

[PepsiCo Corporation: Rule 14a-8 Proposal, November 23, 2021]

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ITEM 4*: Report on public-health costs of food and beverage products

RESOLVED, shareholders ask that the board commission and publish a report on (1) the link between the public-health costs created by PepsiCo's food and beverage business and PepsiCo's prioritization of enterprise risk and (2) the manner in which such costs affect the market returns available to its diversified shareholders.

Supporting Statement:

PepsiCo says it is “making it easier for consumers to choose foods and beverages that are good for themselves and good for the planet,”¹ yet the unhealthful foods and beverages that constitute 79 percent of PepsiCo's product portfolio² are among the top culprits in the growing global obesity epidemic.

A recent report found that food and drink manufacturers, including PepsiCo, were capitalizing on the COVID-19 pandemic to increase consumption of unhealthful products. For example, “An initiative depicted as ‘PepsiCo Gives Back’ ... served as a marketing opportunity linking a nutrition project and a leading antipoverty agency directly with the promotion of sugar-sweetened beverages and unhealthy [sic] snack foods.”³

The World Health Organization assesses the unpriced social burdens of obesity as equaling almost 3 percent of global GDP annually.⁴ This cost, year after year, is devastating to economic growth. Yet PepsiCo does not disclose any methodology to address the public-health costs of its business.

It appears PepsiCo only addresses nutrition when that pursuit optimizes its internal financial return. In describing its approach to nutrition-related risk, PepsiCo says it “leverage[s] an integrated **enterprise risk** management framework.”⁵ This prioritization of risks to the enterprise, rather than risks to public health, means that PepsiCo only addresses nutritional issues that threaten its ability to generate profits. The Company does not prioritize risks to the global community, so that PepsiCo can continue to profit from conduct that threatens public health so long as it does not create risk for the company itself.

But a gain in Company profit that comes at the expense of public health is a bad trade for most PepsiCo shareholders, who are diversified and rely on broad economic growth to achieve their financial objectives. A Company strategy that increases its own financial returns but threatens global GDP is counter to the

¹ <https://www.pepsico.com/esg-topics-a-z/nutrition>

² <https://accesstonutrition.org/index/global-index-2021/scorecards/pepsico-5/>

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https://ncdalliance.org/sites/default/files/resource_files/Signalling%20Virtue%2C%20Promoting%20Harm_Sept2020_FINALy.pdf

⁴ <https://www.schroders.com/en/sysglobalassets/digital/insights/2019/pdfs/sustainability/sustainex/sustainex-short.pdf>

⁵ <https://www.pepsico.com/docs/album/esg-topics-policies/nutrition-risk-management.pdf>

interests of most PepsiCo shareholders: the potential drag on GDP created by public-health costs will directly reduce diversified portfolio returns over the long term.⁶

This proposal asks the Board to commission a report that analyzes the trade-offs PepsiCo makes by prioritizing enterprise risk over risks to public health and the global economy from the perspective of its largely diversified shareholders, whose investment portfolios may be at grave risk from public-health threats.

The requested report will help shareholders determine whether current Company policies serve shareholders' best interests and whether PepsiCo should prioritize certain public-health issues over financial returns.

Please vote for: Report on public-health costs of food and beverage products – Proposal 4*

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[*Number to be assigned by the Company]

⁶ https://www.unepfi.org/fileadmin/documents/universal_ownership_full.pdf