

# Climate

For our business, climate change has the potential to impact the quantity and quality of agricultural crops available for our foods and drinks, create weather patterns that hinder the operation of our facilities and value chain and affect the availability and quality of the water we use. For our people, suppliers and the communities where we operate, climate change has the potential to threaten their prosperity and could negatively impact their health and well-being through food insecurity and exposure to extreme weather.

For these reasons, we are focused on implementing strategies that seek to mitigate and adapt to the effects of climate change.

We aim to **achieve net-zero emissions by 2050 or sooner**, and our targets have been officially validated by the SBTi.

In our path to net-zero, we also aim to achieve by 2030:

- A 50% reduction in Scope 1 and 2 emissions;<sup>1</sup>
- A 30% reduction in Scope 3 Forest, Land and Agriculture (FLAG) emissions;<sup>2</sup> and
- A 42% reduction in Scope 3 Energy and Industry (E&I) emissions.<sup>3</sup>

All 2030 climate goals are measured against a 2022 baseline. These goals reflect SBTi's sectoral guidance on FLAG and E&I emissions and are aligned to a 1.5°C trajectory by 2050. These ambitions are outlined in our [Climate Transition Plan](#), first published in May 2025.

## Approach

Our strategy is supported by our [Climate Transition Plan \(CTP\)](#), which outlines in detail the actions we believe will enable us to meet our climate mitigation ambitions, including in:

- **Direct operations:** We are taking action in an effort to reduce our emissions in many of our company-owned and -controlled operations across the world.
- **Value chain:** Outside our direct control, we strive to help reduce climate impact in our value chain, prioritizing decarbonization in agricultural sourcing, packaging and third-party transportation and distribution.
- **Wider society:** We believe that effectively addressing climate change requires coordinated and collective action. We seek to work beyond our operations to promote actions that support progress.

Our progress toward these ambitions relies on the wider systems in which we operate. Efforts such as collaborations within our value chain, working to align with industry standards, advocating for supportive government policies and understanding the views of diverse stakeholders will influence the progress we are able to make in working towards our targets.

Decarbonizing our value chain is a complex effort requiring a multi-pronged approach that leverages multiple options as we work to achieve our goals. We know that our efforts do not occur in a vacuum – they rely on the development of the wider systems in which we operate. Key areas, such as modernization of electrical grids and development of affordable renewable fuel supplies, will influence our progress as we work towards decarbonization. We have learned a lot as we have tested different technologies to decarbonize and plan to continue to implement scalable solutions that are available today, while also investing in new promising technologies. These solutions may hold the potential to be replicated at PepsiCo facilities around the world and serve as building blocks to scale decarbonization beyond our company walls. However, making progress against our climate goals will take pursuing multiple initiatives across different areas of our value chain while collaborating with our suppliers, peers and other industry members.

In 2024, we:

- Continued to expand our electric fleet in North America with the addition of 50 Class 8 Tesla semi-trucks and 75 Ford E-Transit electric vans serving PepsiCo's manufacturing and distribution facility in Fresno, California.
- Upgraded to new, lower-carbon technologies in our beverage plant in Álava, Spain. This included installing new hot water pipelines and changing the electric transformers to assume the power demands to operate completely on electricity.
- Joined a Virtual Power Purchase Agreement alongside the Donaldson Company that will result in the creation of a solar energy project in Texas, expected to be completed by the end of 2025.
- Piloted long-haul electric truck operations along route I-10 in Texas, aiming to reduce fleet emissions and accelerate the transition to sustainable logistics through our involvement with the Sustainable Freight Buyers' Alliance (SFBA).

<sup>1</sup> Goal tracks Scope 1 and 2 emissions consistent with the Greenhouse Gas Protocol. See [Calculation Methodology](#) for details

<sup>2</sup> Goal tracks Scope 3 emissions based on purchased goods emissions consistent with the Greenhouse Gas Protocol's draft Land Sector and Removals Guidance and Standard and the Science Based Target Initiative's Forest, Land and Agriculture (FLAG) Guidance. See [Calculation Methodology](#) for details on how these emissions are calculated and categories included in scope of this goal

<sup>3</sup> Refined goal (including 2022 baseline) announced on May 22, 2025. Past performance against the baseline calculated retroactively. For more information, see [Calculation Methodology](#)

# Our Net-zero Ambition by 2050



<sup>1</sup> We have established a Historic Data Restatement Policy in line with the GHGP, which governs any changes to historic data including the treatment of mergers, acquisitions and divestitures

<sup>2</sup> Scope 1 and 2 energy and industry emissions inventory: Scope 1 includes on-site fossil fuel combustion and fleet fuel consumption emissions. Scope 2 includes indirect GHG emissions from the generation of electricity, heat or steam purchased from a utility provider

<sup>3</sup> Scope 3 FLAG emissions inventory: Includes upstream land sector related emissions from purchased agriculture and packaging materials. FLAG emissions in these categories include land use change emissions, land management net CO2 emissions and land management non-CO2 emissions. PepsiCo's Scope 3 FLAG target excludes the following emissions in our inventory: small volume agriculture materials that make up 4% of emissions and FLAG emissions due to purchases of agricultural materials by our co-manufacturing business

<sup>4</sup> Scope 3 energy and industry emissions inventory: Includes energy and industry emissions from purchased goods and services, capital goods, fuel and energy-related activities (not included in Scope 1 or 2), upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, processing of sold products, end-of-life treatment of sold products, franchises and investments. PepsiCo's Scope 3 energy and industry target excludes the following emissions in our inventory: capital goods, "other" purchased goods and services, employee commuting, waste generated in operations, processing of sold products, end-of-life treatment of sold products, investments, small volume materials in agriculture and packaging purchases that amount to 4% and 5% of emissions in those categories respectively, agriculture Scope 3 energy and industry emissions for PepsiCo Global Concentrate Solutions business, Scope 3 energy and industry emissions for co-manufacturing business, and upstream transportation

## Addressing climate change in the value chain

Like many large, global organizations, reducing Scope 3 emissions is the biggest challenge we face in advancing progress toward our 2050 net-zero goal. Given the indirect nature of these emissions, quantifying and managing them is difficult and requires strategic partnerships and broad engagement to make progress.

We try to work with our value chain, including suppliers, contract manufacturers, franchise bottlers and customers, to support their efforts to improve the sustainability of their operations.

We believe **expectations**, **economics** and **enablement** are three fundamental elements needed to drive successful engagement and action:

**~80%**

of compressed natural gas (CNG) purchased for our North American foods fleet was renewable in 2024

**39 countries**

Our operations in 39 countries used 100% renewable electricity, including energy attribute certificates in 2024

### Expectations

Setting clear and consistent expectations with our suppliers helps lay the foundation for successful collective action. Aligning supplier performance with the "4 Asks" clearly demonstrates their sustainability commitments. As suppliers meet or exceed these criteria, they climb our Leader Ladder, showcasing their value as indispensable partners in achieving business excellence. We created this framework for our top GHG emitting suppliers (who account for 80% of our emissions in the agricultural ingredient and packaging categories of our Scope 3 emissions) to help better understand how we can lean in and support each other on our sustainability journeys.

When we launched this effort in 2023, 21% of suppliers were in the *Initiating* phase of their sustainability journey and 15% were already in the *Accelerating* phase. In 2024, suppliers continued to advance progress with 10% in the first stage of the journey and 18% achieving *Leader* status position of the Leader Ladder.

**The four asks of suppliers are:**

1. Commit and set a Science-Based Target (SBT)
2. Share their SBT-aligned decarbonization plan and annual progress
3. Report their Scope 1 and 2 emissions and where they are taking action
4. Collaborate with PepsiCo to roll-out regenerative agriculture practices (specific to our agricultural suppliers)

### Economics

We strive to identify opportunities to remove barriers to pursuing decarbonization for our suppliers. For example, in 2024, we launched the Climate Collaboration Group (CCG) which brings together 18 of PepsiCo's leading suppliers on climate action. The purpose of the group is to identify shared climate issues where collaboration could be a significant financial unlock and speed transformation.

### Enablement

PepsiCo has a long history of working together with stakeholders to advance shared sustainability goals.

In 2024, we introduced our pep+ Partners for Tomorrow global Sustainability Action Center to a broader range of participants within our value chain, including suppliers, contract manufacturers and bottlers. The content is available in eight languages and can be accessed via a public website that also serves as a collaborative platform that helps partners stay up to date on pep+ ambitions, track participants' status versus the goals, measure how their progress compares to peers and provides them with a personalized pep+ dashboard. In addition, it provides resources such as playbooks and programs to further support participants on their decarbonization journey.

We also aspire to work closely with farmers and others within our supply chain to scale [regenerative agriculture](#) practices as we aim to reduce carbon emissions.

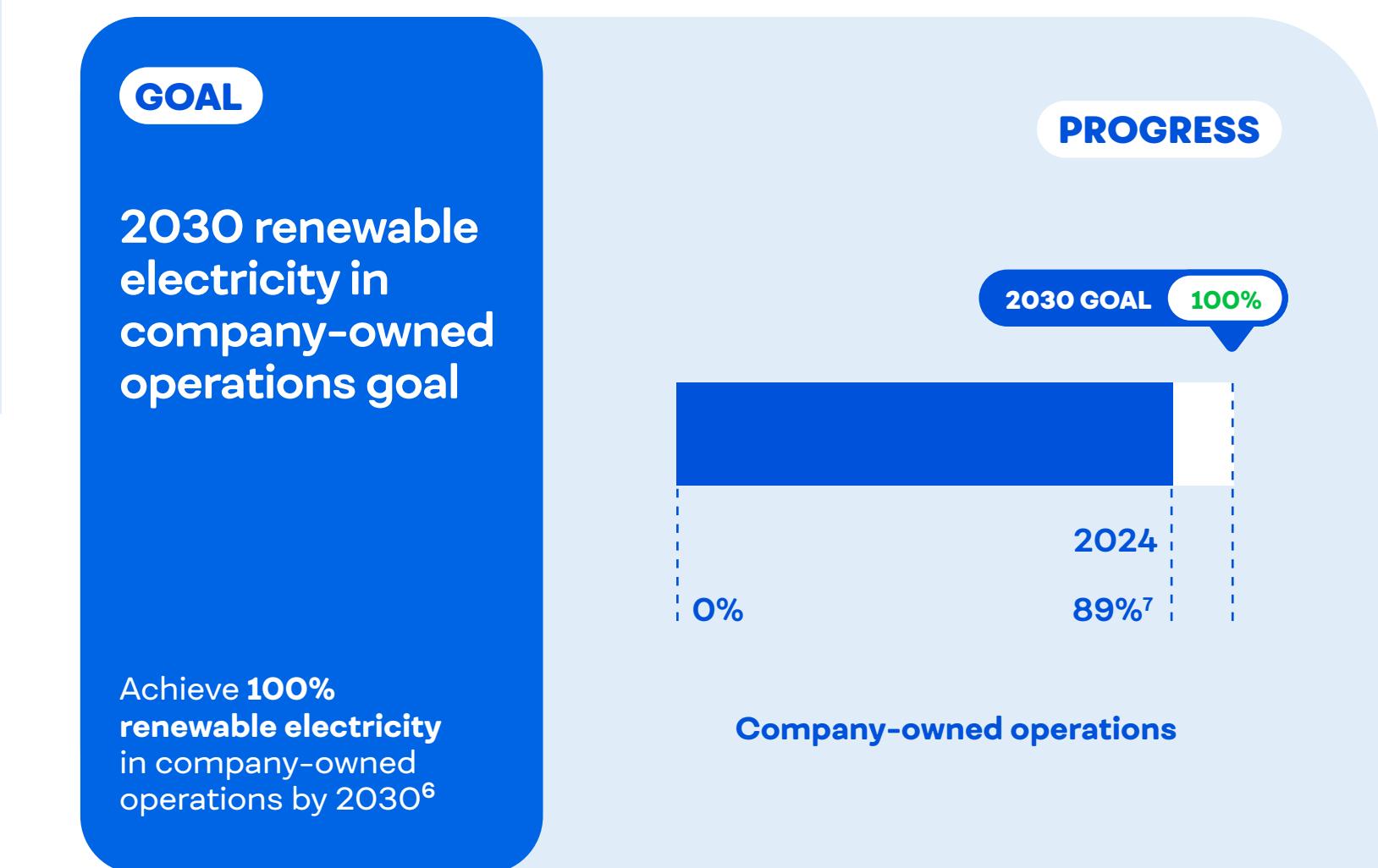
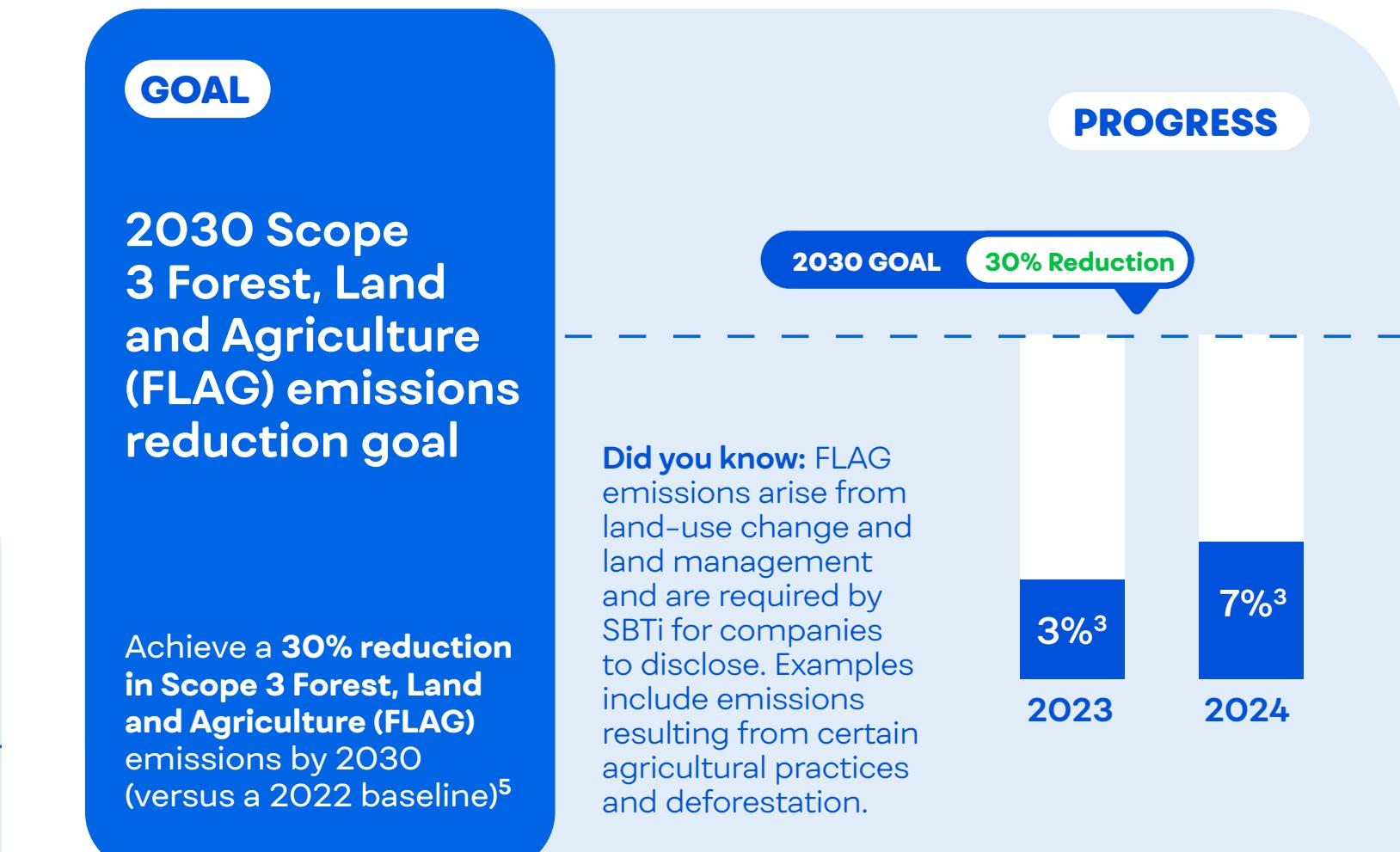
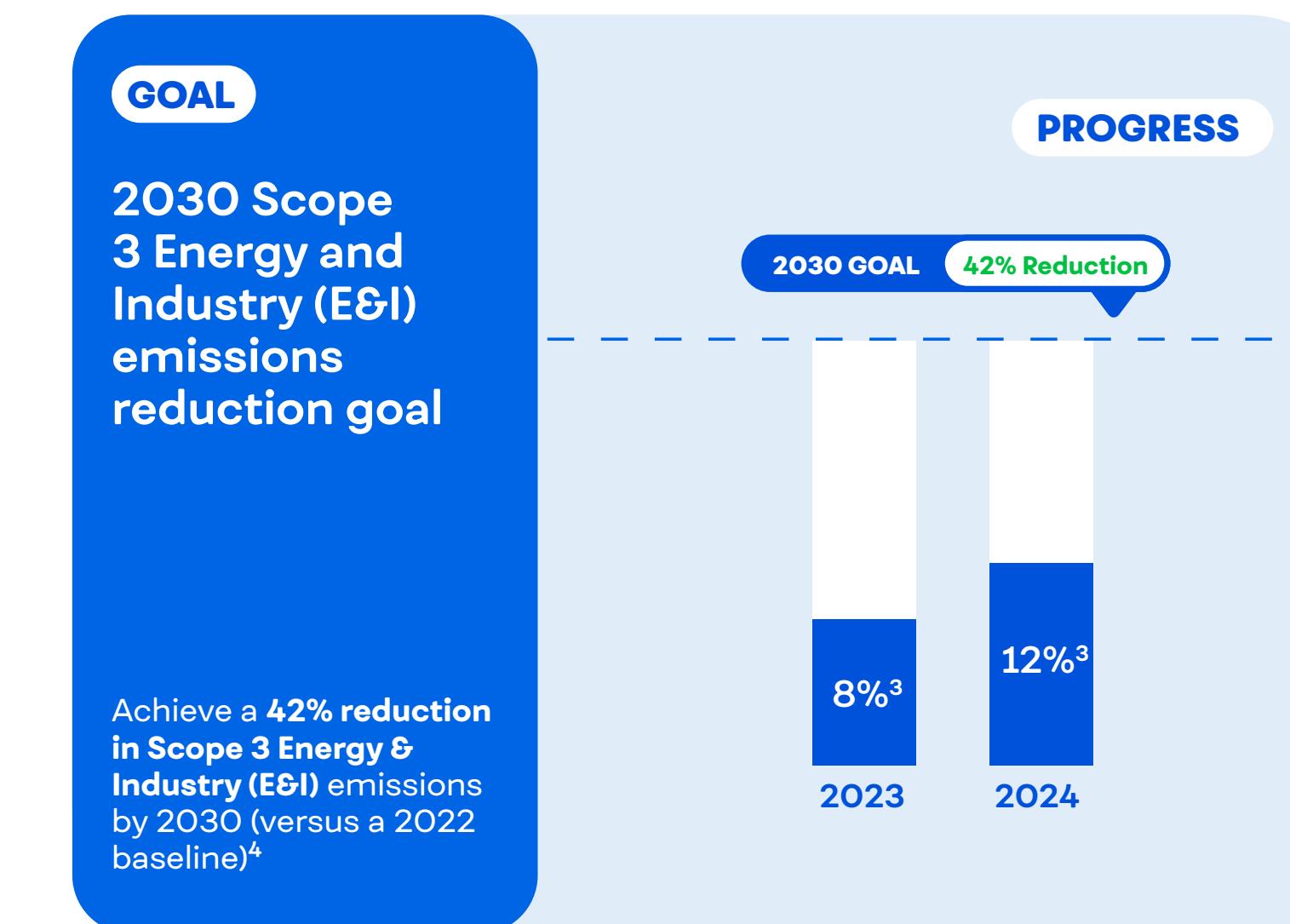
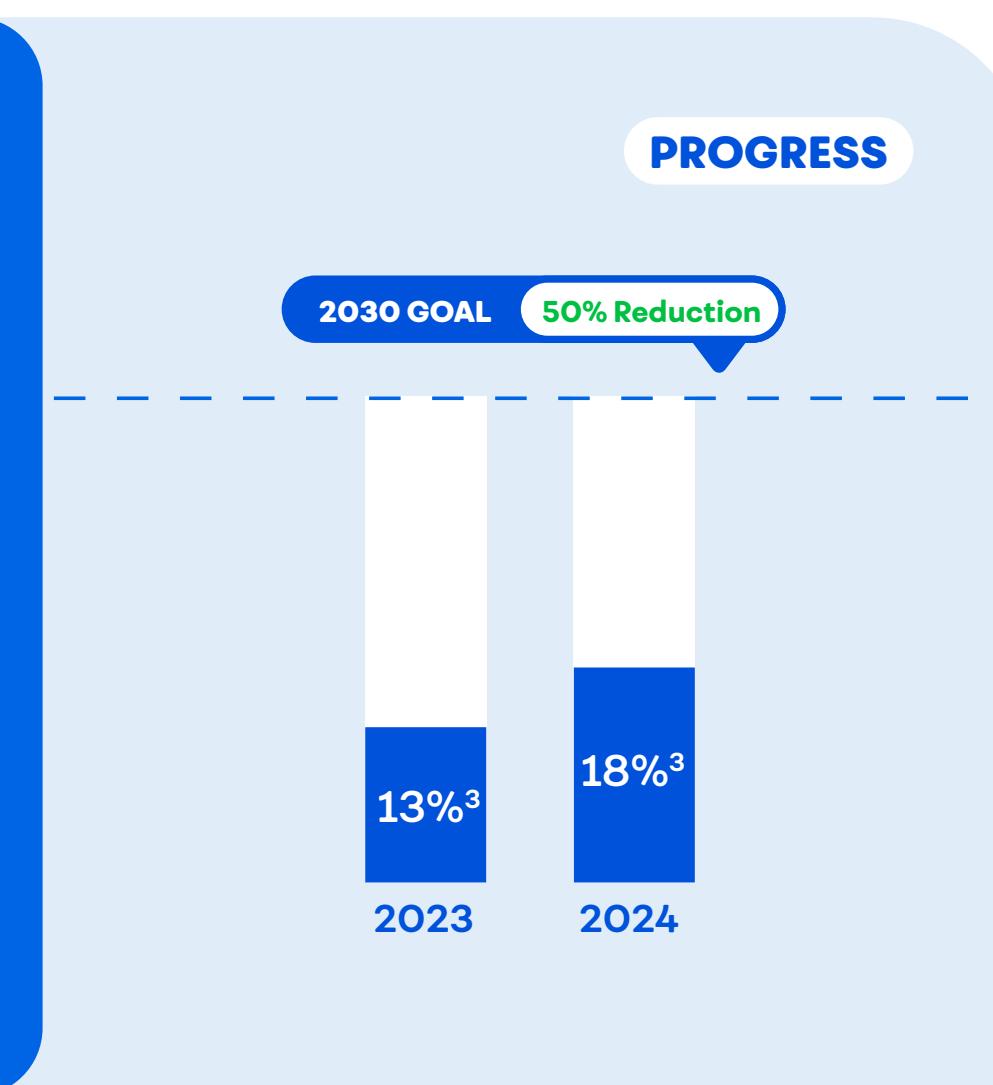


# Progress against climate goals

In May 2025, we refined our climate goals as part of a broader effort to refocus our sustainability ambitions where we believe we can help drive scale and position the company for long-term growth. Our 2024 ESG reporting suite, which includes this Summary and the [ESG Topics A-Z](#) page, represents the first time we are reporting progress against the evolved goals.

In 2024, 89% (approximately 3,900 GWh) of the company's direct global electricity needs were met with renewable electricity, including through use of power purchase agreements (PPAs) and purchase of unbundled energy attribute certificates (EACs).<sup>1</sup>

Details on our 2022 baseline emissions footprint can be found in our [Climate Transition Plan](#) with performance against climate goals noted below.



<sup>1</sup> In working to achieve this goal, PepsiCo uses a diversified portfolio of solutions, including purchase of unbundled energy attribute certificates

<sup>2</sup> Goal tracks Scope 1 and 2 emissions consistent with the Greenhouse Gas Protocol. See [Calculation Methodology](#) for details

<sup>3</sup> Refined goal (including 2022 baseline) announced on May 22, 2025. Past performance against the baseline calculated retroactively. For more information, see [Calculation Methodology](#)

<sup>4</sup> Goal tracks energy- and industry-related Scope 3 emissions consistent with the Greenhouse Gas Protocol's Scope 3 Standard and the Science Based Target Initiative's Corporate Net-Zero Standard V1.2. See [Calculation Methodology](#) for details on how these emissions are calculated and categories included in scope of this goal

<sup>5</sup> Goal tracks Scope 3 emissions based on purchased goods emissions consistent with the Greenhouse Gas Protocol's draft Land Sector and Removals Guidance and Standard and the Science Based Target Initiative's Forest, Land and Agriculture (FLAG) Guidance. See [Calculation Methodology](#) for details on how these emissions are calculated and categories included in scope of this goal

<sup>6</sup> In working to achieve this goal, PepsiCo uses a diversified portfolio of solutions, including purchase of unbundled energy attribute certificates

<sup>7</sup> Former ambition became a pep+ goal in 2025. 2024 performance calculated retroactively. For more information, see [Calculation Methodology](#)

## Explore Climate topics in more depth

PepsiCo's [ESG Topics A-Z](#) provides detail on strategy, data, policy, progress and more on a wide range of subjects.

- [Agriculture](#)
- [Climate change](#)
- [Fleet decarbonization](#)
- [Green Bond](#)
- [Packaging](#)
- [Renewable energy](#)



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