REPLENISHMENT APPLIES TO BOTTLER MANUFACTURING PLANTS CONSIDERED TO BE HIGH WATER RISK

What does High Water Risk mean?

The CEO Water Mandate defines "water risk" as the possibility of an entity experiencing a water-related challenge (e.g., water scarcity, water stress, flooding, infrastructure decay, drought).

They outline that "water risk for businesses" refers to the ways in which water-related challenges potentially undermine business viability. It is commonly categorized into three inter-related types:

- Physical – Having too little water, too much water, water that is unfit for use or inaccessible water
- Regulatory – Changing, ineffective or poorly-implemented public water policy and/or regulations
- Reputational – Stakeholder perceptions that a company does not conduct business in a sustainable or responsible fashion with respect to water

Source: What Do "Water Scarcity", "Water Stress", and "Water Risk" Actually Mean? - CEO Water Mandate

How does PepsiCo assess High Water Risk?

- All global Bottler facilities are included in a Water Risk Assessment, conducted every 3 years by a consultant[1]
  - For purposes of tracking against PepsiCo's 2030 pep+ goals, HWR areas are based on a 2025 assessment. HWR assessment inputs include the World Resources Institute's (WRI) Aqueduct tool for PepsiCo-owned and franchise bottler-owned manufacturing facilities
- Sites are prioritized based upon a rating derived from a score calculated from
  - WRI Aqueduct Indicators
  - WWF Water Risk Filter Indicators
- All ratings are based upon a 1 (Low) to 5 (High) scale with > 3.0 representing a moderate or higher business risk position
- Ratings were calculated for Current and Future Trend (5+ Years) conditions
- Scores of 3.0 or greater result in High Water Risk categorization

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1 Consultant selected is a leading provider of water resource expertise with