

PepsiCo 2023 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 fifth report aligned to these guidelines, and, in addition to the universal disclosures, includes disclosure on the cross-industry metrics suggested by the TCFD's 2022 Guidance on Metrics, Targets and Transition Plans. The information within this PDF is accurate as of publication on June 20, 2024. Unless otherwise noted, our sustainability data reflects progress made during the calendar year (ending December 31), whereas our financial reporting corresponds with our fiscal year, which ends on the last Saturday of December. Many of the disclosures appear in our [CDP Climate](#) and [Water](#) responses due to close alignment between the two frameworks; however, relevant disclosures are also contained within our [2023 Annual Report](#), our [2023 ESG Summary](#) and our [ESG Topics A-Z](#).

Climate ambitions

In January 2021, we announced goals in line with the latest science, more than doubling our previous science-based climate goal. **We aim to reduce absolute greenhouse gas (GHG) emissions across our value chain by more than 40% by 2030, including a 75% reduction in emissions from our direct operations (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.



Climate spotlight

Decarbonizing our operations and value chain is a complex effort requiring a multi-pronged approach and the commitment of stakeholders as diverse as suppliers, regulators, customers and consumers. We know that our efforts do not occur in a vacuum – they rely on the developments of the wider systems in which we operate. Key areas, such as the **modernization of electrical grids and development of affordable renewable fuel supply**, will influence our progress as we work towards decarbonization. We've learned a lot as we've tested technologies and we aim to continue to **implement scalable solutions that are available today, while also investing in new promising technologies**. Our Scope 1 GHG emissions continue to decline (down 33% compared to our 2015 baseline); however, slower-than-anticipated technological developments for Scope 1 solutions like renewable fuels have dampened progress.

Delivering our products requires certain key inputs and activities whose emissions we cannot always control or even influence. We know that turning the tide will take diligence and time, but we are laying the foundation by putting substantial influence and investment behind climate action and building **resilience in our own operations and beyond**. Though progress has not always been fast, we are seeing movement in these hard-to-move spaces – our Scope 3 emissions are down approximately 1% against our 2015 baseline.

Renewable electricity and fuels

In 2023, **40 countries in PepsiCo's operations consumed 100% renewable electricity** for manufacturing operations, including use of renewable energy credits, including China, New Zealand and South Africa, who each achieved this milestone for the first time during the year. In Cork, Ireland, we completed the installation of the largest solar panel project in the country at our factory, and the facility became the first PepsiCo manufacturing location to eliminate the use of fossil fuels in our operations.

We continue to use renewable fuels in our fleet and manufacturing operations. In PepsiCo U.K., we launched a pilot program to **use used cooking oil to replace diesel for some journeys by truck**. We are also piloting plants with anaerobic digesters, which produce biogas that can be used to meet the thermal requirements of our operations. In 2023, we opened a biomethane production facility in Manisa, Türkiye that plans to use waste from nearby companies to create the biomethane gas.

Sustainable solutions for our operations

In 2023, we set new guiding principles for our operations, called Sustainable Operations from the Start (SOftS), that require all new operations, including building new manufacturing and distribution sites as well as expanding lines within existing operations, to be funded, scoped and activated with net-zero emissions and net water positive outcomes in mind. SOftS requires that, at start-up, **new operations within PepsiCo have zero incremental manufacturing emissions, are net water positive and are modern and fully digitally-connected**.

Additionally, SOftS asks that new projects build in space for evolving future solutions. While the desired outcomes are prescribed through SOftS, the solutions to get there are not – each project and each sector can design their operations to match the capabilities and technologies available within the market.

Partnering with our suppliers

After launching pep+ REnew and the Sustainability Action Center in 2022, we developed a central platform with the aim to scale climate solutions in our value chain: **Partners for Tomorrow - Your Sustainability Action Center**. The platform provides our value chain partners with tailored resources and their own access to the pep+ dashboard, as well as a benchmark on how they are performing against peers and industry.

Additionally in 2023, we **co-launched The Clean Energy Procurement Academy** initiative alongside Apple, Nike, the Clean Energy Buyers Association and other global firms with the mission to equip suppliers with the skills and knowledge required to access clean energy. This program is designed to speed up the integration of clean energy into global supply chains and aims to spur policy change in China, Japan, Taiwan, South Korea, Vietnam and other Asia Pacific countries where renewable power has historically been more challenging to source.

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	2023 CDP Climate Submission: C1.1a, C1.1b, C1.3 and C1.3a ESG Topics A-Z: Climate change ESG Topics A-Z: Sustainability governance
	Describe management's role in assessing and managing climate-related risks and opportunities	Reported	2023 CDP Climate Submission: C1.1b, C1.2 and C2.2
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Reported	2023 CDP Climate Submission: C2.3 and C2.4 2023 Form 10-K: Item 1A. Risk Factors
	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	2023 CDP Climate Submission: C2.3a, C2.4a, C3.3 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	2023 CDP Climate Submission: C3.2a and C3.3
Risk management	Describe the organization's processes for identifying and assessing climate-related risks	Reported	2023 CDP Climate Submission: C2.2 ESG Topics A-Z: Climate change
	Describe the organization's processes for managing climate-related risks	Reported	2023 CDP Climate Submission: C3.3 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	2023 CDP Climate Submission: 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	2023 CDP Climate Submission: 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	2023 CDP Climate Submission: C6.1, C6.3 and C6.5 ESG Topics A-Z: Climate change
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets Cross-industry metric category: Internal carbon prices	Reported	2023 CDP Climate Submission: C4.1, C4.2 and C11.3a 2023 ESG Performance Metrics Sheet, Positive Value Chain ESG Topics A-Z: Climate change

Sector-specific metrics

Financial category	Climate-related category	Metric	Reporting status	Reference
Revenues	Risk adaptation and mitigation	Revenues/savings from investments in low-carbon alternatives	Reported	2023 CDP Climate Submission: C4.3b
Expenditures	Water	Total water withdrawn and total water consumed	Reported	2023 CDP Water Submission: W1.2b ESG Topics A-Z: Water
		Percent of water withdrawn and consumed in regions with high or extremely high baseline water stress	Reported	2023 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	2023 CDP Climate Submission: C6.3 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	2023 CDP Water Submission: W1.2d ESG Topics A-Z: Water
	Risk adaptation and mitigation	Investment (CapEx) in low carbon/water alternatives Cross-industry metric category: Capital deployment	Reported	2023 CDP Climate Submission: C3.5a and C4.3b 2023 CDP Water Submission: W4.3a and W7.2 2023 Green Bond Report

