

PepsiCo 2021 TCFD Index

This index references PepsiCo's reporting against the voluntary guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). It is our third report to these guidelines, and covers our 2021 financial year. In this year's reporting, we have aimed to include disclosure on the cross-industry metrics suggested by the TCFD's 2021 Guidance on Metrics, Targets, and Transition Plans. Many of the disclosures appear in our CDP Climate and Water responses due to close alignment between the two frameworks; however, relevant disclosure is also contained within our 2021 Annual Report, our 2021 ESG Summary, and our ESG Topics A-Z online resource.

Our Goal

In January 2021, we announced goals in line with the latest science, more than doubling our previous science-based climate goal. We plan to **reduce absolute direct operational Scope 1 and 2 emissions by 75% and our absolute indirect value chain emissions by 40% by 2030** (2015 baseline).

In addition, **we aim to achieve net-zero emissions by 2040**, one decade earlier than called for in the Paris Agreement. Our target aligns with the Business Ambition for 1.5°C pledge, which PepsiCo signed in 2020, joining other leading companies committing to set science-based emissions reduction targets in line with limiting global warming to 1.5°C above preindustrial levels.

Green Bond

In July 2022, PepsiCo issued its second Green Bond, a 10-year, \$1.25 billion senior notes offering that will focus on investments to deliver key environmental sustainability initiatives under two pillars of our pep+ agenda: Positive Agriculture and Positive Value Chain. This will include investments in decarbonization projects to support progress against our Climate goals.



Renewable Energy

In 2022, PepsiCo was named as one of the top 10 buyers of clean energy in the U.S. by the Clean Energy Buyers' Association, having met our goal to source 100% renewable electricity in the U.S. in 2020. More than 70% of all of our direct global electricity needs were met through renewable sources in 2021.



Assessing Climate Risk

PepsiCo has identified climate change as a business risk through its Integrated Risk Management Framework, a process that identifies, assesses, prioritizes, manages, and monitors the risks affecting the Company across its operations.

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have completed and recently updated our climate scenario analysis to identify climate-related risks and opportunities.

The analysis considered PepsiCo's wholly-owned assets (such as manufacturing plants, warehouses, R&D centers, and offices), our third party manufacturing assets (under franchise and joint venture arrangements), as well as our agricultural supply chain locations.

The results help us to assess risks and opportunities within various temperature (business as usual, 2°C increase, and for company-owned manufacturing operations, 1.8°C increase scenarios) and timeframe (2020-2100) scenarios.

Universal Disclosures

Topic	Disclosures	Reporting Status	Reference
Governance	Describe the organization's governance around climate related risks and opportunities Cross-industry metric category: Remuneration	Reported	2022 CDP Climate Response: C1.1a-b ESG Topics A-Z: Sustainability Governance
	Describe management's role in assessing and managing climate-related risks and opportunities	Reported	2022 CDP Climate Response: C1.1b, C1.2, C1.2a
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Reported	2021 Form 10-K: Item 1A. Risk Factors 2022 CDP Climate Response: C2.3, C2.4
	Describe the impact of climate related risks and opportunities on the organization's business, strategy, and financial planning Cross-industry metric categories: transition risks, physical risks, climate-related opportunities	Reported	2022 CDP Climate Response: C2.3, C2.4 and C3.4
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Reported	2022 CDP Climate Response: C3
Risk Management	Describe the organization's processes for identifying and assessing climate-related risks	Reported	2022 CDP Climate Response: C2.1, C2.2 ESG Topics A-Z: Climate Change
	Describe the organization's processes for managing climate-related risks	Reported	2022 CDP Climate Response: C2.1, C2.2 ESG Topics A-Z: Climate Change
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Reported	2022 CDP Climate Response: C2.1, C2.2 ESG Topics A-Z: Climate Change
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Reported	2022 CDP Climate Response C2.2
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks Cross-industry metric category: GHG emissions	Reported	2022 CDP Climate Response: C6 ESG Topics A-Z: Climate Change
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Reported	2022 CDP Climate Response: C4.1, C4.2 2021 ESG Performance Metrics Sheet, Positive Value Chain

Sector Disclosures

Financial Category	Climate-Related Category	Metric	Reporting Status	Reference
Revenues	Risk Adaptation & Mitigation	Revenues/savings from investments in low-carbon alternatives	Reported	2022 CDP Climate Response: C4.3b
Expenditures	Water	Total water withdrawn and total water consumed	Reported	2022 CDP Water Response: W1.2b ESG Topics A-Z: Water
		Percent of water withdrawn and consumed in regions with high or extremely high baseline water stress	Reported	2022 CDP Water Response: W1.2d ESG Topics A-Z: Water
	GHG Emissions	Purchased energy (Scope 2): Emissions from purchased heat, steam, and electricity consumed on the farm/plant	Reported	2022 CDP Climate Response: C6.2 ESG Topics A-Z: Climate Change ESG Topics A-Z: Renewable Energy
Assets	Water	Number of company-owned production sites in regions with high or extremely high baseline water stress	Reported	2022 CDP Water Response: W4.1b, W4.2 ESG Topics A-Z: Water
	Risk Adaptation & Mitigation	Investment (CapEx) in low carbon/water alternatives Cross-industry metric category: capital deployment	Reported	2021 Green Bond Report 2022 CDP Climate Response: 4.3b 2022 CDP Water Response: W4.3, W7.2