



Message from PepsiCo's Chairman & Chief Executive Officer

PepsiCo is proud to support the United Nations Global Compact and its 10 Guiding Principles in the areas of human rights, labor standards, the environment and anti-corruption.

As one of the world's leading food and beverage companies we recognize we have both an opportunity and responsibility to catalyze change to help build a more sustainable food system. PepsiCo has long worked to integrate purpose into our business strategies, and we remain committed to making our operations more sustainable, while caring for the communities we touch.

Our products are enjoyed by consumers more than one billion times a day around the world. This presents a real opportunity to have a positive impact. At PepsiCo we not only accept our responsibility to lead change, we see tackling these issues as central to our purpose. Our response will define the future of PepsiCo and, as we leverage our scale, reach, and expertise, a new era of sustainable growth.

In 2019, we strengthened our commitment to long-term sustainability and meeting the needs of our communities by pursuing our ambitious goals, forging strong partnerships and continually seeking out opportunities to leverage our scale, reach and expertise for systemic, sustainable change.

In the year ahead, PepsiCo will work to accelerate our sustainability journey and integrate purpose even further into every aspect of our business. Our goals are ambitious, science-based, and complementary to our business, while contributing positively to society.

We have closely mapped our plans to the United Nations 2030 Sustainable Development Goals and are working to make valuable contributions to this shared agenda. We have already achieved meaningful progress on many of our goals, and we have set the stage for continued success long into the future.

Our annual Communication on Progress demonstrates our ongoing commitment to the Global Compact. Thank you for the opportunity to participate once again.

A handwritten signature in black ink, which appears to read "Ramon Laguarta".

Ramon Laguarta

UNGC Principles

As a signatory of the United Nations Global Compact (UNGC), PepsiCo is committed to supporting the Compact's principles in our everyday business operations. We consider our [Sustainability Report](#) and [Environmental, Social and Governance \(ESG\) Topics Pages](#), both of which are available on PepsiCo.com, to be our primary sources for the Communication on Progress (COP) to the UN Global Compact. The following provides further relevant information on each of the 10 UNGC Guiding Principles.

Human rights

- 1. Businesses should support and respect the protection of internationally proclaimed human rights; and*
- 2. Make sure that they are not complicit in human rights abuses.*

At PepsiCo, we aim to ensure that all rights holders that might be affected by PepsiCo, either directly or through our value chain, can enjoy the human rights described in the International Bill of Human Rights and the ILO Declaration of Fundamental Principles and Rights at Work.

Our approach is guided by the UN Guiding Principles on Business and Human Rights, and we are committed to respecting the human rights of all workers and local communities throughout our operations and value chain.

Our commitment is articulated in our Human Rights Workplace Policy, Human Rights Statement and Salient Issues Statement, Code of Conduct, Supplier Code of Conduct, and other relevant policies such as those on land rights, deforestation, and sustainable agriculture. Potential violations of our policies can be reported anonymously through a confidential Speak Up program, which is available worldwide on a 24/7 basis.

We are a charter endorser of the Sullivan Principles, whose goals are to advance economic, social and political justice by companies where they do business, to support human rights and to encourage equal opportunity at all levels of employment. In 2006, PepsiCo certified to requesting entities that its policies reflect the fair employment standards embodied in the MacBride Principles of fair employment.

To learn more about key areas, please see our website:

- [Human Rights](#)
- [Human Rights Statement and Salient Issues Statement](#)
- [Human Rights Policy](#)
- [Statement on Modern Slavery and Human Trafficking](#)
- [Ethics and Integrity](#)
- [Global Code of Conduct](#)
- [Supplier Code of Conduct](#)
- [PepsiCo Grievance Mechanism for Agricultural Supply Chain](#)
- [Land Rights](#)
- [Deforestation](#)
- [Palm Oil Report](#)
- [Speak Up Hotline](#)

Labor standards

3. *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*
4. *The elimination of all forms of forced and compulsory labor;*
5. *The effective abolition of child labor; and*
6. *The elimination of discrimination in respect of employment and occupation.*

Supporting the health, safety, and well-being of workers throughout our value chain is one of our top priorities as a company. We provide competitive pay and a full range of benefits to help associates live healthier, balance work and family, and build a secure financial future. We are also continually working across our businesses to prevent occupational injuries and illnesses, striving for an incident-free workplace. We deal fairly and honestly with our associates regarding wages, benefits and other conditions of employment, and recognize our associates' right to freedom of association. We strictly prohibit the use of forced and child labor. We do not tolerate discrimination, and we work to ensure equal opportunity for all associates. We are committed to compliance with all applicable laws, regulations and other employment standards, wherever we operate or work. We encourage our partners, suppliers, contractors and vendors to support these policies, and we place substantial value on working with others who share our commitment to human rights.

To learn more about key areas, please see our website:

- [Human Rights](#)
- [Human Rights Workplace Policy](#)
- [Statement on Modern Slavery and Human Trafficking](#)
- [Talent](#)
- [Employee Well-Being](#)
- [Environmental Health and Safety Policy](#)
- [Diversity and Engagement](#)
- [Global Code of Conduct](#)
- [Supplier Code of Conduct](#)
- [Speak Up Hotline](#)

Environment

7. *Businesses should support a precautionary approach to environmental challenges;*
8. *Undertake initiatives to promote greater environmental responsibility; and*
9. *Encourage the development and diffusion of environmentally friendly technologies.*

PepsiCo is fully committed to protecting the earth's natural resources through innovation and the efficient use of land, water, packaging, and energy in all our operations. We rely on the planet's natural resources every day, and as we grow our business in developed countries and expand in developing and emerging countries, we strive to use only methods and tools that are scientifically proven, socially responsible and economically sound. Our environmental sustainability efforts are primarily focused on agriculture, water, packaging and climate change - areas that are critical to our business and where we believe we can make the biggest impact. We are delivering impact through programs such as PepsiCo's Sustainable Farming Program, which advances positive environmental outcomes in areas including water, energy and waste with many of the farmers from which we source. We are also focused on bringing our company's best thinking together to address key environmental issues. For example, PepsiCo is partnering with a biotechnology firm to develop biodegradable film resins to be used for next-generation snacks packaging. In contrast with traditional plastic, the resulting PHA bioplastic, which is produced using renewable biomass, can be incorporated into this next-generation packaging that is compostable under a variety of conditions. We are also taking bold steps to reduce our carbon footprint. In 2020 PepsiCo is transitioning to 100% renewable electricity for its U.S. operations.

We recognize that packaging is often disposed of improperly after a product has been consumed, and we share the concern that plastics and other wastes are accumulating in the marine environment and on land. These materials have

value, and we are working on a broad set of solutions to ensure that they do not end up landfilled or littered into the marine or terrestrial environment. PepsiCo is investing in solutions and partnerships to improve the recyclability of our packaging, expand access to recycling, and improve infrastructure for collection and recycling across the globe. We are a signatory to the UN's Sustainable Ocean Principles, launched in September 2019.

To learn more about key areas, please see our website:

- [Water](#)
- [Climate Change](#)
- [Agriculture](#)
- [Packaging](#)
- [Waste](#)
- [CDP Climate Change Submission](#)
- [CDP Water Submission](#)
- [CDP Forests Submission](#)

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

PepsiCo has strict corporate standards that govern our operations and ensure accountability for our actions. We believe that operating ethically and with integrity means compliance with the laws and regulations that impact our business worldwide. It also means adhering closely to our policies, including a Global Anti-Bribery Compliance Policy, Global Code of Conduct, and Supplier Code of Conduct. Internal controls, systems and processes are in place to raise awareness and reduce the risk of corruption and bribery and to ensure our associates understand the importance of conducting PepsiCo business in compliance with the laws and regulations of the countries where we operate. In addition, in 2019, PepsiCo introduced seven new leadership behaviors for our global workforce to follow, one of which is to act with integrity, redoubling the commitment PepsiCo has made in this area for many years prior.

To learn more about key areas, please see our website:

- [Ethics and Integrity](#)
- [Global Code of Conduct](#)
- [Supplier Code of Conduct](#)
- [Speak Up Hotline](#)
- [Corporate Governance](#)