

**PepsiCo, Inc.**

Ticker : PEP.US

Country of Operation : UNITED STATES

Industry Sector : Soft Drinks

Meeting Date : 5/6/2020

Meeting Type : Annual

<b>Item #</b>	<b>Proposal Text</b>	<b>Proponent</b>	<b>Mgmt Rec</b>	<b>Vote Instruction</b>	<b>Vote Rationale</b>
1	Reduce Ownership Threshold for Shareholders to Call Special Meeting	Shareholder	Against	For	Lowered threshold in line with AB Policy
2	Report on Sugar and Public Health	Shareholder	Against	Against	ainst The Proponent, who has filed similar proposals at McDonalds and Coca-Cola among other issuers, requests that Pepsico work with a group of independent and nationally recognized scientists and scholars to report on the use of sugar in its products, particularly those marketed to children. A vote against is warranted for the following reasons:1) Pepsico currently discloses a target and related metrics for sugar in regards to its global beverage portfolio. The company aims for two-thirds of its beverages to have 100 calories or fewer specifically from sugar by 2025. It reports that 44% of beverages in 80% of its largest global markets meet this target. In total, the target translates into a 30% reduction in added sugars in many of its beverages. This strategy is in line with, or accedes, those of Pepsico peers such as Coca-Cola and Nestle. By 2020, Nestl plans to reduce added sugars in its food and beverages by 5% and reduce sodium in the same products by 10%, while Coca-Cola has committed to reduce the average added sugar content of still and carbonated drinks in Europe by 10% between by 2020. 2) In addition, the company works with third-party organizations that publish reports that address sugar and public health. These include the Access to Nutrition Foundation (ATNF), which reports on leading food and beverage manufacturer's efforts to improve consumer access to nutritious food and beverages; and the Partnership for Healthier America (PHA), which is an organization that works with companies to address childhood obesity and externally validate their data, methodology and progress on sugar reduction goals.3) Finally the company has substantive policies and supporting organizational infrastructure to manage risk associated with advertising to children. This includes extensive review, consultation and approval of marketing content and campaigns that are in local with local and national regulations as well as international norms. We therefore recommend voting against the Proposal, because a) the company demonstrates disclosure and strategy around managing sugar in beverages and marketing such products to children that is in line with, or exceeds peers and b) the proposal itself appears to target the objectivity of the research on Pepsico and its management of sugar, from organizations that the company supports or sponsors. The request is overly broad and only indirectly linked to Pepsico's management, strategy and disclosures on this issue.