



PepsiCo's UK Tax Policy

PepsiCo's UK Tax Policy is to comply in full with UK tax law, meet all filing obligations on a timely basis and pay all taxes due in respect of our activity in the UK.

Our UK Tax Policy supports our Global Code of Conduct which is our road map and compass for doing business the right way. Our Code applies to every employee, and to our Board of Directors; it governs every business decision we make. More information on our Code of Conduct can be found [here](#).

How we operate is governed by Performance with Purpose. We believe that what is good for society and what is good for business can and should be the same thing. Our promise and mission is to deliver sustainable growth by investing in a healthier future for people and planet. PepsiCo believe in paying the right amount of tax in the countries we do business as this is the right thing for us to do and the right thing for the societies in which we operate.

This tax policy applies to the accounting period ended 29th December 2018 and shall remain in force until further updated. PepsiCo Holdings and the other UK subsidiaries of PepsiCo Inc. consider the publication of this UK Tax Policy as complying with their duties under paragraphs 19(2) and 22(2) of Schedule 19 to the Finance Act 2016.

Risk Management Framework

The achievement of our strategic success and operating objectives involves taking risks. To identify, assess, prioritize, address, manage, monitor and communicate these risks across the Company operations, we leverage an integrated risk management framework.

PepsiCo's Board of Directors has oversight responsibility for PepsiCo's integrated risk management framework. The Board has tasked designated Committees of the Board with oversight of certain categories of risk management, and the Committees report to the Board regularly on these matters.

PepsiCo's Chief Financial Officer ('CFO') is ultimately responsible for all tax matters. All tax compliance and reporting responsibility, across all taxes, is managed by the SVP Corporate Control and all corporate tax matters are managed by the SVP of Corporate Tax, both who report directly to the CFO. Both the SVP Corporate Control and the SVP Corporate Tax report all tax risk and mitigation plans to the CFO who will ultimately decide on appropriate action to be taken.

Business Risk

We are subject to risks in the normal course of business. The risks that could affect our business and have an impact on our financial results including the taxes we pay are set out in our annual report. They include changes in consumer preferences, imposition of new or increased taxes and regulations aimed at our products, political and/or economic conditions in the markets we operate, increased costs, disruption of supply or shortages of raw materials, energy, water and other supplies, business disruption, product contamination, changes in tax laws.

PepsiCo manage these risks through its integrated risk management framework and the impact on our business is sometimes difficult to predict. For example, there is continued uncertainty surrounding the UK's pending withdrawal from the European Union ('EU'), including how the UK will interact with other EU countries following its departure. We make, manufacture, distribute and sell our products in the UK and the impact of the UK leaving the EU is difficult to predict but it may have an effect on our business, financial condition, results of operations and ultimately the taxes we pay.

Tax Policy and Risk Management

PepsiCo's UK tax policy is to comply in full with UK tax law, meet all filing obligations on a timely basis and to pay all taxes due in respect of our activity in the UK. Our UK Tax Policy is consistent with our Global Code of Conduct which is a declaration of the highest standards of ethics and integrity in all we do.

Given the complexity and changeable nature of tax law, when appropriate we will engage with external advisers to ensure our understanding of the law is correct. All decisions on tax risk are made in line with our tax policy and global code of conduct.

UK Tax is managed by appropriately qualified tax professionals within the UK finance function, who report to the UK CFO/SAO, and qualified tax professionals in the corporate tax function who report to the SVP Corporate Tax.

Our UK tax compliance is managed in-house, with support from third party advisers in preparing our UK corporate tax returns. The UK tax returns have been completed and filed in accordance with UK tax legislation and our tax positions are fully supportable.

Tax Planning

Tax planning is business driven and in line with our Performance with Purpose goals. The role of the tax team is to partner with the business to evaluate and ensure that all costs and benefits associated with our business transactions are being considered and that the right decisions are made to ensure full compliance with the laws as well as protecting shareholder value.

We will take tax relief in our tax returns for incentives, elections, exemptions, trading losses and other similar reliefs as prescribed in the law. Where necessary we will engage with external tax advisers to ensure our understanding of the tax law is correct and to assist us in complying with our tax obligations in the UK.

Relationship with Tax Authorities

PepsiCo's relationship with HMRC is defined by the guiding principles in our Global Code of Conduct which is to always act responsibly, respect each other and at all times, act ethically and with integrity.

PepsiCo's relationship with HMRC is open and honest. We strive to maintain open dialogue on a real time basis and resolve any issues on a timely and responsible manner.