# Investors raise concerns as PepsiCo scales back plastic packaging targets



Concerns are mounting among investors regarding PepsiCo's recent modifications to its plastic packaging commitments. The multinational food and beverage corporation announced last week that it would be "refining" aspects of its PepsiCo Positive strategy, initially introduced in September 2021. This revision includes a significant shift away from a previously set target of delivering 20% of all beverage servings through reusable models by 2030, opting instead to focus on broader initiatives aimed at designing packaging that is reusable, recyclable, or compostable.

As part of these changes, PepsiCo has also adjusted its objective of reducing the absolute tonnage of virgin plastics by 20% by 2030. The new goal involves an average reduction of just 2% annually through 2030. While PepsiCo reported cutting its absolute tonnage of virgin plastic by 6% at the end of 2023, this represents a decline in progress compared to its 2022 achievement of an 11% reduction. Moreover, the company has lowered its recycled content target from 50% by 2030 to "40% or greater" by 2035 or sooner and has postponed its deadline for using "100% recyclable, compostable, biodegradable, and reusable packaging" from 2025 to 2030.

This move to narrow the targets has raised eyebrows among investors, particularly as PepsiCo prepares to focus its efforts on key markets that it believes will yield the most significant impact. The company claims this adjustment allows for better management of external factors affecting its goals, though the reduced scope highlights a retraction from more ambitious environmental commitments.

Investor scrutiny surrounding PepsiCo's plastic use has intensified over the years, with multiple shareholder proposals aimed at urging the company to ramp up its sustainability measures. Notably, during its recent annual general meeting (AGM), a proposal by As You Sow received 15.6% support, calling for a report on how PepsiCo might tackle flexible plastic packaging in alignment with recommendations from the Pew Report and other authoritative studies. Investors such as Legal & General, CalPERS, and Storebrand Asset Management have echoed these concerns, signalling a shift in investor sentiment focused on sustainability.

Michiel van Esch, head of voting at Robeco, highlighted the complexities involved in addressing ecological issues such as plastic pollution. He remarked that while progress is acknowledged, it appears that PepsiCo is not on track to meet its 2025 packaging goals. He raised alarm over a broader industry trend, noting that other corporations have similarly adjusted their sustainability targets to scale back commitments, which he deemed concerning given the ongoing impact of microplastics on ecosystems worldwide.

Coca-Cola has faced a parallel fate, having revised its aims to focus more on utilising recycled materials rather than reducing reliance on single-use plastics altogether. Similarly, Unilever also downgraded its target of halving virgin plastic consumption by 2025 to one-third by 2026. Such retractions are coming at a time when regulatory mechanisms like Extended Producer Responsibility (EPR) regulations are emerging in jurisdictions such as California, aiming to ensure that companies take responsibility for the lifecycle of their products.

Miranda Beacham, head of UK responsible investment at Aegon Asset Management, expressed disappointment with PepsiCo's rollback, stressing the need for continued dialogue on these crucial environmental issues. Andrew Shalit from Green Century Capital Management echoed similar sentiments, highlighting the need for long-term solutions beyond recycling. He asserted that PepsiCo's position as one of the largest contributors to plastic pollution necessitates a stronger commitment to tackling the issue, especially as the focus on reusable packaging continues to gain traction within the industry.

As investor pressure mounts and regulations tighten, PepsiCo's recent changes to its sustainability strategy may not only have financial implications for the company but also affect its reputation as a leader in environmental responsibility. Industry analysts and concerned stakeholders alike are keenly watching how the company navigates these challenges in a landscape increasingly defined by sustainability.

## Reference Map:

* Paragraph 1 – [[1]](https://www.responsible-investor.com/investors-raise-concern-over-pepsicos-shift-on-plastics/)
* Paragraph 2 – [[1]](https://www.responsible-investor.com/investors-raise-concern-over-pepsicos-shift-on-plastics/), [[2]](https://www.pepsico.com/our-stories/press-release/pepsico-announces-it-will-eliminate-plastic-rings-on-beverage-multipacks-across-us-canada-by-introducing-recyclable-paper-based-designs/), [[3]](https://www.pepsico.com/our-impact/esg-topics-a-z/packaging)
* Paragraph 3 – [[1]](https://www.responsible-investor.com/investors-raise-concern-over-pepsicos-shift-on-plastics/), [[4]](https://www.pepsico.com/our-stories/press-release/pepsico-introduces-new-packaging-goal-doubling-down-on-scaling-reusable-packagin12052022), [[6]](https://www.ft.com/content/22609b64-20d5-478e-a405-6a6364ab2fae)
* Paragraph 4 – [[1]](https://www.responsible-investor.com/investors-raise-concern-over-pepsicos-shift-on-plastics/), [[5]](https://www.pepsico.com/our-stories/press-release/pepsico-europe-sets-ambition-to-eliminate-virgin-fossil-based-plastic-in-all-of-its-crisp-and-chip-bags-by-the-end-of-the-decade), [[7]](https://www.axios.com/2023/11/15/new-york-sues-pepsi-plastic-pollution-buffalo-river)
* Paragraph 5 – [[1]](https://www.responsible-investor.com/investors-raise-concern-over-pepsicos-shift-on-plastics/), [[2]](https://www.pepsico.com/our-stories/press-release/pepsico-announces-it-will-eliminate-plastic-rings-on-beverage-multipacks-across-us-canada-by-introducing-recyclable-paper-based-designs/), [[3]](https://www.pepsico.com/our-impact/esg-topics-a-z/packaging)
* Paragraph 6 – [[3]](https://www.pepsico.com/our-impact/esg-topics-a-z/packaging), [[4]](https://www.pepsico.com/our-stories/press-release/pepsico-introduces-new-packaging-goal-doubling-down-on-scaling-reusable-packagin12052022), [[5]](https://www.pepsico.com/our-stories/press-release/pepsico-europe-sets-ambition-to-eliminate-virgin-fossil-based-plastic-in-all-of-its-crisp-and-chip-bags-by-the-end-of-the-decade)
* Paragraph 7 – [[6]](https://www.ft.com/content/22609b64-20d5-478e-a405-6a6364ab2fae)

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## Bibliography

1. <https://www.responsible-investor.com/investors-raise-concern-over-pepsicos-shift-on-plastics/> - Please view link - unable to able to access data
2. <https://www.pepsico.com/our-stories/press-release/pepsico-announces-it-will-eliminate-plastic-rings-on-beverage-multipacks-across-us-canada-by-introducing-recyclable-paper-based-designs/> - In August 2023, PepsiCo announced plans to eliminate plastic rings on beverage multipacks in the U.S. and Canada, replacing them with recyclable paper-based designs. This initiative is part of PepsiCo's commitment to reduce virgin plastic usage by 50% per serving by 2030. The new packaging aims to be consumer-friendly, made from recycled materials, and recyclable, contributing to the company's sustainability goals.
3. <https://www.pepsico.com/our-impact/esg-topics-a-z/packaging> - PepsiCo's 2023 Environmental, Social, and Governance (ESG) report highlights the company's progress and challenges in sustainable packaging. In 2023, PepsiCo used approximately 2.6 million metric tons of plastic for packaging. The company introduced paper-based solutions to replace plastic rings on beverage multipacks in North America and sold products in returnable bottles in over 75 international markets. Despite these efforts, PepsiCo anticipates missing its 2025 goal to design 100% of its packaging to be recyclable, compostable, biodegradable, or reusable.
4. <https://www.pepsico.com/our-stories/press-release/pepsico-introduces-new-packaging-goal-doubling-down-on-scaling-reusable-packagin12052022> - In December 2022, PepsiCo announced a global packaging goal to double the percentage of beverage servings delivered through reusable models from 10% to 20% by 2030. This initiative is part of PepsiCo's strategic transformation, PepsiCo Positive (pep+), focusing on sustainability and reducing reliance on single-use plastics. The company plans to achieve this goal through various approaches, including expanding its SodaStream business and increasing the availability of refillable bottles.
5. <https://www.pepsico.com/our-stories/press-release/pepsico-europe-sets-ambition-to-eliminate-virgin-fossil-based-plastic-in-all-of-its-crisp-and-chip-bags-by-the-end-of-the-decade> - PepsiCo Europe has set an ambition to eliminate virgin fossil-based plastic in all its crisp and chip bags by the end of the decade. The company is focusing on redesigning packaging to use recyclable materials and investing in infrastructure to support the recycling of flexible plastics. This initiative is part of PepsiCo's broader commitment to sustainability and reducing its environmental impact.
6. <https://www.ft.com/content/22609b64-20d5-478e-a405-6a6364ab2fae> - In March 2025, Coca-Cola pledged to disclose its investments in reusable bottles and track the outcomes of these efforts following pressure from the activist fund manager, Green Century. This commitment comes as a modest win for eco-conscious investors amid challenges under President Donald Trump's administration, which has stifled environmental changes at US companies. Green Century had initially drafted a shareholder proposal on plastics for Coca-Cola's annual meeting but withdrew it after the company's new pledge.
7. <https://www.axios.com/2023/11/15/new-york-sues-pepsi-plastic-pollution-buffalo-river> - In November 2023, New York's attorney general filed a lawsuit against PepsiCo, accusing the company of contributing to significant plastic pollution in the Buffalo River and making misleading claims about addressing the issue. The lawsuit highlights the environmental impact of PepsiCo's single-use plastic products, such as those used for Gatorade and Cheetos, and the company's responsibility in mitigating plastic pollution.