

## **GLOBAL TRANSPARENCY REPORT**

**RESOLVED:** Shareholders request the Company annually issue a transparency report on global public policy and political influence, disclosing company expenditures and activities outside of the US. 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 NGOs 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 a recipient 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. Today, public officials, journalists, NGOs, and even social media often spotlight corporate advocacy that drastically contradicts a company's image, brand or stated values.

The food industry is vulnerable to contradictory company support for scientific advocacy that thwarts policymaking and for sponsoring trade associations may undercut public health policies.<sup>i</sup> For instance, ConMexico, a PepsiCo supported trade association, lobbied the Mexican government to postpone food labeling regulations generating widespread criticism due to negative impacts on public health.<sup>ii</sup>

Pepsi scores low regarding disclosures of international corporate political activities, according to recently published transparency index.<sup>iii</sup> In 2021, Vanguard cautioned:

*“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>iv</sup>

Foremost, our Company's contradictory behavior on plastics demonstrates the need for transparency. In 2018 our Company endorsed a Global Commitment to eliminate the plastic

items we don't need, and to innovate so all plastic we do need is designed to be safely reused, recycled, or composted.

Yet according to 2022 reporting, our Company supported the Action Alliance for Recycling Beverage Cartons (AARC), which lobbied against India's single use plastic ban.<sup>v</sup> Such support of AARC is seemingly absent in Pepsi's trade association membership list.<sup>vi</sup>

Claims of Pepsi recently *increasing* virgin plastics produced hurts our brand credibility.<sup>vii</sup>

A truly global corporation, PepsiCo operates in over 200 countries and territories,<sup>viii</sup> with approximately 291,000 global employees.<sup>ix</sup> In 2020, 42% of PepsiCo operating profits came from outside the US.<sup>x</sup> While our Company discloses fragmentary information relating to US political activities, spending to influence and engage on public policy outside the US is even more poorly disclosed.

**We recognize Pepsi's "business is affected by public policy at the local, state, national, regional and global levels," and that if a "strong Global Code of Conduct" is employed as propounded by our Company, then comprehensive disclosures requested in this resolution should not be a challenge.<sup>xi</sup>**

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

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

<sup>iii</sup> [https://www.corporateaccountability.org/wp-content/uploads/2022/04/FTT\\_FactIndex\\_Final.pdf](https://www.corporateaccountability.org/wp-content/uploads/2022/04/FTT_FactIndex_Final.pdf)

<sup>iv</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)

<sup>v</sup> <https://www.reuters.com/world/india/drinks-firms-spooked-india-refuses-exempt-some-plastic-straws-ban-2022-04-08/>

<sup>vi</sup> <https://www.pepsico.com/our-impact/esg-topics-a-z/public-policy-engagement-political-activities-and-contribution-guidelines#disclosure>

<sup>vii</sup> Global Commitment 2022 Progress Report, page 11. <https://emf.thirdlight.com/link/f6oxost9xeso-nsjoqe/@/#id=2>

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

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

<sup>x</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)

<sup>xi</sup> <https://www.pepsico.com/our-impact/esg-topics-a-z/public-policy-engagement-political-activities-and-contribution-guidelines#disclosure>