PepsiCo, Inc. - Climate Change 2018

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

PepsiCo products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. PepsiCo generated more than $63 billion in net revenue in 2017, driven by a complementary food and beverage portfolio that includes 22 brands that generate more than $1 billion each in estimated annual retail sales (e.g., Frito-Lay, Gatorade, Pepsi-Cola, Quaker and Tropicana). At the heart of PepsiCo is Performance with Purpose (PwP) – our goal to deliver top-tier financial performance while creating sustainable growth and shareholder value. In practice, PwP means providing a wide range of foods and beverages from treats to nutritious eats; trying to find innovative ways to reduce our impact on the environment and lower our operating costs; working to provide a safe and inclusive workplace for our employees globally; and respecting, supporting and investing in the local communities where we operate.

Cautionary Statement - Statements in this submission that are “forward-looking statements” are based on currently available information, operating plans and projections about future events and trends. Terminology such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “expressed confidence,” “forecast,” “future,” “goal,” “guidance,” “intend,” “may,” “objective,” “outlook,” “plan,” “position,” “potential,” “project,” “seek,” “should,” “strategy,” “target,” “will” or similar statements or variations of such terms are intended to identify forward-looking statements, although not all forward-looking statements contain such terms. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such forward-looking statements. Such risks and uncertainties include, but are not limited to: changes in demand for PepsiCo’s products; changes in, or failure to comply with, applicable laws and regulations; imposition or proposed imposition of new or increased taxes aimed at PepsiCo’s products; imposition of labeling or warning requirements on PepsiCo’s products; changes in laws related to packaging and disposal of PepsiCo’s products; PepsiCo’s ability to compete effectively; political conditions, civil unrest or other developments and risks in the markets where PepsiCo’s products are made, manufactured, distributed or sold; PepsiCo’s ability to grow its business in developing and emerging markets; uncertain economic conditions in the countries in which PepsiCo operates; the ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption; increased costs, disruption of supply or shortages of raw materials and other supplies; business disruptions; product contamination or tampering or issues or concerns with respect to product quality, safety and integrity; damage to PepsiCo’s reputation or brand image; failure to successfully complete or integrate acquisitions and joint ventures into PepsiCo’s existing operations or to complete or manage divestitures or refranchisings; changes in estimates and underlying assumptions regarding future performance that could result in an impairment charge; increase in income tax rates, changes in income tax laws or disagreements with tax authorities; failure to realize anticipated benefits from PepsiCo’s productivity initiatives or global operating model; PepsiCo’s ability to recruit, hire or retain key employees or a highly skilled and diverse workforce; loss of any key customer or disruption to the retail landscape; any downgrade or potential downgrade of PepsiCo’s credit ratings; PepsiCo’s ability to implement shared services or utilize information technology systems and networks effectively; fluctuations or other changes in exchange rates; climate change or water scarcity, or legal, regulatory or market measures to address climate change or water scarcity; failure to successfully negotiate collective bargaining agreements, or strikes or work stoppages; infringement of intellectual property rights; potential liabilities and costs from litigation, claims, regulatory, or legal proceedings, inquiries or investigations; and other factors discussed in the risk factors section of PepsiCo’s filings with the Securities and Exchange Commission. 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.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	January 1 2017	December 31 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Argentina
Australia
Belgium
Bosnia and Herzegovina
Brazil
Canada
Chile
China
Colombia
Costa Rica
Cyprus
Czechia
Dominican Republic
Ecuador
Egypt
El Salvador
Estonia
France
Georgia
Germany
Greece
Guatemala
Honduras
Hungary
India
Ireland
Italy
Jordan
Kyrgyzstan
Mexico
Netherlands
New Zealand
Pakistan
Panama
Peru
Poland
Portugal
Romania
Russian Federation
Saudi Arabia
Serbia
Singapore
Slovakia
South Africa
Spain
Taiwan (Province of China)
Thailand
Turkey
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Viet Nam

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C-AC0.6/C-FB0.6/C-PF0.6

(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?

	Relevance
Agriculture/Forestry	Both own land and elsewhere in the value chain [Agriculture/Forestry only]
Processing/Manufacturing	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Consumption	Yes [Consumption only]

C-AC0.7/C-FB0.7/C-PF0.7

(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodity
Palm Oil

% of revenue dependent on this agricultural commodity
40-60%

Produced or sourced
Sourced

Please explain
Revenue dependent on this commodity is disclosed as an aggregate of all commodities listed here. We do not have sufficient data to determine revenue dependence of each commodity at this time.

Agricultural commodity
Sugar

% of revenue dependent on this agricultural commodity
40-60%

Produced or sourced
Sourced

Please explain
Revenue dependent on this commodity is disclosed as an aggregate of all commodities listed here. We do not have sufficient data to determine revenue dependence of each commodity at this time.

Agricultural commodity
Wheat

% of revenue dependent on this agricultural commodity
40-60%

Produced or sourced
Sourced

Please explain
Revenue dependent on this commodity is disclosed as an aggregate of all commodities listed here. We do not have sufficient data to determine revenue dependence of each commodity at this time.

Agricultural commodity
Other, please specify (Potatoes)

% of revenue dependent on this agricultural commodity
40-60%

Produced or sourced
Sourced

Please explain
Revenue dependent on this commodity is disclosed as an aggregate of all commodities listed here. We do not have sufficient data to determine revenue dependence of each commodity at this time.

Agricultural commodity
Other, please specify (Corn)

% of revenue dependent on this agricultural commodity
40-60%

Produced or sourced
Sourced

Please explain
This includes High Fructose Corn Syrup sourcing. Revenue dependent on this commodity is disclosed as an aggregate of all commodities listed here. We do not have sufficient data to determine revenue dependence of each commodity at this time.

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board/Executive board	Under PepsiCo's By-Laws and Corporate Governance Guidelines, the board has the responsibility to manage the business of the Company. Sustainability matters, including climate change, are integrated into our business. Therefore, the board considers them an integral part of its business oversight. To clarify its role, the board amended PepsiCo's Corporate Governance Guidelines in 2015 to add "sustainability" to the key aspects of PepsiCo's businesses over which the board has oversight. In 2016, PepsiCo reviewed our sustainability governance structure to strengthen the integration of Performance with Purpose (PwP) into our business agenda. The PepsiCo Executive Committee (PEC) then assumed direct oversight of the sustainability agenda, including strategic decisions and performance management. The PEC is made up of the chairman & CEO, the president, the CFO, sector CEOs and functional heads, ensuring that sustainability is a key accountability for every member of our senior leadership team

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The board oversees PepsiCo's integrated risk management framework designed to identify, assess, prioritize, address, manage, monitor and communicate our top strategic, financial, operating, business, compliance, safety, reputational and other risks, including climate-related risks across the organization. The PepsiCo Risk Committee (PRC) is a cross-functional diverse group that meets regularly and is responsible for reporting progress on risk mitigation efforts to the board. The board receives updates on key risks throughout the year. Key risks related to climate change and water scarcity identified by the Company are included in our 2017 Annual Report on Form 10-K. In addition the Public Policy and Sustainability Committee created in 2017 assists the Board in providing more focused oversight over the company's policies, programs and related risks that concern key sustainability matters.

C1.2

(C1.2) Below board-level, provide the highest-level management position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify (Chief Scientific Officer & Vice Chairman)	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored.

Dr. Mehmood Khan, PepsiCo's chief scientific officer and vice chairman, who reports directly to our chairman and CEO, oversees the company's Performance with Purpose (PwP) program. With his background as a physician, with expertise in endocrinology, metabolism and nutrition, Dr. Khan brings deep science-based knowledge and insights to guide the company's product portfolio transformation efforts, as well as an intimate understanding of the challenges and opportunities that lie at the intersection of food, the environment and people. Dr. Khan is involved in the day-to-day management of our strategy toward delivery of our PwP agenda, and his responsibilities include providing strategic direction, guidance and leadership on critical climate-related issues facing the Company and actions the Company must take. Climate-related issues monitoring and overseeing the delivery of our climate goal under PwP fall directly under the responsibilities of Dr. Khan. Each quarter, Dr. Khan is apprised of our progress towards our climate goal and related issues. Based on this, Dr. Khan is involved in aligning the PepsiCo Executive Committee (PEC) and the board on strategic decisions toward mitigating climate risks, enhancing PepsiCo's reputation and positioning the business for future success.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues.

Who is entitled to benefit from these incentives?
Corporate executive team

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Our corporate executive team has strategic objectives based on an individual executive's role and accountabilities that are aligned with Performance with Purpose (PwP), which is our goal to deliver top-tier financial performance while creating sustainable growth in shareholder value. Performance against these objectives impacts a portion of both annual and long-term incentives.

Who is entitled to benefit from these incentives?
Chief Executive Officer (CEO)

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Our executive officers, including our chairman and CEO, have strategic objectives based on an individual executive's role and accountabilities that are aligned with PwP, which is our goal to deliver top-tier financial performance while creating sustainable growth in shareholder value. Performance against these objectives impacts a portion of both annual and long-term incentives.

Who is entitled to benefit from these incentives?
Business unit manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment

Business unit managers have objectives based on their roles and accountabilities that are aligned with PwP, which is our goal to deliver top-tier financial performance while creating sustainable growth in shareholder value. Performance against these objectives impacts a portion of both annual and long-term incentives.

Who is entitled to benefit from these incentives?
Energy manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Energy managers have annual energy and fuel reduction (as a proxy for greenhouse gas (GHG) emissions reduction) performance targets. PepsiCo has a pay-for-performance philosophy and the annual performance rating impacts annual merit increases, including bonuses. In addition, a wide range of complementary awards recognizes teams and associates for exceptional performance in sustainability, including projects that reduce GHG emissions.

Who is entitled to benefit from these incentives?
Facilities manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Some facility managers have annual energy and fuel reduction (as a proxy for GHG emissions reduction) performance targets. PepsiCo has a pay-for-performance philosophy and the annual performance rating impacts annual merit increases, including bonuses. In addition, a wide range of complementary awards recognizes teams and associates for exceptional performance in sustainability, including projects that reduce GHG emissions.

Who is entitled to benefit from these incentives?
Process operation manager

Types of incentives
Monetary reward

Activity incentivized
Emissions reduction target

Comment
Some process operation managers have annual energy and fuel reduction (as a proxy for GHG emissions reduction) performance targets. PepsiCo has a pay-for-performance philosophy and the annual performance rating impacts annual merit increases, including bonuses. In addition, a wide range of complementary awards recognizes teams and associates for exceptional performance in sustainability, including projects that reduce GHG emissions.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	1	
Medium-term	1	5	
Long-term	5	10	

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	The board oversees PepsiCo's integrated risk management framework designed to identify, assess, prioritize, address, manage, monitor and communicate our top strategic, financial, operating, business, compliance, safety, reputational and other risks including climate related risks across the organization. The PepsiCo Risk Committee (PRC) is a cross-functional diverse group that meets regularly and is responsible for reporting progress on risk mitigation efforts to the board. The board receives updates on key risks throughout the year. Key risks related to climate change and water scarcity identified by the Company are included in our 2017 Annual Report on Form 10-K.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

At the company level, to align with our Performance with Purpose (PwP) 2025 agenda, our board refined the roles of its committees in 2017 by creating a new Public Policy and Sustainability Committee. This committee assists the Board in providing more focused oversight over the company's policies, programs and related risks that concern key sustainability matters. The committee, which meets three times per year, beginning in 2017, is comprised entirely of independent directors, and was carefully chosen to represent expertise in the scientific, financial, technological and non-profit sectors. The primary agenda item for these meetings is a review of PepsiCo's company-wide progress on our PwP goals, including progress against our goal to reduce greenhouse gas (GHG) emissions across our value chain by 20% in absolute terms by 2030. At one level below the board, the PepsiCo Executive Committee (the CEO and each of her direct reports), meets quarterly to review progress against PwP goals; progress against broader environmental risk mitigation (such as our efforts to mitigate supply chain-wide risk due to water scarcity and packaging); and to ensure that we are adapting our sustainability strategy to changes in science, stakeholder expectations and marketplace conditions. Other risks considered at each level of our business include changes in agricultural raw material supply due to climate change-driven impacts, regulatory initiatives (e.g., The European Union Emission Trading System (EU-ETS)), and impacts of increased water-related risks.

At the asset level, our manufacturing plants report key environmental performance data, including GHG emissions, on a monthly basis – these data are used to evaluate performance against targets and as an assessment of progress in mitigating environmental risk to the region. We also conduct focused risk assessments on climate change-related risks such as water-related risk assessments for our manufacturing operations. These are conducted using the World Resources Institute's (WRI) Aqueduct and site-level input and focus on physical, regulatory and reputational risks currently and into the longer term (>5 years). We also assess and manage our packaging as a risk area related to climate change. Regulatory pressure related to packaging is being fueled by increased nongovernmental organization (NGO) activity and media coverage, including attention to ocean plastic pollution and associated public health concerns. In response, we have developed a sustainable packaging strategy to help mitigate these risks and also deliver emission reduction benefits. Our strategy for sustainable packaging focuses on the following areas: 1) developing packaging that is recyclable, compostable and biodegradable; 2) working to increase recycling of product packaging in the marketplace; 3) working to reduce greenhouse gas impacts of packaging by increasing recycled PET (rPET) content in plastic bottles and light-weighting; and 4) exploring collaborations and technologies that reduce our dependence on plastic.

Once climate risks have been identified, the next step in our process is to prioritize each risk based on the likelihood that it will occur, the financial impact to PepsiCo should it occur (any impact over $1 million is considered substantive), and whether the activities needed to mitigate the risk are aligned with our overall climate strategy and business plan. For example, we incorporate environmental sustainability criteria into our Capital Expenditure Filter, which is applied to all capital expenditure requests over $5 million. Each request is reviewed not only against business financial metrics and value to advancing our business strategy but also for the impact (positive or negative) that it will have on our environmental performance, including energy use and GHG emissions, and its contribution to our efforts to achieve our climate goal.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulation, such as cap and trade schemes under the European Union Emission Trading System (EU ETS) and the California cap and trade mechanisms, impact certain PepsiCo facilities located in Europe and California. Our Public Policy and Government Affairs (PPGA) global and sector teams continuously monitor these regulations and we invest in energy efficiency and emission mitigation strategies in our covered facilities. We operate our facilities at the highest environmental performance standards and continuously monitor our emissions performance.
Emerging regulation	Relevant, always included	Our PPGA team monitors new regulations around the globe to better prepare PepsiCo and mitigate the inherent financial risks associated with fuel/energy taxes and regulations. Additionally, team members engage with lawmakers and other stakeholders in the regulatory process and also submit official comments to achieve desired environmental goals while avoiding detrimental impacts on the business community.
Technology	Relevant, always included	Technological developments are closely monitored by PepsiCo's Research & Development (R&D) teams focused on external innovation. Any emerging technological advancements on the horizon with the ability to aid PepsiCo in delivering our PWP goals are evaluated and internally deliberated upon for appropriate action.
Legal	Relevant, always included	Our PPGA teams monitor legal and regulatory developments around the globe to advise PepsiCo on the best course of action. In addition, our Environmental Health and Safety (EHS) teams ensure our facilities are operated with full legal compliance with relevant local regulations.
Market	Relevant, always included	Market-specific risks are monitored and evaluated by our local PPGA teams. For example, climate-related risks arising from packaging and the specific mitigation strategy for each market and business unit are discussed at that level in order to prioritize activities.
Reputation	Relevant, always included	Any negative perception (whether valid or not) of PepsiCo's response to climate change or water scarcity could result in adverse publicity and could adversely affect PepsiCo's business, financial condition or results of operations. We monitor this risk through our global and local PPGA teams who work with governments, as well as nongovernmental organizations to understand relevant issues and advise accordingly. We make efforts to reduce this risk by communicating about our Performance with Purpose (PwP) goals and activities related to climate and packaging, as well as water, through various avenues such as the updated 2017 Sustainability Report and detailed A-Z topics on our website for 2017.
Acute physical	Relevant, always included	Physical climate-related impacts are most relevant in the day-to-day operations of our facilities, especially related to resource use. We have a robust environmental, health and safety (EHS) monitoring system deployed in all of our manufacturing sites, and we collect and analyze our EHS data on a regular basis to gain insights on management of environmental resources. We implement several energy efficiency, water efficiency and water quality measures within our facilities to mitigate this risk.
Chronic physical	Relevant, always included	PepsiCo has undertaken several initiatives to lessen our dependence upon climate-sensitive commodities. For example, to assess and mitigate the risk in temperature and precipitation impact, PepsiCo has implemented our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), which enables our company-owned and contract growers to compete in a resource-constrained future.
Upstream	Relevant, always included	Our PwP climate goal encompasses our entire value chain, therefore, upstream supply chain risks are carefully evaluated in our mitigation plans. Our SFP works with our growers to understand emissions, and risks associated with it, and provides trainings on management methods to allow our growers to compete in a resource-constrained future.
Downstream	Relevant, always included	Our PwP climate goal encompasses our entire value chain, therefore, downstream supply chain risks are carefully evaluated in our mitigation plans. For example, our vending and cooling program was launched in order to assess and mitigate the energy impacts of our equipment downstream where our products are distributed to consumers.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

PepsiCo has identified climate change as a business risk through our Integrated Risk Management Framework, a process that identifies, assesses, prioritizes, manages, and monitors the risks affecting the Company across its operations. Our management processes for climate risks and opportunities include: 1) We have integrated a greenhouse gas (GHG) reduction target into our Performance with Purpose (PwP) strategy, PepsiCo's vision to deliver top-tier financial performance over the long term by integrating sustainability into our business 2) Climate strategy and actions are reviewed and managed in the context of our short and long term business strategy 3) Climate change risks are included in our Annual Report on Form 10-K. Several aspects of climate change have influenced our strategy, including a) the need for our business to adapt to a changing environment driven by rising temperatures and fluctuating weather patterns that affect our supply chain; and b) the opportunity to develop a product portfolio that includes fewer GHG-intensive and water-intensive products. Our long-term strategy has been influenced by Climate change through our merger and acquisition strategy. We have embedded mechanisms to quantify the impact of growth and M&A activity on our ability to deliver our Climate goal into our investment allocation processes, as well as integrating a requirement for business units to conduct a water-related risk assessment prior to any major acquisition. We believe that our climate change strategy is industry-leading and will support our efforts to build PepsiCo's reputation as a leader in environmental sustainability, potentially translating into competitive advantage with our customers and consumers.

PepsiCo's Public Policy and Government Affairs (PPGA) teams spend considerable amount of time monitoring and evaluating current and upcoming regulations related to climate change, as well as monitoring industry trends and engaging with our stakeholders. For example, current and emerging cap and trade regulations are flagged by our PPGA teams as a transition risk so that the Company can take appropriate steps to mitigate impacts. As a result, our facilities measure their greenhouse gas emissions and document in our internal Environmental Health and Safety (EHS) system. This allows PepsiCo to then make informed decisions about energy efficiency, conservation efforts and investments to be made in order to manage risks from these regulations.

Our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), which reflects industry best practice, helps position us and our farmers to compete more effectively in a resource constrained future. Through the program, we are working with our farmers to reduce physical climate change impacts of farming practices, improve soil health, and improve water use efficiency. The acute and chronic physical risks posed by climate change in our upstream supply chain for the commodities that our business largely relies on, are managed through this program. In collaboration with our supply chain partners and growers, we are building a more resilient ingredients supply chain.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description
Under Phase 3 of the European Emission Trading System (EU-ETS), which took effect January 1, 2013, individual energy consumers with combustion capacity exceeding 20 MW must report fuel consumption and submit allowances. This requirement applied to five PepsiCo facilities in 2017: Leicester and Peterlee in the UK, Burgos in Spain, Veurne in Belgium and Bol in the Netherlands with Grodzisk in Poland joining in 2018. The EU has committed to cut greenhouse gas emissions by at least 40% by 2030 against a 1990 baseline. One of the principal mechanisms for achieving this reduction is the EU-ETS, which the individual EU member states administer. Under the EU-ETS, a covered facility must report its annual fuel consumption to national authorities, and then submit one allowance for each metric ton of CO2 or CO2 equivalent emitted. Additionally, enforceable compliance obligations under California's cap and trade program took effect January 1, 2013. This law requires the Frito-Lay plant in Bakersfield, California to participate in the program.

Time horizon
Current

Likelihood
Virtually certain

Magnitude of impact
Medium

Potential financial impact
630000000

Explanation of financial impact
The cost of complying with cap and trade schemes will vary based on the market price of the allowances, as well as any changes in allocation. In the event that more stringent regulation is enacted and is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions and improve our energy efficiency, we may experience increases in our costs of operation and delivery. For example, approximately 1% of net revenue could be at risk due to regulation and commodity inflation, which for 2017 net revenue could equate to approximately $0.63 billion.

Management method
To reduce carbon emissions, and address the inherent financial risks of cap and trade, PepsiCo invests in energy efficiency and other clean energy technologies such as anaerobic digestion. We also ensure that our facilities have strong environmental management systems in place such as PepsiCo's Global Environmental Health & Safety Management System (GEHMS). We expect these management methods to reduce the risk to our business concerning increased operating costs over the next several years as we become more energy and carbon efficient through our investments and resource conservation program (ReCon). For example, in 2017, we made key investments in high efficiency lighting, building management systems, solar photovoltaics, combined heat and power plants, and converted our last coal boiler in the U.S. to fire on natural gas.

Cost of management
62000

Comment
We have integrated monitoring systems to collect and analyze data, which are then subjected to external auditing by Bureau Veritas. The cost associated with administrating the annual environmental sustainability data analysis, including personnel time and the expense of the external auditing firm, is approximately $62,000.

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Policy and legal: Increased pricing of GHG emissions

Type of financial impact driver
Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description
Biofuel mandates, gasoline taxes and other taxes and regulations designed to lower the carbon profile of primary energy may affect our costs for energy and/or raw material inputs. For example emerging clean fuel standard regulation in Canada can impact our operating costs for our company-owned fleet in this country, as well as increase costs for third party logistics procurement for distribution of our products.

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Medium

Potential financial impact
630000000

Explanation of financial impact
Approximately 1% of net revenue could be at risk due to regulation and commodity inflation, which for 2017 net revenue could equate to approximately $0.63 billion.

Management method
Management efforts of our Global Public Policy and Government Affairs (PPGA) teams are to inform regulatory process and facilitate effective rule implementation within PepsiCo. The teams monitor new regulations around the globe to better prepare PepsiCo and help mitigate the inherent financial risks associated with fuel/energy taxes and regulations. Additionally, team members engage with lawmakers and other stakeholders in the regulatory process and also submit official comments in an effort to achieve desired environmental goals while avoiding detrimental impacts on the business community. For example, in 2017, we became the founding members of the Climate Leadership Council to promote a carbon dividends framework as the most cost-effective, equitable and politically-viable climate solution.

Cost of management
0

Comment
No additional management costs. These costs are embedded into our global policy monitoring process.

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Supply chain

Risk type
Physical risk

Primary climate-related risk driver
Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact driver
Reduced revenue from decreased production capacity (e.g., transport difficulties, supply chain interruptions)

Company- specific description
Mean precipitation increases or decreases could lead to change in supply patterns for key crops such as potatoes, oranges and oats, potentially higher transportation costs, potentially higher commodity costs and uncertainty of crop availability. We continuously monitor our operations and sourcing from high water risk areas using the Aqueduct tool from the World Resources Institute (WRI), as well as internal assessments. Our Sustainable Agriculture team is working with our growers in these high water risk areas to improve agricultural water use efficiency as part of our Performance with Purpose (PwP) objectives in the supply chain.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
High

Potential financial impact
1000000000

Explanation of financial impact
Changes in average precipitation can disrupt crop yields and locations. Such an event could significantly impact PepsiCo's revenues with increased commodity prices and transportation costs. Using a hypothetical example, financial implications could

include a significant loss of agricultural raw material supply up to order of 10% which would equate to $1 billion against an annual spend of about $10 billion according to 2015 procurement data. Our hedging costs could vary drastically due to an increase in perceived risk in the commodity markets.

Management method
PepsiCo's goal is to operate in a sustainable manner and has undertaken several initiatives to manage the risk of consumer buying habits while simultaneously lessening our dependence upon climate-sensitive commodities. For example, to adapt to and mitigate the temperature and precipitation impact, PepsiCo has implemented our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI) which enables our company-owned and contract growers to compete in a resource constrained future. We have invested in programs to improve water efficiency in water stressed regions, enhance soil health and improve farm yields and resiliency at the same time.

Cost of management
7800000

Comment
PepsiCo investments in improving crop yields are proprietary. PepsiCo has a corporate Sustainable Agriculture team in place comprising a Vice President, Director and Manager. The team is supported by agriculture experts in our business divisions in implementing sustainable agriculture practices at our key crop suppliers.

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Direct operations

Risk type
Transition risk

Primary climate-related risk driver
Reputation: Increased stakeholder concern or negative stakeholder feedback

Type of financial impact driver
Reputation: Reduced revenue from decreased demand for goods/services

Company- specific description
Any negative perception (whether valid or not) of PepsiCo's response to climate change or water scarcity could result in adverse publicity and could adversely affect PepsiCo's business, financial condition or results of operations. For example, our company has faced accusations related to our palm oil supply chain and our efforts to address both environmental and social sustainability within the space.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
High

Potential financial impact
1600000000

Explanation of financial impact
PepsiCo's reputation and the behavior of consumers in choosing our products are important to the market value and revenue generation of the Company. Changes in consumer preference, for example, due to a negative reaction to PepsiCo's reputation relative to the environment could adversely affect PepsiCo's business, for example, a one percent impact on PEP's market value (defined as our market capitalization) would equate to ~$1.6 billion.

Management method
To make consumers aware that PepsiCo's goal is to operate in a sustainable manner, we undertook several initiatives to manage the risk of consumer buying habits while simultaneously reducing our dependence upon climate-sensitive commodities. For example, in 2016, we publicly expressed our support for the Paris climate agreement and published an aggressive, science based goal, to reduce absolute GHG emissions by 20% by 2030 across our entire value chain. In packaging, our Packaging Advance Research (PAR) team created a Life Cycle Analysis (LCA) tool utilizing ISO 14040/44 and PAS 2050 standards. PepsiCo uses the findings and tool capabilities to: incorporate life cycle thinking in our day-to-day Research & Development (R&D) data-based decision making; develop our strategy around sustainable beverage packaging; and identify pathways that help lower our carbon footprint. PepsiCo has a supplier outreach program to help drive energy conservation with strategic suppliers and franchise

operations in the U.S., Mexico, Latin America, South America and Western Europe. Additionally, we are a member of the CDP Supply Chain.

Cost of management
1000000

Comment
PepsiCo's Global PPGA team manages regulatory issues with governments and stakeholders around the world. A significant amount of time, equivalent to five full-time employees (FTEs), is spent on climate change-related issues. Over 1,000 people are also involved in developing, assessing and delivering all the aspects of our company wide cross functional climate change strategy. The direct costs associated with the program are approximately $1 million per year according to 2015 data.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resilience

Primary climate-related opportunity driver
Participation in renewable energy programs and adoption of energy-efficiency measures

Type of financial impact driver
Increased reliability of supply chain and ability to operate under various conditions

Company- specific description
Voluntary agreements on climate change mitigation, such as the Paris Climate Agreement and We Mean Business, represent an opportunity for PepsiCo to make our operations and supply chains more energy efficient through efforts to reduce emissions. Under PepsiCo's Performance with Purpose (PwP) strategy we are already implementing programs to reduce greenhouse gas (GHG) emissions. Through our GHG mitigation programs, such as our Resource Conservation (ReCon) program within our own facilities and our supplier outreach programs we are more likely than not to be able to rapidly meet the requirements of voluntary programs and our own goals.

Time horizon
Short-term

Likelihood
More likely than not

Magnitude of impact
Medium-low

Potential financial impact
1600000000

Explanation of financial impact
Financial benefits of positioning our business to rapidly implement voluntary agreements, such as the Paris Climate Agreement, include savings from energy efficiency projects and reputational benefits that translate into increased sales, and potential for increased investor goodwill. For example, a one percent impact on PEP's market value (defined as our market capitalization) would equate to approximately $1.6 billion.

Strategy to realize opportunity
PepsiCo has positioned itself advantageously versus competitors by actively promoting our PwP program to communicate its proactive approach to sustainability issues. Our second generation PwP goals were announced in 2016 and include industry-leading goals to reduce GHG emissions across our value chain. We believe that delivering these goals will lead to enhanced reputation, more sustainable growth and financial performance that outperform our competitors. For example, since 2007 we have upgraded our coolers and vending machines to be 60% more energy efficient, saving our customers approximately $18 million on average annual energy costs.

Cost to realize opportunity
1000000

Comment
PepsiCo's Global Public Policy and Government Affairs teams manage regulatory issues with governments and stakeholders around the world. A significant amount of time, equivalent to five full-time employees (FTE)s, is spent on climate change related issues. Over 1,000 people are also involved in developing, assessing and delivering the program at the corporate level and our 300 sites. The direct costs associated with the program are approximately $1 million per year according to 2015 data.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Supply Chain

Opportunity type
Products and services

Primary climate-related opportunity driver
Development of new products or services through R&D and innovation

Type of financial impact driver
Increased revenue through new solutions to adaptation needs (e.g., insurance risk transfer products and services)

Company- specific description
Climate change in terms of temperature extremes, change in mean precipitation, precipitation patterns, droughts and floods and changes in natural resources all impact agriculture and present opportunities for PepsiCo as a food and beverage company that relies on agriculture. The unique knowledge PepsiCo has of potatoes, oranges, sugar and oats could be a strategic opportunity for PepsiCo in locations such as the UK and the U.S., as we develop new strains of our core commodities, allowing us to realize a positive impact from our sustainable agriculture activities.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

Potential financial impact
1000000000

Explanation of financial impact
The total potential exposure to our ingredients/agriculture due to changes in climate could be hypothetically in excess of $1 billion per year which is 10% of an annual spend of $10 billion according to 2015 procurement data. PepsiCo's ability to sustain and restore its supply chain in the likelihood of disruptive events could enable the Company to hedge cost increases lower than anticipated and reduce disruptions in product availability. This could potentially result in a competitive advantage.

Strategy to realize opportunity
Our management method to realize this opportunity is to continue implementation and scale-up of our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI). Through SFP, we have invested in programs to improve water efficiency and soil health while improving crop yields and overall farm resilience. For example, with farmers in the UK from 2010 to 2015, we reduced the amount of carbon dioxide equivalent (CO_2e) that arises from growing our core crops by 50% in high water risk sourcing areas. The aim of this work is to expand key learnings and initiatives into our European agricultural supply chain. In 2017, this included incorporating the Cool Farm Tool, an on-farm carbon calculator, into grower management practices, and drip irrigation, which aims to increase yields while using significantly less water than traditional irrigation techniques.

Cost to realize opportunity

7800000

Comment
PepsiCo investments in improved crop yield are proprietary. PepsiCo has a corporate Sustainable Agriculture team in place comprising a Vice President, Director and Manager who are supported by agriculture experts in our business divisions in implementing sustainable agriculture practices at our key crop suppliers.

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Type of financial impact driver
Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company- specific description
PepsiCo's response to climate change could be an opportunity for increased sales and demand for product if consumers respond favorably to our climate change initiatives. Through our annual materiality assessment we identify, prioritize and validate topics that are material to our stakeholders and consumers. Energy and climate is a topic that was deemed material in 2017 and, therefore, is an area we will continue to monitor and manage in order to maintain a favorable position with our stakeholders.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium-high

Potential financial impact
1600000000

Explanation of financial impact
PepsiCo's reputation and the behavior of consumers in choosing our products are important to the market cap and revenue generation of the Company. The 2017 net revenues for PepsiCo were more than $63 billion. PepsiCo revenues are sensitive to changes in consumer preferences. For example, a one percent impact on PEP's market value (defined as our market capitalization) would equate to ~$1.6 billion. Changes in consumer preferences, for example, due to a positive reaction to PepsiCo's reputation, and the reputation of its products relative to the environment, could positively affect PepsiCo's business, financial condition or results of operations although it would be difficult to precisely identify the driving factors causing a change in consumer behavior.

Strategy to realize opportunity
PepsiCo has positioned itself advantageously versus competitors by adopting and implementing our PwP program. Our second generation PwP goals were announced in 2016 and include industry-leading goals to reduce GHG emissions across our value chain. We continue to report against this goal annually in our Sustainability Report. In 2017, through various activities within our operations and our supply chain, we have reduced GHG emissions more than 2 million metric tons. For example, our Frito-Lay North America Compressed Natural Gas (CNG) fleet drove 63 million miles in 2017, and has driven over 211 million miles life-to-date. Today, 42 percent of our Over-the-Road fleet in Frito-Lay North America has been converted to CNG. We believe that continuing to deliver on these goals will lead to enhanced reputation, more sustainable growth and financial performance that will outperform our competitors.

Cost to realize opportunity
1000000

Comment
PepsiCo has a corporate Sustainable Agriculture team in place comprising a Vice President, Director and Senior Manager which is supported by agriculture experts in our business divisions in implementing sustainable agriculture practices at our key crop suppliers. Over 1,000 people are also involved in developing, assessing and delivering all the aspects of our company-wide cross-functional climate change strategy. The direct costs associated with the program are approximately $1 million per year according to 2015 data.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	Any negative perception (whether valid or not) of PepsiCo's response to climate change, sustainable packaging or water scarcity could result in adverse publicity and could adversely affect PepsiCo's business, financial condition or results of operations. For example, a one percent impact on PEP's market value (defined as our market capitalization) would equate to ~$1.6 billion.. Mean precipitation increases would force the Company to change supply patterns for key crops such as potatoes, oranges and oats, increasing transportation costs, potentially increasing commodity costs and uncertainty of crop availability. To indicate the magnitude, financial implications could include a significant loss of agricultural raw material supply hypothetically in the order of 10% which would equate to $1 billion against an annual spend of about $10 billion according to 2015 procurement data. Climate change in terms of temperature extremes, change in mean precipitation, precipitation patterns, droughts and floods and changes in natural resources all impact agriculture and present opportunities for PepsiCo as a food and beverage company that relies on agriculture. The unique knowledge PepsiCo has of potatoes, oranges, sugar and oats could be a strategic opportunity for PepsiCo in locations such as the UK and the U.S., as we develop new strains of our core commodities, allowing us to realize a positive impact from our sustainable agriculture activities. PepsiCo's response to climate change could be an opportunity for increased sales and demand for product if consumers respond favorably to our climate change initiatives.
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	Mean precipitation increases would force the Company to change supply patterns for key crops such as potatoes, oranges and oats, increasing transportation costs, potentially increasing commodity costs and uncertainty of crop availability. To indicate the magnitude, financial implications could include a significant loss of agricultural raw material supply hypothetically in the order of 10% which would equate to $1 billion against an annual spend of about $10 billion according to 2015 procurement data. Climate change in terms of temperature extremes, change in mean precipitation, precipitation patterns, droughts and floods and changes in natural resources all impact agriculture and present opportunities for PepsiCo as a food and beverage company that relies on agriculture. The unique knowledge PepsiCo has of potatoes, oranges, sugar and oats could be a strategic opportunity for PepsiCo in locations such as the UK and the U.S., as we develop new strains of our core commodities, allowing us to realize a positive impact from our sustainable agriculture activities.
Adaptation and mitigation activities	Impacted	PepsiCo's goal is to operate in a sustainable manner and has undertaken several initiatives to manage the risk of changing consumer behavior due to climate-related impacts while simultaneously lessening our dependence upon climate-sensitive commodities. For example, to adapt to and mitigate the risk in temperature and precipitation impact, PepsiCo has implemented our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), which enables our company-owned and contract growers to compete in a resource constrained future. We have invested in programs to reduce water usage, replace synthetic fertilizer and improve farm yields at the same time. To indicate the magnitude, the overall cost of management of this program is up to $7.8 million. In 2016, we publicly expressed our support for the Paris Climate Agreement and published an aggressive, science based goal, to reduce absolute GHG emissions by 20% by 2030 across our entire value chain. In packaging, our Packaging Advance Research (PAR) team created a Life Cycle Analysis (LCA) tool utilizing ISO 14040/44 and PAS 2050 standards. PepsiCo uses the findings and tool capabilities to: incorporate life cycle thinking in our day-to-day R&D data-based decision making on sustainable packaging; develop our strategy around sustainable beverage packaging; and identify pathways that help lower our carbon footprint. PepsiCo has a supplier outreach program to help drive energy conservation with strategic suppliers and franchise operations in the U.S., Mexico, Latin America, South America and Western Europe. Additionally, we are a member of CDP Supply Chain.
Investment in R&D	Impacted	Our packaging represents a significant portion of our company-wide emission profile. In packaging, our Packaging Research & Development team created a Life Cycle Analysis (LCA) tool utilizing ISO 14040/44 and PAS 2050 standards. PepsiCo uses the findings and tool capabilities to incorporate life cycle thinking in our day-to-day R&D data-based decision making on sustainable packaging. We continue to maintain and update these tools for our packaging analyses and to indicate the magnitude; in 2017 we spent approximately $100,000.
Operations	Impacted	To reduce carbon emissions, and address the potential financial risks of cap and trade, PepsiCo invests in energy efficiency and other clean energy technologies. We also work to see that our facilities have environmental management systems in place and are aligned with ISO 14001. We expect these efforts to reduce the risk to our business from increased operational costs over the next several years as we become more energy and carbon efficient through our investments. We have integrated monitoring systems to collect and analyze environmental data, which are then subjected to external auditing by Bureau Veritas. As an indication of the potential magnitude, these management costs could be up to $100 million every year.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	Changes in average precipitation can disrupt crop yields and locations. Such an event could adversely impact PepsiCo revenues with increased commodity prices and transportation costs. To indicate the magnitude, financial implications could hypothetically include a significant loss of agricultural raw material supply in the order of 10% which would equate to $1 billion against an annual spend of about $10 billion according to 2015 procurement data. Our hedging costs could vary drastically due to an increase in perceived risk in the commodity markets. PepsiCo's reputation and the behavior of consumers in choosing our products are important to the market value and revenue generation of the Company. Changes in consumer preference, for example, due to a negative reaction to PepsiCo's reputation relative to the environment could adversely affect PepsiCo's business, for example, a one percent impact on PEP's market value (defined as our market capitalization) would equate to ~$1.6 billion.Financial benefits of positioning the business to rapidly implement voluntary agreements, such as the Paris Climate Agreement, include savings from energy efficiency projects and reputational benefits that translate into increased sales, and potential for increased investor goodwill.
Operating costs	Impacted	The cost of complying with cap and trade schemes will vary based on the market price of the allowances, as well as any changes in allocation. In the event that regulation is enacted and is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions and improve our energy efficiency, we may experience increases in our costs of operation and delivery. As an indication of magnitude, approximately 1% of net revenue could be at risk due to regulation and commodity inflation, which for 2017 net revenue could equate to approximately $0.63 billion.
Capital expenditures / capital allocation	Impacted	We incorporate environmental sustainability criteria into our Capital Expenditure Filter, which is applied to all capital expenditure requests over $5 million. Each request is reviewed not only against business financial metrics and value to advancing our business strategy but also for the impact (positive or negative) that it will have on our environmental performance, including energy use and GHG emissions, and its contribution to our efforts to achieve our climate goal. As an indication of magnitude, our annual capital fund is $100 million.
Acquisitions and divestments	Impacted	Our long-term strategy has been influenced by climate change through our merger and acquisition strategy. We have embedded mechanisms to quantify the impact of growth and M&A activity on our ability to deliver our climate goal into our investment allocation processes, as well as integrating a requirement for business units to conduct a water-related risk assessment prior to any major acquisition. The magnitude of financial impact for this is likely to be medium.
Access to capital	Not yet impacted	We are currently not experiencing any impact on access to capital due to the risks and opportunities identified. However, we are cognizant that this could potentially change in the future if we are unable to demonstrate responsible operations and addressing the various issues that are important to our stakeholders, including climate change. We expect to see these impacts either positive or negative within 3-5 years.
Assets	Impacted	Mean precipitation and temperature increases or decreases would force the Company to change supply patterns for key crops such as potatoes, oranges and oats, increasing transportation costs, potentially increasing commodity costs and uncertainty of crop availability. This could also lead to reduced level of operations at our manufacturing plants in high risk areas. To indicate the magnitude, financial implications could hypothetically include a significant loss of agricultural raw material supply in the order of 10% which would equate to $1 billion against an annual spend of about $10 billion according to 2015 procurement data.
Liabilities	Not yet impacted	We are currently not experiencing any impact on our liabilities due to the risks and opportunities identified. However, we are cognizant that this could potentially change in the future if we are unable to demonstrate responsible operations and addressing the various issues that are important to our stakeholders, including climate change. For example, a production location whose water source is threatened due to drought could move from an asset to a liability if we are forced to close the plant. We expect to see these impacts either positive or negative within 3-5 years.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

No, but we anticipate doing so in the next two years

C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-

ST3.1b/C-TO3.1b/C-TS3.1b)

(C-AC3.1b/C-CE3.1b/C-CH3.1b/C-CO3.1b/C-EU3.1b/C-FB3.1b/C-MM3.1b/C-OG3.1b/C-PF3.1b/C-ST3.1b/C-TO3.1b/C-TS3.1b) Indicate whether your organization has developed a low-carbon transition plan to support the long-term business strategy.

Yes

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

(i) PepsiCo has identified climate change as a business risk through our Integrated Risk Management Framework, a process that identifies, assesses, prioritizes, manages, and monitors the risks affecting the Company across its operations. The identification of climate change as a key risk has influenced our business strategy in the following ways: 1) We have integrated a greenhouse gas (GHG) reduction target into our Performance with Purpose (PwP) strategy, PepsiCo's vision to deliver top-tier financial performance over the long term by integrating sustainability into our business 2) Climate strategy and actions are reviewed and managed in the context of our short and long term business strategy 3) Climate change risks are included in our Annual Report on Form 10-K. Several aspects of climate change have influenced our strategy, including a) the need for our business to adapt to a changing environment driven by rising temperatures and fluctuating weather patterns that may affect our supply chain; and b) the opportunity to develop a product portfolio that includes fewer GHG-intensive and water-intensive products. Our long-term strategy has been influenced by climate change through our merger and acquisition strategy. We have embedded mechanisms to quantify the impact of growth and M&A activity on our ability to deliver our Climate goal into our investment allocation processes, as well as integrating a requirement for business units to conduct a water-related risk assessment prior to any major acquisition.

(ii) We have integrated a GHG reduction target into our PwP strategy – announced in 2016, our new environmental goals reach well beyond our direct manufacturing operations, enabling us to focus on working to reduce environmental impacts across our value chain — beginning with a product's sourcing and extending through its use. Our climate goal is to reduce GHG emissions by 20% by 2030 across our value chain in absolute terms compared to our 2015 baseline. We established this goal because we recognize that as the world's population grows and the demand for water and energy increases, continuing a business as usual approach will drive increased GHG emissions, which is predicted to further accelerate climate change and potentially put crops and other raw materials that PepsiCo needs at increased risk. We believe that our climate change strategy is industry-leading and will support our efforts to build PepsiCo's reputation as a leader in environmental sustainability, potentially translating into competitive advantage with our customers and consumers.

(iii) We continued to make progress towards our goal in 2017 by continuing to integrate our emissions reduction objectives under the goal into our business strategies in our focus areas of agriculture, packaging, manufacturing and transportation and distribution. For all of these areas, in 2017, we have begun incorporating the cost of implementation within our annual, as well as five-year business plans. We are investing in a variety of actions across our operations, including energy efficiency improvements driven by our Resource Conservation (ReCon) program, a comprehensive, global platform of resources, tools and programs designed to improve energy, water and waste efficiencies in our manufacturing processes. Our Frito-Lay North America Compressed Natural Gas (CNG) fleet drove 63 million miles in 2017, and has driven over 211 million miles life-to-date. Today, 42 percent of our Over-the-Road fleet in Frito-Lay North America has been converted to CNG. Continued implementation of our higher efficiency coolers and vending machines, involving the replacement of retired units with more efficient point-of-sale equipment, reduced the GHG emissions from these sources by over 700,000 metric tons during this reporting year when compared to estimated emissions by the now-retired machines during the prior year. Our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), which we believe reflects industry best practice, is designed to help position us and our farmers to compete more effectively in a resource-constrained future. Through the program, we are working with our farmers to reduce climate change impacts of farming practices, improve soil health, and improve water use efficiency.

C-AC3.1e/C-CE3.1e/C-CH3.1e/C-CO3.1e/C-EU3.1e/C-FB3.1e/C-MM3.1e/C-OG3.1e/C-PF3.1e/C-ST3.1e/C-TO3.1e/C-TS3.1e

(C-AC3.1e/C-CE3.1e/C-CH3.1e/C-CO3.1e/C-EU3.1e/C-FB3.1e/C-MM3.1e/C-OG3.1e/C-PF3.1e/C-ST3.1e/C-TO3.1e/C-TS3.1e) Disclose details of your organization's low-carbon transition plan.

At the heart of PepsiCo is Performance with Purpose (PwP) – our goal to deliver top-tier financial performance while creating sustainable growth and shareholder value. In practice, PwP means providing a wide range of foods and beverages from treats to nutritious eats; trying to find innovative ways to reduce our impact on the environment and lower our operating costs; working to provide a safe and inclusive workplace for our employees globally; and respecting, supporting and investing in the local communities where we operate. As part of our PwP agenda, we are working towards a goal of reducing our emissions across our value chain by 20% by 2030 against a 2015 baseline. Through the efforts that are required to deliver on our goal, we are not only thinking of progress against our goals, but also taking the opportunity to embed a culture of evaluating our business practices and strategies through a greenhouse gas (GHG) lens. Through our first generation PwP goals and continuing with our current agenda, our teams within direct manufacturing, as well as non-manufacturing operations are continuously working towards lowering our carbon emissions through energy efficiency and renewable energy measures. We are also working within our supply chain through various measures in the areas of agriculture, packaging, transportation and distribution and supplier operations to lower carbon emissions and use alternative materials with lower carbon impact. For example, we are exploring alternative packaging materials for our rigid as well as flexible packaging film that will be sourced from renewable materials.

In addition to this, we are working to incorporate sustainability and carbon impact as a metric during our new product development process. This initiative will help our internal teams within the R&D, Marketing and Commercialization functions to choose product ingredients, packaging materials, etc. that have a lower carbon impact than existing choices. Over time, this will help not only continuously improve our portfolio but transform our business towards being low carbon impact.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

Climate-related scenario analysis is not currently used to inform our business strategy since we have developed and set a Science Based Target (SBT) to manage our emissions and transition our business from a business-as-usual scenario to one where our business growth and emissions do not follow the same trajectory. As part of the process for setting an SBT target, we conducted a complete assessment of our emissions for all three scopes. We then performed scenario analysis to determine the future projection of our emission. This helped inform our strategy for our absolute emission reduction target, as well as our priority areas of work to reduce emissions. Under our Performance with Purpose (PwP) agenda for climate, we continue to conduct projections of our emissions and emission reductions to inform our performance towards our goal, as well as to build our strategies in the various areas of our business.

In the future, we may look to incorporate climate-related scenario analysis to further inform our business strategy and goal. Scenario analysis could not only help us determine possible futures but also help us identify additional pathways and technologies for emission reduction.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Scope
Scope 1 +2 (market-based)

% emissions in Scope
100

% reduction from base year
20

Base year
2015

Start year
2016

Base year emissions covered by target (metric tons CO2e)
5568960

Target year
2030

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)
11

Target status
Underway

Please explain
These early years of our reduction strategy have been focused on building capability and making early investments in technology. Any benefits of which will take effect over time, and are not expected immediately.

Target reference number
Abs 2

Scope
Scope 3 (upstream & downstream)

% emissions in Scope
100

% reduction from base year
20

Base year
2015

Start year
2016

Base year emissions covered by target (metric tons CO2e)
63000000

Target year
2030

Is this a science-based target?
Yes, this target has been approved as science-based by the Science-Based Targets initiative

% achieved (emissions)
6.9

Target status
Underway

Please explain

These early years of our reduction strategy have been focused on building capability and making early investments in technology, any benefits of which will take effect over time, and are not expected immediately.

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target
Waste

KPI – Metric numerator
Waste sent to landfill

KPI – Metric denominator (intensity targets only)
Total waste generated

Base year
2015

Start year
2016

Target year
2025

KPI in baseline year
7.8

KPI in target year
0.99

% achieved in reporting year

Target Status
Underway

Please explain
Our Performance with Purpose (PwP) 2025 goal is to strive to achieve zero waste to landfill in our direct operations by 2025. Waste reduction, in all its forms, is a strategic imperative for PepsiCo, for the benefit it provides to our business in the form of cost savings and efficiencies gained. It is also inherent to being a good citizen of the communities where we operate, by working to reduce our environmental footprint. In every community where we operate, we are working to minimize the amount of waste that we send to landfill. It is a journey that we have been on as a company since the very beginning of PwP, and year over year, we are making steady progress.

Part of emissions target
ABS2

Is this target part of an overarching initiative?
Other, please specify (Zero waste to landfill)

Target
Land use

KPI – Metric numerator
Volume of commodity that is sustainably sourced

KPI – Metric denominator (intensity targets only)
Total volume of commodity purchased

Base year
2015

Start year
2016

Target year

2020

KPI in baseline year
0

KPI in target year
100

% achieved in reporting year

Target Status
Underway

Please explain
PepsiCo sources dozens of agricultural ingredients from farmers around the world for our products, both directly and indirectly. Our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI) is a program we use to engage with growers on farms, of all sizes and types, around the world in order to encourage continual improvement in sustainable farming practices, expand respect for workers' human rights, enhance growers' capabilities, and address risks. Through the SFP, we strive to sustainably source virtually all of our direct agricultural raw materials that we purchase from PepsiCo long-term growers by 2020. In addition to our core agricultural raw materials that we directly source, there are a number of other raw materials that we procure through shared supply chains, such as palm oil, cane sugar, wheat and cornmeal. We intend to sustainably source our major indirect agricultural raw materials by 2025, and cane sugar and palm oil by 2020.

Part of emissions target
ABS2

Is this target part of an overarching initiative?
Other, please specify (Sustainable Sourcing)

Target
Other, please specify (Sustainable Packaging)

KPI – Metric numerator
Volume of packaging material that is recyclable, compostable or biodegradable

KPI – Metric denominator (intensity targets only)
Total volume of packaging materials

Base year
2015

Start year
2016

Target year
2025

KPI in baseline year
87

KPI in target year
100

% achieved in reporting year

Target Status
Underway

Please explain
As part of our PwP 2025 agenda, we have set the following goals related to packaging: • Strive to design 100% of our packaging to be recyclable, compostable or biodegradable • Increase recycled materials in our plastic packaging • Reduce packaging's carbon impact • In partnership with the PepsiCo Foundation, work to increase recycling rates

Part of emissions target
ABS2

Is this target part of an overarching initiative?
Other, please specify (Sustainable Packaging)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	500	0
To be implemented*	250	300000
Implementation commenced*	200	130000
Implemented*	150	84000
Not to be implemented	100	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Activity type
Energy efficiency: Building services

Description of activity
Building controls

Estimated annual CO2e savings (metric tonnes CO2e)
1100

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
187500

Investment required (unit currency – as specified in CC0.4)
1500000

Payback period
4 - 10 years

Estimated lifetime of the initiative
21-30 years

Comment
HVAC

Activity type
Energy efficiency: Building services

Description of activity
Building controls

Estimated annual CO2e savings (metric tonnes CO2e)
24000

Scope
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
7123330

Investment required (unit currency – as specified in CC0.4)
21370000

Payback period
1-3 years

Estimated lifetime of the initiative
21-30 years

Comment
HVAC Lighting Motors and Drives

Activity type
Energy efficiency: Processes

Description of activity
Heat recovery

Estimated annual CO2e savings (metric tonnes CO2e)
45870

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
6987500

Investment required (unit currency – as specified in CC0.4)
55900000

Payback period
4 - 10 years

Estimated lifetime of the initiative
21-30 years

Comment
Fuel switching Combined Heat & Power Machine Replacement

Activity type
Energy efficiency: Processes

Description of activity
Compressed air

Estimated annual CO2e savings (metric tonnes CO2e)
11840

Scope
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

497500

Investment required (unit currency – as specified in CC0.4)
3980000

Payback period
4 - 10 years

Estimated lifetime of the initiative
21-30 years

Comment
Combined Heat and Power Process optimization

Activity type
Low-carbon energy installation

Description of activity
Biogas

Estimated annual CO2e savings (metric tonnes CO2e)
540

Scope
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
12500

Investment required (unit currency – as specified in CC0.4)
100000

Payback period
4 - 10 years

Estimated lifetime of the initiative
<1 year

Comment

Activity type
Low-carbon energy installation

Description of activity
Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
880

Scope
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)
157500

Investment required (unit currency – as specified in CC0.4)
1260000

Payback period
4 - 10 years

Estimated lifetime of the initiative
21-30 years

Comment

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	PepsiCo's policy is to comply with relevant regulatory standards, including climate change mitigation requirements.
Employee engagement	Performance with Purpose (PwP) culture drives employee engagement and is supported by our Resource Conservation (ReCon) training program, which develops the environmental sustainability skills of our front-line resources. Our internal communications teams also deliver engagement through internal channels.
Financial optimization calculations	Certain business units drive energy efficiency by allocating budget reductions for available energy spends.
Internal incentives/recognition programs	PepsiCo has many internal incentives and recognition programs such as the Chairman's Award, Circle of Champion's Award, and PwP Awards amongst others, all of which can be awarded to individuals and sites that make a difference to our business operations and PwP agenda.
Internal finance mechanisms	PepsiCo has established a global Capital Expenditures (Capex) fund for investment in projects that advance our PwP agenda but which may not meet desired internal rate of return hurdles.
Lower return on investment (ROI) specification	PepsiCo has established a global capex fund for investment in projects that advance our PwP agenda but which may not meet desired internal rate of return hurdles.
Partnering with governments on technology development	State level projects and partnering with the National Renewable Energy Laboratory in the U.S. have been examples of partnering with government. Our external collaboration also extends to other Non-Governmental Organizations (NGOs) and institutions such as joining the Business Renewable Center and signing the World Resources Institute's (WRI) Corporate Renewable Energy Buyers' Principles.

C-AC4.4/C-FB4.4/C-PF4.4

(C-AC4.4/C-FB4.4/C-PF4.4) Do you implement management practices on your own land with a climate change mitigation and/or adaption benefit?

Yes

C-AC4.4a/C-FB4.4a/C-PF4.4a

(C-AC4.4a/C-FB4.4a/C-PF4.4a) Specify the agricultural or forest management practice(s) implemented on your own land with climate change mitigation and/or adaptation benefits and provide a corresponding emissions figure, if known.

Management practice reference number
MP1

Management practice
Crop rotation

Description of management practice
Through our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), growers are encouraged to implement crop rotation practices to improve soil fertility, as well as manage pests.

Primary climate change-related benefit
Emission reductions (mitigation)

Estimated CO2e savings (metric tons CO2e)
1900000

Please explain
Estimated emissions savings from implementing this management practice is represented in aggregate of all on-farm management practices planned that are able to deliver reductions by our goal year of 2030. Also supports ● Increasing resilience to climate change (adaptation) ● Increase carbon sink (mitigation) ● Reduced demand for fossil fuel (adaptation) ● Reduced demand for fertilizers (adaptation) ● Reduced demand for pesticides (adaptation)

Management practice reference number
MP2

Management practice
Fertilizer management

Description of management practice
Through our SFP, growers are encouraged to manage fertilizers by incorporating into the soil using split application to minimize Nitrous Oxide emissions. Growers are encouraged to use tools to determine the amount of fertilizer to apply, as well as to use organic fertilizer and low carbon fertilizers.

Primary climate change-related benefit
Emission reductions (mitigation)

Estimated CO2e savings (metric tons CO2e)
1900000

Please explain
Estimated emissions savings from implementing this management practice is represented in aggregate of all on-farm management practices planned that are able to deliver reductions by our goal year of 2030. Also supports ● Increasing resilience to climate change (adaptation) ● Increase carbon sink (mitigation) ● Reduced demand for fossil fuel (adaptation) ● Reduced demand for fertilizers (adaptation) ● Reduced demand for pesticides (adaptation)

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Company-wide

Description of product/Group of products
PepsiCo provides refrigeration equipment, including coolers and vending machines, at the point of sale to our retail customers around the world. Although PepsiCo retains ownership of the equipment, the electricity use is the responsibility of the retailer. Implementation of our Higher Efficiency Coolers and Vending Machine Program is positively impacting Scope 3 emissions through the replacement of retired units with more efficient point of sale equipment. During this reporting year, we estimate that replacement of existing units at customer locations with more energy efficient units resulted in an energy savings of over 1.5 billion kwh and a GHG reduction of 18% across our entire portfolio of units from the baseline year of 2015.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Climate Registry and US EPA)

% revenue from low carbon product(s) in the reporting year
1

Comment
Calculation of emissions using Climate Registry or U.S. EPA emissions factors for the electricity grids available in country of deployment applied against average estimated usage for each type and compared to models available in previous years. The % revenue figure is total revenue from the vending category of our foodservice business.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
3713440

Comment

Scope 2 (location-based)

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
1838110

Comment

Scope 2 (market-based)

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
1855520

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

Energy Information Administration 1605B
IPCC Guidelines for National Greenhouse Gas Inventories, 2006
The Climate Registry: General Reporting Protocol
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
US EPA Climate Leaders: Direct HFC and PFC Emissions from Manufacturing Refrigeration and Air Conditioning Equipment
US EPA Climate Leaders: Indirect Emissions from Purchases/ Sales of Electricity and Steam
US EPA Climate Leaders: Direct Emissions from Stationary Combustion
US EPA Climate Leaders: Direct Emissions from Mobile Combustion Sources
Other, please specify (See below in 5.2a for details)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

UK Department for Business, Energy & Industrial Strategy Greenhouse Gas Reporting – Conversion Factors 2016

The Greenhouse Gas Protocol Scope 2 Guidance

WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Row 1

Gross global Scope 1 emissions (metric tons CO2e)
3734520

End-year of reporting period
<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
We are reporting against both methodologies; however we are measuring progress against our goals using the market based methodology. We do not currently have access to electricity supplier emissions factors or residual emissions factors for all markets, however, where they have been available (for example, in Europe) we have applied them to our market-based Scope 2 reporting figure. We have also calculated our Scope 2 emissions based on location-based methodology so that we are able to judge the impact of our reduction efforts against both methodologies.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Row 1

Scope 2, location-based
1746370

Scope 2, market-based (if applicable)
1713950

End-year of reporting period
<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?
Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source
Operational Control Farms and Dairies

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why the source is excluded
Our company's farms in China and Egypt have not been evaluated as it is estimated that their contribution to our emissions inventory is less than 1%. While we deem these not relevant in our overall emissions inventory, we do include these farms in our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), and are working to implement practices that improve overall farm health, as well as reduce greenhouse gas (GHG) emissions.

Source
International Offices/Warehouses (partial)

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why the source is excluded
A number of our small offices and distribution centers around the world have not been evaluated as it is estimated that their contribution to our emissions inventory is estimated to be less than 1%.

Source
De Minimis sources

Relevance of Scope 1 emissions from this source
Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why the source is excluded
The sum of excluded emissions from all sources is less than 5% of our inventory. PepsiCo strives to report 100% of significant operations within its operational boundary. A de Minimis reporting threshold of 1% is applied to all activities. Estimated completeness of the 2017 inventory is >95% as a percentage of total emissions.

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

39026490

Emissions calculation methodology

Product-related purchased goods and services emissions. PepsiCo has conducted over 60 lifecycle analysis (LCA) or product carbon footprints covering a representative sample of its overall product portfolio, which formed the basis for calculating emissions in this category. These studies broke down the emissions of products by lifecycle phases, which included raw materials, packaging, incoming transport, manufacturing, retail and distribution, complementary products, use phase, end of life of packaging. Sales data was collected globally across all regions of PepsiCo's operations across all product categories and total volumes (liters for liquids, kg for solids) for all products were determined. All products were then matched to existing LCA-studied products where an exact match was available. Where an exact match was not possible, the closest proxy was used based on key attributes – product type, sugar type (if applicable), packaging type and packaging size. In this way, the total lifecycle carbon footprint of all products sold by PepsiCo in 2015 was calculated. Being total lifecycle, this covered the entire value chain, including activities both upstream and downstream of PepsiCo. Specifically for this category "purchased goods and services", this was determined to be the raw materials and packaging portion of the overall lifecycle product carbon footprint of all PepsiCo products. For non-product purchased goods and services, procurement data was collected on all non-product spend across the business, which included categories such as: services, IT, media, and facilities. The total spend on non-products was multiplied by environmentally extended input output (EEIO) emission factors to estimate emissions. Total emissions in this category are the sum of product and non-product related purchased goods and services emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

50

Explanation

This reflects the contribution of product related emissions to overall purchased goods and services emissions. Product-related emissions were calculated by reference to lifecycle product carbon footprint studies, which obtained data directly from suppliers. Non-product related purchased goods and services emissions, were estimated based on procurement spend, rather than directly procuring data from suppliers and others in our value chain. All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1698930

Emissions calculation methodology

For capital goods, procurement data was collected on all capital spending in 2015 and the total spend was multiplied by EEIO emission factors to estimate emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Emissions in this category were estimated based on procurement spend, rather than directly procuring data from suppliers and others in our value chain. All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
603560

Emissions calculation methodology
The starting point in this category was the total emissions calculated for all PepsiCo products (see section Purchased goods and services). The next step was to isolate emissions from the manufacturing phase for all PepsiCo products. Being total lifecycle, emissions from the manufacturing phase includes Scope 1, Scope 2 and fuel and energy-related activities not included in Scope 1 or 2 (e.g., extraction and transportation of fuels, transmission and distribution losses of electricity, etc.). A portion of the total manufacturing emissions of all PepsiCo products was apportioned to the category “fuel and energy-related activities” by reference to the UK’s Department of Environment, Food and Rural Affairs’ (DEFRA’s) guidelines on the Scope 3 emissions of fuels and electricity.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Explanation
Emissions in this category were calculated by reference to lifecycle product carbon footprint studies, which obtained data directly from suppliers. All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

Upstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1161810

Emissions calculation methodology
The starting point in this category was the total emissions calculated for all PepsiCo products (see section Purchased goods and services). For “upstream transportation and distribution,” this was determined to be the incoming transportation portion of the overall lifecycle product carbon footprint of all PepsiCo products. This includes emissions from transporting raw and packaging materials to PepsiCo manufacturing facilities.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
50

Explanation
Emissions in this category were calculated by reference to lifecycle product carbon footprint studies, which obtained data directly from suppliers. All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

Waste generated in operations

Evaluation status
Not relevant, calculated

Metric tonnes CO2e
60360

Emissions calculation methodology
The starting point in this category was the total emissions calculated for all PepsiCo products (see section Purchased goods and services). The next step was to isolate emissions from the manufacturing phase for all PepsiCo products. The manufacturing phase includes emissions from waste generated during manufacturing of products. A portion of the total manufacturing emissions of all PepsiCo products was apportioned to the category “waste generated in operations.” This includes emissions from the treatment of waste in PepsiCo’s manufacturing facilities.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
50

Explanation
Reporting data on waste generated in operations does not require collecting data from suppliers or others in our value chain.

Business travel

Evaluation status
Not relevant, calculated

Metric tonnes CO2e
121070

Emissions calculation methodology
Calculated based on estimating the percentage of PepsiCo's overall workforce that travels for business. The overall number of employees that engage in business travel was multiplied by an average emission factor for business travel per employee per year. The emission factor is calculated by reference to governmental data (U.S. EPA, UK Department of Transport) on the average breakdown of business travel by main transportation modes (e.g., car, airplanes, train), frequency of travel and average distance of travel.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
No data was collected from suppliers or others in our value chain. Given the immateriality of emissions in this category, it was determined that effort be concentrated on other more impactful areas of PepsiCo's footprint. All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

Employee commuting

Evaluation status
Not relevant, calculated

Metric tonnes CO2e
506710

Emissions calculation methodology
Calculated using 2015 Full-Time Employee (FTE) total. Employee emissions calculated for each commuting travel type – FTE by country * average distance covered by specified mode of transport * average emission per employee per year. Developed a model that takes into account the emissions related to the major modes of transport in UK, Australia and the U.S. Data for the U.S. has been used as an estimate for the rest of the world. Sources: government papers and U.S. Department of Transportation.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
See above

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
0

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
Emissions were not calculated based on an analysis that emissions associated with upstream leased assets did not contribute greater than 1% of overall Scope 3 emissions.

Downstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
9964010

Emissions calculation methodology
The starting point in this category was the total emissions calculated for all PepsiCo products (see section Purchased goods and services). For “downstream transportation and distribution,” this was determined to be the retail and distribution portion of the overall lifecycle product carbon footprint of all PepsiCo products. This includes emissions from transporting (with chilling, if applicable) PepsiCo products to retail distribution centers (RDCs), energy and chilling at RDCs, transportation (with chilling if applicable) to retail outlets, and energy and chilling at retail outlets. Total emissions from PepsiCo-owned vendors and coolers was calculated by taking the total number, type and efficiency of units in operation multiplied by the electric grid emission factor for the country of operation. This was done separately from the overall footprint but is considered included in the overall number for this category. It accounts for 40% of the total for this category.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
50

Explanation
Emissions in this category were calculated by reference to lifecycle product carbon footprint studies, which obtained data directly from suppliers. All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
0

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
By the definition in the WRI/WBCSD The Greenhouse Gas Protocol – Scope 3 Protocol, this item is not applicable to PepsiCo as we do not generate products that are processed downstream of our manufacturing.

Use of sold products

Evaluation status
Relevant, calculated

Metric tonnes CO2e
3046900

Emissions calculation methodology
The starting point in this category was the total emissions calculated for all PepsiCo products (see section Purchased goods and services). For “use of sold products,” this was determined to be the use phase portions of the overall lifecycle product carbon footprint of all PepsiCo products. The use phase of emission of products included emissions from the refrigeration of beverages at home prior to consumption.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
50

Explanation
Best available information used, such as cooking times on packs, previous survey data on length of time drinks are refrigerated, All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

End of life treatment of sold products

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1195840

Emissions calculation methodology
The starting point in this category was the total emissions calculated for all PepsiCo products (see section Purchased goods and services). For “end of life treatment of sold products,” this was determined to be the packaging end of life portion of the overall lifecycle product carbon footprint of all PepsiCo products. This includes emissions from the waste treatment of the packaging materials used in PepsiCo products, and considers the impact of various methods of treatment (recycling, landfill, incineration with or without energy recovery).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
50

Explanation
Calculated using average emissions of waste treatment, not from any specific waste treatment service providers. All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
0

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
Emissions from downstream leased assets were not calculated based on an analysis that emissions associated with downstream leased assets did not contribute greater than 1% of overall Scope 3 emissions.

Franchises

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1418720

Emissions calculation methodology
The starting point in this category was the total emissions calculated for all PepsiCo products (see section Purchased goods and services). For “franchises,” this was determined to be the third party manufacturing portion of the overall manufacturing lifecycle product carbon footprint of all PepsiCo products. This was calculated by subtracting PepsiCo’s total Scope 1 & 2 emissions from the overall manufacturing footprint.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
The overall emissions of all products sold by PepsiCo in 2015 was calculated (see purchased goods and services section), regardless of whether production was in house or franchised. Therefore, for 2015, the emissions of franchises are included but contained in the overall emissions of all scope 3 categories. For the manufacturing portion, emissions were calculated as described in the purchased goods and services section. The average carbon intensity of products produced by a franchise is not likely to vary significantly compared to the same products produced by a PepsiCo-owned factory. All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

Investments

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2730730

Emissions calculation methodology
For investments, procurement data was collected on investment related spending in 2014, and the total spend was multiplied by EEIO emission factors to estimate emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Explanation
Emissions in this category were estimated based on procurement spend, rather than directly procuring data from suppliers and others in our value chain. All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

Other (upstream)

Evaluation status

Metric tonnes CO2e

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Explanation

Other (downstream)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1282850

Emissions calculation methodology
Total emissions from complementary products were calculated to account for emissions of products that are used with our products. This is primarily from milk used with our oat products.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
50

Explanation
Best available information used, such as serving size. All Scope 3 estimates are based on 2015 sales volumes and will be updated every 5 years going forward.

C-AC6.6/C-FB6.6/C-PF6.6

(C-AC6.6/C-FB6.6/C-PF6.6) Can you breakdown your Scope 3 emissions by relevant business activity areas?
Yes

C-AC6.6a/C-FB6.6a/C-PF6.6a

(C-AC6.6a/C-FB6.6a/C-PF6.6a) Disclose your Scope 3 emissions for each of your relevant business activity areas.

Activity
Agriculture/Forestry

Scope 3 category
Purchased goods and services

Emissions (metric tons CO2e)
18020530

Please explain
PepsiCo has conducted over 60 lifecycle product carbon footprints (LCA) covering a representative sample of its overall product portfolio, which formed the basis for calculating emissions in this category. These studies broke down the emissions of products by lifecycle phases, which included: raw materials, packaging, incoming transport, manufacturing, retail and distribution, complementary products, use phase, end of life of packaging. Sales data was collected globally across all regions of PepsiCo's operations across all product categories and total volumes (liters for liquids, kg for solids) for all products were determined. All products were then matched to existing LCA studied products where an exact match was available. Where an exact match was not possible, the closest proxy was used based on key attributes – product type, sugar type (if applicable), packaging type and packaging size. In this way, the total lifecycle carbon footprint of all products sold by PepsiCo in 2015 was calculated. Being total lifecycle, this covered the entire value chain, including activities both upstream and downstream of PepsiCo. Specifically for this category "purchased goods and services", this was determined to be the raw materials or agricultural portion of the overall lifecycle product carbon footprint of all PepsiCo products.

Activity
Consumption

Scope 3 category
Use of sold products

Emissions (metric tons CO2e)
3046900

Please explain
The starting point in this category was the total emissions calculated for all PepsiCo products (see section Purchased goods and services). For "use of sold products," this was determined to be the use phase portions of the overall lifecycle product carbon footprint of all PepsiCo products. The use phase of emission of products included emissions from the refrigeration of beverages at home prior to consumption.

Activity
Consumption

Scope 3 category
End of life treatment of sold products

Emissions (metric tons CO2e)
1195840

Please explain
The starting point in this category was the total emissions calculated for all PepsiCo products (see section Purchased goods and services). For "end of life treatment of sold products," this was determined to be the packaging end of life portion of the overall lifecycle product carbon footprint of all PepsiCo products. This includes emissions from the waste treatment of the packaging materials used in PepsiCo products, and considers the impact of various methods of treatment (recycling, landfill, incineration with or without energy recovery).

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?
No

C-AC6.8/C-FB6.8/C-PF6.8

(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?

No

C-AC6.9/C-FB6.9/C-PF6.9

(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?

Agricultural commodities

Palm Oil

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

We calculate GHG emissions from this commodity for certain geographies using secondary data and literature review.

Agricultural commodities

Sugar

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

We calculate GHG emissions from this commodity for certain geographies using secondary data and literature review.

Agricultural commodities

Wheat

Do you collect or calculate GHG emissions for this commodity?

No, not currently but intend to collect or calculate this data within the next two years

Please explain

Wheat supply chains have very low traceability and so we have not yet ascertained the source regions for the majority of our wheat. We are working towards this.

Agricultural commodities

Other (Potatoes, corn)

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

We calculate GHG emissions from this commodity for certain geographies using industry accepted tools/methodologies such as the Cool Farm Tool. We calculate GHG emissions from this commodity for certain geographies using industry accepted tools/methodologies such as the Cool Farm Tool and the Fieldprint Calculator.

C-AC6.9a/C-FB6.9a/C-PF6.9a

(C-AC6.9a/C-FB6.9a/C-PF6.9a) Report your greenhouse gas emissions figure(s) for your disclosing commodity(ies), explain your methodology, and include any exclusions.

Palm Oil

Reporting emissions by
Total

Emissions (metric tons CO2e)
1310000

Denominator: unit of production
<Not Applicable>

Change from last reporting year
This is our first year of measurement

Please explain
We have calculated emissions from this commodity for volume coming from Indonesia and Malaysia only.

Sugar

Reporting emissions by
Total

Emissions (metric tons CO2e)
895220

Denominator: unit of production
<Not Applicable>

Change from last reporting year
This is our first year of measurement

Please explain
We have calculated land use emissions only from this commodity for volume coming from Brazil, Mexico, Thailand and India only.

Wheat

Reporting emissions by
Total

Emissions (metric tons CO2e)
589000

Denominator: unit of production
<Not Applicable>

Change from last reporting year
This is our first year of measurement

Please explain
We are working towards traceability within our wheat supply chains. The data reported here is an analysis conducted in 2015 from our purchased volumes.

Other

Reporting emissions by
Total

Emissions (metric tons CO2e)
6332000

Denominator: unit of production
<Not Applicable>

Change from last reporting year
This is our first year of measurement

Please explain
We are in the process of collating data collected for this commodity. The data reported here is an analysis conducted in 2015 from our purchased volumes. The emissions reported are aggregate for potatoes and corn.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.000086

Metric numerator (Gross global combined Scope 1 and 2 emissions)
5448470

Metric denominator
unit total revenue

Metric denominator: Unit total
63525000000

Scope 2 figure used
Market-based

% change from previous year
6

Direction of change
Decreased

Reason for change
Our emissions have declined by 1% while revenue has increased by 1.15%. This can be attributed to emission reduction activities implemented during the reporting year. We are investing in a variety of actions across our operations, including energy efficiency improvements driven by our Resource Conservation (ReCon) program, a comprehensive, global platform of resources, tools and programs designed to improve energy, water and waste efficiencies in our manufacturing processes.

Intensity figure
0.17

Metric numerator (Gross global combined Scope 1 and 2 emissions)
5448470

Metric denominator
metric ton of product

Metric denominator: Unit total
32642870

Scope 2 figure used
Market-based

% change from previous year
2

Direction of change
Increased

Reason for change
Changes in product mix resulting in different energy demand profiles. Partly mitigated by the reduction initiatives that have been implemented and started to have an impact. We have seen a 3.8% reduction in company-manufactured beverages, and a 1% increase in company-manufactured snacks. This has shifted our production slightly to the higher energy intensity snacks products, as well as a slight loss in efficiency in beverages due to the reduced volume throughout.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Argentina	13630
Australia	30430
Belgium	29740
Bosnia and Herzegovina	2210
Brazil	96730
Canada	183930
Chile	19120
China	34000
Colombia	29280
Costa Rica	510
Cyprus	1380
Czechia	5580
Dominican Republic	7040
Ecuador	3640
Egypt	145160
El Salvador	1580
Estonia	60
France	2360
Georgia	1050
Germany	7250
Greece	6190
Guatemala	19320
Honduras	2670
Hungary	870
India	13810
Ireland	4210
Italy	580
Jordan	510
Kyrgyzstan	0
Mexico	422420
Netherlands	16390
New Zealand	6530
Pakistan	19370
Panama	620
Peru	7200
Poland	47710
Portugal	12030
Romania	14730
Russian Federation	284480
Saudi Arabia	47730
Serbia	7390
Singapore	900
Slovakia	740
South Africa	39230
Spain	36240
Taiwan (Province of China)	4620
Thailand	25570
Turkey	38250
Ukraine	16890
United Kingdom of Great Britain and Northern Ireland	93920
United States of America	1924000
Uruguay	1530
Viet Nam	3190

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Frito-Lay North America	1098700
Latin America	618320
North America Beverages	1011050
Asia, Middle East and North Africa (AMENA)	330220
Europe Sub-Saharan Africa (ESSA)	665300
PepsiCo Global Concentrate	10930

C-AC7.4/C-FB7.4/C-PF7.4

(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?

No

C-AC7.4c/C-FB7.4c/C-PF7.4c

(C-AC7.4c/C-FB7.4c/C-PF7.4c) Why do you not include greenhouse gas emissions pertaining your business activity(ies) in your direct operations as part of your global gross Scope 1 figure? Describe any plans to do so in the future.

	Primary reason	Please explain
Row 1	Judged to be unimportant	PepsiCo owns/manages some agricultural land within our direct operations. Lands are usually used to grow crops for our products. The amount of land this represents in our overall agricultural supply chain is judged to be small and, therefore, de-Minimis. Due to internal complexities in collecting this data we are not reporting emissions from company-owned agricultural land.

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Argentina	8390	8390	21850	0
Australia	29770	29770	39420	50
Belgium	8440	7690	38710	0
Bosnia and Herzegovina	1730	1730	2010	0
Brazil	18280	18220	116900	370

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Canada	29240	29240	177270	0
Chile	8250	8250	18820	0
China	35460	35420	56430	0
Colombia	5790	5790	28880	0
Costa Rica	0	0	460	0
Cyprus	460	500	700	170
Czechia	6610	8710	14960	0
Dominican Republic	6050	6050	10090	0
Ecuador	1410	1410	4200	0
Egypt	49300	49300	104350	0
El Salvador	210	210	780	0
Estonia	0	0	0	0
France	370	320	6810	0
Georgia	310	310	2660	0
Germany	4140	7170	9870	0
Greece	2950	2960	5070	0
Guatemala	6200	6200	14560	0
Honduras	1020	1020	2630	0
Hungary	0	0	0	0
India	83740	83740	130090	35560
Ireland	4280	7820	10270	0
Italy	200	100	640	420
Jordan	7810	7800	13270	0
Kyrgyzstan	4090	4090	21470	0
Mexico	143920	107410	312910	79800
Netherlands	8100	1360	19240	16710
New Zealand	800	800	6460	0
Pakistan	7690	7690	18720	10
Panama	520	520	1660	0
Peru	2680	2680	10960	0
Poland	30870	42480	49920	0
Portugal	2870	20	8600	9000
Romania	10570	12450	31930	0
Russian Federation	132310	132310	413850	0
Saudi Arabia	29730	29730	40940	20
Serbia	0	0	13560	0
Singapore	2940	2940	6750	0
Slovakia	0	0	0	0
South Africa	29130	29130	29420	0
Spain	13400	2060	45780	40630
Taiwan (Province of China)	4560	4550	7210	0
Thailand	45220	45220	88530	160
Turkey	29070	29070	68240	0
Ukraine	15920	15920	46170	0
United Kingdom of Great Britain and Northern Ireland	31540	35370	86940	1430
United States of America	877360	877360	1878620	2480
Uruguay	480	480	9380	0
Viet Nam	2190	2190	4570	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Frito-Lay North America	370790	370790
Latin America	199260	162750
North America Beverages	533920	533920
Asia, Middle East and North Africa (AMENA)	293530	293500
Europe Sub-Saharan Africa (ESSA)	333100	333750
PepsiCo Global Concentrate	15770	19240

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	1420	Decreased	0.03	A number of new renewable energy projects and sourcing were introduced in 2017. Calculated as CO2 savings from RE projects. Change = sum of GHG reductions minus energy efficiency emission reductions. Percentage (0.03%) = Change in RE consumption (1,420) divided by sum of scope 1 and scope 2 emissions (5,448,470) X100
Other emissions reduction activities	82810	Decreased	1.52	We have undertaken many energy efficiency initiatives to drive improvements in our energy consumption. The net effect is calculated as the sum of scope 1 and 2 impacts of energy efficiency projects (82,810) emissions divided by the sum of scope 1 and scope 2 emissions (5,448,470) X100 = 1.52%
Divestment		<Not Applicable>		
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	34710	Increased	0.64	While a number of our sites experienced a decrease in production, others have experienced an increase in production. These changes affect the equipment, as well as the energy consumption profiles of the equipment during operation and non-operation. In addition, our products have different energy consumption profiles and we have seen changes in product mix that had an impact on overall energy consumption and the associated emissions. This has led to both increases and decreases in emissions across our facilities. Net effect is an increase. This is calculated as the sum of the decrease in emissions assumed from change in production (-43,890) and the increase in emissions due to product mix change (78,600) divided by the sum of scope 1 and scope 2 emissions (5,448,470) X100 = 0.64%
Change in methodology		<Not Applicable>		
Change in boundary		<Not Applicable>		
Change in physical operating conditions		<Not Applicable>		
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	536070	18757960	19294030
Consumption of purchased or acquired electricity	<Not Applicable>	146110	3790890	3937000
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	28910	87590	116500
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	11790	<Not Applicable>	11790
Total energy consumption	<Not Applicable>	722880	22636440	23359320

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Biodiesel

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
260

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

Fuels (excluding feedstocks)
Biogas

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
110190

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

Fuels (excluding feedstocks)
Coal

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
152880

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

Fuels (excluding feedstocks)
Fuel Oil Number 2

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
6306360

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

Fuels (excluding feedstocks)
Fuel Oil Number 4

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
69750

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

Fuels (excluding feedstocks)
Fuel Oil Number 6

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
230

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

Fuels (excluding feedstocks)
Gas Oil

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
895900

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

Fuels (excluding feedstocks)
Kerosene

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
360

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration

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Fuels (excluding feedstocks)
Liquefied Petroleum Gas (LPG)

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
766340

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

Fuels (excluding feedstocks)

Natural Gasoline

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
10567000

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

Fuels (excluding feedstocks)
Solid Biomass Waste

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
424760

MWh fuel consumed for the self-generation of electricity
0

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
0

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Biodiesel

Emission factor
0.25

Unit
metric tons CO2e per MWh

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

Biogas

Emission factor
0.2

Unit
metric tons CO2e per metric ton

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

Coal

Emission factor
0.32

Unit
metric tons CO2e per MWh

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

Fuel Oil Number 2

Emission factor
0.25

Unit
metric tons CO2e per MWh

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

Fuel Oil Number 4

Emission factor
0.28

Unit
metric tons CO2e per MWh

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

Fuel Oil Number 6

Emission factor
0.27

Unit
metric tons CO2e per MWh

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

Gas Oil

Emission factor
0.24

Unit
metric tons CO2e per MWh

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

Kerosene

Emission factor
0.25

Unit
metric tons CO2e per MWh

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

Liquefied Petroleum Gas (LPG)

Emission factor
0.21

Unit
metric tons CO2e per MWh

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

Natural Gasoline

Emission factor
0.18

Unit
metric tons CO2e per MWh

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

Solid Biomass Waste

Emission factor
0.35

Unit
metric tons CO2e per MWh

Emission factor source
UK Department for Business, Energy and Industrial Strategy: Greenhouse gas reporting: conversion factors 2018

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	309040	298430	55890	55890
Heat	0	0	0	0
Steam	572950	572950	362040	362040
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor
Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company

Low-carbon technology type
Solar PV

MWh consumed associated with low-carbon electricity, heat, steam or cooling
3340

Emission factor (in units of metric tons CO2e per MWh)
0

Comment

Basis for applying a low-carbon emission factor
Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company

Low-carbon technology type
Wind

MWh consumed associated with low-carbon electricity, heat, steam or cooling
8450

Emission factor (in units of metric tons CO2e per MWh)
0

Comment

Basis for applying a low-carbon emission factor
Contract with suppliers or utilities (e.g. green tariff), not supported by energy attribute certificates

Low-carbon technology type
Solar PV
Wind

MWh consumed associated with low-carbon electricity, heat, steam or cooling
175020

Emission factor (in units of metric tons CO2e per MWh)
0

Comment
This is a direct procurement contract with a grid-connected generator or Power Purchase Agreement (PPA), where electricity attribute certificates do not exist or are not required for a usage claim

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C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope
Scope 1

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
PepsiCo_BVNA - CDP Verification Statement Limited 2017 RY-5_14_2018 (1).pdf

Page/ section reference
Pages 1-2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year

Complete

Type of verification or assurance
Limited assurance

Attach the statement
PepsiCo_BVNA - CDP Verification Statement Limited 2017 RY-5_14_2018 (1).pdf

Page/ section reference
Pages 1-2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
PepsiCo_BVNA - CDP Verification Statement Limited 2017 RY-5_14_2018 (1).pdf

Page/ section reference
Pages 1-2

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope
Scope 3- at least one applicable category

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Attach the statement
PepsiCo_BVNA - CDP Verification Statement Limited 2017 RY-5_14_2018 (1).pdf

Page/section reference
Pages 1-2

Relevant standard
ISAE3000

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Other, please specify (Energy consumption)	ISO14064-3	Energy consumption associated with manufacturing and warehouse operations, fleet operations, offices and distribution centers.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

California CaT

EU ETS

Ontario CaT

C11.1b

(C11.1b) Complete the following table for each of the emissions trading systems in which you participate.

California CaT

% of Scope 1 emissions covered by the ETS
1.51

Period start date
January 1 2017

Period end date
December 31 2017

Allowances allocated
52170

Allowances purchased
0

Verified emissions in metric tons CO2e
56340

Details of ownership
Facilities we own and operate

Comment
Purchase of allowances not required yet at the time of filing but purchased by end of year.

EU ETS

% of Scope 1 emissions covered by the ETS
2.6

Period start date
January 1 2017

Period end date
December 31 2017

Allowances allocated
46301

Allowances purchased
44000

Verified emissions in metric tons CO2e
97210

Details of ownership
Facilities we own and operate

Comment

Ontario CaT

% of Scope 1 emissions covered by the ETS
0.52

Period start date
January 1 2017

Period end date
December 31 2017

Allowances allocated
19750

Allowances purchased
0

Verified emissions in metric tons CO2e
19500

Details of ownership
Facilities we own and operate

Comment
Verification has not yet been performed as of date of filing but will be purchased by end of year.

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

Our first priority is to leverage our Resource Conservation (ReCon) Program to drive improvements in our energy efficiency to reduce emissions from facilities covered by Emission Trading Schemes (ETS). Examples of how we have applied this program as part of our compliance strategy include behavioral-based initiatives, as well as capital investments to reduce fuel consumption and switching to renewable fuels, such as anaerobic digesters.

In addition to our own reduction efforts, each of our ETS sites also currently receives an allocation of free allowances towards their compliance. Beyond the free allowances, we purchase allowances to meet final verified emissions, as appropriate. We do not currently source project based carbon allowances for ETS compliance. Over the longer term, we are continuing to investigate and plan to invest in further energy efficiency opportunities, as well as heat recovery and reuse and renewable fuels.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Compliance & onboarding

Details of engagement
Code of conduct featuring climate change KPIs

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% Scope 3 emissions as reported in C6.5
100

Rationale for the coverage of your engagement
We hold our suppliers to the same standards of integrity to which we hold ourselves. An unethical or illegal act by a supplier may hurt PepsiCo's reputation as a world-class company and cause a loss of goodwill in the communities we serve. Therefore, all suppliers are expected to follow our Supplier Code of Conduct, and relevant policies and commitments as a condition of doing business with us. Suppliers, vendors, contractors, consultants, agents and other providers of goods and services who do business with PepsiCo entities worldwide are expected to follow this Guideline, where the standards apply.

Impact of engagement, including measures of success
We have recently amended the environmental language / expectation in our Supplier Code (SCoC) and the changes took effect starting in 2018. As part of the amendment, suppliers are required to carry out operations with care for the environment and specifically comply with all applicable environmental laws and regulations. Suppliers are also encouraged to identify, set targets and implement action plans for reducing environmental impacts in the areas of water, wastewater, energy, greenhouse gas emissions, waste and packaging. We track the number of suppliers who take our online supplier code of conduct training. In 2017, 100% of our key suppliers took the training. Our Sustainable Sourcing Program (SSP) assesses risk and monitors supplier compliance with our SCoC through third-party auditing of our most business-critical direct suppliers and contract manufacturing and co-packing locations across 68 countries.

Comment

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

% total procurement spend (direct and indirect)
80

% Scope 3 emissions as reported in C6.5
57

Rationale for the coverage of your engagement
We collect climate change and carbon information from our suppliers through the annual CDP Supply Chain process. Included in this process are suppliers in our key emissions categories like agriculture, packaging and third party logistics. Suppliers selected represent our top suppliers within the category that cover ~80% of procurement spend.

Impact of engagement, including measures of success

Our measures of success are our supplier participation rate and average supplier score. As an indicator of the impact of our engagement in 2017 our response rate was 90% well above average among CDP Supply Chain members with an average supplier score of a C. 71% of our suppliers indicated having a target for emissions reduction. We will continue collecting climate information from our suppliers through this process and use the results as a way of encouraging and incentivizing our suppliers to further act on managing and mitigating climate-related issues.

Comment

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

% total procurement spend (direct and indirect)
79

% Scope 3 emissions as reported in C6.5
4

Rationale for the coverage of your engagement
Our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), is a program we use to engage with growers on farms of all sizes and types around the world in order to encourage continual improvement in sustainable farming practices, expand respect for workers' human rights, enhance growers' capabilities, and address risks. We have initiated SFP with farmers from which we source directly, given our existing relationships with those farmers and the importance of directly sourced agricultural raw materials to the continuity of our business. By 2025, our goal is to expand the SFP and other programs recognized by PepsiCo's benchmarking protocol to our indirect crops as well. To date, we have focused on engaging growers and bringing them into the SFP through Farm Management Groups (FMGs).

Impact of engagement, including measures of success
To date, we have focused on engaging growers and bringing them into the SFP through Farm Management Groups (FMGs). As an indicator of the impact of our engagement, as of year-end 2017, 79% of the volume of the agricultural raw materials that we directly source has been supplied by FMGs engaged in our SFP. The percentage of FMGs engaged is one metric by which we are measuring progress. The second metric – representing our ultimate objective – is the percentage of directly sourced agricultural raw materials that we have verified as sustainably sourced.

Comment

Type of engagement
Engagement & incentivization (changing supplier behavior)

Details of engagement
Run an engagement campaign to educate suppliers about climate change

% of suppliers by number

% total procurement spend (direct and indirect)
79

% Scope 3 emissions as reported in C6.5
4

Rationale for the coverage of your engagement
The SFP was created as the primary vehicle for delivering against PepsiCo's aspirations for sustainability at the farm level within our agricultural supply chain. The program is comprised of two components: • The SFP Code, which lists PepsiCo's farm-level sustainable agriculture principles and practices, and • The SFP Continuous Improvement Process, whereby farmers are continually assessed against the SFP Code and efforts taken to address missing sustainable agriculture principles. The SFP Continuous Improvement Process is a cyclical process geared towards assessing and then addressing sustainability opportunities at the farm level within PepsiCo's agricultural supply chain.

Impact of engagement, including measures of success
To date, we have focused on engaging growers and bringing them into the SFP through Farm Management Groups (FMGs). As an indicator of the impact of our engagement, as of year-end 2017, 79% of the volume of the agricultural raw materials that we directly source has been supplied by FMGs engaged in our SFP. The percentage of FMGs engaged is one metric by which we are measuring progress. The second metric – representing our ultimate objective – is the percentage of directly sourced agricultural raw materials that we have verified as sustainably sourced.

Comment

Type of engagement
Innovation & collaboration (changing markets)

Details of engagement
Other, please specify (Research & Development on new technology)

% of suppliers by number

% total procurement spend (direct and indirect)
5

% Scope 3 emissions as reported in C6.5
5

Rationale for the coverage of your engagement
By working with key material suppliers, PepsiCo has been able to develop, test market and then commercialize new bio-based compounds for flexible packaging for several of its businesses, including Frito-Lay. PepsiCo worked with a key resin manufacturer, and a leading bio-polymer compounder, to produce the new bio-based compounds. Our supplier adapted its film extrusion lines to handle the compounded resin and produce high-quality films. Then a converter optimized its process to print and laminate the new films.

Impact of engagement, including measures of success
By working with key material suppliers, PepsiCo has been able to develop, test market and then commercialize new bio-based compounds for flexible packaging for several of its businesses, including Frito-Lay. PepsiCo worked with a key resin manufacturer, and a leading bio-polymer compounder, to produce the new bio-based compounds. Our supplier adapted its film extrusion lines to handle the compounded resin and produce high-quality films. Then a converter optimized its process to print and laminate the new films. GHG emission reduction through the implementation of this technology will be a key metric tracked for this initiative. In addition, this also contributes towards our sustainable packaging goal.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement
Education/information sharing

Details of engagement
Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

Size of engagement

% Scope 3 emissions as reported in C6.5
18

Please explain the rationale for selecting this group of customers and scope of engagement
We introduced the PepsiCo Recycling initiative in 2010 and have continued to scale it up ever since. PepsiCo Recycling programs bring recycling solutions to colleges and universities, K-12 schools, high-traffic retail locations, professional sports facilities, events, and other organizations across the U.S. with the goal of increasing beverage container recycling rates. These customers and venues are chosen as they represent areas where high volumes of our products are consumed. We educate and inspire consumers through the belief that simple acts lead to a big impact. We believe that every bottle and can recycled helps make communities and the world a cleaner, more sustainable place.

Impact of engagement, including measures of success
Our measures of success include the number of containers collected and year over year trends in collection numbers. In 2017, the PepsiCo Recycling Program collected 72 million post-consumer containers for recycling in the U.S. an approximately 160 percent increase in container collections as compared to 2016.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

Size of engagement
100

% Scope 3 emissions as reported in C6.5
57

Please explain the rationale for selecting this group of customers and scope of engagement
PepsiCo has strong relationships with our customers like our largest retail customer worldwide. We regularly work with this customer on programs with climate-related benefits, such as the Mid-West Row Crop Collaborative, which is a group of companies and conservation organizations working to expand agricultural solutions that protect air and water quality and enhance soil health across the entire U.S. corn and soy system in the Midwest. PepsiCo also worked with this customer to help create the Closed Loop Fund in 2014 and continues to increasingly support and invest in the fund to improve recycling both in the U.S., and internationally.

Impact of engagement, including measures of success
Measures of success for The Midwest Row Crop Collaborative are: By 2025 • 75% of row crop acres in Illinois, Iowa and Nebraska are engaged in sustainability measures • Reduce nutrient loading in these states by 20 percent • 50 percent of all irrigation units used in Nebraska will maximize water conservation By 2035 • Illinois, Iowa and Nebraska have met the 45 percent nitrogen loss reduction goal and partnerships established to expand across the Upper Mississippi River Basin. The Closed Loop Fund has continued to make progress since its launch. The fund estimates that it will eliminate more than 16 million tons of greenhouse gas emissions, divert more than 8 million cumulative tons of waste from landfills, improve recycling for more than 18 million households and save nearly $60 million for American cities.

Type of engagement
Collaboration & innovation

Details of engagement
Run a campaign to encourage innovation to reduce climate change impacts

Size of engagement

% Scope 3 emissions as reported in C6.5
2

Please explain the rationale for selecting this group of customers and scope of engagement
PepsiCo has a Partner Outreach Program to drive energy conservation with strategic franchise operations in the U.S., Mexico, Latin America, South America, Western Europe and Asia. We have made efforts to expand our Resource Conservation program to our franchise operations by providing trainings and access to tools that help measure and track performance, identify and implement improvement opportunities. This is a natural extension of our work within our owned operations to our franchise operations.

Impact of engagement, including measures of success
We track GHG emissions reduction within franchise operations as a measure of success. As a result of our engagements, we have seen ~98,000 MT of GHG emission reductions within our franchise operations through energy efficiency and renewable energy measures.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

We value our collaborations with other stakeholders, and are actively involved in creating and fostering pre-competitive collaborations to reduce greenhouse gas emissions. Stakeholders include peer companies, as well as non-profit organizations and industry groups. These engagements help us learn about emerging sustainability topics, better inform our efforts, and help us work to create value for society. We use a variety of mechanisms to solicit feedback from our stakeholders, including bilateral meetings and participation in stakeholder networks, outreach programs, webinars and working together on a wide variety of topics, including climate. Some examples of our climate-related value chain engagements are provided here. PepsiCo is one of the founding members — along with institutions like The Nature Conservancy and individuals like Michael Bloomberg — of the Climate Leadership Council, advocating a consensus climate solution — including a gradually rising and revenue-neutral carbon tax — that bridges partisan divides, strengthens our economy, and protects our environment. To support our company's transition to renewable energy sources, PepsiCo has also joined the Business Renewables Center at the Rocky Mountain Institute and signed on to the Renewable Energy Buyers' Principles, developed by leading nongovernmental organizations to help increase access to more renewable energy in the United States. PepsiCo is a supporter of sustainable forestry and a member of The Consumer Goods Forum (TCGF). As a member of TCGF, we are proud signatories of the forum's resolutions on deforestation and sustainable refrigeration released in November 2010, goals which will have a significant positive impact on climate change. Within our sustainable agriculture space, we are strong believers that collaboration can be a powerful driver of change. That is why we actively work with several organizations that foster insights and best practice sharing on agricultural practices within the global food and beverage and related industries. These include the Sustainable Agriculture Initiative (SAI) Platform, Cool Farm Alliance, and Field to Market Initiative. We are also a member and contributor to the World Food Life Cycle Database.

C-AC12.2/C-FB12.2/C-PF12.2

(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?

Yes

C-AC12.2a/C-FB12.2a/C-PF12.2a

(C-AC12.2a/C-FB12.2a/C-PF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.

Management practice reference number

MP1

Management practice

Crop rotation

Description of management practice

Through our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), growers are encouraged to implement crop rotation practices to improve soil fertility, as well as manage pests

Your role in the implementation

Financial
Knowledge sharing
Operational
Procurement

Explanation of how you encourage implementation

For PepsiCo, sustainable agriculture is critical to the continued growth of our business, ensuring food safety and crop resilience for continued and localized supply. As a corporation that has a global reach but operates locally in the communities where we do business, we provide relevant expertise to help advance the ways in which farming is carried out around the world. This benefits individual farmers and the communities that rely on them, while helping protect our license to operate. Our SFP is a program we use to engage with growers on farms of all sizes and types around the world in order to encourage continual improvement in sustainable farming practices, expand respect for workers' human rights, enhance growers' capabilities, and address risks. The SFP is comprised of two components: • The SFP Code, which lists PepsiCo's farm-level sustainable agriculture principles and practices. The Code draws from principles of externally recognized agricultural codes, such as those published by the Rainforest

Alliance, GlobalG.A.P, Bonsucro, and the Roundtable on Sustainable Palm Oil (RSPO). • The SFP Continuous Improvement Process, through which farmers are continually assessed and efforts are taken to drive improvement in sustainable agriculture. To date, we have focused on engaging growers and bringing them into the SFP through Farm Management Groups (FMGs), which are groups of farmers that show consistency across geography, crop, farm size, and a variety of other factors. PepsiCo considers an FMG engaged when: • An initial assessment against our SFP Principles and Practices has been completed; • Sustainability opportunities have been identified and improvement programs developed; and • Grower engagement in these improvement programs has been initiated. The percentage of FMGs engaged is one metric by which we are measuring progress. The second metric – representing our ultimate objective – is the percentage of directly-sourced agricultural raw materials that we have verified as sustainably sourced.

Climate change related benefit
Emissions reductions (mitigation)
Increasing resilience to climate change (adaptation)
Increase carbon sink (mitigation)
Reduced demand for fossil fuel (adaptation)
Reduced demand for fertilizers (adaptation)
Reduced demand for pesticides (adaptation)

Comment

Management practice reference number
MP2

Management practice
Fertilizer management

Description of management practice
Through our SFP, growers are encouraged to manage fertilizers by incorporating into the soil, using split application to minimize nitrous oxide emissions. Growers are encouraged to use tools to determine the amount of fertilizer to apply as well as to use organic fertilizer and low carbon fertilizers.

Your role in the implementation
Financial
Knowledge sharing
Operational
Procurement

Explanation of how you encourage implementation
For PepsiCo, sustainable agriculture is critical to the continued growth of our business, ensuring food safety and crop resilience for continued and localized supply. As a corporation that has a global reach but operates locally in the communities where we do business, we provide relevant expertise to help advance the ways in which farming is carried out around the world. This benefits individual farmers and the communities that rely on them, while helping protect our license to operate. Our SFP is a program we use to engage with growers on farms of all sizes and types around the world in order to encourage continual improvement in sustainable farming practices, expand respect for workers' human rights, enhance growers' capabilities, and address risks. The SFP is comprised of two components: • The SFP Code, which lists PepsiCo's farm-level sustainable agriculture principles and practices. The Code draws from principles of externally recognized agricultural codes, such as those published by the Rainforest Alliance, GlobalG.A.P, Bonsucro, and the RSPO. • The SFP Continuous Improvement Process, through which farmers are continually assessed and efforts are taken to drive improvement in sustainable agriculture. To date, we have focused on engaging growers and bringing them into the SFP through FMGs, which are groups of farmers that show consistency across geography, crop, farm size, and a variety of other factors. PepsiCo considers an FMG engaged when: • An initial assessment against our SFP Principles and Practices has been completed; • Sustainability opportunities have been identified and improvement programs developed; and • Grower engagement in these improvement programs has been initiated. The percentage of FMGs engaged is one metric by which we are measuring progress. The second metric – representing our ultimate objective – is the percentage of directly-sourced agricultural raw materials that we have verified as sustainably sourced.

Climate change related benefit
Emissions reductions (mitigation)
Increasing resilience to climate change (adaptation)
Increase carbon sink (mitigation)
Reduced demand for fossil fuel (adaptation)
Reduced demand for fertilizers (adaptation)
Reduced demand for pesticides (adaptation)

Comment

C-AC12.2b/C-FB12.2b/C-PF12.2b

(C-AC12.2b/C-FB12.2b/C-PF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged?

Yes

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Funding research organizations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Carbon tax	Support	In 2017, we became a founding member of the U.S. Climate Leadership Council (CLC). The CLC is an international policy institute founded in collaboration with a who's who of business, opinion and environmental leaders to promote a carbon dividend framework as the most cost-effective, equitable and politically-viable climate solution. The Council is currently active in the United States and United Kingdom, and intends to expand to Germany, China and India next.	CLC proposes a carbon tax and dividend program to be implemented at the federal level in the United States. The program is based on four interdependent pillars: 1. A gradually rising and revenue-neutral carbon tax; 2. Carbon dividend payments to all Americans, funded by 100% of the revenue; 3. The rollback of carbon regulations that are no longer necessary; and 4. Broader carbon adjustments to level the playing field and promote American competitiveness.
Energy efficiency	Support	In 2017, we joined vehicle fleet operators, vehicle manufacturers, fuel producers, and industry groups, in expressing our strong support for the California Low Carbon fuel Standard (LCFS). The letter sent to Governor Jerry Brown and others expressed how the LCFS gives us the incentive to invest in vehicle, as well as fuel technologies today in order to bring down costs in the future. The LCFS is needed to ensure that California fulfills its statutorily-mandated greenhouse gas emission reduction targets. The LCFS promotes competition by rewarding all technologies that deliver low-carbon energy for transportation, and the policy is creating innovation for California across a range of industries.	The Low Carbon Fuel Standard (LCFS) is administered by the California Air Resources Board. Established In 2007 through a Governor's Executive Order, the LCFS requires producers of petroleum-based fuels to reduce the carbon intensity of their products, beginning with a quarter of a percent in 2011 culminating in a 10 percent total reduction in 2020.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association
American Beverage Association (ABA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position
We understand that ABA may support various types of legislation related to climate change, such as legislation on energy efficiency, consistent with PepsiCo's views.

How have you, or are you attempting to, influence the position?
PepsiCo is an active member of ABA. We regularly share information on our Performance with Purpose vision relating to climate change and related issues.

Trade association
Grocery Manufacturers' Association (GMA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
We understand that GMA may support various types of legislation related to climate change, such as legislation on energy efficiency, consistent with PepsiCo's views.

How have you, or are you attempting to, influence the position?
PepsiCo is a member of the GMA Board. We regularly share information on our Performance with Purpose vision relating to climate change and related issues.

Trade association
Union of European Soft Drinks Associations (UNESDA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
We understand that UNESDA welcomes the European Commission's proposal for establishing a Circular Economy in Europe and the recently concluded review of the Waste Framework Directive (WFD) and the Packaging and Packaging Waste Directive (PPWD). UNESDA's members are conscious of their responsibility for the end-of-life phase of packaging and advocate for a strong European framework on Extended Producer Responsibility (EPR) for packaging to increase efficiency and transparency of EPR in Europe. UNESDA supports the objective of increasing resource efficiency, sustainability and progress towards a circular economy through the recycling of materials.

How have you, or are you attempting to, influence the position?
PepsiCo is an active member of UNESDA with a seat at the Board. PepsiCo participates in UNESDA's two main committees, as well as in the Task Force on Packaging that deals specifically with the Circular Economy Package.

Trade association
FoodDrinkEurope

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The long-term supply of safe, high-quality and affordable raw materials may be at stake as experts warn that all aspects of food security will potentially be affected by climate change, including food production and price stability. This global challenge will have far-reaching implications for the competitiveness and sustainability of all food and drink manufacturers. It is our understanding that this is why European food and drink manufacturers are actively working to try to mitigate climate change and proactively engaging with other providers along the supply chain, governments, civil society, researchers and other stakeholders.

How have you, or are you attempting to, influence the position?
PepsiCo is a member of the FoodDrinkEurope Board and participates in a variety of committees and working groups.

Trade association
European Organization for Packaging and Environment (EUROPEN)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
EUROPEN supports the objectives of the EU Circular Economy package. EUROPEN advocates for a packaging waste policy

framework that clearly defines the roles and responsibilities of all actors involved in waste management. The new Circular Economy Package should safeguard the EU internal market and be based on the principle of life cycle assessment.

How have you, or are you attempting to, influence the position?
PepsiCo is part of the EUROPEN Executive Committee and of the technical Task Force on Circular Economy that is responsible for analyzing policy developments and building an advocacy plan for the association.

Trade association
European Snacks Association (ESA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
We understand that ESA supports sustainable practices to protect natural resources.

How have you, or are you attempting to, influence the position?
PepsiCo is an ESA Board member and holds the Chairmanship of the Communication Committee.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?
No

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Climate change is an important issue for our company, customers, consumers and our world. We believe governments and industry should move quickly and commit to ambitious, science-based action, in an effort to reduce greenhouse gas (GHG) emissions and improve our resilience to climate-related impacts.

PepsiCo has policies and programs in place to address climate change, and we engage regularly with industry, Non-Governmental Organizations (NGOs) and other stakeholders to promote actions that protect the climate. For example, in 2017 we became a founding member of the U.S. Climate Leadership Council. We have a record of supporting climate policy through membership in the U.S. Climate Action Partnership, signing the American Business Act on Climate Pledge, and supporting the Paris Climate Agreement.

Our efforts on climate action include working to (i) expand the use of sustainable farming practices, (ii) deploy HFC-free cooling equipment, (iii) reduce emissions from our truck fleet, (iv) strive for zero deforestation in our supply chain, (v) increase recycled content in our packaging, and (vi) implement energy efficiency and renewable energy investments at our facilities.

PepsiCo is a member of many trade associations and other business and civil society associations, and we do not always agree with all of the positions these associations may take on specific policy matters. As such, there may be times when PepsiCo chooses not to fund certain initiatives sponsored by such organizations. PepsiCo representatives on the boards and committees of such groups ensure that PepsiCo's position about policy or related activities is voiced.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

PepsiCo has specific teams and individuals that are assigned responsibilities for developing corporate policy and regulatory positions, as well as engaging on regulatory policy with external stakeholders, including public policymakers, trade associations and non-government actors. The Public Policy and Government Affairs (PPGA) teams manage relationships with government actors and coordinates activities that may influence regulatory policy globally. Internally, the PPGA teams also work closely with the Office of Sustainability to ensure that our external engagements are aligned with our overall climate strategy. PPGA teams embedded within our business divisions and markets also work with their counterpart sustainability teams within those divisions, as well as the Office of Sustainability to align on activities.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
pepsico-inc-2017-annual-report.pdf

Content elements
Governance
Strategy
Risks & opportunities

Publication
In voluntary sustainability report

Status
Complete

Attach the document
pepsico_2017_csr.pdf

Content elements
Strategy
Emissions figures
Emission targets
Other metrics

Publication
In voluntary communications

Status
Complete

Attach the document
A-Z Topics on Corporate Sustainability Topics - PepsiCo.pdf

Content elements
Strategy
Emissions figures
Emission targets
Other metrics

C13. Other land management impacts

C-AC13.1/C-FB13.1/C-PF13.1

(C-AC13.1/C-FB13.1/C-PF13.1) Do you know if any of the management practices implemented on your own land disclosed in C-AC4.4a/C-FB4.4a/C-PF4.4a have other impacts besides climate change mitigation/adaptation?

Yes

C-AC13.1a/C-FB13.1a/C-PF13.1a

(C-AC13.1a/C-FB13.1a/C-PF13.1a) Provide details on those management practices that have other impacts besides climate change mitigation/adaptation and on your management response.

Management practice reference number

MP1

Overall effect

Positive

Which of the following has been impacted?

Biodiversity
Soil
Water
Yield
Other, please specify (Waste, Ag Chemicals)

Description of impact

Our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), is a program we use to engage with growers on farms of all sizes and types around the world in order to encourage continual improvement in sustainable farming practices, expand respect for workers' human rights, enhance growers' capabilities, and address risks. The SFP program is comprised of two components: • The SFP Code, which lists PepsiCo's farm-level sustainable agriculture principles and practices. The Code draws from principles of externally recognized agricultural codes, such as those published by the Rainforest Alliance, GlobalG.A.P., Bonsucro, and the Roundtable on Sustainable Palm Oil (RSPO). • The SFP Continuous Improvement Process, through which farmers are continually assessed and efforts are taken to drive improvement in sustainable agriculture. The SFP Code outlines the specific farm-level principles and practices that embody PepsiCo's Sustainable Agriculture Policy. These principles span a comprehensive array of topics across the three widely recognized pillars of sustainability: Environmental, Social and Economic. Under the Environmental pillar topics included are Ag Chemicals, Air, Biodiversity, Nutrients, Soil, Water and Waste in addition to climate related topics such as GHGs and Energy. Farmers are encouraged to adhere to the fundamental principles and practices within each of these topics. As of year-end 2017, 79% of the volume of the agricultural raw materials that we directly source has been supplied by FMGs engaged in the SFP.

Have you implemented any response(s) to these impacts?

Yes

Description of the response(s)

The percentage of Farm Management Groups engaged is one metric by which we are measuring progress. The second metric – representing our ultimate objective – is the percentage of directly sourced agricultural raw materials that we have verified as sustainably sourced. PepsiCo considers an FMG verified sustainable when: • A representative sample of self-assessments demonstrate that the farmers have implemented the Fundamental Principles of the SFP; and • A certain proportion of random samples from the self-assessment results are verified by a third party. The details of this process are being piloted. Once finalized, the requirements will be listed in an appendix in the SFP Scheme Rules. We made significant progress on SFP engagement in 2017, and with that, progress towards our sustainable sourcing goal with target completion date of 2020.

Management practice reference number

MP2

Overall effect

Positive

Which of the following has been impacted?
Biodiversity
Soil
Water
Yield
Other, please specify (Waste, Ag Chemicals)

Description of impact
Our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), is a program we use to engage with growers on farms of all sizes and types around the world in order to encourage continual improvement in sustainable farming practices, expand respect for workers' human rights, enhance growers' capabilities, and address risks. The SFP program is comprised of two components: • The SFP Code, which lists PepsiCo's farm-level sustainable agriculture principles and practices. The Code draws from principles of externally recognized agricultural codes, such as those published by the Rainforest Alliance, GlobalG.A.P., Bonsucro, and the Roundtable on Sustainable Palm Oil (RSPO). • The SFP Continuous Improvement Process, through which farmers are continually assessed and efforts are taken to drive improvement in sustainable agriculture. The SFP Code outlines the specific farm-level principles and practices that embody PepsiCo's Sustainable Agriculture Policy. These principles span a comprehensive array of topics across the three widely recognized pillars of sustainability: Environmental, Social and Economic. Under the Environmental pillar topics included are Ag Chemicals, Air, Biodiversity, Nutrients, Soil, Water and Waste in addition to climate related topics such as GHGs and Energy. Farmers are encouraged to adhere to the fundamental principles and practices within each of these topics. As of year-end 2017, 79% of the volume of the agricultural raw materials that we directly source has been supplied by FMGs engaged in the SFP.

Have you implemented any response(s) to these impacts?
Yes

Description of the response(s)
The percentage of Farm Management Groups engaged is one metric by which we are measuring progress. The second metric – representing our ultimate objective – is the percentage of directly sourced agricultural raw materials that we have verified as sustainably sourced. PepsiCo considers an FMG verified sustainable when: • A representative sample of self-assessments demonstrate that the farmers have implemented the Fundamental Principles of the SFP; and • A certain proportion of random samples from the self-assessment results are verified by a third party. The details of this process are being piloted. Once finalized, the requirements will be listed in an appendix in the SFP Scheme Rules. We made significant progress on SFP engagement in 2017, and with that, progress towards our sustainable sourcing goal with target completion date of 2020.

C-AC13.2/C-FB13.2/C-PF13.2

(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation?
Yes

C-AC13.2a/C-FB13.2a/C-PF13.2a

(C-AC13.2a/C-FB13.2a/C-PF13.2a) Provide details of those management practices implemented by your suppliers that have other impacts besides climate change mitigation/adaptation.

Management practice reference number
MP1

Overall effect
Positive

Which of the following has been impacted?
Biodiversity
Soil
Water
Yield
Other, please specify (Waste, Ag Chemicals)

Description of impacts
Our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), is a program we use to engage with

growers on farms of all sizes and types around the world in order to encourage continual improvement in sustainable farming practices, expand respect for workers' human rights, enhance growers' capabilities, and address risks. The SFP program is comprised of two components: • The SFP Code, which lists PepsiCo's farm-level sustainable agriculture principles and practices. The Code draws from principles of externally recognized agricultural codes, such as those published by the Rainforest Alliance, GlobalG.A.P., Bonsucro, and the Roundtable on Sustainable Palm Oil (RSPO). • The SFP Continuous Improvement Process, through which farmers are continually assessed and efforts are taken to drive improvement in sustainable agriculture. The SFP Code outlines the specific farm-level principles and practices that embody PepsiCo's Sustainable Agriculture Policy. These principles span a comprehensive array of topics across the three widely recognized pillars of sustainability: Environmental, Social and Economic. Under the Environmental pillar topics included are Ag Chemicals, Air, Biodiversity, Nutrients, Soil, Water and Waste in addition to climate related topics such as GHGs and Energy. Farmers are encouraged to adhere to the fundamental principles and practices within each of these topics. As of year-end 2017, 79% of the volume of the agricultural raw materials that we directly source has been supplied by FMGs engaged in the SFP.

Have any response to these impacts been implemented?
Yes

Description of the response(s)
The percentage of Farm Management Groups engaged is one metric by which we are measuring progress. The second metric – representing our ultimate objective – is the percentage of directly sourced agricultural raw materials that we have verified as sustainably sourced. PepsiCo considers an FMG verified sustainable when: • A representative sample of self-assessments demonstrate that the farmers have implemented the Fundamental Principles of the SFP; and • A certain proportion of random samples from the self-assessment results are verified by a third party. The details of this process are being piloted. Once finalized, the requirements will be listed in an appendix in the SFP Scheme Rules. We made significant progress on SFP engagement in 2017, and with that, progress towards our sustainable sourcing goal with target completion date of 2020.

Management practice reference number
MP2

Overall effect
Positive

Which of the following has been impacted?
Biodiversity
Soil
Water
Yield
Other, please specify (Waste, Ag Chemicals)

Description of impacts
Our Sustainable Farming Program (SFP) (formerly our Sustainable Farming Initiative, or SFI), is a program we use to engage with growers on farms of all sizes and types around the world in order to encourage continual improvement in sustainable farming practices, expand respect for workers' human rights, enhance growers' capabilities, and address risks. The SFP program is comprised of two components: • The SFP Code, which lists PepsiCo's farm-level sustainable agriculture principles and practices. The Code draws from principles of externally recognized agricultural codes, such as those published by the Rainforest Alliance, GlobalG.A.P., Bonsucro, and the Roundtable on Sustainable Palm Oil (RSPO). • The SFP Continuous Improvement Process, through which farmers are continually assessed and efforts are taken to drive improvement in sustainable agriculture. The SFP Code outlines the specific farm-level principles and practices that embody PepsiCo's Sustainable Agriculture Policy. These principles span a comprehensive array of topics across the three widely recognized pillars of sustainability: Environmental, Social and Economic. Under the Environmental pillar topics included are Ag Chemicals, Air, Biodiversity, Nutrients, Soil, Water and Waste in addition to climate related topics such as GHGs and Energy. Farmers are encouraged to adhere to the fundamental principles and practices within each of these topics. As of year-end 2017, 79% of the volume of the agricultural raw materials that we directly source has been supplied by FMGs engaged in the SFP.

Have any response to these impacts been implemented?
Yes

Description of the response(s)
The percentage of Farm Management Groups engaged is one metric by which we are measuring progress. The second metric – representing our ultimate objective – is the percentage of directly sourced agricultural raw materials that we have verified as sustainably sourced. PepsiCo considers an FMG verified sustainable when: • A representative sample of self-assessments demonstrate that the farmers have implemented the Fundamental Principles of the SFP; and • A certain proportion of random samples from the self-assessment results are verified by a third party. The details of this process are being piloted. Once finalized, the requirements will be listed in an appendix in the SFP Scheme Rules. We made significant progress on SFP engagement in 2017, and with that, progress towards our sustainable sourcing goal with target completion date of 2020.

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Vice Chairman and Chief Scientific Officer	Other C-Suite Officer

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

PepsiCo products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. PepsiCo generated more than $63 billion in net revenue in 2017, driven by a complementary food and beverage portfolio that includes 22 brands that generate more than $1 billion each in estimated annual retail sales (e.g. Frito-Lay, Gatorade, Pepsi-Cola, Quaker and Tropicana). At the heart of PepsiCo is Performance with Purpose (PwP) – our goal to deliver top-tier financial performance while creating sustainable growth and shareholder value. In practice, PwP means providing a wide range of foods and beverages from treats to nutritious eats; trying to find innovative ways to reduce our impact on the environment and lower our operating costs; working to provide a safe and inclusive workplace for our employees globally; and respecting, supporting and investing in the local communities where we operate.

Cautionary Statement - Statements in this submission that are “forward-looking statements” are based on currently available information, operating plans and projections about future events and trends. Terminology such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “expressed confidence,” “forecast,” “future,” “goal,” “guidance,” “intend,” “may,” “objective,” “outlook,” “plan,” “position,” “potential,” “project,” “seek,” “should,” “strategy,” “target,” “will” or similar statements or variations of such terms are intended to identify forward-looking statements, although not all forward-looking statements contain such terms. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such forward-looking statements. Such risks and uncertainties include, but are not limited to: changes in demand for PepsiCo’s products; changes in, or failure to comply with, applicable laws and regulations; imposition or proposed imposition of new or increased taxes aimed at PepsiCo’s products; imposition of labeling or warning requirements on PepsiCo’s products; changes in laws related to packaging and disposal of PepsiCo’s products; PepsiCo’s ability to compete effectively; political conditions, civil unrest or other developments and risks in the markets where PepsiCo’s products are made, manufactured, distributed or sold; PepsiCo’s ability to grow its business in developing and emerging markets; uncertain economic conditions in the countries in which PepsiCo operates; the ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption; increased costs, disruption of supply or shortages of raw materials and other supplies; business disruptions; product contamination or tampering or issues or concerns with respect to product quality, safety and integrity; damage to PepsiCo’s reputation or brand image; failure to successfully complete or integrate acquisitions and joint ventures into PepsiCo’s existing operations or to complete or manage divestitures or refranchisings; changes in estimates and underlying assumptions regarding future performance that could result in an impairment charge; increase in income tax rates, changes in income tax laws or disagreements with tax authorities; failure to realize anticipated benefits from PepsiCo’s productivity initiatives or global operating model; PepsiCo’s ability to recruit, hire or retain key employees or a highly skilled and diverse workforce; loss of any key customer or disruption to the retail landscape; any downgrade or potential downgrade of PepsiCo’s credit ratings; PepsiCo’s ability to implement shared services or utilize information technology systems and networks effectively; fluctuations or other changes in exchange rates; climate change or water scarcity, or legal, regulatory or market measures to address climate change or water scarcity; failure to successfully negotiate collective bargaining agreements, or strikes or work stoppages; infringement of intellectual property rights; potential liabilities and costs from litigation, claims, regulatory, or legal proceedings, inquiries or investigations; and other factors discussed in the risk factors section of PepsiCo’s filings with the Securities and Exchange Commission. 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.

SC0.1

(SC0.1) What is your company’s annual revenue for the stated reporting period?

	Annual Revenue
Row 1	63525484000

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

No

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member
Caesars Entertainment

Scope of emissions
Scope 1

Emissions in metric tonnes of CO2e
882

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from PepsiCo's company-owned operations that have been allocated to Caesars Entertainment. Major sources include fuel use in PepsiCo's wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Caesars Entertainment. Also included is fuel use in transportation vehicles that are wholly-owned or operated by PepsiCo.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Caesars Entertainment

Scope of emissions
Scope 2

Emissions in metric tonnes of CO2e
405

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from indirect fuel use in the generation of electricity that is consumed by PepsiCo's direct operations - our wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Caesar’s Entertainment. These global emissions have then been allocated to Caesars Entertainment.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Caesars Entertainment

Scope of emissions
Scope 3

Emissions in metric tonnes of CO2e
14833

Uncertainty (±%)
15

Major sources of emissions
These emissions include all other indirect emissions from PepsiCo's value chain, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by PepsiCo, electricity-related activities (e.g. Transmission & Distribution (T&D) losses) not covered in Scope 2, outsourced activities, consumer use, waste disposal, etc. All Scope 3 estimates are based on 2015 data and is planned to be updated every 5 years going forward. These global emissions have then been allocated to Caesars Entertainment.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo's net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Restaurant Brands International

Scope of emissions
Scope 1

Emissions in metric tonnes of CO2e
2912

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from PepsiCo's company-owned operations that have been allocated to Restaurant Brands International. Major sources include fuel use in PepsiCo's wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Restaurant Brands International. Also included is fuel use in transportation vehicles that are wholly-owned or operated by PepsiCo.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo's net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Restaurant Brands International

Scope of emissions
Scope 2

Emissions in metric tonnes of CO2e
1336

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from indirect fuel use in the generation of electricity that is consumed by PepsiCo's direct operations - our wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Restaurant Brands International. These global emissions have then been allocated to Restaurant Brands International.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Restaurant Brands International

Scope of emissions
Scope 3

Emissions in metric tonnes of CO2e
48980

Uncertainty (±%)
15

Major sources of emissions
These emissions include all other indirect emissions from PepsiCo’s value chain, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by PepsiCo, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, consumer use, waste disposal, etc. All Scope 3 estimates are based on 2015 data and is planned to be updated every 5 years going forward. These global emissions have then been allocated to Restaurant Brands International.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Target Corporation

Scope of emissions
Scope 1

Emissions in metric tonnes of CO2e
40681

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from PepsiCo's company-owned operations that have been allocated to Target Corporation. Major sources include fuel use in PepsiCo's wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Target Corporation. Also included is fuel use in transportation vehicles that are wholly-owned or operated by PepsiCo.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Target Corporation

Scope of emissions
Scope 2

Emissions in metric tonnes of CO2e
18671

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from indirect fuel use in the generation of electricity that is consumed by PepsiCo's direct operations - our wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Target Corporation. These global emissions have then been allocated to Target Corporation.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Target Corporation

Scope of emissions
Scope 3

Emissions in metric tonnes of CO2e
684298

Uncertainty (±%)
15

Major sources of emissions
These emissions include all other indirect emissions from PepsiCo’s value chain, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by PepsiCo, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, consumer use, waste disposal, etc. All Scope 3 estimates are based on 2015 data and is planned to be updated every 5 years going forward. These global emissions have then been allocated to Target Corporation.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Tesco

Scope of emissions
Scope 1

Emissions in metric tonnes of CO2e
27983

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from PepsiCo's company-owned operations that have been allocated to Tesco. Major sources include fuel use in PepsiCo's wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Tesco. Also included is fuel use in transportation vehicles that are wholly-owned or operated by PepsiCo.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Tesco

Scope of emissions
Scope 2

Emissions in metric tonnes of CO2e
12843

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from indirect fuel use in the generation of electricity that is consumed by PepsiCo's direct operations - our wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Tesco. These global emissions have then been allocated to Tesco.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Tesco

Scope of emissions
Scope 3

Emissions in metric tonnes of CO2e
470702

Uncertainty (±%)
15

Major sources of emissions
These emissions include all other indirect emissions from PepsiCo’s value chain, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by PepsiCo, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, consumer use, waste disposal, etc. All Scope 3 estimates are based on 2015 data and is planned to be updated every 5 years going forward. These global emissions have then been allocated to Tesco.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Wal Mart de Mexico

Scope of emissions
Scope 1

Emissions in metric tonnes of CO2e
22210

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from PepsiCo's company-owned operations that have been allocated to Wal Mart de Mexico. Major sources include fuel use in PepsiCo's wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Wal Mart de Mexico. Also included is fuel use in transportation vehicles that are wholly-owned or operated by PepsiCo.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Wal Mart de Mexico

Scope of emissions
Scope 2

Emissions in metric tonnes of CO2e
10193

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from indirect fuel use in the generation of electricity that is consumed by PepsiCo's direct operations - our wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Wal Mart de Mexico. These global emissions have then been allocated to Wal Mart de Mexico.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Wal Mart de Mexico

Scope of emissions
Scope 3

Emissions in metric tonnes of CO2e
373595

Uncertainty (±%)
15

Major sources of emissions
These emissions include all other indirect emissions from PepsiCo’s value chain, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by PepsiCo, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, consumer use, waste disposal, etc. All Scope 3 estimates are based on 2015 data and is planned to be updated every 5 years going forward. These global emissions have then been allocated to Wal Mart de Mexico.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Wal-Mart Stores, Inc.

Scope of emissions
Scope 1

Emissions in metric tonnes of CO2e
420100

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from PepsiCo's company-owned operations that have been allocated to Wal-Mart Stores, Inc. Major sources include fuel use in PepsiCo's wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Wal-Mart Stores, Inc. Also included is fuel use in transportation vehicles that are wholly-owned or operated by PepsiCo.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Wal-Mart Stores, Inc.

Scope of emissions
Scope 2

Emissions in metric tonnes of CO2e
192804

Uncertainty (±%)
15

Major sources of emissions
These emissions include those from indirect fuel use in the generation of electricity that is consumed by PepsiCo's direct operations - our wholly-owned or operated manufacturing facilities globally that produce products that may or may not be sold to Wal-Mart Stores, Inc.. These global emissions have then been allocated to Wal-Mart Stores, Inc.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo’s net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Wal-Mart Stores, Inc.

Scope of emissions
Scope 3

Emissions in metric tonnes of CO2e
7066466

Uncertainty (±%)
15

Major sources of emissions

These emissions include all other indirect emissions from PepsiCo's value chain, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by PepsiCo, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, consumer use, waste disposal, etc. All Scope 3 estimates are based on 2015 data and is planned to be updated every 5 years going forward. These global emissions have then been allocated to Wal-Mart Stores, Inc.

Verified
No

Allocation method
Allocation based on the market value of products purchased

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made
Our method for allocating emissions is to take the percentage of PepsiCo's net revenue attributable to the customer in the reporting year and apply this percentage to our global Scope 1, Scope 2 or Scope 3 emissions. Thus, our method does not distinguish between emissions from facilities that produce product sold to the customer versus emissions from all PepsiCo's production facilities world-wide.

Requesting member
Please select

Scope of emissions
Please select

Emissions in metric tonnes of CO2e

Uncertainty (±%)

Major sources of emissions

Verified
Please select

Allocation method
Please select

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

---

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	Currently PepsiCo follows the Greenhouse Gas (GHG) Protocol guidelines in developing an annual emissions inventory. Data is collected from our facilities world-wide following an operational control approach. Our facilities manufacture a diverse range of products and we do not have dedicated facilities by customer. Therefore, developing an emissions inventory or allocating emissions by customer accurately will not be possible in the foreseeable future. PepsiCo would benefit from an industry level solution or methodology for allocation that takes into account current challenges in data systems and inventory processes for companies like PepsiCo.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

No

SC1.4b

(SC1.4b) Explain why you do not plan to develop capabilities to allocate emissions to your customers.

PepsiCo does not currently have the capability to allocate emissions for the many thousands of product types currently sold to our customers, or to allocate those emissions to the many individual customers we have.

To address this, PepsiCo supports industry-wide solutions that allocate emissions in a consistent and credible way. PepsiCo is a member of the Beverage Industry Environmental Roundtable, which has developed and published sector specific guidelines on environmental footprint of products. PepsiCo is also interacting with expert stakeholders including the Carbon Trust, World Resources Institute, World Business Council on Sustainable Development, and the Sustainability Consortium, as well as other stakeholders such as Non-Governmental Organizations, other companies, academic institutions and governments to support the introduction of common approaches to measure environmental footprint worldwide and to develop new global standards for quantifying enterprise and product-level greenhouse gas emissions.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

Yes

SC2.2a

(SC2.2a) Specify the requesting member(s) that have driven organizational-level emissions reduction initiatives, and provide information on the initiatives.

Requesting member

Caesars Entertainment

Initiative ID

2017-ID1

Group type of project

Change to supplier operations

Type of project

Implementation of energy reduction projects

Description of the reduction initiative

As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our operational emissions and are due to a number of measures undertaken within our facilities and fleet. Main programs contributing are our Resource Conservation (ReCon) program and fleet efficiency program.

Emissions reduction for the reporting year in metric tons of CO2e
12

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member
Caesars Entertainment

Initiative ID
2017-ID2

Group type of project
Relationship sustainability assessment

Type of project
Assessing products or services life-cycle foot print to identify efficiencies

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our Scope 3 emissions and are due to a number of initiatives including packaging sustainability, certified commodities and the deployment of our Higher Efficiency Coolers and Vending program.

Emissions reduction for the reporting year in metric tons of CO2e
534

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member
Restaurant Brands International

Initiative ID
2017-ID3

Group type of project
Change to supplier operations

Type of project
Implementation of energy reduction projects

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our operational emissions and are due to a number of measures undertaken within our facilities and fleet. Main programs contributing are our Resource Conservation (ReCon) program and fleet efficiency program.

Emissions reduction for the reporting year in metric tons of CO2e
39

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member

Restaurant Brands International

Initiative ID
2017-ID4

Group type of project
Relationship sustainability assessment

Type of project
Assessing products or services life-cycle foot print to identify efficiencies

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our Scope 3 emissions and are due to a number of initiatives including packaging sustainability, certified commodities and the deployment of our Higher Efficiency Coolers and Vending program.

Emissions reduction for the reporting year in metric tons of CO2e
1765

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member
Target Corporation

Initiative ID
2017-ID5

Group type of project
Change to supplier operations

Type of project
Implementation of energy reduction projects

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our operational emissions and are due to a number of measures undertaken within our facilities and fleet. Main programs contributing are our Resource Conservation (ReCon) program and fleet efficiency program.

Emissions reduction for the reporting year in metric tons of CO2e
539

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member
Target Corporation

Initiative ID
2017-ID6

Group type of project
Relationship sustainability assessment

Type of project
Assessing products or services life-cycle foot print to identify efficiencies

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our Scope 3 emissions and are due to a number of initiatives including packaging sustainability, certified commodities and the deployment of our Higher Efficiency Coolers

and Vending program.

Emissions reduction for the reporting year in metric tons of CO2e
24655

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member
Tesco

Initiative ID
2017-ID7

Group type of project
Change to supplier operations

Type of project
Implementation of energy reduction projects

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our operational emissions and are due to a number of measures undertaken within our facilities and fleet. Main programs contributing are our Resource Conservation (ReCon) program and fleet efficiency program.

Emissions reduction for the reporting year in metric tons of CO2e
371

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member
Tesco

Initiative ID
2017-ID8

Group type of project
Relationship sustainability assessment

Type of project
Assessing products or services life-cycle foot print to identify efficiencies

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our Scope 3 emissions and are due to a number of initiatives including packaging sustainability, certified commodities and the deployment of our Higher Efficiency Coolers and Vending program.

Emissions reduction for the reporting year in metric tons of CO2e
16959

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member
Wal Mart de Mexico

Initiative ID

2017-ID9

Group type of project
Change to supplier operations

Type of project
Implementation of energy reduction projects

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our operational emissions and are due to a number of measures undertaken within our facilities and fleet. Main programs contributing are our Resource Conservation (ReCon) program and fleet efficiency program.

Emissions reduction for the reporting year in metric tons of CO2e
294

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member
Wal Mart de Mexico

Initiative ID
2017-ID10

Group type of project
Relationship sustainability assessment

Type of project
Assessing products or services life-cycle foot print to identify efficiencies

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our Scope 3 emissions and are due to a number of initiatives including packaging sustainability, certified commodities and the deployment of our Higher Efficiency Coolers and Vending program.

Emissions reduction for the reporting year in metric tons of CO2e
13461

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member
Wal-Mart Stores, Inc.

Initiative ID
2017-ID11

Group type of project
Change to supplier operations

Type of project
Implementation of energy reduction projects

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our operational emissions and are due to a number of measures undertaken within our facilities and fleet. Main programs contributing are our Resource Conservation (ReCon) program and fleet efficiency program.

Emissions reduction for the reporting year in metric tons of CO2e

5570

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

Requesting member
Wal-Mart Stores, Inc.

Initiative ID
2017-ID12

Group type of project
Relationship sustainability assessment

Type of project
Assessing products or services life-cycle foot print to identify efficiencies

Description of the reduction initiative
As part of our Performance with Purpose (PwP) agenda, PepsiCo has a goal to reduce our entire value chain (Scope 1, 2 and 3) emissions by at least 20% by 2030 against a 2015 baseline. These reductions relate to our Scope 3 emissions and are due to a number of initiatives including packaging sustainability, certified commodities and the deployment of our Higher Efficiency Coolers and Vending program.

Emissions reduction for the reporting year in metric tons of CO2e
254604

Did you identify this opportunity as part of the CDP supply chain Action Exchange?
No

Would you be happy for CDP supply chain members to highlight this work in their external communication?
Yes

SC3.1

(SC3.1) Do you want to enroll in the 2018-2019 CDP Action Exchange initiative?
No

SC3.2

(SC3.2) Is your company a participating supplier in CDP's 2017-2018 Action Exchange initiative?
No

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services, if so, what functionality will you be using?
No, I am not providing data

SC4.2d

(SC4.2d) Have any of the initiatives described in SC4.2c been driven by requesting CDP Supply Chain members?
Please select

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now

Please confirm below

I have read and accept the applicable Terms