PPN 06/21 Carbon Reduction Plan 2024

PepsiCo

Achieving net zero

PepsiCo aim to reduce absolute GHG emissions across our value chain by more than 40% by 2030 against a 2015 baseline, including a 75% reduction in emissions from our direct operations (Scope 1 and 2) and a 40% reduction in indirect emissions from our value chain (Scope 3). In addition, we're working to achieve net-zero emissions by 2040, one decade earlier than called for in the Paris Agreement. Our target aligns with the Business Ambition for 1.5°C pledge, which PepsiCo signed in 2020, joining other leading companies to set science-based emissions reduction targets in line with limiting global warming to 1.5°C above pre-industrial levels.

You can read it in full at https://www.pepsico.com/our-impact/esg-topics-a-z/climate-change

Supplier name: PepsiCo
Publication date: December 2024

The information set out in this disclosure applies to carbon emissions associated with PepsiCo is the principal operating company of Walkers Snack Foods Ltd in the UK, and the contracting principal to which PPN06/21 applies.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2015

Additional details relating to the Baseline Emissions calculations:

- Baseline admissions are based on PepsiCo, the Walkers Snack Foods Ltd parent entity.
- In 2023, we further remeasured the 2015 baseline to reflect the divestiture of Tropicana, enhancements in our calculation methodology and the inclusion of additional data.
- For Scope 3 emissions, where actual data was not available, estimated data was used.
- In 2023, we continued to enhance our methodology and reflected the inclusion of additional data.
- This data is referenced from https://www.pepsico.com/our-impact/esg-topics-a-z/climate-change

PepsiCo baseline year emissions 2015

EMISSIONS	Absolute (million metric tCO2e)
Scope 1	3.6
Scope 2	2
Scope 3*	55
Total Emissions	**60**

PepsiCo current emissions Reporting 2023

EMISSIONS	Absolute (million metric tCO2e)
Scope 1	3.4
Scope 2	0.3
Scope 3*	54
Total Emissions	**58**

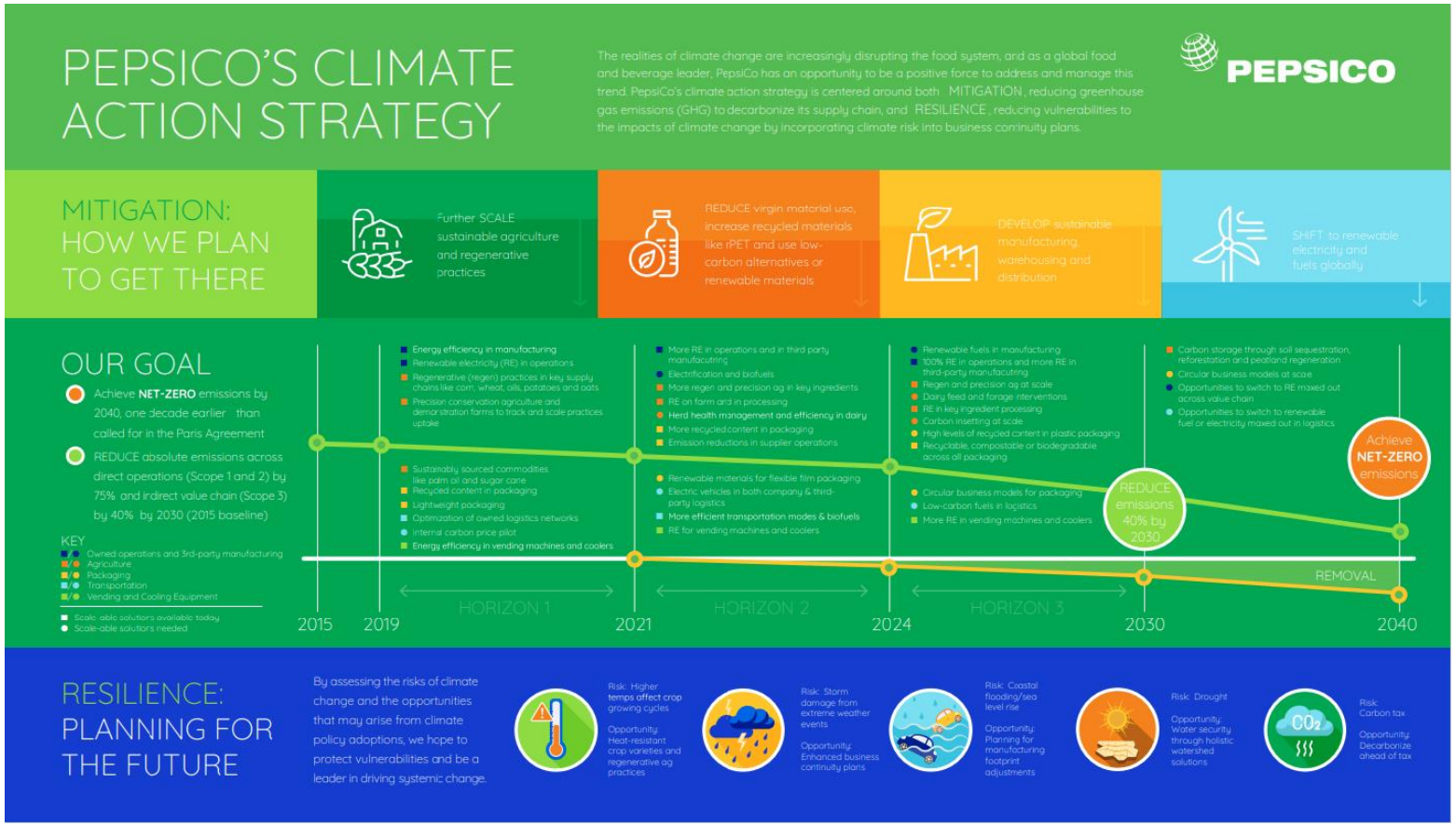
Scope 3: Down approximately 1% against the 2015 baseline and down 4% from 2022. In 2023 we continued to enhance our calculation methodology and reflected the inclusion of additional data.

*These cover indirect GHG emissions from sources not owned or directly controlled by the company but related to activities across its entire value chain, both upstream of company operations and downstream

Emissions reduction targets

In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets.

We aim to reduce absolute GHG emissions across our value chain by more than 40% by 2030 against a 2015 baseline, including a 75% reduction in emissions from our direct operations (Scope 1 and 2) and a 40% reduction in indirect emissions from our value chain (Scope 3). In addition, we're working to achieve net-zero emissions by 2040, one decade earlier than called for in the Paris Agreement. Our target aligns with the Business Ambition for 1.5°C pledge, which PepsiCo signed in 2020, joining other leading companies to set science-based emissions reduction targets in line with limiting global warming to 1.5°C above pre-industrial levels.



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Carbon Reduction Projects

- As we work to reduce GHG emissions in our operations and supply chain, we are focusing our ongoing efforts on four key areas:
  - **Developing** sustainable manufacturing, warehousing and distribution strategies;
  - Further **scaling** sustainable agriculture and regenerative practices;
  - **Reducing** the impact of our packaging; and
  - **Shifting** to renewable electricity and fuels across our value chain.
- Our strategy to achieve our 2030 emission reduction goal does not include the purchase of carbon offsets. We plan to achieve our 2040 net-zero goal by ensuring significant emission reductions within our value chain first, then balancing residual emissions with limited use of carbon offsets.
- The following environmental management measures and projects have been completed or implemented since the 2015 baseline. The carbon emission reduction achieved by these schemes equate to 2 million metric tons CO2e, which represents a 4% reduction against the 2015 baseline and the measures will be in effect when performing the contract.
- PepsiCo continues to be recognized for its climate strategy. Since 2017, we have received an A- or better on our annual CDP Climate Change submission. In 2021, PepsiCo received the inaugural Terra Carta Seal from His Majesty King Charles III in his former role as The Prince of Wales, which recognizes organizations that have made a serious commitment to a future that is more sustainable.

Scope 1

- In 2023, PepsiCo's Scope 1 GHG emissions were approximately 3.4 million metric tons, down approximately 6% from the 2015 baseline.

Manufacturing

- Our Cork, Ireland facility became the first PepsiCo manufacturing location to **eliminate the use of fossil fuels in our operations** by transitioning to hydrotreated vegetable oil (HVO) to replace natural gas in heat generation. By the end of 2023, the facility reduced its Scope 1 and 2 emissions by 85% com-pared to a 2015 baseline. We continued to focus on piloting new technologies like biomass, biogas, renewable natural gas, electrification and hydrogen opportunities, while investing in capability-building and knowledge-sharing internally to identify and deploy low-carbon solutions.
- For more information on our progress for sustainable fuel use in our operations, see https://www.pepsico.com/our-impact/esg-topics-a-z/renewable-energy.

Fleet

- We have also made significant improvements in fleet GHG intensity over the years. This was achieved by diversifying the types of fuels we use, improving fuel economy, right-sizing vehicles and transitioning to zero-emissions vehicles.
- For more on our industry-leading efforts to reduce emissions from transportation and distribution, see https://www.pepsico.com/our-impact/esg-topics-a-z/fleet-decarbonization.

Scope 2

- In 2023, PepsiCo's Scope 2 (market-based) GHG emissions were approximately 300,000 metric tons, down 84% from the 2015 baseline.
- After transitioning our U.S. direct operations to sourcing 100% renewable electricity (including renewable energy credits) in 2020, we set our sights more broadly and by the end of 2023, 40 countries in PepsiCo's operations consumed 100% renewable electricity, including on-site solar, off-site power purchase agreements and renewable energy credits, for both manufacturing and non-manufacturing facilities.
- For more information on our progress adopting renewable electricity, see https://www.pepsico.com/our-impact/esg-topics-a-z/renewable-energy.
- In 2023, we set new guiding principles for our operations, called Sustainable Operations from the Start (SOftS), that require all new operations, including building new manufacturing and distribution sites as well as expanding lines within existing operations, to be funded, scoped and activated with net-zero emissions and net water positive outcomes in mind.
- SOftS requires that, at start-up, new operations within PepsiCo have zero incremental manufacturing emissions, are net water positive and are modern and fully digitally-connected. Additionally, SOftS asks that new projects build in space for evolving future solutions. While the desired outcomes are prescribed through SOftS, the solutions to get there are not – each project and each sector can design their operations to match the capabilities and technologies available within the market.

Scope 3

- In 2023, our Scope 3 emissions were 54 million metric tons, down approximately 1% against the 2015 baseline[1] and down 4% from 2022.[2]
- Like many large, global organizations, reducing Scope 3 emissions is the biggest challenge we face in advancing progress toward our 2040 net-zero goal. Given the indirect nature of these emissions, quantifying and managing them is difficult and requires strategic partnerships and engagement.
- We work with our value chain partners – including suppliers, contract manufacturers, franchise bottlers and customers – with the aim to help them improve the sustainability of their operations.
- A point of light in our Scope 3 emissions efforts is our continued progress with vending and cooling equipment in retail, in which we reduced GHG emissions by 63% in 2023 compared to 2015. This was achieved by replacing current models with more energy-efficient ones and migrating into hydrofluorocarbon (HFC)-free refrigerants, all compliant with the latest standards of DOE2017 and e-star3. In 2023, we assessed the energy efficiency of our coolers by completing a year-long joint assessment with one of our bottlers in Europe, Royal Unibrew, of past, current and future GHG outlooks. Findings are helping us prioritize more efficient technologies in the future which are expected to reduce related emissions by more than 30% between 2023-2030.

[1]In 2023, we continued to enhance our calculation methodology and reflected the inclusion of additional data. Where actual data was not available, estimated data was used

[2]In 2023, we further remeasured the 2015 baseline to reflect the divestiture of Tropicana, enhancements in our calculation methodology and the inclusion of additional data. Where actual data was not available, estimated data was used

Scope 3 continued

- While our efforts in sustainable agriculture help to mitigate our Scope 3 emissions associated with agriculture, business growth in 2023 was accompanied by a growth in purchased goods. Overall, we have reduced GHG emissions from agriculture 2% compared to our 2015 baseline. We have helped to spread the adoption of regenerative agriculture in more than 1.8 million acres[6] as of the end of 2023. In these projects, we work with our partners to carefully measure and monitor GHG emissions, collate data at the end of the growing season and determine the change in emission factors related to the growing of these crops over time. We have also worked with farmers across the globe to plant cover crops on more than a million acres of land, resulting in an estimated total of more than a 951,000 metric ton net reduction in on-farm GHG, including soil carbon sequestration.[7] While we are pursuing our ambitious goal of rolling out regenerative agriculture in our supply chain, sequestered carbon from these efforts will not be accounted for in our Scope 3 results until the GHG Protocol finalizes its guidance for carbon removal and PepsiCo finalizes and validates a FLAG (Forest, Land and Agriculture) target.
- In 2023, we supported the development of the Climate Resilience Platform – lead by the Alliance Bioversity-CIAT. This tool, part of our broader value-chain engagement toolkit, helps translate climate research into actionable insights for companies to create a resilient agricultural supply chain and farming system for climate change adaptation.
- Packaging represented 26% of our total 2023 GHG emissions, up from 23% in 2015. While we continue to strive to reduce absolute tonnage of virgin plastic derived from non-renewable sources, business growth in 2023 paired with consumer trend toward single-serve package sizes meant that our overall packaging footprint grew from the prior year. That growth was accompanied by commensurate GHG emissions growth. Our sustainable packaging vision includes a focus on developing and deploying disruptive sustainable packaging materials and new models, including reusable packages, that we expect will reduce our reliance on single-use plastics and packaging. We anticipate that progress made on this goal will have the additional benefit of reducing our Scope 3 emissions from packaging. For more information on our packaging journey, see Packaging.

Scope 3

- Third-party logistics remain a key area of focus for GHG reductions. In 2023, Frito-Lay North America products were delivered through third-party transportation on an electric vehicle for the first time, in partnership with Schneider National. As the first company to contract transport on Schneider's eCascadia fleet, our collaboration serves as a blueprint for how we can work alongside our transportation partners to build a sustainable food system and reach our climate ambitions. Even with this promising progress, fleet technology, vehicle development – particularly for low- or zero-emission class 8 vehicles – and alternative fuel availability are not yet at the scale needed for our logistics partners to adopt.
- Engaging our value chain in our climate ambitions continues to play a role in our Scope 3 emissions action plan. In 2023, 44% of our top 200 suppliers (based on GHG impact), had set science-based targets, 60% shared their GHG emissions with us and 49 suppliers had participated in S-LOCT training.
- Additionally, we launched a supplier survey which allows us to monitor, report and track progress. The survey positions them on a "Leader Ladder" which is defined against five categories; initiating, engaging, progressing, accelerating or leader. Understanding and meeting our suppliers where they are, can provide us with greater insight and the ability to create deeper engagement and collaborative opportunities.
- After launching pep+ REnew in 2022, we developed a central platform with the aim to scale climate solutions in our value chain: Partners for Tomorrow – Sustainability Action Center. The platform provides our value chain partners with tailored resources and their own access to the pep+ dashboard, as well as a benchmark on how they are performing against peers and industry. Partners for Tomorrow – Sustainability Action Center also includes programs like the Supplier Leadership on Climate Action learning platform, REnew and external tools to evaluate and measure GHG emissions and learnings from our ReCon program that may be useful to our manufacturing partners.
- For more on our strategy to engage suppliers, see Sustainable sourcing.

Further details on our approach and progress can be found on the ESG section of our website here: https://www.pepsico.com/our-impact/esg-topics-a-z/climate-change

Declaration and Sign Off

- This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.
- Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[3] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting .
- Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.[4]
- This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of PepsiCo

Lauren Cotter

UK Sustainability Director

https://ghgprotocol.org/corporate-standard

https://ghgprotocol.org/corporate-value-chain-scope-3-standard