



PEPSICO



Tropicana



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PAUL BOYKAS
VICE PRESIDENT, GLOBAL PUBLIC POLICY
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Laura Berry, Executive Director
Interfaith Center on Corporate Responsibility
Suite 1842
475 Riverside Drive
New York, NY 10115

Dear Laura,

We greatly appreciate the opportunity to dialogue with members of the Interfaith Council on Corporate Responsibility regarding issues involving the use of genetically modified (GM) crops and the labeling of products produced from such crops. Our candid exchange has been helpful in informing PepsiCo's strategy and positioning on these matters in an on-going fashion.

As you know, like other US food and beverage companies, PepsiCo utilizes genetically modified ingredients in the US where they have been approved by the US Food and Drug Administration. We have appreciated the dialogue ICCR has conducted directly with representatives of PepsiCo's food safety department to share insights and challenges to the current system. Though PepsiCo relies on government agencies to assure the safety of such ingredients, the company also maintains an active global Food Safety Department and robust procedures and works closely with suppliers to ensure the safety of products and the integrity of ingredients, including through testing. In addition, our food scientists track emerging trends and new scientific reports on issues which are critical to maintaining high standards in food safety.

As discussed with ICCR shareholders, PepsiCo acknowledges that consumer tastes and interest on this specific issue are clearly evolving. It is an important trend which PepsiCo is carefully noting, along with other trends in the food and beverage category which impact our business and future growth. PepsiCo also acknowledges that this market segment is important to specific retail customers. It should be noted that PepsiCo does offer certain products which do not utilize GM ingredients to provide consumers with choices, which is the hallmark of PepsiCo's overall portfolio.

Approval of genetically-modified foods differs from country to country, both in use and labeling. The differences reflect regional preferences, long time history and governmental priorities. PepsiCo strictly adheres to the regulatory requirements within the countries it operates.

As the issue has developed in the US, PepsiCo has expressed its commitment to exploring ways to keep interested consumers informed. Challenges which we discussed with ICCR representatives include: (1) competitive issues if there is a voluntary agreement (2) how to ensure the consumer is really informed, rather than just providing a notice (3) what type of information is the consumer seeking, and how will he or she best understand that information (4) the precedent of requiring labeling that is only informational, rather than related to a specific FDA requirement. We also discussed a variety of ways to keep consumers informed from labeling, to markings, to links to websites and smart applications, as well as QR codes.

As we discussed, PepsiCo believes a state-by-state remedy not only does not help, but is likely to hurt, the overall situation. It would confuse consumers as well as dramatically impact costs to the company in which you hold shares with no real resolution to the matter. However, we understand why the issues raised are worth further exploring and ultimately acting upon. We also discussed how this issue has been utilized by some to promote a competitive agenda rather than solely to benefit transparency. PepsiCo believes it is worthwhile to seek a national industry agreement that appropriately addresses the concerns raised by all stakeholders.

As PepsiCo explores next steps it is committed to continued consultation with representatives of ICCR. We appreciate having the ability to bring ICCR's viewpoints into the conversation as the issue evolves. We also appreciate ICCR's commitment to help advance the issue through its advice and counsel and its allies.

In closing, we would like to reiterate that PepsiCo is dedicated to producing the highest quality, greatest tasting food and beverage products in every part of the world. PepsiCo will only use products and ingredients which have met the standards of the appropriate governing food safety authorities wherever it does business. PepsiCo ensures all products meet or exceed stringent safety and quality standards.

We look forward to continuing our discussions, which will help direct a resolution to the issues raised.

Sincerely,



Paul Boykas