PepsiCo, Inc.
2021 Annual Meeting of Shareholders

May 5, 2021
9:00 AM Eastern Daylight Time

Corporate Participants

Ramon Laguarta *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

David Flavell *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Other Participants

James McRitchie *Representative for Kenneth Steiner*

Dr. Yolandra Hancock *Representative for John C. Harrington of Harrington Investments, Inc.*

Sara Murphy *Representative for The John Bishop Montgomery Trust*

Presentation

Unidentified Company Representative

Good morning. Before we begin, please take note of our cautionary statement posted on the meeting site. The presentation today will include forward-looking statements based on currently available information. Forward-looking statements inherently involve risks and uncertainties that could cause our actual results to differ materially from those predicted in such forward-looking statements.

Statements made in this presentation should be considered together with the cautionary statements and other information contained in our 2020 annual report, 2020 Form 10-K, first quarter 2021 Form 10-Q, and subsequent filings with the SEC. Also, to find reconciliations of non-GAAP measures that we may use when discussing PepsiCo's financial results, please refer to the "Investors" section of PepsiCo's website under the "Events and Presentations" tab.

As a reminder, our financial results in the United States and Canada are reported on a 12-week basis while substantially all of our international operations report on a monthly basis, for which the months of January and February were reflected in our results for the 12 weeks ended March 20, 2021.

And now please welcome the Chairman and Chief Executive Officer of PepsiCo, Ramon Laguarta.

Ramon Laguarta - *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Good morning, everyone. Welcome to our 2021 Annual Meeting of Shareholders. I'd like to begin by introducing each of my fellow directors who are on the line. Segun Agbaje, Shona Brown, Cesar Conde, Ian Cook, Dina Dublon, Michelle Gass, Sir Dave Lewis, David Page, Bob Pohlad, Darren Walker and Alberto Weisser.

I would also like to say a word about Richard Fisher, who is retiring from the Board. Richard has had a long and distinguished career in finance and public service, experience that helped make him a wise and insightful adviser to me and the rest of the Board. On behalf of the entire company, I want to thank him for his valuable contributions to PepsiCo. It has been a pleasure and a privilege to work with him, and I wish him all the best. He will always be a friend of mine and a friend of PepsiCo.

In a normal year, I would have a chance to thank Richard and many of you, our shareholders, in person. Unfortunately, that has not been possible due to COVID, but I'm always thinking about you, and I'm deeply grateful for your partnership during this challenging time for our company and for our society. I sincerely hope we'll all be together again in New Bern for the 2022 Annual Meeting. New Bern is our home and will always be in our heart.

Despite all the volatility and disruption of 2020, I'm extremely proud to tell you that PepsiCo continues to persevere. Our strategy to become Faster, Stronger and Better has proven to be the right one in good times and bad - enabling us to be there for our communities when they need us most, whilst accelerating our growth and gaining share in many key markets.

- For the full year, we delivered 4.3% organic revenue growth.

- We gained or held share in most of our top markets in both snacks and beverages.

- And core constant currency EPS increased 2%.

- We also ended the year strong, accelerating organic revenue growth to 5.7% in Q4, with 6% growth in global beverages, 5% growth in global snacks and foods, and mid-single-digit growth in both our international developed markets as well as our developing and emerging markets.

These results are largely a testament to three things: our diversified portfolio and channel mix; our agile supply chain and go-to-market systems; and the dedication of our employees - especially our frontline associates, who continue to safely make, move, and sell our products during a global pandemic, creating smiles for stakeholders across the world.

In 2020, the entire PepsiCo family embraced our mission to Create More Smiles with Every Sip and Every Bite. During a year of so much adversity, this simple act was more powerful than ever. Each of us rose to the challenge, creating smiles for our associates, our communities, our consumers, our customers, the planet, and of course, our shareholders. Because we know that our company can only succeed when the society we serve flourishes.

First and foremost, we focused on creating smiles for the people who are the backbone of our company, our associates and our communities. We did this by:

- Promoting safe working environments through social distancing and distribution of PPE, especially for our frontline workers.

- We're expanding benefits for associates who became diagnosed with COVID or had to take care for a sick family member.

- Working with the PepsiCo Foundation, to invest more than $60 million and provide over 145 million meals to hungry families impacted by COVID in 2020 and also donate PPE to fellow frontline workers across the world.

- Celebrating success internally through our Smiles initiative, which encourages associates to send smiles to each other for living our PepsiCo Way behaviors and to commemorate special events.

- And we're addressing one of the most important issues in our society with PepsiCo's Racial Equality Journey, investing more than $500 million over the next five years with a focus on three pillars: People, Business and Communities.

    - For people, we're focused on increasing Black and Hispanic representation at PepsiCo through recruitment, education, internships and apprenticeships.

    - For businesses, we're leveraging our scale and influence across suppliers and strategic partners to increase Black and Hispanic representation and elevate diverse voices.

    - And for our communities, we're working to drive long-term change by addressing systemic barriers to economic opportunity and advancing economic empowerment for Black and Hispanic Americans.

Our efforts were recognized by our associates in PepsiCo's annual organizational health survey. In 2020, we achieved our highest-ever engagement score, which is a measure of the energy, pride and optimismof our team.

As we work to meet the urgent needs of our associates and communities, we also had to satisfy new consumer demands that grew from the pandemic. In 2020, I'm pleased to say we rose to the challenge, creating smiles for our consumers by:

- Driving innovation in our core brands, with a special focus on no sugar beverages and flavors that celebrate local food cultures, including Cheetos Popcorn, Flamin' Limon Doritos, Mountain Dew Zero, Gatorade's Bolt24, Gatorade Zero and Driftwell;

- Continuing to build a range of premium snacks designed to address evolving consumer desires and emerging health and wellness trends with options like Off The Eaten Path, bare, and BFY Brands;

- Powering Quaker Foods North America to 11% organic revenue growth for the year, an outstanding performance against strong demand for at-home consumption;

- And continuing to drive SodaStream as a sustainable personalized beverage system, including making it easier for consumers to create their own favorite beverages at home with bubly drops and flavors based on popular beverages like Pepsi MAX and Mountain Dew.

- We also increased our presence in the fast-growing and highly profitable energy category, by acquiring Rockstar Energy Beverages.

- We closed on, and are continuing to integrate, the acquisition of Pioneer Foods, which gives us a scaled platform for food sales and distribution in Sub-Saharan Africa;

- And we're expanding our investment in omnichannel capabilities, especially e-commerce, as consumers increasingly turn online for their foods and beverage needs. This includes launching PantryShop.com and Snacks.com in the U.S., where e-commerce estimated retail sales grew significantly in 2020, and acquiring Be & Cheery, one of the largest online snacks companies in China.

With so many changes to consumer preferences and habits, our retail partners were counting on us to help them navigate this new normal. So we focused on creating smiles for our customers by pivoting our resources to provide first-class levels of service, drive game-changing innovation and deliver a level of growth unmatched in our industry. This includes:

- Unlocking growth opportunities across our business through innovative, data-driven media, marketing and merchandising solutions like our new ROI Engine and Canvas capabilities, which leverage near real-time analytics and performance output to optimize investments.

- We also extended our Perfect Store capability, enabling improved service, value offers, assortment and merchandising for our important small format customers.

- And we launched micro-fulfillment centers to increase our strategic capability to help meet the spike in e-commerce demand for our key customers.

Our team's holistic support for our customers earned numerous awards and recognitions in 2020, including being named the #1 manufacturer in the Kantar PoweRanking for the fifth year in a row in the U.S. We also earned similarly strong customer feedback in many countries across the world.

As proud as we are of our current reputation among customers, we know that being a world-class partner for years to come will require us to help build a more sustainable future.

That's why we're focused on creating smiles for our planet by becoming PepsiCo Positive: transforming the way we create value by operating within planetary boundaries and inspiring positive change for the planet and the people.

This means doing our part to expand Positive Agriculture, build a more resilient value chain and inspire people to make better choices. To expand Positive Agriculture, we're aiming to source crops and ingredients in a way that accelerates regenerative practices and strengthens farming communities. For example:

- As of 2020, 100% of our direct commodities - potatoes, whole corn, oats and oranges - are sustainably sourced in 28 countries, whereas nearly 87% of our direct commodities are sustainably sourced globally.

- Our Sustainable Farming Program is now operating in 36 countries and engages over 40,000 farmers.

- Our network of local demonstration farms - with sites in India, Brazil and Thailand, among others - is proving to be very powerful, providing a place where farmers can test new techniques and learn from their peers.

- We're also collaborating with the World Economic Forum on a network of Innovation Hubs, which brings together the best minds in food science, agronomy and technology to develop food systems that are inclusive, efficient, sustainable and nutritious.

- And just last month, we announced a new impact-driven Positive Agriculture ambition, anchored by a goal to spread regenerative farming practices across 7 million acres by 2030, approximately equal to PepsiCo's entire agricultural footprint. We estimate that this effort will eliminate at least 3 million tons of greenhouse gas emissions by the end of the decade.

As we work to expand Positive Agriculture, we also know that a company of our size and scale can create smiles for the planet by building a more resilient value chain, one that fosters a circular, inclusive, fair economy. That's why:

- We're continuing our efforts to help build a world where packaging never becomes waste by setting a target to use 100% recycled PET for our key Pepsi brands in 9 European Union markets by 2022. We estimate this will eliminate over 70,000 tons of virgin fossil fuel based plastic per year.

- We're also introducing SodaStream Professional, an eco-friendly, on-the-go customizable hydration platform that is part of our Beyond the Bottle strategy.

- We joined other leading companies in signing the UN Business Ambition for 1.5-degree Celsius Pledge.

- And we're taking important steps to help slow the impact of climate change by more than doubling our science-based climate goal, targeting a more than 40% reduction of absolute greenhouse gas emissions across our value chain by 2030, and aiming to achieve net-zero emissions across our global operations by 2040 - 10 years earlier than called for in the Paris Agreement.

Even as we do all this, we're also inspiring people through our brands to make positive choices that create more smiles for them and for the planet:

- This includes continuing to advance our 2025 goals to reduce added sugars, sodium and saturated fat with our no sugar Pepsi Black now available in 118 markets and Lay's Oven Baked in 27 markets globally.

- We also expanded the Stacy's Rise Project from 5 female entrepreneurs to 15 in 2020, with finalists focused on areas like social impact, sustainability and diversity.

- Next month, we'll be announcing Lays RePlay, a global brand-led initiative to help create sustainable football pitches using upcycled chip packs.

- And this summer in Europe, we will share the story of our sustainable potato farmers directly with consumers on our Lay's and Walkers packaging.

Ultimately, we know that creating smiles for the planet, our associates and communities, our consumers and our customers, is what enables us to create smiles for our shareholders. In addition to the full year and Q4 financial pro forma numbers I called out earlier, in 2020, we returned a total of $7.5 billion in cash to shareholders through dividends and share repurchases, and delivered an 11.7% increase in total shareholder return, a strong showing compared to other consumer staples. Earlier this year, we also announced a 5% increase in our annualized dividend per share, effective with the expected June 2021 dividend payment - our 49th consecutive annual dividend increase.

2020 was an extremely busy year, and we expect to accelerate our efforts in 2021, so we can keep pace with the world and stay ahead of the competition. That means setting our sights on becoming even Faster, even Stronger and even Better.

- To become even Faster, we will focus on accelerating our share of market gains, competing fiercely in every segment, and investing in growing channels and categories.

- To become even Stronger, we'll work to continue transforming our cost structure, capabilities and culture, including sharpening our holistic cost management initiatives, accelerating our digital transformation and investing in our people and talent development.

- To become even Better, we'll strive to create value by operating within planetary boundaries and inspiring positive change for the planet and for the people.

In everything we do, we will keep our focus on creating as many smiles as possible - not only for customers, associates and communities, but also for consumers, the planet and you, our shareholders. This year, more than ever, we're grateful for your faith in us. As vaccines usher in a new phase of the pandemic, we will keep working to earn your trust and support by Winning with Purpose and planning for a post-COVID future.

If we work together, I'm confident we can make 2021 a year of resurgence and renewal with even more smiles for many stakeholders and the communities we all share. Thank you for the confidence you've placed in us with your investment and for your participation in this year's annual meeting.

Now I will turn it over to David Flavell, Executive Vice President, General Counsel, and Corporate Secretary, who will serve as Secretary of the meeting and lead us through the agenda.

David Flavell - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. We have designed the format of this virtual meeting to provide shareholders with the same rights and opportunities to participate as they would at an in-person meeting. As is our custom, we will conduct the business portion of our meeting first, and answer questions at the end of this meeting.

The meeting agenda and Rules of Conduct are available on the meeting website. We ask that all review those items, and we appreciate your cooperation with the Rules of Conduct.

As a reminder, shareholders attending the virtual meeting can vote their shares online from now through the closing of the polls by logging into the meeting website as a shareholder and clicking the "Voting" button at the bottom of their screen. If you have previously voted by proxy and do not wish to change your vote, your vote will be cast as you previously instructed and no further action is required.

We've received questions that were submitted by our shareholders in advance of today's meeting that we will address during the Q&A session as time permits. If you've logged into the meeting website as a shareholder, you may submit questions by clicking the "Q&A" button at the bottom of your screen and typing them in the field labeled, "Submit A Question". If asking a question, please include your name and affiliation to the company.

To ensure that we receive your questions before the Q&A session is closed, we encourage you to submit your questions now. Though we may not be able to answer every question, we will do our best to provide a response to as many questions as possible. To give everyone a chance to ask a question, we will limit each shareholder to one question or topic. Questions on the same topic or that are otherwise related may be grouped, summarized and answered together.

Consistent with state law and our bylaws, a list of shareholders entitled to notice of this meeting has been available for inspection at our principal office since March 26, 2021.

The Inspectors of Elections, Beth VanDerbeck and Matthew Criscenzo from Broadridge Investor Communication Solutions, are attending the meeting today and have previously taken the oath as inspectors of election at this meeting. I've been informed by the inspectors of elections that a majority of the votes entitled to be cast at this meeting are represented by proxy, and therefore, we have the necessary quorum under state law and our bylaws.

Now that we have a quorum, I declare this meeting to be duly convened for purposes of transacting such business as may properly come before it in accordance with state law and our bylaws. The polls are open for voting. We will close the polls after the proposals have been presented.

We will now proceed with the formal business of this meeting.

Because we did not receive notice of any additional matters to be considered beyond those in the proxy, no other proposals or nominations may be introduced at this meeting.

We'll begin with our first agenda item, which is the election of Directors. I place before the meeting to serve as Directors for the coming year, the 13 individuals whose names and biographies appear in our Proxy Statement. Our Board recommends a vote for each of the nominees "FOR" Director.

The second agenda item is the ratification of the appointment of KPMG as the company's independent registered public accounting firm for 2021, which I now place before the meeting. Brian Hegarty and Ian Wildenborg are also present today, representing KPMG, and will be available to answer any questions during the question-and-answer session of the meeting. Our Board recommends a vote "FOR" the ratification of the appointment of KPMG as PepsiCo's independent registered public accounting firm for 2021.

The third agenda item is the advisory vote to approve the compensation of the named executive officers identified in our Proxy Statement, which I now place before the meeting. Our Board recommends a vote "FOR" the advisory resolution to approve executive compensation.

We'll now move on to the shareholder proposals in the order that they appear in the agenda. Each of the shareholders, or their representatives, will have three minutes to present their respective proposals.

Now we'll turn to the first shareholder proposal, requesting that the company reduce its stock ownership threshold to call a special meeting of shareholders from 20% to 10%, which was submitted by Mr. Kenneth Steiner. Mr. James McRitchie will be presenting the proposal as his representative.

Operator, please open the line for Mr. McRitchie.

James McRitchie - *Representative for Kenneth Steiner*

I hope the line is open. This is Jim McRitchie presenting for Kenneth Steiner proposal #4, special shareholder meeting improvement. Shareholders ask our Board to take the steps necessary to amend the appropriate company governing documents to give owners of the combined 10% of our outstanding common stock the power to call a special shareholder meeting.

It's especially important to transition to a 10% stock ownership threshold because under North Carolina law, we have no statutory right to act by written consent. Many large-cap companies allow for both a shareholder right to call a special meeting and enable shareholders to act by written consent.

Management promotes the policy that shareholders should be distracted from improving our corporate governance simply because we have some good existing governance practices, just like a lot of other companies. Management claims that if our governance is good, there's no point in making it better.

Management promotes the policy that Directors should be apathetic about improving our corporate governance since management has an informal shareholder engagement process that has no rules, no independent oversight and can be shutdown abruptly. It's amazing that a number of companies that brag about their so-called shareholder engagement process, but which gives results that are in lock step with their own sales pitches.

Please vote yes. I hope the Board will leave the poll open for a moment or 2 to allow shareholders to vote this item if they have not, or if they voted against and now want to change their vote. All too often, I've witnessed a virtual shareholder meeting where polls are closed immediately after the final proposal is presented. Closing the polls so rapidly renders presentations meaningless. So I'm stalling a bit here to give you a little more time to vote, just in case the board intends to close the polls immediately after the final proposal is presented.

Again, thank you. Please vote in favor of proposal #4.

Ramon Laguarta - *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Thank you, Mr. McRitchie. Our Board carefully considered this proposal, including a review of market trends and investor feedback on a nearly identical and unsuccessful proposal that was submitted in 2020.

We already permit holders of 20% of our outstanding shares to call a special meeting. The vast majority of S&P 500 companies either have a threshold that is equal to, or even higher than our threshold, or do not provide any such rights.

We believe that our 20% threshold strikes a reasonable and appropriate balance between providing shareholders with the right to call a special meeting, while protecting against significant costs and unnecessary waste of corporate resources and disruption in convening a special meeting to advance narrowly supported interests.

The Board also believes that this proposal should be evaluated together with our strong overall corporate governance policies and practices in place that protect shareholder rights and enable shareholders to influence the governance of the company.

We have long supported means for our shareholders to effectively communicate with the Board and senior management beyond the limited forum of a special meeting. And we provide other ways for shareholders to engage with the board on important topics throughout the year in ways that are more cost-effective than a special meeting of shareholders.

For these reasons, the Board believes that the action requested by the proposal is neither necessary nor in the best interest of PepsiCo or our shareholders, and recommends that shareholders do not support this proposal.

David Flavell - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. The second shareholder proposal on the ballot is requesting a report on sugar and public health submitted by John C. Harrington of Harrington Investments. Dr. Yolandra Hancock will be presenting the proposal as his representative.

Operator, please open the line for Dr. Hancock.

Dr. Yolandra Hancock - *Representative for John C. Harrington of Harrington Investments, Inc.*

Good morning, CEO Laguarta, trustees and shareholders. My name is Dr. Yolandra Hancock. Thank you for the opportunity to again on behalf of Harrington Investments as last year appeal for your support on proxy items 5 and 6, the issuance of a report on sugar and public health. With a yes vote, PepsiCo can tell the world that its rhetoric on public health, race and even democracy are not just window dressing.

You'll recall "the choice of a new generation" was Pepsi's slogan in the mid-80s. The corporations spared no expense featuring the purposeful selection of mega stars like Michael Jackson and Tina Turner to raise up the next-generation of soda drinkers, particularly youth of color. Flash forward nearly 40 years later, the slogan may have changed, but the pursuit of our Black and Brown communities and the collateral damage from this targeted marketing has not, as diabetes rates, heart disease and obesity have skyrocketed.

With the incidence of obesity in the U.S. increasing by 70% over the last 30 years for adults and by 85% over the same time period for children - even higher among African Americans. The consequences have also been devastatingly deadly over the past year as we have all bared witness to the disproportionate rate of COVID-19 infections and deaths among communities of color, where chronic diseases linked to sugary drink consumption, such as obesity, have served as leading risk factors.

During the pandemic, while lobbying against public health policies, PepsiCo has asked the Latin American government to maintain production of its unhealthy products during the lockdown, yet again, putting profits over public health. This is a global issue as sugary beverages are the primary source of total sugar intake from processed foods.

While you made record profits, we have experienced record-breaking deaths across the globe as we watch the utter devastation of what is happening in countries like India - what PepsiCo refers to as an expansion market - where even before the pandemic sugary drinks were associated with the dichotomy of obesity and malnourishment, where each condition weakens the immune system and increases the risk of infection.

Over 3 million people have died during the pandemic. As a physician and public health expert, I am convinced that nutrition has played a key role in who lives or dies. Coming out of this pandemic, we have to make choices for this generation.

As one of the largest food and beverage corporations in the world, PepsiCo needs to make different choices, that begins with choosing to level with shareholders as both proxy 5 and 6 demand about the inordinate cost of public health and, frankly, the health of global democracy of your products and practices.

The choice not to mislead shareholders that the requested report is duplicative of some old report when it clearly isn't. The choice not to underwrite the American Beverage Association and its class tactics to undermine local taxes that would help communities of color recoup at least some of the overwhelming cost Pepsi and its competitors have saddled us with. The choice not to be a member of the International Life Sciences Institute, a known propagator of junk science, even as Coca-Cola and Nestlé have broken ties. The choice not to target market sugar water to children of color as the corporation claims to lift up Black communities and representation. The choice to disavow and defund legislators behind the current push for Jim Crow 2.0 voting laws across a growing number of states.

David Flavell - *PepsiCo, Inc. - Executive VP, General Counsel, Corporate Secretary and Chief Compliance & Ethics Officer*

Dr. Hancock, just let you know you've reached the three-minute mark, if you could please conclude your remarks quickly. Thank you.

Dr. Yolandra Hancock - *Representative for John C. Harrington of Harrington Investments, Inc.*

Certainly. Pepsi has choices, choices that new generation will judge it by. Vote yes on proxy 5 and 6. Thank you.

Ramon Laguarta - *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Thank you, Dr. Hancock. I'd like to explain the Board's position on this proposal, which will also address a few questions we received prior to the meeting regarding the proposal.

We fully recognize the role that PepsiCo must play in building a more sustainable future for all and we have taken meaningful steps to reduce sugar, responsibly market our products and improve choices in our beverage portfolio to help consumers reduce the amount of sugar in their diets and make much more informed choices.

Added sugars reduction is a key part of PepsiCo's long-term strategy, and we set a goal that by 2025, at least 2/3 of our global beverage portfolio volume will have 100 calories or fewer from added sugars per 12-ounce serving.

We've made a lot of progress and plan to continue making progress towards this goal, including reformulating our existing beverages to reduce sugar and creating new products, such as Mountain Dew Zero and Gatorade Zero and expanding products such as Pepsi Zero Sugar or Pepsi Black, which is now in 118 markets around the world.

We're also focused on offering a variety of no sugar and low sugar products, like creating and investing in bubly, a line of flavored sparkling water with zero sugar, and expanding our water strategy, such as with the launch of Lifewtr, our premium water brand. In addition, we're continuing to drive SodaStream a rapidly growing and profitable business and offering consumers no or low added sugars options at home.

And through our added sugars reduction efforts, we believe we are not only addressing the concerns raised in the proposal, but creating new growth opportunities and a competitive advantage.

When it comes to marketing, we've also taken meaningful steps and adhere to strict internal policies and industry standards, particularly in venues or platforms through which children may be exposed to the advertisements.

Our Global Policy on Responsible Advertising to Children prohibits advertising products that do not meet certain nutritional requirements in television programs whose audience profile is made up of greater than 35% children who are under the age of 12. And we also restrict direct sales of certain beverages to schools based on strict nutrition criteria. I note that in the U.S. consumption of sugar sweetened drinks among all children and teens has declined in the past 10 years.

Given these actions as well as the robust public disclosures both by PepsiCo through our Corporate Sustainability Report and our website, and also by several third-party organizations that conduct independent reviews of progress by PepsiCo and the industry on the topic of sugar and public health, we believe the report called for by the shareholder proposal is duplicative and unnecessary.

In our Proxy Statement, we cite reporting by several well-known third-party organizations, including Access to Nutrition Foundation and Partnership For Healthier America. We engage with and obtain feedback from these third-party organizations and others to inform our sustainability reporting and strategy.

With such robust public disclosures and the meaningful steps PepsiCo has taken and plans to continue taking, the Board believes the reporting called for in this proposal is neither necessary nor a good use of company resources and recommends that shareholders do not support this proposal.

David Flavell - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. The third shareholder proposal on the ballot is requesting a report on external public health costs submitted by The John Bishop Montgomery Trust. Ms. Sara Murphy will be presenting the proposal as its representative. Operator, please open the line for Ms. Murphy.

Sara Murphy - *Representative of The John Bishop Montgomery Trust*

Hello am I on?

David Flavell -- *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Yes you are, Ms. Murphy.

Sara Murphy - *Representative of The John Bishop Montgomery Trust*

This is Proposal 6, requesting a report on external public health costs. The unhealthful food and beverages that compose 81% of PepsiCo's product portfolio are among the top culprits in the growing global obesity epidemic and contribute to chronic illnesses, such as heart disease, type 2 diabetes and obesity. The unpriced social burdens of obesity equal almost 3% of global GDP annually.

This compounding cost is devastating to economic growth. A healthy economy is far greater value driver for diversified portfolios than the profits of any one company within those portfolios. Indeed, a number of studies have shown that systematic factors explained 75% to 94% of average portfolio return.

Yet, PepsiCo doesn't disclose any methodology to address the public health costs of its business. Thus, shareholders have no guidance as to costs PepsiCo is externalizing and their consequent economic harm. This information is essential to shareholders, the majority of whom are beneficial owners with broadly diversified interests. Shareholders ask the Board to report on the external public health costs at PepsiCo's food and beverage products imposed on society and how such costs affect the vast majority of its shareholders who rely on overall market returns.

PepsiCo recently signed the Business Roundtable statement on the purpose of a corporation, which commits to delivering value to all stakeholders. However, PepsiCo is a conventional corporation so that directors' fiduciary duties emphasize the company and its shareholders, but not stakeholders, except to the extent that they create value for shareholders over time. Accordingly, when the interests of shareholders and stakeholders, such as workers or customers clash, PepsiCo's primary duty excludes all but shareholders. North Carolina hasn't adopted any laws to let corporations avoid this duty.

Such shareholders and beneficial owners are unalterably harmed when companies follow this shareholder primacy model and impose costs on the economy that lower GDP, which reduces equity value. While PepsiCo may profit by ignoring costs that it externalizes, diversified shareholders will ultimately pay these costs, and they have a right to ask what they are.

The company's prior disclosures don't address this issue because they don't address the public health costs that the business imposes on shareholders as diversified investors who must fund retirement, education, public goods and other critical needs.

The requested study would help shareholders determine whether to seek a change in corporate form in order to better serve their interest and to match the commitment PepsiCo made in the BRT statement. PepsiCo claims it can't extrapolate its own impact on public health because of the number of conflating factors.

But the proposal doesn't request any particular level of specificity and the level of precision will be determined by those preparing the requested report. PepsiCo also claims that it has already taken steps to address public health concerns and that it partners with others who do so. But these arguments entirely miss the point. While PepsiCo has taken some measures to address public health concerns, those measures are constrained by its own stated mandate to prioritize shareholder return above all other concerns. The fact that it's taking some measures simply doesn't answer the question.

David Flavell - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Ms. Murphy, you've reached the three-minute mark, if I could just ask you to conclude your remarks. Thank you.

Sara Murphy - *Representative of The John Bishop Montgomery Trust*

Yes. The fact that PepsiCo is taking some measures simply doesn't answer the question of whether it is taking sufficient measures. So please vote for Item #6.

Ramon Laguarta - *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Thank you, Ms. Murphy. I'd like to provide an overview of the Board's position on this proposal and also address a few pre-meeting questions we received regarding this proposal.

We embrace the role that we can play in promoting a balanced diet that supports health and wellness, and we've long been committed to being part of the solution to the complex issue of the role of diet in obesity and undernutrition.

There are numerous factors that contribute to obesity, and we believe it is not feasible to accurately quantify external public health costs for specific food and beverage products or categories in isolation.

The World Health Organization assessment referenced in this proposal is based on a 2014 McKinsey Global Institute report that states obesity is impacted by numerous health, socioeconomic and lifestyle factors, of which diet is just one. It is our belief that existing research and analysis has effectively identified a multitude of factors that contribute to obesity and their collective public health costs, and the resources that would be required to attempt to produce a proposed report would be better spent on our significant efforts, existing efforts in this area. We've taken aggressive steps to implement many of the actions recommended by the WHO.

Over the last few years, our multifaceted approach has included innovating against new product platforms and new brands that offer consumers reduced or no sugar, lower sodium and no sat fat options and positive nutritional ingredients. And we've been successful in many of these efforts - for example, Pepsi Zero Sugar/Pepsi Black and Mountain Dew Zero Sugar, Gatorade Zero, Baked! Lay's, and SunChips, Off the Eaten Path, PopCorners, Hilo Life, Keto bars and Quaker Lite Snacks.

We continue to focus on our portfolio transformation commitments, both via innovation and reformulation and continue to invest very large amounts in R&D and A&M to make this transformation successful for consumers and our shareholders.

We're also developing the PepsiCo Nutrition criteria, providing clear labeling information about our product ingredients, adhering to responsible marketing policies and meeting the highest standards for food quality and safety.

In addition, we're also increasing more nutritious options in our portfolio through innovation and acquisition to offer more choices and meet consumer demands, consumer needs as part of a balanced diet.

Recent acquisitions and strategic investments include a joint venture partnership with Beyond Meat to develop plant-based protein offerings, expanding presence and availability of SodaStream and Pioneer Foods Group, one of South Africa's largest food and beverage companies with a strong position in cereals, juice and other nutritional food staples.

We also engage with many third-party organizations to inform our sustainability strategy, as well as organizations that work with young people and communities to promote the development of lifelong healthy habits, including, the Partnership for Healthier America, and The Alliance for a Healthier Generation in the United States, the Food Standards and Safety Authority of India's Safe and Nutritious Food at School campaign, Compensar in Colombia on the Aliméntate Y Actívate program, which aims to improve health and nutrition, physical activity and emotional care and well-being in schools. In Brazil, the Healthy Weight Commitment Foundation and Discovery Education on Together We Count, an initiative aiming to deliver nutrition education programs to teachers, school canteen cooks and students. EIT Food, a pan-European partnership aimed at empowering innovators, entrepreneurs and students to accelerate innovation in food. And in Canada, the Canadian Foundation for Dietetic Research.

Given our belief that it is not feasible to accurately provide the requested report due to the numerous factors that contribute to obesity, and PepsiCo's ongoing commitment to follow the recommendations of the United Nations and the WHO in order to be a part of the solution, the Board recommends that shareholders do not support this proposal.

David Flavell - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. We'll now address questions submitted prior to and during this meeting about the proposals that we just reviewed.

I remind you that there will be an opportunity for general questions not related to the proposals after the formal portion of the meeting has concluded. And also, we are limiting each shareholder to one question or topic to give everyone a chance to ask a question. Mr. Chairman?

Ramon Laguarta - *PepsiCo, Inc. - Chairman of the Board of Directors and Chief Executive Officer*

Thanks, David. We received several questions regarding our Board size and director qualifications.

The size of our Board is not unusual for a company of PepsiCo size, and the Board regularly evaluates its composition in light of the company's strategy and evolving needs. As we describe in our proxy statement, we believe our directors possess a diverse and balanced mix of attributes, viewpoints and experiences to effectively oversee PepsiCo's long-term business strategy. All of our Directors are very engaged and have provided the Board and management with valuable advice and counsel. I believe we're very fortunate to have each one of our directors on the Board.

Second, we also received several questions on Board diversity.

Diversity is a key priority for PepsiCo, and it is integrated into every aspect of how we operate our business, starting, obviously, with our Board. We value the diversity of thought, experience and background in our Boardroom, and seek a broad array of attributes, viewpoints and experiences that are reflective of our global businesses.

Approximately 54% of our Board is female or racially -- or racially and/or ethnically diverse, and we've committed to actively seeking out highly qualified women and minority candidates as well as candidates with diverse global backgrounds, skills and experiences, to include in the pool from which the Board nominees are chosen.

In addition, we received some questions on how decisions were made around Director, executive and frontline compensation, and the CEO to median employee pay ratio. Let me address some of those.

With respect to Director and executive compensation, PepsiCo has maintained a strong pay-for-performance philosophy that ties the vast majority of total compensation for our executive officers directly to the company's performance. Our principles dictate that executive officers only receive target payouts when the company achieves its performance goals. This helps to ensure the long-term success of the company, our employees and our shareholders.

A substantial portion of Executive and Director pay is paid in PepsiCo stock, which is subject to stringent stock ownership requirements that mandate executives and directors meet those requirements for a period of time even after leaving the company, which aligns executives and directors with the long-term interest of shareholders.

All pay and benefit decisions for the executives and the Board are thoroughly evaluated and reviewed by the Compensation Committee in conjunction with its independent adviser.

We refreshed the CEO to median employee pay ratio for 2020, and it is important to keep in mind that the pay ratio reflects the breadth of our operations, which includes a globally diverse workforce, with a large number of frontline employees, more than half of which are located outside of the U.S.

Now with respect to our frontline associates and compensation. Throughout 2020, we acknowledged the significant efforts of our frontline associates, managing through the COVID crisis by enhancing pay, benefits and well-being programs. The benefits varied by geography, and included enhancements such as incremental pay for a fixed period, extended pay in the event of leave and pay protection to those experiencing channel and supply chain restrictions.

The company will continue to prioritize the safety and well-being of associates and is committed to providing market competitive wages and benefits.

We also received a few questions on KPMG, including whether we consider rotation and reputational factors. The Audit Committee believes that the continued retention of KPMG as our independent registered public accounting firm is in the best interest of our shareholders.

The Audit Committee periodically considers whether there should be a rotation of PepsiCo's independent registered public accounting firm. The Audit committee considered several factors in deciding whether to re-engage KPMG, including KPMG's independence from management, the quality of KPMG's staff, work product and quality control, KPMG's policies related to independence, KPMG's global reach and KPMG's capability and expertise to perform an audit of PepsiCo's financial statements and internal control over financial reporting, given the breadth and complexity of PepsiCo's business and global footprint.

I will now turn it over to David for any additional questions on the proposals.

David Flavell - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Thank you, Mr. Chairman. I don't see any further questions pertaining to the proposals. That concludes the presentation of the items of business that you've been asked to vote on at today's meeting.

For those shareholders who have not yet voted, we are preparing to close the poll, and we'll give you only a few more moments to cast your vote using the "Voting" button on the virtual meeting website I've noted earlier. If you have previously voted, you do not need to take any further action. We will just leave the polls open for a few more moments.

(Voting)

David Flavell - *PepsiCo, Inc. - Executive Vice President, General Counsel and Corporate Secretary*

Okay. Now that everyone's had an opportunity to vote, I declare the polls closed.

I have received the preliminary voting results from the inspectors of elections and the preliminary voting results show that all director nominees have been duly elected by the affirmative vote of a majority of the votes cast.

Ballot item #2, the appointment of KPMG LLP as our independent registered public accounting firm for 2021 has been ratified by the affirmative vote of approximately 94% of the votes cast.

Ballot item #3, the advisory vote on executive compensation, has been approved on the advisory basis by the affirmative vote of approximately 92% of the votes cast.

Ballot item #4, the shareholder proposal regarding the special shareholder meeting vote threshold received support of approximately 44% of the votes cast and did not receive enough votes to pass.

Ballot item #5, a shareholder proposal for a report on sugar and public health, received the support of approximately 14% of the votes cast and did not receive enough votes to pass.

Ballot item #6, a shareholder proposal for a report on external public health costs, received the support of approximately 12% of the votes cast and did not receive enough votes to pass.

We will be reporting the final vote results in a Form 8-K that will be filed with the U.S. Securities and Exchange Commission within four business days.

Ramon Laguarta - *PepsiCo, Inc. - Chairman md rfc @m_pb md Bgpcarmpq _lb Afgcd Cvcasrgtc Mddgacp*

Thank you, David. There being no further business to come before the meeting, the formal business portion of the meeting is now adjourned. We'll now address general questions.

Also joining on the line with me and David to answer these questions are Hugh Johnston, Vice Chairman and Chief Financial Officer; and Ronald Schellekens, Executive Vice President and Chief Human Resources Officer.

David Flavell - *PepsiCo, Inc. - Cvcasrgtc Tgac Npcqgbclr* Ec lcp_j Ams lqcj _lb Ampnmp_rc Qcapcr_pw Officer*

Thank you, Mr. Chairman. We'll begin with some questions that we've just recently received.

First question ill Chairman Laguarta's opening remarks be available in written form post-meeting. If so, where might one navigate to that text or record?