

PepsiCo 2021

As the world grapples with COVID-19, many underlying health conditions suspected of making people vulnerable to the pandemic are also associated with elevated dietary intake of sugar: obesity, hypertension, cardiovascular disease, diabetes, and chronic kidney and liver diseases.

Therefore, our company's sugary products may be associated with two national health epidemics: sugar-related illnesses and vulnerability to the pandemic.

Moreover, the pandemic has highlighted issues of disproportionate health impacts of COVID-19 on people of color. According to a recent study, our industry's advertising of sugary drinks has increased 26% since 2013 to more than \$1 billion, with Black children and teens seeing twice the amount of sugary drink ads as their white counterparts, and Hispanic preschoolers and children seeing over 40% more Pepsi ads today than seven years ago.

With the rise of diabetes in youth and a better understanding of the influence of marketing on consumption habits, the American Academy of Pediatrics (AAP) released a policy statement a decade ago, calling for a total ban on child-targeted and interactive junk food advertising. Yet our Company continues to market sugary drinks with advertising detrimentally influencing children's food preferences and health.

A growing number of jurisdictions have banned the sale of junk food and sugary drinks to children and numerous community campaigns as seeking to impose taxes as well as new labeling laws for sugary beverages. In 2019, the AAP and the American Heart Association released a joint statement in support of such taxes, potentially increasing risk associated with our company's business.

Additionally, a growing body of scientific evidence and industry documents are helping make the case for holding purveyors of sugar-sweetened products financially liable for the harms of their products, specifically increasing litigation risk for our Company.

To defend our products, our company has been funding lobbying efforts and misleading research such as that of the International Life Sciences Institute (ILSI), to preempt local control, restrict regulation, or confuse the science. Growing media and public scrutiny of ILSI has already caused Mars and Nestle to sever ties.

In contrast, the proponents believe our company should be part of the solution and should not be pushing sugary beverages through advertising or funding “educational” efforts that shift the blame from poor diet causing obesity to lack of exercise.

Resolved, that shareholders request the board to issue a report on Sugar and Public Health, with support from a group of independent and nationally recognized scientists and scholars providing critical feedback on our company’s sugar products marketed to consumers, especially those PepsiCo products targeted to children and young consumers. Such report to shareholders should be produced at reasonable expense, exclude proprietary or legally privileged information and be published no later than November 1st, 2021 and include an assessment of risks to the company’s finances and reputation associated with changing scientific understanding of the role of sugar in disease causation.