

RESOLVED: Shareholders request that the Company annually issue a transparency report on global public policy and political influence, disclosing company expenditures and activities outside of the United States. Such report should disclose company funding and in-kind support directed to candidates or electioneering, lobbying, scientific advocacy, and charitable donations for the preceding year including:

- recipients and amounts;
- date and timeframe of the activity taking place
- the Company’s membership in or payments to nongovernmental organizations including trade and business associations, scientific or academic organizations and charities.
- the rationale for these activities.

The Board and management may, in its discretion, establish a de minimis threshold, such as contributions to an individual or organization totaling less than \$250, below which itemized disclosures would not be required.

#### Supporting statement

Food corporations rely heavily on consumer trust, brand affinity and public goodwill. In today’s world, public officials, journalists, NGOs, and even social media can quickly and publicly reveal corporate advocacy that seems remarkably at odds with a company’s image, brand or stated values.

In the food industry, a particular vulnerability involves company support for scientific advocacy intended to shape policymaker perceptions and stall policymaking, regulations and rule-setting.<sup>1</sup> Other problematic company-sponsored advocacy efforts may undercut public health policies through national trade associations. For instance, a PepsiCo supported trade association, ConMexico, lobbied the Mexican government to postpone food labeling regulations generating widespread criticism due to negative impacts on public health.<sup>2</sup> PepsiCo scores low with regards to international disclosures of corporate political activities, according to a recently published transparency index.<sup>3</sup>

In March 2021, Vanguard cautioned that “poor governance of corporate political activity, coupled with misalignment to a company’s stated strategy or a lack of transparency about the activity, can manifest into financial, legal, and reputational risks that can affect long-term value”.<sup>4</sup>

In January 2021, our company announced it was “suspending all political contributions while conducting a full review to ensure they align with our company’s values and our shared vision

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<sup>1</sup> <https://www.corporateaccountability.org/wp-content/uploads/2020/09/Partnership-for-an-unhealthy-planet.pdf>

<sup>2</sup> <https://ojo-publico.com/1702/mexico-empresas-ponen-de-pretexto-la-pandemia-para-aplazar-etiquetado>

<sup>3</sup> [https://feedthetruth.org/wp-content/uploads/2021/08/FeedtheTruth\\_FACT\\_Index\\_report\\_v3.pdf](https://feedthetruth.org/wp-content/uploads/2021/08/FeedtheTruth_FACT_Index_report_v3.pdf)

<sup>4</sup> [https://about.vanguard.com/investment-stewardship/perspectives-and-commentary/INVSPOLS\\_032021.pdf](https://about.vanguard.com/investment-stewardship/perspectives-and-commentary/INVSPOLS_032021.pdf)

going forward”<sup>5</sup>. The announcement raised serious concerns for investors regarding our company’s corporate political activity both in the U.S. and internationally.

As a truly global corporation, PepsiCo operates in over 200 countries and territories<sup>6</sup>, with approximately 291,000 global employees.<sup>7</sup> In 2020, 42 percent of PepsiCo operating profits came from outside the U.S.<sup>8</sup> While our Company discloses fragmentary information relating to U.S. political activities, spending to influence and engage on public policy outside of the U.S. is even more poorly disclosed.

We urge you to vote in favor of this proposal, and to encourage our company to disclose detailed data on its non-domestic political contributions, lobbying, and support for trade associations, charitable and scientific organizations, thus all corporate political activities. Adopting this resolution would position the corporation globally to be a leader on political transparency.

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<sup>5</sup> <https://www.reuters.com/article/us-usa-trump-pepsico/pepsico-suspends-all-political-contributions-idUSKBN29K1NC>

<sup>6</sup> <https://www.pepsico.com/about/about-the-company>

<sup>7</sup> <https://www.statista.com/statistics/536974/pepsico-s-number-of-employees-worldwide/>

<sup>8</sup> [https://www.pepsico.com/docs/album/annual-reports/pepsico-inc-2020-annual-report.pdf?sfvrsn=d25439e4\\_4](https://www.pepsico.com/docs/album/annual-reports/pepsico-inc-2020-annual-report.pdf?sfvrsn=d25439e4_4)