



PepsiCo 2024 Green Bond Report

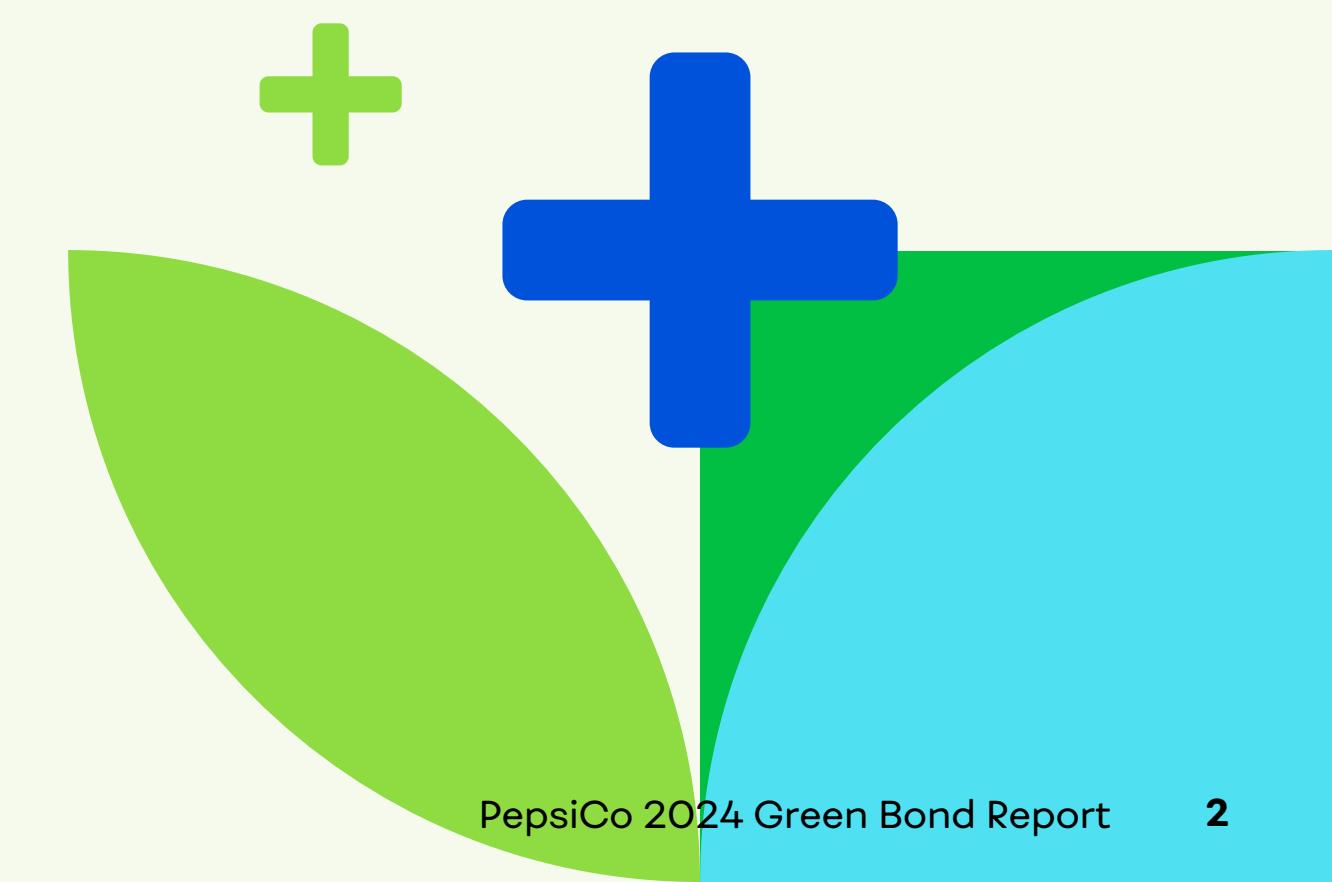
October 29, 2024



PepsiCo 2024 Green Bond Report

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A letter from our CFO and Chief Sustainability Officer

Since the issuance of our second Green Bond in 2022, we've allocated:

- \$474 million towards projects to improve packaging circularity, avoiding approximately 230,000 metric tons of greenhouse gas (GHG) emissions compared with using virgin plastic;¹
- \$272 million to decarbonization projects completed between 2020 and 2023 that are expected to help reduce our Scope 1 and Scope 2 GHG emissions by over 125,000 metric tons per year;
- \$87 million to pursue a net positive water impact, replenishing more than 7 billion liters in high water-risk watersheds since 2020, and completing projects between 2020 and 2023 that are expected to avoid the use of 2 billion liters of water in our operations annually; and
- \$26 million to support regenerative agricultural practices, covering more than 2 million acres.

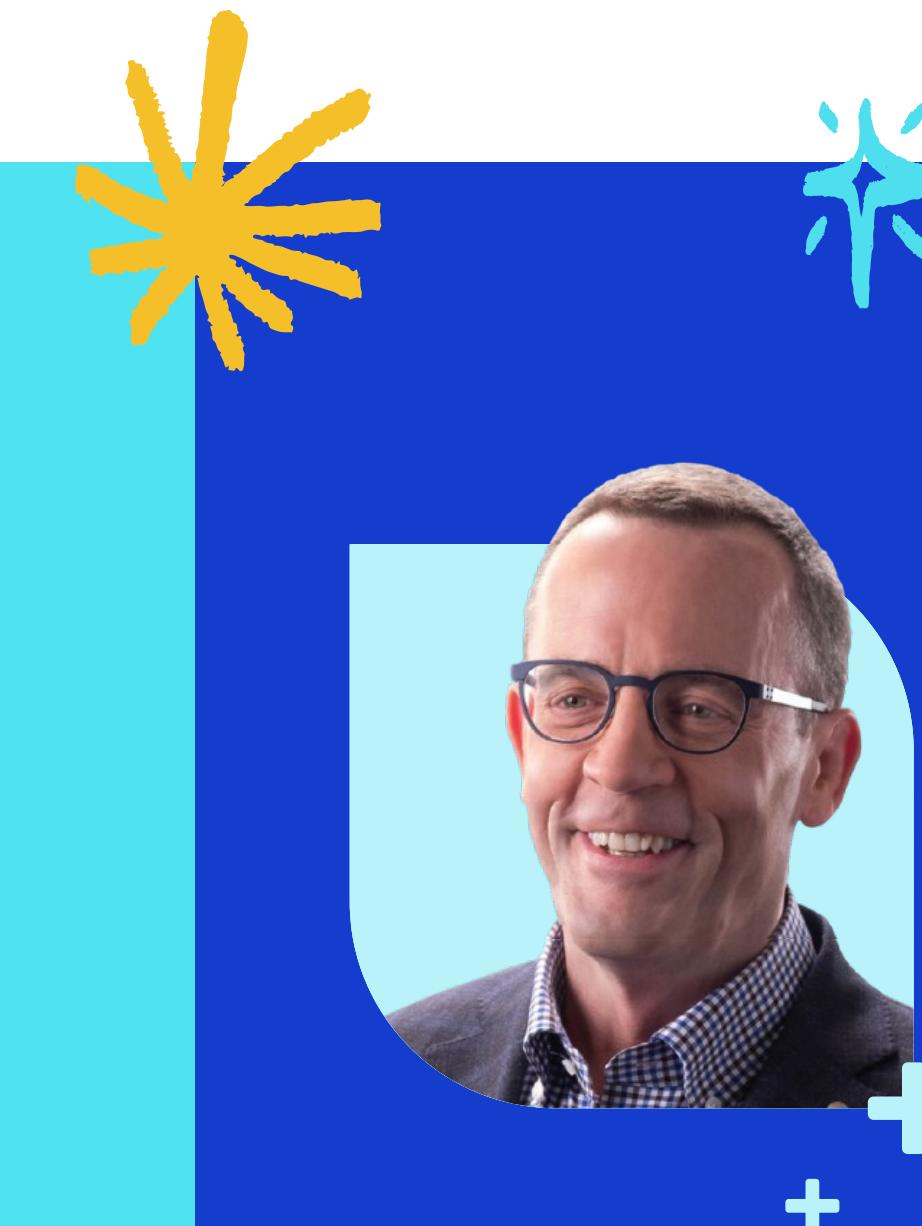
We're proud to be one of the first companies in the food and beverage industry to launch this innovative financing tool.

To those of you who have invested in our journey, we thank you for your support.



"Green Bonds have been a critical enabler of our sustainability progress. Our second Green Bond is already helping drive progress across a number of our sustainability initiatives."

JIM ANDREW
Chief Sustainability Officer



"pep+ is at the heart of our business, and we'll aim to continue making strategic investments to strengthen our business."

JAMIE CAULFIELD
EVP and Chief Financial Officer

¹Avoided emissions represent the calculated difference in emissions between virgin and recycled PET plastic, using third-party emissions factors provided by Franklin Associates for each year and region where rPET is purchased and PepsiCo's purchased packaging volume of rPET

About the 2022 Green Bond

In July 2022, PepsiCo issued its second Green Bond, a 10-year, \$1.25 billion senior notes offering, with a fixed coupon rate of 3.90% per annum.

The net proceeds from this offering have been and will be allocated to investments² in Eligible Projects (defined below). As of December 31, 2023, we had allocated³ \$859 million, approximately 70% of net proceeds. This report describes PepsiCo's allocation of proceeds from the 2022 Green Bond, and the expected impact of these investments.²

Our Green Bond Framework

PepsiCo's second Green Bond prospectus, aligned with our Green Bond Framework, defines "Eligible Green Projects" (referred to as "Eligible Projects" herein) as new and existing investments² made by PepsiCo during the period from January 1, 2020 through the maturity date of the notes, in four categories, with specific projects in each category defined on pages 5-6. Each of these categories aligns with the UN Sustainable Development Goals (SDGs), which provide an important inspiration for the company's priorities:



Circular economy and virgin plastic waste reduction



Decarbonization and climate resilience within our operations and value chain



Pursuing net positive water impact



Regenerative agriculture



2022 Green Bond Details

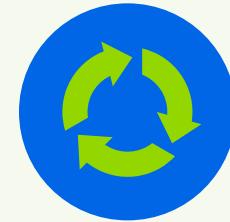
Issuer	PepsiCo, Inc.
Issue Date	July 18, 2022
Currency	USD
Tenor	2022 - 2032
Issued Amount	\$1.25 billion
Net Proceeds	\$1.24 billion
Use of Proceeds	An amount equivalent to the net proceeds from the issuance of the Green Bond will be allocated to fund, in whole or in part, "Eligible Projects," which is defined on pages S-5 and S-6 of the Prospectus Supplement dated July 14, 2022 associated with the Green Bond issuance, and which promote the selected Sustainable Development Goals as defined by the United Nations (also defined on pages S-5 and S-6 of the prospectus) in accordance with PepsiCo's 2022 Green Bond Framework.
Fixed Coupon Rate	3.90% per annum

²Investments include expenditures on capital projects and other sustainability-related operating expenses excluding non-cash items like depreciation and amortization

³Net proceeds are allocated toward existing and/or new Eligible Projects that were related to items that were either expensed or capitalized in PepsiCo's financial statements during fiscal years 2020 through 2023

About the 2022 Green Bond: Eligible projects

Use of Proceeds: Within the four eligible spend categories are specific types of projects eligible for Green Bond investments (as used herein, "investments" include expenditures on capital projects and other sustainability-related operating expense excluding non-cash items like depreciation and amortization), described below:



Circular economy and virgin plastic waste reduction

- Purchases, directly or via our intermediary suppliers, of:
 - Recycled polyethylene terephthalate (rPET) for use in product packaging;
 - Renewable or Bio-based polyethylene terephthalate (Bio-PET) for use in product packaging; and
 - Compostable and/or biodegradable material for use in product packaging
- Investments in projects supporting sustainable product packaging infrastructure such as renewable or bio-PET bottles and compostable and biodegradable convenient foods flex films;
- Investments in projects to strengthen recycling infrastructure and increase recycling rates in key markets; and
- Investments in projects to introduce or expand reusable solutions to drive circularity



Decarbonization and climate resilience within our operations and value chain

- Investments related to energy efficiency and/or reducing GHG emissions at facilities or equipment such as solar installations, lighting upgrades, energy efficient heating elements, variable speed drives on equipment, improvements to air compressors, on-premise sustainable energy generation, and upgrading vending and cooling equipment;
- Procurement of project specific renewable energy;
- Investments in cleaner transportation, such as replacement of fossil fuel-powered vehicles with electric vehicles; and
- Investments in green buildings that receive a third-party verified certification, such as LEED Platinum or LEED Gold or other equivalent global standards



About the 2022 Green Bond: Eligible projects

Use of Proceeds: Within the four eligible spend categories are specific types of projects eligible for Green Bond investments (as used herein, "investments" include expenditures on capital projects and other sustainability-related operating expense excluding non-cash items like depreciation and amortization), described below:



Pursuing net positive water impact

- Investments related to water recycling and reuse projects, and improvements in clean-in-place systems and other operational processes:
 - Investments to replenish watersheds where PepsiCo operates in high water-risk areas, potentially including tree plantings, rainwater harvesting, aquifer recharge, wetlands rehabilitation, alternative crop rotations, improved grazing programs and education and awareness building; and
 - Scaling and providing access to drip irrigation or other water saving technologies for our farmers



Regenerative agriculture

- Investments to adopt regenerative agriculture practices across our supply chain, such as spending via PepsiCo's Sustainable Farming Program directed towards farmer training and practice adoption around improving soil health through using cover crops and/or conservation tillage, practices to reduce fertilizer/herbicides/pesticides and watershed enhancement and improvement projects



About the 2022 Green Bond: Green Bond Governance



The framework for our 2022 Green Bond incorporates recommendations from the Green Bond Principles and is based on four components:

- Use of proceeds;
- Project evaluation and selection;
- Management of proceeds; and
- Reporting.

Green Bond Framework summary

Use of proceeds

An amount equivalent to the net proceeds from the issuance of the Green Bond are allocated to fund, in whole or in part, Eligible Projects. Eligible Projects include new and existing investments⁴ made by PepsiCo during the period from January 1, 2020 through the maturity date of the notes.

Project evaluation and selection

PepsiCo's sustainability team assesses and determines project eligibility and recommends an allocation of proceeds among Eligible Projects to the PepsiCo finance department, also providing them with project descriptions. The PepsiCo finance department tracks allocation of proceeds to such projects. Material project risks are also evaluated to ensure they fit PepsiCo's risk management practices.

Management of proceeds

PepsiCo's finance department tracks the actual spend on the projects receiving allocations from Green Bond proceeds. Pending the allocation to Eligible Projects from the Green Bond Issuance, net proceeds may be temporarily invested or otherwise maintained in cash, cash equivalents, short-term investments, or used to repay other borrowings.

Reporting

Throughout the term of the Green Bond and until the proceeds have been fully allocated to Eligible Projects, PepsiCo publishes an annual update ("Green Bond Report") of the allocation of the proceeds, including, subject to any confidentiality considerations, additional descriptions of select projects funded with Green Bond proceeds. Green Bond Reports are accompanied by: (i) an assertion by PepsiCo management (page 11) specifying the amount equivalent to the net proceeds of the Green Bond that PepsiCo has allocated to Eligible Projects and (ii) an assurance report (page 10) from a nationally-recognized firm registered with the Public Company Accounting Oversight Board in respect of its examination of PepsiCo management's assertion conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

⁴Investments include expenditures on capital projects and other sustainability-related operating expenses excluding non-cash items like depreciation and amortization

Progress: Allocation



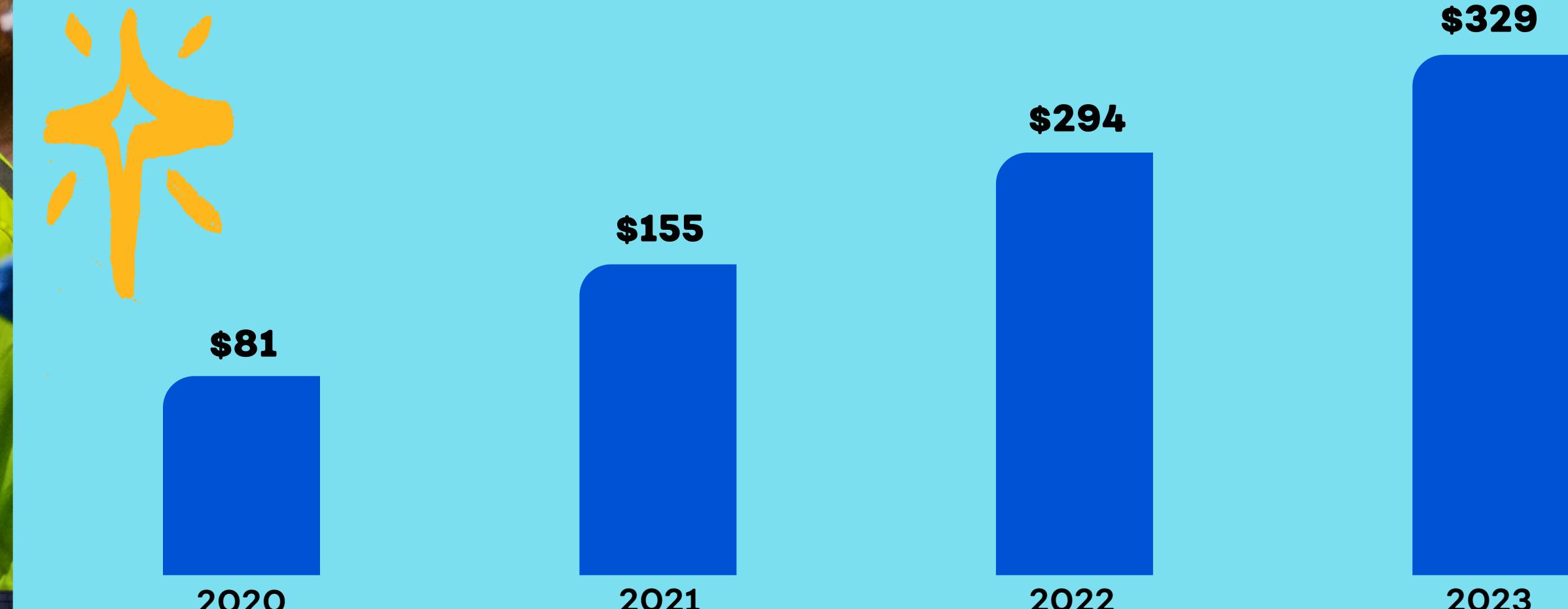
As of December 31, 2023, PepsiCo had allocated \$859 million (approximately 70%) of 2022 Green Bond net proceeds to Eligible Projects.

Individual investments range between approximately \$45,000 to approximately \$40 million.⁵ In total, the allocation has funded over 250 projects.

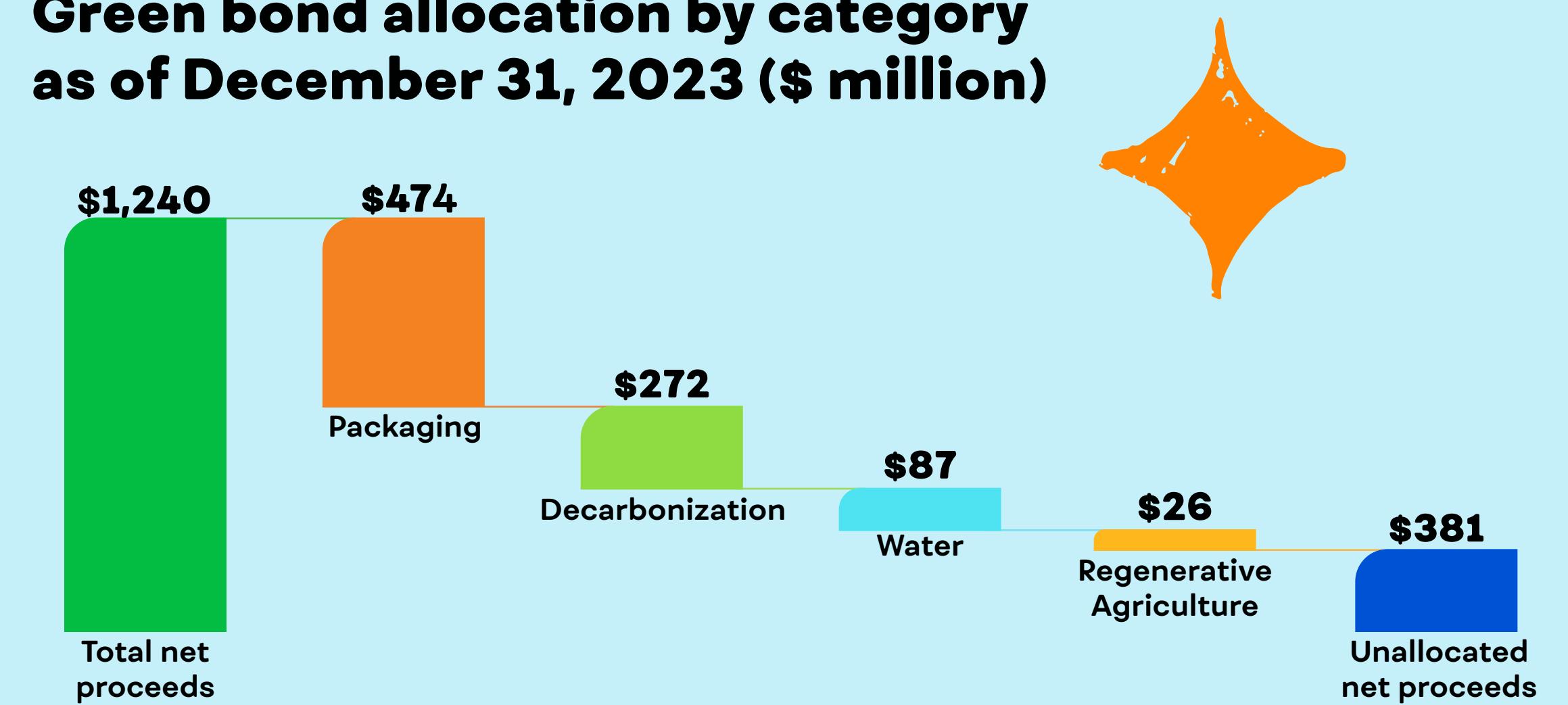
⁵Investments include expenditures on capital projects and other sustainability-related operating expenses excluding non-cash items like depreciation and amortization

⁶"Eligible Projects" include new and existing investments made by PepsiCo during the period from January 1, 2020 through the maturity date of the notes. Accordingly, as of December 31, 2023, net proceeds had been allocated to projects undertaken between 2020 and 2023. This graph shows the years the funds were spent. Note that subsequent to the publication of the 2024 Green Bond Report, further proceeds may be allocated to projects occurring between 2020 and 2024, so totals in this graph may change in future reporting

Green bond spend by year (\$ million)⁶



Green bond allocation by category as of December 31, 2023 (\$ million)



Progress: Impact

CIRCULAR ECONOMY AND VIRGIN PLASTIC WASTE REDUCTION

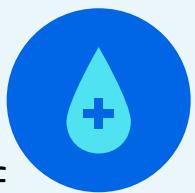
PepsiCo has allocated \$474 million of the 2022 Green Bond net proceeds to support sustainable plastics and packaging, primarily through the procurement of rPET in North America. The net proceeds from the 2022 Green Bond allocated toward the procurement of rPET have helped PepsiCo to avoid approximately 230,000 metric tons of GHG emissions compared to using virgin plastic.⁷



NET POSITIVE WATER IMPACT

Using Green Bond net proceeds, we have supported delivery of both our replenishment (~\$16 million) and operational water-use efficiency (~\$70 million) goals, focused on high water-risk⁸ areas.

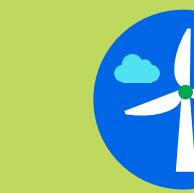
Since 2020, this has had the effect of replenishing more than 7 billion liters of water back into water-stressed watersheds. Operational water-use projects completed between 2020 and 2023 using Green Bond net proceeds are expected to avoid the use of more than 2 billion liters of water in our company-owned plants annually. Following successful deployment of previous Green Bond-funded membrane bioreactor projects (MBR), we have used Green Bond proceeds to deploy a new MBR system at our Lima, Peru plant.



⁷Avoided emissions represent the calculated difference in emissions between virgin and recycled PET plastic, using third-party emissions factors provided by Franklin Associates for each year and region where rPET is purchased and PepsiCo's purchased packaging volume of rPET

⁸World Resource Institute's Aqueduct water stress assessment tool is used to reconfirm high water-risk areas every three years

⁹Carbon sequestration from regenerative agriculture projects is calculated separately and outside of PepsiCo's GHG Inventory



REGENERATIVE AGRICULTURE

We have allocated \$26 million of net proceeds from our 2022 Green Bond to regenerative agriculture projects that have reached more than 5,300 farmers and covered more than 2 million acres. These projects have helped sequester⁹ more than 1 million metric tons of GHG emissions and contributed to reducing emissions by more than 110,000 metric tons since 2022.



DECARBONIZATION OF OUR OPERATIONS AND SUPPLY CHAIN

Green Bond net proceeds (\$272 million) have been allocated toward funding climate-focused projects, including those improving fleet efficiency, increasing our renewable energy generation capacity and improving energy efficiency within our sites. In total, these projects completed between 2020 and 2023 are expected to reduce our Scope 1 and 2 GHG emissions by over 125,000 metric tons per year.

Assurance: Independent Accountants' Examination Report

To PepsiCo, Inc.'s Management:

Report on Management of PepsiCo, Inc.'s Assertion Related to the Use of Proceeds from the Issuance of its 2022 Green Bond

Opinion

We have examined management of PepsiCo, Inc.'s ("PepsiCo's") assertion on page 11 of the PepsiCo 2024 Green Bond Report (the "Report") that PepsiCo has allocated \$859 million in the aggregate in net proceeds from the issuance of its 2022 Green Bond as of December 31, 2023 to Eligible Projects as defined on pages 4 to 6 of the Report in accordance with the Use of Proceeds defined on page 4 of the Report ("Management's Assertion").

In our opinion, Management's Assertion is fairly stated, in all material respects.

Our opinion on Management's Assertion does not extend to any other information that accompanies or contains Management's Assertion and our report.

Basis for opinion

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We are required to be independent and to meet our other ethical requirements in accordance with relevant ethical requirements related to the engagement. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Responsibilities for Management's Assertion

PepsiCo's management is responsible for Management's Assertion as well as:

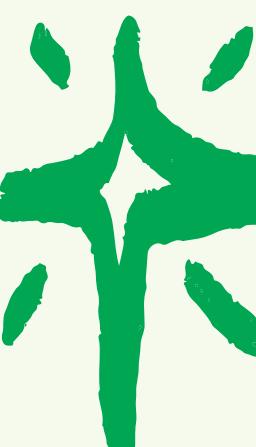
- designing, implementing and maintaining internal control relevant to the preparation of Management's Assertion such that it is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria as a basis for Management's Assertion and appropriately referring to or describing the criteria used; and
- fairly stating Management's Assertion.

Our Responsibilities

The attestation standards established by the American Institute of Certified Public Accountants require us to:

- plan and perform the examination to obtain reasonable assurance about whether Management's Assertion is fairly stated, in all material respects; and
- express an opinion on Management's Assertion, based on our examination.

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about Management's Assertion that is sufficient and appropriate to provide a basis for our opinion. The nature, timing, and extent of the procedures selected depended on our judgment, including an assessment of the risks of material misstatement of Management's Assertion, whether due to fraud or error. We identified and assessed the risks of material misstatement through understanding Management's Assertion and the engagement circumstances. We also obtained an understanding of the internal control relevant to Management's Assertion to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls.





Management's Assertion

PepsiCo has allocated \$859 million in the aggregate in net proceeds from the issuance of its 2022 Green Bond as of December 31, 2023 to Eligible Projects as defined on pages 4-6 of this report in accordance with the Use of Proceeds defined on page 4 of this report. PepsiCo is responsible for the completeness, accuracy, and validity of the information and metrics presented in this Green Bond Report.

Special note on forward-looking statements

This report contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "agenda," "aim," "anticipate," "believe," "drive," "estimate," "expect," "future," "goal," "intend," "may," "plan," "project," "seek," "strategy," "target," "transformation," "vision" and "will" or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties. For information on certain factors that could cause actual events or results to differ materially from our expectations, please see PepsiCo's filings with the Securities and Exchange Commission, including its most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. PepsiCo undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, this report includes statistics or metrics that are estimates, make assumptions based on developing standards that may change and provide aspirational goals that are not intended to be promises or guarantees. Due to the use of estimates and assumptions, such statistics and metrics included in this report can change at any time and PepsiCo makes no commitment to update such statistics and metrics as they develop.