

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



Pepsi-Cola
created by Caleb
Bradham

1898



Creation of Frito-Lay
through the merger of the
Frito Company and H.W.
Lay Company

1961



Formed Pepsi Lipton Tea
Partnership, joint venture
between Pepsi-Cola and
Unilever

1991



Merger with Quaker Oats,
which also brought sports
drink Gatorade into the
portfolio

2001



Strategic beverage alliance
with Master Kong
Beverage, one of the
leading food and beverage
companies in China

2012



Acquisition of CytoSport, a
leading provider
of protein products,
including Muscle Milk

2019



Launch of pep+ (PepsiCo
Positive)

2021



PepsiCo acquires full
ownership of Sabra &
Obela

2024



First recipe for Fritos
Corn Chips and
establishment of H.W.
Lay & Company



Partnered with Starbucks to
jointly develop ready-to-
drink coffee beverages

1994



PepsiCo's Food for Good
launches

2009



Acquisition of
SodaStream

2018



Acquisition of Pioneer
Foods, BFY Brands, Be &
Cheery, and Rockstar
Energy Beverages

2020



Pepsi launches
new logo
Starry debut

2023



Acquisition of Siete
and poppi

2025

Mission

Create more smiles with every sip and every bite

Vision

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



The PepsiCo Way

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



~8.7B

litres of water replenished into local watersheds in 2022



Positive Value Chain

22%

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



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.



Sustainability



Culinary



Equipment
development



Clinical science



Sensory



Agriculture



Food science



Process
engineering



Nutrition
science



Food safety
& quality



Regulatory

Flavors



Water
technology



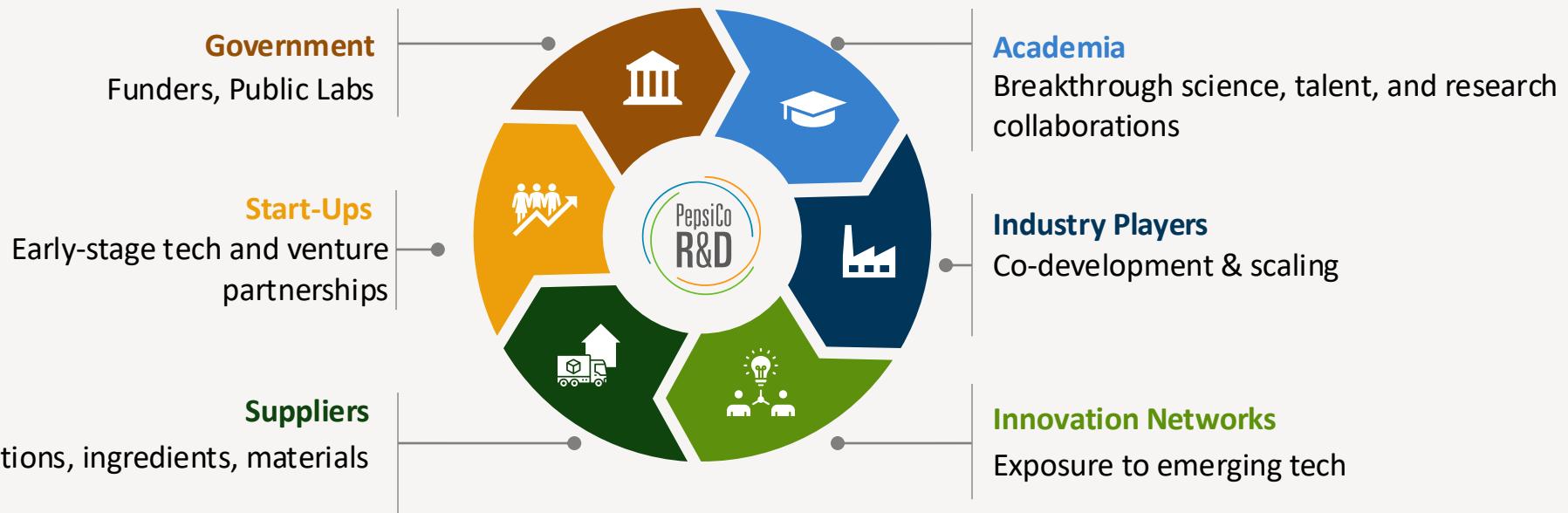
Sports science



Data science



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 >



Collaboration >

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 close deals.



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

