Approach, goals & progress

The heart of our ambition is to help create a more resilient, sustainable food system

Our Positive Agriculture agenda aims to promote the adoption of regenerative agriculture, restorative or protective practices, including focus on watershed health and nature; source our key ingredients in line with our Sustainable Sourcing Guidelines; strive toward deforestation- and conversion-free sourcing for high-risk commodities in our company-owned and -operated activities and support improved livelihoods through measurable increases in economic prosperity and farmer and farm worker security.

We have made meaningful progress in some areas, while facing challenges in others. Across our Positive Agriculture goals, we strive to scale and accelerate what has worked, continue to work with stakeholders, adopt new technologies and establish partnerships that we believe can have a substantive positive impact.

Notably, we have:

- Increased the adoption of **regenerative agriculture, restorative, or protective practices** to more than 3.5 million acres[1] globally in 2024
- Collaborated with suppliers to work with farmers in different regions to **plant cover crops and implement other regenerative practices**, resulting in an approximately 1.6 million metric ton net reduction in on-farm GHG emissions, including soil carbon sequestration, in 2024[2]
- **Sustainably sourced** approximately 66%[1] of our key ingredients in line with our Sustainable Sourcing Guidelines in 2024
- **Contributed to measurable improvements** in more than 185,000 livelihoods based on an outcome-focused evaluation of economic prosperity and farmer and farm worker security since 2021[3]

Approach to regenerative agriculture

Regenerative agriculture can be a powerful tool to promote healthier soil, as well as to reduce agricultural emissions, enhance biodiversity and watershed health and help raise the standard of living for farmers and farming communities by supporting resilience. We believe it can help mitigate risks for our business while also preserving natural resources for future generations.

Driven by this belief and our progress and learnings to date, earlier this year we increased our regenerative agriculture goal, aiming to drive the adoption of regenerative agriculture, restorative or protective practices across 10 million acres of land by 2030.[4] This is an expansion of our original 7-million-acre regenerative agriculture goal and extends the ambition both in scale and depth, as it includes specific objectives for nature within the goal.

Our new goal intentionally brings together efforts to regenerate, restore and protect agricultural lands and surrounding ecosystems to encourage more holistic action. We consider an acre as contributing to nature restoration or protection when activities lead to biodiversity and ecological improvements on lands not used for agricultural production, and which remain out of agricultural production in the future, but which enhance the resilience of the ecosystem in the farming landscape. This could include, for example, increasing critical land area under protection or increasing the governance effectiveness of protected areas. For more information, please see our Regenerative Agriculture Guidelines.

Regenerative agriculture practices are implemented by farmers all over the world — from large-scale commercial farming systems to smallholder farms. In practice, each farm and its surrounding ecosystem is unique. Implementing regenerative agriculture practices requires balancing regenerative practices with current, proven farming tactics adjusted to local ecosystems.

We support farmers in implementing a wide range of outcome-oriented regenerative practices, including planting cover crops to protect the soil, reducing tillage to maintain soil health and encouraging livestock integration and crop diversity. Depending on local conditions, regenerative techniques can help farmers grow more food on the same amount of land with optimized usage of water, fertilizer and pesticides.

We also continue our work in watershed health. During 2023, we exceeded our agricultural water-use efficiency goal of 15%[5] (reaching 22% when compared to a 2015 baseline) in high water-risk watersheds two years ahead of schedule by supporting farmers through partnerships, targeted trainings and programs such as our demonstration farms. As a result of achieving this goal ahead of schedule, we will no longer report annual progress against it. However, we will continue our efforts through other pep+ goals, including with targeted interventions embedded within regenerative agriculture programs where water risk necessitates such action. Read more on our approach to water beyond agriculture in Positive Value Chain.

Throughout 2024, we provided support to approximately 20,000 farmers as they adopted regenerative, restorative or protective farming techniques on **more than 3.5 million acres**[1] globally.

1 Refined goal announced on May 22, 2025. 2024 performance calculated retroactively. For more information, see Calculation Methodology
2 Carbon sequestration from regenerative agriculture projects is calculated separately and outside of PepsiCo's GHG inventory. Carbon sequestration is not currently factored into PepsiCo's progress against climate goals
3 This goal captures the number of livelihoods reached through an outcome-focused evaluation measuring improvements in economic prosperity and farmer and farm worker security. Metric counts the cumulative people impacted since 2021
4 See PepsiCo's Regenerative Agriculture Guidelines for additional information, including details on key crops and regeneration, restoration and protection criteria. Results reflect total acreage meeting these criteria within the annual reporting period
5 Measured versus a 2015 baseline. This metric tracked the improvement of the water-use efficiency of PepsiCo's direct agricultural supply chain. Results reflected assessments performed in 2023, 2020 and 2018

Approach, goals & progress (cont.)

Based on our experience collaborating with farmers, we believe there are key components that can support transition to regenerative agriculture practices, including:

- **Economic support:** Provide farmers with economic support, such as cost-sharing, needed to transition to regenerative agriculture in a secure, more viable way, while also funding innovation and supporting start-up organizations with the potential to scale.
- **Community engagement support:** Provide farmers with opportunities to connect with peers and community champions of regenerative agriculture through means such as holding field days for farmers to learn from other farmers in their community. For example, we showcase proven practices that work locally through demonstration farms. We currently have 55 demonstration farms around the world.
- **Independent agronomic support:** Help farmers scale regenerative agriculture, regardless of what stage of the process they are in, by providing technical support to demonstrate how practices will work on their individual farm with its specific soil and weather conditions.

An example of our efforts to provide independent agronomic support includes work with local implementers like Practical Farmers of Iowa (PFI), Soil and Water Outcomes Fund (SWOF) and the IL Corn Growers Association (ICGA). Additionally, we continue to collaborate with like-minded peers across the food system. One example is STEP Up for Agriculture (Supporting Trusted Engagement and Partnership for Agriculture), a pioneering initiative by PepsiCo and Unilever and retailer partners to strengthen the capacity of farmer-facing organizations in the U.S. and Europe. Through tailored advisory support and a "train the trainer" model, the program focuses on building organizational capabilities, promoting regenerative agriculture practices and driving sustainable supply chain solutions with measurable environmental impact.

What are regenerative agriculture, restorative and protective practices?

We help farmers adopt practices with the following **impact areas** and **intended outcomes** in mind:

Impact Areas[1]

Build soil health and fertility

- Build soil organic matter
- Maintain living roots in the soil as much as possible
- Incorporate livestock
- Increase diversity of crop rotations

Reduce or sequester CO_2

- Plant cover crops to sequester CO_2
- Promote reduced and no-till cultivation for minimal soil disturbance
- Optimize inputs like fertilizer and herbicide

Enhance biodiversity and nature

- Minimize deforestation and natural ecosystem conversion
- Enhance biodiversity
- Actively protect and restore nature on and around farms

Improve farmer livelihoods

- Support farmer and farm worker economic prosperity and security (such as food security, land rights, wages or labor practices)
- Increase economic empowerment

Improve watershed health

- Help farmers access more efficient irrigation equipment
- Support best practices for scheduling and maintenance
- Transition from flood irrigation to more efficient methods (e.g., drip irrigation)
- Prevent loss of nutrients and other agrochemicals

Intended Outcomes

Strengthen ecosystems and communities

Build more resilient agricultural systems

Improve farmer profitability and livelihoods

Feed more people with fewer resources

1 Refer to PepsiCo's Regenerative Agriculture Practice Bank for an indicative listing of practices directly or indirectly linked to the five impact areas

Listening to and collaborating with farmers and stakeholders

We listen to and collaborate with various farmers, farm workers, industry peers and agriculture participants in different parts of our value chain to help transition to more sustainable agriculture practices that deliver farm-level impacts, such as greenhouse gas (GHG) emissions reductions.

Examples of our stakeholder engagements that launched or expanded in 2024 include:

- Expanding opportunities in the agriculture sector, including a multi-year partnership with Practical Farmers of Iowa to provide opportunities for underrepresented and beginning farmers and a partnership with the Farm Foundation to create career opportunities within the agriculture industry.
- Awarding $6.7 million in grants to fund innovative regenerative agriculture projects in Canada, Australia and Mexico in partnership with AgMission.
- Partnering with Yara to help decarbonize crop production in Europe by providing farmers with crop nutrition programs to make sure crops get the nutrients needed to grow, including the right amount at the right time, which can help farmers use fewer inputs and help reduce in-field emissions.
- Launching the Sustainability Action Center to help agricultural suppliers set and track emissions reduction targets.
- Continuing to support regenerative agriculture transformation on more than three million acres of U.S. farmland through a partnership with three farmer-facing organizations and a multi-year $216 million investment.
- Scaling efforts to upskill certified crop advisors with soil health training in North America through the Trusted Advisor Partnership.

Read more about our key agricultural collaborations and our Grievance Mechanism for our Agricultural Supply Chain.

Fueling innovative grassroots efforts

One way we cultivate innovation in agriculture is by supporting start-ups and grassroots organizations that we believe have the potential to scale. This, coupled with our continued partnerships with large, well-established organizations, helps us unlock business growth and access new ideas and technologies.

Our Positive Agriculture Outcomes Accelerator (the Accelerator) is one example of this in action. The Accelerator aims to incentivize our local teams to design and scale innovative solutions by offering co-investment to projects that have the potential to help progress toward our 2030 pep+ Positive Agriculture goals. By providing both financial and technical support, the Accelerator promotes long-term, transformative ideas that can impact farming communities around the world.

Since 2022, we have expanded our work to support eight new innovation projects across eight countries and approximately $5 million has been granted through the Accelerator. These investments support initiatives designed to test new solutions and help farmers build more resilient businesses.

We also continued to provide local farmers with the space to engage in peer-to-peer learning. Our extensive network of demonstration farms around the world offers farmers the opportunity to put into action scalable, innovative practices and solutions.

For example, in 2024 we hosted PepsiCo Milhão Regenera, a demonstration farm field day in Brazil organized together with Milhão Ingredients, a key corn supplier in the region. More than 400 farmers and members of the agriculture community participated, both sharing their experiences with and learning more about regenerative and precision agricultural practices.

Supporting nature-focused objectives

Our Positive Agriculture ambitions include a focus on nature because we believe our business is inextricably linked to the health of the ecosystems that support the growth of crops that ultimately end up in our foods and drinks.

Working to promote nature positive outcomes has been a significant undertaking over the past two decades.[1] We recognize the interplay between nature and business is complex, and our understanding continues to evolve. Within our supply chain, we are seeking to identify opportunities to mitigate environmental risks and support nature conservation and restoration.

With this in mind, we have included specific objectives for nature within our expanded regenerative agriculture goal to drive the adoption of regenerative, restorative or protective practices across 10 million acres by 2030.[2] We consider an acre as contributing to nature restoration or protection when activities lead to biodiversity and ecological improvements on lands not used for agricultural production, and which remain out of agricultural production in the future, but which enhance the resilience of the ecosystem in the farming landscape.

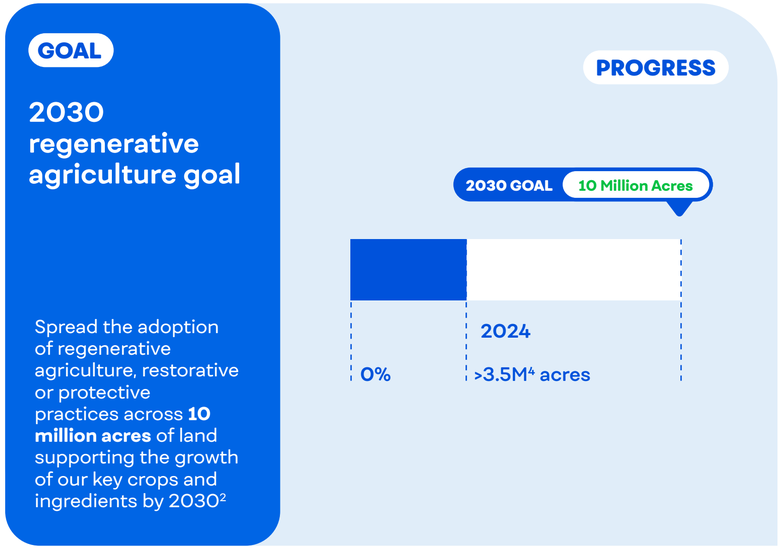
Examples of recent efforts include:

- **Providing farmers, suppliers, NGOs and researchers with actionable insights about how climate change is impacting crops** and how they can create resilience through regenerative agriculture with the open-access Climate Resilience Platform (CRP), created with the Alliance of Bioversity International and the International Center for Tropical Agriculture and the Foundation for Food and Agriculture Research. Recognized by Fast Company in 2024 as a "Next big thing in tech" for its contributions to food and agriculture, the CRP tool aims to help boost yields and reduce environmental impact.
- **Working to support the transformation of our sourcing regions,** including continuing to strive toward deforestation- and conversion-free sourcing for high-risk commodities in our company-owned and -operated activities[3] and supporting conservation, restoration and sustainable livelihoods with the Consumer Goods Forum's Forest Positive Coalition and the Palm Oil Collaboration Group.

For more information on our stewardship of forests and natural ecosystems in our supply chain, see our Stewardship of Forests and Natural Ecosystems Policy.

For more information on our efforts to improve watershed health, see Agriculture and for more detail on efforts to restore water resources, see Water.

In May 2025, we expanded the ambition of our regenerative agriculture goal from 7 million to 10 million acres and incorporated specific objectives for nature within the goal. Our 2024 ESG reporting suite, which includes this Summary and the Agriculture ESG Topics A-Z page, represents the first time we are reporting progress against this evolved goal. Progress is reflected on an annual basis.



1 Since PepsiCo first launched its Performance with Purpose platform in 2006
2 See PepsiCo's Regenerative Agriculture Guidelines for additional information, including details on key crops and regeneration, restoration and protection criteria. Results reflect total acreage meeting these criteria within the annual reporting period
3 PepsiCo set this ambition in its Stewardship of Forests and Natural Ecosystems Policy. High-risk commodities include ingredients and materials at high risk of deforestation and conversion as defined in our Calculation Methodology. Systemic challenges continue to be an industry-wide barrier to reaching fully deforestation-free sourcing, but we continue striving toward this ambition and expect to reach more than 90% by the end of 2025
4 Refined goal announced on May 22, 2025. 2024 performance calculated retroactively. For more information, see Calculation Methodology