



**PEPSICO**



Tropicana



# 2018 DIVERSITY REPORT: **PEPSICO'S POSITION**

# OUR DIVERSITY AND ENGAGEMENT DECLARATION

At PepsiCo, we recognize that supporting diversity and engagement is not only the right thing to do, it is the right thing to do for our business. This commitment is woven into our values and belief that our company is strongest when we embrace the full spectrum of humanity, regardless of what we look like, where we come from or who we love. That means both building a more diverse, more inclusive workplace, and promoting what we call courageous engagement in our company and the communities we serve.

Each of us has a role to play in advancing this mission. **For some of us, it means summoning the courage to stand up and speak out, sharing opinions or experiences. For others, it means listening with patience and empathy, creating an environment conducive to dialogue. For all of us, it means asking questions, respecting answers, being open to fresh perspectives, and, most importantly, appreciating one another's contributions to our PepsiCo family.** In doing so, we will ensure that PepsiCo continues to thrive in the coming years and beyond.

## As a commitment to Diversity & Engagement (D&E), PepsiCo intends to:

- **Increase Diverse Representation:**  
Help leaders across PepsiCo create diverse teams that engage everyone, foster innovation and support top-line growth.
- **Empower Courageous Engagement:**  
Start a movement of PepsiCo associates courageously engaging, driving change and telling their own stories of impact.
- **Invest Strategically In Our Communities:**  
Add new value back to the people and communities where PepsiCo does business.

## A LETTER FROM **THE CEO**

For over 70 years, PepsiCo has been a company of opportunity, leading the charge to advance diversity and engagement in our industry. From hiring the first all-African-American sales team in the 1940s, to promoting the first African-American Vice President at a major American company in 1962, to our current efforts to build differentiated talent and culture that reflect the many markets and communities we have come to serve. We have long operated under the belief that a more diverse company is a stronger company, better positioned to meet the needs of stakeholders and win in markets around the world.

In early 2019, we doubled down on this belief by embracing a new vision for PepsiCo's future success: to Be the Global Leader in Convenient Foods and Beverages by Winning with Purpose. This vision acknowledges PepsiCo's past leadership when it comes to integrating Purpose into our business strategy and conveys our conviction that it can be an even greater contributor to our success in the years ahead.

As part of our effort to bring this new vision to life, we are focused on promoting diversity and engagement in both our company and our communities. This includes our efforts around pay equity and gender parity, as well as our goal to invest \$100 million to benefit at least 12.5 million women and girls around the world by 2025. We also continue to make progress diversifying the most senior levels of our company, including recent appointments to the Board of Directors and the PepsiCo Executive Committee.

In the pages that follow, you can learn about some of the progress we made in 2018, from diversifying our global supply chain; to supporting education in Turkey through GAP Cheetos Development Centers; to increasing our engagement with Hispanic consumers through Somos Pepsi, a team dedicated to understanding and serving this diverse community's wide range of tastes. These success stories, and many others around the world, will help unleash the full potential of our company and launch a new era of prosperity for ourselves and our many stakeholders.

By taking the time to read PepsiCo's 2018 Diversity Report, you are helping us advance this critical mission. As we continue the work of building a stronger, more diverse company, we are fortunate to have allies like you. Together, we can ensure that PepsiCo remains a company of opportunity for years to come, while also working to accelerate growth and gain ground against our competitors in markets around the world.



Sincerely,  
**Ramon Laguarta**  
Chairman and CEO  
PepsiCo

**WE HAVE  
ESTABLISHED  
GOALS THAT  
FOCUS ON OUR  
PEOPLE AND  
ASPIRE TO  
ACHIEVE THEM  
GLOBALLY.**

“AS LONG AS  
THERE IS A NEED  
FOR THIS REPORT,  
**THERE IS WORK  
TO BE DONE.”**

*-UMRAN BEBA, SENIOR VICE PRESIDENT, CHIEF DIVERSITY AND ENGAGEMENT OFFICER*

WE STRIVE  
TO UNLEASH  
THE POWER  
OF DIVERSITY  
THROUGH  
ENGAGEMENT

## DIVERSITY IS SIMULTANEOUSLY A MORAL AND A BUSINESS IMPERATIVE

Innovation is critical to our bottom line and our ability to continue to deliver for our shareholders. The best ideas are brought forth by having teams with different backgrounds, life experiences and multiple points of view. PepsiCo's commitment to diverse thinking is demonstrated in this report, highlighting top performing ideas and teams who took a position, embraced visible and invisible diverse thinking, and achieved stellar results through innovative ways of work or innovation for our stakeholders across the globe.

This is not new news. We have a strong history and connection to diversity and it is a part of our DNA. Now we work daily to cultivate a workforce that reflects the diversity of our consumer base and our communities. We strive to unleash the power of diversity through engagement — making sure that the diverse cohorts who make up our company are present and bringing forth their authentic selves and ideas to the betterment of themselves and our company.

In 2018, we unveiled our diversity declaration—our galvanizing statement that aligns our common vision for diversity — that is included in this report. With that, we also announced our areas of strategic priority, which are the basis of the report's structure: Increase Diverse Representation, Encourage Courageous Engagement and Invest Strategically in our Communities.

We hope you are inspired, motivated and take your position by experiencing the 2018 PepsiCo Diversity Report. It is designed to highlight the top performing examples and initiatives PepsiCo has invested in to continue advancing diversity.



Thank you,  
**Umran Beba**  
Senior Vice President, Chief Diversity and Engagement Officer  
PepsiCo

“DIVERSITY IS NOT ONLY A REQUIREMENT, IT'S ALSO ABOUT TAKING A POSITION AND YOU MUST HAVE ONE!”



*-RONALD SCHELLEKENS,  
EXECUTIVE VICE PRESIDENT AND CHIEF HUMAN RESOURCES OFFICER*



# DEFINING A POSITION STARTS WITH UNDERSTANDING THE **VISIBLE** AND **INVISIBLE** NUANCES OF **DIVERSITY**

**Visible diversity** is what we see. The defining categories for each of us — like race, gender and ethnicity — are addressed at face value. These outward facing features are instantly recognizable and form a major component of our identity. Yet they do not tell the whole story.

**Invisible diversity** is what we don't see — the characteristics that make us unique. More than our physical appearance, it is the elements beneath the surface that truly define who we are. Whether or not we choose to disclose them, each of us is a one-of-a-kind mosaic of influences: religion, education, socioeconomic, sexual orientation, gender identity, military service, disability status, family history, community associations and other factors.

When we embrace and celebrate the differences that make us special as individuals, we are more empowered to succeed as a team.



# WE TOOK A POSITION ON DIVERSITY AND OUR 2018 NUMBERS REFLECT OUR PROGRESS

There are 3 primary measurements across PepsiCo's enterprise:

## Increasing Gender Parity

PepsiCo is committed to increasing gender parity in management. Although we've made progress, we still have some work to do before 2025.



## Promotion to The Highest Levels

If we are to realize true success for our diverse associates, then we need to make sure that we not only have the pipeline of women and people of color to develop and to grow within the organization but that they are being appropriately promoted to the roles that allow them to reach the highest levels within their careers.



## Compensation

Pay equity for women and people of color continues to be an area of priority for us. We need to look at every opportunity to advance pay equity in every country in which we operate.

2018: AFTER CONTROLLING FOR LEGITIMATE DRIVERS OF PAY SUCH AS JOB LEVEL, GEOGRAPHIC LOCATION AND PERFORMANCE RATINGS, **MEN AND WOMEN ARE PAID WITHIN 1% OF EACH OTHER** IN THE 33 COUNTRIES THAT REPRESENT 93 PERCENT OF OUR SALARIED EMPLOYEE POPULATION. IN THE U.S., PEOPLE OF COLOR AND NON-MINORITIES ARE ALSO **PAID WITHIN 1%**.



Measuring diversity is always a challenge because quantitative views only tell one part of the story and can miss the important nuance of the journey. We also know that measurement is important to understand where we've been, where we are and where we are headed.



# SUPPLIER DIVERSITY AT PEPSICO

## Hiring the right diverse suppliers creates stronger economic impact.

PepsiCo carefully identifies, vets and cultivates a pipeline of highly valued suppliers to help meet business goals across 23 spending categories. Through our Supplier Diversity Program, we strive to increase our work with businesses that are owned and operated by women, minorities, people with disabilities, veterans, and/or members of the LGBT+ community. Partnering with diverse suppliers around the world, we are better positioned to deliver disruptive innovation, increase our supply chain efficiency and have a meaningful positive effect on the communities we call home.

### PEPSICO STATISTICS ON SUPPLIER DIVERSITY IN THE U.S.:

**300+**

DIVERSE-OWNED BUSINESSES CURRENTLY ENGAGED WITH PEPSICO

**\$1.3Bn**

TOTAL SPEND WITH DIVERSE BUSINESS ENTERPRISES IN 2018

**\$23Bn+**

TOTAL SPENT WITH DIVERSE-OWNED BUSINESSES SINCE SUPPLIER DIVERSITY PROGRAM INCEPTION IN 1982





# INCREASE DIVERSE REPRESENTATION

## INCREASE DIVERSE REPRESENTATION

Diversity starts internally, from the new employees we attract and hire to the senior leaders who guide our business strategy. The example we set reflects outward, to our suppliers, business partners, commercial customers and consumers, building visible momentum and stoking the winds of change. We believe fostering a new culture requires these three areas of focus:

- **Reflecting The Consumer Base**
- **Understanding Changing Needs**
- **Developing Winning Innovations**



# REFLECTING THE CONSUMER BASE

## An Entirely Hispanic Value Chain

Somos Pepsi is an entire value chain based on respect and celebration of the rich and diverse Hispanic culture. From the way products are created to the employees who stock products in the stores, the Somos Pepsi team helps to meet the tastes of Hispanic consumers in an authentic manner. As a result of this focused operation, the Somos Pepsi business unit grew rapidly in 2018, closing the gap with competitors and building a dedicated team of 15 employees across eight locations.

TOTAL RETAIL REVENUE IMPACT IN THE U.S. IN 2018 (VERSUS 2017):

**POSITIVE 2 POINT SWING ON LIQUID REFRESHMENT BEVERAGES SALES**

HISPANICS ACCOUNT FOR

**\$31B**

OF LIQUID REFRESHMENT BEVERAGES SALES IN THE U.S. AS OF 2018.

HISPANICS WILL DRIVE

**46%**

OF FUTURE LIQUID REFRESHMENT BEVERAGES SALES GROWTH IN THE U.S.

## Principles for Reflecting the Customer and Consumer Base:

- Collect consumer and customer insights
- Engage in insight-informed product development
- Create relevant marketing strategies
- Place targeted advertisements
- Place products with the right retailers (customers)
- Service Hispanic customers with the right Hispanic PepsiCo representatives
- Sell products to Hispanic consumers



## EMPLOYEE SPOTLIGHT: TAKING A POSITION

### BUILDING A STRATEGY INTO A BUSINESS UNIT

Marissa was responsible for building Somos Pepsi into a full-on business unit, which now makes meaningful contributions to PepsiCo's bottom line. Somos Pepsi is Hispanic across the entire value chain, creating an authentic product experience for consumers of Hispanic heritage. Beverages that are popular in Central and Latin America are now accessible to the U.S. Hispanic population and finding great success in the market. Marissa and her team continue to look for opportunities to expand PepsiCo's reach through innovation and cultural relevance.

**“IN ORDER TO TRULY IGNITE SOMOS PEPSI, WE NEEDED TO HAVE A FULL-ON BUSINESS TEAM DEDICATED TO THIS COHORT THAT HIT EVERY ASPECT OF THE VALUE CHAIN.”**



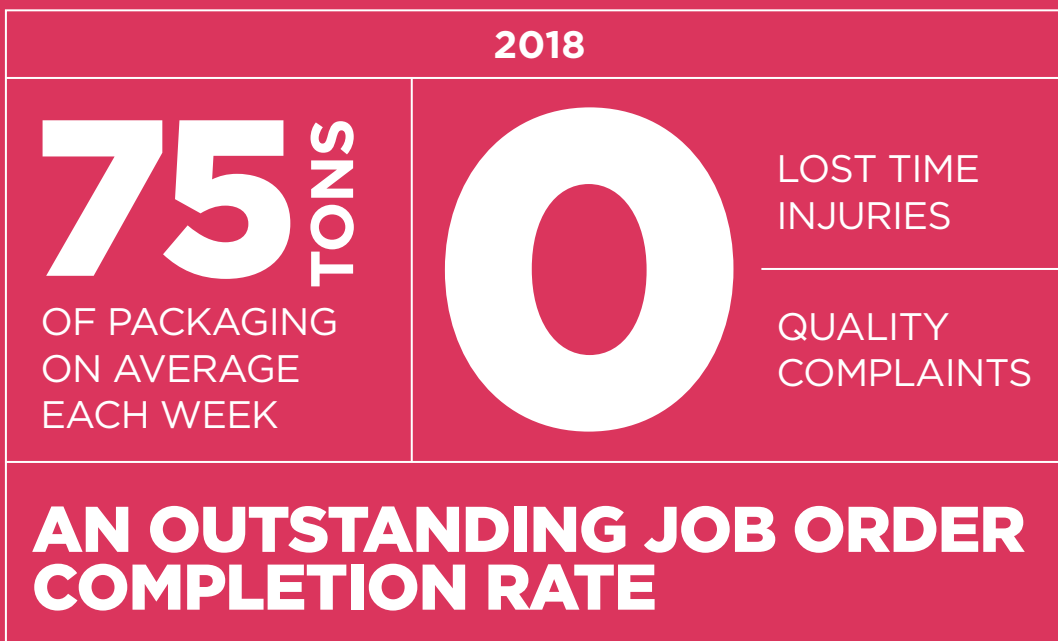
**Marissa Solis**

Vice President and General Manager, Hispanic Business Unit, PepsiCo Beverages North America

# UNDERSTANDING CHANGING NEEDS

## Power to the Pink

*La Linea Rosa (the Pink Line) is a colorful example of PepsiCo's commitment to improving workforce diversity and sparking a cultural transformation. Women employees in Mexico launched La Linea Rosa program to encourage women to take on more demanding jobs in operations, packaging and other traditionally male-dominated careers. With women-only manufacturing and packaging lines (complete with pink equipment) and support from female leaders, these women are empowered to grow their careers in directions they may have never considered.*



# DEVELOPING WINNING INNOVATIONS

## Creating Financial Efficiencies in Meaningful Ways

PepsiCo has enjoyed a long-term relationship with Merrimak, a Women Business Enterprise (WBE) specializing in capital equipment leasing. The partnership began with finding a better way to finance PepsiCo's laptops and electronic devices and grew into Merrimak identifying more operating efficiencies across several countries. With its keen insight into the nuances of leasing, materials handling and finance, Merrimak has identified winning global opportunities for PepsiCo that dramatically improve the bottom line.

**WON THE BUSINESS BASED ON  
BEING THE MOST COMPETITIVE FOR  
8 YEARS RUNNING**

**GREAT CUSTOMER FOCUS**

**MERRIMAK**  
Capital Equipment Leasing & Resale





# EMPOWER COURAGEOUS ENGAGEMENT



## EMPOWER COURAGEOUS ENGAGEMENT

Empowering Courageous Engagement is an enterprisewide movement that is shaping PepsiCo's inclusive culture. By encouraging employees to have "courageous conversations" about what matters to them, PepsiCo provides a safe space for daring ideas to take flight. Employees and managers can show their support in two specific ways:

- **Invite Diverse Voices**
- **Honestly Listening**



# INVITE DIVERSE VOICES

## More Colors, More Diversity, More Empowerment

Few companies in Mexico demonstrate open support for the lesbian, gay, bisexual, transgender and queer (LGBT+) community. PepsiCo made its position clear with the release in Mexico of the multi-colored Doritos Rainbows chips, designed to honor the LGBT+ flag. Consumers responded enthusiastically, with the total stock of the limited edition product selling out in a matter of weeks. Profits benefited four organizations, including Fundación en Movimiento, whose mission is to eradicate and prevent bullying by promoting education for peace, and the It Gets Better Project, a nonprofit organization with a mission to uplift, empower and connect LGBT+ youth around the globe. Following the activation in Mexico, Doritos Rainbows expanded into Brazil, earning more than 200 press articles.



IT GETS  
BETTER  
MÉXICO



**100%** OF THE PROFITS

FROM DORITOS® RAINBOWS WENT TOWARD INSTITUTIONS THAT SUPPORT THE LGBT+ COMMUNITY.

**2017**

**50%**

MORE BAGS OF DORITOS® RAINBOWS WERE SOLD IN 2017 ACTIVATION VERSUS 2016.

# INVITE DIVERSE VOICES



## Edlong® Helps PepsiCo Meet Consumer Demand

After years of partnering as an indirect supplier, PepsiCo invited Edlong, a woman-owned dairy technology company, to help solve some complex product challenges. Working side-by-side with PepsiCo's Research and Development team, Edlong's entrepreneurial food scientists broke new ground in formulation techniques and speed-to-market, helping to create and launch new product innovations like the Tostitos Queso Blanco dip.

THE EDLONG PARTNERSHIP  
CUT TIME IN FLAVOR  
DEVELOPMENT  
BY APPROXIMATELY **50%**



**Laurette Rondenet**  
Owner/CEO, The Edlong Corporation

# HONESTLY LISTEN

## The Brisk Iced Tea® Team Sought to Celebrate People, Not Just Products

The blockbuster movie Black Panther wasn't just another chapter in the Marvel superhero saga; due to its predominantly African-American cast and creative team, the film's release was a cultural phenomenon. The marketing team behind Brisk Iced Tea saw an opportunity to commemorate the historic significance of Black Panther, with a robust promotional partnership that paired the two entities on multiple levels. PepsiCo leadership trusted the Brisk team to bring the first-of-its-kind program to life in a respectful, impactful way, including creating iconic packaging, a commercial that was directed by Black Panther star Michael B. Jordan, and the creators class initiative. And with the input and guidance of the African-American community, Brisk delivered an inspiring program that celebrated self-expression and individuality.



### INCREASED SALES BY

**+5%**

ACROSS ALL  
RETAIL CHANNELS

**+10%**

IN CONVENIENCE  
RETAIL CHANNELS

BRISK CREATORS CLASS: UP AND COMING CREATIVES GOT MENTORSHIP AND AN INTERNSHIP FROM BLACK PANTHER STAR MICHAEL B. JORDAN

## EMPLOYEE SPOTLIGHT: TAKING A POSITION

### THE POWER TO SPEAK AUTHENTICALLY ABOUT OUR BRAND

When Dong and his team learned of the upcoming Black Panther movie, they knew it was a chance for Brisk Iced Tea to do something special. Dong helped lead the team to start having courageous conversations within PepsiCo to sell their ideas, and then guided them to create purposeful and inspiring promotions. The resulting marketing program leveraged a truly meaningful moment for African-American culture and wove in opportunities to honestly listen to consumers, while providing them with high-profile mentorship and creative opportunities.

*"When we learned about the upcoming release of the Black Panther movie, we were inspired by its message and intended impact on our culture. We purposefully look for specific partners that allow us to talk authentically about our brand, and align ourselves with culture."*

- Dong Chen, Senior Brand Manager, PepsiCo

**"I'M EXCITED ABOUT DOING IT ACROSS  
MORE BRANDS AND IN MORE WAYS.  
WE SHOULD ACCESS THE POWER WE  
HAVE TO DO GOOD."**



**Dong Chen**  
Senior Brand Manager, PepsiCo



# INVEST STRATEGICALLY IN OUR COMMUNITIES



## OUR STRATEGIC INVESTMENTS IN COMMUNITIES YIELD BOTH VISIBLE AND INVISIBLE IMPACTS

We can positively impact our communities when we concentrate on:

- Cultivating Hope
- Creating Opportunity
- Transforming Leaders

# CULTIVATING HOPE

## Education Blooms at GAP Cheetos Child Development Centers

Nurturing the invisible aspects of diversity starts where our employees live, work and raise their children. GAP Cheetos Child Development Centers were created to tackle increasing disparities in regions of Turkey where economic support for education is lacking. In the Southeastern Turkey (GAP) region, low household incomes, unemployment, low levels of schooling and a high number of children per family all contribute to a lack of development for the youth in these communities. As part of a public-private partnership between PepsiCo and the Turkish government, GAP Cheetos Child Development Centers provide education, sports, socialization, mentoring and career guidance to help young people break the cycle of poverty.

13 CENTERS  
BUILT SINCE 2003

HELPING CHILDREN AGED 4-14

BETWEEN 2003 AND Q3 2018 APPROXIMATELY

# 110,000

CHILDREN HAVE BEEN REACHED THROUGH THE  
DEVELOPMENT CENTERS





# CREATING OPPORTUNITY

## Female Entrepreneurs Thrive at PepsiCo Choice Competition

The PepsiCo Choice Competition debuted at the 2018 Women's Business Enterprise National Council (WBENC) National Conference and Business Fair, giving Women Business Enterprises a stage to pitch for funding and a highly valued mentorship. The winner was Jacqueline Darna, CEO of Darna and Company, and creator of the NoMo Nausea Band. The NoMo Nausea Band is a peppermint oil-infused wristband clinically proven to provide relief for headaches, upset stomach, and general nausea through the combination of aromatherapy and acupressure.

Jacqueline won \$15,000 and sought-after mentoring sessions with PepsiCo executives. The competition is just one example of several programs PepsiCo has created to incentivize and support entrepreneurs and minority-owned businesses.

<p>OVER <b>100</b> APPLICATIONS</p>	<p><b>3</b> FINALISTS</p>
<p><b>13</b> SEMI-FINALISTS</p>	<p>WINNER RECEIVED <b>\$15,000</b> TO GO TOWARD IMPROVING THEIR BUSINESS + MENTORING SESSIONS WITH PEPSICO EXECUTIVES</p>



NOMO NAUSEA™



**Jacqueline Darna**

CEO of Darna & Company  
and creator of the NoMo Nauseaband



# TRANSFORMING LEADERS

## PepsiCo STEM Council Launches the MENA Region's First Million Women Mentors® Chapter in Riyadh, Saudi Arabia

With the goal of increasing the interest and confidence of girls and women to persist and succeed in science, technology, engineering and mathematics (STEM) programs and careers, the PepsiCo Middle East and Northern Africa (MENA) region's first Million Women Mentors® (MWM) chapter was born. MWM, which includes chapters in many PepsiCo locations, is a global movement designed to support the engagement of millions of STEM mentors and attract many more young minds to technical career fields. With its sponsorship of the program and female leaders serving as mentors, the PepsiCo STEM Council is now helping to empower girls and women in Saudi Arabia to break through long-standing cultural barriers and build rewarding careers of their own.

**FEMALE REPRESENTATION IN STEM FIELDS IS STILL LOW AND MWM AIMS TO BE A PLATFORM TO GIVE WOMEN IN THEIR EARLY CAREERS THE BOOST THEY NEED TO THRIVE IN THEIR PROFESSIONS.**



2018 - MORE THAN

**2** MILLION  
MENTOR COMMITMENTS

2020 GOAL - REACH

**3** MILLION  
MENTOR COMMITMENTS

# THINK HIRE APPROACH DIVERSITY DIFFERENTLY

## WHAT'S **YOUR** POSITION?

At PepsiCo, we're taking a stand for diversity, tolerance, human rights and equal opportunities for everyone. We're making it known that we value the things that make people unique because the strength of our company depends on different perspectives and personal experiences. We are committed to continuous improvement in the diversity of our business and in the world at large – not through empty gestures and platitudes but through concrete plans and programs that affect positive, measurable change.

With PepsiCo's global visibility and resources, we have the power to make a tangible difference. But we can't do it alone. It's up to everyone – individuals, corporations, governments – to shift our perspective and realize that prioritizing diversity, in its many forms, is inextricably linked to our collective success.

**“GIVEN THE HIGHER RETURNS THAT DIVERSITY IS EXPECTED TO BRING, WE BELIEVE IT IS BETTER TO INVEST NOW SINCE WINNERS WILL PULL FURTHER AHEAD AND LAGGARDS WILL FALL FURTHER BEHIND.”**

*– McKinsey & Company, Delivering Through Diversity, 2018*



HOW WILL  
YOU MAKE  
AN IMPACT?



#### Forward-Looking Statements

This PepsiCo, Inc. ("PepsiCo") Diversity Report contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "expressed confidence," "forecast," "future," "goal," "guidance," "intend," "may," "objective," "outlook," "plan," "position," "potential," "project," "seek," "should," "strategy," "target," "will" or similar statements or variations of such words and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in any such statements. These risks and uncertainties include, but are not limited, those described in the risk factors section of PepsiCo's most recent annual report on Form 10-K and subsequent reports on Forms 10-Q and 8-K filed with the Securities and Exchange Commission. Investors are cautioned not to place undue reliance on any such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.