated values and commitments and the risk it presents to their investments. This is why we urge investors and shareholders to vote yes on item six. Thank you.

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Thank you, Ms. Parra. Listen, we recognize the need for corporations to ensure strong governance over their corporate political activities, as well as to provide full transparency with respect to their advocacy and related actions. And we've worked hard to ensure active oversight and abundant corporate transparency around this topic. We have not and do not plan to make any political contributions to candidates outside of the US. Although no international political contributions are currently planned, we have publicly stated on our website that we would disclose any international contributions on our website along with all of our US contributions.

We also follow all national transparency rules regarding the disclosure of our contributions to trade associations, and we publish a global list of key trade association memberships organized by contribution amounts. As a general rule, the trade associations with which we engage internationally do not provide contributions to political candidates, and we expect our associations to inform PepsiCo and the company, if they were to begin engaging in this way. With respect to scientific research, we believe that adherence to ethical principles is essential and that we have adopted the PepsiCo Position on Conduct of Scientific Research.

The position outlines our guiding principles on transparency, conflicts of interest and minimizing bias and best practices with respect to PepsiCo-sponsored research and research conducted by PepsiCo associates with external research partners. Among other things, we require sponsored researchers to follow accepted principles of scientific rigor in order to adequately test the stated hypothesis and assure accuracy of data produced. In addition, the position states that we will make available on our website links to PepsiCo-funded research at the time of publication in a peer reviewed journal. And two, we will be fully transparent about our role in the design, implementation analysis of the research as well as in funding when promoting the findings of sponsored research.

We also do not make charitable contributions for purposes of political influence. Most of our international cash donations contributions in 2022 were made through the PepsiCo Foundation, and all charitable contributions made by the Foundation are publicly disclosed in its US tax returns. This year, we also published a report of the Foundation's charitable contributions for the prior fiscal year on our website to provide information that will be provided in its US tax returns in a readership friendly format.

So given our robust public reporting and our current policies and practices, which both meet high standards and are reviewed on a regular basis, the board believes the reporting called for in this proposal is neither necessary nor a good use of company resources and recommends that shareholders do not support this proposal.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. The third shareholder proposal on the ballot is requesting a report on impacts of reproductive health care legislation submitted by Longview Largecap 500 Index. Ms. Lindsay Fritz will be presenting the proposal as its representative. Operator, please open the line for Ms. Fritz.

Lindsay Fritz *Representative for Longview Largecap 500 Index*

Good morning. My name is Lindsay Fritz. I am First Vice President of Corporate Social Responsibility at Amalgamated Bank, a shareholder in PepsiCo and the proponent of proposal number seven. I formally move this proposal requesting that Pepsi issue a public report describing risks to the company caused by state policies that restrict access to health care for women, as well as strategies Pepsi might use to mitigate these risks. On its gender parity website, Pepsi states, "Gender equality is a fundamental human right. Too often, laws and societal norms prevent women from participating at all levels of leadership." We agree.

Pepsi, as a result of politicians' decisions, now faces challenges in providing employees with the health care they want and need. Since the Supreme Court reversed Roe versus Wade, 15 states have banned most abortion services outright. Nine states are also currently limiting access to emergency contraception. It is estimated these changes impact one in three women within their reproductive years in America, as well as their partners and families. The patchwork of restrictions is becoming unmanageable for patients and health care and insurance providers and is a risk that should be managed by the company.

The question is how PepsiCo will provide comprehensive and equitable reproductive health care to its employees is not hypothetical or relevant. A significant majority of the company's existing and future workforce, those that currently work for the company and those it wishes to recruit, are within their reproductive years. Of Pepsi's new hires in 2021, approximately 95% were under 50 years old. However, Pepsi has yet to show investors that it has adequately assessed risks associated with reproductive health care restrictions.

In Pepsi's lack of response intertwining threats increase, including threats to employee well-being, health and morale, threats to corporate reputation and brand, threats to consumer loyalty, threats to women's ability to advance within the company, and threats to the attainment of the company's diversity and inclusion goals. Employees want and need comprehensive reproductive health care coverage. The report we are requesting today is necessary to address the risks presented by the patchwork of laws and legislative action that have threatened access to reproductive health care for employees in states where PepsiCo has operations. Thank you, Mr. Chairman and Mr. Secretary.

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Okay. Thank you, Ms. Fritz. Let me provide you an overview of what is the Board's position on this proposal. We believe that the future success of PepsiCo really depends on our ability to hire and to retain the most talented people. To meet this goal, Pepsico is committed to creating meaningful opportunities for all employees, including women, to work, to gain new skills and to build successful careers along with maintaining a diverse and inclusive workplace. As part of our efforts to attract and retain and advance our employees, we offer comprehensive and competitive health and wellness benefits. And we remain committed to ensuring that our employees and their families have access to quality medical care and resources to support their physical and their mental well-being, including, of course, reproductive health.

In the US, PepsiCo's self-funded medical plans offer comprehensive reproductive health benefits, including individualized support for women and families before, during and after pregnancy, including, but not limited to contraception, family planning services, fertility and surrogacy and special newborn child benefits. We also provide access to Health ACE, a confidential health advocate to help employees navigate their health benefits, including questions regarding plan coverage, resolving issues with claims and connecting employees to resources and programs that help meet their medical needs.

We also regularly and objectively review our benefit plans and programs to confirm that they comply with applicable laws, remain competitive in the evolving marketplaces in which we operate, and to ensure that we're supporting employees and their families physical, emotional and financial well-being. Further, at PepsiCo, we strive to improve the attraction, retention and advancement of women as a key strand of our diversity, equity and inclusion strategy. This enables us to build a high caliber pipeline of talent as well as create economic opportunity for women in the communities in which we operate.

In the US, our benefit programs help drive this agenda forward by fostering inclusion through flexible benefits and policies, including offering on-site childcare facilities in certain locations and marking competitive parental leave policies that extend beyond federal guidelines. We haven't heard from our employees or potential new hires that existing or proposed state policies restricting reproductive rights have been an issue or concern for them in terms of accepting, maintaining or advancing their employment with PepsiCo.

We also provide various channels for employees to speak up and engage on topics that impact employee experience. In addition, we believe that the reporting called for in this proposal is neither practicable nor a good use of company resources. The scope of the requested report for any known and any potential risks and costs caused by enacted or proposed state policies is so broad that it would involve a complex review of the current and ever-evolving proposed laws and regulations in the numerous states in which we operate and/or we have employees. It is also not clear what data could be evaluated to measure the risks or costs to the company of such policies.

Given our commitment to hiring and retaining the most talented people and our comprehensive healthcare benefits and policies, we do not believe that the requested report will provide any benefits and the cost of creating and publishing the requested report would not be a worthwhile use of company resources.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. The fourth shareholder proposal on the ballot is requesting a congruency report on net-zero emissions policies submitted by the National Center for Public Policy Research. Ms. Sarah Rehberg will be presenting the proposal as its representative. Operator, please open the line for Ms. Rehberg.

Sarah Rehberg *Representative for the National Center for Public Policy Research*

Good morning, and thank you for the opportunity to speak in support of proxy item number eight. I'm Sarah Rehberg, Deputy Director of the Free Enterprise Project at the National Center for Public Policy Research. Reduce absolute greenhouse gas emissions by more than 40% by 2030 and achieve net zero emissions by 2040. That's what the company's website says about its climate change goals. So why then according to a third-party analysis did PepsiCo spend roughly three times as much as the average company on private air travel in 2021?

This spending is estimated to have put PepsiCo within the top 15 of US companies when it comes to money spent on private air travel and is certainly incongruous with net zero emissions goals. It is estimated that private jets emit far greater greenhouse gas emissions than other modes of transportation. According to one study, private jets are 5 to 14 times more polluting than commercial planes per passenger and 50 times more polluting than trains.

In fact, private jets emit two metric tons of carbon dioxide per hour. To put this into perspective, one ton of carbon emissions is the equivalent of driving the circumference of the earth. Nonetheless, and in spite of all of its climate change virtue signaling, PepsiCo outspent most of their companies on private air travel. This sort of corporate hypocrisy and double standard leads to reputational and financial risk. Far too many corporate executives have a rules for thee, but not for me mentality. A mentality that lectures the public on the importance of achieving net zero emissions and using less reliable and more costly forms of energy, all while flying around on private jets that emit far more carbon emissions than the average American ever will.

Now, some companies have argued, including PepsiCo, that the use of private aircraft is a necessary security precaution. But many recognizable and arguably important individuals fly commercial aircraft each and every day. It is unclear why PepsiCo executives are any different. That's why we believe it is important for the company to conduct a congruency analysis that examines whether PepsiCo's rules for executives align with its outward-facing promises. Such a report is essential to ferreting out corporate hypocrisy that can negatively impact the company. Vote yes on item eight. Thank you.

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Okay. Thank you, Ms. Rehberg. Let me just also provide an overview of what is the Board's position on this proposal. So PepsiCo takes very seriously the issue of climate change and our role in helping to maintain a healthy environment. We understand both the importance of operating in an environmentally responsible manner and its positive impact on the company's operations, employees and the communities where we operate and serve. Reducing greenhouse gas emissions is therefore a critical part of our PepsiCo positive framework, and we're striving to achieve net zero emissions by 2040.

As an interim step, we're working to reduce absolute greenhouse gas emissions by more than 40% across our entire value chain by 2030. Our emissions target aligns to the business ambition for 1.5° Celsius pledge and has been approved by the Science-Based Targets Initiative. As we work towards achieving these ambitions, we provide transparent and stakeholder-centric reporting using leading reporting protocols, including the Carbon Disclosure Project and the Task Force on Climate Related Financial Disclosures.

In addition, we have robust risk management and capital expenditure oversight processes in place, which include assessing the business benefits and long-term costs and savings associated with mitigating climate related risks based on currently available information and projections. For example, sustainability related capital expenditures are reviewed not only for the impact that it will have on our environmental performance, including energy use and greenhouse gas emissions but also against business, financial metrics and value to advancing our business strategy.

Informed by science, we target areas where our investments can have the greatest impact while creating scalable models and partnerships to accelerate progress across the full value chain, including:

- Planning to transition to 100% renewable electricity through a diversified portfolio of options across all our company owned and controlled operations globally by 2030 and across our entire franchise operations by 2040;
- Investing in zero and near-zero emissions delivery vehicles for our company-owned fleets, including our recent delivery of Tesla semi-trail trucks and partnering with others, other big suppliers to support decarbonization of the broader transport industry;
- And also working to scale regenerative agriculture practices that reduce emissions and sequester CO_2 across the equivalent of our 7 million acre global agriculture footprint through efforts like our demonstration farm program.

Our efforts to achieve net zero emissions already include initiatives across the entire value chain, including the use of corporate aircraft. We believe that our corporate aircraft allows our executives to be more effective as they open up new markets, expand share in existing markets and meet with our customers and associates in person worldwide. Given that we have numerous facilities in many remote areas around the world, the use of company aircraft enables our executives to reach these locations efficiently and increase the time available for business purposes.

While emissions from corporate aircraft produce less than 1% of our total emissions, we have already taken steps to reduce this impact. In 2021, we launched an internal carbon price through our Business Travel Inset Program, or B-TIP, which is helping us balance out the carbon cost of our business air travel. With BTIP, we have added a carbon fee to the cost of each flight undertaken by employees for business travel. Collected fees borne by the travel and employee sector, business unit, or function are then reinvested into regenerative agriculture projects that reduce carbon emissions.

Given our efforts, including robust public reporting on our sustainability initiatives and goals to reduce greenhouse gas emissions and the fact that these emissions are such a small subset of total emissions, the Board believes that the reporting called for in this proposal is neither necessary nor a good use of company resources.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. We'll now address questions submitted about the proposals that we just reviewed. I remind you that time allowing there will be an opportunity for general questions not related to the proposals after the formal portion of the meeting is concluded. And also we are limiting each shareholder to one question to give everyone a chance to ask a question. Mr. Chairman, we received a question relating to Board size. The question is: "why have more than seven directors?"

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Yeah. Thank you for your question. The size of our Board is not unusual for a company of PepsiCo's size. Our Board is focused on maintaining a diversity of thought, experience of background in the boardroom that can be leveraged in order to benefit PepsiCo and all of our shareholders. The Board regularly evaluates its composition in light of the company's strategy and evolving needs.

David Flavell *PepsiCo, Inc. – Executive Vice President, General Counsel and Corporate Secretary*

Thank you. The next question we received is: "why do we give shares to executives and directors, pay them and allow them to purchase shares at a reduced rate, say 75% to 85% off the current price, and require them to hold the shares for a specified period of time, depending on the discount. Giving away shares that are created for such use diminishes the equity and voting power of each shareholder. All shares used for such purposes should be purchased by the company on the open market."

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Yeah. Thank you. Our compensation program is designed to align the interests of PepsiCo executives with those of our shareholders. As such, the majority of pay remains variable and at risk with a significant portion delivered in equity grants based on the company's performance compared to three-year goals to ensure that executives are motivated to deliver on PepsiCo's objectives in conjunction with stringent, very stringent, I think stock ownership and requirements.

Management closely monitors the granting of equity awards to mitigate any dilution impact to existing shareholders as the company engages in a responsible usage of shares under its long-term incentive program. Introducing a discounted employee share purchase plan may further dilute investor interest. Share dilution always remains the median of our peers from the data that we have.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. The next question we received is on the level of executive compensation. Mr. Chairman, can you please tell us about PepsiCo's compensation program design?

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Yeah. Let me try to make it short. The compensation committee works with an independent advisor to design a market competitive program that includes short and long-term incentives that are based on predetermined financial and operating goals that are linked to the company's strategy and align with delivering on financial goals communicated to shareholders.

Compensation that is disclosed in the proxy statement is the aggregated combination of total pay, including base salary, annual incentives, long-term incentives and some other benefits. The majority of the compensation for our executive officers remains at risk of performance base, which means the payouts are directly correlated and dependent on the performance of the company, thereby aligning the executives' interests with our shareholders' interests.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you. The next comment we received requested that all political donations and contributions be stopped and funds used elsewhere. Mr. Chairman, could you please provide some context around our political contribution practices?

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Yeah, I think we touched on it, but let me just reiterate a bit. Let me begin by reiterating my comments on the third shareholder proposal, where I emphasized PepsiCo's commitment to strong governance and full transparency in all matters related to political contributions. As I previously stated, our political giving is limited to the United States. We believe we have a responsibility to our employees and our shareholders to engage elected officials in the US on a bipartisan basis and to advocate for public policy that affects our business in compliance with all applicable laws.

Providing financial support to responsible, pro-business candidates is an important means by which we help 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 creation. Our engagement sometimes includes direct financial support of organizations and individuals on both sides of the aisle and is intended to ensure that PepsiCo's views are voiced and heard. Details on all of our political contributions are posted on our website pepsico.com on an annual basis for shareholders' review.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. We've received a question in relation to pay ratio. "How does the Board justify the CEO pay ratio? Total compensation is up almost $3 million and even straight salary is up 6.6%. What did other employees get and in particular the median employee? Didn't they all contribute to the company's success in 2022?"

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Yeah. PepsiCo has maintained a strong pay-for-performance philosophy that ties the vast majority of total compensation for executive officers directly to the company's performance. This helps to ensure the long-term success of the company, our employees and our shareholders. Across all our markets and employee groups, PepsiCo remains committed to providing competitive compensation that is appropriate for an employee's position and geographical location, while also linking compensation to the company and individual performance.

Please keep in mind that the ratio reflects the breadth of our operations, which includes a globally diverse workforce with a large number of front-line employees, more than half of whom are located outside of the US. We continue to recognize the efforts of our frontline associates. And in 2022, we made investments to provide substantial wage increases to select sales, supply chain, driver and warehouse positions in North America, as well as enhance our US hourly retirement programs.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. I don't see any further questions pertaining to the proposals. That concludes the presentation of the items of business that you've been asked to vote on at today's meeting. For those shareholders who have not yet voted, we are preparing to close the poll and will give you only a few more moments to cast your vote using the Vote Here button on the virtual screen website, as I noted earlier. If you've previously voted, you do not need to take any further action.

Now that everyone's had the opportunity to vote, I declare the polls closed. I've received the preliminary voting results from the inspectors of elections and the preliminary voting results show that:

All director nominees have been duly elected by the affirmative vote of a majority of the votes cast.

Ballot item number two, the appointment of KPMG LLP as our independent registered public accounting firm for 2023, has been ratified by the affirmative vote of approximately 94.6% of the votes cast.

Ballot item number three, the advisory vote on executive compensation, has been approved on an advisory basis by the affirmative vote of approximately 89.1% of the votes cast.

Ballot item number four regarding the advisory vote on the frequency of future shareholder advisory approval of executive compensation, the frequency option of every one year, received the most votes representing approximately 97.8% of the votes cast.

Ballot item number five, the shareholder proposal regarding an independent Board Chair, received support of approximately 25.1% of the votes cast and did not receive enough votes to pass.

Ballot item number six, a shareholder proposal for a global transparency report, received the support of approximately 18.6% of the votes cast and did not receive enough votes to pass.

Ballot item number seven, a shareholder proposal for a report on impacts of reproductive health care legislation, received the support of approximately 16.1% of the votes cast and did not receive enough votes to pass.

Ballot item number eight, a shareholder proposal for a congruency report on net zero emissions policies received the support of approximately 2% of the votes cast, and did not receive enough votes to pass. We'll be reporting the final votes results in a Form 8-K that will be filed with the US Securities and Exchange Commission within four business days.

Ramon Laguarta *PepsiCo, Inc. – Chairman of the Board of Directors and Chief Executive Officer*

Perfect. Thank you, David. Okay. There being no further business to come before the meeting, the formal business portion of the meeting is now adjourned. We'll now address a couple of general questions. Also joining on the line with me and David to answer these questions are Hugh Johnston, our Vice Chairman and Chief Financial Officer, and Ronald Schellekens, Executive Vice President and Chief Human Resources Officer.

David Flavell *PepsiCo, Inc. – Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. In light of the time, we will take a couple of general questions and then the questions that are not otherwise addressed during the meeting will be published. We will publish our responses on our Investor Relations site after the meeting or communicate the relevant responses directly to the submitting shareholder. The first question we received as follows. "Will PepsiCo commit to disclosing on the proportion of its sales associated with healthier food and drinks across its entire portfolio using government endorsed nutritional profiling models and set targets to increase the proportion of these sales?"

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Okay. Thank you for the question. We absolutely acknowledge our role as part of this complex food system to offer a range of products for our consumers, and we are very proud of our progress to transform our portfolio that we started this journey about 18 years ago. In September 2021, we introduced pep+, a strategic end-to-end transformation with sustainability at the center of how the company will create growth and value. We reinforced our plans to evolve our portfolio in that pep+ and improve its nutritional profile and help improve nutrition access to our pep+ framework, which includes incorporating more diverse ingredients in both new and existing food products to deliver nutritional benefits such as chickpeas and whole grains; expanding our position in the nuts and seeds category, where we already are the global branded leader, including leadership positions in Mexico, China and several Western European markets; accelerating progress against our goal to reduce added sugar and sodium by 2025 through the use of science-based targets across all our portfolio; and cooking our food offerings with healthier oils with reduction goals informed by leading global and national health authorities, including WHO. And then partnering with communities to advance food security and make nutritious food accessible to 50 million people by 2030.

We already engage in extensive reporting specific to the goals on approximately 80% of our global foods volume and 90% of our global beverage volume sold annually, which is audited and verified independently by Partnership for a Healthier America. As you may know, independent groups such as Access to Nutrition Initiative also assess our portfolio with their unique methodology and process and they reported 30% healthier in the last global report and 28% healthier in their most recent US report. Currently, we want to continue to focus our resources on progressing on our stated 2025 goals and beyond and we remain accountable with our annual reporting and verification process.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you. The next question we received is, will you consider increasing the dividend to match inflation?

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Okay. We view dividends as a very important component of total shareholders' return and take many factors into account when considering the dividends and dividend decisions are made annually by our Board of Directors. Just this past February, we announced a 10% increase in our annualized dividend, which is set to begin with the June payment. Since 2010, remember we've grown our dividend at a compounded annual growth rate of nearly 8% and have a very strong track record of 51 consecutive years of dividend increases.

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. In light of the time, that concludes the Q&A session. Any questions that have come through that we did not get to that are in accordance with the rules of conduct will be addressed on our company website. And if you have any other questions, please send a note to our investor relations team at investor@pepsico.com.

Ramon Laguarta - *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

So thank you. Thank you all for your time and for attending PepsiCo's Annual Meeting of Shareholders and wish you and your families good health.

Operator

This now concludes the meeting. Thank you for joining and have a pleasant day.