2021 ESG Summary

Overview

The information within this PDF is as of June 28, 2022. Performance metrics and targets, footnotes and additional detailed information can be found in the PepsiCo 2021 ESG Performance Metrics.

As a general matter, recent organizational changes (e.g., acquisitions and divestitures) are reflected in our reporting as soon as data becomes available at which point, previously reported impacted metrics that are deemed significant are recast to consistently reflect the impact of the organizational changes. Unless otherwise noted, information available with respect to our acquisitions of Hangzhou Haomusi Food Co., Ltd. (Be & Cheery), BFY Brands, Inc. (BFY), Pioneer Food Group Ltd. (Pioneer Foods), Rockstar Energy Beverages (Rockstar) and SodaStream International Ltd. (SodaStream) is included herein.

Targets apply to PepsiCo’s operations as well as our value chain (e.g., franchise bottlers, joint ventures where PepsiCo has operational control, co-manufacturers, etc.) unless otherwise noted.
What does it mean to be a truly sustainable company?

At PepsiCo, we recognize that the futures of our company, communities, and planet are all inextricably linked. That reality has been driven home again and again in recent years, first by the COVID-19 pandemic, then the deadly conflict in Ukraine. Through it all, climate change has continued to increase its impact on our fragile ecosystems, leading to extreme weather, crop failures, and changes in the range and abundance of certain plants and animals. All of these issues have resulted in a collision of food shortages, supply chain bottlenecks, and a refugee crisis unlike anything Europe has seen since World War II.

In this context, we have been thinking hard about what it means to be a truly sustainable company, one that creates growth and value for all of our stakeholders. We know that to be successful five years, 10 years, 20 years from now, we need to create more resilience in our business. And that means we need to change what we do and how we do it.

In September 2021 we launched a strategic, end-to-end transformation of our business. We put sustainability and human capital at the center of how we will create growth and value, by operating within planetary boundaries and inspiring positive change for the planet and people. We call this approach PepsiCo Positive (pep+), reflecting a new reality where consumers, customers, our associates, investors, regulators, and many other stakeholders are becoming more interested in the future of the planet and society. From sourcing ingredients to making and selling our products more sustainably, pep+ connects the future of our business with the future of our planet.

The launch of pep+ is a turning point for PepsiCo. We have an opportunity to use our scale — with operations in more than 200 countries and territories, more than 25 crops sourced from approximately 7 million acres in more than 30 different countries, and more than one billion interactions with consumers each day — to help build a more sustainable food system. By advancing our pep+ goals, we believe we will be a consistent top market performer and a force for good by doing what’s right for people and the planet.

By becoming better ourselves, we not only meet the needs of our stakeholders but position ourselves for long-term growth. We can help define for the world what it means to be a truly sustainable company, and build a stronger, more resilient future for us all.

“PepsiCo remains committed to taking a leadership role in the creation of a more sustainable food system that preserves the planet and positively impacts people and communities across the world. With the ongoing volatility around the globe, our pep+ agenda continues to be the right path for our planet and our business.”

Jim Andrew
Chief Sustainability Officer

“The investments we have made in pep+ aim to ensure the sustainability of our business and the hundreds of thousands of jobs we support across our global supply chains – creating growth and value within planetary boundaries while inspiring positive change for people and the planet.”

Hugh Johnston
Vice Chairman and Chief Financial Officer
Across our value chain, PepsiCo is using our global reach and expertise to drive solutions at scale. PepsiCo’s sustainability strategy targets every stage of our complex value chain to use resources more efficiently, reduce greenhouse gas (GHG) emissions, replenish water, improve our products and recapture packaging materials. Investments in our circular and inclusive value chain will help accelerate the systemic change needed to address major global challenges.

1. **Agricultural Sourcing**
   PepsiCo sources crops from more than 30 countries and supports more than 100,000 jobs throughout our agricultural supply chain. The standards we apply and promote can help improve the environmental, social and economic health of agricultural communities around the world.

2. **R&D and Manufacturing**
   We spent $750 million on R&D in 2021 as part of our continued investment in developing quality and innovative beverages and convenient foods. Our 294 manufacturing facilities bring together innovators and operations teams who work to use water, energy and ingredients efficiently to create our beverages and convenient foods. In 2021, we produced more than 90 million metric tons of beverages and convenient foods.

3. **Distribution**
   PepsiCo products are sold in over 200 countries and territories. In 2021, our company-owned fleet traveled approximately 1.2 billion miles worldwide to bring PepsiCo products to customers. We are working to reduce the impact of those miles by continuing to adopt more efficient vehicles and practices.

4. **Consumption**
   PepsiCo products are enjoyed by consumers more than 1 billion times a day. We’re responding to changing consumer preferences by transforming our product portfolio and reformulating many of our beverages and convenient foods to reduce added sugars, sodium and saturated fat.

5. **Post-Consumer**
   PepsiCo’s sustainable packaging vision is to help build a world where packaging never becomes waste by driving the shift from a linear economy to a circular economy. We continue to grow our portfolio of Beyond the Bottle offerings, innovate to develop sustainable packaging and work to improve recycling infrastructure.
We’re charting a new course to drive positive action for the planet and people.

We’re evolving how we source our ingredients and make and sell our products, and how we inspire people through our brands.

pep+ has three pillars:

- Positive Agriculture
- Positive Value Chain
- Positive Choices

Positive Agriculture
We’re working to source our crops and ingredients in ways that restore the earth and strengthen farming communities.

Agriculture
We’re supporting regenerative agricultural practices that aim to make soil healthier, sequester carbon, improve watershed health and biodiversity, and strengthen farmer livelihoods. We’re working closely with our farmers and intermediary suppliers to embed these practices throughout our agricultural supply chain. In 2021:

- We spread regenerative agriculture practices to more than 345,000 acres, toward our goal of 7 million acres by 2030.
- Globally, more than 90% of our grower-sourced crops were sustainably sourced through our Sustainable Farming Program.
- We continued working with USAID on a 5-year, $20 million partnership to support women-owned and women-led enterprises.
- We committed $5 million to reduce greenhouse gas emissions in agriculture through AgMission.
- As of 2020, we reached 14% of our 2025 goal to improve water-use efficiency by 15% (versus a 2015 baseline), in high water-risk watersheds where we directly source our crops.

For more details see ESG Topics A-Z: Agriculture.
**Positive Value Chain**

*We’re helping build a circular and inclusive value chain.*

**Climate**

Achieve net-zero emissions across our value chain by 2040; by 2030, reduce our GHG emissions by more than 40% (versus a 2015 baseline), doubling our prior climate goal:

- We are investing in zero- and near-zero emission delivery vehicles for our company-owned fleets and partnering with others to support decarbonization of the broader transport industry and improving energy-use efficiency and working to scale renewable fuel solutions at our manufacturing facilities.
- As of 2021, we’ve improved our operational water-use efficiency by 18% (versus a 2015 baseline) in high water-risk areas, toward our goal of 25% by 2025.

**Packaging**

PepsiCo envisions a world where packaging never becomes waste:

- We’ve announced ambitious new goals around our aim to reduce our use of virgin plastic, use more recycled content in our plastic packaging and scale business models like SodaStream that avoid or minimize single-use plastic.
- These new targets complement our 2025 goal of making 100% of our packaging recyclable, compostable, biodegradable or reusable.

- Achieving these ambitious goals will require investment and innovation, and we are exploring renewable, non-fossil-fuel-based sources for packaging materials, such as plant-based materials that are safe, efficient and have a lighter carbon footprint than fossil-fuel based plastics.
- We’re helping to develop infrastructure, advocating for smart policies and engaging consumers so that packaging never becomes waste.

**People**

Provide meaningful jobs and growth opportunities for our people and empower them to make a positive impact at work, at home and in their local communities:

- We are focusing on retaining and growing diverse female talent through mentoring, coaching and development programs throughout career stages.

**Build a better workplace and world by advancing human rights and diversity, equity and inclusion (DE&I) for our people, in our business partnerships and our communities:**

- We continue to make progress on our Racial Equality Journey (REJ) in the U.S., a more than $570 million set of commitments launched in 2020 with a focus on three pillars: People, Business and Communities.

- We’re helping to develop infrastructure, advocating for smart policies and engaging consumers so that packaging never becomes waste.

- We are working to increase women in managerial positions, ensure pay equity across employee groups and promote fair, safe and injury-free working conditions.

- In our communities, we are striving toward our goal to bring safe water access to 100 million people since 2006 and advance food security.

For more details see ESG Topics A-Z: Climate Change, Water, Packaging, Diversity, Equity and Inclusion.
Positive Choices
We’re inspiring people through our brands to make choices that create more smiles for them and the planet.

Expanded portfolio offerings
Continue to provide consumers choice for every occasion by expanding our product offerings by 2025:

- We’ve made significant progress on reducing added sugars in our beverages and reducing sodium in convenient foods. In 2021, we attained our saturated fat reduction goal of 75% of our convenient foods portfolio not exceeding 11 grams of saturated fat per 100 Calories.*
- We’re expanding our product line to include ingredients that offer greater nutritional benefits or are better for the planet, like chickpeas and other legumes, whole grains, plant-based proteins, fruits and vegetables, nuts and seeds.
- We’re also striving to take a consistent approach to nutritional labeling throughout the world.

Innovative packaging solutions
We’re developing and deploying disruptive sustainable packaging materials and new models for beverages and convenient foods:

- We’re expanding pilots with the rollout of Off The Eaten Path commercially compostable packaging in Whole Foods in the United States.
- We launched Gatorade sachets in Australia, allowing consumers to use their own reusable water bottles.
- We’re transitioning brands like Pepsi Zero Sugar, Mtn Dew and Aquafina to 100% recycled PET in various markets.

Planet + people brands
We’re using the scale of our iconic, globally recognized brands to inspire people to make positive choices for our communities and planet:

- We’re thinking about where ingredients are sourced and by whom, how much water and energy is used to make our products, how we can be more efficient and sustainable with our packaging solutions, and how our brands show up for their communities.
- We are working to develop industry-wide environmental labeling standards that let consumers know that buying a particular product will help build a more sustainable food system – from the way the ingredients were grown, to the way it was made, to the way it was designed to be consumed.

* Based on our Top 23 convenient foods markets, which represent 86% of our global convenient foods volume as of 2021

For more details see ESG Topics A-Z: Nutrition, Packaging, Sustainable Product Design, Product Labeling and Claims
Our Progress Highlights

**POSITIVE AGRICULTURE:**
-345K+ acres farmed with regenerative farming practices toward goal of 7 million by 2030
-11% increase in water-use efficiency as of 2020 to improve the health of high water-risk watersheds where we directly source our crops, toward our goal of 15% by 2025 (versus a 2015 baseline)

**POSITIVE VALUE CHAIN: CLIMATE**
-70% reduction in Scope 1 and 2 emissions, toward our goal of 75% by 2030 (versus a 2015 baseline)
-70% of our global electricity needs in our direct operations were met by renewable sources
-25% reduction in Scope 1 and 2 emissions, toward our goal of 75% by 2030 (versus a 2015 baseline)

**POSITIVE VALUE CHAIN: WATER**
-6.1B+ liters of water replenished into local watersheds in 2021
-18% improvement of our operational water-use efficiency in high water-risk areas (versus a 2015 baseline)

**POSITIVE VALUE CHAIN: PACKAGING**
-200B plastic bottles are expected to be avoided by 2030 through SodaStream adoption
-22 global markets are transitioning several brands to 100% rPET packaging by end of 2022

For additional detailed information and footnotes please refer to the PepsiCo 2021 ESG Performance Metrics.
POSITIVE VALUE CHAIN: PEOPLE
Women and men continued to earn within 1% of each other, and women hold 43% of our manager positions worldwide.

$40MM scholarship and professional mentoring program created to support Black and Hispanic aspiring and graduating community college students.

$500MM+ on track to be spent by 2025 to expand our supplier base and increase our spending with Black and Hispanic suppliers.

>68MM people reached since 2006 with safe water access, toward 100 million goal by 2030.

POSITIVE CHOICES: EXPANDED PORTFOLIO OFFERINGS
As of 2021,

53% of our beverage portfolio volume in our top 26 beverage markets met our added sugars reduction target, progress toward our goal of ≥67% by 2025.

75% of our convenient foods portfolio volume in our top 23 convenient foods markets met our saturated fat reduction target, attaining our goal of ≥75% by 2025.

66% of our convenient foods portfolio volume in our top 23 convenient foods markets met our sodium reduction target, progress toward our goal of ≥75% by 2025.

POSITIVE CHOICES: INNOVATIVE PACKAGING SOLUTIONS
SodaStream plans to switch all flavors from virgin plastic to alternative materials including metal and rPET, which expects to help consumers avoid nearly 200 million virgin plastic bottles by 2025.

POSITIVE CHOICES: PLANET + PEOPLE BRANDS
Lay’s RePlay initiative, in partnership with the UEFA Foundation for children and streetfootballworld, reuses empty chip packs to help create sustainable football pitches.

POSITIVE CHOICES: INNOVATIVE PACKAGING SOLUTIONS
We worked with the Pulpex consortium to develop the world’s first fully recyclable paper bottle that we are working to commercialize and scale.

For additional detailed information and footnotes please refer to the PepsiCo 2021 ESG Performance Metrics.
Milestones

In 2006, PepsiCo started on a journey to transform the way we do business so that we can deliver strong financial returns in a way that is responsive to the needs of the world around us.

**2006**
Launch of Performance with Purpose, integrating sustainability into our daily business operations

**2009**
Naked Juice first U.S. brand to transition to 100% rPET bottles

**2010**
Our first all-electric delivery trucks hit the road

**2012**
PepsiCo wins prestigious Stockholm Industry Water Award

**2013**
Sustainable Farming Program (SFP) launches; as of 2021, more than 90% of grower-sourced crops are sustainably sourced worldwide through SFP

**2017**
1st Demonstration Farm opens in India; in 2021, 72 farms are testing and sharing best practices around the world

**2018**
PepsiCo acquires SodaStream, #1 sparkling water brand in the world by volume, with the potential to avoid 200 billion single-use plastic bottles by 2030

**2019**
PepsiCo receives Climate Leadership Award

**2020**
PepsiCo achieves shift to 100% renewable electricity in U.S. direct operations

**2020**
PepsiCo exceeds safe water access goal 5 years early, delivering access to safe water to more than 55 million people to date since 2006

**2021**
PepsiCo announces a 2030 goal to spread regenerative agriculture practices across 7 million acres, estimated to eliminate at least 3 million tons of GHGs

**2021**
PepsiCo sets an ambitious new target to achieve net-zero emissions by 2040, one decade earlier than called for in the Paris Agreement

**2021**
pep+ (PepsiCo Positive) is introduced

**2021**
PepsiCo is recognized with the inaugural Terra Carta Seal awarded by His Royal Highness The Prince of Wales and Sustainable Markets Initiative for demonstrating commitment to, and driving momentum towards, the creation of genuinely sustainable markets
FORWARD-LOOKING STATEMENTS

This PepsiCo, Inc. 2021 ESG Summary contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "strive," "target" and "will" or similar terms or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties. For information on certain factors that could cause actual events or results to differ materially from our expectations, please see PepsiCo’s filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Read the PepsiCo 2021 ESG Summary here >>

Performance metrics and targets, footnotes and additional detailed information can be found in the PepsiCo 2021 ESG Performance Metrics.