

year. Supplementing that process, we also conduct an in-depth global water risk assessment of all our company-owned operations on a rolling three year cycle. Partnering with a specialized environmental consultancy, we have developed a robust water risk assessment process that leverages multiple data sets and local insights. This process is designed to provide PepsiCo with a holistic view of all water-related risks, both current and future, in our global manufacturing locations.

Some of the inputs used include: the World Resources Institute's (WRI) Aqueduct tool, local site risk assessment surveys, and third-party independent expert experience and knowledge operating within the watersheds. This helps us to determine and quantify the level of physical (quantity and quality), regulatory and reputational water risk.

The outcome of our operational water risk assessment informs which sites are designated as high risk and allows us to focus our efforts and resources where it matters most.

Progress

Progress and Challenges

Progress

- In 2021, we recorded an 18% efficiency improvement in our water-use efficiency rate at our high water-risk locations when compared to our 2015 baseline.
- We replenished 34% of the water used in our company-owned manufacturing facilities in high-risk watersheds, approximately 6.1 billion liters of water.
- At the end of 2021, we had 31 facilities in the process of adopting and three facilities that completed adoption of the AWS Standard.

Challenges

- Bringing about long-term, permanent improvements to at-risk watersheds requires scale, partnership, and engagement from all stakeholders in each catchment. Securing these is an ongoing priority as we pursue our water ambitions.



Improving water-use efficiency in agriculture

Measuring our agricultural water consumption requires the support of hundreds of farmers in a complex global value chain. We collect and publish agricultural water-use efficiency data every three years, or sooner if warranted by organizational changes, updated methodologies, or more accurate data. Our most recent data collection was conducted in 2020. Between 2015 and 2020, we improved direct agriculture water-use efficiency in our high water-risk regions by 14%. As the science evolves, we continue to improve the integrity and efficiency of our data collection, processing, and reporting system.

Improving water-use efficiency in our direct operations

In 2021, PepsiCo had 99 high water-risk manufacturing locations as defined by our global water risk assessment process. These locations span five continents and 18 countries and account for more than 30% of our company-owned manufacturing sites. Eleven of our top 24 markets have manufacturing operations in high water-risk locations and high water-risk sites account for more than 25% of our company-owned production output. To track our operational water-use efficiency goal, we measure both water withdrawal (the total amount of water that we remove from a water source) in high water-risk areas and non-high water-risk areas as well as the volume of product produced. In 2021, we withdrew approximately 86 million cubic meters of water across all company-owned operations — approximately 20% from regions of high water-risk. Water consumption (the amount we withdraw that is not replenished back into its source watershed) across PepsiCo was approximately 29 million cubic meters of water — approximately 20% from regions of high water-risk.

In 2021, we recorded an 18% efficiency improvement in our water-use efficiency rate at our high water-risk locations when compared to our 2015 baseline. This represents a nearly 3% improvement from the prior year and builds on a 26% improvement already achieved between 2006 and 2015 as part of our Performance with Purpose goals.

Water replenishment

In 2021, through our projects across the globe, we replenished more than 6.1 billion liters of water, or 34% of the water we consumed in our company-owned manufacturing facilities in high-risk watersheds. Progress is driven by 31 projects across the globe, with our support of the Greater Cape Town Water Fund and our