# Investors alarmed as PepsiCo dilutes plastic packaging targets amid sustainability backlash



Recent changes to PepsiCo's plastic packaging commitments have sparked significant concerns among investors, who have raised alarms regarding the company’s shifting sustainability strategies. This concern follows the company's announcement to revise its PepsiCo Positive strategy, initially launched in September 2021, which aimed to tackle environmental challenges associated with plastic waste.

One of the most notable changes disclosed by the company involves the abandonment of its target to deliver 20 percent of all beverage servings through reusable models by the year 2030. Instead, PepsiCo has committed to a refined approach that focuses broadly on designing packaging to be reusable, recyclable, or compostable. Furthermore, the company has modified its goal of cutting the absolute tonnage of virgin plastics by 20 percent by 2030, opting for a more incremental reduction of approximately 2 percent per year through the decade.

Despite having achieved a 6 percent reduction in absolute tonnage of virgin plastic at the end of 2023 compared to 2020, investor insights suggest that this represents a decline from an 11 percent reduction reached in the previous year. Investors are particularly disconcerted that some ambitious targets have now been diluted. For instance, by 2035, PepsiCo has reduced its recycled content goal from 50 percent to at least 40 percent, while the target for having "100 percent recyclable, compostable, biodegradable, and reusable packaging" by 2025 has been pushed to a less firm commitment of 97 percent or greater by 2030, with biodegradable packaging now excluded from this new emphasis.

PepsiCo has attributed its revised strategy to a focus on key markets where the company believes it can make a more significant impact, encompassing over 80 percent of its 2024 global plastic packaging footprint by weight. This scope adjustment aims to align its packaging efforts with external factors that may influence its sustainability goals.

Long-standing investor scrutiny on PepsiCo's plastic commitments has intensified. At the company’s recent Annual General Meeting (AGM), a substantial minority of shareholders—15.6 percent—supported a resolution calling for a detailed report on how the company could address the issue of flexible plastic packaging in accordance with authoritative sources like the Pew Report, which highlights the urgent need to address plastic pollution. Notable supporters of this resolution included significant asset management firms such as Legal & General and CalPERs.

Commentators, such as Michiel van Esch from Robeco, emphasised the importance of transparency, stating, "While we acknowledge the complexity of the issue and the fact the company is making progress, it does not seem to be on track to meet its 2025 packaging goals." This sentiment underscores a broader trend, as noted by Miranda Beacham, head of UK responsible investment at Aegon AM, who indicated that diminished ambitions from PepsiCo were anticipated during engagements with the corporation regarding its environmental obligations.

The broader industry landscape reveals a pattern of companies, including Coca-Cola and Unilever, revising their sustainability targets away from ambitious reductions in single-use plastics, reflecting mounting pressure on these large corporations to balance sustainability pledges with operational realities. These evolving commitments have raised alarms, especially as concerns about microplastics and their effects on ecosystems continue to mount globally.

As part of its mixed sustainability efforts, PepsiCo recently introduced initiatives like eliminating plastic rings on beverage multipacks in North America by shifting to recyclable paper-based designs. This decision aims to significantly reduce the weight of plastic usage, yet many investors feel these initiatives fall short of the ambitious goals initially set out. Andrew Shalit from Green Century Capital Management pointed out that while significant investments in recycling infrastructure are being made, “recycling only addresses a small percentage of plastic waste.”

The company faces increasing scrutiny not only from investors but also from regulatory developments. With upcoming extended producer responsibility (EPR) regulations poised to hold companies accountable for their plastic waste, firms like PepsiCo may find themselves facing substantial financial implications. Industry observers are awaiting more details regarding the rationale behind the company’s recent policy changes, with some, including Conrad MacKerron of As You Sow, indicating that they hope to engage PepsiCo directly for further clarification.

The shifting landscape surrounding sustainability is underscored by the mixed results from PepsiCo’s commitments. As the debate over plastic pollution intensifies, it remains to be seen how the company will navigate its planned changes while retaining investor confidence amidst growing environmental concerns.

## Reference Map:

* Paragraph 1 – [[1]](https://www.responsible-investor.com/investors-raise-concern-over-pepsicos-shift-on-plastics/), [[4]](https://www.pepsico.com/our-impact/esg-topics-a-z/packaging)
* 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/), [[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 3 – [[3]](https://www.pepsico.com/our-stories/press-release/pepsico-introduces-new-packaging-goal-doubling-down-on-scaling-reusable-packaging-options), [[7]](https://www.pepsico.com/our-stories/press-release/pepsico-introduces-new-packaging-goal-doubling-down-on-scaling-reusable-packaging-options)

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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 aims to reduce the company's use of virgin plastic and supports its goal of reducing virgin plastic from nonrenewable sources per serving by 50% by 2030. The new packaging will be made from recycled materials and is recyclable, affecting brands like Pepsi, Pepsi Zero, Mountain Dew, Starry, Gatorade, and 7Up in Canada. The transition is expected to eliminate millions of pounds of plastic from packaging in North America over the coming years.
3. <https://www.pepsico.com/our-stories/press-release/pepsico-introduces-new-packaging-goal-doubling-down-on-scaling-reusable-packaging-options> - In December 2022, PepsiCo introduced a new global packaging goal to double the percentage of all beverage servings delivered through reusable models from 10% to 20% by 2030. This goal is part of PepsiCo's strategic transformation, PepsiCo Positive (pep+), which focuses on sustainability and people. The company plans to achieve this by expanding its SodaStream business, increasing refillable plastic and glass bottle offerings, growing its fountain drinks business with reusable cups, and accelerating growth in powders and concentrates. This initiative aims to reduce the use of single-use virgin plastic and supports PepsiCo's broader sustainability objectives.
4. <https://www.pepsico.com/our-impact/esg-topics-a-z/packaging> - PepsiCo's Environmental, Social, and Governance (ESG) report highlights the company's efforts in sustainable packaging. In 2023, PepsiCo launched paper-based packaging to replace plastic rings in North America, marking a significant step towards reducing plastic waste. The company also developed paper-based packaging for Instant Quaker Oats in the U.K. and trialed paper for secondary packaging of multi-serve Walker’s chips in the U.K. Additionally, PepsiCo invested in returnable bottles, including expanding its program in Mexico, and offered 10% of its servings in reusable packaging in 2023, with plans to increase this to 20% by 2030.
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 of its crisp and chip bags by the end of the decade. The company is integrating renewable and recycled content into its packaging and reducing unnecessary packaging across individual bags and multipacks. In the U.K., PepsiCo has reduced its multipack outer by up to 30% using innovative technology in its manufacturing facilities. The company is also investing in infrastructure to support the recycling of flexible packaging and advocating for policy changes to accelerate recycling efforts.
6. <https://www.pepsico.com/our-stories/press-release/pepsico-to-replace-plastic-beverage-multipack-rings-with-recyclable-paper-based-materials> - PepsiCo announced plans to replace plastic beverage multipack rings with recyclable paper-based materials in the U.S. and Canada. This initiative is part of the company's commitment to sustainable packaging and aims to reduce the use of virgin plastic. The new paperboard designs will be made from recycled materials and are recyclable, affecting brands like Pepsi, Pepsi Zero, Mountain Dew, Starry, Gatorade, and 7Up in Canada. The transition is expected to eliminate millions of pounds of plastic from packaging in North America over the coming years.
7. <https://www.pepsico.com/our-stories/press-release/pepsico-introduces-new-packaging-goal-doubling-down-on-scaling-reusable-packaging-options> - PepsiCo introduced a new global packaging goal to double the percentage of all beverage servings delivered through reusable models from 10% to 20% by 2030. This goal is part of PepsiCo's strategic transformation, PepsiCo Positive (pep+), which focuses on sustainability and people. The company plans to achieve this by expanding its SodaStream business, increasing refillable plastic and glass bottle offerings, growing its fountain drinks business with reusable cups, and accelerating growth in powders and concentrates. This initiative aims to reduce the use of single-use virgin plastic and supports PepsiCo's broader sustainability objectives.