

**PepsiCo, Inc.**  
**2025 Annual Meeting of Shareholders**

**May 7, 2025**  
**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**

**Abigale Millhouse** – *Representative for the Sisters of the Sorrowful Mother International Finance, Inc., and co-filers*

**Laura Campos** – *Representative for the Nathan Cummings Foundation*

**Andrew Shalit** – *Representative of the Green Century Equity Fund and co-filer*

**Kelly McBee** – *Representative of Michael E. Monteiro 2016 Revocable Trust and co-filers*

**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 2024 Annual Report, 2024 Form 10-K, first quarter 2025 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 under the "Events & Presentations" 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 22, 2025.

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 2025 Annual Meeting of Shareholders.

Let's begin by introducing each of my fellow Directors who are on the line – Segun Agbaje, Jennifer Bailey, Cesar Conde, Ian Cook, Edith Cooper, Susan Diamond, Dina Dublon, Michelle Gass, Sir Dave Lewis, David Page, Bob Pohlad, Dan Vasella, Darren Walker, and Alberto Weisser.

I'd like to thank the Board for their critical guidance and their partnership throughout 2024. With their support, we met or exceeded several of our performance goals, innovated across our portfolio, and continued to build new capabilities and transform the business.

As I reflect on PepsiCo's performance over the past year, one word comes to mind: resilient. Despite facing a series of headwinds in 2024, we delivered 2% organic revenue growth for the full year. We also delivered 9% growth in core constant currency earnings per share. This beat our guidance of at least 8% and gave us four straight years of meeting or exceeding our EPS objectives.

Over the past five years, our net revenue has increased 37% to nearly \$92 billion, while core EPS increased 48%. We've made tremendous progress on our journey to invest in our business and accelerate growth, while also having to navigate through a global pandemic and periods of abnormally high levels of inflation. This is a testament to the long-term resilience of our categories, our product and geographic diversification, the agility of our business model, and our ability to deliver profitable growth.

Our international business has been especially important to our growth, as we have continued to build our presence outside of North America. In 2024, our international businesses delivered net revenue of 37 billion U.S. dollars. This represents 40% of our total net revenue and 39% of our core division operating profit mix. This sustained top-line growth helped our international business deliver core operating profit compound annual growth of 10% over the last five years.

I'm very proud of our teams around the world for everything they're doing to meet local tastes, offer consumers more value and convenience, and elevate our productivity to help fund investments in growth. Our performance over the last five years has been strong, and as we look ahead, we believe the runway for growth remains vast.

We operate in two large and attractive categories, global beverages and convenient foods, which represent a \$1.3 trillion global opportunity. Roughly, 60% of our business comes from geographies with 5% of the global population. That means we have a massive opening to expand in geographies covering the other 95% of the population. With this opportunity in mind, we're focusing our energy and investment on four key pillars: evolving our portfolio to always win the consumer, expanding our availability to reach consumers everywhere, modernizing the Company to fuel growth, and becoming more sustainable and resilient with pep+.

Let's start with evolving our portfolio.

Our aspiration is to offer consumers a broad portfolio of products that meet their needs throughout the day. We're doing this by accelerating the pace of our portfolio innovation with a focus on:

- Advancing Positive Choices, including no-sugar beverages, and increasing diverse ingredients like whole grains and pulses in our food business.
- We're also providing more functionality in our products, like better hydration and proteins;
- Offering more options that provide portion control;

- And addressing consumers' increasing desire for customization and personalization, including powders and tablets, and expanding our SodaStream offerings.

To point to a few examples, we're:

- Refreshing iconic offerings like Lay's Classic with less sodium in the U.S. and expanding cooking methods like popping and baking.
- We're relaunching the Simply line in the U.S. with no artificial colors or flavors;
- Innovating functional hydration with brands like Gatorade and Propel;
- And advancing our multicultural focus in the U.S. by expanding Sabrita's presence while adding Siete's collection of authentic Mexican-American foods to our portfolio.
- We're also providing consumers with alternatives like mini canisters and mini cans that offer convenience, value, and portion control.
- And we're investing in personalization and customization with Gatorade and Propel powders, now a \$1 billion business in the U.S., while adding new SodaStream flavors.

We also believe we have an opportunity to capture more consumers throughout the day by extending our large brands into meal occasions around the world.

For example, in Europe, we're showing consumers how to simplify a traditional potato omelet using Lay's to save time and effort. And in the U.S., we're providing more meal options by bringing Doritos Loaded to colleges and universities, while our Drips mixology stations let consumers create unique beverage combinations with our PepsiCo products.

At the same time, we're also working to expand our brands' presence in high-growth channels and markets. We're stepping up our Away From Home business in both foods and beverages. For example, in Mexico, we're leveraging Tostitos street food trucks that enable consumers to create a meal centered around Tostitos. We're also expanding our brands into new markets and we're building up our own direct-to-consumer and business-to-business platforms.

By focusing more on these channels, we're aiming to grow our connection with consumers and make sure our products are available everywhere they're needed, when they're needed. To support these initiatives and investments, while positioning us to deliver long-term profitable growth, we'll continue to elevate our multi-year, corporate-wide transformation and productivity programs. This includes modernizing our Company with digital platforms, simplifying and harmonizing our IT systems, and standardizing our ways of working.

We've also created a network of global capability centers. These are helping us avoid duplication, leverage our global scale, and centralize information. They also enable knowledge sharing and allow us to quickly lift and shift best practices. Each of these programs help us better leverage data to make us more competitive in the marketplace. They're improving our agility, speed to market, and precise execution at store level, all while lowering our costs.

Going forward, we'll continue to focus on winning with pep+. Our strategy transforms PepsiCo from end-to-end to create sustainable growth and value. Winning with pep+ is the way we're transforming our supply chain, evolving our portfolio, and striving to make sure we have the right capabilities to support our people and our business worldwide.

Some key wins from 2024 include:

- Working with partners to launch the Climate Resilience Platform. This is an open access tool providing insights for farming communities on climate change impact and mitigation. Recognized by Fast Company as a “Next Big Thing in Tech,” the CRP helps boost yields and reduce environmental impact.
- We're also incorporating recycled material into the packaging of at least one PepsiCo product in approximately 60 countries.
- We reached our 2025 global goal in operational water use efficiency in high-risk areas.
- We exceeded our 2025 agricultural water use efficiency target in high-risk watersheds.
- We're elevating our Positive Choices by continuously improving our recipes to reduce sodium, saturated fats, and added sugar, while incorporating more diverse ingredients.
- We launched Gatorade Hydration Booster, an electrolyte drink mix that provides all-day hydration without artificial flavors, sweeteners, or colors.
- And we introduced Quaker Oat “Rice” in Brazil, offering higher fiber and plant-based protein compared to standard brown rice. All profits from Oat “Rice” are donated to an NGO in the northeast of Brazil to help address food insecurity in the region.

In summary, we have beloved brands, a talented team of associates around the world, and advantaged capabilities. As the external landscape continues to evolve, we believe we have the right strategies, the right tools, and the right capabilities to capture additional opportunities for growth.

We also believe that we have the right team. I'm deeply grateful to our partners and suppliers around the world for showing us what best-in-class collaboration looks like. With their continued support – and the support of all of our stakeholders, especially our associates – we will be well-positioned to succeed and move closer to performing to our full potential.

Finally, I'd like to thank all of you, our shareholders. None of this would be possible without your support. Thank you for trusting us with your investment, and 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 Secretary for 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 and 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 April 1, 2025.

The Inspectors of Election, Beth VanDerbeck and Kenneth Engelhardt, 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 Election 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 Statement, 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 2025, which I now place before the meeting. Allan Colaco and Karmen Ward 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 2025.

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.

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 fourth agenda item, a shareholder proposal requesting a third-party assessment on non-sugar sweetener risks, submitted by the Sisters of the Sorrowful Mother International Finance, Inc. and other co-filers. Ms. Abigale Millhouse will be presenting the proposal as their representative. Operator, please play the pre-recorded audio presentation.

**Abigale Millhouse** – *Representative for the Sisters of the Sorrowful Mother International Finance, Inc., and co-filers*

Good morning, PepsiCo shareholders. My name is Abigale Millhouse and I'm a high school student. I present the shareholder proposal number four on behalf of the Sisters of the Sorrowful Mother and seven other co-filers. This proposal asks PepsiCo to secure a third-party assessment of PepsiCo's efforts to assess and mitigate the risks of non-sugar sweeteners.

I'm a student athlete, National Honor Society member, and member of my school's main charity organization called Pantheron. I plan on playing softball in college next year.

As an athlete, I care about what foods and drinks I put into my body. In March 2023, the World Health Organization recommended against the use of non-sugar sweeteners to control body weight or reduce the risk of non-communicable diseases. The report states that non-sugar sweeteners do not confer any long-term benefit in reducing body fat in adults or children, and that long term use of non-sugar sweeteners increases the risk of type 2 diabetes and cardiovascular disease. Emerging research indicates non-sugar sweeteners can damage the gut microbiome and cause neurotoxicity. This is shocking.

What is worse is that it's a well-kept secret. For example, many of my friends think Diet Pepsi is better for their health than regular Pepsi. Zero calories and zero sugar. How can PepsiCo ignore the need for more transparency on potential health harms of non-sugar sweeteners in their products? Aspartame has been approved by the Food and Drug Administration as far back as 1974. The studies on the health risks associated with non-sugar sweeteners [are] out of date and inconclusive. And yet the number of products containing non-sugar sweeteners has increased by over 300% over the last 10 years, and in some food categories by over 500%.

Aspartame is in over 6,000 products worldwide. You may not know aspartame is in many other Pepsi products, in addition to diet soda. There's aspartame in some of Pepsi's iced teas, sparkling waters, lemonades and sports beverages, to name a few. Diet-related chronic disease due to non-sugar sweeteners has not been studied in a manner sufficient to protect public health and well-being.

The industry's influence over regulatory bodies means lax regulatory controls, and this allows PepsiCo to pursue profits knowing full-well that the burden of managing chronic disease is borne by PepsiCo's consumers.

PepsiCo consumers think that it is safe to put their trust in a successful giant manufacturer like PepsiCo, with its teams of scientists, nutritionists, toxicologists and product safety professionals, who must care about their consumers. Sadly, the more I learn about this topic, the more disillusioned I am.

PepsiCo's pep+ pillars is Positive Choices, which claims, "Underlying our strategy is the intent to be transparent. To build and maintain trust with our consumers, our brand initiatives must be authentic to the markets in which they're activated and supported by measurable action." This shareholder proposal number four seeks transparency. The third-party assessment will provide PepsiCo with an unbiased perspective on the adequacy of its efforts to monitor emerging science that can better prepare the Company to pivot, if necessary, to safer alternatives. Further, the third-party assessment can provide a level of transparency that could enhance PepsiCo's reputation within the food and beverage sector, as well as among customers and Company shareholders. More transparency is good for long-term shareholder value.

Please support shareholder proposal number four.

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

Thank you, Ms. Millhouse. Our Board carefully considered this proposal, including a review of feedback from our shareholders on a nearly identical and unsuccessful proposal in 2024, and believe that a third-party assessment on non-sugar sweetener risks would be unnecessary, particularly in view of the comprehensive safety assessments carried out by regulatory food safety bodies for these ingredients.

As one of the world's largest beverages and convenient foods companies, PepsiCo embraces the role we can play in helping to promote a balanced diet that supports health and wellness. Reformulation to reduce added sugars in our beverage products is, and has been, a core element of our product portfolio management agenda.

The safety of our consumers is our primary concern. Aspartame has been safely consumed for more than 40 years, and more than 100 studies conducted over this time confirm that aspartame is safe. In July 2023, the Joint World Health Organization and Food and Agriculture Organization of the United Nations Expert Committee on Food Additives, or JECFA, reconfirmed the safety of aspartame as a food ingredient after completing a very comprehensive assessment.

This assessment included a review of the International Agency for Research on Cancer, or IARC's, recent conclusion that aspartame may be possibly carcinogenic to humans, finding no convincing evidence of any concern for human health. Thirty food safety authorities around the world, including the U.S. Food and Drug Administration, responded by releasing statements in support of JECFA's findings.

The proponent noted that the World Health Organization's Nutrition Guide Expert Advisory Group issued guidelines regarding low and no-calorie sweeteners in May 2023, which did not recommend that such sweeteners be used as a means of achieving weight control or reducing the risk of non-communicable diseases. However, the WHO noted that this recommendation was based on low-certainty evidence and that the recommendation is therefore conditional. Meaning that the advisory group's panel is uncertain that the desirable consequences of implementing the recommendation outweigh the undesirable

consequences, or that the anticipated net benefits are small. The WHO also explained that the guidelines are not intended to question the safety of low or no-calorie sweeteners.

In addition, PepsiCo employs a team of nutrition scientists and toxicologists, as well as regulatory professionals, whose responsibilities include proactively monitoring such developments, reviewing available literature, completing and supplementing existing research, and ultimately ensuring that the ingredients in our products are safe and suitable for consumers and regulatory compliant.

Based on the substantial body of evidence available on sweeteners, including aspartame, as well as published reviews on the very comprehensive assessments carried out by authoritative food safety bodies, PepsiCo believes that the assessment requested by this proposal would not provide any new or useful information to shareholders.

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

The fifth agenda item is a shareholder proposal requesting a third-party racial equity audit, submitted by the Nathan Cummings Foundation. Ms. Laura Campos will be presenting the proposal as their representative. Operator, please play the pre-recorded audio presentation.

**Laura Campos** – *Representative for the Nathan Cummings Foundation*

Hello, my name is Laura Campos. I'm here on behalf of the Nathan Cummings Foundation to move item number five, a shareholder proposal requesting that the Board oversee a racial equity audit.

Racial equity audits, also known as civil rights audits, analyze the benefits and potential adverse impacts of a company's policies, practices and products across all races and ethnicities. There are many reasons for PepsiCo to undertake a racial equity audit. As PepsiCo Board member Darren Walker has stated, "Civil rights audits are good for business." They can offer strategic advantages through identifying opportunities to enhance a company's brand and reputation among diverse communities. They can also help uncover opportunities to target investments to high impact initiatives and illuminate blind spots in product development and marketing.

We understand that PepsiCo is reviewing the diversity, equity, and inclusion strategy it launched five years ago, making this an appropriate time to seek feedback from external stakeholders to better understand what they have appreciated about PepsiCo's work in this space, and where they see room for improvement. The growing politicization of corporate diversity, equity, and inclusion efforts presents genuine challenges for companies striving to foster fair and inclusive workplaces, while minimizing pushback from all sides. For instance, last month Reverend Al Sharpton and the National Action Network threatened to boycott PepsiCo due to concerns raised by reports that the Company plans to roll back its diversity, equity, and inclusion commitments.

We believe that conducting a thorough review of efforts to date through a racial equity audit could assist the Company in better navigating these turbulent times. Many other prominent companies have conducted, or are in the process of conducting, racial equity audits. These include Starbucks, McDonald's

and Citigroup. Companies that have completed audits have found value in identifying gaps between their self-perception and the perceptions of their key stakeholders in developing new partnerships with communities, and in providing guidance for their human resources teams by identifying barriers to talent acquisition and retention. We hope that PepsiCo will join these companies and undertake an independent third-party racial equity audit for the benefit of the Company, its shareholders and its stakeholders. Thank you.

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

Thank you, Ms. Campos. Our Board carefully considered this proposal, including a review of feedback from our shareholders on a nearly identical and unsuccessful proposal in 2024, and determined that the racial equity audit requested by this proposal is not necessary, nor in the best interest of PepsiCo or our shareholders, because we believe it would be duplicative of work that we have already done.

We actively engaged with external stakeholders and advisors who span businesses, academia, and non-profits, and partnered with thought-leading organizations that gave us guidance and advice on supporting the communities we serve as we developed our 2020 diversity-related initiatives. For example, PepsiCo established community advisory committees, a cross-section of external businesses, community, and non-profit leaders to provide strategic advice, and held annual meetings with these committees to gain insights and advice on key issues.

We also engaged an independent third party to assess our policies and practices, including our business practices, contributions, and investments as it relates to certain cohorts.

Achieving our vision of being the global leader in convenient foods and beverages means driving excellence to be a best-in-class company. That requires us to compete for excellent talent with the necessary skills to drive business growth and innovation. Accordingly, it is imperative that we cultivate an inclusive environment that enables us to attract and retain this type of talent from an expansive range of sources.

To inform our inclusion for growth strategy, we have engaged with senior business leaders across our organization. And in addition, we have engaged with and considered feedback from our employee resource groups, which have more than 12,000 members in North America.

We also have a robust, longstanding, and comprehensive global pay equity process, developed under professional guidance from an independent third party that works to ensure pay equity across employee groups. As of 2023, we had implemented this process in 71 countries that collectively make up more than 99% of our salaried employee population. In the salaried U.S. population, people of all races, defined for this purpose as Black, White, Asian and Hispanic, are paid within 1% of each other based on base compensation after controlling for legitimate drivers of pay, such as job level, geographic location and performance ratings.

As for Ms. Campos' comments regarding Reverend Al Sharpton and the National Action Network, PepsiCo began conversation with NAN in the past weeks in an effort to explain the Company's Inclusion

for Growth strategy and better understand NAN's concerns. We hope that through discussions, NAN will better understand our strategy.

Given that our inclusion strategy and initiatives were, and continue to be, informed by feedback from a variety of stakeholders, we do not believe that the requested audit would be [a] worthwhile use of Company resources.

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

The sixth agenda item is a shareholder proposal requesting a report on risks related to biodiversity and nature loss, submitted by the Green Century Equity Fund and co-filer. Mr. Andrew Shalit will be presenting the proposal as their representative. Operator, please play the pre-recorded audio presentation.

**Andrew Shalit** – *Representative of the Green Century Equity Fund and co-filer*

Hello, my name is Andrew Shalit, and I'm representing Green Century Capital Management as the sponsor of proposal number six.

PepsiCo relies on agricultural products and fresh water to produce virtually all of its products. The steady supply of these inputs depends on stable natural systems, and yet the natural world is becoming less and less stable before our eyes. The increasing severity and frequency of wildfires, floods, extreme weather and droughts are visible in daily headlines. Loss of biodiversity is also accelerating. This process undermines the reliability of the resources our Company relies on. Without ingredients and water, Pepsi will have no products to sell. Our proposal asks PepsiCo to report on its nature-related dependencies, risks, impacts and opportunities.

PepsiCo makes good efforts to be a nature-positive company, but its individual programs are not a substitute for a systematic assessment which would mitigate potential operational, regulatory, and reputational risk, serving both the short- and long-term interests of the Company. Nature and biodiversity loss are topics of increasing concern among investors. Over half of global GDP is highly or moderately dependent on natural input. The U.S. suffered over \$20 billion in crop losses last year due to extreme weather. The global loss of pollinators has led to crop yield instability across two-thirds of the world. Record-breaking heat waves have contributed to mega droughts. The disruption of nature also impacts logistics and transportation. 2024 saw wildfires, hurricanes and floods shut down major transport systems across the globe.

Global actors and financial systems are responding. In 2022, 196 parties adopted the Global Biodiversity Framework, calling on companies to disclose their nature-related risks. The EU's Corporate Sustainability Reporting Directive includes biodiversity and nature reporting among its requirements. Frameworks are now available to support nature disclosure. Over 500 organizations have committed to the Taskforce on Nature-related Financial Disclosures.

PepsiCo has an opportunity to position itself at the forefront of efforts to address nature-related risks and

impacts by joining these organizations. PepsiCo aspires to leadership in its care for the natural world. It can realize that goal and ensure a more stable future for the Company by providing a comprehensive accounting of its nature-related dependencies, risks, impacts, and opportunities.

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

Thank you, Mr. Shalit. After careful consideration, including a review of feedback from our shareholders on a substantially similar, unsuccessful proposal in 2024, the Board has determined that producing the requested report on biodiversity and natural loss risks is not warranted, as it is already incorporated into our broader reporting on sustainability matters.

Nature is core to PepsiCo's business, and we recognize that our supply chain and our business are linked to the health and sustainability of biodiversity and natural ecosystems.

We are engaged in actions that aim to help safeguard nature and, in doing so, aim to help mitigate risk for our business and supply chain, while also supporting long-term ecosystem health.

For example, our efforts to extend regenerative farming practices are founded on a set of techniques that aim to improve and restore ecosystems, with a focus on building soil health and fertility; reducing and sequestering carbon emissions; improving watershed health; and protecting and enhancing biodiversity. This, in turn, aims to help to build a sustainable food system while striving to preserve the secure supply of agricultural ingredients to our business.

In 2023, we met one of our nature-related goals two years ahead of schedule, exceeding our target of increasing our agricultural water-use efficiency by 15% by 2025.

We reached a 22% improvement when compared to a 2015 baseline in high water-risk watersheds through partnerships, targeted training, and programs such as our demonstration farms.

Our plans with respect to our sustainability agenda are founded on careful consideration of the nuances of our business, and we continue to monitor and evaluate scientific advances and the needs of the business and our stakeholders.

We have been reporting publicly on our sustainability strategy and progress for more than a decade.

Our comprehensive ESG reporting suite provides regular updates on our approach, progress, challenges and key partnerships related to more than 50 topics, including agriculture, deforestation, water, climate change, and packaging.

We do not believe it would be a beneficial use of Company resources to divert attention away from these efforts to generate a separate stand-alone report on biodiversity and natural loss risks.

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

The seventh agenda item is a shareholder proposal requesting a report on sustainable packaging policies for plastics, submitted by Michael Monteiro 2016 Revocable Trust and co-filers. Ms. Kelly McBee will be presenting the proposal as their representative. Operator, please play the pre-recorded audio presentation.

**Kelly McBee** – *Representative of Michael E. Monteiro 2016 Revocable Trust and co-filers*

Thank you for the opportunity to present this proposal. I'm Kelly McBee with As You Sow, representing the filers of proposal number seven, which asks our Company to improve sustainability operations by addressing unrecyclable, flexible plastic packaging.

Flexible plastics often used to package chips, sweets, and other ready-made products, make up 18% of our Company's plastic packaging, and unfortunately cannot be recycled at scale here in the U.S., relegating a significant portion of our Company's packaging to landfill and plastic pollution. Our Company faces regulatory, reputational, and financial risks through its continued use of unrecyclable, flexible plastics.

Collectively, corporations like PepsiCo face an annual financial risk of approximately \$100 billion, should global governments continue the growing policy trend of holding corporations financially accountable for packaging at its end of life, a policy known as extended producer responsibility, or "EPR."

In just the last three years, the first statewide EPR laws have been adopted in five U.S. states, with rapid and ongoing additional legislative introductions throughout the country. Under new EPR regulations, flexible plastic films face some of the greatest fees to producer companies, compared to their recyclable or reusable packaging alternatives. In addition to new EPR laws, the forthcoming international adoption of a global plastics treaty is anticipated to affect the utilization and costs of all plastic, but especially that which is unrecyclable and most prone to pollution: flexibles.

Our Company has goals to reduce its overall use of plastic packaging but has unfortunately regressed in meeting these commitments. Leading research identifies flexible plastic packaging as the greatest opportunity to reduce overall plastic use. PepsiCo could begin to make progress on its existing plastic reduction commitments by specifically evaluating its use of flexible plastics.

Shareholders and PepsiCo would benefit from the report requested in this proposal, which would demonstrate that our corporate Board and management have evaluated and prepared for forthcoming changes in packaging use in response to new and increasing EPR laws, forthcoming adoption of a global plastics treaty, and related regulatory and financial risks.

Please support proposal seven to evaluate flexible plastic packaging. Thank you.

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

Thank you, Ms. McBee. Given the proposal's narrow focus on flexible films and PepsiCo's comprehensive long-term packaging strategy, our Board of Directors believes this proposal is duplicative and not a valuable use of limited Company resources.

We are taking a holistic, multi-faceted approach to sustainable packaging. We continuously and systematically evaluate the usage of our flexible films, and other plastic packaging, as part of a rigorous planning cycle.

This approach includes the review of external dynamics such as regulations, consumer and customer trends, as well as cross-functional work to advance solutions, particularly in new materials or machine technologies.

One example is our progress in the U.K., where we replaced the outer plastic packaging of our Walkers chips multipacks with a flexible paper solution, reducing 180 tons of plastic per annum.

A critical consideration in our packaging substitution decisions is the maturity of the material technology. At present, paper-based solutions for high or ultra-high barrier products such as potato chips are still nascent and unable to deliver our food products without risk of rancidity, food waste, or eroded consumer experience. However, we continue our R&D and partnership efforts aiming to expand the capability of paper-based alternatives.

To enhance the recyclability of our packaging, we are also working to improve the compatibility of our packaging with existing recycling systems through a methodical, ongoing process of identifying and implementing technical and commercially viable solutions.

To reinvent snack packaging, PepsiCo has been working to develop innovation capability through various teams such as our External Innovation team that partners with academic, commercial, venture and invention networks and consortia to scout potential new sustainable packaging materials and technologies.

As of 2023, 88% of our plastic packaging is considered designed for recycling based on industry design guidelines. And we continue to work to remove potential design impediments in markets where they remain.

PepsiCo is engaging with peers, innovators, and policy makers to collectively further the circularity of our packaging. PepsiCo is actively involved in pre-competitive, multi-stakeholder conversations with the Ellen MacArthur Foundation, the Consumer Goods Forum, the Ocean Plastics Leadership Network, and other NGOs, to develop principles that can guide the use of end-of-life technologies.

By spearheading efforts to advocate for well-designed Extended Producer Responsibility at a local level, and for a UN Global Plastic Treaty, PepsiCo is also seeking to advance policy solutions that could level the playing field and spur investments into a circular economy for plastic packaging.

We are taking steps to advance packaging solutions, including for flexible films, through strategic investments in collaborative collection and recycling programs, creating market demand signals, and advocating for effective policy solutions.

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

Thank you, Mr. Chairman. We will now address questions submitted about the proposals that we just reviewed. I remind you that there will be an opportunity for general questions not related to the proposals after the formal portion of the meeting has concluded. And also, we are limiting each shareholder to one question to give everyone a chance to ask a question.

The first question we received states that: “it is not sound policy to avoid addressing threats to biodiversity or the lack of sustainable plastic packaging,” and asks us to detail the top three specific actions PepsiCo is taking to avoid and minimize these risks.

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

Thank you. As disclosed in our 2025 Proxy Statement and described earlier in my responses to the relevant shareholder proposals, PepsiCo is undertaking deliberate and significant actions to mitigate risks related to biodiversity and nature loss, and plastic packaging.

With respect to biodiversity, we are working to expand the use of regenerative farming practices – an approach rooted in techniques that aim to improve and restore ecosystems. This includes encouraging use of techniques that improve soil and watershed health and reduce carbon emissions.

With respect to plastic packaging, our comprehensive strategy focuses on minimizing packaging use, advancing recycling efforts, and supporting a circular economy for recycled materials. We are also reimagining packaging through the adoption of alternative materials and reusable models. For example, we are investing in innovation through partnerships to explore new sustainable packaging materials and technologies.

Please see our Proxy Statement for more details on our strategy and the steps we have taken to address these issues. In addition to the disclosures on these topics included in our Proxy Statement, you can find more information on our approach, progress, challenges and key partnerships on more than 50 topics on our comprehensive ESG reporting suite, including those related to nature and packaging.

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

Thank you. The next question we received is: “Does the reason for recommending the Board to vote against shareholder proposal number five have anything to do with the Trump administration's Executive Order on eliminating diversity, equity, and inclusion programs?”

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

As indicated in the Proxy, our Board determined that the audit requested by this proposal was not necessary or in the best interest of PepsiCo or our shareholders because we believe it would be duplicative of the work that we have already done. Our Inclusion for Growth strategies and initiatives continue to be informed by feedback from a variety of internal and external stakeholders.

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

Thank you, Mr. Chairman. The next question we have is: “Thank you for opposing the anti-fiduciary demands of proposal number seven and your commitment to fiduciary duties. Could you elaborate on the importance of PepsiCo sticking with business-first timelines for plastic use, as opposed to activist demands?”

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

Since 2021, our sustainability initiatives have been guided by PepsiCo Positive, our business strategy that embeds sustainability in the core of our operations to deliver long-term success. pep+ includes three connected pillars: Positive Agriculture, Positive Value Chain, and Positive Choices. This strategy not only guides our actions to help create a more resilient, more sustainable food system, but it's also in the best interest of our business today and in the future.

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

Thank you. I do not 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 we'll give you only a few more moments to cast your vote using the “Vote Here” button on the virtual meeting website, as I noted earlier. If you have previously voted, you do not need to take any further action.

Now that everyone has had the opportunity to vote, I declare the polls closed.

I've received the preliminary voting results from the Inspectors of Election, 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 as our independent registered public accounting firm for 2025, has been ratified by the affirmative vote of approximately 92.7% 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 86.9% of the votes cast.

Ballot item number four, the shareholder proposal for a third-party assessment on non-sugar sweetener risks, received support of approximately 11.3% of the votes cast and did not receive enough votes to pass.

Ballot item number five, a shareholder proposal for a third-party racial equity audit, received the support of approximately 17.8% of the votes cast and did not receive enough votes to pass.

Ballot item number six, a shareholder proposal for a report on risks related to biodiversity and nature loss, received the support of approximately 17.7% of the votes cast and did not receive enough votes to pass.

Ballot item number seven, a shareholder proposal for a report on sustainable packaging policies for plastics, received the support of approximately 15.6% of the votes cast and did not receive enough votes to pass.

We'll be reporting the final results in a Form 8-K that will be filed with the U.S. Securities and Exchange Commission within four business days.

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

Thank you, David. There being no further business to come before the meeting, the formal business portion of the meeting is now adjourned. We'll now address general questions.

Also joining on the line with me and David to answer questions are Jamie Caulfield, Executive Vice President and Chief Financial Officer, and Becky Schmitt, Executive Vice President and Chief People Officer.

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

We will begin with the question that we received in advance of today's meeting. Then we'll take shareholder questions that are being entered today on the web portal. Please note that we will attempt to answer as many questions during this meeting as time allows, but only questions that are in accordance with the Rules of Conduct posted on the website will be addressed.

Questions on the same topic or that are otherwise related may be grouped, summarized, and answered together. For appropriate questions that are not otherwise addressed during the meeting, we will publish our responses on our Investor Relations site after the meeting or communicate the relevant response directly to the submitting shareholder.

Let's begin. The first question we received asked for our thoughts on paying down debt instead of buying back stock.

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

Thank you for your question. We're committed to meeting our debt obligations when they become due, while pursuing a balanced and disciplined approach to capital allocation priorities, including investing in our business and returning cash to shareholders.

In 2025, we expect to repay \$4 billion of long-term debt and return approximately \$8.6 billion to shareholders, including \$1 billion through our share repurchases. By repurchasing some of our shares, we hope to offset the impact of additional shares that we're issuing annually to our employees as part of their annual compensation. We have adequate liquidity and maintain financial flexibility.

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

The next question we received is: “Do you see raising the dividend again this year on Pepsi's stock?”

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

We view dividends as a very important component of total shareholder returns and take many factors into account when considering dividends. Earlier this year, we announced a 5% increase in our annualized dividend per share, which represents our 53rd consecutive annual increase, effective with the expected June 2025 dividend payment. We issued a press release on our quarterly dividend yesterday, which you can refer to for more information.

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

Our next question: “How much of the pullback in Pepsi products is due to GLP-1 drugs and consumers pulling back on spending?”

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

Like others in the industry, we've been monitoring GLP-1 trends. We're seeing GLP-1 consumers keeping our brands in the repertoire, sometimes in smaller portions. There's also evidence to suggest that GLP-1 users are consumers whose consumption patterns are changing, leaning-in on protein, fiber, hydration, and also smaller portions. With our diverse portfolio of foods and beverages, we're well positioned to address those needs today and in the future.

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

Thank you. Our next question: “Considering stock performance in the food and beverage industry, would it be a good time to acquire new businesses?”

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

While we cannot comment on acquisition plans, we're always evaluating opportunities and white spaces.

We've been evolving our food and beverage portfolio over many years, including by innovating with our brands in new spaces, and also through disciplined, strategic acquisitions, more recently with Sabra and Siete and the pending approval of poppi.

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

Thank you. Our next question: “What is PepsiCo's debt?”

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

Currently, we have \$48.5 billion of total debt and \$8.3 billion of cash and equivalents on our balance sheet as of the end of Q1 '25. Approximately 81% of our total debt is classified as long-term. The weighted average maturity of our debt is approximately 10 years, and we believe that we have ample sources of liquidity to meet our funding needs.

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

Thank you, Mr. Chairman. We do not appear to have any other questions. So, at this time, I'd like to thank our shareholders for their questions.

That concludes the Q and A session. Any questions that we did not get to or that are in accordance with the Rules of Conduct will be addressed on our Company website.

If you have any other questions, please send a note to our investor relations team at [investor@pepsico.com](mailto:investor@pepsico.com).

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

Thank you, very much, for your time and for attending PepsiCo's Annual Meeting of Shareholders.

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