



PepsiCo Global Sustainable Agriculture Policy

As a leading food and beverage company, agriculture is central to our supply chain. Our products depend on a safe, high-quality, and affordable supply of agricultural raw materials to meet the demands of our business as well as the expectations of our consumers, customers, and other stakeholders. Given the importance of agricultural materials to PepsiCo, we are committed to incorporating the best thinking, practices, and technology to support sustainable agriculture within PepsiCo's global farming supply chain.

PepsiCo recognizes the increasing pressure placed on the global food supply and the ecosystems from which it is derived, the nutritional demands and health issues facing a growing global population, and the increase in legislative and regulatory activity on critical topics such as water stewardship and climate change. These issues create a new set of challenges and opportunities for our business that are not only connected to the crops and livestock products we need to support our product portfolio, but also to a complex, global supply chain that involves thousands of independent farmers, hundreds of service providers, a small number of company-owned farms, and the communities in which they operate.

PepsiCo's strategy balances our need to adapt to a dynamic agricultural environment while respecting and preserving the communities and environments that support our supply chains as well as the health and nutrition of the growing global population. Our Global Sustainable Agriculture Policy compliments our Performance with Purpose vision and is an essential part of the broader and more comprehensive PepsiCo Responsible Sourcing Guidelines, which incorporate applicable portions of the PepsiCo Supplier Code of Conduct, Sustainable Farming Initiative, Environmental Health and Safety Policy, Sustainable Packaging Policy, Forestry Stewardship Policy, and Land Use Policy.

Our Aspirations regarding Sustainable Agriculture

Our aim is to ensure PepsiCo has continued access to the key agricultural raw materials necessary to supply growing consumer needs while respecting the environment and communities involved in producing those raw materials. We recognize our challenge involves the need to make farming more productive while caring for farm animals, preserving natural resources, contributing to developing communities, and reducing our environmental impact.

PepsiCo Principles regarding Sustainable Agriculture

As we continue our journey in Sustainable Agriculture, PepsiCo's agriculture decisions and actions are based upon the following principles. Sustainable Agriculture should:

- Integrate environmental, social, and economic sustainability within agricultural production.
- Comply with governmental laws, regulations, and industry standards.
- Integrate approved and credible science and technology, where applicable.
- Enable local farming communities to protect and improve their well-being and the environment in which they operate.
- Optimize the use of resources to improve farm productivity and preserve soil fertility, water and air quality, and biodiversity in agricultural operations.
- Support increased farm productivity, improving crop and livestock yields and nutritional quality to meet existing and future global business growth.
- Safeguard the care of farm animals that are an integral part our supply chain.

December 16, 2014

Setting and Achieving Goals

As part of our approach, we have established broad-based objectives that identify initiatives and projects aimed at improving the sustainability of our agricultural supply chain. Specific goals and programs may vary by commodity, geography, and business relationship on account of the unique challenges and opportunities that exist in each region.

Where PepsiCo has a direct relationship with the grower, PepsiCo aims to implement specific programs and measurement processes to improve overall agricultural supply chain performance. When PepsiCo's relationship is through third-parties or contracted agents, PepsiCo aims to work with these partners to improve and embed best practices in their operations.

As we continue to innovate and build upon our understanding of these challenges and opportunities, PepsiCo may update these goals to reflect the availability of new technologies, crop inputs that become commercially viable, or newly identified risks and opportunities in our supply chain.

Broad Objectives within the Agricultural Supply Chain

Environmental:

- *Agrochemical and Nutrient Management:* PepsiCo aims to optimize the use of pesticides, nutrients, and other agrochemicals. PepsiCo supports sustainable practices that substitute natural controls for some agrochemicals, foster ecosystem balance, reduce greenhouse gas emissions, and mitigate crop losses.
- *Air Quality:* PepsiCo aims to minimize air emissions in farm operations by reducing particulate matter, minimizing drift from plant protection products, and eliminating potential odors.
- *Animal Care:* PepsiCo aims to ensure proper animal care practices that support the production of high quality, safe ingredients. These practices include nutritious diets, safe and appropriate living conditions, and medical care among many other routine animal care practices. PepsiCo works with dairy farmer-suppliers and partners in support of animal care standards that ensure a healthy herd.
- *Energy and Greenhouse Gas Management:* PepsiCo aims to optimize energy use in crop production, field activities, and the management of herd and agricultural waste to improve farm economics and reduce greenhouse gas emissions.
- *Soil Conservation and Preservation:* PepsiCo aims to preserve and improve soil health, minimize soil loss through erosion, and avoid soil damage due to disease, compaction, and contamination.
- *Water Management:* PepsiCo aims to optimize the applied water footprint to crop and livestock systems as well as responsibly manage runoff risks of pollution or contamination of ground or surface water with pesticides, nutrients, or soil. PepsiCo aims to work with farmers to develop effective water management plans for addressing water risk.

Economic:

- *Farm Economics and Land Management:* PepsiCo supports sustainable agriculture practices that enable farmers to improve product value by maximizing the desired outputs of an agricultural system and reducing waste while minimizing the required inputs and avoiding any negative impacts to the farm and surrounding lands. In particular, PepsiCo is working with industry groups to define suitable metrics to measure and improve biodiversity in arable crops and the surrounding land. PepsiCo aims to work with farmers that develop a long-term economic plan of efficient and responsible farm production.

- *Management Practices and Commercial Relationships:* PepsiCo and our suppliers have a responsibility to comply with all relevant legal and regulatory requirements, and support the implementation of robust management systems that provide stability for effective forward planning. PepsiCo aims to establish stable and mutually beneficial relationships along the value chain, including clear agreements with customers, suppliers, and sub-contracted producers.

Social:

- *Social and Community Improvement:* PepsiCo aims to protect farm workers and improve the community's wellbeing and environment. PepsiCo supports practices that proactively manage health and safety risks and allow employees to receive fair and reasonable treatment with respect to working hours, wages and benefits, and accommodations. PepsiCo and our suppliers will engage local organizations to address potential risks and sources of conflict to create positive impacts on the community.