



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 8, 2019

Elizabeth A. Ising
Gibson, Dunn & Crutcher LLP
shareholderproposals@gibsondunn.com

Re: PepsiCo, Inc.
Incoming letter dated December 27, 2018

Dear Ms. Ising:

This letter is in response to your correspondence dated December 27, 2018 concerning the shareholder proposal (the "Proposal") submitted to PepsiCo, Inc. (the "Company") by The Janine Firpo Living Trust et al. (the "Proponents") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence on the Proponents' behalf dated February 4, 2019. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates
Special Counsel

Enclosure

cc: Sanford J. Lewis
sanfordlewis@strategiccounsel.net

March 8, 2019

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: PepsiCo, Inc.
Incoming letter dated December 27, 2018

The Proposal requests that the Company disclose quantitative metrics demonstrating measurable progress toward the reduction of synthetic chemical pesticide use in the Company's supply chain.

We are unable to concur in your view that the Company may exclude the Proposal under rule 14a-8(i)(10). Based on the information you have presented, it does not appear that the Company's public disclosures compare favorably with the guidelines of the Proposal. Accordingly, we do not believe that the Company may omit the Proposal from its proxy materials in reliance on rule 14a-8(i)(10).

Sincerely,

Lisa Krestynick
Attorney-Adviser

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

SANFORD J. LEWIS, ATTORNEY

February 4, 2019
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to PepsiCo, Inc. Regarding Synthetic Pesticides on behalf of
The Janine Firpo Living Trust and others

Ladies and Gentlemen:

The Janine Firpo Living Trust; Abigail Rome; Edwards Mother Earth Foundation; Lisa K. Homes Revocable Trust; Michelle Swenson & Stan Drobac Revocable Trust; and Patricia Rose Lurie Revocable Trust (the "Proponents") are beneficial owners of common stock of PepsiCo, Inc. (the "Company") and *As You Sow* has submitted a shareholder proposal (the "Proposal") to the Company on their behalf. I have been asked by the Proponents to respond to the letter dated December 27, 2018 ("Company Letter") sent to the Securities and Exchange Commission by Elizabeth A. Ising of Gibson, Dunn & Crutcher LLP. In that letter, the Company contends that the Proposal may be excluded from the Company's 2019 proxy statement.

I have reviewed the Proposal, as well as the letter sent by the Company, and based upon the foregoing, as well as the relevant rules, it is my opinion that the Proposal must be included in the Company's 2019 proxy materials and that it is not excludable under Rule 14a-8. A copy of this letter is being emailed concurrently to Elizabeth A. Ising of Gibson, Dunn & Crutcher LLP.

SUMMARY

The Proposal requests that the Company disclose quantitative metrics demonstrating measurable progress toward the reduction of synthetic pesticide use in the Company's supply chain. The Supporting Statement suggests information on the percentage of supply chain use of pesticides in supply-chain crops, an assessment of the operational and reputational risks posed to the Company by the current use of pesticides in its supply chain, as well as metrics demonstrating success in increasing the portion of supply chain crops grown with integrated pest management practices.

The Company incorrectly claims that the proposal is substantially implemented and excludable under Rule 14a-8(i)(10). Although the Company has reported metrics on increased uptake of integrated pest management, that information may or may not reflect a reduction in pesticide use in the supply chain. The core request of the Proposal for quantitative indicators correlating with reducing pesticide use are unfulfilled, and neither has the Company published an assessment of the operational and reputational risks such as the impact of recent controversy regarding the

presence of a pesticide in its flagship product Quaker Oats. Accordingly, the Proposal is not substantially implemented, and not excludable under Rule 14a-8(i)(10).

THE PROPOSAL

WHEREAS: PepsiCo's Quaker Oats brand has been in the media spotlight recently in connection with the controversial pesticide ingredient Glyphosate.¹ Glyphosate is classified as a probable human carcinogen by the World Health Organization ("WHO") and a known carcinogen by California.² Research links glyphosate-based herbicides to chronic toxic effects – such as kidney damage and endocrine disruption – even at low levels. Evidence is also mounting for indirect consequences from glyphosate use including reduced effectiveness of antibiotic treatments³ and increased mortality among honey bees.⁴ Use⁴ of glyphosate as a desiccant has become especially commonplace for cereal grains like oats, which leads to higher levels of glyphosate residue on final consumer products.

PepsiCo's reliance on glyphosate-based weed-killers and other toxic chemicals creates legal, reputational, and regulatory risks for the company. A recent jury verdict finding that glyphosate-based Roundup caused one man's terminal cancer has led to thousands of lawsuits,⁵ and a recent report suggested a ban on the use of organophosphates, an entire class of commonly used agricultural pesticides.⁶

Regulatory attention on glyphosate, specifically, is growing.⁷ Jurisdictions in 25 countries have adopted policies to ban or restrict glyphosate use or are considering such action.⁸ A group of major U.S. non-governmental organizations and food companies petitioned the Environmental Protection Agency to sharply reduce the federal allowable amount of residual glyphosate on oats and to expressly prohibit the use of glyphosate as a pre-harvest drying agent.⁹

PepsiCo does not currently disclose information allowing investors to understand whether the Company's suppliers use controversial pesticides on their farms. The Company asserts it is "document[ing] continuous improvement" of environmental impacts from its supply chain through a Sustainable Farming Program. PepsiCo however does not *measurably track or report the use of toxic pesticides* to shareholders.

¹ <https://www.nytimes.com/2018/08/15/health/herbicide-glyphosate-cereal-oatmeal-children.html>

² <https://oehha.ca.gov/proposition-65/cmr/glyphosate-listed-effective-july-7-2017-known-state-california-cause-cancer>

³ <https://www.newsweek.com/antibiotic-resistance-occurs-100000-faster-herbicides-1168034>

⁴ <https://www.nrdc.org/sites/default/files/bees.pdf>

⁵ <https://www.npr.org/2018/08/10/637722786/jury-awards-terminally-ill-man-289-million-in-lawsuit-against-monsanto>

⁶ <https://www.theguardian.com/environment/2018/oct/24/entire-pesticide-class-should-be-banned-for-effect-on-childrens-health>

⁷ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5484035/pdf/jech-2016-208463.pdf>

⁸ <https://www.baumhedlundlaw.com/toxic-tort-law/monsanto-roundup-lawsuit/where-is-glyphosate-banned/>

⁹ https://cdn3.ewg.org/sites/default/files/Glyphosate%20Petition%20Final%20.pdf?_ga=2.149341110.1808919085.1539882425-1374321464.1536083250

Other food companies have committed to tracking and reducing pesticide use:

1. Unilever phased out WHO Class 1 pesticides for tea production and intends to phase out Class 2 pesticides by 2020.
2. Sysco's Integrated Pest Management Program reports on the quantity of pesticides avoided.
3. Ben and Jerry's ice cream brand has committed to prohibit pre-harvest glyphosate use in its entire supply chain by 2020.

To demonstrate to shareholders that the company is adequately addressing the risks associated with the use of chemical pesticides on supplier farms, it is vital that PepsiCo increase its disclosures to shareholders.

RESOLVED: Shareholders request that PepsiCo disclose, at reasonable expense and omitting proprietary information, quantitative metrics demonstrating measurable progress toward the reduction of synthetic pesticide use in the Company's supply chain.

SUPPORTING STATEMENT: We recommend the report include:

- An assessment of the operational and reputational risks posed to the company by the current use of pesticides in its supply chain.
- Metrics tracking the portion of supply chain crops treated with synthetic chemical pesticides.
- Metrics demonstrating success in increasing the portion of supply chain crops grown with integrated pest management practices.

BACKGROUND

The use of pesticides on food crops continues to raise reputational, legal, and regulatory risks for food companies such as PepsiCo. Pesticide use in the United States has grown tremendously in the past six decades. Despite the adoption of initiatives like Integrated Pest Management, which by some definitions include more natural strategies for suppressing pest populations in agricultural production, the amount of chemical pesticides utilized continues to rise.¹⁰ According to Environmental Protection Agency (EPA) data on the sales of conventional pesticides, the U.S. agriculture industry spent over \$9 billion on pesticides in 2012, compared with \$6.6 billion in 2005.¹¹ Pesticide expenditures per farm increased by 36% between 2007 and 2012.¹²

Glyphosate is the most widely applied pesticide on the planet. Glyphosate residue is known to drift, and detectable amounts are found in nearly all food products that have been tested as well as in human urine and breast milk;¹³ some products contain much higher amounts than others

¹⁰ https://www.researchgate.net/publication/266735937_Integrated_Pest_Management_and_Pesticide_Use

¹¹ https://www.epa.gov/sites/production/files/2017-01/documents/pesticides-industry-sales-usage-2016_0.pdf

¹² https://www.epa.gov/sites/production/files/2017-01/documents/pesticides-industry-sales-usage-2016_0.pdf, p.8.

¹³ <http://time.com/4993877/weed-killer-roundup-levels-humans/>

because glyphosate is directly applied to some or all of the product's ingredients.

It is widely-known that oats, for example, are often desiccated with glyphosate pre-harvest.¹⁴ PepsiCo's Quaker brand has been highlighted in the media for glyphosate residues,¹⁵ directly called out by advocacy organizations,¹⁶ and is the target of a lawsuit on the dissonant relationship between the presence of this pesticide and the company's marketing of Quaker Oats as "Natural".¹⁷ In response to the publications highlighting the presence of trace amounts of glyphosate in Quaker Oats, the women's health and lifestyle magazine *Health* noted:

On Quaker Oats' website, the company says it does not add glyphosate during any part of the milling process, but that it is commonly used by farmers who apply it pre-harvest. "Once the oats are transported to us," an FAQ page states, "we put them through our rigorous process that thoroughly cleanses them (dehulled, cleaned, roasted and flaked). Any levels of glyphosate that may remain are trace amounts and significantly below any limits which have been set by the Environmental Protection Agency (EPA) as safe for human consumption."¹⁸

However, the levels established by the EPA are not universally accepted as an adequately protective standard. For instance, the scientific experts at the Environmental Working Group noted in response to Quaker Oats as well as General Mills' reliance on the EPA standards to assert the safety of the pesticides in their products¹⁹:

General Mills and Quaker Oats are relying on outdated safety standards used by a government agency that is notorious for neglecting new science on chemicals. Our view is that the government standards set by the Environmental Protection Agency pose real health risks to Americans – particularly children, who are more sensitive to the effects of toxic chemicals than adults.

Just because a pesticide level is legal in food doesn't mean that level is safe.

The coverage of the presence of the pesticides in Quaker Oats has made its way to various consumer-facing media outlets. For example, in 2018, *Health* magazine featured Quaker Oats in

¹⁴ See, e.g.:

<https://www.ecowatch.com/why-is-glyphosate-sprayed-on-crops-right-before-harvest-1882187755.html>;
<https://www.producer.com/2015/04/buyer-refuses-oats-desiccated-with-glyphosate-due-to-quality-loss/>; and
<https://www.bobsredmill.com/blog/featured-articles/bobs-red-mill-oats-glyphosate/>

¹⁵ <https://www.nytimes.com/2018/08/15/health/herbicide-glyphosate-cereal-oatmeal-children.html>;
<https://www.cbsnews.com/news/oat-cereals-snack-bars-from-general-mills-quaker-oats-test-positive-for-trace-amounts-of-weed-killer-in-roundup/>

¹⁶ <https://www.ewg.org/childrenshealth/glyphosateincereal/>;
<https://www.ceh.org/glyphosate-herbicide-found-popular-cereals/>

¹⁷ <https://topclassactions.com/lawsuit-settlements/lawsuit-news/862262-quaker-oats-class-action-says-oatmeal-contains-harmful-pesticide/>

¹⁸ <https://www.health.com/nutrition/pesticides-in-oatmeal>

¹⁹ <https://www.ewg.org/release/ewg-responds-general-mills-and-quaker-oats-legal-not-same-safe>

an article titled “Your wholesome breakfast of oats may include weedkiller”²⁰:

Oatmeal, with its hearty dose of fiber, is a great breakfast choice for staying full and energetic. It feeds a crowd for pennies. It also, likely, contains a hearty dose of glyphosate, better known as the Monsanto weedkiller Roundup.

Today (Aug. 15), the Environmental Working Group released a study that tested 61 oat products, including oatmeal, granola and granola bars, for glyphosate. Of the 45 items made with conventionally grown oats, 43 tested positive, with 31 above the EWG’s threshold for safety. Five of the organic products tested positive, as well.

One of the healthiest foods on the list, Quaker Old Fashioned Oats, were actually found to have the highest levels of glyphosate, at more than 1,000 parts per billion—the EWG’s child-protective benchmark is 160 parts per billion. Cheerios, Lucky Charms, and Barbara’s Multigrain Spoonfuls were also found to contain significant amounts.

In a statement to *Fortune*, Quaker said: “We proudly stand by the safety and quality of our Quaker products. Quaker does not add glyphosate during any part of the milling process. Glyphosate is commonly used by farmers across the industry who apply it pre-harvest.”

There is not a broadly accepted safe level of glyphosate exposure, in food or as an agricultural worker. The World Health Organization has called it a probable carcinogen, as has the state of California. The US Environmental Protection Agency has a glyphosate risk assessment in draft form that “concludes that glyphosate is not likely to be carcinogenic to humans. The Agency’s assessment found no other meaningful risks to human health when the product is used according to the pesticide label.” Last week, a San Francisco jury awarded a school groundskeeper who had repeatedly been exposed to glyphosate and subsequently developed non-Hodgkin lymphoma \$289 million in a lawsuit against Monsanto.

Regulatory attention on glyphosate is also growing, both in the U.S. and globally, presenting

²⁰ Annaliese Griffin. *Your Wholesome Breakfast of Oats May Include Weedkiller*. Health Magazine, August 15, 2018.

added risks to the Company regarding its readiness for regulatory change.²¹ Globally, jurisdictions in 25 countries have adopted policies to ban or restrict glyphosate use or are considering such action.²² States and municipalities in the US have begun to consider imposing regulations on glyphosate above current federal standards. The state of California added glyphosate to its list of known carcinogens in July 2017.²³ While the Environmental Protection Agency (EPA) has eased off of federal regulations of the chemical in recent years based on the conclusion that it not a likely carcinogen, a recent report illuminated that the agency came to this conclusion using primarily industry-sponsored, rather than independent peer-reviewed research.²⁴ A group of major U.S. non-governmental organizations and food companies has petitioned the EPA to sharply reduce the federal allowable amount of residual glyphosate on oats and to expressly prohibit the use of glyphosate as a pre-harvest drying agent.²⁵

In addition to regulatory responses, the Company is exposed to potential legal liability associated with its marketing strategies. A class action lawsuit filed on October 26, 2018 asserts that the Company is misleading consumers in marketing Quaker Oats as a health food.²⁶ The lawsuit lists 17 Quaker Oats products containing glyphosate:

- Quaker Dinosaur Eggs – Brown Sugar Instant Oatmeal
- Quaker Steel Cut Oats
- Quaker Old Fashioned Oats
- Quaker Simply Granola Oats, Honey, Raisins & Almonds
- Quaker Instant Oatmeal, Cinnamon & Spice
- Quaker Instant Oatmeal, Apples & Cinnamon
- Quaker Real Medleys Super Grains Banana Walnut
- Quaker Overnight Oats, Raisin, Walnut & Honey Heaven
- Quaker Overnight Oats Unsweetened with Chia Seeds
- Quaker Oatmeal Squares, Brown Sugar
- Quaker Oatmeal Squares, Honey Nut
- Quaker Simply Granola Oats, Honey & Almonds
- Quaker Breakfast Flats Crispy Snack Bars, Cranberry Almond
- Quaker Chewy Chocolate Chip
- Quaker Chewy S'mores
- Quaker Breakfast Squares Soft Baked Bars, Peanut Butter
- Quaker Chewy Peanut Butter Chocolate Chip

²¹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5484035/pdf/jech-2016-208463.pdf>

²² <https://www.baumhedlundlaw.com/toxic-tort-law/monsanto-roundup-lawsuit/where-is-glyphosate-banned/>

²³ <https://oehha.ca.gov/proposition-65/cmr/glyphosate-listed-effective-july-7-2017-known-state-california-cause-cancer>

²⁴ <https://enveurope.springeropen.com/articles/10.1186/s12302-018-0184-7>

²⁵

https://cdn3.ewg.org/sites/default/files/Glyphosate%20Petition%20Final%20.pdf?_ga=2.149341110.1808919085.1539882425-1374321464.1536083250

²⁶ <https://considertheconsumer.com/consumer-class-actions/quaker-oats-lawsuit>

Despite the pesticide industry's denials of health effects associated with pesticides like glyphosate, liability rulings have begun to roil the industry. For example, Monsanto has long denied that glyphosate is a carcinogen, despite emerging scientific findings that it is a probable carcinogen. Only two months after Monsanto was acquired by the German pharmaceutical company Bayer in June 2018, a jury granted a \$289 million award in a suit alleging public health threats and cancer of a plaintiff caused by Roundup. This news sliced billions of dollars from Bayer's valuation. Bayer's market capitalization descended steeply in the following months, from \$99.1 billion as of August 10, 2018 (the date of the jury verdict), to \$64.8 billion as of November 20, 2018.²⁷

The Proponents believe that the lack of an effective oversight and management strategy for tracking and reducing synthetic pesticides in PepsiCo's agricultural supply chain – for its flagship Quaker Oats and for other parts of the company – creates substantial reputational, legal, regulatory, and financial risks to the company.

The shareholder resolution was presented to PepsiCo to address the risks of pesticide use to shareholder value by providing shareholders with sufficient information to understand whether pesticide usage in the Company's supply chain is decreasing.

ANALYSIS

The Company has not substantially implemented the Proposal, and therefore the Proposal is not excludable under Rule 14a-8(i)(10).

In order for a Company to meet its burden of proving substantial implementation pursuant to Rule 14a-8(i)(10), the actions in question must compare favorably with the guidelines and essential purpose of the Proposal. . *Texaco, Inc.* (Mar. 28, 1991). Substantial implementation under Rule 14a-8(i)(10) requires a company's actions to have satisfactorily addressed *both* the proposal's guidelines and its essential objective. See, e.g., *Exelon Corp.* (Feb. 26, 2010). Thus, when a company can demonstrate that it has already taken actions that meet most of the guidelines of a proposal and meet the proposal's essential purpose, the Staff has concurred that the proposal has been "substantially implemented."

Partial fulfillment of a proposal does not substantially implement a proposal if the actions do not compare favorably with the guidelines of the proposal

The requirement to fulfill the guidelines of the proposal is a rigorous evaluation. It does not require the company to fulfill every item specified in a proposal exactly as requested, but it necessitates a set of actions that are materially equivalent to the proposal's request. Therefore, a company can do extensive reporting on an issue and still not be considered to substantially implement the proposal seeking a report, even on the same topic, if the actions of the company do

²⁷ See, *The Prescience of 5% of Investors: A Monsanto Case Study*, Harvard Law School Forum on Corporate Governance and Financial Regulation, December 17, 2018.

not effectively meet most of the guidelines of the proposal.

The Staff has previously found that companies who take some measures to reduce existing adverse environmental impacts, have not met the guidelines of proposals where a proposal includes a request to quantify those environmental impacts, or to step up the effort consistent with peers or societal needs or expectations. In *First Energy Corp.* (March 4, 2015) the proposal requested that the company establish quantitative targets for reducing carbon dioxide emissions. Although the company had taken various actions to reduce carbon emissions, it had not established quantitative goals regarding reducing those emissions, and therefore the proposal was found by the Staff to not be substantially implemented. Similarly, at *Exxon Mobil* (March 13, 2015) a proposal seeking reporting, using quantitative indicators, on the results of the company's policies and practices to minimize the adverse environmental and community impacts from the company's hydraulic fracturing operations was not fulfilled by the company's narrative reporting.

When there is a set of recommended requirements in a proposal, the analysis of substantial implementation looks to the set of requirements and whether they have been fulfilled. Therefore even where a company has provided some quantitative information consistent with the request of the proposal, a failure to substantially fulfil the guidelines AND the purpose will bar exclusion. In *Lowe's Companies, Inc.* (March 10, 2017), a proposal requesting the company produce a report assessing the climate benefits and feasibility of adopting quantitative targets for increasing its renewable energy sourcing and/or production was not found by the Staff to be substantially implemented where the company reported its quantified sustainability goals regarding improving efficiency, reducing waste and carbon emissions, and increasing tons of waste per haul but actions failed to fulfill the guidelines and essential purpose of the proposal. In *Chevron Corporation* (March 4, 2008), a proposal asking the board to adopt quantitative goals for reducing total greenhouse gas emissions from both its operations and its products was not fulfilled by quantitative data in the company's Corporate Responsibility Reports regarding only its operations, without any quantitative information regarding its products and otherwise failing to fulfill the guidelines and essential purpose of the proposal. In *Dominion Resources, Inc.* (February 11, 2014), requesting the board adopt quantitative goals for reducing total greenhouse-gas emissions from company's products and operations was found by Staff to not be substantially implemented by the company's reports containing quantified renewable energy goals. In *CBS Corporation* (March 1, 2016), requesting the company adopt quantitative goals for greenhouse gas emissions taking into account the Intergovernmental Panel on Climate Change was found by Staff to not be substantially implemented by existing company reports on environmental initiatives, including a quantified decrease in emissions activities, and quantified savings in electricity costs and kilowatt hours. Similarly, in *Abbott Laboratories* (February 8, 2012) and an array of similar decisions, partial disclosure of policies and lobbying expenditure disclosures to government agencies did not substantially implement the guidelines of lobbying disclosure proposal.

In *Chesapeake Company* (April 13, 2010), Chesapeake asserted its extensive web publications on hydraulic fracturing constituted "substantial implementation" of the proposal. Despite a volume of writing by the company on hydraulic fracturing, the proposal was not substantially implemented - there was some disclosure on the general topic of the proposal, but not enough to

meet the Proposal's guidelines.

Analysis of actions taken in relation to the current Proposal

In the current instance, the Company has substantially fulfilled *neither* the guidelines nor the essential purpose of the Proposal, and therefore the Proposal cannot be excluded.

The Proposal requests that:

RESOLVED: Shareholders request that PepsiCo disclose, at reasonable expense and omitting proprietary information, quantitative metrics* demonstrating measurable progress toward the reduction of synthetic chemical pesticide use in the Company's supply chain.

SUPPORTING STATEMENT: We recommend the report include:

- An assessment of the operational and reputational risks posed to the company by the current use of pesticides in its supply chain.
- Metrics tracking the portion of supply chain crops treated with synthetic chemical pesticides.*
- Metrics demonstrating success in increasing the portion of supply chain crops grown with integrated pest management practices

* Note the emphasis on quantitative metrics for the reduction of synthetic pesticides usage in the resolved clause, further reinforced by the supporting statement that the recommended reporting include "Metrics tracking the portion of supply chain crops treated with synthetic chemical pesticides." **The Company is not disclosing this core request of the Proposal: "quantitative metrics demonstrating measurable progress toward the reduction of synthetic pesticide use in the Company's supply chain."**

The Company Letter does not purport to have implemented this aspect of the Proposal. Instead, it asserts that its fulfillment of reporting on the *increase* of Integrated Pest Management ("IPM") by its suppliers is sufficient evidence of pesticide use *reduction*:

Because use of IPM "helps reduce the amount of pesticides used," this increased IPM compliance demonstrates that the Company has made measurable progress in "minimizing agrochemical application" resulting in decreased use of pesticides. As further disclosed in the Pesticides Statement, the Company intends to continue to rely on measuring IPM "to ensure that growers are employing the right practices," which will lead to further progress in the Company's efforts to reduce the use of pesticides by the growers in the Company's supply chain.

Based on the Company's disclosures, it is apparently not tracking actual pesticide use, nor has it

provided a policy defining what it means by IPM. Without this crucial data, it is impossible for the Company or shareholders to know the net effect of the Company's IPM policy and if it is geared sufficiently toward reducing pesticide use – the crux of the Resolved clause. Thus, the Company has, at best, fulfilled one of the recommendations in the supporting statement.

The Company has not answered the other two suggestions set forth in the supporting statement. The Company Letter does not suggest that it has provided metrics tracking the portion of supply chain crops treated with synthetic chemical pesticides. Nor that it has offered an “assessment of operational and reputational risks” posed to the Company by use of pesticides (such as the public exposure regarding pesticide in Quaker Oats and the impact this has had on this flagship brand). Thus, the Proposal's specific guidelines have also not been fulfilled.

Integrated pest management does not equate with reduced pesticide use

Proponents dispute the conclusory statement in the Company Letter that: “...disclosing that IPM use has increased by 11%, demonstrated that the Company has made measurable progress toward reducing pesticide use in its supply chain.”

This statement wrongly equates a *potential* pesticide reduction technique with *actual* pesticide reduction levels. In fact, as discussed below, IPM use may or may not be indicative of a reduction in pesticide use.

The Company outlines its general goals and practices for sustainable agriculture in its [Sustainable Farming Program](#) (“SFP”). However, neither the SFP nor its associated “Scheme Rules” include requirements for the reduction of pesticide use in the Company's supply chain or reporting of pesticide use levels to the Company. Instead, among other requirements related to chemical use, the rules require that suppliers “Develop and maintain an Integrated Pest Management Plan.”²⁸ Pepsi does not however provide any criteria for IPM that its suppliers must follow or that would give shareholders clarity on its components.

IPM is a general term²⁹ used to describe programs which weigh the economic, social, and

²⁸ The principles outlined in the SFP rules require:

- a. “All agrochemicals applied are registered in the geography of use, in the country of production and as required by any national and international treaties,”
- b. “The management, selection, purchase, storage, security, handling, application and transport of agrochemicals meets all relevant legal requirements including national and international treaties, and occurs in a way that minimizes any negative effects on the environment,”
- c. “Develop and maintain an Integrated Pest Management Plan,” and
- d. “Maintain agrochemical inventory and application records.”

²⁹ <https://www2.ipm.ucanr.edu/What-is-IPM/>

environmental impacts of a variety of pest management methods. These programs vary in detail and practice. The following are six major components common to IPM programs:

- i. Pest identification
- ii. Monitoring and assessing pest numbers and damage
- iii. Guidelines for when pest management is needed
- iv. Preventing pest problems
- v. Using a combination of biological, cultural, physical/mechanical and **chemical** management tools
- vi. After action is taken, assessing the effect of pest management

The definitions of Integrated Pest Management are so diverse that one organization concerned with chemical pesticides has warned:³⁰

IPM is a term that is used loosely with many different definitions and methods of implementation. IPM can mean virtually anything the practitioner wants it to mean. ***Beware of chemical dependent programs masquerading as IPM.***³¹

A case in point: Syngenta³² whose business depends on the sale of agrochemicals has sought to position itself by defining its chemicals as a major component of Integrated Pest Management. Syngenta's website information on Integrated Pest Management includes a statement that, "The more than 75 different definitions for IPM demonstrate a wide diversity of viewpoints on IPM and the evolution of IPM as a concept. ***Some recent definitions state that pesticides are only used as a last resort in IPM, but that is not true and would prevent the evaluation of all effective tools in an integrated approach.***" (emphasis added)³³

Syngenta also quotes the Food and Agriculture Organization to support its position³⁴:

Integrated pest management (IPM) means the careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations and ***keep pesticides and other interventions to levels that are economically justified and reduce or minimize the risks to human health and the environment.*** IPM emphasizes the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms.³⁵

³⁰ <http://www.ipmnet.org/ipmdefinitions/defineIII.html>

³¹ <https://www.beyondpesticides.org/resources/safety-source-on-pesticide-providers/what-is-integrated-pest-management>

³² Founded on November 13, 2000, from the agricultural divisions of Novartis and AstraZeneca. In 2017, Syngenta was bought by ChemChina.

³³ <https://www.syngenta.ca/stewardship/resistance-management>

³⁴ <https://www.syngenta.ca/stewardship/resistance-management>

³⁵ Food and Agriculture Organization International Code of Conduct on the Distribution and Use of Pesticides.

(emphasis added)

Syngenta argues that “pesticides are an important component of most successful IPM programs.” Syngenta also has a post titled “Neonicotinoids are Key to IPM Solutions”. (Neonicotinoids are a class of pesticides that has been found to be particularly harmful to the environment and to damage pollinator species to an extent which threatens the future of agricultural production).

To the extent that PepsiCo or its suppliers follow a Syngenta-type definition of IPM, for example, or some of the 75 other diverse IPM definitions, it is not necessarily the case that pesticide use is decreasing in its supply chain. The effectiveness of an IPM program at reducing the need for chemical pesticide use depends largely on the details of the program itself.³⁶ To demonstrate this point, research has found that in systems where IPM was used, aggregate sales of pesticides have continued to increase, calling into question whether IPM *necessarily* results in a reduction of pesticide use.³⁷ One comprehensive study argued that “it is clear that pesticides were and are the primary pest management tools [in an IPM system], and the indicators to measure the impact of IPM are not valid, reliable, and robust”.³⁸ Nor does implementation of IPM tell one anything specific about what types of pesticides are being used, substituted, or reduced. Given that PepsiCo does not currently have in place a mechanism through which to measure and disclose pesticide use in its supply chain or to measure specific pesticide outcomes related to implementation of IPM, shareholders cannot be assured that the program is in fact effective at reducing the use of toxic synthetic pesticides.

In addition, we note that the Company’s most recent corporate sustainability report indicates that only 79% of direct crop suppliers are engaged in its Sustainable Farming Program and are thus under a mandate to adopt IPM. It is unclear what practices are used by the remaining 21% of direct crop suppliers or the remaining suppliers who fall outside of the “direct crop” category. Collectively, pesticide use by this group of suppliers may increase overall pesticide use such that it could outweigh any potential pesticide use reduction achieved by suppliers under the IPM program.

Accordingly, the Company’s existing measures do not substantially implement the Proposal, and the Proposal is not excludable pursuant to Rule 14a-8(i)(10).

CONCLUSION

PepsiCo’s current, limited reporting does not fulfill the guidelines or essential purpose of the Proposal. As a result, it does not allow investors to assess company performance or progress in addressing the reputational, legal, or regulatory risks of synthetic pesticide use in the Company’s agricultural supply chains. The process of quantifying the amount of synthetic chemicals used in

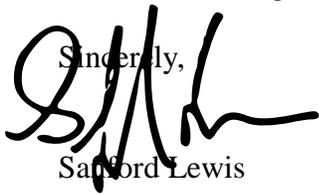
³⁶ <http://www.fao.org/agriculture/crops/thematic-sitemap/theme/spi/scpi-home/managing-ecosystems/integrated-pest-management/ipm-how/en/>

³⁷ <https://core.ac.uk/download/pdf/6550526.pdf>

³⁸ https://www.researchgate.net/publication/266735937_Integrated_Pest_Management_and_Pesticide_Use

the Company's agricultural supply chains would be of material assistance to shareholders and management alike. Collecting this data would improve the Company's preparedness for likely regulatory change, reduce the potential for legal action against it, assist it in reducing reputational harm, and help cast PepsiCo as an industry leader on issues relevant to shareholder and public concern. Transparent disclosure of the quantified data would reassure investors that the company is employing responsible management and risk mitigation measures on this important issue.

Based on the foregoing, we believe it is clear that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2018 proxy statement pursuant to Rule 14a-8. As such, we respectfully request that the Staff inform the company that it is denying the no-action letter request. If you have any questions, please contact me at (413) 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,

Sanford Lewis

Cc: Elizabeth A. Ising

December 27, 2018

VIA E-MAIL

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: *PepsiCo, Inc.*
Shareholder Proposal of The Janine Firpo Living Trust et al.
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that PepsiCo, Inc. (the “Company”) intends to omit from its proxy statement and form of proxy for its 2019 Annual Meeting of Shareholders (collectively, the “2019 Proxy Materials”) a shareholder proposal (the “Proposal”) and statements in support thereof received from As You Sow on behalf of The Janine Firpo Living Trust; Abigail Rome; Edwards Mother Earth Foundation; Lisa K. Homes Revocable Trust; Michelle Swenson & Stan Drobac Revocable Trust; and Patricia Rose Lurie Revocable Trust (collectively, the “Proponents”).

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the “Commission”) no later than eighty (80) calendar days before the Company intends to file its definitive 2019 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”) provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the “Staff”). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

Office of Chief Counsel
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December 27, 2018
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THE PROPOSAL

The Proposal provides:

RESOLVED: Shareholders request that PepsiCo disclose, at reasonable expense and omitting proprietary information, quantitative metrics demonstrating measurable progress toward the reduction of synthetic chemical pesticide use in the Company's supply chain.

A copy of the Proposal, the supporting statement and related correspondence from the Proponent is attached to this letter as Exhibit A.

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may properly be excluded from the 2019 Proxy Materials pursuant to Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(10) As Substantially Implemented.

A. Rule 14a-8(i)(10) Background

Rule 14a-8(i)(10) permits a company to exclude a shareholder proposal from its proxy materials if the company has substantially implemented the proposal. The Commission stated in 1976 that the predecessor to Rule 14a-8(i)(10) was "designed to avoid the possibility of shareholders having to consider matters which already have been favorably acted upon by the management." Exchange Act Release No. 12598 (July 7, 1976). Originally, the Staff narrowly interpreted this predecessor rule and granted no-action relief only when proposals were "'fully' effected" by the company. See Exchange Act Release No. 19135 (Oct. 14, 1982). By 1983, the Commission recognized that the "previous formalistic application of [the Rule] defeated its purpose" because proponents were successfully convincing the Staff to deny no-action relief by submitting proposals that differed from existing company policy by only a few words. Exchange Act Release No. 20091, at § II.E.6. (Aug. 16, 1983) (the "1983 Release"). Therefore, in 1983, the Commission adopted a revision to the rule to permit the omission of proposals that had been "substantially implemented." 1983 Release. The 1998 amendments to the proxy rules reaffirmed this position. See Exchange Act Release No. 40018 at n.30 and accompanying text (May 21, 1998).

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Applying this standard, the Staff has noted “a determination that the company has substantially implemented the proposal depends upon whether [the company’s] particular policies, practices and procedures compare favorably with the guidelines of the proposal.” *Texaco, Inc.* (avail. Mar. 28, 1991). In other words, substantial implementation under Rule 14a-8(i)(10) requires a company’s actions to have satisfactorily addressed the proposal’s underlying concerns and its essential objective. *See, e.g., Anheuser-Busch Cos., Inc.* (avail. Jan. 17, 2007); *ConAgra Foods, Inc.* (avail. Jul. 3, 2006); *Johnson & Johnson* (avail. Feb. 17, 2006); *Talbots Inc.* (avail. Apr. 5, 2002); *Masco Corp.* (avail. Mar. 29, 1999). Accordingly, Rule 14a-8(i)(10) permits exclusion of a shareholder proposal when a company has already substantially implemented the essential objective of the proposal, even if by means other than those specifically requested by the shareholder proponent. *See, e.g., The Procter & Gamble Co.* (avail. Aug. 4, 2010); *Wal-Mart Stores, Inc. (AFL-CIO Reserve Fund et al.)* (avail. Mar. 30, 2010). Differences between a company’s actions and a shareholder proposal are permitted as long as the company’s actions satisfactorily address the proposal’s essential objectives. *See, e.g., Exxon Mobil Corp. (Rossi)* (avail. Mar. 19, 2010).

Moreover, the Staff consistently has concurred with the exclusion of shareholder proposals requesting reports where the company already publicly disclosed the subject matter of the requested report. *See, e.g., Mondelēz International, Inc.* (avail. Mar. 7, 2014) (concurring in the exclusion of a proposal requesting a report on the human rights risks of the company’s operations and supply chain where the company had achieved the essential objective of the proposal by publicly disclosing its risk-management processes); *The Boeing Co.* (avail. Feb. 17, 2011) (concurring in the exclusion of a proposal requesting the company to assess and report on human-rights standards where the company had achieved the essential objective of the proposal through publicly available reports, risk management processes, and a code of conduct); *Caterpillar, Inc.* (avail. Mar. 11, 2008) (concurring with the company’s exclusion of a shareholder proposal requesting that the company prepare a global warming report where the company had already published a report that contained information relating to its environmental initiatives); *Wal-Mart Stores, Inc.* (avail. Mar. 10, 2008) (same); *PG&E Corp.* (avail. Mar. 6, 2008) (same); *The Dow Chemical Co.* (avail. Mar. 5, 2008) (same); *Johnson & Johnson* (avail. Feb. 22, 2008) (same). Further, as particularly relevant here, the Staff has concurred in the exclusion of shareholder proposals seeking a report when the contents of the requested report were disclosed in multiple pages on the company’s corporate website. *See, e.g., The Gap, Inc.* (avail. Mar. 16, 2001).

B. The Company Has Substantially Implemented The Proposal Through Its Publication Of Its Pesticides Statement

As discussed below, the Company’s actions and disclosures substantially implement the essential objective of the Proposal, which is that the Company publicly disclose “quantitative

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metrics demonstrating measurable progress toward the reduction of synthetic chemical pesticide use in the Company's supply chain."

1. The Company Has Publicly Described Its Efforts To Reduce The Use Of Pesticides

The Company has a long-standing commitment to sustainable agricultural practices. As explained in the Company's Global Sustainable Agriculture Policy (the "Sustainable Agriculture Policy"),¹ among the Company's central objectives within the Company's agricultural supply chain is to "optimize the use of pesticides, nutrients, and other agrochemicals." As part of this objective, the Company "supports sustainable practices that substitute natural controls for some agrochemicals." Under the Sustainable Agriculture Policy, the Company seeks to implement specific programs and measurement policies with growers in the Company's food chain to improve performance and compliance.

An integral part of sustainable agriculture practices is the responsible use of pesticides, and the Company has published the PepsiCo Statement on Pesticides (the "Pesticides Statement"), which details the Company's actions with respect to responsible pesticide use. The Company has made the Pesticides Statement available on the Company's website.² A copy of the Pesticides Statement is attached to this letter as Exhibit B.

As described in the Pesticides Statement, the Company has developed a Sustainable Farming Program Framework (the "SFP Framework") to "gauge environmental, social and economic impacts associated with [the Company's] agricultural supply chain." One of the indicators in the SFP Framework is agrochemicals, which include pesticides. Under the SFP Framework, the Company gathers data on pesticide management practices in the Company's supply chain in order to better tailor its policies and approaches to the Company's sustainability goals.

¹ The Sustainable Agriculture Policy is available at <http://www.pepsico.com/sustainability/agriculture>.

² The Pesticides Statement is available at <http://www.pepsico.com/sustainability/pesticides>.

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2. The Pesticides Statement Discloses A Quantitative Metric That Demonstrates The Company Has Made Measurable Progress In Its Efforts To Reduce The Use Of Pesticides In Its Supply Chain

As explained in the Pesticides Statement, under the SFP Framework, the Company gathers information on pesticide management practices, “including measures to support safe, legal and responsible use while minimizing agrochemical application through practices such as Integrated Pest Management (IPM).” IPM is designed to “reduce or minimize risks to human health and the environment” from the use of pesticides,³ and the Company relies on IPM as “an important tool for advancing” the sustainable protection of crops against pests.

As requested by the Proposal, the Pesticides Statement specifically discloses the quantitative metric used by the Company to measure its progress in reducing the use of pesticides in its supply chain. The Company uses IPM to “obtain data and improved visibility into [the Company’s] agricultural supply chains” in furtherance of the goals under the SFP Framework. As the Company explains in the Pesticides Statement, while the impact of IPM varies according to a complex set of factors, “IPM helps reduce the amount of pesticides used.” In light of its utility to affect pesticide use, the Company tracks compliance with the Company’s IPM requirement in part to measure its progress in reducing the use of pesticides.

As further requested by the Proposal, the Pesticides Statement demonstrates the Company’s progress in reducing pesticide use in the Company’s supply chain. Specifically, as noted in the Pesticides Statement, in 2018, growers in the Company’s supply chain improved their IPM compliance “from 55% to 66% globally, including nearly 100% compliance in the U.S.” Because use of IPM “helps reduce the amount of pesticides used,” this increased IPM compliance demonstrates that the Company has made measurable progress in “minimizing agrochemical application” resulting in decreased use of pesticides. As further disclosed in the Pesticides Statement, the Company intends to continue to rely on measuring IPM “to ensure that growers are employing the right practices,” which will lead to further progress in the Company’s efforts to reduce the use of pesticides by the growers in the Company’s supply chain.⁴

Thus, as in *Mondelēz*, *Boeing*, *Caterpillar* and the other precedent cited above, the Company has already addressed the essential objectives of the Proposal. Through the Pesticides

³ Pesticides Statement quoting the U.N. Food and Agriculture Organization.

⁴ While the Supporting Statement mentions additional disclosures, we note that the Proposal only “recommend[s]” that such information be disclosed. Thus, the Company need not address those recommendations in order to substantially implement the Proposal under Rule 14a-8(i)(10).

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Statement, the Company has, as requested by the Proposal, disclosed that it tracks a quantitative metric—the use of IPM by the growers in the Company’s supply chain as part of its SFP Framework—and, by disclosing that IPM use has increased by 11%, demonstrated that the Company has made measurable progress toward reducing pesticide use in its supply chain. Accordingly, the Company has substantially implemented the Proposal, and it may be excluded from the 2019 Proxy Materials in reliance on Rule 14a-8(i)(10).

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2019 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (202) 955-8287 or Eunice Yang, the Company’s Senior Counsel, Corporate Governance, at (914) 253-2135.

Sincerely,



Elizabeth A. Ising

Enclosures

cc: Eunice Yang, Senior Counsel, Corporate Governance, PepsiCo, Inc.
Christy Spees, As You Sow

EXHIBIT A

From: Kwan Hong Teoh [mailto:Kwan@asyousow.org]
Sent: Friday, November 16, 2018 4:51 PM
To: SPA - PepsiCo Investor Relations
Cc: Yang, Eunice {PEP}; Christy Spees; Danielle Fugere
Subject: Re: PEP Shareholder Resolution (2 of 2) - ATTN: Corp. Sec.

Dear Mr. Yawman,

Apologies for any confusion. The enclosed is for a resolution on pesticide management (not recycling as incorrectly stated). The resolution on recycling was sent on 11/13/18.

Thank you

Best,
Kwan

Kwan Hong Teoh
Environmental Health Program
Research Manager

As You Sow

(510) 735-8147 (direct line) | (605) 651-5517 (cell)

kwan@asyousow.org | www.asyousow.org

~Building a Safe, Just and Sustainable World since 1992~

From: Kwan Hong Teoh <Kwan@asyousow.org>
Date: Thursday, November 15, 2018 at 3:45 PM
To: "investor@pepsico.com" <investor@pepsico.com>
Cc: "eunice.yang@pepsico.com" <eunice.yang@pepsico.com>, Christy Spees <cspees@asyousow.org>, Danielle Fugere <DFugere@asyousow.org>
Subject: PEP Shareholder Resolution (2 of 2) - ATTN: Corp. Sec.

Dear Mr. Yawman,

Please find enclosed a shareholder proposal requesting a report on beverage container recycling goals for inclusion in PepsiCo's 2019 proxy statement. A paper copy will be sent via FedEx for delivery before the end of the week. *As You Sow* intends to file two separate resolutions with PepsiCo on behalf of two different groups of shareholders. An email submission of the first resolution was sent on 11/13/18. This is the second and final resolution we are filing with PepsiCo this year.

Confirmation of receipt of this email would be appreciated.

Best Regards,
Kwan

Kwan Hong Teoh
Environmental Health Program
Research Manager

As You Sow

1611 Telegraph Ave., Ste. 1450

Oakland, CA 94612

(510) 7 47 (direct line) | (605) 651-5517 (cell)

kwan@asyousow.org | www.asyousow.org

~Building a Safe, Just and Sustainable World since 1992~



VIA EMAIL and FEDEX

November 14, 2018

Dave Yawman
Vice President, Government Affairs,
General Counsel, and Corporate Secretary
PepsiCo, Inc.
700 Anderson Hill Road
Purchase, New York 10577

RE: Shareholder Proposal – Disclosure of Pesticide Management Data

Dear Mr. Yawman:

As You Sow is filing a shareholder proposal on the Disclosure of Pesticide Management Data and on behalf of The Janine Firpo Living Trust (“Proponent”), a shareholder of PepsiCo, Inc., for action at the next annual meeting of PepsiCo. Proponent submits the enclosed shareholder proposal for inclusion in PepsiCo’s 2019 proxy statement, for consideration by shareholders, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

A letter from the Proponent authorizing *As You Sow* to act on its behalf is enclosed. A representative of the Proponent will attend the stockholders’ meeting to move the resolution as required.

We are available to discuss this issue and are optimistic that such discussion could result in resolution of the Proponent’s concerns. To schedule a dialogue, please contact Christy Spees, Environmental Health Program Manager at cspees@asyousow.org.

Sincerely,

Christy Spees
Environmental Health Program Manager

Enclosures

- Shareholder Proposal
- Shareholder Authorization

WHEREAS: PepsiCo's Quaker Oats brand has been in the media spotlight recently in connection with the controversial pesticide ingredient Glyphosate.¹ Glyphosate is classified as a probable human carcinogen by the World Health Organization ("WHO") and a known carcinogen by California.² Research links glyphosate-based herbicides to chronic toxic effects – such as kidney damage and endocrine disruption – even at low levels. Evidence is also mounting for indirect consequences from glyphosate use including reduced effectiveness of antibiotic treatments³ and increased mortality among honey bees.⁴ Use of glyphosate as a desiccant has become especially commonplace for cereal grains like oats, which leads to higher levels of glyphosate residue on final consumer products.

PepsiCo's reliance on glyphosate-based weed-killers and other toxic chemicals creates legal, reputational, and regulatory risks for the company. A recent jury verdict finding that glyphosate-based Roundup caused one man's terminal cancer has led to thousands of lawsuits,⁵ and a recent report suggested a ban on the use of organophosphates, an entire class of commonly used agricultural pesticides.⁶

Regulatory attention on glyphosate, specifically, is growing.⁷ Jurisdictions in 25 countries have adopted policies to ban or restrict glyphosate use or are considering such action.⁸ A group of major U.S. non-governmental organizations and food companies petitioned the Environmental Protection Agency to sharply reduce the federal allowable amount of residual glyphosate on oats and to expressly prohibit the use of glyphosate as a pre-harvest drying agent.⁹

PepsiCo does not currently disclose information allowing investors to understand whether the Company's suppliers use controversial pesticides on their farms. The Company asserts it is "document[ing] continuous improvement" of environmental impacts from its supply chain through a Sustainable Farming Program. PepsiCo however does not *measurably track or report the use of toxic pesticides* to shareholders.

Other food companies have committed to tracking and reducing pesticide use:

1. Unilever phased out WHO Class 1 pesticides for tea production and intends to phase out Class 2 pesticides by 2020.
2. Sysco's Integrated Pest Management Program reports on the quantity of pesticides avoided.
3. Ben and Jerry's ice cream brand has committed to prohibit pre-harvest glyphosate use in its entire supply chain by 2020.

To demonstrate to shareholders that the company is adequately addressing the risks associated with the use of chemical pesticides on supplier farms, it is vital that PepsiCo increase its disclosures to shareholders.

RESOLVED: Shareholders request that PepsiCo disclose, at reasonable expense and omitting proprietary information, quantitative metrics demonstrating measurable progress toward the reduction of synthetic chemical pesticide use in the Company's supply chain.

SUPPORTING STATEMENT: We recommend the report include:

- An assessment of the operational and reputational risks posed to the company by the current use of pesticides in its supply chain.
- Metrics tracking the portion of supply chain crops treated with synthetic chemical pesticides.

- Metrics demonstrating success in increasing the portion of supply chain crops grown with integrated pest management practices

¹ <https://www.nytimes.com/2018/08/15/health/herbicide-glyphosate-cereal-oatmeal-children.html>

² <https://oehha.ca.gov/proposition-65/crn/glyphosate-listed-effective-july-7-2017-known-state-california-cause-cancer>

³ <https://www.newsweek.com/antibiotic-resistance-occurs-100000-faster-herbicides-1168034>

⁴ <https://www.nrdc.org/sites/default/files/bees.pdf>

⁵ <https://www.npr.org/2018/08/10/637722786/jury-awards-terminally-ill-man-289-million-in-lawsuit-against-monsanto>

⁶ <https://www.theguardian.com/environment/2018/oct/24/entire-pesticide-class-should-be-banned-for-effect-on-childrens-health>

⁷ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5484035/pdf/jech-2016-208463.pdf>

⁸ <https://www.baumhedlundlaw.com/toxic-tort-law/monsanto-roundup-lawsuit/where-is-glyphosate-banned/>

⁹

https://cdn3.ewg.org/sites/default/files/Glyphosate%20Petition%20Final%20.pdf?_ga=2.149341110.1808919085.1539882425-1374321464.1536083250

10/29/2018

Andrew Behar
CEO

As You Sow Foundation
1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

As of the date of this letter, the undersigned authorizes As You Sow (AYS) file, cofile, or endorse the shareholder resolution identified below on Stockholder's behalf with the identified company, and that it be included in the proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder: Janine Firpo Liv Tr (S)

Company: PepsiCo Inc.

Annual Meeting/Proxy Statement Year: 2019

Resolution: Disclose Pesticide Management Data

Background information re: AYS Campaign: <https://www.asyousow.org/our-work/environmental-health/gmos-pesticides>

The Stockholder has continuously owned over \$2,000 worth of company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2019 .

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name related to the resolution.

Sincerely,

DocuSigned by:

Janine Firpo

6F3787F5D5A64BB...

Janine Firpo



VIA EMAIL and FEDEX

November 14, 2018

Dave Yawman
Vice President, Government Affairs,
General Counsel, and Corporate Secretary
PepsiCo, Inc.
700 Anderson Hill Road
Purchase, New York 10577

RE: Shareholder Proposal – Disclosure of Pesticide Management Data

Dear Mr. Yawman:

As You Sow is co-filing a shareholder proposal on behalf of the following PepsiCo, Inc. shareholders for action at the next annual meeting of PepsiCo:

- Abigail Rome
- Edwards Mother Earth Foundation
- Lisa K Holmes Revocable Trust
- Michelle Swenson & Stan Drobac Revocable Trust
- Patricia Rose Lurie Revocable Trust

The Proponent has submitted the enclosed shareholder proposal for inclusion in the 2019 proxy statement, for consideration by shareholders, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

Please note that *As You Sow* also represents the lead filer of this proposal, The Janine Firpo Living Trust.

Letters authorizing *As You Sow* to act on co-filers' behalf are enclosed. A representative of the lead filer will attend the stockholders' meeting to move the resolution as required.

Sincerely,

Christy Spees
Environmental Health Program Manager

Enclosures

- Shareholder Proposal
- Shareholder Authorizations

WHEREAS: PepsiCo’s Quaker Oats brand has been in the media spotlight recently in connection with the controversial pesticide ingredient Glyphosate.¹ Glyphosate is classified as a probable human carcinogen by the World Health Organization (“WHO”) and a known carcinogen by California.² Research links glyphosate-based herbicides to chronic toxic effects – such as kidney damage and endocrine disruption – even at low levels. Evidence is also mounting for indirect consequences from glyphosate use including reduced effectiveness of antibiotic treatments³ and increased mortality among honey bees.⁴ Use of glyphosate as a desiccant has become especially commonplace for cereal grains like oats, which leads to higher levels of glyphosate residue on final consumer products.

PepsiCo’s reliance on glyphosate-based weed-killers and other toxic chemicals creates legal, reputational, and regulatory risks for the company. A recent jury verdict finding that glyphosate-based Roundup caused one man’s terminal cancer has led to thousands of lawsuits,⁵ and a recent report suggested a ban on the use of organophosphates, an entire class of commonly used agricultural pesticides.⁶

Regulatory attention on glyphosate, specifically, is growing.⁷ Jurisdictions in 25 countries have adopted policies to ban or restrict glyphosate use or are considering such action.⁸ A group of major U.S. non-governmental organizations and food companies petitioned the Environmental Protection Agency to sharply reduce the federal allowable amount of residual glyphosate on oats and to expressly prohibit the use of glyphosate as a pre-harvest drying agent.⁹

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³ <https://www.newsweek.com/antibiotic-resistance-occurs-100000-faster-herbicides-1168034>

⁴ <https://www.nrdc.org/sites/default/files/bees.pdf>

⁵ <https://www.npr.org/2018/08/10/637722786/jury-awards-terminally-ill-man-289-million-in-lawsuit-against-monsanto>

⁶ <https://www.theguardian.com/environment/2018/oct/24/entire-pesticide-class-should-be-banned-for-effect-on-childrens-health>

⁷ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5484035/pdf/jech-2016-208463.pdf>

⁸ <https://www.baumhedlundlaw.com/toxic-tort-law/monsanto-roundup-lawsuit/where-is-glyphosate-banned/>

⁹

https://cdn3.ewg.org/sites/default/files/Glyphosate%20Petition%20Final%20.pdf?_ga=2.149341110.1808919085.1539882425-1374321464.1536083250

September 15, 2018

Andrew Behar
CEO
As You Sow
1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

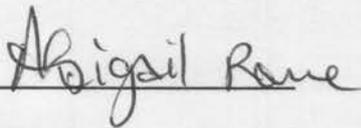
Dear Andrew Behar,

The undersigned (the "Stockholder") authorizes As You Sow to file or cofile a shareholder resolution on Stockholder's behalf with PepsiCo Inc. (the "Company"), relating to the Disclosure of Pesticide Management Data, and that it be included in the Company's 2019 proxy statement, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2019.

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name related to the resolution.

Sincerely,

A handwritten signature in cursive script that reads "Abigail Rome". The signature is written in black ink and is positioned above a horizontal line.

Abigail Rome

September 27, 2018

Andrew Behar
CEO
As You Sow
1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

The undersigned (the "Stockholder") authorizes As You Sow to file or cofile a shareholder resolution on Stockholder's behalf with PepsiCo Inc. (the "Company"), relating to the disclosure of pesticide management data, and that it be included in the Company's 2019 proxy statement, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

The Stockholder has continuously owned over \$2,000 worth of Company stock, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the company's annual meeting in 2019.

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder. The Stockholder understands that the Stockholder's name may appear on the company's proxy statement as the filer of the aforementioned resolution, and that the media may mention the Stockholder's name related to the resolution.

Sincerely,



Lisa K Holmes
INV AGT/LISA K HOLMES REV TRUST

November 1, 2018

Andrew Behar
CEO
As You Sow
1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

The undersigned Stockholder authorizes As You Sow to co-file a shareholder resolution on the Stockholder's behalf with below mentioned Company, and that it be included in below mentioned Company's 2019 proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

Stockholder: Brian Krieger Kahn
Company: PepsiCo, Inc.
Resolution Request: Disclose Pesticide Management Data

The Stockholder has continuously owned over \$2,000 worth of stock of the above mentioned Company, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2019.

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder.

Sincerely,

DocuSigned by:

52747EB521EG4E7...
Brian Krieger Kahn

As Account Owner
Brian Krieger Kahn

October 16, 2018

Andrew Behar
CEO
As You Sow
1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

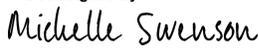
The undersigned Stockholder authorizes As You Sow to co-file a shareholder resolution on the Stockholder's behalf with below mentioned Company, and that it be included in below mentioned Company's 2019 proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

Stockholder: Michelle Swenson & Stan Drobac Revocable Trust
Company: PepsiCo, Inc.
Resolution Request: Disclose Pesticide Management Data

The Stockholder has continuously owned over \$2,000 worth of stock of the above mentioned Company, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2019.

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder.

Sincerely,

DocuSigned by:

ABE88E3749CF47E...

Michelle Swenson

Trustee

Michelle Swenson & Stan Drobac Revocable Trust

October 15, 2018

Andrew Behar
CEO
As You Sow
1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612

Re: Authorization to File Shareholder Resolution

Dear Andrew Behar,

The undersigned Stockholder authorizes As You Sow to co-file a shareholder resolution on the Stockholder's behalf with below mentioned Company, and that it be included in below mentioned Company's 2019 proxy statement as specified below, in accordance with Rule 14-a8 of the General Rules and Regulations of the Securities and Exchange Act of 1934.

Stockholder: Patricia Rose Lurie Revocable Trust
Company: PepsiCo, Inc.
Resolution Request: Disclose Pesticide Management Data

The Stockholder has continuously owned over \$2,000 worth of stock of the above mentioned Company, with voting rights, for over a year. The Stockholder intends to hold the required amount of stock through the date of the Company's annual meeting in 2019.

The Stockholder gives As You Sow the authority to deal on the Stockholder's behalf with any and all aspects of the shareholder resolution, including designating another entity as lead filer and representative of the shareholder.

Sincerely,

DocuSigned by:

0BB92874AF11461...
Patricia Lurie

Trustee
Patricia Rose Lurie Revocable Trust

From: Yang, Eunice {PEP} <Eunice.Yang@pepsico.com>
Sent: Wednesday, November 21, 2018 2:38 PM
To: cspees@asyousow.org
Cc: Nastanski, Cynthia {PEP}; Lee, Alicia {PEP}
Subject: PepsiCo
Attachments: PepsiCo (November 21, 2018).pdf

Dear Ms. Spees,

I am writing on behalf of PepsiCo, Inc., which received on November 15, 2018, the shareholder proposal you submitted on behalf of The Janine Firpo Living Trust; Abigail Rome; Edwards Mother Earth Foundation; Lisa K. Holmes Revocable Trust; Michelle Swenson & Stan Drobac Revocable Trust; and Patricia Rose Lurie Revocable Trust. Please see the attached letter, which we also sent to you today by UPS overnight mail.

Best regards,
Eunice

Eunice Yang

Senior Counsel, Corporate Governance

PepsiCo, Inc.

700 Anderson Hill Road | Purchase | New York | 10577 | USA

Tel: 914-253-2135

eunice.yang@pepsico.com



PEPSICO



Tropicana



700 Anderson Hill Road Purchase, New York 10577 www.pepsico.com

EUNICE YANG
SENIOR COUNSEL, CORPORATE GOVERNANCE
Tel: 914-253-2135
eunice.yang@pepsico.com

November 21, 2018

VIA OVERNIGHT MAIL AND EMAIL

Christy Spees
Environmental Health Program Manager
As You Sow
1611 Telegraph Ave, Suite 1450
Oakland, CA 94612
cspees@asyousow.org

Dear Ms. Spees:

I am writing on behalf of PepsiCo, Inc. (the “Company”), which received on November 15, 2018, the shareholder proposal you submitted on behalf of The Janine Firpo Living Trust; Abigail Rome; Edwards Mother Earth Foundation; Lisa K. Holmes Revocable Trust; Michelle Swenson & Stan Drobac Revocable Trust; and Patricia Rose Lurie Revocable Trust (each a “Proponent” and, collectively, the “Proponents”) pursuant to Securities and Exchange Commission (“SEC”) Rule 14a-8 for inclusion in the proxy statement for the Company’s 2019 Annual Meeting of Shareholders (the “Proposal”).

The Proposal contains certain procedural deficiencies, which SEC regulations require us to bring to your attention. Your correspondence did not include sufficient documentation demonstrating that you had the legal authority to submit the Proposal on behalf of the Edwards Mother Earth Foundation as of the date the Proposal was submitted (November 15, 2018). In Staff Legal Bulletin No. 14I (Nov. 1, 2017) (“SLB 14I”), the SEC’s Division of Corporation Finance (“Division”) noted that proposals submitted by proxy, such as the Proposal, may present challenges and concerns, including “that shareholders may not know that proposals are being submitted on their behalf.” Accordingly, in evaluating whether there is a basis to exclude a proposal under the eligibility requirements of Rule 14a-8(b), as addressed below, SLB 14I states that in general the Division would expect any shareholder who submits a proposal by proxy to provide documentation to:

- identify the shareholder-proponent and the person or entity selected as proxy;
- identify the company to which the proposal is directed;
- identify the annual or special meeting for which the proposal is submitted;
- identify the specific proposal to be submitted (e.g., proposal to lower the threshold for calling a special meeting from 25% to 10%); and
- be signed and dated by the shareholder.

The documentation that you provided with the Proposal raises the concerns referred to in SLB 14I. Specifically, the Proposal raises the concerns referred to in SLB 14I because no evidence was provided of the Edwards Mother Earth Foundation's delegation of authority to you. To remedy this defect, the Edwards Mother Earth Foundation should provide documentation that confirms that as of the date you submitted the Proposal, the Proponent had instructed or authorized you to submit the specific proposal to the Company on the Edwards Mother Earth Foundation's behalf. The documentation should address each of the bullet points listed in the paragraph above.

In addition, Rule 14a-8(b) under the Securities Exchange Act of 1934, as amended, provides that shareholder proponents must submit sufficient proof of their continuous ownership of at least \$2,000 in market value, or 1%, of a company's shares entitled to vote on the proposal for at least one year as of the date the shareholder proposal was submitted. The Company's stock records do not indicate that the Proponents are the record owners of sufficient shares to satisfy this requirement. In addition, to date we have not received proof that the Proponents have satisfied Rule 14a-8's ownership requirements as of the date that the Proposal was submitted to the Company.

To remedy this defect, each Proponent must submit sufficient proof of the Proponent's continuous ownership of the required number or amount of Company shares for the one-year period preceding and including November 15, 2018, the date the Proposal was submitted to the Company. As explained in Rule 14a-8(b) and in SEC staff guidance, sufficient proof must be in the form of:

- (1) a written statement from the "record" holder of the Proponent's shares (usually a broker or a bank) verifying that the Proponent continuously held the required number or amount of Company shares for the one-year period preceding and including November 15, 2018; or
- (2) if the Proponent has filed with the SEC a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5, or amendments to those documents or updated forms, reflecting the Proponent's ownership of the required number or amount of Company shares as of or before the date on which the one-year eligibility period begins, a copy of the schedule and/or form, and any subsequent amendments reporting a change in the ownership level and a written statement that the Proponent continuously held the required number or amount of Company shares for the one-year period.

If any Proponent intends to demonstrate ownership by submitting a written statement from the "record" holder of the Proponent's shares as set forth in (1) above, please note that most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency that acts as a securities depository (DTC is also known through the account name of Cede & Co.). Under SEC Staff Legal Bulletin No. 14F, only DTC participants are viewed as record holders of securities that are deposited at DTC. You can confirm whether the Proponent's broker or bank is a DTC participant by asking the Proponent's broker or bank or by checking DTC's participant list,

Ms. Christy Spees, As You Sow
November 21, 2018
Page 3

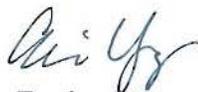
which is available at <http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/alpha.ashx>. In these situations, shareholders need to obtain proof of ownership from the DTC participant through which the securities are held, as follows:

- (1) If the Proponent's broker or bank is a DTC participant, then the Proponent needs to submit a written statement from the Proponent's broker or bank verifying that the Proponent continuously held the required number or amount of Company shares for the one-year period preceding and including November 15, 2018.
- (2) If the Proponent's broker or bank is not a DTC participant, then the Proponent needs to submit proof of ownership from the DTC participant through which the shares are held verifying that the Proponent continuously held the required number or amount of Company shares for the one-year period preceding and including November 15, 2018. You should be able to find out the identity of the DTC participant by asking the Proponent's broker or bank. If the Proponent's broker is an introducing broker, you may also be able to learn the identity and telephone number of the DTC participant through the Proponent's account statements, because the clearing broker identified on the account statements will generally be a DTC participant. If the DTC participant that holds the Proponent's shares is not able to confirm the Proponent's individual holdings but is able to confirm the holdings of the Proponent's broker or bank, then the Proponent needs to satisfy the proof of ownership requirements by obtaining and submitting two proof of ownership statements verifying that, for the one-year period preceding and including November 15, 2018, the required number or amount of Company shares were continuously held: (i) one from the Proponent's broker or bank confirming the Proponent's ownership, and (ii) the other from the DTC participant confirming the broker or bank's ownership.

The SEC's rules require that any response to this letter be postmarked or transmitted electronically no later than 14 calendar days from the date you receive this letter. Please address any response to me at 700 Anderson Hill Road, Purchase, NY 10577. Alternatively, you may transmit any response by email to me at eunice.yang@pepsico.com.

If you have any questions with respect to the foregoing, please contact Cynthia Nastanski at (914) 253-3271 or me at (914) 253-2135. For your reference, I enclose a copy of Rule 14a-8 and Staff Legal Bulletin No. 14F.

Sincerely,



Eunice Yang
Senior Counsel, Corporate Governance

Enclosures

cc: Cynthia Nastanski, Senior Vice President, Corporate Law and Deputy Corporate Secretary

From: UPS Quantum View <pkginfo@ups.com>
Sent: Monday, November 26, 2018 12:39 PM
To: Yang, Eunice {PEP}
Subject: UPS Delivery Notification, Tracking Number



Your package has been delivered.

Delivery Date: Monday, 11/26/2018
Delivery Time: 09:35 AM

At the request of PEPSICO-CORPORATE LAW this notice alerts you that the status of the shipment listed below has changed.

Shipment Detail

Tracking Number:	***
Ship To:	Christy Spees As You Sow 1611 TELEGRAPH AVE ROOM 1450 OAKLAND, CA 94612 US
UPS Service:	UPS NEXT DAY AIR
Number of Packages:	1
Shipment Type:	Letter
Delivery Location:	RECEPTION CHO



Error!
Hyperlink
reference
not valid. [Download the UPS mobile app](#)

From: Kwan Hong Teoh <Kwan@asyousow.org>
Date: December 4, 2018 at 10:43:31 PM EST
To: "eunice.yang@pepsico.com" <eunice.yang@pepsico.com>
Cc: Danielle Fugere <DFugere@asyousow.org>, Christy Spees <cspees@asyousow.org>
Subject: PEP - Shareholder Resolution - Pesticide Management

Dear Ms. Yang,

We are in receipt of your letter issued November 21, 2018 alleging notice of a deficiency in our November 14, 2018 letter transmitting a proposal regarding the disclosure of pesticide management data for inclusion on the Company's 2019 proxy. In response to the cited deficiency, we enclose proof of ownership letters establishing the proponent's and co-filers' ownership of the Company's common stock in the requisite amount and in the time frame necessary to meet eligibility requirements.

SEC Rule 14a-8(f) requires a company to provide notice of specific deficiencies in a shareholder's proof of eligibility to submit a proposal. We therefore request that you notify us if you identify any deficiencies in the enclosed documentation.

Please confirm receipt of this correspondence.

Sincerely,
Kwan Hong

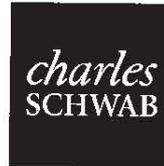
Kwan Hong Teoh
Environmental Health Program
Research Manager

As You Sow

1611 Telegraph Ave., Ste. 1450
Oakland, CA 94612
(510) 735-8147 (direct line) | (605) 651-5517 (cell)
kwan@asyousow.org | www.asyousow.org

~Building a Safe, Just and Sustainable World since 1992~

Advisor Services



PO Box 982603
El Paso, TX 79998

November 27, 2018

Account name: JANINE FIRPO LIVING TRUST

This letter is to confirm that Charles Schwab & Co. holds as custodian for the above account 30 Shares of PEPSICO INC symbol PEP. These 30 shares have been held in this account continuously for 395 days, as of and including November 26th, 2018

Sincerely,

A handwritten signature in black ink, appearing to read "Brinnah McLaren".

Brinnah McLaren

Relationship Specialist

Charles Schwab & Co.

Charles Schwab & Co. Inc. Member SIPC

Schwab Advisor Services includes the custody, trading, and support services of Charles Schwab & Co., Inc.

NATIONAL FINANCIAL
Services LLC

499 Washington Blvd.
Newport Office Center
Jersey City, NJ 07310

November 29, 2018

Pepsico Inc.
700 Anderson Hill Road
Purchase NY 10577-1444

Re: Certification of ownership

To Whom It May Concern:

Please be advised that National Financial Services LLC has held 1017 shares of Pepsico Inc, CUSIP 713448108, on behalf of Abigail Rome continuously since June 12th 2015.

As custodian for Abigail Rome, National Financial Services LLC holds these shares with the Depository Trust and Clearing Corporation under participant code 0226.

If there are any questions concerning this matter, please do not hesitate to contact me directly.

Sincerely,



Peter Closs – Director Asset Services

National Financial Services LLC
499 Washington Boulevard
Jersey City, NJ 07310
Peter.Closs@FMR.com
<http://www.nationalfinancial.com/>



Advisor Services



Advisor Family Office
P.O. Box 628290
Orlando, FL 62829

November 27, 2018

Edwards Mother Earth Foundation
1501 E Madison St Suite 650
Seattle WA 98122

Re: Account ***

We are writing to confirm information about the account number listed above, which Charles Schwab & Co., Inc. holds as custodian. This account holds the following:

- 1,473 shares of Pepsico, Inc. symbol PEP
- 1,446 shares Wells Fargo BK N A, symbol WFC

These shares have been held in the account continuously for at least 395 days (13 months) prior to and including November 27, 2018.

These shares are held at Depository Trust Company under the nominee name of Charles Schwab & Co., Inc., which serves as custodian for the registration listed above.

Thank you for choosing Schwab. We appreciate your business and look forward to serving you in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "TPutz", written in a cursive style.

Thomas Putz
Service Relationship Manager
Advisor Family Office
2423 E Lincoln Drive
Phoenix, AZ 85016



December 3, 2018

BRIAN KRIEGER KAHN

Account number ending in:

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

Important information regarding shares in your account.

Dear Brian Kahn,

We're writing to confirm information about the account listed above, which Charles Schwab & Co., Inc. holds as custodian. This account holds in trust 46 shares of Pepsico PEP common stock. These shares have been held in the account continuously for at least one year prior to and including November 16, 2018.

These shares are held at Depository Trust Company under the nominee name of Charles Schwab & Co., Inc., which serves as custodian for the registration listed above.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Jason Almquist
Sr. Specialist, Institutional
IST/STAR PHOENIX SERVICE
2423 E Lincoln Dr
Phoenix, AZ 85050

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").



December 3, 2018

PATRICIA ROSE LURIE REV TRUST

Account number ending in:

****-***

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

Important information regarding shares in your account.

Dear Patricia Lurie,

We're writing to confirm information about the account listed above, which Charles Schwab & Co., Inc. holds as custodian. This account holds in trust 48 shares of Pepsico PEP common stock. These shares have been held in the account continuously for at least one year prior to and including November 16, 2018.

These shares are held at Depository Trust Company under the nominee name of Charles Schwab & Co., Inc., which serves as custodian for the registration listed above.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Jason Almquist
Sr. Specialist, Institutional
IST/STAR PHOENIX SERVICE
2423 E Lincoln Dr
Phoenix, AZ 85050

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").



December 3, 2018

Michelle Swenson & Stan Drobac Revocable Trust

Account number ending in:

****_* ***

Questions: Contact your advisor or
call Schwab Alliance at
1-800-515-2157.

Important Information regarding shares in your account.

Dear Michelle Swenson and Stanley Drobac,

We're writing to confirm information about the account listed above, which Charles Schwab & Co., Inc. holds as custodian. This account holds in trust 101 shares of PepsiCo PEP common stock. These shares have been held in the account continuously for at least one year prior to and including November 16, 2018.

These shares are held at Depository Trust Company under the nominee name of Charles Schwab & Co., Inc., which serves as custodian for the registration listed above.

Thank you for choosing Schwab. If you have questions, please contact your advisor or Schwab Alliance at 1-800-515-2157. We appreciate your business and look forward to serving you in the future.

Sincerely,

Jason Almquist
Sr. Specialist, Institutional
IST/STAR PHOENIX SERVICE
2423 E Lincoln Dr
Phoenix, AZ 85050

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab").

EXHIBIT B



PESTICIDES

PESTICIDES

PEPSICO STATEMENT ON PESTICIDES

Pesticides are substances designed to control pests such as weeds and insects. They have many commercial and residential uses but most are applied as crop protection products to control agricultural pests. Responsible use of pesticides is an important aspect of sustainable agriculture. By increasing crop yield from farms and plantations, pesticides help ensure a reliable and productive food chain and reduce pressure to convert more land to agriculture, which helps to prevent deforestation. By protecting crops, pesticides also help to keep food affordable for consumers while supporting farmer incomes.

According to the UN Food and Agriculture Organization, global pesticide use has increased over the past decade, driven by factors such as population growth, climate change, increased demand for food and scarcity of good agricultural land. Much of the growth has occurred in emerging economies. In the United States, data provided by the US Department of Agriculture shows that pesticide use has actually remained flat for the past decade even while agricultural production has grown significantly.

Pesticide use has led to concerns around the potential for unintended environmental and health impacts. These may include the potential for pesticide residues on the raw materials used in food manufacturing, contribution to stress on bee populations, and, if not handled and applied properly, potential health impacts on farm workers and communities. PepsiCo understands these concerns and takes pesticide issues seriously. However, we also believe that appropriate pesticide use is important for protecting crop yields and promoting agricultural sustainability more broadly.

OUR ACTIONS ON RESPONSIBLE USE OF PESTICIDES

PepsiCo's approach begins with our [Global Sustainable Agriculture Policy](#), which sets standards of performance and expectations for growers across our diverse, global supply chain, including compliance with

governmental laws, regulations and industry standards, as well as a broad-based objective specifically addressing optimization of pesticide and nutrient management. Our aim is to support sustainable practices that substitute natural controls for some agrochemicals, foster ecosystem balance, reduce greenhouse gas emissions and mitigate crop losses. Our policy also recognizes the risk of water pollution from pesticides and the need to responsibly manage water runoff from farms.

Our policy is supported by specific goals on sustainable agricultural sourcing as part of Performance with Purpose, PepsiCo's long-term sustainable business strategy. Our goals are to sustainably source our direct agricultural raw materials by 2020 and our non-direct major agricultural raw material ingredients by 2025. To achieve these goals, we are, among other things, extending our Sustainable Farming Program (SFP) across additional key crops and investing to help growers meet the minimum SFP standards.

PepsiCo developed SFP to be a comprehensive framework to gauge environmental, social and economic impacts associated with our agricultural supply chain. The [SFP Scheme Rules](#) are available on our web site and provide information on the overall SFP framework. In 2018 PepsiCo plans to publish a summary of its SFP code as well, which will provide more detailed information of the specific types of practices that PepsiCo encourages farmers to adopt.

PepsiCo has worked closely with our growers for years, and we have a strong heritage of partnering with experienced farmers who are responsible stewards of natural resources. The SFP has been successfully implemented across a wide variety of operations—from large agribusinesses to smallholder farms—including both direct and non-direct agricultural materials. From 2013 to 2016, SFP implementation took place in 33 countries with active programs representing more than 35,000 growers. The crops addressed included major direct materials such as corn, oats, potato and orange as well as non-direct materials, including canola, cassava, coconut, plantain and sunflower. The assessments completed on our direct supply chain alone represent nearly 50% of our total agricultural supply chain by volume. Additionally, PepsiCo has major initiatives on sustainable palm oil and sugarcane that utilize industry-leading sustainability certification standards, specifically the Roundtable on Sustainable Palm Oil (RSPO) and Bonsucro, respectively.

SFP's framework contains nine environmental, four social and three economic sustainability topics, with detailed criteria and global standards for each. Under the environmental pillar, agrochemicals are one of the nine indicators, providing a platform through which PepsiCo gathers additional information on pesticide management and application, including measures to support safe, legal and responsible use while minimizing agrochemical application through practices such as Integrated Pest Management (IPM). The agrochemical indicator includes seven principles, which we categorize in the following way:

- **Fundamental Principles (required):**

- Ensure all agrochemicals applied are registered in the geography of use, in the country of production and as required by any national and international treaties.
- Ensure the management, selection, purchase, storage, security, handling, application and transport of agrochemicals meets all relevant legal requirements including national and international treaties, and occurs in a way that minimizes any negative effects on the environment.
- Develop and maintain an IPM Plan.
- Maintain agrochemical inventory and application records.

- **Progressive Principles (encouraged):**

- Keep crop scouting records.
- Maintain, clean and calibrate agrochemical application machinery to ensure accurate application.
- Keep agrochemical application equipment calibration records.

Sustainable protection of crops against pests includes prevention and monitoring of pest problems, using pesticide control methods only when necessary, and targeting only the pests that can harm crops. IPM is an important tool for advancing these practices. The UN's Food and Agriculture Organization defines IPM as "the

careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations and keep pesticides and other interventions to levels that are economically justified and reduce or minimize risks to human health and the environment. IPM emphasizes the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms."

Since launching the SFP Code in 2015, the program has enabled PepsiCo to obtain data and improved visibility into our agricultural supply chains, including the use of IPM. Comparing year-end 2018 performance with the prior period (2015-17), farmers' compliance with our IPM requirement has improved from 55% to 66% globally, including nearly 100% compliance in the U.S. In the developing world, non-conformance is primarily attributed to smallholder farmers that require IPM training. PepsiCo is in the process of engaging with our agro teams and growers to support the growers in developing and implementing IPM improvement programs, including training on what constitutes an acceptable IPM that is appropriate for the size/capability of the grower and also to build the business case to adopt IPM. Our goal is 100 percent compliance with our SFP Code globally, and we are using third-party verification to ensure that growers are employing the right practices, including IPM. While the impact of IPM on pesticide application will vary according to a complex set of factors, including crop type, region and climate, IPM helps reduce the amount of pesticides used.

Lastly, PepsiCo is also a founding member of the [Midwest Row Crop Collaborative](#) (MRCC) in the United States. MRCC is a diverse coalition of industry and non-profit groups working to expand agricultural solutions that protect air and water quality and enhance soil health. Among its goals, the MRCC seeks to have 75 percent of row crop acres in Illinois, Iowa and Nebraska engaged in sustainability measures by 2025, for example, by using cover crops. We believe such measures will promote appropriate and optimized use of pesticides consistent with our Global Sustainable Agriculture Policy and the SFP Code.

PROTECTING FOOD SAFETY AND QUALITY

PepsiCo is dedicated to producing the safest, highest-quality and best-tasting beverages and foods in every part of the world. Developing and maintaining robust food safety programs is how we work to assure safety for every package, every day, in every market. PepsiCo has detailed internal programs and procedures for food safety. A summary of our policies, programs and actions may be found [here](#).

With respect to pesticides, PepsiCo's growers and suppliers are required to follow all applicable rules and regulations. Pesticide management programs by growers and suppliers are assessed as part of the supplier selection process. PepsiCo also has a Global Raw Material Quality and Food Safety Policy that is included in the contracts with our suppliers. We require our ingredient suppliers and growers to manage pesticide residues through their programs and make pesticide testing and use data available to us upon request. We also audit our suppliers on a regular basis to ensure quality and food safety practices are in place at the supplier site.

The legal limits for pesticide residues in commodities and finished products are governed by local regulations, which cover products produced both conventionally as well as organically. These limits specify the allowable pesticide residue levels and involve significant margins of safety for consumer protection. In 2017, studies by the U.S. Food and Drug Administration (FDA) and the European Food Safety Authority concluded that the vast majority of food consumed within the US and the EU, respectively, is largely free of pesticide residues or contains residues that fall within legal limits [\[1\]](#). For example, 98 percent of food produced in the US was compliant with federal pesticide residue limits, according to the FDA study.

PepsiCo is compliant with regulations in countries where ingredients are grown and where products are sold. We are aware that concerns exist around growers' use of glyphosate, a herbicide, including its use as a drying agent prior to crop harvesting. Glyphosate has been extensively studied, and its safety has been reviewed and affirmed by numerous risk assessment authorities and independent expert panels, including a broad review in

2016 that supported the safety of glyphosate use [2]. As safety remains a paramount concern, PepsiCo will continue to monitor the evolving science in this area and engage with stakeholders to understand any potential issues.

PROTECTING BEES AND POLLINATORS

We are aware of the potential impact of pesticides, among other environmental stressors, on beneficial pollinators as an important issue within PepsiCo's supply chain. With respect to the group of pesticides called neonicotinoids ("neonics"), we understand that a significant amount of study is underway to evaluate their impact on pollinators, though significant gaps in scientific knowledge remain.

PepsiCo's growers and suppliers are required to follow all applicable rules and regulations. Additionally, we implement policies and procedures, including the SFP discussed above, to address and optimize the use of pesticides in our supply chain and minimize any unintended impacts.

PepsiCo commits to broaden our engagement with external stakeholders on the issue of pollinator health specifically. Through this engagement and our ongoing review of available science, we will continue learning about the issues as they evolve while evaluating the feasibility of actions we can take to protect pollinators.

¹ US Food and Drug Administration, FY 2015 Pesticide Analysis Demonstrates Residue Levels Remain Low, November 6, 2017; <https://www.fda.gov/Food/NewsEvents/ConstituentUpdates/ucm583717.htm>
European Food Safety Authority, Pesticide residues in food: risk to consumers remains low, April 11, 2017; <https://www.efsa.europa.eu/en/press/news/170411>

² Gary M. Williams, Marilyn Aardema, John Acquavella, Sir Colin Berry, David Brusick, Michele M. Burns, Joao Lauro Viana de Camargo, David Garabrant, Helmut A. Greim, Larry D. Kier, David J. Kirkland, Gary Marsh, Keith R. Solomon, Tom Sorahan, Ashley Roberts & Douglas L. Weed (2016) A review of the carcinogenic potential of glyphosate by four independent expert panels and comparison to the IARC assessment, *Critical Reviews in Toxicology*, 46:sup1, 3-20, DOI: 10.1080/10408444.2016.1214677.