

2021 Calculation Methodology

How we measure

Our sustainability goals are aligned with our pillars. Each of our goals has a series of target metrics against which our progress can be assessed. To this end, we have defined a clear methodology for calculating each target metric for those in which we have progress reported, enabling us to measure performance accurately and consistently. We believe that transparency is an important driver of trust and accountability with our stakeholders, and in that spirit, we are publishing a summary of our calculation methodology.

For consistency in sustainability reporting involving mergers, acquisitions, and divestitures we have established boundaries for data inclusion. 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 within our results.

All metric targets are by 2030 unless otherwise noted along with a 2020 baseline unless otherwise noted.

Positive Agriculture



Metric	How we measure
<p>Spread the adoption of regenerative agriculture practices across 7 million acres, approximately equal to 100% of the land used around the world to grow our crops and ingredients for our products</p>	<p>This metric captures the summation of acres of land, across all sectors and value chains, that are involved in the continuous improvement journey of implementing regenerative practices. Regenerative acres demonstrate measured improvement in two or more of the following regenerative agriculture impact areas: 1) Improving soil health; 2) Sequestering carbon and reducing emissions 3) Watershed health; 4) Improved biodiversity; 5) Improved Livelihoods. With the need to reduce greenhouse gases across the entire food supply chain, one of the two impact areas must be sequestering carbon and reducing emissions.</p>
<p>Advocate for and contribute to a measurable improvement in the health of high water-risk watersheds where we directly source our crops, including an improvement in water-use efficiency of 15% by 2025</p>	<p>Water-Use Efficiency (WUE) Agriculture is defined as the cubic meters (m³) of water used/applied (irrigation water) per tonne of crop produced. The metric tracks the improvement of the water-use efficiency of PepsiCo's direct agricultural supply chain, and it is the weighted average of the percent improvement of the WUE in producing direct crops in high water-risk areas (so called high water-risk climate districts = 'in scope' climate districts) measured against a 2015 baseline year. PepsiCo defines locations in high water-risk areas by leveraging the World Resource Institute's Aqueduct water stress assessment tool. This is performed once every three years.</p>
<p>Sustainably source 100% of our key ingredients, expanding to include not only our grower-sourced crops (potatoes, whole corn and oats), but also key crops from third parties, such as vegetable oils and grains</p>	<p>This metric is calculated using the sum of the numerators (sustainably sourced) and denominators (total volumes) of the following four metrics:</p> <ol style="list-style-type: none"> 1) The total metric tons of grower-sourced agricultural raw materials received from verified sustainable sources versus the total metric tons of direct agricultural raw materials sourced by PepsiCo for use in wholly owned PepsiCo manufacturing facilities, contract manufacturing and/or, joint venture facilities where PepsiCo has raw material purchasing authority. For grower-sourced crops, sustainable sourcing refers to meeting the independently verified environmental, social and economic principles of PepsiCo's Sustainable Farming Program (SFP). For supplier-sourced crops, sustainable sourcing is achieved through a third-party standard that has been benchmarked as equivalent to the SFP or, in limited regions, a continuous improvement program addressing the main environmental and social risks with growing the relevant crop. 2) The volume of Roundtable on Sustainable Palm Oil (RSPO) physically certified sustainable palm oil as compared to the total volume of palm oil procured by PepsiCo for itself and on behalf of its divisions, subsidiaries, affiliates and joint venture partners for which PepsiCo has purchasing authority 3) The volume of physically certified/sustainable cane sugar by Bonsucro or equivalent standard as compared to the total volume of cane sugar procured by PepsiCo for itself and on behalf of its divisions, subsidiaries, affiliates and joint venture partners for which PepsiCo has purchasing authority 4) The volumes of priority raw materials that were sustainably sourced in the reporting year. This includes volumes that have been verified to a sustainability standard or certification recognized as equivalent to PepsiCo's Sustainable Farming Program principles, and volumes from suppliers that they can demonstrate are engaged in a continuous improvement program to address material sustainability issues. For supplier-sourced crops, sustainable sourcing refers to meeting the independently verified environmental, social and economic principles of PepsiCo's Sustainable Farming Program. For supplier-sourced crops, sustainable sourcing is achieved through a third-party standard that has been benchmarked as equivalent to the SFP or, in limited regions, a continuous improvement program addressing the main environmental and social risks with growing the relevant crop. <p>For more details on program implementation, please see Sustainable Farming Program Scheme Rules. For grower-sourced crops, sustainable sourcing refers to meeting the independently verified environmental, social and economic principles of PepsiCo's Sustainable Farming Program. For supplier-sourced crops, sustainable sourcing is achieved through a third-party standard that has been benchmarked as equivalent to the SFP or, in limited regions, a continuous improvement program addressing the main environmental and social risks with growing the relevant crop.</p>

Positive Value Chain: Water



Metric	How we measure
<p>Improve operational water-use efficiency by 25% in high water-risk areas by 2025</p>	<p>This metric tracks the combined improvement in operational water-use efficiency in PepsiCo controlled convenient food and beverages manufacturing operations located in high water-risk areas. The metric is a weighted average of food and beverage water-use efficiency improvements based on respective volume produced. Water-use efficiency is calculated as the liters of water used to produce one liter of beverage or kilogram of food and excludes rain water and water reused or recycled on-site. This is measured against a 2015 baseline. This metric excludes third-party facilities in 2021 progress.</p> <p>PepsiCo defines locations in high water-risk areas by leveraging the World Resources Institute's Aqueduct water stress assessment tool along with site-specific risk assessment surveys. This is performed once every three years.</p>
<p>Best-in-class water efficiency in high water-risk convenient foods sites (liters/kg)</p>	<p>Best-in-class water-use efficiency for convenient food production is achieved when an average 0.4 liters of water per kilogram of convenient food production is utilized at high water-risk manufacturing sites. The metric is calculated from obtaining the total water used for food production in liters divided by total convenient food production in kilograms(kg). This metric excludes third-party facilities in 2021 progress.</p>
<p>World-class water-use efficiency in non high water-risk convenient foods sites (liters/kg)</p>	<p>World-class water-use efficiency for convenient food production is achieved when an average 4.4 liters of water per kilogram of convenient food production is utilized. The metric is calculated from obtaining the total water used for convenient food production in liters divided by total food production in kilogram. This relates to non high water-risk manufacturing locations. This metric excludes third-party facilities in 2021 progress.</p>
<p>Best-in-class water-use efficiency in high water-risk beverages site (liters/liter)</p>	<p>Best-in-class water-use efficiency for beverages is achieved when an average 1.2 liters of water per liter of beverage production is utilized at high water-risk manufacturing sites. The metric is calculated from obtaining the total water used for beverage production divided by total beverage production in liters. This metric excludes third-party facilities in 2021 progress.</p>
<p>World-class water-use efficiency in non high water-risk beverages sites (liters/liter)</p>	<p>World-class water-use efficiency for beverages is achieved when an average 1.4 liters of water per liter of beverage production is utilized. The metric is calculated from obtaining the total water used for beverage production in liters divided by total beverage production in liters. This relates to non high water-risk manufacturing sites. This metric excludes third-party facilities in 2021 progress.</p>
<p>Replenishing back into the local watershed more than 100% of the water we use</p>	<p>Overall, the water we replenish should be more than the water we use at each location for company-owned facilities categorized as high water-risk. For company-owned facilities, PepsiCo defines locations in HWR areas by leveraging the World Resources Institute's Aqueduct water stress assessment tool along with site-specific risk assessment surveys. This metric is the ratio of volume of water replenished at high water-risk sites' watersheds during the reporting year to volume of water used during the reporting year at those sites. Volume of water replenished is equal to volume of water estimated to be made available (returned or conserved) through PepsiCo funded water replenishment projects in the source watersheds of PepsiCo's high water-risk facilities. Projects include those that improve water availability by increasing water quantity and in some cases also improving water quality. This metric is recalculated every year. PepsiCo will rely annually on a third-party resource to quantify the water benefits of each replenishment project in accordance with the methodologies laid out in "Volumetric Water Benefit Accounting (VWBA): A Method For Implementing and Valuing Water Stewardship Activities". This metric excludes third-party facilities in 2021 progress.</p>
<p>Continue to adopt the Alliance for Water Stewardship (AWS) Standard in high water-risk manufacturing areas, by 2025</p>	<p>Progress for this metric is measured based on the number (count) of company-owned high water-risk facilities that are in the process of adopting the Standard and the number (count) of company-owned high water-risk facilities who have completed Standard adoption.</p>

Positive Value Chain: Packaging



Metric	How we measure
Cut virgin plastic from non-renewable sources per serving across our global beverages and convenient foods portfolios by 50%	<p>This metric is calculated by taking the total virgin plastic volume and dividing by the total servings volume for the reporting year. That output will then be measured against the 2020 baseline to determine the percent change. This metric includes company-owned brands, franchise-owned bottling operations, and joint ventures with greater than 50% ownership held by PepsiCo, as well as all primary, secondary, and tertiary packaging delivered and involved in the delivery to customers that can no longer be used for its intended purpose following consumer consumption. This includes returns of material from the distribution chain and packaging material used during inter-plant transfers.</p>
Reducing our absolute tonnage of virgin plastic derived from non-renewable sources by 20%	<p>This metric is calculated by subtracting the total current reporting years virgin plastic volume from the 2020 baseline year total virgin plastics volume, and then dividing the difference by the baseline year total virgin plastic volume in order to calculate the percent change year over year. This metric includes company-owned brands, franchise-owned bottling operations, and joint ventures with greater than 50% ownership held by PepsiCo, as well as all primary, secondary, and tertiary packaging delivered and involved in the delivery to customers that can no longer be used for its intended purpose following consumer consumption. This includes returns of material from the distribution chain and packaging material used during inter-plant transfers.</p>
Use of market-leading bio-based materials and increase incorporation of recycled content (50% across plastics)	<p>This metric calculates as a ratio the volume of recycled plastic to the volume of total plastic. This metric includes company-owned brands, franchise-owned bottling operations, and joint ventures with greater than 50% ownership held by PepsiCo, as well as all primary, secondary, and tertiary packaging delivered and involved in the delivery to customers that can no longer be used for its intended purpose following consumer consumption. This includes returns of material from the distribution chain and packaging material used during inter-plant transfers.</p>
Design 100% of packaging to be recyclable, compostable, biodegradable or reusable by 2025	<p>This metric tracks the percent of packaging by weight that is recyclable, compostable, biodegradable, or reusable (RCBR). Specific packaging material components are identified as either recyclable or non-recyclable based on both a global list of prohibited materials and local market conditions such as type of local recycling system and actual end use of the material. RCBR definitions are based on the guidance of the New Plastics Economy, the Association of Plastics Recyclers, and European PET Bottle Platform. This metric includes company-owned brands, franchise-owned bottling operations, and joint ventures with greater than 50% ownership held by PepsiCo, as well as all primary, secondary, and tertiary packaging delivered and involved in the delivery to customers that can no longer be used for its intended purpose following consumer consumption. This includes returns of material from the distribution chain and packaging material used during inter-plant transfers.</p>
Invest to increase recycling rates in key markets by 2025	<p>This metric captures information that reflects PepsiCo's progress in increasing recycling rates in its key markets. This information may include:</p> <ul style="list-style-type: none"> • Recent participation in multi-stakeholder forums or industry initiatives to drive collaborative action on reducing plastic use and increasing collection; • Incremental pounds of recycled material collected through partnerships; and • Greenhouse gas benefits of recycling collected.

Positive Value Chain: People



Metric	How we measure
<p>Increase the employability of our people through increased access to degrees, skill development and new roles, providing meaningful growth opportunities to everyone at every stage</p>	<p>This metric is measured through qualitative information from various initiatives. See ESG Performance Metrics sheet to view progress towards goal.</p>
<p>Empower our associates with the resources and time needed to cultivate prosperity in our communities</p>	<p>This metric is measured through qualitative information from various initiatives. See ESG Performance Metrics sheet to view progress towards goal.</p>
<p>Achieve 10% Black representation in U.S. managerial populations by 2025</p>	<p>The percentage of our identified Black employees in management roles is specific to the U.S. It is calculated by dividing the number of identified Black employees in U.S. management roles by the total number of U.S. employees in management roles as of December 31st of the reporting period. This metric includes full-time, part time, temporary, seasonal and joint venture consolidated employees (only if majority ownership).</p>
<p>Achieve 10% Hispanic representation in U.S. managerial populations by 2025</p>	<p>The percentage of our identified Hispanic employees in management roles is specific to the U.S. It is calculated by dividing the number of identified Hispanic employees in U.S. management roles by the total number of U.S. employees in management roles as of December 31st of the reporting period. This metric includes full-time, part time, temporary, seasonal and joint venture consolidated employees (only if majority ownership).</p>
<p>Continue to help address inequalities for historically marginalized people, and underserved businesses and communities</p>	<p>This metric is measured through qualitative information from various initiatives. See ESG Performance Metrics sheet to view progress towards goal.</p>
<p>Achieve and sustain 50% women in management roles</p>	<p>The percentage of women in management roles is calculated by dividing the number of female employees in management roles by the total number of employees in management roles as of December 31st of the reporting period. Employee gender is recorded on a self-reported basis. This metric includes full-time, part time, temporary, seasonal and joint venture consolidated employees (only if majority ownership).</p>
<p>Achieve and sustain pay equity for our global professional population by maintaining a comprehensive global pay equity review process</p>	<p>This metric measures the ratio of women's to men's base pay using the difference between actual pay and the estimated pay. Following professional guidance from a third party, this metric is calculated by taking the difference between the residual pay for women and the residual pay for men. Residual pay is calculated as the difference between an employee's actual pay and their predicted pay. Predicted pay is calculated based on a multiple regression model that predicts base pay holding constant other legitimate drivers of pay. This metric includes full-time, part time, temporary, seasonal, and joint venture consolidated employees (only if majority ownership).</p>
<p>Extend the principles of our Supplier Code of Conduct to all of our franchisees and joint ventures by 2025</p>	<p>This metric tracks our progress in verifying that we have extended the principles of PepsiCo's Global Supplier Code of Conduct to all of our franchisees and joint ventures. This includes formally engaging our franchisees and joint ventures on our human rights agenda through our Sustainable Sourcing Program.</p>

Positive Value Chain: People



Metric	How we measure
<p>Promote fair and safe working conditions for all by advancing respect for human rights everywhere we operate and throughout our business activities</p>	<p>These metrics capture both qualitative and quantitative information that reflects PepsiCo's progress in addressing its salient human rights issues. This information may include:</p> <ul style="list-style-type: none"> - Recent policy, position statement, and training developments; - Progress of PepsiCo's due diligence programs (i.e., Sustainable Sourcing Program, Global Labor Human Rights Assessment Program, Sustainable Farming Program) in identifying these issues across PepsiCo's supply chain; - Recent engagements with external stakeholders to inform our approach and initiatives or resolve identified issues; - Recent participation in multi-stakeholder forums or industry initiatives to drive collaborative action on systemic human rights challenges; - Progress of PepsiCo's grievance mechanisms (i.e., Speak Up Hotline, Agricultural Grievance Mechanism); - Progress of ongoing initiatives to address each salient issue
<p>Continue to strive for an injury-free work environment</p>	<p>This metric is derived from the Lost Time Incident Rate (LTIR) calculation that is comprised of occupational injuries and/or illness that results in days away from work as advised by a healthcare professional. The lost time incident rate is a standard OSHA metric that is computed by taking the number of injuries and illnesses multiplying by 1,000,000 then divided by the number of hours worked in the reporting period. The 1,000,000 is derived from multiplying 500 employees by 40 hours (a standard work week) by 50 weeks (assuming each employee takes two weeks of vacation). This metric includes full-time, part time, temporary, and seasonal employees for all company-owned manufacturing sites, Sales Ops, and other operating locations where PepsiCo has majority ownership and management control.</p>
<p>Reach 100 million people with safe water access</p>	<p>This metric measures the number of people provided with access to safe water through projects led and executed by non-governmental organizations (NGOs) partners that are funded by the PepsiCo Foundation. Access to safe water is achieved at watershed, community and household levels by making water more readily available, better managing supply or volume of water, and/or ensuring quality through water treatment, improved hygiene, and community sanitation. We classify a person as having been provided access to safe water by aggregating the number of individuals who benefit from our investments in water conservation, distribution, and purification projects. Beneficiary information is self-reported by funded NGOs and aggregated by a third-party validator on behalf of PepsiCo. This metric is measured against a 2006 baseline.</p>
<p>Partner with communities to advance food security and make nutritious food accessible to 50 million people</p>	<p>This metric measures the number of people reached with nutritious food through both philanthropic and commercial efforts. The philanthropic programs are led and executed by nongovernmental organization (NGO) partners that are funded by the PepsiCo Foundation. The commercial efforts include the development and distribution of low-cost, nutritious products specifically for consumers living at lower socio-economic levels.</p> <p>For our philanthropic efforts, the number of individuals who have realized improved food security as a result of our investments is self-reported by funded NGOs and aggregated by a third-party validator on behalf of PepsiCo.</p> <p>For business-led efforts (examples include Pioneer's White Star brand in South Africa and Quaker's Tres Minutos in Mexico and Guatemala), the calculation is derived by using household penetration data as a proxy for population penetration. The total population for lower socioeconomic levels are obtained from respective geographic government websites and is then multiplied against the total household penetration by lower socio economic levels obtained from third party resources to arrive at total number of people reached.</p>

Positive Value Chain: Climate



Metric	How we measure
Reducing Scope 1 and 2 emissions by 75%	A greenhouse gas (GHG) emissions inventory for Scopes 1, 2, and 3 is carried out on an annual basis, following the GHG Protocol . Emission reductions will be calculated as the percent reduction against a 2015 baseline.
Reducing Scope 3 emissions by 40%	
Reducing total Scope 1, 2 & 3 emissions by more than 40%	

Positive Choices: Innovative Packaging Solutions



Metric	How we measure
Develop and deploy disruptive sustainable packaging materials and new models for 1) Beverages: SodaStream/ SodaStream Professional, powders, bio- and paper-based packaging and for 2) Convenient Foods: bio- and paper-based materials, reusable or low/no package models	This metric is measured through qualitative information from various initiatives. See ESG Performance Metrics sheet to view progress towards goal.

Positive Choices: Expanded Portfolio Offerings



Metric	How we measure
Reduce added sugars: $\geq 67\%$ of beverage portfolio volume will have ≤ 100 Calories from added sugars per 12oz. serving by 2025	This metric measures the portion of our global beverage portfolio volume containing 100 Calories or less from added sugars per 12 ounce serving. This metric is calculated by dividing the total volume of beverage product sales with 100 Calories from added sugars or less per 12 ounce serving size by the total volume of beverage product sales. The metric considers PepsiCo global beverage sales volumes in the Top 26 markets. Beverage volumes related to products where PepsiCo solely performs a distribution role are excluded from this calculation. In 2016, only the Top 10 markets were reported.
Reduce sodium: $\geq 75\%$ of convenient foods portfolio volume will not exceed 1.3 milligrams of sodium per Calorie by 2025	This metric measures the portion of our global convenient foods volume with 1.3 milligrams or less of sodium per Calorie. This metric is a ratio of PepsiCo's convenient food portfolio sales volume with 1.3 milligrams or less of sodium per Calorie relative to the total convenient food product sales volumes. The metric considers all PepsiCo global Top 23 markets convenient food sales volumes. In 2016, only the Top 10 markets were reported.
Reduce saturated fats: $\geq 75\%$ of convenient foods portfolio volume will not exceed 1.1 grams of saturated fat per 100 Calories by 2025	This metric measures the portion of our global convenient foods volume with 1.1 grams of saturated fat or less per 100 Calories. The metric is a ratio of the sum of PepsiCo's convenient foods portfolio sales volume in kilograms with 1.1 grams or less of saturated fats per 100 Calories as compared to PepsiCo's total sales volume of convenient food products in kilograms. The metric considers all PepsiCo global Top 23 markets convenient food sales volumes. In 2016, only the Top 10 markets were reported.