

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

PepsiCo products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. PepsiCo generated more than \$63 billion in net revenue in 2017, driven by a complementary food and beverage portfolio that includes 22 brands that generate more than \$1 billion each in estimated annual retail sales (e.g., Frito-Lay, Gatorade, Pepsi-Cola, Quaker and Tropicana). At the heart of PepsiCo is Performance with Purpose (PwP) – our goal to deliver top-tier financial performance while creating sustainable growth and shareholder value. In practice, PwP means providing a wide range of foods and beverages from treats to nutritious eats; trying to find innovative ways to reduce our impact on the environment and lower our operating costs; working to provide a safe and inclusive workplace for our employees globally; and respecting, supporting and investing in the local communities where we operate.

Cautionary Statement - Statements in this submission that are “forward-looking statements” are based on currently available information, operating plans and projections about future events and trends. Terminology such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “expressed confidence,” “forecast,” “future,” “goal,” “guidance,” “intend,” “may,” “objective,” “outlook,” “plan,” “position,” “potential,” “project,” “seek,” “should,” “strategy,” “target,” “will” or similar statements or variations of such terms are intended to identify forward-looking statements, although not all forward-looking statements contain such terms. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such forward-looking statements. Such risks and uncertainties include, but are not limited to: changes in demand for PepsiCo’s products; changes in, or failure to comply with, applicable laws and regulations; imposition or proposed imposition of new or increased taxes aimed at PepsiCo’s products; imposition of labeling or warning requirements on PepsiCo’s products; changes in laws related to packaging and disposal of PepsiCo’s products; PepsiCo’s ability to compete effectively; political conditions, civil unrest or other developments and risks in the markets where PepsiCo’s products are made, manufactured, distributed or sold; PepsiCo’s ability to grow its business in developing and emerging markets; uncertain economic conditions in the countries in which PepsiCo operates; the ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption; increased costs, disruption of supply or shortages of raw materials and other supplies; business disruptions; product contamination or tampering or issues or concerns with respect to product quality, safety and integrity; damage to PepsiCo’s reputation or brand image; failure to successfully complete or integrate acquisitions and joint ventures into PepsiCo’s existing operations or to complete or manage divestitures or refranchisings; changes in estimates and underlying assumptions regarding future performance that could result in an impairment charge; increase in income tax rates, changes in income tax laws or disagreements with tax authorities; failure to realize anticipated benefits from PepsiCo’s productivity initiatives or global operating model; PepsiCo’s ability to recruit, hire or retain key employees or a highly skilled and diverse workforce; loss of any key customer or disruption to the retail landscape; any downgrade or potential downgrade of PepsiCo’s credit ratings; PepsiCo’s ability to implement shared services or utilize information technology systems and networks effectively; fluctuations or other changes in exchange rates; climate change or water scarcity, or legal, regulatory or market measures to address climate change or water scarcity; failure to successfully negotiate collective bargaining agreements, or strikes or work stoppages; infringement of intellectual property rights; potential liabilities and costs from litigation, claims, regulatory, or legal proceedings, inquiries or investigations; and other factors discussed in the risk factors section of PepsiCo’s filings with the Securities and Exchange Commission. 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.

W-FB0.1a

(W-FB0.1a) Which activities in the food, beverage, and tobacco sector does your organization engage in?

Processing/Manufacturing
Distribution

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2017	December 31 2017

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

India
United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which financial control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
Operational control farms and dairies	Company farms in China and Egypt do not have the capability to measure consumption at this time. Collectively, we estimate that exclusions represent less than 1% of total consumption.
International offices/warehouse (partial)	These facilities do not report water consumption. Collectively, we estimate that exclusions represent less than 1% of total consumption.
Offices/warehouses associated with significant acquisitions in 2010 and 2011.	These facilities do not report water consumption. Collectively, we estimate that exclusions represent less than 1% of total consumption.
Agriculture	PepsiCo owns/manages some agricultural land within our direct operations. Lands are usually used to grow crops for our products. The amount of land this represents in our overall agricultural supply chain is judged to be small and therefore de minimis.

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Vital	Vital	It is important that sufficient good quality freshwater be available for use in our direct operations and indirect operations. Good quality fresh water is important as it is needed as a key ingredient for our beverages. It is used throughout our food and beverage operations and in those of our third-party manufacturers and franchise bottlers and it is important to maintain sanitary conditions in our facilities. This is also true for raw materials suppliers, particularly within our agricultural supply chain where water is vital for growing crops. We expect that future water dependency in our direct and indirect operations will change as we move forward with improvements in both operational and agricultural water-use efficiency.
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Neutral	Our ingredient standards mean that we cannot use brackish water in our manufacturing processes, which is why we have listed it here as 'not very important' for both indirect operations and our direct operations. As such, our future dependency on brackish water for our manufacturing processes will likely not change. The power plants that provide energy to our operations and our suppliers may rely on recycled, brackish and/or produced water for cooling. In the future, we will still depend on sufficient amounts of produced and other water for cooling in the power plants that provide energy to our operations.

W-FB1.1a

(W-FB1.1a) Which water-intensive agricultural commodities that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodities	% of revenue dependent on these agricultural commodities	Produced and/or sourced	Please explain
Maize	41-60	Sourced	Revenue dependent on this commodity is disclosed as an aggregate of all commodities listed here. We do not have sufficient data to determine revenue dependence of each commodity at this time.
Other, please specify (Potatoes)	41-60	Sourced	Revenue dependent on this commodity is disclosed as an aggregate of all commodities listed here. We do not have sufficient data to determine revenue dependence of each commodity at this time.
Palm oil	41-60	Sourced	Revenue dependent on this commodity is disclosed as an aggregate of all commodities listed here. We do not have sufficient data to determine revenue dependence of each commodity at this time.
Other, please specify (Sugar)	41-60	Sourced	Revenue dependent on this commodity is disclosed as an aggregate of all commodities listed here. We do not have sufficient data to determine revenue dependence of each commodity at this time.
Other, please specify (Wheat)	41-60	Sourced	Revenue dependent on this commodity is disclosed as an aggregate of all commodities listed here. We do not have sufficient data to determine revenue dependence of each commodity at this time.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
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	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	One hundred percent of our manufacturing sites are measured and monitored. We track all water withdrawals on a monthly basis across PepsiCo and have done so since 2006, leveraging our enterprise-wide sustainability metrics platform, in which facilities are responsible for entering water withdrawal data every month and the volumes of purchased water are obtained from invoices or meter readings. Data collection methods are set out in our PepsiCo Performance with Purpose Data Excellence Governance and Controls protocol, where detailed responsibilities and accountabilities for externally reported sustainability metrics are documented. From source data in the field to data input to the data management system, this protocol calls for our sector teams' process and control owners to assure accuracy as part of this process. In addition to this measuring and monitoring, the protocol also calls for us to track water withdrawal and usage efficiency performance quarterly against our PwP goals.
Water withdrawals – volumes from water stressed areas	100%	One hundred percent of our manufacturing sites are measured and monitored. We track all water withdrawals on a monthly basis across PepsiCo, leveraging our enterprise-wide sustainability metrics platform, in which facilities, including those located in high water stressed areas, are responsible for entering their water withdrawal data every month, tracking volumes of water purchased on invoices or meter readings. We also track our water withdrawal and usage efficiency performance quarterly as part of our Performance With Purpose Goals, in which we measure progress against our operational water-use efficiency goal. Data collection adheres to our PepsiCo Performance with Purpose Data Excellence Governance and Controls protocol, where detailed responsibilities and accountabilities for externally reported sustainability metrics are documented.
Water withdrawals – volumes by source	100%	One hundred percent of our manufacturing sites track water withdrawal by source on a monthly basis and capture it in our enterprise-wide sustainability metrics tracking platform, in which facilities are responsible for entering their water withdrawal data every month, including from the volumes of purchased water as recorded on invoices or from meter readings. Our enterprise-wide sustainability metrics platform allows us to measure and track performance in a standardized manner across our operations and it further supports our company strategy of digitization and automation. Data collection methods are set out in our PepsiCo Performance with Purpose Data Excellence Governance and Controls protocol, where detailed responsibilities and accountabilities for externally reported sustainability metrics are documented.
Produced water associated with your metals & mining sector activities - total volumes	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes	<Not Applicable>	<Not Applicable>
Water withdrawals quality	100%	One hundred percent of beverage operations track and monitor quality of raw water withdrawals on at least a quarterly basis, using the WHO Potable Water Standard and leveraging our enterprise-wide sustainability metrics platform, which allows us to measure and track performance in a standardized manner across our operations and it further supports our company strategy of digitization and automation. Data collection methods are set out in our PepsiCo Performance with Purpose Data Excellence Governance and Controls protocol, where detailed responsibilities and accountabilities for externally reported sustainability metrics are documented. From source data in the field to data input to the data management system, this protocol calls for our sector teams' process and control owners to assure accuracy as part of this process.
Water discharges – total volumes	100%	One hundred percent of sites track and monitor volume of water discharges on at least a quarterly basis, leveraging our enterprise-wide sustainability metrics platform, which allows us to measure and track performance in a standardized manner across our operations and it further supports our company strategy of digitization and automation. Data collection methods are set out in our PepsiCo Performance with Purpose Data Excellence Governance and Controls protocol, where detailed responsibilities and accountabilities for externally reported sustainability metrics are documented. From source data in the field to data input to the data management system, this protocol calls for our sector teams' process and control owners to assure accuracy as part of this process.
Water discharges – volumes by destination	Not monitored	One hundred percent of sites track and monitor water discharges on at least a quarterly basis, leveraging our enterprise-wide sustainability metrics platform, which allows us to measure and track performance in a standardized manner across our operations and it further supports our company strategy of digitization and automation. However, we are not yet monitoring by destination. Data collection methods are set out in our PepsiCo Performance with Purpose Data Excellence Governance and Controls protocol, where detailed responsibilities and accountabilities for externally reported sustainability metrics are documented. From source data in the field to data input to the data management system, this protocol calls for our sector teams' process and control owners to assure accuracy as part of this process.
Water discharges – volumes by treatment method	100%	One hundred percent of sites track and monitor wastewater discharges on a monthly basis, leveraging our enterprise-wide sustainability metrics platform, which allows us to measure and track performance in a standardized manner across our operations and it further supports our company strategy of digitization and automation. Data collection methods are set out in our PepsiCo Performance with Purpose Data Excellence Governance and Controls protocol, where detailed responsibilities and accountabilities for externally reported sustainability metrics are documented. From source data in the field to data input to the data management system, this protocol calls for our sector teams' process and control owners to assure accuracy as part of this process.

	% of sites/facilities/operations	Please explain
Water discharge quality – by standard effluent parameters	100%	One hundred percent of sites track and monitor water discharges on a monthly basis, leveraging our enterprise-wide sustainability metrics platform, which allows us to measure and track performance in a standardized manner across our operations and it further supports our company strategy of digitization and automation. Data collection adheres to our PepsiCo Performance with Purpose Data Excellence Governance and Controls protocol, where detailed responsibilities and accountabilities for externally reported sustainability metrics are documented. From source data in the field to data input to the data management system, this protocol calls for our sector teams' process and control owners to assure accuracy as part of this process.
Water discharge quality – temperature	Not monitored	We track water discharge quality – temperature where and when it is required by permit.
Water consumption – total volume	100%	One hundred percent of sites track and monitor water consumption, leveraging our enterprise-wide sustainability metrics platform, which allows us to measure and track performance in a standardized manner across our operations and it further supports our company strategy of digitization and automation. Data collection methods are set out in our PepsiCo Performance with Purpose Data Excellence Governance and Controls protocol, where detailed responsibilities and accountabilities for externally reported sustainability metrics are documented. From source data in the field to data input to the data management system, this protocol calls for our sector teams' process and control owners to assure accuracy as part of this process.
Water recycled/reused	100%	All sites recycling or reusing water track this volume monthly using meter readings from their membrane bioreactors (MBRs) and reverse osmosis (RO) systems, leveraging our enterprise-wide sustainability metrics platform, which allows us to measure and track performance in a standardized manner across all our operations and it further supports our company strategy of digitization and automation. Data collection methods are set out in our PepsiCo Performance with Purpose Data Excellence Governance and Controls protocol, where detailed responsibilities and accountabilities for externally reported sustainability metrics are documented. From source data in the field to data input to the data management system, this protocol calls for our sector teams' process and control owners to assure accuracy as part of this process.
The provision of fully-functioning, safely managed WASH services to all workers	100%	PepsiCo's internal self-assessment program to measure water, sanitation, and hygiene (WASH) compliance takes place annually and has been implemented at all company-owned plants. We use a WASH self-audit questionnaire that is sent out to all of our company-owned manufacturing facilities. However, if a facility is scheduled for an annual external audit it would not complete a self-audit. In line with our PwP 2025 agenda, we have set a goal to provide appropriate access to WASH for all of our own manufacturing locations by 2025. At the end of the reporting year, 46% of manufacturing facilities are WASH conformant, with 71% meeting critical criteria (sufficient WASH facilities) and 53% meeting programmatic criteria (signage/training). Annual audits are planned for compliance per our internal PepsiCo governance documents.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	92000	Lower	Two percent less water volume was withdrawn compared with last year. This decrease was due to water reduction initiatives implemented towards our Performance with Purpose water-use efficiency sustainability goal. For example, we installed an MBR/RO water recovery system in our Sabritas Mexicali facility, which went live in June 2017, leading to a decrease of approximately 44% of freshwater withdrawn at this site in 2017 compared with 2016 withdrawal volumes. In the future, it is possible that the volume of water withdrawals could decrease due to our investments in water reduction initiatives. Please note that this figure does not match the sum of the water withdrawal by source figures reported in W1.2h due to rounding.
Total discharges	62000	This is our first year of measurement	This is our first year of reporting total wastewater discharges. Comparisons with previous reporting years, including facility-specific examples, should be available starting next year. In the future, it is possible that the volume of wastewater discharged could decrease as a result of our investments in water reduction initiatives.
Total consumption	30000	Lower	There was 3% lower water consumption in 2017 as compared to 2016. PepsiCo continues to drive water efficiency across our manufacturing locations, which has in turn lowered consumption. Future trends in our water consumption are expected to be driven by our water efficiency investments and global reapplication of best practices through our Resource Conservation (ReCon) program. In the future, it is possible that the volume of water consumption could decrease as a result of our water reduction initiatives.

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	27	Lower	WRI Aqueduct <i>In addition to Aqueduct, we also utilize detailed local surveys and assessments facilitated by a third-party consulting company with international experience and subject matter expertise.</i>	In 2017, our operations withdrew 4% less water in water-stressed areas than in 2016. PepsiCo conducts detailed manufacturing location water stress assessments every three years – leveraging WRI Aqueduct and a detailed site risk assessment, encompassing context, physical, regulatory, social, and reputational risks. PepsiCo used WRI Aqueduct as it is designed to help users understand where and how water risks are emerging worldwide. In order to get more granular and nuanced perspectives of on the ground risks, we also utilized local site surveys at all company-owned facilities. Collectively, we determined the level of water risk in three categories: physical, regulatory and reputational/social. Both current risk and anticipated future water risk were assessed and assigned a risk score. All sites with a score in excess of 3.5 (out of 5) were designated as high water risk. Additional sites with a lower score were designated as high water risk based on local knowledge.

W-FB1.2e

(W-FB1.2e) For each commodity reported in question W-FB1.1a, do you know the proportion that is produced/sourced from water stressed areas?

Agricultural commodities	The proportion of this commodity produced in water stressed basins is known	The proportion of this commodity sourced from water stressed basins is known	Please explain
Maize	Not applicable	Yes	This information is based on our agricultural water risk assessment, completed as part of our Performance with Purpose agricultural water efficiency goal.
Other commodities from W-FB1.1a, please specify (Potatoes)	Not applicable	Yes	This information is based on our agricultural water risk assessment, completed as part of our Performance with Purpose agricultural water efficiency goal.
Palm oil	Not applicable	No, we do not have this data and have no plans to obtain it	Palm oil is not in scope for our Performance with Purpose agricultural water efficiency goal, so this information is not available as part of our agricultural water risk assessment.
Other commodities from W-FB1.1a, please specify (Sugar)	Not applicable	No, we do not have this data and have no plans to obtain it	Sugar is not in scope for our Performance with Purpose agricultural water efficiency goal, so this information is not available as part of our agricultural water risk assessment.
Other commodities from W-FB1.1a, please specify (Wheat)	Not applicable	No, we do not have this data and have no plans to obtain it	Wheat is not in scope for our Performance with Purpose agricultural water efficiency goal, so this information is not available as part of our agricultural water risk assessment.

W-FB1.2g

(W-FB1.2g) What proportion of the sourced agricultural commodities reported in W-FB1.1a originate from water stressed areas?

Agricultural commodities	% of total agricultural commodity sourced in water stressed areas	Please explain
Maize	47	Determined as 47% of our whole maize volume is in-scope of PepsiCo's Performance with Purpose agriculture water efficiency goal. This is our first year reporting this figure, so there have been no changes. This figure was calculated using 2015 data as part of our baselining exercise this year. The figure could change in future years depending on changes to our procurement of maize.
Other sourced commodities from W-FB1.2e, please specify (Potatoes)	47	Determined as 47% of our potato volume is in-scope of PepsiCo's Performance with Purpose agriculture water efficiency goal. This is our first year reporting this figure, so there have been no changes. This figure was calculated using 2015 data as part of our baselining exercise this year. The figure could change in future years depending on changes to our procurement of potatoes.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	102	About the same	Fresh surface water accounts for a very small percentage of PepsiCo's source water supply. Our goal is to increase this volume in the future through investment in rainwater harvesting, where appropriate to do so. This fresh surface water volume was about the same as what we reported last year and fresh surface water, including rainwater, water from wetlands, rivers and lakes still represents a very small percentage of the total water withdrawals.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	Our ingredient and food safety standards mean that we cannot use brackish water in our manufacturing processes. The power plants that provide energy to our operations and our suppliers may rely on recycled, brackish, and/or produced water for cooling. Some countries in which PepsiCo operates. produce fresh water through desalination systems. PepsiCo currently has no future plans to incorporate brackish surface water or seawater into our water sourcing, so we do not anticipate any changes to this in the future.
Groundwater – renewable	Relevant	25419	Much lower	Renewable groundwater is PepsiCo's second largest source of water withdrawals (after third-party or municipal sources). We withdrew 7% less groundwater in 2017 than we did in 2016. In the future, as we continue to drive water-use efficiency across our business we could see less groundwater withdrawals.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	PepsiCo does not draw from non-renewable groundwater sources and does not plan to do so in the future.
Produced water	Not relevant	<Not Applicable>	<Not Applicable>	PepsiCo does not rely on or draw produced or process water, and does not plan to do so in the future.
Third party sources	Relevant	66138	About the same	Third party sources represent the largest source of PepsiCo's water withdrawals. This volume may decrease as we continue to drive water-use efficiency across our business but it will likely remain our largest withdrawal source.

W1.2j

(W1.2j) What proportion of your total water use do you recycle or reuse?

	% recycled and reused	Comparison with previous reporting year	Please explain
Row 1	Less than 1%	Higher	We have increased our volumes of water recycled/reused across our company by 0.1%. Our Performance with Purpose water efficiency strategy builds on the successes we have already achieved in water reuse technology, particularly in our foods business, and we are planning to continue to invest in water recycle/reuse efforts. Our goal is to increase the percentage of recycled water across our foods business in particular in the coming years, which would reduce our dependence on freshwater.

W-FB1.3

(W-FB1.3) Do you collect/calculate water intensity for each commodity reported in question W-FB1.1a?

Agricultural commodities	Water intensity information for this produced commodity is collected/calculated	Water intensity information for this sourced commodity is collected/calculated	Please explain
Maize	Not applicable	Yes	We have a goal to improve the water-use efficiency of our direct agricultural supply chain by 15% by 2025 in high-water-risk sourcing areas against a 2015 baseline. Maize is in-scope for this goal. As part of our baselining activities, which was the first part of our strategy to achieve this goal, we are measuring theoretical water-use efficiency based on applied water, which will be validated and refined through in-field measurements.
Other commodities from W-FB1.1a, please specify (Potatoes)	Not applicable	Yes	We have a goal to improve the water-use efficiency of our direct agricultural supply chain by 15% by 2025 in high-water-risk sourcing areas against a 2015 baseline. Potatoes are in-scope for this goal. As part of our baselining activities, which was the first part of our strategy to achieve this goal, we are measuring theoretical water-use efficiency based on applied water, which will be validated and refined through in-field measurements.
Palm oil	Not applicable	No, not currently and we have no plans to collect/calculate this data within the next two years	We have a goal to improve the water-use efficiency of our direct agricultural supply chain by 15% by 2025 in high-water-risk sourcing areas against a 2015 baseline. Palm oil is not in scope for our Performance with Purpose agricultural water efficiency goal, so this information is not available as part of our agricultural water risk assessment.
Other commodities from W-FB1.1a, please specify (Sugar)	Not applicable	No, not currently and we have no plans to collect/calculate this data within the next two years	We have a goal to improve the water-use efficiency of our direct agricultural supply chain by 15% by 2025 in high-water-risk sourcing areas against a 2015 baseline. Sugar is not in scope for our Performance with Purpose agricultural water efficiency goal, so this information is not available as part of our agricultural water risk assessment.
Other commodities from W-FB1.1a, please specify (Wheat)	Not applicable	No, not currently and we have no plans to collect/calculate this data within the next two years	We have a goal to improve the water-use efficiency of our direct agricultural supply chain by 15% by 2025 in high-water-risk sourcing areas against a 2015 baseline. Wheat is not in scope for our Performance with Purpose agricultural water efficiency goal, so this information is not available as part of our agricultural water risk assessment.

W-FB1.3b

(W-FB1.3b) Provide water intensity information for each of the agricultural commodities identified in W-FB1.3 that you source.

Agricultural commodities

Maize

Water intensity value

Numerator: Water aspect

Please select

Denominator: Unit of production

Please select

Comparison with previous reporting year

This is our first year of measurement

Please explain

We have modeled our water intensity information for each of the agricultural commodities identified based on responses and inputs from farmers. Those numbers are not available to be shared at this time, but we aim to share them next year.

Agricultural commodities

Other sourced commodities from W-FB1.3, please specify (Potatoes)

Water intensity value

Numerator: Water aspect

Please select

Denominator: Unit of production

Please select

Comparison with previous reporting year

This is our first year of measurement

Please explain

We have modeled our water intensity information for each of the agricultural commodities identified based on responses and inputs from farmers. Those numbers are not available to be shared at this time, but we aim to share them next year.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

Unknown

% of total procurement spend

26-50

Rationale for this coverage

This coverage is part of our ongoing efforts related to our agricultural water efficiency goal. The coverage includes farmers who are our direct suppliers in water-stressed regions. It is expected that they participate in this reporting. We engage with these farmers on their conveyance mechanisms, their equipment, and their management of water on-farm, as well as their ongoing plans to improve water-use efficiency.

Impact of the engagement and measures of success

Within PepsiCo, this information is used to create a strategy for water-use efficiency improvements. The information requested from suppliers includes on-farm water management practices and the methods and timing for how they plan on improving water-use efficiency in their operations. For us, success here would be an improvement in water-use efficiency. There are also interim measurements that we would consider to measure and track success, such as the number of countries that have a documented plan and the number of farmers being engaged.

Comment

This response is in regards to our agricultural supply chain. At this time, we are not able to report the percent of suppliers by number that report on their water use, risks and/or management information. Our water stewardship program is based on addressing key areas of risk across the PepsiCo value chain.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services
Encourage/incentivize suppliers to work collaboratively with other users in their river basins
Educate suppliers about water stewardship and collaboration
Provide training and support on sustainable agriculture practices to improve water stewardship

% of suppliers by number

Unknown

% of total procurement spend

26-50

Rationale for the coverage of your engagement

We believe that both incentivizing innovation and providing training and support on sustainable agriculture practices are crucial for farmers to improve those practices.

Impact of the engagement and measures of success

We will measure the success of these engagements by the resulting improvements in water-use efficiency.

Comment

Type of engagement

Incentivizing for improved water management and stewardship

Details of engagement

Offer financial incentives to suppliers reducing your operational water impacts through the products they supply to you
Offer financial incentives to suppliers improving water management and stewardship across their own operations and supply chain

% of suppliers by number

Unknown

% of total procurement spend

26-50

Rationale for the coverage of your engagement

We believe that incentivizing farmers for improved water management and stewardship practices is crucial for them to improve those practices.

Impact of the engagement and measures of success

We will measure the success of these engagements by the resulting improvements in water-use efficiency.

Comment

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

We believe that collaborating is a key to effecting lasting and sustainable change. Working with local entities helps prevent duplicative efforts across different organizations. Working with and engaging with our customers in our shared value chains is a smart approach. As an example, along with Walmart and others, PepsiCo is a founding member of the Midwest Row Crop Collaborative (MRCC) in the United States. MRCC is a diverse coalition of industry and nonprofit groups working to expand agricultural solutions that protect air and water quality and enhance soil health.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

Yes

W2.1a

(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and total financial impact.

Country/Region

United States of America

River basin

Colorado River (Pacific Ocean)

Type of impact driver

Physical

Primary impact driver

Increased water stress

Primary impact

Supply chain disruption

Description of impact

Unpredictable weather, including droughts across the U.S., particularly in California and Texas in recent years, has affected the availability of maize and potatoes from farmers whose crops were affected. The impact may be substantive in the region where supply chain disruption happens, but may not necessarily be substantive for the company as a whole.

Primary response

Engage with suppliers

Total financial impact

Description of response

In 2013, PepsiCo launched the Sustainable Farming Initiative (SFI) – later renamed to Sustainable Farming Program (SFP), a comprehensive on-farm program that was ongoing through 2016 to gather data at the farm level and advance sustainable agricultural practices, continuous improvement and long-term viability of the farm. The SFP framework contains environmental, social and economic sustainability indicators with detailed criteria and global standards for each. Water is one of the nine environmental indicators. Financial impacts have not been quantified. However, we are investing in proactive management of the issues as well as our SFP, which is intended to mitigate potential financial impacts.

Country/Region

United States of America

River basin

Colorado River (Pacific Ocean)

Type of impact driver

Regulatory

Primary impact driver

Higher water prices

Primary impact

Increased operating costs

Description of impact

Third-party sources represent our primary water providers in the United States. They are also our primary wastewater treatment providers. Rising water prices in the U.S. for a range of reasons, including increasing water stress, threaten to increase our operating costs unless we reduce our water usage. If we were to experience higher water prices across the basins in the United States, there could be an adverse impact on our business and financial results.

Primary response

Establish site-specific targets

Total financial impact

19000000

Description of response

By the end of 2015, we had reduced our water use per unit of production by 25.8% since 2006 from our legacy operations, exceeding our target of a 20% reduction and delivering a cost savings of approximately \$19 million in 2015, as compared with our 2006 run rate. We are currently focused on implementing our PwP 2025 operational water-use efficiency goal, which should continue to help limit our exposure to increasing operating costs from higher water prices.

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

Yes, fines, enforcement orders or other penalties but none that are considered as significant

W2.2a

(W2.2a) Provide the total number and financial value of all water-related fines.

Row 1

Total number of fines

7

Total value of fines

3673

% of total facilities/operations associated

1

Number of fines compared to previous reporting year

This is our first year of measurement

Comment

W3. Procedures

W-FB3.1

(W-FB3.1) How does your organization identify and classify potential water pollutants associated with its food, beverage, and tobacco sector activities that could have a detrimental impact on water ecosystems or human health?

As part of our PwP 2025 agenda, we have set a goal to have 100% of wastewater from our operations meet PepsiCo's standards for the protection of the environment. PepsiCo's Global Environment, Health and Safety Management System is a set of management and technical standards that provide guidance on acceptable and applicable operating parameters for our operations. Wastewater constituents that are considered pollutants and monitored vary depending on the type of facility, where they discharge to, and local requirements, but PepsiCo standard parameters include biochemical oxygen demand (BOD), chemical oxygen demand (COD), total suspended solids (TSS), total Nitrogen, Phosphorous, Oil and grease, pH, Temperature, and Fecal coliform or E. coli. These are categorized by the type of facility discharging the wastewater and we monitor each separately. Our level of concern of each of these parameters is dependent on local conditions such as the receiving body of water's quality and local ecosystems. One technical standard that we use is the Discharge of Process Wastewater Standard, which is aligned with the World Bank's International Finance Council and Business for Social Responsibility's (BSR) Sustainable Water Group. We have identified the chemical, biological, and physical properties of water outlined in our standard as ones that could negatively affect human and ecosystem use. Agrochemicals are one of the nine pillars under our Sustainable Farming Program (formerly referred to as our Sustainable Farming Initiative), providing a platform through which PepsiCo gathers information on pesticide management and application, including measures to support safe, legal and responsible use while minimizing agrochemical application through practices such as Integrated Pest Management (IPM). The agrochemical pillar includes four fundamental principles that are required and three progressive principles that are encouraged. Because we source from many countries, local watershed considerations may vary across our value chain.

W-FB3.1a

(W-FB3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your food, beverage, and tobacco sector activities.

Potential water pollutant

Other, please specify (properties of water)

Activity/value chain stage

Manufacturing – direct operations

Response shortened due to character limits: "Other, properties of water that can negatively affect human and ecosystem use"

Description of water pollutant and potential impacts

Our PepsiCo Standard on the discharge of wastewater outlines the chemical, biological, and physical properties of water that can negatively affect human and ecosystem use. Due to the highly variable nature of wastewater discharge scenarios, few internationally recognized standards are available, but we based our company standard on work done surrounding reasonable limits by the World Bank and BSR – Sustainable Textile Group. The scale and magnitude of the potential impact is dependent on local conditions, but in all cases our standard is designed for compliance with local discharge limits, which are themselves typically based on local context.

Management procedures

Waste water management
Follow regulation standards

Please explain

Our global wastewater standard formalizes the expectation that wastewater discharged from facilities will meet applicable regulatory requirements, be conducted in an efficient, safe and responsible manner, and maintain an effluent quality that does not cause degradation of water quality of the local environment. Although compliance with local standards is necessary, it is sometimes not enough. In some parts of the world, local wastewater direct discharge limits may not be stringent enough to protect against degradation of the water quality of the local environment. In such cases, we require our manufacturing operations to meet PepsiCo's more stringent discharge limits. We measure our wastewater quality, and success is measured and evaluated by those results. Another potential measurement of success is fines assessed by regulatory agencies. Fines were minimal, with less than 1% of our total facilities associated with minimal water-related fines during this reporting year.

Potential water pollutant

Fertilizers

Activity/value chain stage

Agriculture – direct operations
Agriculture – supply chain

Description of water pollutant and potential impacts

We recognize the potential impacts of fertilizers as listed here and have therefore incorporated best management practices for fertilizers into our Sustainable Agriculture Policy. For example, our Sustainable Farming Program trains farmers on optimal fertilizer management. For both our direct agricultural operations as well as our agricultural supply chain operations, the scale and magnitude of the potential impacts of fertilizers is dependent on local conditions, including the on-farm management practices, the crops being grown and fertilizers used, and the proximity to water sources.

Management procedures

Soil conservation practices
Crop management practices
Sustainable irrigation and drainage management
Fertilizer management
Calculation of fertilizer intensity data
Waste water management
Follow regulation standards

Please explain

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. We routinely evaluate farmer compliance with our sustainable farming program, including the implementation of fertilizer management through our farmer engagement. To achieve compliance with our Sustainable Farming program, farmers must demonstrate adoption of best management practices.

Potential water pollutant

Pesticides and other agrochemical products

Activity/value chain stage

Agriculture – direct operations
Agriculture – supply chain

Description of water pollutant and potential impacts

We recognize the potential impacts of pesticides and other agrochemical products as listed here and have therefore incorporated them into our Sustainable Farming Program and in our efforts in engaging with farmers. For both our direct agricultural operations as well as our agricultural supply chain operations, the scale and magnitude of the potential impacts of pesticides is dependent on local conditions, including the on-farm management practices, the crops being grown and pesticides used, and the proximity to water sources.

Management procedures

Soil conservation practices
Crop management practices
Sustainable irrigation and drainage management
Pesticide management
Substitution of pesticides for less toxic or environmentally hazardous alternatives
Waste water management
Follow regulation standards

Please explain

We track the progress of our growers who have integrated pest management (IPM) that meets our minimum expectations. PepsiCo is in the process of engaging with our agriculture teams and growers to support the growers and implementing IPM improvement programs, including training on what constitutes an acceptable IPM that is appropriate for the size/capability of the grower and also to build the business case to adopt IPM. Our goal is 100% compliance with our SFP, and we plan to leverage third-party verification to ensure that growers are using the right practices, including IPM. The impact of IPM on pesticide application will vary according to a complex set of factors, including crop type, region and climate but, in principle IPM supports the reduction in the amount of pesticides used.

Potential water pollutant

Manure and slurries

Activity/value chain stage

Agriculture – direct operations
Agriculture – supply chain

Description of water pollutant and potential impacts

For both our direct agricultural operations as well as our agricultural supply chain operations, the scale and magnitude of the potential impacts of manure and slurries are dependent on local conditions, including the on-farm management practices, the waste management procedures, and the proximity to water sources.

Management procedures

Animal waste management
Livestock management
Waste water management

Please explain

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. We routinely evaluate farmer compliance with our sustainable farming program, including the implementation of manure and slurries management, where applicable. To achieve compliance with our Sustainable Farming Program, farmers must demonstrate adoption of best management practice. This is of particular relevance to our dairy operations and suppliers in Russia and Eastern Europe.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

>10 years

Type of tools and methods used

Tools on the market

Other

Tools and methods used

WRI Aqueduct

Internal company methods

External consultants

Comment

In 2016, we completed a water risk assessment of all company-owned operations. We used the WRI Aqueduct tool, combined with local site surveys, to determine the level of water risk in three categories: physical, regulatory and reputational/social. We plan to conduct this full operations water risk assessment every three years, but we review and assess our water risk every year based on changes to the business and our facilities.

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

>10 years

Type of tools and methods used

Tools on the market

Databases

Other

Tools and methods used

WRI Aqueduct

FAO/AQUASTAT

Internal company methods

External consultants

Comment

We evaluate our water risk specific to our direct agricultural supply chain as part of our agricultural water-use efficiency goal described above.

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

Up to 1 year

Type of tools and methods used

International methodologies

Databases

Other

Tools and methods used

Life Cycle Assessment

Internal company methods

Other, please specify (Ecoinvent, World Food Lifecycle Database)

Comment

We identify and assess water-related risks for our products and their value chain using ISO standard life cycle assessment methodologies. Our Packaging Research & Development team created a Life Cycle Analysis tool utilizing ISO 14040/44 and PAS 2050 standards. PepsiCo uses the findings and tool capabilities to incorporate life cycle thinking in our day-to-day R&D data-based decision making.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water availability is key to our business and is always of high relevance to us. We conduct source vulnerability assessments at priority high-risk facilities to ensure that we have a comprehensive picture of local water availability within the context of the local watershed. Through these assessments along with our water risk assessment process, we gain knowledge of both current stressors on water availability as well as projected future stressors. PepsiCo's water risk assessments for all of its company-owned manufacturing operations use a method in which data are collected from 4 inputs: 1) WRI Aqueduct tool; 2) WBCSD Global Water Tool; 3) internal company knowledge at site level, and; 4) expertise of external independent hydrologists with local knowledge and expertise. Information from these sources is compiled to develop a comprehensive view of water-related risk facing each site within their specific local context, both now and out to 2025, and to categorize risks as physical, regulatory or social/reputational. All sites receiving a score of 3.5 or higher (from within a range of 0 to 5) are classified as high water risk and are subject to mitigation requirements, including targets on water efficiency improvements and watershed replenishment. Additional sites with a lower score that are designated as high water risk based on local knowledge are subject to mitigation requirements as well. We utilize the expertise of independent hydrologists to validate the results of both the tools and the site surveys in an effort to ensure that the results are consistent and credible. Water risk assessments are done for our direct operations as well as our direct agricultural sourcing of key ingredients. Based on the tools we utilize, we consider both current and emerging issues regarding water availability.
Water quality at a basin/catchment level	Relevant, always included	Water quality is key to our business and is always of high relevance to us in our risk assessments. We conduct source vulnerability assessments at priority high-risk facilities to ensure that we have a comprehensive picture of local water availability, including quality, within the context of the local watershed. Through these assessments along with our water risk assessment process utilizing WRI Aqueduct, internal company methods, and external consultants, we gain knowledge of both current stressors on water quality as well as projected future stressors.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	Local stakeholder conflicts concerning water resources at a basin or catchment level are of high relevance to our business. As part of our 'Other, internal company methods' tool, we utilized a water stress assessment survey for our sites that provides more detailed insight into local water conditions by addressing water quantity, water quality and external factors such as competition, economics and community concerns. This tool factors in both current and emerging stakeholder concerns or potential conflicts that our business may be impacted by.
Implications of water on your key commodities/raw materials	Relevant, always included	Water is key to our ability to source ingredients for our products. We conducted a water risk assessment on our major agricultural sourcing regions around the globe using WRI Aqueduct, FAO/AQUASTAT, and external consultants. This assessment identified areas of high water risk and enables us to target investment in water efficiency improvements with our farmer communities as well as plan for future supply disruptions. We include this information in our water risk assessments as it is vital to our business; water is key for agriculture. We assess the issue and identify risks in partnership with external consultants and non-governmental organization (NGO) partners to best identify current issues with emerging urgency as well as emerging issues that may arise based on trends and changes such as climate change.
Water-related regulatory frameworks	Relevant, always included	As part of our 'Other, internal company methods' and 'Other, external consultants' tools, we engaged with external consultants to develop and utilize a water stress assessment survey for our sites that provides a more detailed insight into local regulatory conditions affecting both water supply (i.e., allocation restrictions) and water costs (i.e., tariffs). This includes both current and emerging regulatory frameworks that our facilities may be impacted by.
Status of ecosystems and habitats	Relevant, sometimes included	As part of our 'Other, internal company methods' and 'Other, external consultants' tools, we engaged with external consultants to develop and utilize a water stress assessment survey for our sites to provide a more detailed insight into local conditions. This can include situations where there are water quality concerns that could impact the status of ecosystems and habitats. We regularly review the need, opportunity and our ability to increase the number of factors that we consider in assessing risks related to water and may more explicitly incorporate this in our future assessments. In addition, we believe that sustainable agriculture should optimize the use of resources to improve farm productivity and preserve soil fertility, water and air quality, and biodiversity in agricultural operations. Working with external consultants and NGOs, we aim to keep an eye on emerging issues as well as current issues with emerging importance.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	In 2014, we developed a global PepsiCo standard for Potable Water Management, which includes water, sanitation and hygiene (WASH), which applies to all company-owned facilities, all company-managed and leased facilities, as well as majority-owned joint ventures. This standard was developed in part due to our 'Other, external consultants' tools as we consulted with others to develop these requirements. As part of this, PepsiCo has an internal self-assessment program to measure WASH compliance. The assessment takes place annually and has been implemented at all company-owned plants. We use a WASH self-assessment questionnaire that is sent out to all of our company-owned manufacturing facilities. However, if a facility is scheduled for an annual external audit it would not complete a self-assessment. We are also a signatory of the WASH in the Workplace pledge and have a PwP goal of appropriate access to WASH for 100% of our own manufacturing employees by 2025.
Other contextual issues, please specify	Relevant, always included	PepsiCo collects data from 4 inputs in its assessment process: 1) WRI Aqueduct tool; 2) WBCSD Global Water Tool; 3) internal company knowledge at site level, and; 4) expertise of external independent hydrologists with local knowledge and expertise. Information from these sources is compiled to develop a comprehensive view of water-related risk facing the site within their specific local context, both now and out to 2025, and to categorize risks as physical, regulatory or social/reputational. Sites receiving a score of 3.5 or higher (from within a range of 0 to 5) are classified as high water risk and are subject to mitigation requirements, including targets on water efficiency improvements and watershed replenishment. We utilize the expertise of independent hydrologists to validate the results of both the tools and the site surveys in an effort to ensure the results are consistent and credible.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Key customers with expectations for performance on water by suppliers include Walmart and Sam's Club. We engage these stakeholders through dialogue and the expectations of these customers are included in risk assessments related to PepsiCo's water stewardship strategy and program implementation.
Employees	Relevant, always included	Employees have the potential to significantly impact PepsiCo water stewardship programs and water goal achievement. As such, risks associated with employee behavior with regard to water may be included in local risk assessments, particularly where water-related risks have occurred. In such cases, the potential for employees to reduce risk and improve site performance on water is assessed and actions are taken accordingly. We engage senior managers at the facility level during our water risk assessment process in order to obtain information regarding water risks that are specific to each site.
Investors	Relevant, always included	A key element of our overall water stewardship strategy and risk management approach is to achieve and maintain a reputation for transparency and leadership in this area. The primary means that we employ to address and manage risk with investors is through participation in the CDP Water public reporting platform.
Local communities	Relevant, always included	Local community interests in water and PepsiCo's performance on water are foundations of our water strategy. As such, risks to PepsiCo's reputation as a water steward within the local community are assessed as part of our internal company method, the site survey element of our risk assessment process. We also keep an eye on external media information regarding water in the areas where we operate, as they are often linked to local communities' concerns or impacts.
NGOs	Relevant, always included	We consult with NGOs including by utilizing WRI's Aqueduct tool, and also with others such as The Nature Conservancy (TNC) with regard to how to address our identified water risks at the watershed level.
Other water users at a basin/catchment level	Relevant, always included	At some sites with high water risk, the other water users at the local level may be important for scaled-up risk mitigation efforts. In these cases, we include them in risk assessment and mitigation planning. For example, in India, there are stakeholder groups at the catchment level that our facilities are engaged with and meet with.
Regulators	Relevant, sometimes included	At some sites with high water risk, local regulators and government administrators responsible for water governance can be important to efforts for scaled-up risk mitigation efforts. In these cases, we include them in risk assessment and mitigation planning by taking into consideration their current and upcoming regulations regarding water and wastewater. For example, we look at regulatory impacts and a horizon scan for future changes in the 3-5-year timeframe through our internal company method of site surveys.
River basin management authorities	Relevant, sometimes included	At some sites with high water insecurity, river basin management authorities responsible for regional water planning can be important to efforts for scaled-up risk mitigation efforts. In these cases, we include them in risk assessment and mitigation planning by considering their river basin management plans and assessments.
Statutory special interest groups at a local level	Relevant, not included	We have not formally included special interest groups as a stakeholder group in water risk assessments. We have no current plans to include statutory special interest groups at a local level at this time. We plan on undertaking our global operations water risk assessment every three years, so any potential changes would be realized through this process.
Suppliers	Relevant, always included	Our water stewardship program is based on addressing key areas of risk across the PepsiCo value chain. Water risk in our supply chain is centered on our franchise bottler operations and co-manufacturing/co-packing partners. We work directly with such business partners to mitigate water risk. Part of our Sustainable Sourcing Program provides us with the opportunity to engage our suppliers with the Sedex/SMETA 4-Pillar Audit, which includes meeting environmental regulations and laws and environmental management systems, policies, and procedures under its Environment pillar.
Water utilities at a local level	Relevant, sometimes included	At some locations, the root cause of water scarcity is the inability of local water utility infrastructure to deliver water in an efficient and effective way. Thus, the local water utility and its plans to improve infrastructure would be an important consideration in local water risk assessments at these sites. Engagement with the local water utility could come in the form of evaluating existing water and wastewater services as well as plans for system maintenance, monitoring, and upgrades.
Other stakeholder, please specify	Please select	

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

In 2016, we completed a water risk assessment of all of our company-owned operations. We used the WRI Aqueduct tool, combined with local site surveys and engagement of an external consultant to determine the level of water risk in three categories: physical, regulatory and reputational/social. We chose to use a combination of all three tools in order to make our assessment comprehensive. Both current risk and anticipated future water risk were assessed and assigned a combined risk score using all three tools. All sites with a score in excess of 3.5 (out of 5) were designated as high water risk. Additional sites with a lower score were also designated as high water risk based on local knowledge. Sites designated as high risk are subject to a target to replenish 100% of water consumed at the site by 2025. We completed a similar process for our major agricultural sourcing regions. The timescale over which we used all three tools for our last assessment was less than one year, and we anticipate repeating this global risk assessment on a three-year cycle, with our next assessment planned for 2019. All top tier risk locations list will be reviewed based on the results of the global exercise. On a country by country basis, risk assessment may be carried out more frequently as per local demands. Any new construction of PepsiCo facilities now requires a PepsiCo Sustainability Capital Expenditure Filter to be completed as part of the business case justification, of which water sustainability is a significant element.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

PepsiCo incorporates the following factors when defining substantive change in PepsiCo's direct operations, revenue or expenditure from water risk: 1) magnitude of potential impact on operating costs and/or current and future revenue; and 2) potential impact on stakeholder expectations or perceptions. Substantive change would generally be considered any material change (+/- 5%) to a site's operating environment/costs and/or to PepsiCo's reputation locally, regionally or globally. Should such material change occur, the impact (and any potential need to review the definition) would be reviewed and re-assessed by our senior executive team. This definition of substantive change applies to both direct operations and to elements of our supply and value chains (for example, changes to how we source agricultural raw materials due to water-related risks).

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	78	26-50	PepsiCo conducts water risk assessments for all of its company-owned manufacturing operations using the data collected from the following four input methods: 1) WRI Aqueduct tool; 2) WBCSD Global Water Tool; 3) internal company knowledge at site level; and 4) expertise of external independent hydrologists with local knowledge and expertise. Information from these sources is compiled to develop a comprehensive view of water-related risk facing each site within their specific local context, both now and out to 2025, and to categorize risks as physical, regulatory or social/reputational. All sites receiving a score of 3.5 or higher (from within a range of 0 to 5) are classified as high water risk and are subject to mitigation requirements, including targets on water efficiency improvements and watershed replenishment. Additional sites with a lower score that are designated as high water risk based on local knowledge are subject to mitigation requirements as well. We utilize the expertise of independent hydrologists to validate the results of both the tools and the site surveys in an effort to ensure the results are consistent and credible.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive impact on your business, and what is the potential business impact associated with those facilities?

Country/Region

India

River basin

Cauvery River

This also includes a facility outside of the Cauvery River basin.

Number of facilities exposed to water risk

2

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Unknown

Comment

2 of our highest risk operations in India are beverage operations. We have not calculated, by river basin, the percentage of the company's revenue that could be affected by water risk.

Country/Region

United States of America

River basin

Colorado River (Pacific Ocean)

Number of facilities exposed to water risk

9

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

Unknown

Comment

9 California operations are identified in our top tier risk locations. We have not calculated, by river basin, the percentage of the company's revenue that could be affected by water risk.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

India

River basin

Cauvery River

Type of risk

Physical

Primary risk driver

Increased water stress

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Social and regulatory changes in several areas of India impact the ability of our facilities to maintain and/or increase production. In recent years, this situation has occurred in the Indian states of Tamil Nadu and Kerala where increased water stress has driven local opposition to multi-national corporations framed in the context of water use has resulted in product boycotts.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium

Likelihood

Virtually certain

Potential financial impact

20000000

Explanation of financial impact

Potential financial impact estimate is based on scenario whereby PepsiCo's highest water risk facility in the region could be forced to close due to lack of water, leaving a stranded asset.

Primary response to risk

Water management incentives

Description of response

PepsiCo's response in these watersheds is to implement our global water strategy where we strive for Positive Water Impact in and near the communities where we work — meaning our efforts and collaborations will be designed to enable long-term, sustainable water security for our business and others who depend on water availability. This global strategy is implemented through focusing on watershed management, conserving water within our operations, reducing water use in our agricultural supply chain, promoting access to water and advocating for strong water governance within communities. We are implementing this strategy now in India. For example, we are actively replenishing high water risk watersheds where we operate. In 2017, we replenished over 6 billion liters of water through community programs such as rainwater harvesting, storage pond rehabilitation and check dam installations. These efforts support both water risk mitigation and enhance PepsiCo reputation.

Cost of response

10000000

Explanation of cost of response

We estimate response costs to be 'low', specifically we estimate them to be less than 1% of PepsiCo's global revenue. We utilized current costs of response through our India community water programs to estimate an approximate total annual cost of response to these risks. We expect these costs to continue into the future at approximately the same level.

Country/Region

United States of America

River basin

Colorado River (Pacific Ocean)

Type of risk

Physical

Primary risk driver

Drought

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

Current and future water stress around the Colorado water basin in the U.S. could impact the ability of our current facilities to continue production without disruption in the future.

Timeframe

1 - 3 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Potential financial impact

40000000

Explanation of financial impact

Potential financial impact estimate is based on scenario whereby PepsiCo's highest water risk facility in the region could be forced to close due to lack of water, leaving a stranded asset.

Primary response to risk

Water management incentives

Description of response

PepsiCo's response in these watersheds is to implement our global water strategy where we strive for Positive Water Impact in and near the communities where we work — meaning our efforts and collaborations will be designed to enable long-term, sustainable water security for our business and others who depend on water availability. This global strategy is implemented through focusing on watershed management, conserving water within our operations, reducing water use in our agricultural supply chain, promoting access to water and advocating for strong water governance within communities. We are implementing this strategy now in the Colorado River basin through our collaboration with The Nature Conservancy (TNC). In this program, we collaborate with TNC on conservation activities within the Colorado River basin as well as support irrigation efficiency improvements to reduce demand for water in this area. These efforts support both water risk mitigation and enhance PepsiCo reputation.

Cost of response

600000

Explanation of cost of response

We estimate response costs to be 'low', specifically we estimate them to be less than 1% of PepsiCo's global revenue. We utilized current costs of response through our 'Recycle for Nature' collaboration to estimate an approximate total cost of response. We expect these costs to continue into the future at approximately the same level.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

Other, please specify (All countries in which we operate)

River basin

Other, please specify (Multiple basins)

Stage of value chain

Supply chain

Type of risk

Physical

Primary risk driver

Increased water stress

Primary potential impact

Supply chain disruption

Company-specific description

As a food and beverage company, PepsiCo faces potential risks across our supply chain where we source our key ingredients. Any physical, regulatory, and reputation and markets changes might have substantive impacts on our business in the regions where we are sourcing from.

Timeframe

>6 years

Magnitude of potential financial impact

High

Likelihood

Likely

Potential financial impact

Explanation of financial impact

We are unable to share the potential financial impact at this time but will look at ways to provide more detail in next year's response.

Primary response to risk

Increase requested supplier reporting on water

Description of response

We respond to these risks by engaging with our direct suppliers through the Sustainable Farming Program.

Cost of response

Explanation of cost of response

We are unable to share the estimated cost of response at this time but will look at ways to provide more detail in next year's response.

Country/Region

Other, please specify (All countries in which we operate)

River basin

Other, please specify (Multiple river basins)

Stage of value chain

Supply chain

Type of risk

Regulatory

Primary risk driver

Regulatory uncertainty

Primary potential impact

Constraint to growth

Company-specific description

As a food and beverage company, PepsiCo faces potential risks across our supply chain where we source our key ingredients. Any physical, regulatory, and reputation and markets changes might have substantive impacts on our business in the regions where we are sourcing from.

Timeframe

>6 years

Magnitude of potential financial impact

High

Likelihood

Likely

Potential financial impact

Explanation of financial impact

As a food and beverage company, PepsiCo faces potential risks across our supply chain where we source our key ingredients. Any physical, regulatory, and reputation and markets changes might have substantive impacts on our business in the regions where we are sourcing from.

Primary response to risk

Supplier water management incentives

Description of response

We respond to these risks by engaging with our direct suppliers through the Sustainable Farming Program.

Cost of response**Explanation of cost of response**

We are unable to share the estimated cost of response at this time but will look at ways to provide more detail in next year's response.

Country/Region

Other, please specify (All countries in which we operate)

River basin

Other, please specify (Multiple river basins)

Stage of value chain

Supply chain

Type of risk

Reputation & markets

Primary risk driver

Inadequate access to water, sanitation, and hygiene services

Primary potential impact

Constraint to growth

Company-specific description

As a food and beverage company, PepsiCo faces potential risks across our supply chain where we source our key ingredients. Any physical, regulatory, and reputation and markets changes might have substantive impacts on our business in the regions where we are sourcing from.

Timeframe

>6 years

Magnitude of potential financial impact

High

Likelihood

Likely

Potential financial impact**Explanation of financial impact**

We are unable to share the potential financial impact at this time but will look at ways to provide more detail in next year's response.

Primary response to risk

Supplier water management incentives

Description of response

We respond to these risks by engaging with our direct suppliers through the Sustainable Farming Program.

Cost of response**Explanation of cost of response**

We are unable to share the estimated cost of response at this time but will look at ways to provide more detail in next year's response.

W4.3**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Other

Primary water-related opportunity

Other, please specify (Securing supply chain)

Company-specific description & strategy to realize opportunity

The aspirational aim of our Performance with Purpose water stewardship program is to improve water security for our supply chain and the communities in which we operate. Improved water security usually translates into improved economic opportunity for all. As one example, part of our strategy is to replenish 100% of the water we consume in manufacturing operations located in high-water-risk areas, ensuring that such replenishment takes place in the same watershed where the extraction has occurred. For example, in Monterrey, Mexico, we have invested in the TNC Water Fund which uses market financial mechanisms to drive improved protection of source watersheds. We have invested over \$3 million in Water Funds in Latin America as well as watershed conservation projects in North America.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Low

Potential financial impact

30000000

Explanation of financial impact

This estimate is based on the financial impact of ongoing watershed initiatives that PepsiCo is supporting in working with The Nature Conservancy (TNC) in the United States and in Latin America, in addition to community water protection work that PepsiCo is supporting in India.

Type of opportunity

Markets

Primary water-related opportunity

Improved community relations

Company-specific description & strategy to realize opportunity

Working collaboratively with the PepsiCo Foundation and other partners, our strategy is to provide access to safe water to a total of 25 million people (from 2006) in the world's most at-water-risk areas, with a focus on communities near our operations. The initiatives, in which we have engaged with our portfolio of NGO collaborators, provide a transformative opportunity. Our collaboration is expected to result in greater water availability where it did not previously exist, thereby providing more sustainable access to water for those communities, more sustainable solutions to the global water crisis, and more sustainable access to water for our manufacturing operations. For example, the PepsiCo Foundation has partnered with several organizations to invest millions of dollars in providing access to safe water for nearly 16 million people in some of the planet's most water-stressed regions such as India.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Low

Potential financial impact

65000000

Explanation of financial impact

This is an estimate based on costs incurred to date and expected costs in the future. PepsiCo has invested over \$40 million in safe water access solutions with strategic collaborators as part of its goal to support a total of 25 million people with safe water access by 2025, and has reached nearly 16 million people so far.

Type of opportunity

Efficiency

Primary water-related opportunity

Cost savings

Company-specific description & strategy to realize opportunity

Our strategy is to build on the 25% improvement in water-use efficiency achieved from our original Performance with Purpose target with an additional 25% improvement by 2025, with a focus on manufacturing operations in high-water-risk areas. Conserving water is good for our business and the environment wherever we operate. Our goals under Performance with Purpose (PwP), with our specific operations water goal, details how we are targeting to increase water-use efficiency by a further 25% by 2025. This water efficiency will also deliver cost savings to our operations in relation to water abstraction costs, utilities costs as well as waste water discharge compliance costs and chemical consumables. We set annual efficiency targets.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Medium

Potential financial impact

24000000

Explanation of financial impact

This is an estimate of what the sum of investments in 2017 and 2018 focused on operational improvements could look like based on initial planning. This is meant to be a representative sample of the investments PepsiCo is making to deliver this strategy.

Type of opportunity

Other

Primary water-related opportunity

Other, please specify (Innovation)

Company-specific description & strategy to realize opportunity

Our strategy is to improve the water-use efficiency of our direct agricultural supply chain by 15% in high-water-risk sourcing areas, a volume approximately equivalent to the entire water use of all PepsiCo direct operations. PepsiCo has an opportunity to improve the resiliency of our agricultural supply chain through better water management. From 2010 to 2016, we worked with our U.K. farmers to achieve a 50% reduction in agricultural carbon emissions of key growers and a reduction of 50% in water use in water-stressed areas. Furthermore, farmer yields increased as their environmental impacts decreased. We achieved this goal through investment in technology such as drip irrigation, and training farmers to use the i-crop™ water management tool and the GHG management Cool Farm Tool.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Unknown

Potential financial impact

Explanation of financial impact

We are unable to share an estimated financial impact at this time.

Type of opportunity

Other

Primary water-related opportunity

Other, please specify (Collective Action)

Company-specific description & strategy to realize opportunity

Our strategy is to advocate for strong water governance in communities and watersheds where we operate, promoting water solutions that meet local water needs, and to initiate and support collaborative efforts with other stakeholders to address water risk and mitigate water insecurity. Our ability to achieve our goals is possible in part by collaborating with businesses, academic experts and NGOs. We are actively involved in the UN Global Compact's CEO Water Mandate, the WBCSD water leadership group, the International Finance Corporation's 2030 Water Resources Group and the Beverage Industry Environmental Roundtable. These forums allow us to learn from other companies and share our own experiences across a spectrum of industries, including food and beverage manufacturing, power generation and construction. This also enables us to discuss water-related issues and advance solutions on a pre-competitive basis.

Estimated timeframe for realization

4 to 6 years

Magnitude of potential financial impact

Low

Potential financial impact

2000000

Explanation of financial impact

This is an estimate; our collective action efforts will, in most cases, align with our water stewardship efforts, whose costs have been estimated separately. One specific example here is our \$1.5 million commitment to the 2030 Water Resources Group over the next three years.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, total water accounting data and comparisons with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Palakkad

Country/Region

India

River basin

Other, please specify (Other)

Latitude

10.79

Longitude

76.78

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

81

Comparison of withdrawals with previous reporting year

Much lower

Total water discharges at this facility (megaliters/year)

40

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

41

Comparison of consumption with previous reporting year

Much lower

Please explain

The main driver at the location was a 51% reduction in beverage production output 2017 over 2016. Water efficiency investment also accounts for withdrawal reductions on site.

Facility reference number

Facility 2

Facility name (optional)

Nelamangala

Country/Region

India

River basin

Cauvery River

Latitude

13.14

Longitude

77.34

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

259

Comparison of withdrawals with previous reporting year

Much lower

Total water discharges at this facility (megaliters/year)

135

Comparison of discharges with previous reporting year

Much lower

Total water consumption at this facility (megaliters/year)

124

Comparison of consumption with previous reporting year

Much lower

Please explain

We withdrew 30% less water in 2017 compared to 2016 by a combination of a reduction in production output and running a water recovery process allowing us to reuse water in the site's utilities.

Facility reference number

Facility 3

Facility name (optional)

Riverside, CA

Country/Region

United States of America

River basin

Colorado River (Pacific Ocean)

Latitude

33.93

Longitude

-117.3

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

393

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

162

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

231

Comparison of consumption with previous reporting year

About the same

Please explain

A production reduction together with an increased water efficiency focus allowed the site to reduce water withdrawal by 5% in 2017 over 2016.

Facility reference number

Facility 4

Facility name (optional)

City Of Industry, CA

Country/Region

United States of America

River basin

Colorado River (Pacific Ocean)

Latitude

34.04

Longitude

-117.98

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

349

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

256

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

93

Comparison of consumption with previous reporting year

Much higher

Please explain

This site continues to invest in efficiency innovation.

Facility reference number

Facility 5

Facility name (optional)

Buena Park, CA

Country/Region

United States of America

River basin

Colorado River (Pacific Ocean)

Latitude

33.87

Longitude

-118.02

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

183

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

4

Comparison of discharges with previous reporting year

Much lower

Total water consumption at this facility (megaliters/year)

179

Comparison of consumption with previous reporting year

Much higher

Please explain

This site continues to be our most water efficient beverage operation. A 1% reduction in production output accounts for the year on year water withdrawal change.

Facility reference number

Facility 6

Facility name (optional)

Fresno, CA

Country/Region

United States of America

River basin

Sacramento River - San Joaquin River

Latitude

36.69

Longitude

-119.77

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

124

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

215

Comparison of consumption with previous reporting year

Higher

Please explain

This is a beverage site that continues to drive on water efficiency opportunities.

Facility reference number

Facility 7

Facility name (optional)

Sacramento, CA

Country/Region

United States of America

River basin

Sacramento River - San Joaquin River

Latitude

38.48

Longitude

-121.4

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

372

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

145

Comparison of discharges with previous reporting year

About the same

Total water consumption at this facility (megaliters/year)

227

Comparison of consumption with previous reporting year

About the same

Please explain

This site is undergoing a water-use efficiency drive.

Facility reference number

Facility 8

Facility name (optional)

Hayward, CA

Country/Region

United States of America

River basin

Other, please specify (Other)

Latitude

37.61

Longitude

-122.09

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

275

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

118

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

157

Comparison of consumption with previous reporting year

Lower

Please explain

Water withdrawal in 2017 was lower than in 2016. We expect changes in portfolio shift and smaller batch manufacturing will impact our beverages operations into the future.

Facility reference number

Facility 9

Facility name (optional)

Oakland, CA

Country/Region

United States of America

River basin

Other, please specify (Other)

Latitude

37.77

Longitude

-122.2

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

234

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

101

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

133

Comparison of consumption with previous reporting year

Higher

Please explain

Water withdrawals at this facility were slightly lower in 2017 compared to 2016.

Facility reference number

Facility 10

Facility name (optional)

Rancho Cucamonga

Country/Region

United States of America

River basin

Other, please specify (Other)

Latitude

34.08

Longitude

-117.59

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

361

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

325

Comparison of discharges with previous reporting year

Higher

Total water consumption at this facility (megaliters/year)

36

Comparison of consumption with previous reporting year

About the same

Please explain

Our overall water withdrawal increased at this location in 2017 by 6%, due to additional regulatory FDA sanitation mandates in 2017.

Facility reference number

Facility 11

Facility name (optional)

Kern, CA

Country/Region

United States of America

River basin

Other, please specify (Other)

Latitude

35.4

Longitude

-119.32

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

1592

Comparison of withdrawals with previous reporting year

About the same

Total water discharges at this facility (megaliters/year)

1433

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

159

Comparison of consumption with previous reporting year

About the same

Please explain

This snacks operation is a relatively high water consumer for PepsiCo sites due to the nature of its wastewater treatment land application system. In 2017, focused efforts resulted in reduced water withdrawals by approximately 4% compared to 2016 withdrawals, which is a significant number relative to the plant size. We have developed water efficient technology investment plans to invest in this location further in the coming years, in our journey to Performance with Purpose.

W5.1a

(W5.1a) For each facility referenced in W5.1, provide withdrawal data by water source.

Facility reference number

Facility 1

Facility name

Palakkad

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

81

Groundwater - non-renewable

0

Produced water

0

Third party sources

0

Comment

On-site well supply, single supply source

Facility reference number

Facility 2

Facility name

Nelamangala

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

259

Groundwater - non-renewable

0

Produced water

0

Third party sources

0

Comment

On-site well supply, single supply source

Facility reference number

Facility 3

Facility name

Riverside, CA

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

393

Comment

Municipal supply

Facility reference number

Facility 4

Facility name

City Of Industry, CA

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

349

Comment

Municipal supply

Facility reference number

Facility 5

Facility name

Buena Park, CA

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

183

Comment

Municipal supply

Facility reference number

Facility 6

Facility name

Fresno, CA

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

339

Comment

Municipal supply

Facility reference number

Facility 7

Facility name

Sacramento, CA

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

372

Comment

Municipal supply

Facility reference number

Facility 8

Facility name

Hayward, CA

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

275

Comment

Municipal supply

Facility reference number

Facility 9

Facility name

Oakland, CA

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

234

Comment

Municipal supply

Facility reference number

Facility 10

Facility name

Rancho Cucamonga

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

361

Comment

Municipal supply

Facility reference number

Facility 11

Facility name

Kern, CA

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

1592

Groundwater - non-renewable

0

Produced water

0

Third party sources

0

Comment

On-site well supply, single supply source

W5.1b

(W5.1b) For each facility referenced in W5.1, provide discharge data by destination.

Facility reference number

Facility 1

Facility name

Palakkad

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

40

Third party destinations

0

Comment

Facility reference number

Facility 2

Facility name

Nelamangala

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

135

Third party destinations

0

Comment

Facility reference number

Facility 3

Facility name

Riverside, CA

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

162

Comment

Facility reference number

Facility 4

Facility name

City of Industry, CA

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

256

Comment

Facility reference number

Facility 5

Facility name

Buena Park, CA

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

4

Comment

Facility reference number

Facility 6

Facility name

Fresno, CA

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

124

Comment

Facility reference number

Facility 7

Facility name

Sacramento, CA

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

145

Comment

Facility reference number

Facility 8

Facility name

Hayward, CA

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

118

Comment

Facility reference number

Facility 9

Facility name

Oakland, CA

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

101

Comment

Facility reference number

Facility 10

Facility name

Rancho Cucamonga

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

325

Comment

Facility reference number

Facility 11

Facility name

Kern, CA

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

1433

Comment

W5.1c

(W5.1c) For each facility referenced in W5.1, provide the proportion of your total water use that is recycled or reused, and give the comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name

Palakkad

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

We define "water recovered/recycled" in our processes as waste water recovery to process water via MBR/RO recovery technology. We meter this volume and record in our data metrics system. Our focus is on driving water efficiency at source, efficiency by design and recovering water, where food safety permits, for reuse within the process (decentralized recovery). We do not centrally track these individual volumes but we do manage by benchmarking across product category for water efficiency.

Facility reference number

Facility 2

Facility name

Nelamangala

% recycled or reused

2-10%

Comparison with previous reporting year

Much higher

Please explain

An MBR and 2-stage RO water recovery process was installed at this site and started running in 2017- it is offsetting freshwater usage in utilities by 9% (Calculated).

Facility reference number

Facility 3

Facility name

Riverside, CA

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

We do not have a wastewater MBR/RO recovery process at this beverage location.

Facility reference number

Facility 4

Facility name

City Of Industry, CA

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

We do not have a wastewater MBR/RO recovery process at this Juice beverage location.

Facility reference number

Facility 5

Facility name

Buena Park, CA

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

We do not have a wastewater MBR/RO recovery process at this beverage location.

Facility reference number

Facility 6

Facility name

Fresno, CA

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

We do not have a wastewater MBR/RO recovery process at this beverage location.

Facility reference number

Facility 7

Facility name

Sacramento, CA

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

We do not have a wastewater MBR/RO recovery process at this beverage location.

Facility reference number

Facility 8

Facility name

Hayward, CA

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

We do not have a wastewater MBR/RO recovery process at this beverage location.

Facility reference number

Facility 9

Facility name

Oakland, CA

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

We do not have a wastewater MBR/RO recovery process at this beverage location.

Facility reference number

Facility 10

Facility name

Rancho Cucamonga

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

We do not have a wastewater MBR/RO recovery process at this food plant location.

Facility reference number

Facility 11

Facility name

Kern, CA

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

We do not have a wastewater MBR/RO recovery process at this food plant location.

W5.1d

(W5.1d) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes

% verified

76-100

What standard and methodology was used?

Auditors Bureau Veritas performed its data verification/assurance in accordance with International Standard on Assurance Engagements 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (ISAE 3000 Revised).

Water withdrawals – volume by source

% verified

76-100

What standard and methodology was used?

An external process lead by auditors, Bureau Veritas, on data verification/assurance has been established and running in PepsiCo for many years. Bureau Veritas performed its assessment in accordance with ISAE 3000 Revised. This is part of our Sustainability Data Governance methodology and is documented.

Water withdrawals – quality

% verified

76-100

What standard and methodology was used?

Beverage plants treated water must conform to WHO potable water standards at a minimum and is regularly tested by both in-house and external approved water labs. Snacks plant must comply with PepsiCo GEHSMS 40 Potable Water Standard.

Water discharges – total volumes

% verified

Not verified

What standard and methodology was used?

We do not currently verify our wastewater data externally but plan to begin doing so this year. We will aim to report accordingly in next year's response.

Water discharges – volume by destination

% verified

Not verified

What standard and methodology was used?

We do not currently verify our wastewater data externally but plan to begin doing so this year. We will aim to report accordingly in next year's response.

Water discharges – volume by treatment method

% verified

Not verified

What standard and methodology was used?

We do not currently verify our wastewater data externally but plan to begin doing so this year. We will aim to report accordingly in next year's response.

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

What standard and methodology was used?

We do not currently verify our wastewater data externally but plan to begin doing so this year. We will aim to report accordingly in next year's response.

Water discharge quality – temperature

% verified

Not verified

What standard and methodology was used?

We do not currently verify our wastewater data externally but plan to begin doing so this year. We will aim to report accordingly in next year's response.

Water consumption – total volume

% verified

76-100

What standard and methodology was used?

An external process lead by auditors, Bureau Veritas, on data verification/assurance has been established and running in PepsiCo for many years. Bureau Veritas performed its assessment in accordance with ISAE 3000 Revised. This is part of our Sustainability Data Governance methodology and is documented.

Water recycled/reused

% verified

76-100

What standard and methodology was used?

An external process lead by auditors, Bureau Veritas, on data verification/assurance has been established and running in PepsiCo for many years. Bureau Veritas performed its assessment in accordance with ISAE 3000 Revised. This is part of our Sustainability Data Governance methodology and is documented.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

Row	Scope	Content	Please explain
1	Company-wide	Description of business dependency on water Description of business impact on water Description of water-related performance standards for direct operations Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Acknowledgement of the human right to water and sanitation Recognition of environmental linkages, for example, due to climate change Other, please specify (commitment to collaboration/partnerships)	The sustained crisis of global water insecurity and the closely interlinked crises of food, climate and health insecurity have been increasing in awareness by diverse stakeholders, including influencers, investors, customers, academics, employees and consumers. PepsiCo continues to activate a robust, comprehensive water-stewardship strategy, underpinned by our public commitment to respect water as a human right, based on five key imperatives: Improving water efficiency in our direct operations; Extending conservation to our supply chain, particularly agriculture; Pursuing integrated watershed management; Partnering to help provide community access to safe water; and Stewarding public water advocacy and engagement. In addition, we continue to partner externally to seek innovative solutions to the challenges we face, and also explore competitive opportunities through our products and business models to use and transport less water.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Other, please specify (Individuals, subset of the Board)	Under PepsiCo's By-Laws and Corporate Governance Guidelines, the Board has the responsibility to manage the business of the Company. Because sustainability matters are integrated into our business, the Board considers them an integral part of its business oversight. To clarify its role, the Board amended PepsiCo's Corporate Governance Guidelines in 2015 to add "sustainability" to the key aspects of PepsiCo's businesses over which the Board has oversight responsibilities. In 2016, PepsiCo reviewed our sustainability governance structure to strengthen the integration of Performance with Purpose (PwP) into our business agenda. The PepsiCo Executive Committee (PEC) then assumed direct oversight of the sustainability agenda, including strategic decisions and performance management. The PEC is made up of the Chairman & CEO, the President, the CFO, Sector CEOs and functional heads, ensuring that sustainability is a key accountability for every member of our senior leadership team.
Other, please specify (Committee appointed by the Board)	Our Board of Directors has oversight responsibility for PepsiCo's integrated risk management framework, including risk assessment and risk mitigation of the Company's top risks. The Board receives regular updates on key risks throughout the year and has tasked designated Committees of the Board with oversight of certain categories of risk management. The Public Policy and Sustainability Committee of PepsiCo's Board of Directors is responsible for annually reviewing the Company's key public policy and sustainability issues, such as water scarcity, including sustainability initiatives, and its engagement in the public policy process. PepsiCo's Risk Committee (PRC), including PepsiCo's Chairman of the Board and Chief Executive Officer, meets regularly to identify, assess, prioritize and address our top strategic, operating, and business risks. The PRC is also responsible for reporting progress on our risk mitigation efforts to the Board, including with respect to water scarcity.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives Other, please specify (operations and supply chain priorities)	The Board oversees PepsiCo's integrated risk management framework designed to identify, assess, prioritize, address, manage, monitor and communicate our top strategic, financial, operating, business, compliance, safety, reputational and other risks, including water-related risks across the organization. The PepsiCo Risk Committee (PRC) is a cross-functional diverse group that meets regularly and is responsible for reporting progress on risk mitigation efforts to the Board. The Board receives regular updates on key risks throughout the year. Key risks related to climate change and water scarcity identified by the Company are included in our 2017 Annual Report on Form 10-K.

W6.3

(W6.3) Below board level, provide the highest-level management position(s) or committee(s) with responsibility for water-related issues.

Name of the position(s) and/or committee(s)

Chief Executive Officer (CEO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

PepsiCo's Risk Committee (PRC), including PepsiCo's Chief Executive Officer, meets quarterly to identify, assess, prioritize, address, manage, monitor and communicate our top strategic, financial, operating, business, compliance safety, reputational and other risks, one of which is water. The PRC is also responsible for reporting progress on our risk mitigation efforts to the Board, including with respect to water scarcity.

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify (Vice Chairman & Chief Scientific Officer)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

Dr. Mehmood Khan reports directly to our Chairman & CEO, oversees the company's sustainability agenda. Dr. Khan brings deep science-based knowledge and insights to guide the Company's product portfolio transformation efforts, as well as an intimate understanding of the challenges and opportunities that lie at the intersection of food, the environment and people. Dr. Khan is involved in the day-to-day management of our strategy toward delivery of our PwP agenda and his responsibilities include providing strategic direction, guidance and leadership on critical water-related issues facing the Company and actions the Company must take. Dr. Khan sits on the PRC, which meets regularly to identify, assess, prioritize, address, manage, monitor and communicate our top strategic, financial, operating, business, compliance safety, reputational and other risks. The PRC is also responsible for reporting progress on our risk mitigation efforts to the Board, including with respect to water scarcity.

Name of the position(s) and/or committee(s)

Risk committee

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

PepsiCo's Risk Committee (PRC) meets regularly to identify, assess, prioritize, address, manage, monitor and communicate our top strategic, financial, operating, business, compliance safety, reputational and other risks. The PRC is also responsible for reporting progress on our risk mitigation efforts to the Board, including with respect to water scarcity.

Name of the position(s) and/or committee(s)

Other, please specify (VP, Global Environmental Sustainability)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The PepsiCo Executive Committee (PEC) meets quarterly and reviews PwP progress, updates, risks, and opportunities. PepsiCo's Vice President of Sustainability provides these updates on both our seven PwP water goals and company water risk to the PEC on a quarterly basis.

(W-FB6.4/W-CH6.4/W-EU6.4/W-OG6.4/W-MM6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

Yes

W-FB6.4a/W-CH6.4a/W-EU6.4a/W-OG6.4a/W-MM6.4a

(W-FB6.4a/W-CH6.4a/W-EU6.4a/W-OG6.4a/W-MM6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues?

	Who is entitled to benefit from these incentives?	Indicator for incentivized performance	Please explain
Monetary reward	Chief Sustainability Officer (CSO) Other C-suite Officer (President)	Reduction of product water intensity	Our corporate executive officers, including our President and our Chief Scientific Officer (who also serves as the head of our Sustainability agenda), have strategic objectives based on an individual executive's role and accountabilities that are aligned with our PwP operational-water-efficiency goal. This indicator measures the volume of water withdrawn versus the volume of product produced, providing a measure of our water-use efficiency. This is a component of our water risk mitigation plan for which our executives are held accountable. Performance against this goal impacts a portion of both annual and long-term incentives.
Recognition (non-monetary)	Please select	Please select	
Other non-monetary reward	Please select	Please select	

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

- Yes, direct engagement with policy makers
- Yes, trade associations
- Yes, funding research organizations
- Yes, other

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

PepsiCo has specific teams and individuals that are assigned responsibilities for developing corporate policy and regulatory positions as well as engaging on regulatory policy with external stakeholders, including public policymakers, trade associations and non-government actors. The Public Policy and Government Affairs (PPGA) teams manage relationships with government actors and coordinates activities that may influence regulatory policy globally. Internally the PPGA team also works closely with the Office of Sustainability to ensure that our external engagements are aligned with our overall water strategy. PPGA teams embedded within our business divisions and markets also work with their counterpart sustainability teams within those divisions as well as the Office of Sustainability to align on activities. If inconsistencies between corporate policies and business strategies occur, the PPGA and Office of Sustainability teams work together to resolve those inconsistencies, bringing in senior executives' input, as needed.

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	> 30	Our Performance with Purpose strategy, which includes our positive water impact strategy, was launched in 2016, with most goals having target end dates of 2025. However, our long-term business objectives extend well beyond 2025. For example, our strategy for mergers and acquisitions (M&A) includes a requirement for water risk assessment of any M&A activity. In the event that an acquisition is projected to experience water stress now or in the future, we build into our long-term strategy for that acquisition plans to maximize water-use efficiency in plant locations. Since those locations are long-term (over 30 years) assets to PepsiCo, our strategy is intended to help protect those assets from water-related risks for that time period.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	> 30	Our Performance with Purpose strategy, which includes our positive water impact strategy, was launched in 2016, with most goals having target end dates of 2025. However, our strategy for achieving our long-term business objectives extends well beyond 2025. For example, our strategy for mergers and acquisitions (M&A) includes a requirement for water risk assessment of any M&A activity. In the event that an acquisition is projected to experience water stress now or in the future, we build into our long-term strategy for that acquisition plans to maximize water-use efficiency in plant locations. Since those locations are long-term (over 30 years) assets to PepsiCo, our strategy is intended to help protect those assets from water-related risks for that time period.
Financial planning	Yes, water-related issues are integrated	> 30	Our Sectors and business units incorporate water-related issues into annual budgets. Our Performance with Purpose strategy, which includes our positive water impact strategy, was launched in 2016, with most goals having target end dates of 2025. However, our financial planning to implement our strategy to achieve our long-term business objectives extends well beyond 2025. For example, our strategy for mergers and acquisitions (M&A) includes a requirement for water risk assessment of any M&A activity. In the event that an acquisition is projected to experience water stress now or in the future, we build into our long-term strategy for that acquisition plans to maximize water-use efficiency in plant locations. Since those locations are long-term (over 30 years) assets to PepsiCo, our strategy is intended to help protect those assets from water-related risks for that time period.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

	Water-related CAPEX (+/- % change)	Anticipated forward trend for CAPEX (+/- % change)	Water-related OPEX (+/- % change)	Anticipated forward trend for OPEX (+/- % change)	Please explain
Row 1	0	0	0	0	In 2017, we continued to invest in water efficiency measures at an equivalent level to that of prior year. The same applies to the next reporting year, as well.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	PepsiCo has developed a low-carbon transition plan to support our long-term business strategy. We anticipate using a climate-related scenario analysis within the next two years.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

PepsiCo does not currently use an internal price on water, but we do recognize and take into account the social and environmental costs and benefits of water through our PwP water goals and Positive Water Impact strategy. There are several existing water valuation techniques, including some highlighted in the World Business Council for Sustainable Development's "Business Guide to Water Valuation" that could apply to different parts of PepsiCo's business.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Activity level specific targets and/or goals Site/facility specific targets and/or goals Country level targets and/or goals Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	From the very beginning of Performance with Purpose (PwP) in 2006, water stewardship has been one of our top priorities. We have learned from our efforts in the last decade and consulted with partners and independent experts to inform the water stewardship goals that went into our PwP 2025 agenda. As a result, we have significantly raised the bar from our first set of Performance with Purpose goals. Our PwP 2025 goals are more comprehensive in their scope and focused on a holistic view of our value chain and the watersheds where we operate. As an example, we have set a company-wide replenishment goal that focuses on high water-risk areas where we operate. This is one of seven water goals under our PwP 2025 Planet pillar. At the activity- and site-levels, this goal applies to our manufacturing operations in high water-risk areas and they have replenishment targets that roll up at the facility, country, and business sector levels. Key to our goal is the local context and our aim to replenish water in the same watershed where it was extracted. We monitor progress on replenishment and all other PwP water goals and targets at the corporate level.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water use efficiency

Level

Company-wide

Primary motivation

Water stewardship

Description of target

Our goal is to build on the 25% improvement in water-use efficiency achieved in our first generation Performance with Purpose (PwP) goals, which ended in 2015, with an additional 25% improvement by 2025, with a focus on manufacturing operations in high water-risk areas.

Quantitative metric

Other, please specify (% reduction per unit of production)

Baseline year

2015

Start year

2016

Target year

2025

% achieved

8

Please explain

In 2017, we achieved an improvement of just under 2 percentage points in our water-use efficiency rate per unit of production across all of our company-owned manufacturing locations compared to 2015. Although this improvement builds on the work that we have been focused on for the last decade, in which we improved water-use efficiency per unit of production by 25.8% against a baseline of 2006 in our legacy operations, it falls short of our desired glide path for 2025 goal delivery. As a result, we have increased our efforts to get back onto glide path in this area.

Target reference number

Target 2

Category of target

Watershed remediation and habitat restoration, ecosystem preservation

Level

Company-wide

Primary motivation

Shared value

Description of target

Replenish 100% of the water we consume in manufacturing operations located in high water-risk areas, ensuring that such replenishment takes place in the same watershed where the extraction has occurred.

Quantitative metric

Other, please specify (Percent replenished)

Baseline year

2015

Start year

2016

Target year

2025

% achieved

22

Please explain

We are achieving this goal by investing in projects in high water-risk watersheds that improve the quantity and/or the quality of the water in the watershed. These include watershed protection projects like reforestation, wetlands rehabilitation, and aquifer recharge. We also are focused on projects that enable water for productive use, such as rainwater harvesting, dam rehabilitation, and seasonal water storage. Our replenishment goal is focused specifically on high water-risk areas where we operate, where the need is greatest. In 2017, we replenished more than 2 billion liters of water, focused in projects in Brazil, Guatemala, India, Mexico, and the United States. Globally, we have met 22% of our 2025 target of replenishing 100% of water consumed annually in high water-risk watersheds.

Target reference number

Target 3

Category of target

Water, Sanitation and Hygiene (WASH) services in the community

Level

Other, please specify (communities near where PepsiCo works)

Primary motivation

Shared value

Description of target

Goal: With the PepsiCo Foundation and its partners, work to provide access to safe water to a total of 25 million people since 2006 in the world's most at-water-risk areas, with a focus on communities near where PepsiCo works.

Quantitative metric

Other, please specify (# people provided access to safe water)

Baseline year

2005

Start year

2006

Target year

2025

% achieved

64

Please explain

Increasing access to safe water for vulnerable individuals is one of the most urgent challenges the world faces. From the early days of PwP, addressing this challenge has been a priority for PepsiCo. Since 2006, through partnerships funded by the PepsiCo Foundation, we have provided access to safe water to nearly 16 million people by the end of 2017.

Target reference number

Target 4

Category of target

Water, Sanitation and Hygiene (WASH) services in the workplace

Level

Company-wide

Primary motivation

Recommended sector best practice

Description of target

Goal: Ensure appropriate access to WASH for 100% of our own manufacturing employees.

Quantitative metric

Other, please specify (conformance to PEP WASH standard)

Baseline year

2015

Start year

2016

Target year

2025

% achieved

46

Please explain

Our business depends on the thousands of dedicated employees in our manufacturing sites who ensure the safety and quality of our products, and we in turn, are committed to providing safe conditions for them. Critical to this is the provision of access to WASH. In 2017, PepsiCo reset the baseline to account for full reporting from all manufacturing locations and better alignment to the World Business Council for Sustainable Development (WBCSD) WASH pledge. We grouped these criteria into two categories: critical and programmatic, establishing these designations to prioritize capital investment.

Target reference number

Target 5

Category of target

Other, please specify (Agricultural water use efficiency)

Level

Company-wide

Primary motivation

Risk mitigation

Description of target

Goal: Improve the water-use efficiency of our direct agricultural supply chain by 15% in high-water-risk sourcing areas, a volume approximately equivalent to the entire water use of all PepsiCo direct operations.

Quantitative metric

Other, please specify (Percent water use efficiency improvement)

Baseline year

2015

Start year

2016

Target year

2025

% achieved

0

Please explain

We anticipate making progress on this goal in a number of ways. We are supplying farmers with more efficient irrigation equipment, enabling them to move from flood to drip irrigation. This conversion in turn, changes the way farmers apply nutrients, improving soil health, yields and crop quality. We are also increasingly promoting the use of cover crops, which improves soil moisture. To date, we have focused our efforts on establishing the required processes and protocols and developing individual roadmaps in specific locations. We have gathered the baseline data from countries where we have direct crops in water-stressed regions. For each farmer group, we have calculated their baseline water opportunity and are identifying local goals and implementation plans. In one on-the-ground example, in South Africa, we are working with a third party to establish a globally applicable pivot irrigation audit protocol that will let us improve our water efficiency.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Engagement with public policy makers to advance sustainable water management and policies

Level

Company-wide

Motivation

Recommended sector best practice

Description of goal

While we know we can make a significant impact in water stewardship through the actions we take across our value chain, we also have opportunities to help mitigate water insecurity on a broader level, through advocacy. At PepsiCo, we have two goals to address this: First, we aim to advocate for strong water governance in communities and watersheds where we operate, promoting water solutions that meet local needs. Second, we aim to initiate and support collaborative efforts with other stakeholders to address water risk and mitigate water insecurity. These goals, which we collectively refer to as 'advocacy' are important to PepsiCo because we recognize that we cannot mitigate water insecurity on our own. This is a company-wide goal under our 2025 PwP agenda because sustainable water management and policies are important across the globe and across all sectors, and we are prioritizing our actions in the space based on where water insecurity is a challenge, where there is an advocacy need, and where we have been able to enter into collaborations with other water stakeholders.

Baseline year

2015

Start year

2016

End year

2025

Progress

This is a qualitative goal without a numeric target. Indicators of success include initiatives that we have engaged in and assessed as having a 'positive water impact' in the local water landscapes – whether we have made progress against our Performance With Purpose (PwP) water goals that have positively benefited the watersheds in which we are operating. Indicators also include initiatives where we have PepsiCo representatives sitting at the table and actively engaged in these initiatives. Within the threshold of success, we had several examples of progress in the area of advocacy during 2017, including: a collaborative effort taking place across 12 countries in Latin America, through a partnership between PepsiCo, the PepsiCo Foundation and the Inter-American Development Bank. Enabled by a \$5 million grant from the PepsiCo Foundation, we are working together to launch a regional center for applied water resources management through the Hydro-BID program, an innovative data management and modeling tool that estimates the availability of freshwater in water-scarce regions, giving municipalities the ability to better govern water resources. In addition, PepsiCo is represented on the Governing Council of the 2030 Water Resources Group, a public-private collaboration hosted by the World Bank, that convenes multi-stakeholder platforms to improve the management of water resources in 11 countries around the world, including Brazil, India, Mexico, and South Africa.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Decreased GHG emissions

Description of linkage/tradeoff

By 2030, it is expected that the world will need to meet rising demand for the amount of food consumed, either by increasing production by 50% or substantially reducing the 35-50% of food that is currently wasted or lost through the value chain. At the same time, a 40% gap in supply and demand for water and a 54% increase in energy needs are projected to develop based on current trends. If we follow business as usual, water use is expected to increase as we increase food production, which in turn should increase GHG emissions, as more energy will typically be required to treat and pump water supplies. Our PwP agricultural and operations water-use efficiency goals could result in a decreased amount of energy use as well.

Policy or action

Our PwP agriculture and operations water-use efficiency goals in turn are expected to positively impact our energy efficiency in treating, pumping, and distributing water to our facilities and our direct suppliers' fields. In addition, in our agricultural supply chain, we are pursuing adaptation strategies, such as developing drought-resistant potato varieties and transforming our product portfolio to less water intensive materials. This is directly linked to our PwP strategy, with implications for our water, agriculture, and climate goals, and as a result we strategically consider these linkages. Instances in which we could reduce irrigation needs should also improve energy efficiency and positively affect GHG emissions. In 2017, we reduced Scope 3 GHG emissions by approximately 2.1 million metric tonnes versus our 2015 baseline, which represents approximately 7% of our 2030 target reduction amount.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify (Health and Wellness)

Description of linkage/tradeoff

According to the United Nations, every day nearly 800 million people lack access to safe water and more than two billion people live without basic sanitation. Our PwP Safe Water Access goal seeks to help address this gap and provide access to safe water to 25 million people by 2025. Since 2006, through partnerships funded by the PepsiCo Foundation, we have provided access to safe water to nearly 16 million people as of the end of 2017.

Policy or action

In 2016, PepsiCo announced an increase in its public goal of providing access to safe water to 25 million people by 2025 (from a 2006 baseline). In addition to providing safe water access, our investments also result in a significant improvement in the health, wealth and well-being of our beneficiaries. For example, our projects reduce the time spent by beneficiaries, often women and girls, in obtaining safe water for daily uses. Since 2006, through partnerships funded by the PepsiCo Foundation, we have provided access to safe water to nearly 16 million people as of the end of 2017.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

Yes

W10.1a

(W10.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module	Data verified	Verification standard	Please explain
W2. Business impacts	Water withdrawals (volume and quality)	ISAE3000	An external process led by auditors, Bureau Veritas on data verification/assurance has been established and has been running in PepsiCo for many years. This is part of our Sustainability Data Governance methodology and is documented.
W4. Risks and opportunities	Water withdrawals (volume and quality)	ISAE3000	An external process led by auditors, Bureau Veritas on data verification/assurance has been established and has been running in PepsiCo for many years. This is part of our Sustainability Data Governance methodology and is documented.

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Vice Chairman and Chief Scientific Officer	Chief Sustainability Officer (CSO)

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

SW. Supply chain module

SW0.1

(SW0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	63525484000

SW0.2

(SW0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

No

SW1.1

(SW1.1) Have you identified if any of your facilities reported in W5.1 could have an impact on a requesting CDP supply chain member?

No, we do not have this data and have no intentions to collect it

SW1.2

(SW1.2) Are you able to provide geolocation data for your site facilities not already reported in W5.1?

No, not currently but we intend to provide it within the next two years

SW2.1

(SW2.1) Please propose any mutually beneficial water-related projects you could collaborate on with specific CDP supply chain members.

SW2.2

(SW2.2) Have any water projects been implemented due to CDP supply chain member engagement?

No

SW3.1

(SW3.1) Provide any available water intensity values for your organization's products or services across its operations.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to	Are you ready to submit the additional Supply Chain Questions?
I am submitting my response	Public	Investors Customers	Yes, submit Supply Chain Questions now

Please confirm below

I have read and accept the applicable Terms