



# 2020 Sustainability Report



# Our Strategy

PepsiCo is committed to helping build a more sustainable food system. The 2020 sustainability report overview provides a gateway to all updates and content.



Read the interactive 2020 PepsiCo Sustainability Report [online >>](#)

## A Message from the CEO, Ramon Laguarta

Now more than ever, consumers are acutely aware of the interconnected nature of our global food system—its impact on our planet, its support for our communities and its ability to provide nourishment for billions of people across the world.

Unfortunately, the bonds holding this delicate ecosystem together are beginning to fray right in front of our eyes. First of all, climate change is endangering our natural resources. By one estimate, every degree of warming could reduce staple crop yields by 10%. What used to be hundred-year weather events are now happening every other year, and according to the UN, more than half the planet's fertile topsoil is now degraded. This is reducing the soil's potential to grow food and sequester carbon, increasing our vulnerability to extreme weather events, and impacting water quality and biodiversity. The COVID-19 pandemic has only exacerbated these challenges and highlighted the inequalities that underlie much of our food system and our society.

Such drastic shifts not only threaten the health of our planet and communities, they also present

challenges for our business. As a company that sources crops from over 7 million acres of farmland in 60 different countries, PepsiCo has deep roots in the global food system. At the same time, our consumers are demanding new products that are more sustainable and made with minimal impact on the environment.

That is why we are working to **transform the way we create shared value by operating within planetary boundaries and inspiring positive change for the planet and people**. This will make us a Better company, with purpose more deeply integrated into our business strategy. It will also make us Faster and Stronger, enabling accelerated growth and continued investment in our people, business and communities. And we hope it will make us an example, for our partners and our peers.



## Our Strategy: A Message from the CEO, Ramon Laguarta

With these goals in mind, we're rethinking **how we grow and source crops** by:

- Sustainably sourcing 100% of our direct commodities in 28 countries, with nearly 87% of our direct commodities sustainably sourced globally as of 2020.
- Announcing a new Positive Agriculture ambition that, by working with farmers, will aim to spread regenerative practices across 7 million acres by 2030.
- Building on nearly a decade of progress with our [Sustainable Farming Program](#), collaborating with farmers across 60 countries to adopt practices that cultivate resilience and improve and restore ecosystems.
- Improving the livelihoods of more than 250,000 people in our agricultural supply chain and communities by 2030.

We're doing business in a way that's more **sustainable and inclusive** by:

- Announcing plans to transition to 100% renewable electricity globally, after achieving 100% renewable electricity for our U.S. direct operations in 2020.
- Doubling down on our climate goal and setting a new target to reach Net Zero emissions across our global operations by 2040.
- Improving our operational water-use efficiency by 15% in high water-risk areas as of 2020.
- Continuing our efforts to help build a world where packaging never becomes waste,

including offering products made from 100% rPET in 22 markets worldwide.

- Advancing our \$570+ million Racial Equality Journey to elevate diverse voices within our company, our supply chain partners and communities, whilst helping to break down longstanding racial barriers.
- Working with The PepsiCo Foundation to invest more than \$71 million globally in COVID-19 relief and provide over 145 million meals to hungry families impacted by the pandemic.

We're also tapping into the **power of our brands** to encourage consumers to make **positive choices for themselves and the planet** by:

- Embracing platforms like SodaStream and SodaStream Professional that offer convenient, sustainable options, without single-use packaging.
- Expanding our portfolio to meet evolving consumer preferences, with options like Off The Eaten Path, bare, Hilo Life, Driftwell and bubly.
- Offering Pepsi Black (also known as Pepsi Zero Sugar or Pepsi MAX) in 118 global markets.
- Building on our progress in reducing added sugars, sodium and saturated fats across our portfolio. As of 2020:
  - 48% of our beverage portfolio has 100 Calories or less from added sugars per 12 ounce serving, an improvement of 8% over the past three years (goal is 67% by 2025).

- 64% of our foods portfolio contains 1.3 milligrams or less of sodium per Calorie, an improvement of 8% over the past three years (goal is 75% by 2025).
- 71% of our foods portfolio contains 1.1 grams or less of saturated fat per 100 Calories, an improvement of 10% over the past three years (goal is 75% by 2025).



Learn more about the progress PepsiCo is making to help build a more sustainable food system.

View the [video](#).

As proud as we are of these achievements, we know there is still much to be done. We are particularly excited about the work underway in two areas: new forms of packaging and new, more sustainable product categories.

- When it comes to **new packaging solutions**, we are continuing to invest in strategies that go Beyond the Bottle through reusable platforms like SodaStream, which offers products in 45 countries.

## Our Strategy: A Message from the CEO, Ramon Laguarta

In 2020, we expanded the availability of PepsiCo-branded flavor options for SodaStream to now include Norway, Sweden, Australia, Germany and France—making it easier for consumers across the world to create their favorite beverages at home. SodaStream also made its debut in PepsiCo's lineup of brands for our UEFA Champions League activation. And we launched SodaStream Professional, a mobile-enabled hydration platform that lets consumers digitally track how many plastic bottles they are saving.

Ultimately, through continued growth of our SodaStream business, we expect an estimated 78 billion single-use plastic bottles will be avoided through 2025.

- When it comes to **new categories**, we are placing an emphasis on plant-based offerings. This has become a popular category recently, as consumers seek out products that support goals related to personal health and a more sustainable planet.

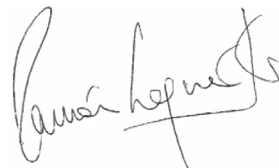
PepsiCo now offers plant-based options through brands like Quaker, Off the Eaten Path, Sabra, Alvalle, Naked Juice, bare and Health Warrior. We're also teaming up with Beyond Meat to launch The PLANet Partnership, a joint venture to develop, produce and market innovative snack and beverage products made from plant-based protein.

In the coming months, you'll hear even more about our sustainability ambitions and how we plan to achieve them. And by next year, we aim to combine

all our ESG reporting—including sustainability, diversity & inclusion and human rights—into one report to further increase transparency and provide even greater clarity to our stakeholders.

**Bottom line:** We do not intend to proceed with business as usual. As one of the world's leading food and beverage companies, we have the responsibility to take big, bold steps that catalyze positive change—change that will have an impact far beyond our company and outlast the current moment.

With help from partners, peers and local governments, we can adopt new ways of working and new ways of thinking, mindful of where our food comes from, the resources that go into its production and the people who make it all possible. Together, we can build more resilient communities and a more sustainable food system for all. I hope you'll join us.



**Ramon Laguarta**

PepsiCo Chairman of the Board of Directors and Chief Executive Officer

## Our CSO's Perspective

"2020 was a year unlike any other. A year of challenges and a year of change. The challenges created by the COVID-19 pandemic impacted every corner of the globe and highlighted the urgent need to partner and drive change toward a more sustainable and resilient food system. I'm proud that PepsiCo rose to the challenge in 2020, and there's no slowing down our ambition to drive a positive impact on our planet and the communities we serve."

**Jim Andrew**

Chief Sustainability Officer; EVP, Beyond the Bottle businesses



## Our Strategy: Our Focus Areas

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At PepsiCo, we believe that there is an opportunity to change how the world produces, distributes, consumes foods and beverages and disposes of packaging.

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We aim to use our scale, reach and expertise to help build a more sustainable food system, one that can meet human needs for nutrition and enjoyment and

continue to drive economic and social development without exceeding the natural boundaries of the planet.



**AGRICULTURE**



**PACKAGING**



**WATER**



**PRODUCT**



**CLIMATE**



**PEOPLE**

## Our Strategy: Our Value Chain

PepsiCo's sustainability strategy targets every stage of our complex value chain to use resources more efficiently, reduce GHG emissions, replenish water, improve our products and recapture packaging materials.

**290K+**

employees

**\$70B+**

net revenue in 2020

**23**

billion-dollar brands\*



\* 23 brands that generate more than \$1 billion each in estimated annual retail sales.

## Our Strategy: Governance

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We believe strong governance is the foundation for delivering on our sustainability agenda. At PepsiCo, our sustainability approach is integrated into, and not separate from, our business.

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In governing this approach, we maintain a similarly integrated structure that combines Board and senior leadership oversight with the subject-matter and localized expertise that informs our approach.

The full Board considers sustainability issues to be an integral part of its business strategy oversight. To this end our Sustainability, Diversity and Public Policy Committee provides more focused oversight of key sustainability, diversity and public policy matters. This Committee is comprised entirely of independent directors and reflects a mix of public policy, risk, international and science-related skills, qualifications and experience.

Strategy and progress against our sustainability goals are regularly reviewed during meetings of an

Executive Council sub-committee composed of members of our senior leadership management team and also reviewed as part of the expanded Executive Council agenda. This provides opportunities for our senior leadership to align on major strategic issues relating to sustainability.

PepsiCo's Global Sustainability Office, led by the company's Chief Sustainability Officer, drives governance and delivery of the company's sustainability agenda across the value chain. Serving as the central connection point, the Sustainability Office works closely with leaders from across the business to ensure continued progress against our sustainability agenda and that sustainability is embedded into our long-term strategic planning.

**[You can learn more about PepsiCo's Sustainability Governance on ESG Topics A-Z.](#)**



## Our Strategy: Our Sustainability Journey

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. Our fundamental belief is that the success of our company is inextricably linked to the sustainability of the world around us, and each year we continue to make valuable progress.



**2006**

PepsiCo launches “Performance with Purpose,” integrating sustainability into our daily business operations.



**2009**

Naked Juice announces plans to become the first nationally distributed brand to transition to a 100% rPET bottle in the U.S. Launch of Food for Good, an employee-led program that makes nutritious foods more accessible to low-income children.



**2017**

1st Demonstration Farm opens in India; in 2020, more than 350 farms are testing and sharing best practices around the world.



**2016**

PepsiCo U.K. delivers “50 in 5”—50% reduction in carbon and water in 5 years. PepsiCo achieves 25% operational water-use efficiency goal ahead of target date. PepsiCo launches 2025 Sustainability Agenda with refreshed goals, designed to meet changing consumer and societal needs.



**2013**

Sustainable Farming Program (SFP) launches; as of 2020, nearly 87% of direct crops are sustainably sourced worldwide through SFP.



**2012**

PepsiCo wins prestigious Stockholm Industry Water Award.



**2010**

PepsiCo’s first all-electric delivery trucks hit the road.



**2018**

PepsiCo pilots industrial compostable snack bags in Chile, India, and the U.S. PepsiCo acquires SodaStream, #1 sparkling water brand in the world by volume. Launch of “All in Recycling,” the largest ever industry-wide residential recycling challenge, which raises over \$25 million in matching funds and catalyzes \$100 million in investment.



**2019**

PepsiCo wins prestigious Climate Leadership Award. PepsiCo prices the company’s first-ever Green Bond, proceeds from the \$1 billion offering will fund key sustainability initiatives.



**2020**

PepsiCo achieves shift to 100% renewable electricity in U.S. direct operations. PepsiCo exceeds safe water access goal 5 years early, delivering safe water access to more than 55 million people in underserved communities to date since 2006, and set an ambitious new target to deliver safe water access to 100 million people by 2030. PepsiCo signs the UN Global Compact Business Ambition for 1.5°C pledge.



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



# Focus Area: Agriculture



[Learn more about PepsiCo's comprehensive approach to agriculture](#)

Read the interactive 2020 PepsiCo Sustainability Report [online >>](#)

Agriculture is one of the greatest opportunities to address climate change, biodiversity loss and rising rural-urban inequality. Positive agriculture changes that are sustainable, resilient and inclusive have the potential to feed the world's growing population while improving the global food system.

These changes will require partnership and commitment among global leaders, and PepsiCo is rising to meet that challenge. To demonstrate our leadership and build upon our progress, we announced a new impact-focused Positive Agriculture ambition in April 2021.

### Meeting the global agriculture challenge

In recent years the resurgence of sustainable agricultural practices has shown that we have the ability to reimagine global agriculture to become a force that regenerates the earth. Encouraging proven techniques at the local level can have a significant impact on a global scale. It starts by looking at farms not as factories but as individual natural ecosystems. Simple and repeatable practices like using cover crops help to sequester carbon and build soil health. Similar examples in water-use efficiency and habitat conservation and restoration, adopted on a global scale, can make landscapes less drought and flood prone, increase biodiversity and improve the livelihoods of farmers throughout the world.

At its core, PepsiCo is an agricultural company. A steady, sustainable supply of crops is central to our business and we source crops across 60 countries and support over 100,000 agricultural jobs. So helping to meet the challenges of global agriculture is a key focus for us.



View the [video](#).

# Agriculture

At PepsiCo, we're doing more than just minimizing our own impact. We're building on the progress we've made over many years and setting new goals designed to make a net positive impact in sustainable agriculture across our global value chain. In April 2021, we announced a new Positive Agriculture ambition, including a 2030 goal to spread regenerative farming practices across 7 million acres (approximately equal to our entire agricultural footprint). We estimate this effort will eliminate at least 3 million tons of greenhouse gas emissions (GHG) by the end of the decade. Additionally, by 2030, we aim to improve the livelihoods of more than 250,000 people in our agricultural supply chain, and sustainably source<sup>1</sup> 100% of our key ingredients<sup>2</sup>.

## 2030 GOALS



"Through the She Feeds the World program, CARE and The PepsiCo Foundation are working together to increase opportunities for women small-scale producers around the globe. Through this partnership and the engagement of like-minded leaders and partners, together, we can transform food systems and meet the needs of our growing world."

**Michelle Nunn**  
President and CEO, CARE

1. "Sustainably sourced" refers to meeting the independently verified environmental, social and economic principles of PepsiCo's Sustainable Farming Program, enabling continuous improvement for farmers, communities and the planet.

2. Key ingredients listed [here](#).

## Agriculture: Progress Highlights



[See our agriculture goals & progress](#)

## Agriculture: Regenerative Agriculture

Regenerative agriculture practices focus on improving soil health and better water management, promoting biodiversity and improving livelihoods of farming communities. Regenerative practices help to restore natural ecosystems by rebuilding organic matter, restoring biodiversity and sequestering carbon below the soil surface, which reduces overall CO<sub>2</sub> emissions and increases water holding capacity.

PepsiCo actively supports the adoption of regenerative farming practices across our agricultural supply chains. PepsiCo is a founding member of the Midwest Row Crop Collaborative (MRCC), a diverse coalition of industry and nonprofit groups working to expand agricultural solutions that protect air and water quality and enhance soil health. We also work with leading organizations like the Science Based Targets Network and the World Wildlife Fund to advocate for industry-wide regenerative agriculture standards and measurement.

Our 2030 Positive Agriculture ambition includes collaborating with farmers to spread the adoption of regenerative farming practices globally. The effort builds on a decade of progress in our Sustainable Farming Program, which has helped farmers in 60 countries adopt practices that build resilience and improve and restore ecosystems. Through a rigorous set of social, environmental and economic criteria, PepsiCo works with suppliers and farmers to ensure continuous improvement.

PepsiCo's Walkers brand recently introduced a new "circular potatoes" technology to improve soil health in the U.K. by using low-carbon and nutrient-rich fertilizer made from potato peelings. Launched in partnership with award-winning cleantech firm CCm Technologies, the program, once rolled out at scale, is expected to reduce Walkers' carbon emissions from growing potatoes by 70%, against a 2019 baseline.

In the U.S., PepsiCo has helped farmers plant cover crops on nearly 85,000 acres. In 2020, the efforts led to an average 38% net reduction in on-farm greenhouse gas emissions, including soil carbon sequestration. Working with partners such as Practical Farmers of Iowa, Illinois Corn Growers and the Soil and Water Outcomes Fund, our goal is to expand regenerative agriculture programs to impact more than 500,000 acres of farmland by the end of 2021.





# Agriculture: Next Generation Farming

## DEMONSTRATION FARMS

### Demonstration Farms show the way forward—

PepsiCo is working with farmers around the world to show that sustainable technologies and practices can be more efficient and profitable.

In our network of Demonstration Farms, we work with farmers to identify and implement approaches that work best for their particular crops and geography. To promote widespread adoption, the farms share their results (such as more efficient water and fertilizer use, healthier soil and increased yields) with neighboring farmers at Demonstration Farm “Field Days.” The sharing of practices and technologies helps to drive positive impact on a greater scale.

In 2020, we expanded the number of Demonstration Farms to more than 350 globally. More than 80% of these farms are adopting regenerative farming practices. PepsiCo has plans to further expand the network and the number of farms showcasing these practices. See following pages to learn more about the local impact of our work.



# Agriculture: Next Generation Farming

## DEMONSTRATION FARMS CONTINUED



Mexico

### Improving productivity and earnings for smallholders

PepsiCo co-developed nine Demo Farms with smallholder growers in Mexico, with the objective of promoting more productive farms and sharing best practices with the surrounding communities. These Demo Farms have demonstrated an average productivity increase of 80% versus control fields and PepsiCo expects to continue to work with the growers to have additional impact.

The Demo Farms are one component of a collaborative initiative—*Un Mexico palmero sustentable*—which seeks to support the sustainable development of the Mexican palm oil sector, assuring a positive impact on communities, where human rights and biodiversity are respected. Helping smallholders implement sustainable techniques to increase crop yield, like efficient nutrient management, is essential to meeting a growing domestic demand for palm oil, while protecting biodiversity, and improving opportunities and livelihoods for small growers.



India

### Increasing crop yield and reducing emissions

From the small pilot of just six farms, PepsiCo's Demo Farms in India have grown to 39 farms that are producing outstanding potato growing results. The 2019-2020 crop year, after controlling for outliers, saw a 7% advantage in average net yield of the demonstration plot over the control plot. For the farmers, in addition to a significant per acre income increase, per-ton GHG emissions were also reduced by an average of 16%\*.



Vietnam

### Raising living standards and economic opportunity

In Vietnam, training and technical support on efficient irrigation and fertilization offers potential for increasing yield, quality and profitability on the farm. This can have a huge impact on the quality of life of farmers and their families.

On average, the three potato farms for 2019-2020 showed an improved net yield of 4%, a 35% water saving.

\* Due to operational issues, cannot get the actual data pertaining to GHG emission calculation on one farm.

# Agriculture: Next Generation Farming

## DEMONSTRATION FARMS CONTINUED



Pakistan

### Reducing water use in water-scarce areas

PepsiCo's agro team in Pakistan has set an ambition to source 50% of the crops produced under High Efficiency Irrigation Systems within the next five years. The urgency stems from Pakistan being classified as water-scarce instead of water-stressed, which is directly affecting agricultural production systems. Efforts to improve production and potato quality, as well as reduce water usage at Demo Farms, include implementation of drip and sprinkler irrigation systems. Early results indicate strong performance of the demonstration plots.



Thailand

### Managing shorter growing seasons

PepsiCo is helping potato growers in Thailand who must cope with shorter growing windows and challenging climatic conditions. Several activities and partnerships have been implemented to help nearly 580 farmers improve both the production levels and quality of their crops, including management of pest control, implementation of drip irrigation and optimizing fertilizer. These programs and others have resulted in positive results for eight of nine Demo Farms in Thailand with income growth, and yield increases ranging from 5% to 56% versus control plots.



Brazil

### Smart management of erratic rainfall

At PepsiCo's Demo Farms in Paraná and São Paulo, Brazil, where we source potatoes, recent growing seasons were characterized by challenging and unpredictable rainfall. We focused on water-use efficiency in combination with nutrient management with positive results. The Brazilian Demo Farms used a combination of drip irrigation and a mini sprinkler for potato fertigation, which infuses nutrients or fertilizer into the irrigation system, enabling precise nutrient management of the potato crop. With satellite imaging and high efficiency irrigation equipment, farmers can grow more while using fewer resources. Net yield increased by about 25% and 35% respectively, in the past two years, compared to rainfed plots.

## Agriculture: Next Generation Farming

### PRECISION TECHNOLOGY IN THE FIELD

A significant part of the solution to address environmental impacts lies in "Precision Agriculture"—the idea of using state-of-the-art technology to grow more, with less. Through using the latest technology to gather data, farmers and growers can gain insights to help improve practices and increase the quality and yields of their crops while ensuring they apply the right amount of water and fertilizer to maintain soil quality. Harnessing data from precision agriculture technology will be a critical foundation to inform our regenerative agriculture practices.

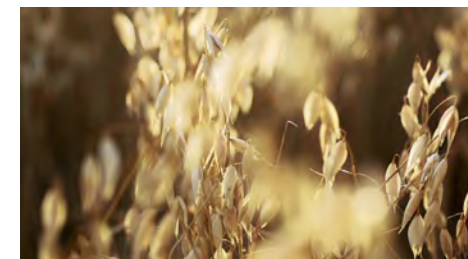
We have been using our iCrop technology with farmers over the past number of years to capture data across 48,000 hectares of potato production in 16 markets in Europe. We track over one million crop data points and share this with our farmers to help them understand more about crop performance and the correlation between soil type, weather, irrigation and water usage. We have already seen some strong results. PepsiCo began using iCrop 2.0 in Spain and piloted combining it with irrigation scheduling technology, which led to water irrigation accuracy improving from 48% in 2017, prior to deployment, to 92% in the following growing season.



### CRACKING THE CODE WITH OATS

In 2020, PepsiCo partnered with Corteva Agriscience to sequence an entire oat genome for the first time, making it publicly available via an open source platform to continue the advancement of oat research. Oats are a highly nutritious product and an important rotating crop that can help drive a more sustainable food system. Farmers are being asked to produce food that's better for consumers and the planet, and this genomic information is key to unlocking the oat's full potential, allowing farmers to grow oats in a way that is most beneficial for agriculture, consumers and the environment. The genome has been accessed more than 5,000 times to date, fundamentally improving oat research globally and setting the stage for oat innovation for years to come.

Additionally, over the past five years, we've developed our "Opti-Oat" program, alongside a number of academic partners. Through the program, we've analyzed how to grow the "perfect oat" using over one million data points and developed the Oat Growth Guide. The guide is available to U.K. farmers free of charge and offers another way for our growers to optimize resources, therefore improving yields and creating a more sustainable source of oats.



View the [video](#).



## Agriculture: Supporting Farmers

**Building a stronger, more diverse agricultural pipeline**—Throughout the world, PepsiCo programs are supporting farm productivity, resiliency and economics. We're helping to build a pipeline for the future by promoting greater diversity and inclusion in farm management.

### EMPOWERING WOMEN

PepsiCo is helping to drive economic and social development for underrepresented groups in our agricultural supply chain and communities. We've set a new goal of improving the livelihoods of more than 250,000 people in our agricultural value chain by 2030, including initiatives to economically empower women through agriculture.



#### Global partnerships

Building on our existing partnership with the U.S. Agency for International Development (USAID), last year, the organizations embarked on a new, \$20 million partnership to drive inclusivity in the food and beverage industry by supporting women-owned and women-led enterprises among PepsiCo suppliers in rural farming communities

in Asia, the Middle East and Latin America. The programs will help to improve resiliency in these communities and show that inclusivity leads to better business results.

PepsiCo and The PepsiCo Foundation are also working with the Inter-American Development Bank on initiatives to generate solutions to challenges across the region. These programs include: safe water access with Aquafund in Colombia, Mexico, Peru and Honduras; inclusive recycling with Latitud R throughout Latin America; sustainable agriculture through the Next Generation Agro Fund in the Dominican Republic, Ecuador and Guatemala; and programs focused on economic recovery throughout the region. All programs will pay special attention to women's empowerment.

#### Support for women farmers in West Bengal

Since 2019, PepsiCo India has been working with USAID to empower women farmers in West Bengal through education and training in sustainable farming practices, irrigation and crop rotation techniques. PepsiCo-supported financial literacy and entrepreneurship programs also help women become lead farmers on their own. Additional community initiatives are designed to support women in leasing land, educating men and women

to support changes in gender norms, and engaging male champions to help design local approaches to more equitable and sustainable agriculture.

So far, PepsiCo India has provided potato production training for approximately 500 women and gender awareness training to PepsiCo India staff and partners, and also developed a training module to address gender-based violence. The West Bengal program is ultimately expected to reach more than 300,000 women through direct and community engagement. In addition to further expansion in West Bengal, the company plans to bring the program to other Indian states, beginning with Maharashtra.

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## Agriculture: Supporting Farmers

### She Feeds the World

The PepsiCo Foundation and CARE are working to provide support for female farmers and their families through the *She Feeds the World* (SFTW) program. The partnership aims to impact 5 million small-scale women producers and their families with education, resources and economic support to help them increase crop yields and incomes and improve family nutrition. Projects are active in Peru, Egypt and Uganda.

As of 2020, the program has provided more than 422,000 women small-scale producers and their families with the tools and training they need to foster sustainable, long-term growth in their communities.



View the [video](#).

### SFTW achievements include:



#### Uganda

In a clear result of changing gender norms and developing women's leadership skills, more than 50 female SFTW participants ran in the 2021 general election, and for most, this was their first time running for public office.



#### Egypt

1,800 women participated in education sessions on good nutrition habits and over 4,200 women were enrolled in more than 180 Village Savings and Loan Associations. The potato farmers' productivity increased by 40% compared with the previous year and 88% of the crops were sold to PepsiCo's Chipsy brand.



#### Peru

SFTW distributed farming assets, such as seeds and seedlings and breeding stock, to more than 1,860 small-scale farmers to help them maintain their businesses and feed their families during the pandemic.

### Women, water and small farmers' associations in Colombia

Since 2016, PepsiCo has worked with Reconciliacion, a nongovernmental organization in Colombia, to support women-led small farmers' associations. Currently, the program is supporting two associations in Boyacá (in Toca with Asoagrotoca, and in Socará and Chivatá with Asoorquidea). The program helps local farmers to grow and sell potatoes with the highest standards and provides legal aid and skills training to create and manage the association and grow the crops. As of 2020, 40 families headed by women are now part of the program and 80% of the administrative roles are held by women.



# Agriculture: Supporting Farmers

## TRAINING FARMERS

### Expanding agritech programs in Egypt and Sub-Saharan Africa

In Egypt, PepsiCo and USAID are continuing a partnership to help increase farm productivity and build a more transparent and sustainable potato supply chain. PepsiCo Egypt is also helping Egypt's farming communities with initiatives such as its locally grown seeds program, which enables the company to produce 100% locally sourced potato chips.



*In Egypt, potato farmer Faiza Owes Suleiman was among the most successful participants in our farming program in partnership with USAID.*

View the [video](#).

### Supporting economic development in South Africa

As part of its acquisition of Pioneer Foods, PepsiCo made public interest commitments to help drive economic growth, empowerment and inclusivity in South Africa. These include the establishment of a development fund to assist emerging farmers in boosting their capabilities and helping to increase opportunities to integrate into the value chain. The fund will allocate ZAR 300 million to agricultural development, focusing on innovative, market-based efforts with key partners, including building on Pioneer Foods' existing Enterprise and Supplier Development initiatives and Simba's agriculture program. The fund will also drive growth of South African emerging farmers through catalytic investments.

## PROMOTING DIVERSITY IN AGRICULTURE

PepsiCo and The PepsiCo Foundation have increased our efforts to encourage greater diversity in U.S. agriculture by joining the advisory board for the National Black Growers Council and providing support to the National Black Farmers Association. We have also partnered with Cargill to promote inclusivity in our supply chain.

Recognizing that the average age of farmers in the U.S. is nearly 60, PepsiCo also supports the National FFA organization in its mission to engage and prepare the next generation of agriculture leaders.

In South Africa, Pioneer Foods has a long-running collection of Enterprise and Supplier Development initiatives and continues to support majority black-owned commercial farming operations. These emerging farmers are mentored by established commercial farmers to help them increase yields and quality through sound agricultural practices.



## Agriculture: Sustainably Sourcing our Products

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**Celebrating achievements in sustainable sourcing**—Under our new Positive Agriculture ambition, we will continue to sustainably source our direct-sourced crops (potatoes, corn, oats and oranges), palm oil and cane sugar, and expand the scope of our work to include key crops from third parties, such as vegetable oils and grains.

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In the U.S. specifically, 100% of the oranges purchased for Tropicana directly from Florida growers are sustainably sourced, as are 100% of the potatoes and oats for Lay's and Quaker in North America.

**100% of PepsiCo's direct crops** (potatoes, whole corn, oats and oranges) were sustainably sourced in **28 countries** in 2020.

**Globally,**  
**nearly 87%**  
of direct crops are sustainably sourced through **PepsiCo's Sustainable Farming Program.**





# Focus Area: Packaging



[Learn more about PepsiCo's comprehensive approach to packaging](#)

Read the interactive 2020 PepsiCo Sustainability Report [online >>](#)

PepsiCo's vision is a world where packaging never becomes waste.

PepsiCo recognizes the important role we play in driving toward a circular economy and reducing plastic waste. As a global food and beverage company, PepsiCo aims to use our reach and influence to help change the way society makes, uses and disposes of plastics.

Packaging is vital—it protects the safety, quality and freshness of our products, extends their shelf life and limits food waste. It helps to make our products easier to distribute, more affordable and convenient. It also helps to make it easier for consumers to choose and be informed about the products they purchase.

We recognize that packaging not disposed of properly has potential environmental impacts. To make meaningful impact, we are working to drive systemic change across the entire plastics value chain—from how it's produced, to how it's used by consumers and how it's disposed of after use. This requires us to collaborate and share knowledge with other industry leaders and organizations working toward the same goals. **PepsiCo is an active partner with others along the plastics value chain, helping to innovate the future of packaging, improve recycling infrastructure and educate and empower consumers.**

To truly scale a circular future for plastics, it will require innovation and cooperation at every stage of the plastics value chain. PepsiCo will drive change

by working with a broad group of partners, including industry peers, nonprofit organizations, and people and companies throughout the plastics supply chain.

During a year when the recycling industry faced unprecedented challenges both from COVID-19 and low oil prices, PepsiCo remained committed to driving progress toward our plastic waste reduction targets. We recognized the short-term challenges in supply and cost, and reaffirmed our ambition to build a circular economy. We will continue to actively invest and partner to drive toward a circular economy for plastics—one that is environmentally and financially sound—to further incentivize and promote recycling education, innovation and infrastructure to deliver a greater supply and demand for recycled materials.

**We're doing our part to help reduce or eliminate plastic waste with a broad-based approach that focuses on three strategies:**

**Reduce**  
the amount  
of plastic  
we use

**Recycle**  
more plastic  
to keep the  
material in  
the circular  
economy

**Reinvent**  
packaging  
materials  
and  
solutions

## Packaging: Progress Highlights

**BOTTLES & CANS ONLY**

**22**  
global markets now offer a PepsiCo product in **100% rPET packaging.**

**87%**  
of our packaging is recyclable, compostable or biodegradable (RCB), as we work toward our goal of **100% RCB by 2025.**<sup>1</sup>

Since 2018, PepsiCo and The PepsiCo Foundation committed to invest more than **\$65 million** in global recycling partnership initiatives to **elevate recycling rates and waste collection.**

**100% RECICLADA**  
MÁS SABOR PARA DESPEJAR  
MÁS HECHA DE OTRAS BOTELLAS

### [See our packaging goals & progress](#)

1. 2020 results include the impact of the acquisitions of Rockstar and BFY. Beginning in 2020, we enhanced our calculation methodology using sales data to provide a more precise view of materials and to expand our coverage for less common packaging types. In some instances detailed packaging sales data was not available and was therefore extrapolated. All results are presented using our revised calculation methodology for comparability.

## Packaging: Scaling Reuse Offerings with SodaStream

We are investing in strategies that go Beyond the Bottle through reusable platforms like our global SodaStream business that offers products in 45 countries around the world.

This eco-friendly hydration platform helps consumers drink more water and reduces our use of virgin plastics by providing a convenient, sustainable way to enjoy flavored sparkling water at home or on the go. Tapping into trends that grew during the pandemic from health and wellness to make-at-home options, SodaStream's popularity led to double-digit net revenue growth in 2020.

### PepsiCo flavors for SodaStream expand in Australia and Europe



In 2020, SodaStream expanded the availability of PepsiCo-branded flavor options for SodaStream to include Australia, Norway, Sweden, Germany and France,

making it easier for consumers to create their favorite beverages at home. For the first time in 2020, SodaStream joined PepsiCo's lineup of brands for its UEFA Champions League activation.

### LAUNCH OF BUBLY DROPS

In January 2021, SodaStream joined forces with bubly to launch PepsiCo's first branded SodaStream product in North America—[bubly drops](#), making it easy for consumers to make a positive choice that is good for them and good for the planet. This collaboration builds on both brands' ongoing sustainability and single-use plastic reduction targets. bubly is no longer packaged in plastic bottles as of January 2020.



"PepsiCo played an instrumental role as the first investor of Circulate Capital's Ocean Fund, which has raised more than \$100 million to fight ocean plastic and create a more circular economy. \$40 million has already been invested to create the largest investment portfolio devoted to fighting ocean plastic waste in South and Southeast Asia. PepsiCo remains a critical partner as we leverage its technology, innovation and scale to help lead the transformation of waste management and recycling value chain in some of the highest plastic leaking countries in the world."

**Rob Kaplan**

Founder and CEO, Circulate Capital

## Packaging: Scaling Reuse Offerings with SodaStream

### INTRODUCTION OF SODASTREAM PROFESSIONAL AND CONTACTLESS POURING

After a successful pilot test with key customers, we officially launched SodaStream Professional in Fall 2020. This mobile-enabled hydration platform is the latest innovation within our “[Beyond the Bottle](#)” portfolio and plays a critical role in helping us along our sustainable packaging journey. The platform’s SodaStream Connect mobile app gives consumers the ability to digitally track how many plastic bottles they are saving, encouraging goal setting and making it easy to share progress.



Through continued growth of our SodaStream business, an estimated **78 billion** single-use plastic bottles will be avoided through 2025.

As an eco-friendly beverage option that saves resources while delivering variety and personalization for consumers, SodaStream Professional can help corporate campuses, universities and even cities cut back on disposable materials and meet more aggressive sustainability goals.

Last year, to help foodservice operators meet consumer demands for convenient beverage options within COVID-19-related safety constraints, PepsiCo introduced contactless pouring for SodaStream Professional. The update not only limits human interaction and avoids germ transfer, but will be well-suited for a post-pandemic environment, enabling operators to reduce their environmental footprint while improving safety and sanitation.



*SodaStream Professional helps offices and campuses reduce disposable materials.*



## Packaging: Reducing Virgin Plastic

PepsiCo reduces the virgin plastic used in our packaging by light-weighting beverage bottles, changing the way we use flexible film in manufacturing, increasing the use of recycled packaging materials and switching to alternative materials when possible. Light-weighting is a process that reduces both the volume of plastics required and the total GHG impact of the bottles for the same packaging performance.

### INCREASING OUR USE OF RECYCLED MATERIALS

We are reducing the GHG impact of our packaging by using recycled plastic (rPET), which has a smaller carbon footprint than virgin PET, the material used in the majority of beverage bottles.

#### Transitioning to 100% rPET packaging in Europe

PepsiCo has announced an ambition to eliminate all virgin plastic from Pepsi brand beverage bottles<sup>2</sup> sold in [nine European Union \(EU\) markets](#) by 2022. We estimate that this move to rPET will eliminate over 70,000 tonnes of conventional virgin plastic per year, and will lower GHG emissions per bottle by roughly 40%.

Germany, Poland, Romania, Greece and Spain are expected to switch to 100% rPET in 2021. France, Great Britain, Belgium and Luxembourg are slated to make the transition in 2022. In France, Great Britain,

Germany, Belgium and Luxembourg, the ambition goes beyond Pepsi, to include other soft drinks including 7UP, Mountain Dew and Lipton Iced Tea, and applies to both company-owned and franchise bottlers in the relevant markets. Poland and Romania are also expected to use 100% rPET in Mirinda.

Naked was the first nationally distributed juice and smoothie brand in U.K. grocery retail to be sold in 100% rPET bottles. The brand made the change across its full range of smoothies, including Naked Machines, Naked Lean and Naked Zing. Naked Juice has been offering 100% rPET bottles in the U.S. since 2009.

In 2020, TAZO launched its U.S. chilled portfolio in 100% rPET bottles.



Naked was the first nationally distributed juice and smoothie brand in U.K. grocery retail to be sold in

**100% rPET bottles.**



In 2020, TAZO launched its U.S. chilled portfolio in

**100% rPET bottles.**

2. Includes Pepsi MAX, Pepsi MAX Lima, Pepsi MAX without caffeine, Pepsi Light, Pepsi Light without caffeine and regular Pepsi.

## Packaging: Reducing Virgin Plastic

### SHIFTING TO ALTERNATIVE PACKAGING MATERIALS

Where it is environmentally efficient and practical as a business to do so, we consider alternative packaging materials to plastic that can meet consumers' needs. We consider the full environmental impact of our packaging, including carbon impact and the likelihood the material will be recycled and become part of a circular economy.

Plastic, aluminum and paper packaging, when they are recycled or made from recycled content, are among the materials that present an opportunity to drive a circular economy, which keeps material in the supply chain and out of the environment. PepsiCo and The PepsiCo Foundation are working to accelerate efforts to boost recycling rates across the world.

#### Transitioning to aluminum

In an effort to reduce virgin plastic used in our beverage business, in 2020, our bubbly sparkling

water brand exited plastic packaging and is now packaged in aluminum cans and is available as bubbly drops for SodaStream.



In the UAE, PepsiCo is aiming to partner, collect and recycle the equivalent of 100% of the plastic packaging used for our Aquafina brand in these markets by the end of 2021. Consumers in the UAE will also have an option

to purchase Aquafina in aluminum cans in 2021.

Our teams are also exploring non-fossil-fuel-based sources for packaging materials that contain plant-based materials that are safe, efficient and have a lighter carbon footprint than oil-based plastics. We prioritize materials that avoid the use of food resources or virgin plastics. We're partnering to develop these materials and scale technologies through partnerships like the NaturALL Bottle Alliance and Pulpex consortium.

#### The world's first recyclable paper bottle

While paper can be sustainably sourced and is highly recyclable, it poses challenges for containing liquids. In July 2020, PepsiCo joined the Pulpex consortium with fellow global consumer

goods companies Diageo and Unilever to create and scale the [world's first recyclable paper bottle](#). This breakthrough technology, initially developed by Diageo and Pilot Lite, is made from sustainably sourced pulp and designed to be fully recyclable in standard paper streams. The consortium is working to make sure the Pulpex technology meets food-safe standards and can be used across industries. We plan to test our own branded paper bottles, based on Pulpex Limited's design and technology.



In the UAE, PepsiCo is aiming to partner, collect and **recycle the equivalent of**

**100% of the plastic packaging used for our Aquafina brand**

by the end of 2021.



## Packaging: Partnerships to Drive Recycling

Partnerships are critical to the continued development of a robust circular economy. Together with our partners and peers, we can collectively advance our efforts to find innovative recycling solutions. Since 2018, PepsiCo and The PepsiCo Foundation have committed to investing more than \$65 million in partnerships to increase recycling and collection rates worldwide.



CIRCULATE CAPITAL

### CIRCULATE CAPITAL INVESTS IN INDIA

The PepsiCo Foundation is the founding investor in Circulate Capital, which aims to catalyze investment in solutions to reduce ocean plastic pollution in South and Southeast Asia. The fund, created with The Ocean Conservancy, among other partners, finances initiatives that aim to improve on waste collection and processing. In 2020, Circulate Capital committed to an investment of \$39 million in India, including investments in four leading companies in India that are using technology and innovation to scale and transform India's waste management and recycling value chain.



### EVERY BOTTLE BACK WITH THE AMERICAN BEVERAGE ASSOCIATION

PepsiCo joined industry peers Keurig Dr Pepper and Coca-Cola in an initiative led by the American Beverage Association to get "Every Bottle Back." The initiative aims to ensure that each bottle becomes a new bottle while minimizing their plastic footprint, as well as improving recycling access, education and infrastructure, in collaboration with The Recycling Partnership and Closed Loop Partners.



[To learn more watch the Every Bottle Back TV commercial](#)

## Packaging: Partnerships to Drive Recycling



### SUDAN PLASTIC RECYCLING PROGRAM

In Sudan, Takreer Recycling, a sister company of Araak Food Industries Company Ltd., PepsiCo's bottler in Sudan, has taken the lead in establishing a circular economy in the market. Takreer Recycling set up a PET recycling plant in 2014 to collect and recycle PET material. By continuing the scaling of these initiatives, Takreer Recycling aims to reduce the carbon footprint of bottles they produce.



### DIGITAL WATERMARKING FOR IMPROVED RECYCLING

In September 2020, PepsiCo signed on to the Digital Watermarks Initiative HolyGrail 2.0, facilitated by AIM, the European Brands Association, aimed at improving the sorting of packaging waste for increased and higher-quality recycling. PepsiCo was selected as one of four brand owners in the initiative's Leadership Group for phase two of the project. They are now conducting a trial program in Europe of digitally watermarking packaging with information such as the manufacturer, product, material type and whether the material is food safe. Scanning this information should enable more efficient sorting and recycling. In 2021, PepsiCo expects to trial this technology on some of our packaging.



View the [video](#).



### INCLUSIVE RECYCLING IN LATIN AMERICA

In Latin America, PepsiCo works with Latitud R, a multi-sector initiative to support grassroots recyclers. In 2020, the program benefited more than 15,400 grassroots recyclers from 17 Latin American countries.



## Packaging: Finding Solutions for Hard-to-Recycle Materials

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PepsiCo aims to pursue a sustainable packaging strategy that moves away from a linear economy toward a circular economy, where valuable material stays in the system and does not become waste. In pursuit of that ambition, our focus is threefold: to increase recycling rates, drive an economy for recycled content by incorporating it into our packaging, and target 100% of our packaging to be recyclable, compostable or biodegradable by 2025.

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We are taking steps to further drive bottle-to-bottle recyclability in our beverage portfolio. One example is moving products to clear bottles, making it easier to have a second life as another bottle. Across Europe, we are moving 7UP out of colored plastic to clear plastic bottles in support of this effort.

We leverage our scale and reach to drive meaningful progress toward our sustainable packaging vision, and engage with government and industry to accelerate the use of recycled materials, invest in recycling infrastructure and heighten consumer awareness of the importance and convenience of recycling.



## Packaging: Finding Solutions for Hard-to-Recycle Materials

### SOLVING FOR HARD-TO-RECYCLE FLEXIBLE FILMS

Our flexible film packaging, used for snacks, is very lightweight and has a low carbon footprint, but is hard to recycle based on currently available technology. We are working on a number of sustainable solutions.



#### Compostable packaging at Whole Foods

In collaboration with Whole Foods and other small retailers, PepsiCo Foods North America will pilot the next generation of snack packaging. Our Frito-Lay division's Better Snacking Choices snack brand, Off the Eaten Path, will pilot new industrial compostable packaging in July 2021, with on-pack messaging aiding consumers in proper disposal and how to find a composting solution.



#### Creative upcycling at Vail Resorts

PepsiCo Foodservice [expanded its partnership with Vail Resorts](#) to 33 resorts around the world in 2020. Through a multi-year sustainability initiative, the companies will focus on waste reduction, guest-facing education initiatives, and creative upcycling projects made from flexible film snack wrappers. The expansion of this longstanding partnership will help Vail Resorts advance its sustainability target to achieve a zero net operating footprint by 2030, including a zero waste-to-landfill pledge. Several large-scale pilot programs rolled out in 2020, including a TerraCycle snack wrapper collection

program that provided bins for properties to remove foil-lined wrappers from the resorts' waste streams. Vail Resorts also created patio furniture and a custom wall ride terrain park feature that is partially made from recycled material. Additionally, our investments support program education materials and resources to promote recycling of flex film and other packaging materials across the properties. PepsiCo plans to extend elements of these pilot programs across Vail Resorts properties through 2024 and beyond.

## Packaging: Finding Solutions for Hard-to-Recycle Materials

### SOLVING FOR HARD-TO-RECYCLE FLEXIBLE FILMS CONTINUED



#### Disrupting the canister segment with Doritos STAX

As demand for innovation in sustainable snacks packaging continues, Doritos expanded its portfolio in August 2020 with the launch of Doritos STAX in the U.K. With a unique [triangle tube that is widely recyclable](#), including the lid, the new packaging effects a major disruption to the canister segment. Designed to be sustainable from the start, the triangular tube is made mainly of cardboard, making it easy for consumers to dispose of responsibly.



#### PepsiCo Australia achieves 100% circular packaging

Since 2018, PepsiCo ANZ has partnered with REDcycle to help convert chip packets into signage and other sturdy products. Consumers are able to drop off chip packets and other soft plastics at participating supermarkets, which will go to REDcycle's processing partner Replas, to turn into fitness circuits, outdoor furniture and bollards. The program has helped Australia become our first market to design 100% of their snacks packaging to be considered locally recyclable, compostable or biodegradable by the end of 2021, ahead of the 2025 company-wide target.

### MAKING MORE MATERIALS CIRCULAR



#### Carbios expands enzymatic recycling

PepsiCo became a part of the [Carbios Consortium](#) in 2019 to help make the circular economy for plastics an industrial reality by supporting the development and scale-up of enzymatic recycling. This biological recycling technology uses a novel enzyme to break down PET into its original building blocks, enabling PepsiCo and peer consortium members to reduce the amount of PET that becomes waste by being able to recover high-quality PET from hard-to-recycle materials like fibers and opaque plastics. In 2020, Carbios, the French company that developed the technology, continued to demonstrate progress, including verification of the technology through a peer-reviewed article in *Nature*.

# Focus Area: Water



[Learn more about PepsiCo's comprehensive approach to water](#)

Read the interactive 2020 PepsiCo Sustainability Report [online >>](#)

As a food and beverage company, PepsiCo is acutely aware of the critical role water plays in the food system.

Our long-term water strategy aims to achieve sustainable water security for our business, natural ecosystems, as well as for local communities that depend on an accessible and reliable supply of clean, safe water. We are focused on improving operational and agricultural water-use efficiency, and local water replenishment in high water-risk areas, public education, advocacy for smart water policies and regulations, and adoption of best practices with key partners in the community. We work to understand the water challenges at a local level and support

solutions that address the specific needs of the watershed. PepsiCo supports the establishment of science-based targets (SBT) for water sustainability. We are contributing to the development of the draft methodology for water by participating in the corporate advisory group of the Science Based Targets Network and are piloting the methodology during 2021.

"We are proud to team up with a company like PepsiCo that understands the importance of nature-based solutions in protecting and conserving the world's freshwater sources. With PepsiCo's support, The Nature Conservancy is working directly with farmers, businesses, and communities to implement sustainable watershed management practices and launch new, locally-tailored watershed conservation projects to fit each region's unique needs."

**Daniel Shemie**

Director, Resilient Watersheds, The Nature Conservancy



# Water: Progress Highlights



## See our water goals & progress

1. Measured versus a 2015 baseline.

## Water: Water-Use Efficiency

Worldwide, PepsiCo has implemented various strategies to ensure that we continue to operate in a way that is sustainable for the planet, our business and our shared communities.

### OPERATIONAL WATER-USE EFFICIENCY

PepsiCo has focused our water stewardship efforts where they matter most, in the high water-risk (HWR) areas of the world where we operate.

Our ambition in our owned operations is to reduce our freshwater footprint as much as possible, employing multiple tactics from reapplication of proven best practices, innovation in developing low-water processing technologies and investing in world-class technologies that facilitate safe water reuse.

In our Latin America sector, a number of our food manufacturing sites are located in HWR areas. At these facilities, we have implemented a multiyear strategy to reduce our freshwater footprint as part of PepsiCo's participation with the Alliance for Water Stewardship ambition.

An example of this strategy is innovation in low-water processing, such as the conversion of water nozzles used in potato slicing to more efficient "Splash Cones," and installing low-spray nozzles in corn washing lines. We have also made multimillion-dollar investments in membrane bioreactor technology, which allows us to treat, to drinking water standards, and reuse in our manufacturing process—water that would have otherwise gone to waste.

We now have ten membrane bioreactor and reverse osmosis systems producing high-quality water for reuse at different manufacturing plants in HWR locations in Latin America, and we are continually reviewing opportunities to further deploy this technology. Our water-use strategy is showing returns in our operational performance and in 2020, for example, we improved water-use efficiency by about 20% at our Latin America HWR sites versus 2019, and about 40% versus 2015.



*Circular water project at our Sabritas Vallejo plant.*

treat and use that water to potable levels. The project enabled the Sabritas Vallejo facility to reduce freshwater demand by just over 50% in 2020 versus 2019 and allows the site to reuse over 80% of its daily water consumption. We are looking to identify opportunities to replicate this project at other sites.

The first application of a circular water project at our Sabritas Vallejo plant in Mexico City is also showing promising results. Collaboration with a franchise bottler allowed us to obtain water that they have, as a by-product of beverage ingredient manufacturing, and

The innovation is expected to save

**8 million gallons**

of water a year – more than **the equivalent of 12 Olympic-size swimming pools.**

At PepsiCo Beverages North America, an innovation known as "burst rinsing" is helping to save millions of gallons of water every year by streamlining equipment rinsing during the flavor changeover process. Rather than continuously rinsing beverage syrup tanks for up to 30 minutes at a time, burst rinsing sprays the tanks in 30-second intervals, using less water to achieve the same hygienic degree of cleanliness. Burst rinsing makes it possible to maintain quality standards, improve productivity and save considerable water. This is an opportunity that is particularly attractive as it provides significant benefit at no additional capital cost. The innovation is expected to save 8 million gallons of water a year—more than the equivalent of 12 Olympic-size swimming pools. We plan to extend the process to global sites in 2021 including Minya, Egypt; Ekaterinburg, Russia; and Zeebrugge, Belgium where project teams have been established.

## Water: Water-Use Efficiency

### AGRICULTURAL WATER-USE EFFICIENCY

PepsiCo operates a global business with each region presenting a unique geography and thus, unique challenges. In order to serve the specific agricultural needs of each region, we adapt our approach for maximum impact. Water efficiency in agriculture has a direct link to regenerative agriculture—the healthier the soil, the more water it can absorb, making water use for irrigation more efficient. For several years, PepsiCo has been working with growers through our global Sustainable Farming Program (SFP) and through local partnerships to drive efficient water usage in farmers' fields around the world.

In 2020, we improved our water-use efficiency in HWR regions by 14% since 2015—driven, in part, by the efforts of our Sustainable Farming Program.

In Pakistan, PepsiCo helped farmers convert 2,000 acres of agricultural land under the Sustainable Farming Program to implement high efficiency irrigation systems in Kasur, Multan and Depalpur cities saving 1.9 billion liters of water in 2020.

Other factors improving PepsiCo's agricultural water-use efficiency include introducing PepsiCo's "Irrigation Water Efficiency Toolkit," creating a global "irrigation water champions network," improvements to water scheduling practices and technology, optimizing planting windows and shifting to more efficient irrigation technology.



## Water: Replenishment

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PepsiCo recognizes that watershed health and giving back water we have used is critical to the continuity of our business, our social license to operate and the health of our communities. We are driving multiple initiatives to help us meet our water replenishment goal and improve overall ecosystem health and biodiversity, including groundwater recharge, reforestation, landscape restoration and biodiversity improvements and wetlands restoration.

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### GROUNDWATER RECHARGE

#### Groundwater recharge and community engagement in India

PepsiCo is supporting groundwater recharge initiatives and developing alternate livelihood opportunities for local Indian communities through a program that recharged more than 626 million liters of water in 2020.

In India, PepsiCo is supporting groundwater recharge initiatives that recharged more than

**626 million liters**

of water in 2020.

Since inception, we have expanded our initiatives each year in Channo (Punjab) and Pune (Maharashtra), creating a total of 19 rainwater harvesting structures and a wastewater treatment structure to enable groundwater recharge at the watershed level.

In addition to our water security commitment, PepsiCo is making positive contributions to local communities. Through our watershed conservation approach, we have adopted watersheds around our manufacturing plants and are driving positive water impact across four key areas: recharge and conservation, agricultural development, livelihood enhancement and community and gender empowerment. All programs include a community component based on local needs, including self-help groups, farmers clubs, joint liability groups and water user associations. Community groups are designed to respond to diverse livelihood issues and provide empowerment for greater economic development.

### REFORESTATION

#### Supporting post-wildfire reforestation efforts in California

PepsiCo is helping to support water replenishment by restoring forests in California following the devastating 2018 wildfire season and subsequent damage from mudslides, including degraded soil, water and air quality. We invested over \$1.5 million in the Arbor Day Foundation California Wildfire Restoration Project and its goal of restoring large swaths of private lands, which are often omitted from governmental revitalization efforts. The Foundation expects to plant more than 880,000 trees, leading to replenishment of 458 million gallons of water per year by 2022.

The Arbor Day Foundation expects to plant more than

**880,000 trees**

leading to replenishment of 458 million gallons of water per year by 2022.



## Water: Replenishment

### LANDSCAPE RESTORATION AND BIODIVERSITY IMPROVEMENTS

#### Water for the Planet Partnership in Latin America

Since 2016, PepsiCo has leveraged its global partnership with The Nature Conservancy to preserve fresh water throughout Latin America, working directly with farmers, landowners, businesses and communities to implement efficient irrigation technology, protect upstream forests and work on Water Funds intervention areas to replenish at-risk watersheds.

Through our program, Water for the Planet, we support watershed conservation projects in the countries of Colombia (Bogotá), Mexico (Monterrey and Valle de Mexico), Brazil (São Paulo), Guatemala (Guatemala City), Peru (Lima, since 2020) and the

Dominican Republic (Santo Domingo) to generate positive long-term impacts that enhance the supply and quality of water and improve the livelihoods of those in surrounding areas. As part of PepsiCo's water



*Sierra Madre Oriental mountain range near Monterrey, Mexico; photo courtesy of The Nature Conservancy.*

replenishment goal, from 2016 through 2020, Water for the Planet replenished more than 511 million liters of water per year to the seven participating watersheds through conservation efforts across more than 677 hectares of native ecosystems. Our work with The Nature Conservancy has benefited 2,600 families directly and contributed to aquifer health with the potential to benefit more than 42 million people living and working in these crucial watersheds of Mexico, Guatemala, Brazil, Colombia, the Dominican Republic and Peru.

#### Landscape restoration in the Greater Cape Town region, South Africa

Water security has received increased attention in the Greater Cape Town region primarily due to the "Day Zero" warning that the city faced in 2018. Over two-thirds of the source areas serving the Greater Cape Town region have been occupied by invasive alien plants, generally trees that quickly replace native species if unmanaged.

Invasive plants alter soil ecology, increase the frequency and severity of wildfires, and significantly affect river flow and aquifer recharge. They also have deeper rooting systems than native fynbos (fine-leaved plant) species and are able to access more groundwater even in times of low rainfall,

threatening the diversity of native plant life in the Cape Floral region and altering the habitat of native fauna. This is a critical ecosystem—South Africa is one of six "floral kingdoms" in the world where over 70% of the 9,500 plant species occur nowhere else on earth. PepsiCo is supporting landscape treatments through invasive species removal by partnering with TNC to support the Greater Cape Town Water Fund. Not only is this project restoring ecosystem functions and replenishing water to Cape Town's key source catchments, it is also conserving and restoring biodiversity in a critical and unique landscape.

Through this partnership, 184 hectares of alien invasive plants were removed from the Du Toit's Catchment and another 274 hectares of alien invasive plants were removed from the Oliphant's Catchment for a total estimated replenishment of 290 million liters. Since 2018, the partnership has assisted in providing access to jobs, primarily for women and young adults and which benefit the environment. Specialized rope access skills are required to work in some of the catchment areas and Likhona Lethu is the first women-owned small business in South Africa to be trained in specialized remote access work.

## Water: Replenishment

### WETLANDS RESTORATION

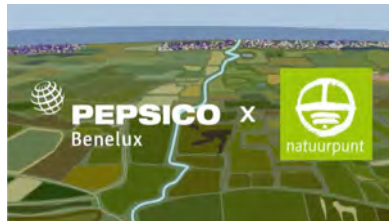
#### Saving water and wildlife in Belgium

PepsiCo is committed to improving the health of watersheds wherever we operate, and is supporting two innovative projects designed to improve freshwater levels near two of our manufacturing plants in Belgium's Flanders region.

Freshwater scarcity in this region is the result of global climate change and years of intensive local agriculture projects. The shortage has affected native and migratory birds and led to water-use restrictions for area residents, as well as financial losses for farmers from lost livestock and reduced crop yields caused by salt-contaminated water.

We've begun a five-year partnership with Belgian NGO Natuurpunt for the rehabilitation of two nature preserves: De Blankaart, near the Veurne snacks plant, and Uitkerkse Polder, neighboring PepsiCo's Zeebrugge manufacturing plant. We have also pledged to implement new processes, like water recycling, as part of our global goal of replenishing 100% of our operational water use in high water-risk areas by 2025.

Much of Natuurpunt's work is deceptively simple, such as creating pools and trenches to allow rainwater to sink into the ground and avoid contamination by salt water. It can then be collected, treated and used for irrigation. In addition to creating new ditch patterns, solar-powered pumps will be installed to control water levels, preventing runoff and saltwater seepage. Another aim will be to recreate hundreds of acres of meadows and grasslands damaged by development. Natuurpunt will examine old sketches and topographical maps to determine how to restore the terrain, manage water flow and mitigate runoff.



View the [video](#).

#### Wetlands restoration in Pakistan

As part of PepsiCo's community water stewardship efforts in Lahore, Pakistan, we partnered with World Wildlife Fund (WWF) to install an initial floating treatment wetland. With this intervention, 150 floating mats holding 2,100 plants with pollutant-eating bacteria in their roots are placed on the pond's surface, providing wastewater treatment and broader ecosystem benefits. Floating treatment wetlands provide habitat for wildlife, and with the wetlands' improved functionality, water quality in connected ponds improves, creating a native plant habitat and a nesting ground for birds.

With WWF, we installed

# 150

**floating mats** holding 2,100 plants with pollutant-eating bacteria **to provide wastewater treatment and ecosystem benefits.**

## Water: Alliance for Water Stewardship

### IMPLEMENTING THE ALLIANCE FOR WATER STEWARDSHIP STANDARD

PepsiCo is a member of the Alliance for Water Stewardship (AWS), and we aim to adopt the AWS Standard at all of our high water-risk facilities by 2025.

Adopting the AWS Standard is helping us identify and pursue opportunities to be better water stewards at the local level. This includes working with local stakeholders to understand the unique challenges of the watershed and focusing our efforts on collective action and advocacy for better water governance.

In 2019, we piloted the AWS Standard at three manufacturing locations in South Africa, Pakistan and Mexico, and in 2020, we expanded AWS Standard adoption to sites in seven additional countries. The AWS Standard has provided an effective framework for bringing together cross-functional operations, agriculture, public policy and government affairs, environmental, health and safety, and supply chain associates, helping to identify and address local watershed opportunities and guiding the teams to work with local stakeholders to improve conditions for all.

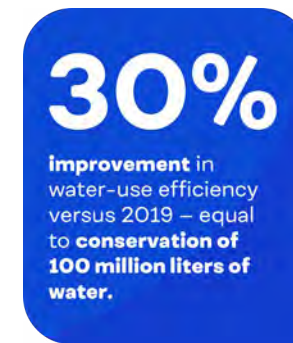


### SPOTLIGHT: FULLY ADOPTING THE AWS STANDARD IN PAKISTAN

PepsiCo's snacks plant in Sundar, Pakistan (a high water-risk site) was one of our first manufacturing facilities to pilot the AWS Standard, and the first to fully adopt it in line with our overall commitment to water stewardship. Their 2020 accomplishments included:

- **30% improvement in water-use efficiency versus 2019**—equal to conservation of 100 million liters of water.
- **10 million liters of water replenished in the Sundar watershed** mainly through rainwater harvesting and treated wetlands, which directly benefited 55,000 people in surrounding communities.

Ten of our sites around the world were in the process of adopting the AWS Standard in 2020, including eight in Asia, Middle East and South Africa (Sundar in Pakistan, Parow in South Africa, Multan in Pakistan, Minya in Egypt, Channo and Pune in India, and Dammam and Riyadh in Saudi Arabia); one with Frito-Lay North America in Rancho Cucamonga, California, U.S.; and one in Latin America at Vallejo in Mexico.



## Water: Safe Water Access

Over the last 15 years, PepsiCo and The PepsiCo Foundation have helped more than 55 million people gain access to safe water through distribution, purification and conservation programs—putting PepsiCo and The PepsiCo Foundation more than halfway to our goal of providing access to safe water for 100 million people by 2030<sup>2</sup>.

The PepsiCo Foundation has invested more than \$53 million in safe water access programs, catalyzing nearly \$700 million in additional funding from other donors.

The COVID-19 pandemic has made the need for safe water access and sanitation services more important than ever. Water is critical for treating and preventing the virus, as well as building long-term resilience in our communities. That's why we have announced new water programs in Latin America, Asia, the Middle East and South Africa designed to help communities recover and rebuild from the pandemic, including building sanitation facilities and community water systems, providing loans to families to build water infrastructure in their homes, supporting local water entrepreneurs, installing community water access points and helping to rehabilitate natural springs.

The PepsiCo Foundation has invested more than \$53 million in safe water access programs, **catalyzing nearly**

**\$700**  
**million**

in additional **funding from other donors.**

### PARTNERING TO PROVIDE SAFE WATER ACCESS

Recognizing that access to water is a human right, PepsiCo's safe water access work through multiple partnerships focuses on distribution, purification and conservation programs in support of UN Sustainable

Development Goal #6: Ensure the availability and sustainable management of clean water and sanitation for all.

We support UN Sustainable Development Goal #6

Ensure the availability and sustainable management of clean water and sanitation for all.



2. Our new goal replaces our previous 2025 goal to provide access to safe water to 25 million people that was exceeded in 2019.



## Water: Safe Water Access



### Improving clean drinking water access to urban communities in Pakistan

The PepsiCo Foundation is working with WaterAid to bring transformational change to underserved urban communities in Pakistan by improving access to clean water, sanitation and hygiene. This ongoing three-year partnership that began in 2019, is expected to benefit 40,000 individuals and provide communities, healthcare facilities and schools with sustainable access to clean drinking water.



### Providing safe water access to water-scarce communities in India

The PepsiCo Foundation and WaterAid have partnered to enhance water access in South India for many years, increasing access to clean drinking water, sanitation and hygiene to over 270,000 people in Sri City, Nelamangala and Palakkad.

Additionally, The PepsiCo Foundation is investing \$3 million through 2023 to extend access to water programs to our agricultural supply chain in India. The PepsiCo Foundation and WaterAid will promote sustainable agricultural practices and improve water, sanitation and hygiene facilities in farming communities in West Bengal and Maharashtra, which are facing urgent water crises.



### Reaching indigenous communities in rural Colombia

The PepsiCo Foundation partnered with the Inter-American Development Bank and WaterAid to build community water systems and sanitation facilities in the harsh, arid region of La Guajira, Colombia. Clean water will transform lives and livelihoods for indigenous Wayuu people in 16 isolated, rural communities.



### COVID-19 emergency response: handwashing stations and hygiene messaging

At the outset of the COVID-19 pandemic, PepsiCo supported WaterAid's global emergency response with the installation of handwashing stations and mass media awareness campaigns. In Pakistan and India, The PepsiCo Foundation helped fund a prevention campaign that reached more than 24 million people with crucial messages on social distancing and handwashing with soap.



### Supporting groundwater purification in India

The inability of low-income communities to obtain safe drinking water is a significant public health challenge in India. Building on a history of support for small water enterprises, The PepsiCo Foundation has partnered with Safe Water Network to expand safe water access and strengthen community awareness and understanding of critical water, sanitation and hygiene behaviors in Telangana, India. The partnership will provide sustainable and affordable safe drinking water to the region's poor through decentralized safe water stations.



### Water access and sanitation solutions in South Africa

The PepsiCo Foundation is working with four organizations in South Africa to provide safe access to water and sanitation solutions for over 80,000 people in vulnerable communities. The programs aim to help to reduce the spread of the COVID-19 virus while providing dignity to communities suffering from a lack of sanitation infrastructure. The programs offer a wide spectrum of solutions, ranging from handwashing stations coupled with education and awareness campaigns, to the installation of pour flush toilets and more in-depth projects incorporating partnerships with communities to rehabilitate natural springs, to ensure sustainable access to safe clean water.

# Focus Area: Product



PepsiCo's broad portfolio includes an expanded range of products that are better for people and better for our planet.

PepsiCo aims to provide consumers with nutritious and great-tasting food and beverages that are convenient and meet their lifestyle needs. We strive to leverage the power of our brands to drive positive changes for society and our planet. We consider the environmental impact of every new product developed through our Sustainable from the Start program.

Our product sustainability goals are to reduce added sugars in many of our beverages and sodium and saturated fats in many of our food products so that people can continue to enjoy our most-loved brands as part of a balanced diet.

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"Partnership for a Healthier America and PepsiCo are working together to make the healthy choice the easy choice for American families. PepsiCo is an industry leader in offering better-for-you options, and we are proud to partner with them as they continue to make progress toward meeting their commitment to reduce added sugars, sodium and saturated fat."

**Nancy Roman**  
President & CEO, Partnership for a Healthier America

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Read the interactive 2020 PepsiCo Sustainability Report [online >>](#)

**We are continuing to build our portfolio of products featuring easy-to-understand nutritional labeling, reduced added sugars, sodium and saturated fat.**

## Product: Progress Highlights



### [See our product goals & progress](#)

1. Third-party limited assurance provided. 2020 results reflect the inclusion of the SodaStream, Rockstar and Pioneer Foods portfolios.

2. Third-party limited assurance provided. 2020 results reflect the inclusion of the Pioneer Foods and BFY portfolios.

## Product: More Choices with Reduced Added Sugars, Sodium and Saturated Fat

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PepsiCo product reformulations, including reducing added sugars, sodium and saturated fat, are based on the PepsiCo Nutrition Criteria, a set of science-based nutrition guidelines for our product developers that inform the transformation and diversification of our portfolio. These criteria define maximum thresholds for the nutrients we aim to limit and minimum levels for the nutrients and food groups we want to encourage.

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Pepsi Zero Sugar (also known as Pepsi MAX and Pepsi Black in some markets), which proved its popularity with double-digit volume growth in 2020, is now available in 118 global markets. In North America specifically, Gatorade Zero continued to grow, exceeding \$1 billion in estimated retail sales value in 2020, while bubly, Pepsi Zero Sugar and Mountain Dew Zero Sugar cumulatively delivered more than \$750 million in estimated retail sales during 2020.

Already the global leader in baked savory snacks, our [Baked](#) product line is now available in 27 markets

around the world and continues to lead through innovation. Baked snacks bring consumers great tasting snacks with less fat than regular potato chips and cheese-flavored snacks and extends across multiple PepsiCo brands, including Baked Lay's and Baked Cheetos.

As of 2020, 64% of our foods portfolio volume in our top 23 foods markets met our 2025 sodium reduction target, progress toward our goal of 75% of our foods portfolio volume not exceeding 1.3 milligrams of sodium per Calorie by 2025.





## Product: Product Spotlight

PepsiCo continues to develop innovative products that deliver consumers improved nutritional profiles, convenient portions for on-the-go and, as always, deliver great taste.



**Gatorade Juiced**

Made with a blend of fruit juices and electrolytes, Gatorade Juiced provides athletes with the trusted hydration of Gatorade in a juice-based sports drink with no added sugar.

**Hilo Life Chips**

Hilo Life, a brand on a mission to make foods a source of joy for carb counters, launched a keto-friendly, almond flour-based chip. It delivers a crunchy texture and bold flavor with 3 grams of net carbs and 9 grams of protein per serving.

**Evolve**

Evolve plant-based protein shakes have 20 grams of plant protein and 10 grams of fiber per serving, contain no artificial flavors and are Non-GMO Project verified.

**Naked Lean**

Naked Berry Lean contains 40% less sugar than other smoothies on average. The Naked Lean range was the U.K.'s first lower-sugar smoothie range launched in response to consumer demand for lower-sugar smoothies and contains only naturally occurring sugar from fruits and vegetables. And, like the entire Naked range, is bottled in 100% recycled plastic.

**Driftwell**

Driftwell is designed with relaxation in mind. An enhanced still water beverage with magnesium, a hint of blackberry lavender flavor, and L-theanine, an ingredient to help promote relaxation.

**Quaker Super Foods with Protein**

Quaker Super Foods Protein contains a mixture of oat flakes with flaxseed and contains 8 grams of protein per serving.

## Product: Expanding Our Portfolio

### PARTNERSHIPS AND ACQUISITIONS

PepsiCo acquires exciting new brands and invests in strategic partnerships to offer more choices and help meet consumer demand for flavor and convenience as part of a balanced diet.



#### BEYOND MEAT™

##### A partnership for plant-based protein products

In early 2021, PepsiCo joined forces with Beyond Meat, Inc. to launch The PLANeT Partnership, a joint venture to develop, produce and market innovative snack and beverage products made from plant-based protein. The partnership will leverage Beyond Meat's leadership in plant-based protein development, tapping into growing consumer demand for plant-based proteins that are better for the planet.



##### Acquisition of snack innovator BFY Brands

PepsiCo expanded its portfolio of sustainably grown and made products in 2020 when BFY Brands joined the PepsiCo family. BFY is the maker of PopCorners snacks and FLEX Protein Crisps. FLEX Protein Crisps offer consumers 10 grams of plant-based protein per serving. Innovative products like these provide convenient and more positive nutritious options for consumers.



##### Pioneer Foods acquisition to enable expansion in Africa

Our acquisition of Pioneer Foods brought together two like-minded companies focused on building a more sustainable future and investing in communities. Pioneer Foods' locally relevant product portfolio is a strong complement to our current product line in the region, with strong positions in cereals, juices and other nutritional food staples important in a balanced diet, including well-known brands like Weet-Bix, Liqui-Fruit, Ceres, Sasko, Safari, Spekko and White Star. The acquisition will benefit local suppliers and enable expansion of our Sustainable Farming Program in Africa.



##### Be & Cheery online snacks

In 2020, we acquired Be & Cheery, one of the largest online snack companies in China, with product offerings across nuts, dried fruits, meat snacks, baked goods and confectionery.

### PLANT-BASED OFFERINGS

Consumers are seeking to include more plant-based foods in their diets to support their goals related to personal health and a more sustainable planet. There is a growing awareness among consumers that certain plant-based diets can be associated with improved nutrition and better health including heart and digestive health. Additionally, consumers changing their diets to include a greater proportion of plant-based foods can be a meaningful step toward a more sustainable food system.

Through brands like Quaker, Off the Eaten Path, Sabra, Alvalle and Naked Juice, PepsiCo offers consumers plant-based options, and we've also made prior acquisitions in the space like Bare Snacks and Health Warrior.

By partnering with Beyond Meat, Inc. to launch The PLANeT Partnership, we will continue the plant-based protein development, tapping into growing consumer demand for plant-based proteins that are better for the planet.



## Product: Purposeful Brands

PepsiCo continues to use the power of our brands to support initiatives that aim to make a positive impact on people and the planet. These are some notable examples from 2020:



**One World: Together At Home** raised a total of **\$127.9 million**, through a historic global broadcasting event featuring Lady Gaga.

### PepsiCo joins COVID-19 response effort

In response to Global Citizen's global One World: Together At Home campaign, The PepsiCo Foundation committed \$7 million, including a \$2 million contribution to the COVID-19 Solidarity Response Fund. One World: Together At Home raised a total of \$127.9 million, through a historic global broadcasting event featuring Lady Gaga. Pepsi also worked with Global Citizen in the lead up to One World: Together At Home to support with a range of design, creative and paid media resources.



In France, the hashtag **#LiptonGenerationTri**, which translates to "generation sorting," **kicked off with popular TikTok creators.**

### Lipton influencers help drive recycling effort

Our Lipton Iced Tea brand highlighted the relaunch of its new 100% rPET bottle with disruptive social media campaigns featuring well-known influencers on Instagram, YouTube and TikTok, promoting recycling as a cool and easy gesture rooted in everyday Gen Z life. In France, the hashtag #LiptonGenerationTri, which translates to "generation sorting," kicked off with popular TikTok creators, calling on followers to show off their most creative interpretations of recycling and sorting trash.



PepsiCo's Agusha brand partnered with the Naked Hearts Foundation on the **#Rightforhappiness** campaign to support families of children with developmental needs.

### Agusha provides aid for special needs children

In Russia, PepsiCo's Agusha brand partnered with the Naked Hearts Foundation on the #Rightforhappiness campaign to support families of children with developmental needs. The effort will raise funds for early help programs for special needs children, and includes a large-scale informational campaign to attract attention to the problem and reduce stigma in society.

## Product: Purposeful Brands



PepsiCo's premium water brand LIFEWTR has a **history of amplifying social progress through art.**

### LIFEWTR launches "Black Art Rising" online exhibition

PepsiCo's premium water brand LIFEWTR has a history of amplifying social progress through art. In 2020, the brand launched a digital exhibition, Black Art Rising, which documents diverse responses to the Black Lives Matter movement, and established the \$50,000 Black Art Rising Fund to offset supply costs for emerging Black artists.

Black Art Rising features art from eight creators at the forefront of racial justice, including Tobe Nwigwe, Temi Coker and Reyna Noriega. Conceived as an "infinite" digital gallery in the sense that it will continue to grow as the works of additional artists are added, the exhibition was designed to preserve this moment in time while keeping public attention focused on the issue of racial justice. To reinforce that goal, LIFEWTR called upon everyday creators to share original artwork for the chance to be included in the infinite digital gallery.



In 2020, the Stacy's Rise Project said it would provide grants of **\$10,000 to advance female entrepreneurs.**

### Mentoring women in the food and beverage industry

Stacy's Rise Project, the grant and mentorship program created by Stacy's Pita Chips to advance female founders, returned in 2020 and committed to helping even more women rise. According to a recent survey commissioned by the Stacy's Rise Project, 73% of female entrepreneurs who had a mentor reported they were more likely to feel equipped with the resources needed to grow their business, yet 53% had not had that advantage. In 2020, the program said it would provide grants of \$10,000, along with professional advertising services and executive access to advance female entrepreneurs. The class of 2020 all incorporated social impact and philanthropy within their business plans.



**The Gatorade Women's Advisory Board** was formed to address societal and cultural barriers in sports and keep more girls in the game.

### Keeping girls in the game

In early 2021, the Gatorade Women's Advisory Board was formed with the aim to keep more girls in the game and help drive continuous change for women and girls in sports by addressing the societal and cultural barriers that contribute to the attrition of females in sports and an ongoing decline in participation. Additionally, the Gatorade Women's Advisory Board will provide counsel on brand initiatives to better serve female athletes.



# Focus Area: Climate



[More details on our climate risk governance can be found on our ESG Topics A-Z Climate page](#)

Read the interactive 2020 PepsiCo Sustainability Report [online >>](#)

We are committed to addressing the impacts of climate change by focusing our efforts on reducing emissions across our entire value chain, as well as building resiliency in our operations and our supply chain to withstand the adverse impacts of climate change.

### Committed to driving urgent climate action

The rise in global temperatures continues to have a dire impact on our food system. To create a more resilient and carbon-efficient food system, global companies need to step up more than ever before. At PepsiCo, we've heeded this call. We acknowledge the important role we play as a food and beverage leader, with our products sold in more than 200 countries and territories. We aim to lead by example and manage our climate-related impacts in a responsible manner, while helping to drive systemic change.

Understanding the urgent need for climate action, we've set an ambitious new target to achieve **net-zero emissions by 2040**, one decade earlier than called for in the Paris Agreement. In addition, we more than doubled our interim climate goal, and are now striving to **reduce absolute GHG emissions across our direct operations (Scopes 1 and 2) by 75% and our indirect value chain (Scope 3) by 40% by 2030** (against a 2015 baseline). We expect these new goals to lead to reductions of more than 26 million metric tons of GHG emissions, the equivalent of taking more than 5 million cars off the road for a full year.

Our new target is approved by the Science Based Targets initiative and is the most ambitious

designation available through their process. In addition, this target aligns with the Business Ambition for 1.5°C pledge, which we 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.

### Our climate mitigation strategy:

#### Further Scale

[sustainable agriculture](#) and regenerative farming practices.

#### Reduce

[virgin plastic use](#), increase recycled materials like rPET and use low-carbon alternatives or renewable materials.

#### Develop

efficient and alternative solutions in transportation and distribution.

#### Shift

to renewable electricity and fuels in manufacturing and fleet.

### PepsiCo will also: Engage

Engage our suppliers and value chain partners to reduce emissions in their operations and beyond.

#### CLIMATE CHANGE ADAPTATION: RESILIENCY

Our climate adaptation strategy helps us plan for a resilient future and ensure business continuity. By assessing climate-related risks to our business, as well as potential opportunities as a result of climate policy adoptions, we are able to be more nimble in addressing vulnerabilities and leading systemic change.

In 2020, we completed our first climate scenario analysis, taking into consideration all of the climate-related risks and opportunities in our wholly owned assets, third-party manufacturing assets and agricultural supply chain locations. This assessment is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the results of which will help us:

#### View

our business within various temperature (business as usual and 2°C) and timeframe (2020–2100) scenarios.

#### Identify

our hotspot areas in terms of climate impacts, both physical and transitional.

#### Contribute

to resiliency planning.

PepsiCo doubled down on our climate goal and pledged to achieve net-zero emissions by 2040, one decade earlier than called for in the Paris Agreement.



# Climate

## OUR KEY RISKS AND ASSOCIATED RESILIENCE ACTIVITIES ARE AS FOLLOWS:

<p><b>Risk</b></p> <p>Higher temperatures affect crop growing cycles</p>	<p><b>Activity</b></p> <p>Heat-resistant crop varieties and regenerative agriculture practices</p>
<p><b>Risk</b></p> <p>Storm damage from extreme weather events</p>	<p><b>Activity</b></p> <p>Enhanced business continuity plans</p>
<p><b>Risk</b></p> <p>Coastal flooding/sea level rise</p>	<p><b>Activity</b></p> <p>Planning for manufacturing footprint adjustments</p>
<p><b>Risk</b></p> <p>Drought</p>	<p><b>Activity</b></p> <p>Water security through holistic watershed solutions</p>
<p><b>Risk</b></p> <p>Carbon tax</p>	<p><b>Activity</b></p> <p>Decarbonize ahead of tax</p>

[More details on our Climate Action Strategy can be found here.](#)

## CLIMATE AND SUSTAINABILITY RECOGNITION



CDP [Climate A List](#) (view our [2020 CDP response](#))



Bonsucro Inspire Award, which honors changemakers in sustainable sugar cane.



Rabobank Excellence in Food and Agriculture Leadership Award.



Field to Market Collaboration of the Year for U.S.-based Precision Conservation Management Innovation Project along with the Illinois Corn Growers Association and the Sustainable Food Lab.



Corporate Secretary Best ESG Reporting and Corporate Governance Team of the Year (Large Cap) at the annual Corporate Governance Awards.



CR Magazine's "100 Best Corporate Citizens."

[To learn more about our climate change risk mitigation and resilience strategy and efforts, see our TCFD Index.](#)

# Climate

## CLIMATE PARTNERSHIPS

PepsiCo engages in multiple partnerships and coalitions to drive collective action on climate change, including:



**One Trillion Trees initiative**



**RE100**



**The U.S. Climate Leadership Council**  
(founding member)



**The Renewable Thermal Collaborative**



**Supplier Leadership on Climate Transition program**  
(founding member)



**MIT Climate & Sustainability Consortium**  
(founding collaborator)



**BSR Risk to Resilience Collaboration**



**Gold Standard Value Chain Interventions Program**



**RIMBA Collective**  
(founding member)

“The race to 2030 is well underway, and PepsiCo is among a vanguard of companies that are leading on climate action and ambition. With dual recognition on CDP’s A List for climate change and CDP’s Supplier Engagement Leaderboard, PepsiCo has demonstrated its commitment to environmental transparency and accountability, not only within its own operations, but across its supply chain as well. Building on this with an ambitious science-based emissions reduction target aligned with 1.5°C of warming, PepsiCo is a model to other companies on environmental stewardship.”

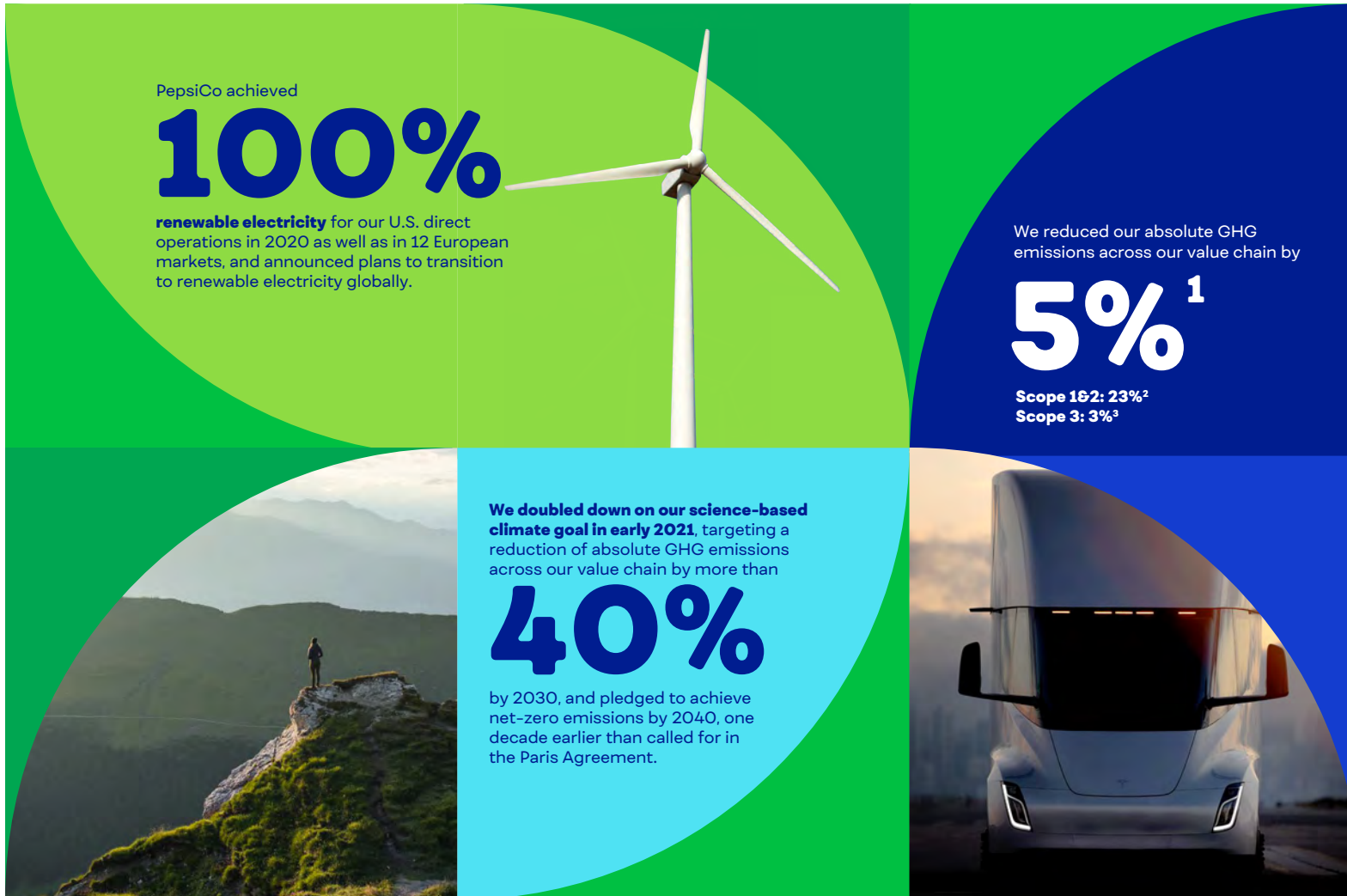
**Simon Fischweicher**

Head of Corporations and Supply Chains, CDP North America

**[For more on our collaborative work to address climate change, visit our ESG Topics A-Z Climate page.](#)**



## Climate: Progress Highlights



### [See our climate goals & progress](#)

1. Measured versus a 2015 baseline.
2. Measured versus a 2015 baseline. Third-party limited assurance provided. Results reflect the inclusion of the Pioneer Foods portfolio.
3. Measured versus a 2015 baseline. Results reflect the inclusion of Pioneer Foods, Rockstar and BFY; Pioneer Foods portfolio is included only in fuel/energy related activities within Scope 3; BFY and Rockstar are included only in purchased goods and services within Scope 3.

## Climate: Transitioning to 100% Renewable Electricity Globally

As the already severe impacts of climate change intensify, the world is looking to industry to invest in renewable energy sources that drive us toward a low-carbon economy.

PepsiCo invests heavily in renewable electricity sources, including wind, solar, anaerobic digestion, as well as in cleaner transport and distribution technologies for our fleet. In 2020, we joined RE100, an initiative led by The Climate Group in partnership with CDP to bring together the world's most influential companies committed to 100% renewable electricity. In early 2021, on the heels of signing the RE100 pledge, we launched our ambitious new goal to transition to renewable electricity globally by 2040. Specifically, we plan to source 100% renewable electricity across all company-owned and controlled operations globally by 2030, and across our entire franchise and third-party operations by 2040.



To achieve 100% renewable electricity globally, PepsiCo will employ a diversified portfolio of solutions, including Power Purchase Agreements (PPAs) that will support the development of new projects such as solar and wind farms around

the world, as well as through purchased energy certificates that will enable the near-term transition to renewable sources in many geographies.

As of 2020, we are well on our way, meeting nearly 60% of our current global needs from renewable sources. Twelve European markets are already using 100% renewable electricity, and we have renewable energy sources such as wind turbines, solar, photovoltaic panels or biomass generators installed on-site at 13 facilities in the region. In 2020, we achieved 100% renewable electricity for our U.S. direct operations—PepsiCo's largest market. By the end of 2021, 15 countries in our direct operations are expected to be fully sourcing renewable electricity.

### MAKING ELECTRICITY AND FERTILIZER FROM POTATO PEELS

PepsiCo's Walkers brand is converting leftover organic waste, including potato peelings, into energy with anaerobic digestors at our crisp (potato chip) manufacturing site in the U.K. The anaerobic process produces a biogas, consisting of methane, carbon dioxide and traces of other gases. This biogas can be used directly as fuel, in a combined heat and power

Our "circular potato" efforts are expected to **reduce Walkers' carbon emissions by**

**70%**

against a 2019 baseline.



unit to generate renewable electricity. The process byproduct then becomes a fertilizer. This "circular potato" effort improves soil health by using low-carbon and nutrient-rich fertilizer from the potato peelings and is expected to reduce Walkers' carbon emissions from growing potatoes by 70%, against a 2019 baseline.

In Mexico and Guatemala, our waste heat-to-energy system has helped **reduce our energy use per plant by**

**up to 10%.**

### TURNING WASTE HEAT INTO ENERGY

We've embarked on an innovative project in Mexico and Guatemala to capture waste heat from plant chimneys to pre-heat oil and air, heat water and generate steam, cold water or air conditioning. This system reduces the need for fuel and electricity in boilers, heat exchangers and chillers, leading to reductions in energy use per plant by up to 10%. We have installed several of these systems in Mexico and across Latin America and will extend this proven technology to other sites to further reduce our emissions.

# Climate: Transitioning to 100% Renewable Electricity Globally

## GLOBAL PROGRESS TOWARD TRANSITION TO 100% RENEWABLE ELECTRICITY

PepsiCo is making progress in moving toward renewable electricity around the world and to date has achieved 100% renewable electricity<sup>2</sup> in 18 markets, including the United States. We are also continuing to invest to add new, renewable energy to the grid. For example, in the U.S. we currently are partnering on two solar electricity projects and two wind electricity projects. The long-term virtual power purchasing agreements (PPAs) are underway in Nebraska and Texas.

### Achieved 100% Renewable Electricity:



United States



Spain



Belgium



Portugal



Italy



United Kingdom



The Netherlands



Germany



Greece



Serbia



Cyprus



Poland



Romania



Chile



Peru



Colombia



Guatemala



Puerto Rico

2. 100% renewable energy data refers to manufacturing locations only.

## Climate: Cleaner Logistics and Distribution

**A major driver of emissions is transport and distribution**—getting products from warehouses to store shelves. We are investing in new, cleaner transport options, advancing zero and near-zero emissions technologies, using electric and renewable natural gas in warehousing, transport and distribution facilities, and forming strategic partnerships.

### EXPANDING OUR GREEN FLEET IN LATIN AMERICA

One of the key ways we can move toward cleaner logistics is by moving our products in a way that has a lower carbon impact. In Latin America, PepsiCo has begun moving toward a fleet that's driving a significant reduction in emissions.

- **Across Mexico, our more than 300 hybrid trucks** are 40% more efficient (per truck) than conventional diesel trucks.
- **In Mexico and Brazil, our nearly 30 compressed natural gas (CNG) trucks** helped us decrease CO<sub>2</sub> (carbon dioxide) emissions by more than 30% and NOx (nitrogen oxide) emissions by 98% per truck. In 2021, we expect to acquire more CNG trucks for our Latin American sites.



- **To date, we have more than 15 electric vehicles (EV)** in operation in Brazil, Colombia and Guatemala, and will expand our EV fleet with more vehicles and to other countries, including Mexico, where pilot tests are being performed.

### FRITO-LAY'S PROGRESS IN MODESTO, CALIFORNIA

Frito-Lay has made significant progress in the transformation of its Modesto, California manufacturing site. The 500,000-square-foot Modesto facility's implementation of zero and near-zero emissions freight technologies in 2020 has led to sustainable impact—reducing the Modesto site fleet's absolute GHG emissions by more than half (53%), or 2,790 metric tons of absolute GHG emissions, as well as lowering fleet diesel usage by 78%. The site has also achieved 100% renewable electricity for direct operations through a combination of on-site generation and renewable electricity certificates.

We cut our Modesto fleet's absolute GHG emissions by

**53%**

using zero/near-zero emissions freight technologies.





## Climate: Cleaner Logistics and Distribution

### ROUTE OPTIMIZATION IN RUSSIA

Throughout Europe, PepsiCo is expanding our use of AI technology to enable better logistics planning and reduce emissions in distribution. In Russia, where the program has rolled out, we used analytics technology to map and model a more efficient manufacturing footprint for our snacks business, which led to locating a new snacks factory in Siberia. This decision is expected to help to avoid an estimated 10.5% GHG emissions in our snacks transport by 2025.

In Russia, analytics technology led to locating a new, more efficient snacks factory in Siberia, which is expected to help to **avoid an estimated**

# 10.5%

GHG emissions in our snacks transport by 2025.

### VENDING MACHINES AND COOLERS

We have a goal to reduce absolute Scope 3 GHG emissions by at least 20% by 2030. One project helping to reduce our Scope 3 emissions is rolling out improvements in vending and cooler equipment in retail, in which we reduced GHG emissions by 50% in 2020, compared to 2015, by offering more energy-efficient models as replacements. Transitioning to hydrofluorocarbon (HFC)-free equipment has been a major focus for PepsiCo. All of our company-owned

units in Europe and North America are now HFC-free, and we have set a goal of transitioning all units globally by 2025.



## Climate: Progress Throughout Our Value Chain

To accelerate progress toward our bold new climate targets, we are focusing on areas of greatest opportunity for impact, including [regenerative agriculture](#) and [packaging](#). We continue to expand programs that [help farmers](#) produce better yields, improve soil health and decrease deforestation.

In particular, we collaborate with farmers to use low-emissions fertilizer, precision agriculture technology and cover crops that improve soil health, to reduce GHGs and capture carbon in the soil. Across our global network of Demonstration Farms, including in Mexico, Brazil, Pakistan, Thailand, India and Vietnam, we're using sustainable practices to reduce carbon emissions while increasing yields and farmer livelihoods.

To improve the carbon footprint of our [packaging](#), we are working toward an ambitious reduction target in our use of virgin plastic by light-weighting, finding new ways to use recycled plastic (rPET) and using low-carbon, renewable materials in our packaging.



*Potato fields yielding positive results at our demonstration farm in Gia Lai, Vietnam*

### SUPPLIER ENGAGEMENT

In April 2020, we joined with Guidehouse, Mars, Incorporated and McCormick & Company to form the Supplier Leadership on Climate Transition consortium (Supplier LoCT), to engage and assist suppliers in climate action and solutions. This initiative provides suppliers with the resources, tools and knowledge they need to progress toward and achieve their climate goals. The collaborators mentor and train suppliers in GHG emissions reduction strategies and recognize suppliers for their progress, and in so doing help the Supplier LoCT members meet their own science-based climate targets.



### INTERNAL CARBON PRICING

We are implementing innovative processes that enable GHG emissions mitigation, including two internal carbon pricing programs. The first seeks to eliminate the carbon impact of employee air travel, while the second is aimed at building carbon impact into carrier selection for third-party logistics in North America. These efforts will help to reinforce climate considerations in our business decisions and we will continue to roll out additional programs that enable GHG emissions mitigation.



### REDUCING GHG EMISSIONS FROM SEED TO SHELF

We're working to cut carbon emissions across our value chain by more than 40% by 2030—more than doubling our previous climate objective. Our goal is to achieve net-zero emissions by 2040, one full decade earlier than called for in the Paris Agreement.

[Here are some of the ways we're doing it](#)

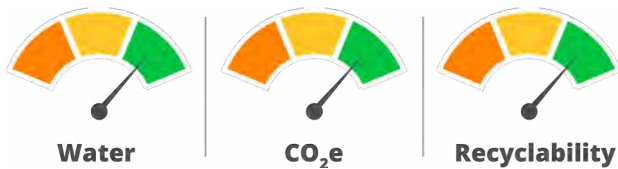


## Climate: Measuring the Environmental Impact of Our Product Portfolio

We are committed to understanding the full environmental impact of all our products.

### SUSTAINABLE FROM THE START

We're working to put sustainable thinking at the center of [product design](#). Created in 2017, our Sustainable from the Start program empowers product developers to consider the environment at each stage of the product life cycle, from design, manufacturing and packaging to transportation and end of life. It provides tools to estimate carbon and water footprints of products in development that can then be compared against category or product average benchmarks. The tools also help determine the recyclability of packaging formats chosen.



### TRANSPARENT ENVIRONMENTAL LABELING

We encourage consumers to make better choices for the planet through transparent environmental labeling. In 2020, we created guidelines for PepsiCo brands that serve as a best practices toolkit for on-pack sustainability communications, highlighting product sustainability attributes and encouraging proper packaging disposal. Created in partnership with the PepsiCo Design Center, the toolkit includes a set of icons intended to help our brands that seek to put elective environmental claims on-pack.

How2Recycle shows in a clear and concise way **how to recycle each component of a package.**



# Focus Area: People



[Learn more about PepsiCo's comprehensive approach to diversity and engagement](#)

Read the interactive 2020 PepsiCo Sustainability Report [online >>](#)

Across our business and throughout our complex global value chain, PepsiCo is helping to build diverse, equitable and inclusive workplaces, and investing to support prosperity in local communities.

From growing and harvesting ingredients to loading a truck or stocking shelves, we rely on PepsiCo associates, suppliers, farmers, retail and franchise partners and many others to make, move and sell our products. We are committed to respecting the rights of these workers and making sure these are jobs that support families and build strong communities.

In this extraordinary time of the COVID-19 pandemic and heightened awareness of societal injustice, we made extensive efforts to ensure the safety and well-being of our more than 290,000 associates, and to support diversity, equity and inclusion while helping those in need in the communities we serve throughout the world.

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**"When COVID-19 swept across America, PepsiCo's Food for Good was on the front lines, ensuring that our most isolated children in need had nutritious meals delivered to their doorsteps. Their partnership was a powerful force for good in the lives of kids that may have otherwise been left behind."**

**Brandon Lipps**

Former Deputy Under Secretary, United States Department of Agriculture

## People: Progress Highlights



**As of 2020, women and men currently earn within**

# 1%

**of each other<sup>1</sup> and women hold 41% of our manager positions worldwide.**

Together with The PepsiCo Foundation, we invested more than

# \$71 million

**in COVID-19 relief globally, and provided over 145 million meals to communities and families impacted by COVID-19 in 2020.**

In 2020, together with The PepsiCo Foundation, we committed to investing more than

# \$570 million

**over the next five years to support Black and Hispanic businesses and communities, address issues of inequality and create opportunity.**



### [See our people goals & progress](#)

1. Based on base compensation and after controlling for factors such as job level, geographic location and performance ratings.



## People: Community Support During COVID-19

### PROTECTING OUR FRONTLINE

#### Ensuring safety during COVID-19

As COVID-19 spread throughout the world in 2020, PepsiCo took proactive steps, grounded in science, to protect the safety of our products, care for our more than 290,000 associates and their families, and support our communities around the world.

As a company, we are practicing social distancing at all our facilities around the world. Throughout the pandemic, until local conditions allowed a return to the office, PepsiCo asked all associates who could perform their work remotely to do so. Those associates in offices and facilities continue to adhere to local and federal government social distancing guidelines.

PepsiCo took proactive steps, grounded in science, **to care for our more than**  
**290,000**  
associates and their families.

In all our facilities throughout the world, we have increased cleaning frequency and re-emphasized the importance of proper handwashing. We have also expanded the availability of hand sanitizer in our facilities, physically separated workstations and provided masks for all frontline employees.

No one can take the place of our associates, especially those of our frontline associates who are continuing to make, move and sell our products and keep supermarket and grocery shelves stocked. With this in mind, in our biggest market, the U.S., we started providing our associates with paid time off to cover necessary quarantines, including quarantines due to a COVID-19 diagnosis, contact with a COVID-19 case or having symptoms of COVID-19. We also offered paid high-risk leave for associates who were high-risk, or who lived with a family member who was high risk. Our high-risk leave provided partial pay for up to 24 weeks, and additional unpaid job-protected leave if needed thereafter.

#### Making hand sanitizer

To protect the health and safety of our employees, the team at our Global Essential Supplies Distribution Center in Williamsport, Maryland shipped more than 30 million units of PPE including gloves, thermometers and face masks since opening on April 6, 2020. We also manufactured and bottled hand sanitizer for employees—a concept that was brought to life in a mere 20 days.

[See how we're working to ensure the health & safety of employees, consumers and communities](#)



## People: Community Support During COVID-19

### ADDRESSING FOOD INSECURITY

As the COVID-19 pandemic intensified food insecurity, PepsiCo responded through PepsiCo's Food for Good program, working with partners to distribute meals to those most in need. In 2020, together with The PepsiCo Foundation, PepsiCo invested more than \$71 million and provided more than 145 million meals to communities and families impacted by COVID-19 worldwide.

#### Delivering meals to U.S. children

As part of our commitment to advancing food security in communities throughout the world, PepsiCo's Food for Good program was established in 2009, with an initial focus to deliver nutritious meals to children when they are not in school. To address the economic impact of COVID-19, the program used this expertise and its partnerships to reach children across the U.S. affected by school closures.

Through an innovative partnership with the U.S. Department of Agriculture and the Baylor University Collaborative on Hunger and Poverty (BCHP), Food

for Good shipped millions of meals directly to the doorsteps of displaced children in rural communities. Meal boxes delivered by postal workers provided two weeks' worth of shelf-stable, individually packaged nutritious food that met USDA's summer food requirements.

From March 2020 through the end of the year, PepsiCo's Food for Good team led meal packing and delivery efforts for more than 18 million meals to communities nationwide stretching from Alaska to Puerto Rico. PepsiCo also provided \$1 million in funding to the BCHP to facilitate distribution and the program has also created more than 200 frontline jobs, hiring from the communities they serve.



View the [video](#).

## People: Community Support During COVID-19

### Expanding support to address a food and health crisis in India

Since the onset of the pandemic in early 2020, PepsiCo India has looked to address a food crisis and has provided over 10 million meals to underserved communities. Since 2020, PepsiCo India has also made over 35,000 COVID-19 test kits available to various government labs and hospitals and to demonstrate their commitment to the effort, all PepsiCo India employees contributed a day's salary, resulting in a contribution of over 3 million meals.

As a second wave emerged in 2021, The PepsiCo Foundation partnered with the Sustainable Environment and Ecological Development Society (SEEDS), a leading not-for-profit organization, to launch a community relief outreach program to support the Government of India's ongoing efforts against COVID-19. As part of the partnership, SEEDS will drive COVID-19 vaccinations for the community at large, set up COVID care centers equipped with beds and medical facilities including oxygen cylinders. Additionally, oxygen concentrators will be provided to Central Government for distribution to various Government hospitals.

### Feeding children and families in Latin America

PepsiCo Latin America partnered with The PepsiCo Foundation to donate \$6.8 million to help vulnerable children and their families in Latin America who depend on school meals for their nutrition. This donation enabled the delivery of 12 million nutritious meals to children and families in communities across 15 countries in Latin America. More than 7 million people benefited, thanks to our alliances with The Global FoodBanking Network, Save the Children, Un Kilo de Ayuda, Dividendo Voluntario Para la Comunidad/United Way Worldwide and Rise Against Hunger.

We founded the

## Restaurant Employee Relief Fund

in partnership with NRAEF and chef Guy Fieri.

### Providing assistance to U.S. restaurant workers

In the U.S., PepsiCo teamed up with celebrity chef Guy Fieri and the National Restaurant Association Educational Foundation (NRAEF) to become a founding member of the Restaurant Employee Relief Fund (RERF), committing \$1 million to help kick off the initiative. The fund provides grants to industry employees who have been impacted by COVID-19, either by a significant decrease in wages or loss of employment. In April 2020, PepsiCo announced an additional \$3 million commitment to the RERF on John Krasinski's digital show *Some Good News*, helping push the fund past the \$20 million mark, allowing NRAEF to provide grants to 40,000 workers.

### Supporting frontline workers in China

PepsiCo China's Smile Together COVID relief program has directly benefited more than 2.8 million people in 14 provinces of China as a result of investments from our Greater China Region business and The PepsiCo Foundation. The PepsiCo Foundation provided grants of approximately \$1.2 million to support frontline healthcare and sanitation workers.

## People: Racial Equality Journey

PepsiCo has a legacy of building and supporting a diverse workforce. In June 2020, Chairman and CEO Ramon Laguarta announced our Racial Equality Journey commitments, including goals of increasing diverse representation within our company, increasing our spend with diverse supply chain partners and investing in our communities, ultimately helping to break down longstanding racial barriers to social and economic progress.

In announcing more than \$400 million in initiatives to support Black communities and increase Black representation over five years, Laguarta described the program as “a holistic effort to address the need for systemic change” and spoke of his own personal commitment to helping to lead this change.

PepsiCo’s Racial Equality Journey Black Initiative includes specific targets such as increasing our current Black manager population to 10% over the next five years to mirror the workforce availability of the communities where we work. We are also expanding recruitment efforts with Historically Black Colleges and Universities, implementing mandatory unconscious bias training and increasing the participation of Black voices in marketing content and creative development. Other key elements include increasing partnerships with

diverse organizations, doubling spending with [Black-owned suppliers](#) (an incremental spend of \$350 million), a \$50 million commitment over five years to support Black-owned small businesses and a slate of community support initiatives.

We expanded our Racial Equality Journey efforts with a \$172 million set of initiatives over the next five years focused on Hispanic Americans. In addition to spending \$224 million with Hispanic suppliers in 2020, the Hispanic Initiative includes increasing Hispanic middle management representation at PepsiCo to 10% of our workforce over the next five years to further mirror workforce availability of the places where we work, supporting a network of resilient Hispanic-owned suppliers and helping to provide access to higher education to unlock opportunity for Hispanics across America.

PepsiCo announced more than

**\$400 million**

in initiatives to support Black communities and increase Black representation over five years.

Other accomplishments include the launch of the BOLD (Breakthrough Organizational Leadership Development) six-month executive development training program for Black and Hispanic managers, amplifying Black and Hispanic voices through our brands, and being co-chair of the 2020 National Minority Supplier Development Council National Conference (and joining the board). To date, 100% of PepsiCo executives have completed inclusive leadership and unconscious bias training.

For complete information about our Racial Equality Journey and commitments:

[Black Initiative](#) and [Hispanic Initiative](#)

Read our latest Diversity Report here:

[Diversity Report](#) >



We are committed to **increasing Hispanic middle management representation** at PepsiCo to

**10%.**

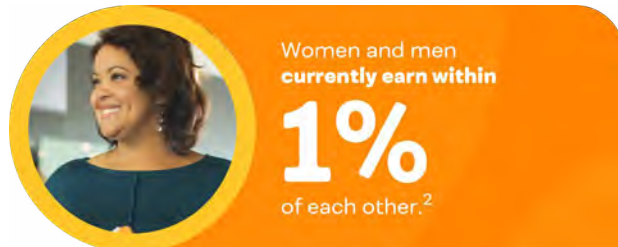
## People: Empowering Women and Girls

Empowering women is about accepting and valuing the strengths women bring to the workplace. PepsiCo has pledged \$100 million by 2025 to support workforce readiness for women. Since 2016, we have reached over 25.7 million women and have invested \$64.7 million to develop and implement projects that offer critical resources to women for job preparedness as well as initiatives to empower women working within the global food system and agricultural sector.

### GENDER PARITY AND PAY EQUITY

We are committed to achieving gender parity in our management roles and pay equity for women by 2025.

Women and men currently earn within 1% of each other<sup>2</sup> and in the U.S., Asian, Black and Hispanic employees are paid within 1% of non-minorities, after controlling for legitimate factors such as job level, geographic location and performance ratings.



### SUPPORTING OUR FEMALE WORKFORCE IN SAUDI ARABIA

Affording more than a competitive advantage, diversity, equity and inclusion are essential to a dynamic and resilient organization. PepsiCo is proud to play an integral part in building the future of women in the Saudi workplace. In 2008, PepsiCo had one female employee in Saudi Arabia; now PepsiCo employs more than 140. It's all part of PepsiCo's partnership with Saudi Arabia to help the country's Vision 2030 goals, in which all citizens can fulfill their dreams, hopes and ambitions to succeed in a thriving economy.



**Several PepsiCo initiatives are helping to break barriers and provide a foundation for female empowerment, growth and development.**

**Within PepsiCo:**

- **We sponsored drivers' licenses for women across all locations in Saudi Arabia, and opened a nursery in our Riyadh office to support working mothers.**
- **Our Damman plant achieved a 22% female workforce.**

2. Percentage is inclusive of 71 countries that collectively make up more than 99% of PepsiCo's salaried employee population based on base compensation.



## People: Empowering Women and Girls

### CATALYST CEO CHAMPIONS FOR CHANGE

In 2020, PepsiCo Chairman and CEO Ramon Laguarta joined Catalyst CEO Champions for Change. This group of 70+ CEOs has partnered with Catalyst, a global nonprofit helping to build workplaces that work for women, to support diversity, inclusion and gender equity at work.



### MILLION WOMEN MENTORS (MWM)

Through Million Women Mentors—a global initiative of STEMconnector with the goal of creating a million mentor/mentee relationships between STEM career professionals and women who aspire to follow in their footsteps—PepsiCo STEM employees have pledged more than 23,000 hours for mentoring since 2014 across 10 chapters globally. Currently we have nearly 700 active mentoring relationships, of which more than 160 are mentees external to PepsiCo. We are currently in the process of setting up an MWM chapter in Turkey.

PepsiCo STEM employees have pledged more than

**23,000**  
**hours**

for mentoring since 2014 across 10 chapters globally.



### EMPOWERING WOMEN IN LATIN AMERICA

PepsiCo partnered with FUNDES in 2016 on a women's empowerment program that creates local public-private professional training ecosystems designed to advance sustainability and promote education, employment and entrepreneurship opportunities for women. The goal of this collaborative effort is to empower more than 12,000 women, and we are well on our way. The program is being implemented across eight Latin American countries including Argentina, Brazil, Chile, Colombia, Dominican Republic, Mexico, Uruguay and Venezuela. At the end of 2020, more than 7,400 women had successfully completed the program and 65% of participants reported an increase in sales, 71% consider having improved significantly their ability to manage social media and 75% of the participants are creating or operating an entrepreneurship.





# 2020 Sustainability Performance Metrics



Unless otherwise noted, information 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 not included herein. Information with respect to these acquisitions will be included as data becomes available. As a general matter, organizational changes (e.g., acquisitions, mergers and divestitures) are evaluated to determine if they have a statistically significant impact on our sustainability performance and, as data becomes available, all reported years for metrics impacted by an organizational change are recast to consistently reflect the impact of the organizational change.

Our Sustainability Reporting Suite includes multiple resources available online that explain our approach to help build a more sustainable food system. This document reflects progress against our sustainability goals, as they were structured in 2020. PepsiCo actively reviews and updates the methodologies for calculating the metrics set forth in this report. From time to time, metrics reported for prior periods may change due to enhanced data availability or methodological adjustments. For details on how we measure performance against these goals, see the [Calculation Methodology](#) page on ESG Topics A–Z.



## AGRICULTURE

Advance environmental, social and economic benefits to communities around the world by supporting practices and technologies that promote improved farmer livelihoods and agricultural resiliency, like regenerative agriculture.



Target Metrics	2016	2017	2018	2019	2020	2020 Target	2020 Comments
<b>Achieve 100% sustainably sourced<sup>1</sup> potatoes, whole corn, oats and oranges by 2020<sup>2</sup></b>	0%	24%	51%	Nearly 80%	Nearly 87% <sup>3</sup>	100%	In the course of making significant progress toward our 2020 Agriculture goals, we encountered systemic barriers related to cultural norms, sociopolitical disruption, infrastructure deficiencies and, in some cases, lack of well-established legal systems. These systemic barriers prevented us from achieving 100% of our 2020 goal for direct-sourced crops. However, we will continue to strive to establish full sustainability through our continuous improvement process. As we continue our journey to establish sustainable sourcing of key ingredients under the new Positive Agriculture agenda we are prioritizing crops and commodities that were in the 2020 goal scope.
<b>Achieve 100% sustainably sourced<sup>1</sup> palm oil by 2020<sup>4</sup></b>	16%	32%	52%	82%	99% <sup>5</sup>	100%	
<b>Achieve 100% sustainably sourced<sup>1</sup> cane sugar by 2020<sup>6</sup></b>	0%	34%	58%	86%	100%	100%	
<b>Achieve sustainably sourced<sup>1</sup> priority raw materials based on business needs by 2025</b>	– <sup>7</sup>	15%	23%	12% <sup>8</sup>	13%	100% (2025 Target)	

<sup>1</sup> “Sustainably sourced” refers to meeting the independently verified environmental, social and economic principles of PepsiCo’s Sustainable Farming Program, enabling continuous improvement for farmers, communities and the planet

<sup>2</sup> Progress based on the percentage of volume sustainably sourced and verified by a third party

<sup>3</sup> Reflects the inclusion of data that became available subsequent to the publication of our Annual Report in March 2021

<sup>4</sup> Progress based on the percentage volume of physically certified sustainable palm oil meeting Roundtable on Sustainable Palm Oil (RSPO) standard. For more information, visit the [Palm Oil Report](#) on ESG Topics A–Z.

<sup>5</sup> 2020 results include the impact of the acquisition of Pioneer Foods. We increased our sourcing to 99.3% in 2020 through the RSPO Mass Balance physically certified supply chain model, and procured Independent Smallholder Credits for the remainder (0.7%), achieving 100% RSPO certification.

<sup>6</sup> Progress based on the percentage volume of certified sustainable cane sugar meeting Bonsucro or equivalent standard

<sup>7</sup> Data for this time period not available

<sup>8</sup> Scope of goal was expanded in 2019 to include additional raw materials identified through a materiality assessment. For details on our materiality assessment, please refer to [GRI Material Issues and Boundaries](#) on ESG Topics A–Z.



## PACKAGING

Drive progress toward our vision of a world where packaging never becomes waste.



Target Metrics	2016	2017	2018	2019	2020	2025 Target	2020 Comments
<b>Design 100% of packaging to be recyclable, compostable or biodegradable by 2025</b>	– <sup>1</sup>	87%	88%	88%	87% <sup>2</sup>	100%	
<b>Increase recycled content in our plastics packaging to 25% by 2025</b>	– <sup>3</sup>	3%	3%	4%	5% <sup>2</sup>	25%	
<b>Reduce 35% of virgin plastic content across our beverage portfolio by 2025<sup>4</sup></b>	– <sup>5</sup>	– <sup>5</sup>	– <sup>5</sup>	1%	3% <sup>2</sup>	35%	
<b>Invest to increase recycling rates in key markets by 2025</b>	Our actions include: <ul style="list-style-type: none"> <li>• Educating and encouraging consumers to recycle</li> <li>• Partnering to increase and improve recycling infrastructure and building solutions for current and future material streams</li> </ul>						Further information on partnerships, including with The Recycling Partnership, the Alliance to End Plastic Waste and Circulate Capital, are detailed on the Partnerships section of the <a href="#">Packaging page</a> on ESG Topics A–Z.

<sup>1</sup> Data for this time period not available

<sup>2</sup> 2020 results include the impact of the acquisitions of Rockstar and BFY. Beginning in 2020, we enhanced our calculation methodology using sales data to provide a more precise view of materials and to expand our coverage for less common packaging types. In some instances detailed packaging sales data was not available and was therefore extrapolated. All results are presented using our revised calculation methodology for comparability.

<sup>3</sup> Target established in 2017

<sup>4</sup> Measured versus a 2018 baseline

<sup>5</sup> Target established in 2019



## WATER

Drive water security to assure business continuity while positively contributing to communities.



Target Metrics	2016	2017	2018	2019	2020	2025 Target	2020 Comments
<b>Improve water-use efficiency by 15% in our agricultural supply chain (focused on corn and potatoes) in high water-risk areas by 2025<sup>1</sup></b>	- <sup>2</sup>	- <sup>2</sup>	3%	- <sup>2</sup>	14%	15%	To focus efforts on implementing sustainable practices, we currently intend to collect and publish agricultural water-use efficiency data at least every three years. High water-risk locations defined by WRI's Aqueduct tool.
<b>Improve operational water-use efficiency by 25% in high water-risk areas by 2025<sup>1,3</sup></b>	1% <sup>4</sup>	2% <sup>4</sup>	4% <sup>4</sup>	9% <sup>4</sup>	15% <sup>4</sup>	25%	Under our Performance with Purpose goals (2006–2015), water-use efficiency improved by 25.8% in all global legacy operations. In 2020, the impact of the acquisition of Pioneer Foods contributed 3 percentage points of progress against the 2015 baseline.
<b>Replenish 100% of the water we use in manufacturing operations in high water-risk areas by 2025</b>	9% <sup>4</sup>	11% <sup>4</sup>	8% <sup>4</sup>	10% <sup>4</sup>	18% <sup>4</sup>	100%	Replenishment benefits claimed for local activities are capped at 100% to prevent overachieving projects from inflating global progress measurements. In 2020, the impact of the acquisition of Pioneer Foods contributed 2 percentage points of progress against the 2015 baseline.
<b>Adopt the Alliance for Water Stewardship Standard as our vehicle for water advocacy in high water-risk areas by 2025</b>	At the end of 2020, we had 10 high water-risk facilities in progress of adopting the Alliance for Water Stewardship Standard.						For more information, visit the <a href="#">Water page</a> on ESG Topics A–Z.
<b>Deliver safe water access to 25 million people by 2025</b>	11 million	16 million	22 million	44 million	More than 55 million	100 million (2030 Target)	Metric counts the cumulative number of people provided with access to safe water since 2006.

<sup>1</sup> Measured versus a 2015 baseline

<sup>2</sup> Data for this time period not available

<sup>3</sup> Third-party limited assurance provided

<sup>4</sup> Results reflect the inclusion of the Pioneer Foods portfolio





# CLIMATE

Do our part to curb climate change by reducing greenhouse gas (GHG) emissions across our value chain.



Target Metrics	2016	2017	2018	2019	2020	2030 Target	2020 Comments
<b>Scope 1 &amp; 2: Reduce absolute GHG emissions by 75% by 2030<sup>1,2</sup></b>	1% <sup>3</sup>	4% <sup>3</sup>	6% <sup>3</sup>	9% <sup>3</sup>	23% <sup>3</sup>	75%	For more information, visit the <a href="#">Climate Change page</a> on ESG Topics A-Z.
<b>Scope 3: Reduce absolute GHG emissions by 40% by 2030<sup>1,4</sup></b>	- <sup>5</sup>	- <sup>5</sup>	3%	2% <sup>6</sup>	3%	40%	
<b>Total Emissions: Reduction of absolute GHG emissions<sup>1</sup></b>	- <sup>5</sup>	- <sup>5</sup>	3%	2% <sup>6</sup>	5%		

<sup>1</sup> Measured versus a 2015 baseline

<sup>2</sup> Third-party limited assurance provided

<sup>3</sup> Results reflect the inclusion of the Pioneer Foods portfolio

<sup>4</sup> Results reflect the inclusion of Pioneer Foods, Rockstar and BFY; Pioneer Foods portfolio is included only in fuel/energy related activities within Scope 3; BFY and Rockstar are included only in purchased goods and services within Scope 3

<sup>5</sup> All data for this time period is not available

<sup>6</sup> Beginning in 2019, we enhanced our calculation methodology. Baseline year 2015, and 2019, have been recalculated utilizing this enhanced methodology.



## PRODUCT

PepsiCo's expanded slate of more nutritious and reformulated products is bringing consumers options that are better for people and better for our planet.



Target Metrics	2016	2017	2018	2019	2020	2025 Target	2020 Comments
<b>≥ 67% of beverage portfolio volume will have ≤100 Calories from added sugars per 12oz. serving by 2025<sup>1</sup></b>	40% <sup>2</sup>	40% <sup>3</sup>	44% <sup>4</sup>	47% <sup>5</sup>	48% <sup>6</sup>	67%	Our global progress is based on our Top 26 Beverage markets, which represent 80% of our global beverage volume as of 2020.
<b>≥ 75% of foods portfolio volume will not exceed 1.3 milligrams of sodium per Calorie by 2025<sup>1</sup></b>	54% <sup>2</sup>	56% <sup>3</sup>	58% <sup>4</sup>	61% <sup>5</sup>	64% <sup>7</sup>	75%	Our global progress is based on our Top 23 Foods markets, which represent 88% of our global foods volume as of 2020. In 2020, the impact of the acquisition of Pioneer Foods contributed 1 percentage point of progress.
<b>≥ 75% of foods portfolio volume will not exceed 1.1 grams of saturated fat per 100 Calories by 2025<sup>1</sup></b>	66% <sup>2</sup>	61% <sup>3</sup>	61% <sup>4</sup>	62% <sup>5</sup>	71% <sup>7</sup>	75%	Our global progress is based on our Top 23 Foods markets, which represent 88% of our global foods volume as of 2020. In 2020, the impact of the acquisition of Pioneer Foods contributed 4 percentage points of progress.

<sup>1</sup> Third-party limited assurance provided (2020 data pending assurance)

<sup>2</sup> Represents Top 10 markets. Top 10 markets represented 63% of beverages volume and 79% of foods volume as of 2016.

<sup>3</sup> As of 2017, Top 26 Beverage markets represented 80% of our global beverages volume and Top 23 Foods markets represented 90% of our global foods volume

<sup>4</sup> As of 2018, Top 26 Beverage markets represented 80% of our global beverages volume and Top 23 Foods markets represented 89% of our global foods volume

<sup>5</sup> As of 2019, Top 26 Beverage markets represented 79% of our global beverages volume and Top 23 Foods markets represented 90% of our global foods volume. Results reflect inclusion of the SodaStream portfolio.

<sup>6</sup> 2020 results reflect the inclusion of the SodaStream, Rockstar and Pioneer Foods portfolios

<sup>7</sup> 2020 results reflect the inclusion of the Pioneer Foods and BFY portfolios



## PEOPLE

Across our business and throughout our complex global value chain, PepsiCo is helping to build diverse, equitable and inclusive workplaces, and investing to support prosperity in local communities.



Target Metrics	2016	2017	2018	2019	2020	2025 Target	2020 Comments
<b>Human rights:</b> Advance respect for human rights by using PepsiCo's capabilities and scale.							
<b>Drive fair and safe working conditions throughout our value chain by addressing our most salient human rights issues</b>	Our actions include: <ul style="list-style-type: none"> <li>• Embedding respect for human rights throughout our business and value chain</li> <li>• Conducting ongoing due diligence</li> <li>• Engaging with our stakeholders and driving collaborative action</li> <li>• Providing effective grievance mechanisms and access to remedy</li> </ul>						Please see our <a href="#">2019 Human Rights Report</a> for detailed information on our approach, ongoing initiatives, and progress in addressing our salient human rights issues.
<b>Extend the principles of our Supplier Code of Conduct to all of our franchisees and joint ventures by 2025</b>	Our actions include: <ul style="list-style-type: none"> <li>• Establishing a formal program to engage our franchisees and joint ventures</li> <li>• Engaging our franchisees and joint ventures on our human rights agenda</li> </ul>						Please see the Policy Framework Section of our <a href="#">2019 Human Rights Report</a> for detailed information on our work to extend the principles of our Supplier Code of Conduct to our franchisee and joint ventures.
<b>Diversity:</b> Promote a diverse and inclusive workplace.							
<b>Achieve gender parity by 2025 in management roles</b>	38%	39%	40%	41%	41% <sup>1</sup>	50%	% of women in management roles based on full-time and part-time employees.
<b>Sustain our pay equity program</b>	Women and men are paid within 1% of each other (based on base compensation) <sup>2</sup>					100%	71 countries included in 2020 analysis, representing 99% of salaried employee population, after controlling for legitimate drivers of pay such as job level, geographic location, and performance ratings.
<b>Prosperity:</b> Increase the earnings potential of women to drive economic growth and increase food security.							
<b>Invest \$100 million by 2025 to provide 12.5 million women with essential resources for workforce readiness and in programs that empower women in the food system and farming</b>	\$6.7 million	\$14.3 million	\$33.8 million <sup>3</sup>	\$50.0 million <sup>3</sup>	\$64.7 million	\$100 million	Cumulative investments. These are funded by both PepsiCo and the PepsiCo Foundation.

<sup>1</sup> 2020 progress includes data from the Pioneer Foods, Rockstar and BFY acquisitions

<sup>2</sup> After controlling for legitimate drivers of pay; analysis excludes frontline. U.S. and U.K. included in 2016 analysis. 21 countries included in 2017 analysis. 33 countries included in 2018 analysis. 69 countries included in 2019 analysis.

<sup>3</sup> Prior period results for this metric have been adjusted to reflect enhanced data availability

**Read the interactive 2020 PepsiCo Sustainability Report [online >>](#)**

**FORWARD-LOOKING STATEMENTS**

This PepsiCo, Inc. Sustainability Report 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," "target" and "will" or similar statements 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.

