

# PEPSICO R&D: EXTERNAL INNOVATION & PARTNERSHIPS

## ABOUT PEPSICO

PepsiCo products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. PepsiCo's product portfolio includes a wide range of enjoyable convenient foods and beverages, including many iconic brands that generate more than **\$1 billion** each in estimated annual retail sales.

## Global Beverages



## Global Convenient Foods



## Performance



Nearly **\$92 billion**  
net revenue in 2024

## Brands



Many iconic  
billion-dollar brands

## Scale



More than **200**  
countries & territories

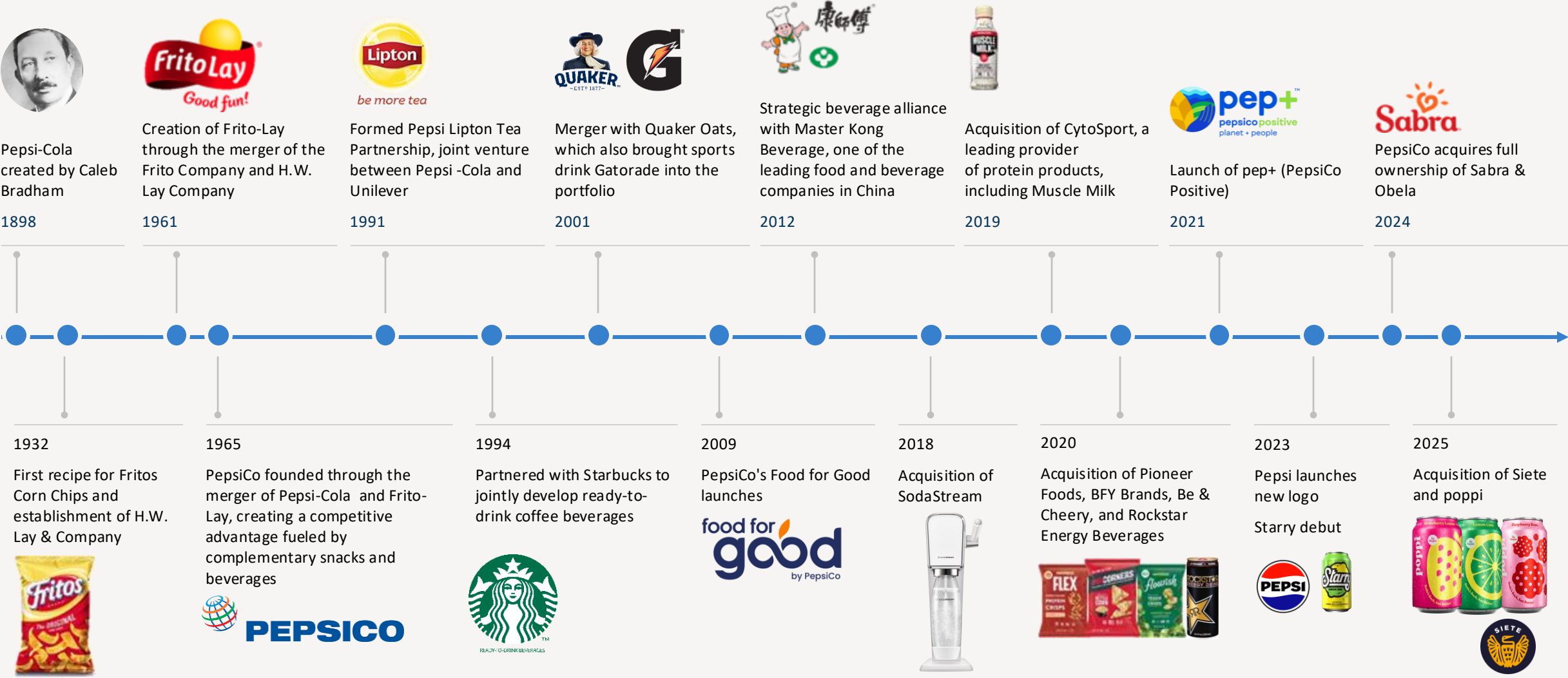
## People



Approximately **319,000**  
employees\*

\*As of December 28, 2024

# OUR HISTORY



Mission

Vision

The PepsiCo Way

Create more smiles with every sip and every bite

Be the global leader in beverages and convenient foods by winning with



pep+  
pepsico positive

Faster

Winning in the marketplace, being more consumer-centric and accelerating investment for topline growth



Stronger

Transforming our capabilities, cost, and culture by operating as one PepsiCo, leveraging technology, winning locally and globally enabled



Better

Creating growth and value by operating within planetary boundaries and inspiring positive change for the planet and people



 **BE CONSUMER CENTRIC**

 **ACT AS OWNERS**

 **FOCUS & GET THINGS DONE FAST**

 **VOICE OPINIONS FEARLESSLY**

 **RAISE THE BAR ON TALENT & DIVERSITY**

 **CELEBRATE SUCCESS**

 **ACT WITH INTEGRITY**

# STRONG PORTFOLIO OF ICONIC BRANDS



# INTRODUCTION TO PEP+



# PEP+ OVERVIEW

Our vision is to **Be the Global Leader in Convenient Foods and Drinks by Winning with PepsiCo Positive** (pep+).

pep+ is our strategic end-to-end transformation that places sustainability at the center of how we will create growth and value by operating within planetary boundaries and inspiring positive change for the **planet and people**.

pep+ Has 3 Interconnected Pillars:



## Positive Agriculture

We are working to source our crops and ingredients in ways that restore the earth and strengthen farming communities.



## Positive Value Chain

We are helping to build a circular and inclusive value chain.



## Positive Choices

We are inspiring people through our brands to make choices that create more smiles for them and the planet.



# PEP+ KEY PILLARS



## Positive Agriculture

Spread regenerative agriculture across

**7**  
million acres  
by 2030



Sustainably source\*

**100%**

of our key crops + ingredients  
by 2030



Improve the livelihoods  
of more than

**250,000**

people in our agricultural supply chain and communities by 2030



## Positive Value Chain

Achieve

**NET- ZERO  
EMISSIONS**

by 2040



**NET  
WATER  
POSITIVE**

Reduce use + replenish  
more than we use by 2030



Cut virgin plastic per serving by

**50%**

across our global beverages &  
convenient foods portfolio by  
2030 against a 2020 baseline



Execute our DE&I  
agenda, invest

**\$570+**

million by 2030



## Positive Choices

Evolve our portfolio of products so they are  
better for the planet + people, by:



- ✓ Diversifying ingredients
- ✓ Expanding position in nuts & seeds category
- ✓ Accelerating science-based targets
- ✓ Scaling little to no single-use packaging platforms

**Leverage our iconic  
brands to inspire  
positive choices**

Lay's will support farmers moving to  
regenerative practices



\*For grower-sourced crops, sustainably sourced refers to meeting the independently verified environmental, social and economic principles of PepsiCo's Sustainable Farming Program (SFP). For supplier-sourced crops, sustainably sourced is achieved through a third-party standard that has been benchmarked as equivalent to the SFP or, in limited regions, a continuous improvement program addressing the main environmental and social risks with growing the relevant crop.



# 2022 SUSTAINABILITY PROGRESS HIGHLIGHTS

## Positive Agriculture

900K+

acres farmed with regenerative farming practices toward goal of 7 million by 2030



11K+

people positively impacted in our agricultural supply chain and communities



## Positive Value Chain



22%

improvement of our operational water-use efficiency in high water- risk areas (versus a 2015 baseline)

23%

reduction in Scope 1 and 2 emissions, toward our goal of 75% by 2030 (versus a 2015 baseline)



~8.7B

litres of water replenished into local watersheds in 2022



Women and men continued to earn within 1% of each other, and women hold

44%

of our manager positions worldwide

In the U.S., we increased our Black managerial representation to 9.0% making progress toward our goal of 10% by 2025

and we increased our Hispanic managerial representation to

10.1% meeting our 2025 goal of 10% three years early

>80MM

people reached since 2006 with safe water access, toward 100 million goal by 2030



## Positive Choices



75%

of our convenient foods portfolio volume in our top 23 convenient foods markets met our saturated fat reduction target, maintaining our goal of ≥75% by 2025

As of 2022, 56%

of our beverages portfolio volume in our top 26 beverage markets contained no more than 100 Calories from added sugars per 12 oz. serving, progress toward our goal of ≥67% by 2025

# INTRODUCTION TO EXTERNAL INNOVATION & PARTNERSHIPS

Connecting External Innovators with Internal R&D Opportunities

# OPEN INNOVATION: POWERING PEPSICO'S FUTURE

Open Innovation strategy keeps PepsiCo at the forefront of the Food & Beverage industry.

**We can't do it alone—disruption is everywhere**



**External partnerships help us:**

- Accelerate discovery
- De-risk innovation
- Access bold ideas

**XI** exists to help PepsiCo R&D find and nurture those partnerships



# WHO WE ARE: XI (EXTERNAL INNOVATION & PARTNERSHIPS)

**Our Goal: Leveraging global ecosystems & partner networks to identify and bring 'outside' influences and technology into the R&D agenda through innovation, pep+, or productivity.**

## The XI Team

XI is PepsiCo's only external-facing R&D team

We connect global capabilities to internal priorities

Our diverse, distributed team scouts, evaluates, and enables strategic partnerships



# XI CORE CAPABILITIES

Our mission is to unlock innovation by connecting bold ideas from the outside with PepsiCo's global R&D capabilities

## Technical scouting & evaluation

We identify promising technologies and evaluate how they could fit within PepsiCo's R&D ecosystem

## Outside-in strategy

We spot trends, analyze landscapes, and shape strategy using insights from outside PepsiCo



## Strategic partnerships

We build multi-year collaborations with startups, universities, and suppliers to co-create what's next

## Ecosystem engagement

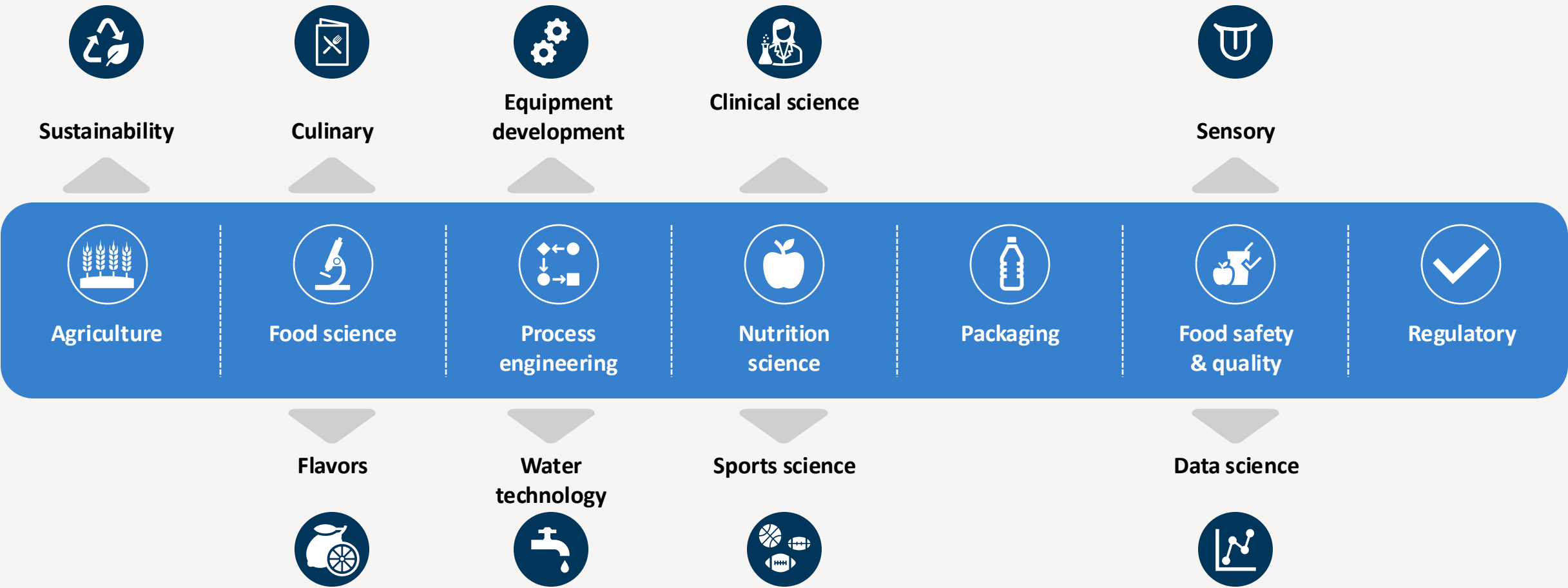
We activate innovation ecosystems globally—connecting you to the right team, geography, and opportunity inside PepsiCo

# WHERE YOUR INNOVATION CAN PLUG IN



Innovation  
management

PepsiCo's R&D system covers every step from concept to consumer. We connect external ideas into these critical areas to accelerate impact.



# XI BUILDS A BROAD NETWORK TO UNLOCK INNOVATION



## How we Engage

Government	Start-ups	Suppliers	Innovation Networks	Industry players	Academia
Incentives, public-private partnerships (Consortia)	Venture partnerships with early-stage, high-risk tech	Long-term capability partnerships	Tech scouting platforms, Open Innovation Challenges	Co-development, JVs, scaling partnerships	Sponsored research, talent development, academic alliances

Wherever you come from, XI helps connect the right ideas to the right teams inside PepsiCo.



# FOCUS AREAS FOR PEPSICO R&D

## Process & Equipment



Bioprocessing technologies

Low/no-fat dehydration technologies for foods

Rapid & novel food safety & quality testing

Individual monitoring sensors & equipment

Processing GHG & water reduction technologies

## Ingredients & Flavors



Natural sweeteners, colors & preservatives

Sodium reduction technologies

Botanical & functional ingredients

Advantaged proteins

Virtual-first development technologies

Data analytics on public + proprietary data sets

## Packaging & Materials



Barrier materials and coatings

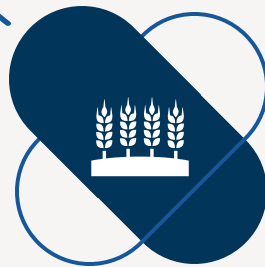
Plastic alternatives

Packaging lightweighting

Packaging circularity

GHG reduction for pkg materials

## Sustainability & Agriculture



Regenerative agriculture

Digital agriculture


GHG & water reduction technologies

Soil health, field measurement


Trait discovery

# PEPSICO OPEN INNOVATION PORTAL


The **External Innovation (XI)** team within PepsiCo R&D provides seamless **external partnering** capability to accelerate PepsiCo's **innovation** agenda, **mitigates development risk**, and uncovers unique **new business opportunities**.




### SPOTLIGHT



About External Innovation >




Operating Model >




Collab


**External Innovation (XI)** is part of PepsiCo R&D comprised of 15-person **Global** team of Technology Scouts and Analysts that leverages the **Want/Find/Get/Manage** open innovation Framework




### WAYS OF WORKING




**Want**  
XI works with internal R&D stakeholders to define high priority technology needs.



**Find**  
Leveraging our vast external partner network, XI determines the best method to source solutions.




**Get**  
XI works with R&D and external partners to pilot, evaluate, and commercialize.




**Manage**  
From start to finish, XI remains an integral part of the team.


### PARTNER ECOSYSTEM



**Academic**  
Universities, Research Organizations



**Commercial**  
Strategic Suppliers, Customers and Peer Companies



**Venture**  
Startups, Funds, Accelerators, etc.

### About XI


PepsiCo's External Innovation (XI) team, part of the company's Global Research & Development (R&D) organization, actively scouts for, identifies and develops strategic partnerships with external collaborators. The goal is to locate key external insights, business models, technical unlocks and new capabilities that, when partnered with our robust R&D expertise, will yield disruptive innovation in our core products and new and emerging products. We are currently exploring novel technologies that have the potential to dramatically impact our food and beverage portfolio. We are interested in improving all facets of our value chain - from raw material inputs all the way to the consumer experience - and identifying global efficiencies in areas including crop science, ingredients, processing, packaging, equipment, distribution/fleet, retail and eCommerce.

### MISSION

Provide a seamless external partnering capability to accelerate PepsiCo's innovation agenda, mitigate development risk and uncover unique new business opportunities

"PepsiCo R&D is committed to being at the forefront of innovation, which is why we created the Open Innovation Portal to be a central hub for R&D's external innovation efforts. By unlocking new capabilities and leveraging the value of external partnerships, the portal allows the R&D organization to become Faster, Stronger and Better and deliver breakthrough innovation for PepsiCo."

**Rene Lammers**  
Executive Vice President and Chief Medical Officer, PepsiCo



Submit your solutions to PepsiCo R&D's technology needs  
<https://externalinnovation.pepsico.com/>

# THANK YOU

