

# **Performance with Purpose**

## **Sustainability Report PepsiCo Greater China**

Updated in 2011



# Dow Jones Sustainability Indexes

In recognition of our continued financial performance as a leading sustainability-driven company, PepsiCo has been named for the 4th time to the Dow Jones Sustainability World Index (DJSI World), and for the 5th time to the Dow Jones Sustainability North America Index (DJSI North America) in 2010.

## Report Overview

This report highlights PepsiCo Greater China's business profile and sustainable business practices as of the end of 2010. First, we introduce the status and business performance of PepsiCo and PepsiCo Greater China, then we examine our company's unique commitment to sustainable growth, which we call "Performance with Purpose". We express that commitment across these four areas:

- Human Sustainability — we encourage people to live healthier by offering a portfolio of both enjoyable and wholesome foods and beverages.
- Environmental Sustainability — we take steps to be a good citizen of the world, protecting the Earth's natural resources through innovation and more efficient use of land, energy, water and packaging in our operations.
- Talent Sustainability — we invest in our associates to help them succeed and develop the skills needed to drive company growth, and create employment opportunities.
- PepsiCo Greater China's philanthropic giving — we give back to the communities we serve in China.

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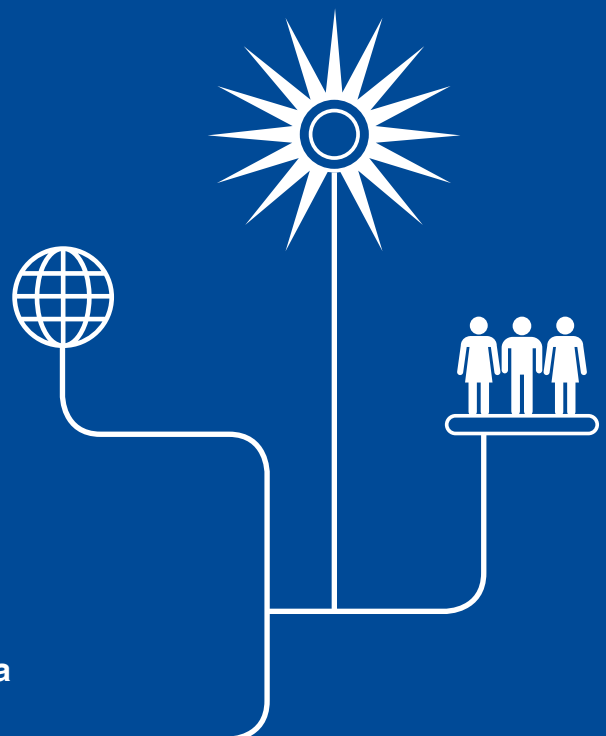
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## A Message from the Chairman of PepsiCo Greater China

Dear Friends,

This past year, PepsiCo Greater China has continued to achieve strong business growth while acting as a responsible member of the communities we serve. Such business success is only possible thanks to our long-standing pledge to be "In China, With China, For China" as we strive to be a thoughtful and consistent force for good, and to act as a catalyst for positive change. We call this approach "Performance with Purpose" — PepsiCo's commitment to sustainable growth encompassing three pillars: human sustainability, environmental sustainability and talent sustainability.

In May 2010, PepsiCo Chairman and CEO Indra Nooyi announced an investment of USD 2.5 billion over the next three years in China — this is in addition to a commitment to invest USD 1 billion made in 2008. These combined investments will fund our expansion into China's interior and western areas with a focus on environment-friendly plant construction, state-of-the-art irrigation and sustainable farming for 'more crop per drop', and construction of a new R&D center and pilot plant in Shanghai — all keys to our continued success.

The new R&D center and pilot plant will accelerate our innovations in products tailored not only to the regional tastes of our Chinese consumers, but also for PepsiCo's Asia-wide consumers. New product innovations in China will complement our recently launched Cao Ben Le herbal beverages, Tropicana Xian Guo Li juice drinks with pulp sacs, and Tropicana Guo Bin Fen blended juice drink product lines. On the foods side, we are thrilled to introduce Quaker Oats for Rice and Quaker Oats Congee — products which contain oats rich in soluble dietary fiber to help reduce cholesterol, and with locally relevant flavors and wholesome ingredients like white fungus and red dates to create a tasty and nourishing alternative to Chinese porridge. The R&D facility will be a first of its kind for PepsiCo outside the United States — we are very proud of what that means to us in China.

As a company, PepsiCo is focused on stewardship of natural resources wherever we operate. PepsiCo will continue to innovate and invest in the right solutions in production, construction and farming to minimize our impact on land, energy, and water resources in China. Spearheading these efforts are our cutting-edge Chongqing LEED-certified Silver plant, which opened in June 2009 as the first PepsiCo LEED plant outside of the USA, and our most recent beverage plant in Nanchang which opened with Gold LEED status in 2010. Sixty-five percent of PepsiCo Greater China plants were honored by the China Beverage Industry Association in 2010 for "Water-Conservation Excellence". Moreover, seven of PepsiCo

International's ten most water-efficient company-owned bottling plants are right here in China, and nine of PepsiCo International's top ten most energy-efficient company-owned bottling plants are here as well — evidence that says PepsiCo Greater China "walks the talk" not only for China, but for PepsiCo around the world.

We are also investing in our most precious resource: our talent. As a four-time "China's Outstanding Employer" winner, we continue to favor a corporate culture of inclusion and diversity that attracts the best people, to enrich and develop our talent pool, and to further build upon the foundation that will drive our collective success. We are particularly proud of our progress in gender diversity over the years: women occupy almost 40% of all executive spots in our Greater China business, and are well on the way to holding up "half the PepsiCo sky".

We also recognize that sustained business growth is not possible if the communities we serve are not also sustained. Through ongoing projects like our ten-year cooperation with Water Cellars for Mothers, which has brought clean drinking water access to over fifty thousand people in water-stressed regions across China, and the A Better Tomorrow and PepsiCo Library programs, which provide material aid and scholarships to students in schools nearby our plants and farms, we address the needs of some of society's most vulnerable, and promote economic and educational factors that especially underpin rural development. In the years ahead we will continue to strive to do more to make our "Dreams Begin with PepsiCo" vision a reality for more people.

I am also proud to note that PepsiCo Greater China's commitment to social responsibility and sustainable growth has been recognized by the media, governmental, non-governmental, and industry organizations alike over the past year in China. Such recognition is something we value highly, and it encourages every PepsiCo Greater China employee to take pride and to find ways to do more.

With increasing size comes increasing responsibility — on behalf of all of us at PepsiCo Greater China, I am proud to say that we are ready for that challenge as we take our next big strides into the future.

We thank you for your continuous support!

Tim Minges  
Chairman, PepsiCo Greater China

# PepsiCo Greater China Profile



## A. Corporate Profile

### 1. PepsiCo

PepsiCo is one of the largest food and beverage companies in the world, with annualized revenues of nearly USD 60 billion in 2010. We employ approximately 285,000 people worldwide, and our products are sold in some 200 countries across the globe.

#### What is The Promise of PepsiCo?

At PepsiCo, "Performance with Purpose" means delivering sustainable growth by investing in a healthier future for people and our planet. As a global food and beverage company with brands that stand for quality and are respected household names — Quaker Oats, Tropicana, Gatorade, Lay's and Pepsi-Cola, to name a few — we will continue to build a portfolio of enjoyable and wholesome foods and beverages, find innovative ways to reduce the use of energy, water and packaging, and provide a great workplace for our associates. Additionally, we will respect, support and invest in the local communities where we operate, by hiring local people, creating products designed for local tastes and

partnering with local farmers, governments and community groups. Because a healthier future for all people and our planet means a more successful future for PepsiCo. This is our promise.

PepsiCo is a world-renowned corporate brand for food and beverage products. In 2009 and 2010, Pepsi ranked 23rd of the Top 100 Best Global Brands by Business Week/ Interbrand, with a brand valuation in 2010 of over USD 14 billion, up 3% over the previous year. Among Fortune Global 500 companies, PepsiCo placed 25th among the World's Most Admired Companies, and 2nd in the Most Admired Consumer Food Products sector in 2010. We also topped rankings of global companies with the most ethical reputations in 2010, placing 3rd among 581 companies across 18 sectors, and 1st within the food and beverage sector, according to Ethical Quote rankings conducted by Swiss firm Covalence.

### 2. PepsiCo Greater China

In 1981, PepsiCo was one of the first American companies to enter China when it signed a contract with the local government to establish its first bottling plant in Shenzhen. In 1995, PepsiCo Investment (China) Limited established its headquarters in Shanghai, enabling PepsiCo's strategic expansion and growth in one of the world's most significant emerging market. Today, PepsiCo has established 24 bottling plants and one concentrate plant with a distribution network spanning the entire Greater China Region.

Since 1993, our foods presence has grown to five plants and seven farms in the Greater China Region. As of early 2010, PepsiCo Greater China has embraced our company's unique "Power of One" model, which leverages the combined sales strength of our food and beverage lines. To

date, PepsiCo's total investment in China has exceeded RMB 10 billion, anchoring its position as a market leader in the fast-growing food and beverage sector in China.

Across China, we currently employ more than 30,000 people and indirectly create thousands of other jobs. In five years' time, PepsiCo Greater China has paid over RMB 5.2 billion in taxes to the Chinese government.

In 2008 and 2010, PepsiCo committed to total additional investments of USD 3.5 billion by the end of 2013. The new investment will fund facilities expansion, research and development scale-up, and expansion of agricultural and brand-building initiatives.

### 3. Our Products

PepsiCo offers the world's largest portfolio of billion-dollar food and beverage brands, including 19 different product lines that each generates more than USD1 billion in annual retail sales, including Pepsi-Cola, Mountain Dew, Gatorade, Lay's, Pepsi Light, Pepsi Max, Tropicana, Doritos, Lipton Teas, Quaker, Cheetos, 7-UP, and Mirinda, etc.

Products we manufacture and sell in Greater China include Pepsi-Cola, Pepsi Light, Pepsi Max, Tropicana Guo Bin Fen, Tropicana Pulp Sacs (Xian Guo Li), Tropicana 100% Pure Juice, Mirinda, 7-Up, Mountain Dew, Gatorade, Cao Ben Le, Ice Pure Water, Dole, Lay's Potato Chips, Quaker Oats, and Cheetos.

## B. Our Vision, Mission, Values and Guiding Principles

### 1. Vision

PepsiCo's responsibility is to continuously improve all aspects of the world in which we operate — environment, social, economic — creating a better tomorrow than today.

Our vision is to put into action through programs and a focus on environmental stewardship, activities to benefit society, and a commitment to build shareholder value by making PepsiCo a truly sustainable company.

### 2. Mission

Our mission is to be the world's premier consumer product company focused on convenient foods and beverages. We seek to produce financial rewards to investors as we provide opportunities for growth and enrichment to our employees, our business partners and the communities in which we operate. And in everything we do, we strive for honesty, fairness and integrity.

### 3. Values

Our Values are a reflection of the socially and environmentally responsible company we aspire to be. They are the foundation for every business decision we make.

We are committed to delivering sustained growth through empowered people acting with responsibility and building trust.

#### What this means:

**Sustained Growth** is fundamental to motivating and measuring our success. Our quest for sustained growth stimulates innovation, places a value on results, and helps us understand whether actions today will contribute to our future. It is about growth of people and company performance. It prioritizes making a difference and getting things done.

**Empowered People** means we have the freedom to act and think in ways that we feel will get the job done, while being consistent with the processes that ensure proper governance and being mindful of the rest of the company's needs.

**Responsibility and Trust** form the foundation for healthy growth. It's about earning the confidence that other people place in us as individuals and as a company. Our responsibility means we take personal and corporate ownership for all we do, to be good stewards of the resources entrusted to us. We build trust between ourselves and others by walking the talk and being committed to succeeding together.

### 4. Guiding Principles

We uphold our commitment with six guiding principles. We must always strive to:

- Care for customers
- Sell only products we can be proud of
- Speak with truth and candor
- Balance short term and long term
- Win with diversity and inclusion
- Respect others and succeed together



# Human Sustainability

To the people of the world...

It's a promise to encourage people to live healthier by offering a portfolio of both enjoyable and wholesome foods and beverages.



## 1. Our Goals and Commitments

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### Products:

Provide more food and beverage choices made with wholesome ingredients that contribute to healthier eating and drinking.

- Increase the amount of whole grains, fruits, vegetables, nuts, seeds and low-fat dairy in our global product portfolio.
- Reduce the average amount of sodium per serving in key global food brands by 25 percent by 2015, from the baseline level of 2006.
- Reduce the average amount of saturated fat per serving in key global food brands by 15 percent by 2020, from the baseline level of 2006.
- Reduce the average amount of added sugar per serving in key global beverage brands by 25 percent by 2020, from the baseline level of 2006.

### Marketplace:

Encourage people to make informed choices and live healthier.

- Display calorie count and key nutrients on our food and beverage packaging by 2012.
- Advertise to children under 12 only products that meet our global science-based nutrition standards.
- Eliminate the direct sale of full-sugar soft drinks in primary and secondary schools around the globe by 2012.
- Increase the range of foods and beverages that offer solutions for managing calories, like portion sizes.

### Community:

Actively work with global and local partners to help address global nutrition challenges.

- Invest in our business and research and development to expand our offerings of more affordable, nutritionally relevant products for underserved and lower-income communities.
- Expand PepsiCo Foundation and PepsiCo corporate contribution initiatives to promote healthier communities, including enhancing diet and physical activity programs.
- Integrate our policies and actions on human health, agriculture and the environment to make sure that they support each other.





## 2. Continued Product Innovation

Globally, our innovation is reflected in our portfolio of new products that provide more nutrients and functional benefits, such as our Quaker Oats product line, Tropicana juices, Gatorade sports drinks, Lipton Teas, zero-calorie soft drinks, seeds, nuts and fruit snacks.

PepsiCo is committed to selling only products we are proud of in China. To better serve the unmet demand of our growing consumer base, PepsiCo established an R&D Center in Shanghai in 2005. Today, PepsiCo is building a new, world-class R&D Center and pilot plant in Shanghai to test and innovate new exciting product possibilities not only for China but also the whole Asian market.

In July 2007, PepsiCo Greater China launched Tropicana Guo Bin Fen—a range of new non-carbonated drinks and brought the world's leading juice brand "Tropicana" to Chinese consumers for the first time. PepsiCo Greater China also successfully launched Cao Ben Le, a non-carbonated beverage line inspired by traditional Chinese herbs, flavored with ingredients like red dates and chrysanthemum. Tropicana Pulp Sacs (Xian Guo Li), a fruit juice drink, was unveiled in the China market in 2009, followed by Tropicana 100% Pure Juice, a not-from-concentrate (NFC) fresh fruit juice localized for China in early 2010. PepsiCo's R&D team is also exploring the use of stevia, a natural plant-based sweetener, to reduce the sugar content in our beverages without sacrificing taste.

In 2010, PepsiCo Greater China foods introduced a range of delicious and wholesome Quaker congees, with whole grain oats and local ingredients like red dates, wolfberry and white fungus. Under our Frito-Lay snack line, we launched Lay's Potato Chips in Spicy Mala flavor, as well as Hot and Sour Fish Soup flavor for both Lay's Potato Chips and Lay's Stax in 2010; both flavors far exceeded expectation in their popularity. Unique innovations such as Iced Lemon Tea and Little Tomato have also proved to have wide market appeal in China.

**We use innovation to find ways to make our existing products healthier.**



## 3. Food Safety

PepsiCo is dedicated to producing the safe, high-quality and great-tasting beverages and foods in every part of the world. Developing and maintaining robust food safety programs is how we assure safety for every package, every day in every market. PepsiCo has detailed internal programs and procedures for food safety.

To make sure that all of our products are of the highest quality and meet safety standards, we use only ingredients, processes, and packaging that are proven safe by scientific evidence and administrative inspections. For PepsiCo, consumers' health and safety always come first.

Ever since our entry into China, PepsiCo has won wide recognition from the industry and Chinese consumers for our consistent compliance with global standards in quality control. In September 2008, PepsiCo Investment (China) Limited won the title of "Food Safety Model Enterprise" at the Sixth China Food Safety Annual Conference sponsored by the China Food Industry Association. In June 2010, PepsiCo Greater China received the "Trustworthy Brand for Consumers Award" at the National Food Safety Forum organized by xinhuanet.com.

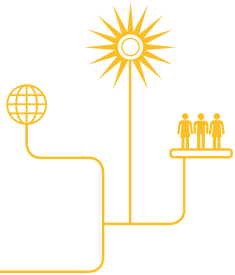
## 4. Promotion of a Healthy Lifestyle

Sports and music are part of a healthy lifestyle which is advocated by PepsiCo. By encouraging people in China and around the world to actively participate in sports and music contests, PepsiCo intends to highlight the elements of youth and vigor in PepsiCo brands and to attract the public interest and engagement. These efforts included a heavy investment in supporting China's sports causes, such as being the title sponsor to Chinese Soccer League and the organizer of five-people football matches nationwide, with an aim to enrich the lives of Chinese people and improve their health conditions.

In 2009, PepsiCo Greater China launched the "Battle of the Bands" – a national music contest covering dozens of cities in China, and set up a platform for young people to pursue their music dreams, and to promote the lifestyle featuring youth, health and optimism.

In July 2010, PepsiCo Greater China Foods supported the China Cholesterol Education Program (CCEP) with the launch of a Quaker 30-Day Cholesterol Challenge Program. The program invited consumers with elevated blood cholesterol levels to participate in a 30-day Cholesterol challenge. The program aimed to raise public awareness of the risks of high blood cholesterol and highlighted the importance of a healthy diet that includes oats and is low in saturated fat and cholesterol, along with regular exercise, to reduce cholesterol naturally.

# Better-For-You and More Locally Relevant Products in PepsiCo Greater China



## Tropicana Xian Guo Li (Pulp Sacs)

Juice drink with pulp sacs



## Quaker Congee

Whole grain oats blended with local ingredients such as red dates, white fungus and wolfberry to create a nourishing, great-tasting congee



## Tropicana Guo Bin Fen

World leading juice brand localized for Chinese consumers, with an exotic twist



## Tropicana 100% Juice

World's first NFC (not-from-concentrate) juice brand localized for China



## Rice and Wheat Chips

Our new snack products in 2011 that appeal to Chinese tastes.





### Cheetos Baked Multigrain Puff

Baked Multigrain Puffs made from locally relevant brown rice and millet plus corn and baked with 25% less fat



### Lay's potato chips

Flavors have been developed specifically for the Chinese market, such as Cucumber, Blueberry, and Mala Spicy. Sodium levels are below PepsiCo norms and all new seasonings have sodium less than the PepsiCo target.



### Quaker Oats

Nutritious whole grain oats in both original and local flavours



### Pepsi Max

Zero-calorie Cola



### Cao Ben Le

Inspired by traditional Chinese herbs, and provides benefits for human body



# Environmental Sustainability

To the planet we all share...

It's a promise to be a good citizen of the world, protecting the Earth's natural resources through innovation and more efficient use of land, energy, water and packaging in our operations.



## 1. Our Goals and Commitments

### Water:

Respect the human right to water through world-class efficiency in our operations, preserving water resources and enabling access to safe water.

- Improve our water use efficiency by 20 percent per unit of production by 2015.
- Strive for positive water balance in our operations in water-distressed areas.
- Provide access to safe water to three million people in developing countries by the end of 2015.

### Land and Packaging:

Rethink the way we grow, source, create, package and deliver our products to minimize our impact on land.

- Continue to lead the industry by incorporating at least 10 percent recycled polyethylene terephthalate (rPET) in our primary soft drink containers in the U.S., and broadly expand the use of rPET across key international markets.
- Create partnerships that promote the increase of U.S. beverage container recycling rates to 50 percent by 2018.
- Reduce packaging weight by 350 million pounds — avoiding the creation of one billion pounds of landfill waste by 2012.
- Work to eliminate all solid waste to landfills from our production facilities.

### Climate change:

Reduce the carbon footprint of our operations.

- Improve our electricity use efficiency by 20 percent per unit of production by 2015.
- Reduce our fuel use intensity by 25 percent per unit of production by 2015.
- Commit to a goal of reducing greenhouse gas (GHG) intensity for U.S. operations by 25 percent through our partnership with the U.S. Environmental Protection Agency Climate Leaders Program.
- Commit to an absolute reduction in GHG emissions across global operations.

### Agriculture:

Respect and responsibly use natural resources in our businesses and in the local communities we serve.

- Apply proven sustainable agricultural practices on our farmed land.
- Provide funding, technical support and training to local farmers.
- Promote environmental education and best practices among our associates and business partners.
- Integrate our policies and actions on human health, agriculture and the environment to make sure that they support each other.



## 2. PepsiCo Greater China Beverages Operating Company's Environmental Protection Practices

PepsiCo Greater China's bottling plants all prioritize clean production and environmental protection, and have incorporated environmental sustainability into all their operations, from the building of new facilities to production processes to packaging reduction. To meet PepsiCo's rigorous targets for reducing our water and energy use, PepsiCo Greater China is committed to new plant construction guided by the US Green Building's LEED standard (Leadership in Energy and Environmental Design), uses environment-friendly trucks, forklifts and boilers, and promotes the use of green coolers. PepsiCo Greater China has also reduced packaging, lightened the weight of cans, and recycled labels.

Thanks to these and other measures, over the past five years, PepsiCo bottling plants in Greater China have saved water and energy respectively by 40%, amounting to 15.6 million tons of water and over 600 million kwh of energy saved. PepsiCo Greater China also lessened its carbon footprint by cutting the use of plastic by 3,600 tons.

The green plant in Chongqing, which was unveiled in June 2009, is a milestone of PepsiCo's green journey in China. Its office has received LEED Gold certification and the plant was certified Silver status. It is the first international PepsiCo site outside of the US to receive the LEED certification. The plant has more than 35 water-and energy-saving designs, and utilizes the world's most advanced technologies, including more than 200 environmental management/ track points that monitor the water and energy use of every piece of equipment in real time. Thanks to such efforts to practice water, energy and material conservation, the plant can save 18 percent water and 22 percent energy compared to the old plant, and can reduce carbon emissions by 3,100 tons and conserve 82 million liters of water each year.

Moreover, the Environment Sustainability Learning Center in the plant is also instrumental in raising the awareness of environmental protection among the younger generation by means of video demonstration, field visits and interactive games, etc.

In August 2010, PepsiCo Greater China made another breakthrough in green building with its new Nanchang beverage plant being certified with the LEED Gold status. It is the first plant to receive the LEED NC (New Construction) Gold certification in the beverage industry in China, according to the published information on the US Green Building Council (USGBC) website and has raised the bar of sustainable development in China's beverage industry.



### PepsiCo Greater China's Nanchang Green Plant:

- Received **LEED Gold Certification** in August 2010;
- Can save water by **33%** and energy by **51%** compared to the old Nanchang plant;
- The **first** beverage plant to receive such certification in China;
- All PepsiCo Greater China's new plants will be built according to the rigorous **LEED** standards.



## Reducing Our Water Footprint

PepsiCo Greater China practices environmental sustainability by actively applying clean and renewable energy, adopting water and energy-saving solutions supported by the facilities in the production process in the bottling plants, and properly handling wastewater, CO<sub>2</sub> emissions and solid waste.

One of the highlights is an initiative to promote effluent recycling under the theme "Advocate effluent recycling to promote environmental protection with the community". In Shandong Province, Jinan Pepsi, supported by the local Environmental Protection Bureau and Public Facility Management Bureau, uses the plant's graywater for landscaping in the High-Tech Park, which not only raises the effluent reuse rate to 50% but also benefits the community. In Shaanxi Province, Xi'an Pepsi responded positively to the local government's call to provide recycled wastewater for road cleansing and community landscaping, and the project is regarded as a win-win cooperative model between the government and the enterprise.

In 2010, several bottling plants in PepsiCo Greater China received the

recognitions and award money from local governments for their excellent performance in sustainable water utilization. For example, Guangzhou Luogang plant received the Conservation Special Fund of RMB 240,000 from the Development and Reform Bureau of Guangzhou Economic and Technological Development Zone for its activeness in promoting water conservation; Jinan Pepsi plant was awarded RMB 200,000 by the authority of Jinan Hi-tech District for providing 600 tons of recycled water per day for landscaping in the community; Shenzhen Pepsi plant was titled "Water-saving Model Enterprise" by Guangdong Provincial Construction Department and received RMB 160,000 as prize money. Other plants such as Nanjing Pepsi plant, Chongqing Pepsi plant, Hangzhou Pepsi plant all received acknowledgement and supporting funds from the local governments. In 2010, PepsiCo Greater China's bottling plants received a total amount of more than RMB 1 million from the governments for their water-saving excellences.

Moreover, PepsiCo Greater China has started a "Positive Water Balance" pilot program, which is focused on the water input and output in the beverage bottling plant and PepsiCo's potato farm in Zhanjiang, Guangdong Province, in order to monitor and observe PepsiCo's sustainability performance in terms of water usage.

- In 2007, PepsiCo Greater China's seven bottlers out of nine awardees were honored "Excellent Water-saving Enterprises in China Beverage Industry" by China Beverage Industry Association;
- In 2008, PepsiCo Greater China's 11 bottlers out of 25 awardees were honored "Excellent Water-saving Enterprises in China Beverage Industry" by China Beverage Industry Association;
- In 2009, PepsiCo Greater China's 14 bottlers out of 41 awardees were honored "Excellent Water-saving Enterprises in China Beverage Industry" by China Beverage Industry Association;
- In 2010, PepsiCo Greater China's 15 bottlers out of 44 awardees were honored "Excellent Water-saving Enterprises in China Beverage Industry" by China Beverage Industry Association. Sixty-five percent of PepsiCo Greater China's bottlers won the top industry awards and nearly half of the 15 awardees have kept the honors for four consecutive years.

## Green Cooler Projects:

We have been dedicated to developing environment-friendly coolers:

- In 2008, we developed the first locally-made green cooler with natural refrigerant (R290) and placed over 200 units for field test in the middle of 2008.
- In 2009, we worked with cooler suppliers in China to localize HC compressors, and enriched green coolers from one model to four in 2010.





### 3. PepsiCo Greater China Sustainable Farming

With seven farms in China, PepsiCo is now one of the largest agriculture-related enterprises in China, investing more than RMB 200 million in local agricultural development, including potato farming projects. This investment, supported by PepsiCo's proven expertise in crop plantation, generates a win-win solution for local farmers and the company itself.

Over the past 12 years, more than 10,000 farmers have benefited from PepsiCo's investment in China's agricultural sector. We have helped improve the living standards of local farmers who grow quality potatoes, by increasing their income with long-term, price-protected contracts. PepsiCo also coaches local farmers with advanced technologies and knowledge to boost productivities. Currently, the yield of our potato farms in China has increased to 45 tons per hectare, living up to the global standard.

Our agro investment also goes to many other areas, including irrigation technologies that significantly reduce water consumption in potato cultivation. PepsiCo has replaced flood irrigation with drip irrigation and pivot irrigation, reducing water use by 50% in maximum. Diesel has been replaced by electricity, reducing CO<sub>2</sub> emissions by 4,165 tons in 2009, with a 2006 baseline.

The demonstrative farm in Inner Mongolia, is an exciting achievement of PepsiCo Greater China, where we introduced several cutting-edge technologies to transform desert into high-yield potato farmland.

In June 2006, Chinese Premier Wen Jiabao visited the farm in Inner Mongolia and gave high recognition to PepsiCo's win-win-win solution which benefits the company, the local farmers and the environment.

On the food production side, PepsiCo Beijing Foods Plant received "Beijing Water-saving Model" Award from Beijing Municipal Water Affairs Bureau and Beijing Municipal Government in January 2011, coupled with the award money of RMB 25,000 from Beijing Water Conservation Office.



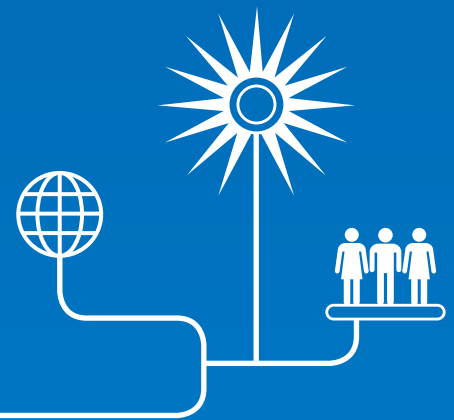
"We have been making all efforts to promote local procurement these years, which can help meet the challenge of inadequate raw material supplies and provide an opportunity to create a seamless supply chain- from upstream to downstream, from seed to shelves."

— Bob Shi, Operations VP,  
PepsiCo Greater China Foods Operating Company

# Talent Sustainability

## To the associates of PepsiCo...

It's a promise to invest in our associates to help them succeed and develop the skills needed to drive the company's growth, while creating employment opportunities in the communities we serve.



### 1. Our Goals and Commitments



#### Culture:

Enable our people to thrive by providing a supportive and empowering workplace.

- Ensure high levels of associate engagement and satisfaction as compared with other Fortune 500 companies.
- Foster diversity and inclusion by developing a workforce that reflects local communities.
- Encourage our associates to lead healthier lives by offering workplace wellness programs globally.
- Ensure a safe workplace by continuing to reduce lost time injury rates, while striving to improve other occupational health and safety metrics through best practices.
- Support ethical and legal compliance through annual training in our Code of Conduct, which outlines PepsiCo's unwavering commitment to its human rights policy, including treating every associate with dignity and respect.



#### Career:

Provide opportunities that strengthen our associates' skills and capabilities to drive sustainable growth.

- Become universally recognized through top rankings as one of the best companies in the world for leadership development.
- Create a work environment in which associates know that their skills, talents and interests can fully develop.
- Conduct training for associates from the frontline to senior management, to ensure that associates have the knowledge and skills required to achieve performance goals.



#### Community:

Contribute to better living standards in the communities we serve.

- Create local jobs by expanding operations in developing countries.
- Support education through PepsiCo Foundation grants.
- Support associate volunteerism and community involvement through company-sponsored programs and initiatives.
- Match eligible associate charitable contributions globally, dollar for dollar, through the PepsiCo Foundation.



## 2. HR Guidelines

- We are committed to continuously empowering employees, fulfilling our responsibilities, and winning trust to achieve talent sustainability.
- Our pursuit of employee development and corporate growth inspires innovation and targets results.
- Empowering employees allows us to act and think in effective ways to ensure management efficiency and guarantee the company's interests.
- Sense of responsibility and trust are the basis of a company's healthy growth. We strive to win people's trust both on the level of an individual and a company.
- Our sense of responsibility guides our behaviors and the company governance. We build up trust through our unified commitment to acting responsibly and making joint efforts for mutual prosperity.

### A. Diversity and Inclusion

PepsiCo takes diversity and inclusion as a fundamental business priority. We believe, a successful pursuit of this priority grants us an opportunity to drive our growth and create an advantageous edge.

To attract and retain the most talented and able people, we must create a diverse and inclusive culture where everyone feels they have equal opportunities to succeed and grow, regardless of gender, race, ethnicity, religion, or different abilities.

PepsiCo employees are all engaged in inclusion training sessions. Our Harvey C. Russell Inclusion Award was introduced in 2003 to recognize outstanding achievements to support PepsiCo's efforts on diversity and inclusion.

PepsiCo is recognized as one of the most suitable workplaces for women and minorities. Over the past three years, the proportion of female executives of PepsiCo worldwide has increased by 60%. PepsiCo CEO, Indra K. Nooyi, is a lady, and President of PepsiCo Greater China Foods Operating Company is a female, too. The percentage of PepsiCo executives in China who are women reached 38.9 percent, as of December 2010.

### B. Health and Safety

Our Code of Conduct includes a commitment to providing a safe and healthy work environment. It is our goal to design, construct, maintain and operate our facilities in a manner to protect our people and resources.

### Harvey C. Russell Awards:

Harvey C. Russell Award, introduced in 2003, is presented to associates at all levels of the business in recognition of their distinctive achievements in diversity and inclusion. The award is named after Harvey C. Russell, who broke America's color barrier when he became a vice president of PepsiCo in 1962 — the first African American executive at a Fortune 500 company.

In 2010, two PepsiCo Greater China Foods employees received Harvey C. Russell Awards.

Management of health and safety within PepsiCo system operates on three different levels: site level, regional/business unit level and division level. Division health and safety professionals provide strategic guidance, propose and develop PepsiCo-wide policies and practices, and facilitate the communication and practices and knowledge sharing of health and safety across our operations. Regional/business units and sites handle all managerial and operational aspects of health and safety. To support them to fulfill these responsibilities, PepsiCo has a team of dedicated health and safety professionals around the world. Lost-time injury rates are tracked across PepsiCo with a uniform web-based reporting tool.



## C. Trainings

Employee training is year-round at PepsiCo with training covering a large number of areas. Associates are regularly updated of the business information through forums, town halls, daily e-newsletters, web information, videos and other forms of communications. In 2010, each employee of PepsiCo Greater China received 40-hour training on average, covering corporate culture, values, career path planning, job skills and leadership.

### (1) On-board

New associates are introduced to the company and receive information on a variety of topics, including the company, history, career information and Compensation & Benefit information.

### (2) Job Training

Associates receive specific job trainings as required, and attend professional conferences to enhance job skills.

### (3) Specialty Training

PepsiCo offers associates opportunities to improve their skills through a variety of training opportunities, including an educational week during which associates can select courses in anything from preparing presentations to keeping a work and life balance.

### (4) Career Management

PepsiCo has a very robust program to help associates manage their careers. Elements include a guide for career growth tailored to PepsiCo, as well as guides for specific functions. Our own year-long career tracking process includes objective setting, performance and development reviews, development action plans, mid-year reviews and 360 degree evaluations, with trainings and materials in place to provide due support. Executive leadership training focuses on helping highly potential managers to excel and to gain a broader perspective of our business.

### (5) Diversity and Inclusion Training

PepsiCo fulfills the commitment to fostering a diverse and inclusive workplace with a variety of trainings. Associates are required to take step-by-step trainings which are specifically developed for PepsiCo.

### (6) Values and Code of Conduct Training

PepsiCo has provided interactive trainings revolving the company values and Code of Conduct to associates worldwide. In 2009, PepsiCo Greater China provided web-based training on our Anti-Bribery Policy to 1,305 employees. We also provided web-based Sexual Harassment and Trade Spending Compliance courses and monitored them through.

## Talent highlights:

- PepsiCo is one of Fortune magazine's "Top Companies for Leaders".
- PepsiCo Greater China employs over **30,000** people and indirectly creates thousands of other jobs.
- The percentage of PepsiCo executives in China who are women is **38.9** percent, as of December 2010.
- In China's 2009 Organizational Health Survey, **70.5** percent of our associates favorably rated opportunities to improve their skills at PepsiCo.
- PepsiCo remains in the spotlight as the four-time "**China's Outstanding Employer**" selected by Dutch business rating firm CRF.



### 3. Best Employer

PepsiCo makes all decisions bearing people's interests in mind and enthusiastically creates an inclusive environment that encourages employees' passion and participation. "People Make a Real Difference at PepsiCo" is a motto familiar to all employees, and also a testimony of PepsiCo's people-orientated principle and an indispensable part of PepsiCo's core competitiveness. From 2006 to 2010, PepsiCo Greater China won a series of talent-related awards such as "Top Employer of University Students" and "China's Outstanding Employer".

Highlights of PepsiCo's practices on talent sustainability include:

- The company strives to foster a work environment featuring inspiration, positiveness, enthusiasm and pleasure, where an individual employee succeeds based on his/her contributions, passion and personal development;
- The company cares as much about employees' development as its business growth. PepsiCo offers many career training opportunities for its employees and provide tailored training opportunities for employees of different levels for long-term career development;
- Training for college graduates through campus recruitment programs has been executed for the past five years. It covers more than 120 key colleges across the country. From 2005 to 2010, PepsiCo Greater China received more than 140,000 campus applications and offered more than 670 job opportunities to those outstanding trainees;
- The company has co-organized the "China Management Associate Program" in cooperation with leading Chinese business schools to train senior managers;
- For the company's outstanding talents with global strengths, PepsiCo offers global career development programs such as Leadership Development Programs. Participants in the program include employees from Greater China and PepsiCo's other global operations.
- PepsiCo has a well-developed talent resources structure to retain local talents for future business development. For instance, the company has established a comprehensive regional director organization structure and set up a sound employee development framework to promote talent localization. The company has also trained key local talents to become managers or even General Managers of joint ventures.
- PepsiCo emphasizes localization of our workforce, particularly our managerial roles. About 95% of the company's senior staff in Greater China are from this market.

- PepsiCo Greater China provides opportunities for employee development within the nationwide network of bottling plants, which can provide rich career development opportunities for individual employees across the region. The leadership of PepsiCo also encourages all-round employee development by taking different posts in the company.
- Apart from spotting talents from inside the company, PepsiCo also has a multiple-channel recruitment system. The company runs an "Employee Referral Program", by which employees are rewarded for identifying and recommending qualified potential employees.



# "DREAMS BEGIN WITH PEPSICO"

## Giving Back to Our Communities

As part of our commitment to the communities we serve, PepsiCo Foundation and PepsiCo Greater China actively support a range of public welfare programs, including our 10-year association with Water Cellars for Mothers, delivering clean-water access to people in water-stressed regions of Central and Western China; local philanthropic activities conducted by employees at the plant and farm level benefiting the immediate communities in which we operate; and also emergency disaster relief in times of national crisis.



**Water Cellars for Mothers: Safe Drinking Water Access**

**A Better Tomorrow: Giving Aid to Migrant Children Schools**

**PepsiCo Library Project: Knowledge Changes Fate**

**Disaster Relief Response**

**Initiatives by Our Bottlers and Plants**





## 1. Water Cellars for Mothers: Safe Drinking Water Access

In 2000, the China Women's Development Foundation launched a national program to raise public awareness and address a national crisis: the lack of safe drinking water access for hundreds of millions of people in drought-stricken and impoverished rural areas of central and western China. The program, called Water Cellars for Mothers, focused on the construction of 'water cellars', or cisterns, used in conjunction with rainwater harvesting and basic water treatment — a simple but effective way to bring water relief in areas where water infrastructure simply could not reach. From a simple call to action, Water Cellars for Mothers today has become one of the most highly recognized NGO programs in China, bringing safe, clean drinking water access to more than 1.7 million people to date. PepsiCo has been a key supporter of the Water Cellars for Mothers from early on – in 2001, we became the first Fortune 500 company to partner with the program, and have continued to give steady support as it has grown in scale and impact over the last ten years. We remain the single largest multi-national corporate donor to date.

By the end of 2010, contributions from the PepsiCo Foundation, PepsiCo Greater China and our employees amounting to **RMB 18.7 million** have built more than 1,500 water cellars, funded construction of more than 30 centralized small-scale water supply projects, and trained over 10,000 women in the countryside to maintain the water cellars. Over 56,000 people in 24 counties and 28 villages in seven provinces, including Sichuan, Gansu, Guizhou, Guangxi, Hebei, Inner Mongolia and Shaanxi have benefited directly from our contributions. In the last five years, as social consciousness and government initiatives for improving rural livelihoods have gained momentum, the Water Cellars for Mothers program worked with poverty alleviation experts, public health policy officials, and input from the PepsiCo Foundation to expand the core program as they found that water access is the key that unlocks better quality of life. Under the "1 + 5 Project", five extensions were added around the water cellar — a solar-powered cooker, a sanitary toilet, animal husbandry, cash crop cultivation, and small-scale gardening. Access to water alone can significantly improve people's health, living standards, economic stability, and chance for a better life.

In 2010, PepsiCo also leveraged its Pepsi brand and star power to raise awareness of the safe drinking water access issue among our consumers and customers, especially young people, with our "**Activate Your Thirst**" summer advertising campaign for Pepsi-Cola. From August to November 2010, an estimated 15 million people visited the campaign webpage, generating 2.1 million visits to the official website of the Water Cellars for Mothers project. The campaign video was viewed 337 million times, and print and major online media topped 1,300 reports.

PepsiCo Greater China employees have also responded to the call to

action, in the form of contributions as well as employee site visits to beneficiary communities and villages. In the past four years, PepsiCo Greater China employees have donated more than RMB 800,000 to the project.

2010 also saw the 10 year anniversary of the Water Cellars for Mothers program, during which Global Grant Portfolios Manager of PepsiCo Foundation Claire Lyons was voted one of the Top Ten Most Moving People of the Decade by a panel of judges with on-line voting tabulated by the China Women's Development Foundation.

## 2. A Better Tomorrow: Aid for Migrant Children Schools



President of PepsiCo Greater China Beverages Operating Company Ken Newell sits with students from the Hujiayuan Primary School in Tianjin

As China has undergone unprecedented social and economic change, more than 100 million rural residents have migrated from the countryside to the cities in search of work. This has created the social challenge of education for their children, as facilities are often inadequate for their needs. In 2008, PepsiCo Greater China Beverages embarked on a program with the Red Cross Society of China to help improve migrant worker children schools by providing material aid such as scholarships, book donations, sports facilities, computers and other resources for students and teachers use in the classroom.

By the end of 2010, "A Better Tomorrow" has helped 12,000 students in 12 schools in Beijing, Jinan, Chongqing, Nanchang, Changchun, Shanghai, Guangzhou, Shenzhen, Tianjin, Xi'an, Nanjing and Heyuan, with a total donation of RMB 1.5 million. As many as more than 3,000 students have received "PepsiCo Philanthropic Scholarships".

Additionally, employees of our bottling plants have actively supported the "A Better Tomorrow" project, via personal donations of second-hand books, volunteerism as tutors, by engaging in in-school activities as well



as inviting school children to tour our plant operations. Such activities have helped our employees and business connect meaningfully with local communities, the students and their parents, and serve as a constant reminder of our commitment to "Performance with Purpose".

"In the past two years, PepsiCo's consistent support to the students in the school through donations and other aid really made us feel they truly cared about the children. It's a delight to have them in the community, we genuinely appreciate the company and its employees for the concern they show."

— Liu Jiguo, Principal of Guangzhou Avenue South Primary School

### 3. PepsiCo Library Project: Knowledge Changes Fate



President of PepsiCo Greater China Foods Operating Company Cindy Lau joins students in a new PepsiCo Library built for the Jiuzhuanggou Village Primary School in Gansu Province.

Despite the massive shift towards urbanization, China remains a largely agrarian society — a nation of more than 600 million farmers. In 2007, PepsiCo Greater China Foods began an employee-driven initiative to support the needs of rural village schools nearby our farms, which are often underfunded due to limited resources at the local level — first by donating money to buy new books, desks and chairs, and then by donating used books collected from our employees across the country.

By the end of 2010, PepsiCo Greater China has given more than RMB 1.3 million to build seven libraries in Inner Mongolia, Hebei, Guangxi, Shandong, Guangdong and Gansu, to benefit more than 2,700 rural students. The program collects used books and financial support from employees across our farms and plants as well as from the business, which then go to fund scholarships, the Pepsi "Reading Stars" program to encourage reading and writing, and purchases of computers, books and desks, bookshelves and teaching equipment.

The newest library, built for a rural primary school in Gansu province,

was contributed when it was discovered that the school teacher was housing the student books in his tiny dorm room.

"Knowledge changes destiny, and books inspire wisdom," said Cindy Lau, President of PepsiCo Greater China Foods Operating Company. "We hope not only to broaden student horizons, but to also add more enrichment and fun to their learning."

### 4. Disaster Relief Response

When China was heavily stricken by the snow disaster in early 2008, PepsiCo was among the few foreign companies that took early actions to make cash and commodity donations to the Red Cross Society of China and other local disaster relief centers. The total donation reached around RMB 330,000.

When an earthquake measuring 8.0 Richter scale jolted Wenchuan County of Sichuan Province in May 2008, PepsiCo donated more than RMB 19 million for urgent disaster relief efforts and provided assistance to many community water recovery and school reconstruction projects in Sichuan and Gansu Province in the aftermath of the earthquake. Besides, PepsiCo Greater China launched a large-scale public charity project called "Power of Sichuan" in the disaster-stricken areas in Sichuan, involving a series of aid projects such as the "Zero Burden Reemployment Assistance Initiative", "Knowledge Is Power Initiative" and "Music Collections of 'Power of Sichuan'". The total investment on "Power of Sichuan" series projects exceeded RMB 3 million.

In March 2010, as the five provinces in Southwest China were continually plagued by the rarely-seen severe drought, PepsiCo Greater China delegated Kunming Pepsi to donate RMB 200,000 worth of PepsiCo beverage products (including 4,697 cases of Guo Bin Fen and 2,000 cases of Gatorade) for the urgent disaster relief purposes.

When Yushu Prefecture of Qinghai Province was affected by the 7.1-magnitude earthquake on April 14, 2010, PepsiCo bottlers such as Shanghai Pepsi, Shenzhen Pepsi, Guangzhou Pepsi, Changchun Pepsi and Changsha Pepsi, along with their employees, reacted immediately to support the people affected by the disaster with a total donation of about RMB 500,000. Besides, Lanzhou Pepsi also donated beverages worth of over RMB 75,000 to the Red Cross Society Branch in Qinghai.

"The Chinese old saying 'when one place suffers misfortune, aid comes from all directions' strikes a chord with PepsiCo's 'Performance with Purpose' concept. As a multi-national holding a strong sense of corporate social responsibility, PepsiCo has always adhered to the development path to grow with China and share with China."

— Ken Newell, President, PepsiCo Greater China Beverages Operating Company



## 5. Initiatives By Our Bottlers and Plants

In addition to company-wide commitments to giving back to our communities, PepsiCo is also active at the individual bottling plant and farm level. This is yet another way in which we strive to demonstrate our "Performance with Purpose".

### Shenzhen Pepsi

Since 2007, employees of Shenzhen Pepsi have participated in their community "Charity Supermarkets" drives on Spring Festival and other major Chinese holidays, contributing to donation stations that collect contributions in kind. Pepsi Shenzhen can always be relied upon to give, including warm clothes, books, stationery and cases of beverage products for low-income families. By the end of 2010, Shenzhen Pepsi has donated to the "Charity Supermarkets" a total of RMB 99,429 worth of contributions in kind, benefiting some 15,000 people. Shenzhen Pepsi employees also initiated the "Embrace with Love" campaign, under which they look after orphans housed in social welfare homes on weekends. A few Pepsi employees have even adopted orphans as a result of the program. Over the past six years, Shenzhen Pepsi has donated beverages, quilts, schoolbags, books and food worth RMB 112,749 under the initiative. Such generosity has been widely recognized by the community of Shenzhen, making Shenzhen Pepsi a recipient of the "Company with an Enthusiastic Charity Heart" honor on several occasions.

### Guangzhou Concentrate Plant

Guangzhou Concentrate Plant is a long-time supporter of Huiling, a community service organization for mentally disabled people. In May 2008, the plant mobilized its employees to take part in the "Fifth Huiling Charity Run" and donated the proceeds from the sale of PepsiCo products on site to the charity. To encourage philanthropic activity in the community, the plant sponsored the publication of "Rainbow—In Commemoration of the 15th Anniversary of Huiling". Since 2007 Guangzhou Concentrate Plant, together with Guangzhou Pepsi, has provided financial support for the "International Gourmet Carnival", a charity event held every November on behalf of GIVES, the Guangdong International Volunteer Expatriate Service, a nonprofit and non-governmental charity providing financial aid and voluntary assistance to orphanages, nursing homes and homes for the disabled.

### Guangzhou Pepsi

In 2010, the city of Guangzhou proudly hosted the Asian Games, which aimed to establish Guangzhou as a 'National Civilization City'. In support of this civic pride, Guangzhou Pepsi sent nearly 1,800

cases of juice to Haizhu Volunteer Association and Baiyun Volunteer Command Center respectively. Guangzhou Pepsi also donated 100 cases of beverages to the Volunteer Corps of the Guangdong Branch of the Red Cross Society of China. In June 2010, Guangzhou Pepsi responded enthusiastically to the government call for support of World Environment Day and the "Green Asian Games and Low-Carbon City", becoming the sole beverage sponsor for the 38th World Environment Day public event. In March 2010, women employees Guangzhou Pepsi organized an environmental protection activity by traveling to famous Baiyun Mountain and planting Azalea trees. Guangzhou Pepsi has cooperated with Guangzhou Avenue South Primary School for three years, granting scholarships to nearly a hundred of outstanding students via the "A Better Tomorrow" project. After the Yushu Earthquake in Qinghai Province, Guangzhou Pepsi collected nearly RMB 60,000 for the victims of the disaster. It also donated RMB 35,000 for an employee in Guangdong who suffered from nasopharyngeal cancer.

### Beijing Pepsi

In 2008, PepsiCo Greater China kicked off the "A Better Tomorrow" project at Beijing Dandelion Middle School with donations of cash, sports equipment and other materials worth of RMB 80,000. In March of 2010, Beijing Pepsi again donated books, gift cards, and 200 cases of PepsiCo beverages.

### Tianjin Pepsi

In 2009, Tianjin PepsiCo began its support of "A Better Tomorrow" migrant children school Tianjin Huijiayuan Primary in Tanggu District. The primary school had 1,143 students in 21 classes of six grades, with 95% of them born to the migrant workers. Tianjin Pepsi donated sports facilities worth of RMB 30,000 to the school, including badminton and table tennis rackets. The donation also included cases of Tropicana beverages.

### Jinan Pepsi

In 2009, Jinan Pepsi started the UBC (University Business Campaign) program in universities in Shandong Province, which aims to help prepare college students for the professional workforce. This program now includes 18 universities in seven cities in the province. Jinan Pepsi also has a close relationship with its "A Better Tomorrow" project school, Mingzhu Primary School, a dormitory style school, and has made contributions to improve the educational environment and overall conditions of the school over the past three years. Additionally, Jinan Pepsi has donated beverages, stationery, sports equipment and funds



to two other village schools in 2009 and 2010. In 2009, Jinan Pepsi launched its "Mirinda Caravans" program to enliven people living in rural areas with engaging entertainment programs, films and interactive games. The caravans have now traveled to over 108 counties in Shandong Province, entertaining thousands. Acting with urgency in response to the Yushu Earthquake, Jinan Pepsi organized a donation drive among employees and collected more than RMB 150,000 in disaster relief aid.

#### Zhengzhou PepsiCo

Due to price spikes in cost of travel prior to 2010 Spring Festival, many students studying at universities around Zhengzhou could not afford to buy train tickets home — for many students, Spring Festival is the one time of year they can be reunited with their families. Zhengzhou Pepsi worked with the Student Affairs Division of Henan Business College to offer free tickets to 204 students in need.

#### Changchun Pepsi

Changchun Pepsi has always upheld the ideal of "Care for our society, give back to our consumers" in thinking of ways to express its social responsibility in the ten years since it launched. Over the years, it has funded public fitness equipment and other facilities in public spaces and residential communities. In 2009, Changchun Pepsi worked with city authorities to install public service announcement bulletin boards in Changchun and Jilin City, to support civic communications and enhance the city's image. In 2009, PepsiCo's "A Better Tomorrow" project landed in Changchun, and Changchun Pepsi has been an avid supporter of the program. Changchun Pepsi's donations have provided for sporting events in 127 primary, secondary schools and universities.

#### Harbin Pepsi

In April 2009, Harbin Pepsi launched "7-Up: Lighten Up Your Dreams with Love", a three-month campaign to provide financial aid to university students from poor families. It was launched in 23 university campuses in Heilongjiang Province, and a total of RMB 165,000 was raised. On September 11, 2009, Harbin Pepsi, together with the Catering Service of Harbin Institute of Technology, also co-hosted the "7-Up Donation Ceremony" and donated another RMB 50,000 in support of low-income university students.

#### Shanghai Pepsi

As of 2010, Shanghai Pepsi has won the honor of "Water-Saving Excellence" awarded by the China Beverages Industry Association three times in a row. In support of the "Better City, Better Life" theme of the 2010 Shanghai World Expo, Shanghai Pepsi invested in equipment

and facilities to raise the standard of wastewater disposal to be more environment-friendly. In April 2010, Shanghai Pepsi and its employees donated more than RMB 260,000 after the Yushu Earthquake. In 2008 after the Wenchuan Earthquake took place, Shanghai Pepsi donated more than RMB 370,000 in cash. It also participated in the program initiated by Shanghai Education Bureau to assist Deyang City with cash and stationery donations worth of RMB 120,000 in total. In 2009, employees from Shanghai Pepsi donated more than 900 books to the Shanghai Tangwan Primary School as a part of the "A Better Tomorrow" Program.

#### Hangzhou Pepsi

In November 2009, Hangzhou Pepsi participated in a local initiative called "Mass Bodybuilding in the Community", giving more than 1,200 bottles of beverages drinks to the local development zone in support, and provided sunshade umbrellas as well as tables and chairs. It was highly commended by the local government and community management.

#### Wuhan Pepsi

Since its establishment 15 years ago, Wuhan Pepsi has acted to fulfill its social responsibility in a variety of initiatives. In 2003, the company donated RMB 200,000 to build the PepsiCo Square; it donated RMB 100,000 to establish rewards for people who are ready to help others in 2004 and donated RMB 60,000 to the local association for the disabled in 2005; in 2008, it contributed RMB 150,000 after the earthquake hit Wenchuan and donated RMB 100,000 to the drought-stricken area in Southwest China in the end of 2009.

#### Nanjing Pepsi

In December 2009, "A Better Tomorrow" project landed in Nanjing Cangbomen Primary School, a school for migrant workers' children. With RMB 100,000 funded by PepsiCo Greater China, Nanjing Pepsi helped set up a PepsiCo Reading Room and purchase sports equipment, including table tennis and badminton rackets. It also set up "PepsiCo Scholarship" for 200 outstanding students and students in need. In August 2010, a total of 591 employees from different departments of Nanjing Pepsi participated in the campaign to support the "Mother Water Cellars" project and "PepsiCo Library" project and donated RMB 20,000 in total. In October 2010, when the nation was facing a severe blood supply shortage, Nanjing Pepsi mobilized its employees to volunteer to donate blood. Nineteen employees participated and helped address the urgent matter in society.



#### Nanchang Pepsi

Nanchang Pepsi was established in 1989 in partnership with a Chinese public welfare enterprise (former Nanchang No.3 Food Factory) under the Civil Affairs Bureau of Nanchang. It is the first of PepsiCo's more than 1,000 bottlers to cooperate with a public welfare enterprise for the disabled. Nanchang Pepsi has employed nearly one hundred disabled people at the No.3 Food Factory over the last two decades. In the past two years, Nanchang Pepsi has donated RMB 100,000 to three charity organizations: Nanchang Public Welfare House, SOS Children's Village, and Charity Relief Center. It also took an active role to relieve the disasters when the snowstorm in 2008 and the earthquake in Wenchuan in 2008 took place.

#### Chongqing Pepsi

Chongqing Pepsi aims to help poor college students, promote all-round education, create employment opportunities for graduates and enrich campus life. Through initiatives such as the PepsiCo Blue Foundation, PepsiCo Loving Care Base, PepsiCo Campus Management Forum, and Management Trainee Programs and Employment Seminars, Chongqing Pepsi encourages students to learn in a harmonious, civilized, hopeful and lively environment. Chongqing Pepsi leveraged the Mirinda brand and worked with the City Education Bureau, the City Youth League, and Young Pioneers Working Committee in the "Draw to Express" Campaign featuring a theme of environmental protection. The teenagers also visited to PepsiCo's Chongqing LEED-certified "Green" bottling plant to learn more about sustainability and the need to save water and energy. In 2008, Chongqing Pepsi began to work with "A Better Tomorrow" project school Chongqing Shudu Secondary School. The employees of Chongqing Pepsi were actively engaged, donating books, serving as extra-curricular tutors, sponsoring beverages at sporting events and arranging student visits to the Chongqing Plant.

#### Changsha Pepsi

In the past four years, Changsha Pepsi has supported all kinds of public welfare initiatives under the local government and helped promote local non-competition sports and cultural undertakings. The bottler has sponsored "Pepsi Soccer/Basketball Championships", the "Gatorade Community Basketball Match" and "Tropicana Guo Bin Fen Dance Contest", attracting wide public attention and participation. In August 2009, Changsha Pepsi sponsored beverages and other materials worth of RMB 2 million to the 10th National Sports Game of Middle School Students in Changsha.

#### Xi'an Pepsi

In 2006, Xi'an Pepsi donated public stone benches in Yanta District, and has maintained them ever since to benefit city denizens as an act of civic pride. In November 2009, Xi'an Pepsi began to work with the "A Better Tomorrow" project school Nanyaotou Primary School, donating learning and sports facilities to the school and committed long-term assistance to the school. On the 1st anniversary of Wenchuan Earthquake, Xi'an Pepsi arranged charity bazaars in universities to raise money and awareness for the ongoing plight of people living in effected areas.

#### Foods South Area

On October 15, 2009, Quaker taskforce arranged the 4th Guangdong Mountain-climbing Activity on the Baiyun Mountain in Guangzhou, which engaged 4,000 senior citizens. The activity created a platform to spread the message of fitness and helped build up Quaker's brand image and strengthened PepsiCo's corporate values.

#### PepsiCo Foods Taiwan Plant

When a flood plagued Taiwan from September 2009 to November 2009, PepsiCo Foods Taiwan Plant actively launched donation campaigns and gathered a donation of NT\$ 800,000 (RMB 170,213) for its employees who suffered from the disaster and nearly NT\$ 750,000 (RMB 159,574) for the kindergartens and schools damaged by the flood. Two thousand cases of PepsiCo products were also donated to the areas affected. In the 2nd half of 2010, about thirty employees from PepsiCo Foods Taiwan formed a group called "Love Society". The organization went to the most impoverished areas of Taiwan over several trips, bringing cash and material aid to hundreds of children who have suffered from palsy, severe autism and cerebral palsy. In two months, the group made 150 handicrafts for sale at the charity bazaars, donating the proceeds to the elderly and orphanages.

#### PepsiCo Foods Songjiang Plant

PepsiCo Foods Songjiang Plant has hired 15 disabled workers through internal advertising and the Care Center supported by the local government. The HR department of the plant also facilitates the communication between the disabled workers and their managers or supervisors to make sure they are placed in suitable positions where they feel safe and fulfilled. Since 2007, the employees in Songjiang Food Plant have visited Songjiang Nursing Home twice a year to show their care for the elderly, bringing along mooncakes and invitations to visit their plant and attend its annual meeting.



## PepsiCo's Awards and Recognitions in Recent Years

PepsiCo is proud to note that we have won wide recognition in China over the past few years, receiving a raft of rewards acknowledging our achievements in environmental protection, talent and business development, and corporate social responsibility.

### Business Development Category

- PepsiCo is listed as one of the "Top 100 Multinationals Contributing to China's Development in 2007" by Southern Weekend Newspaper, one of the most influential business media in China; January 2008
- PepsiCo Investment (China) Limited won the title of "Food Safety Model Enterprise" in the 6th China Food Safety Annual Conference sponsored by the China Food Industry Association; September 2008
- PepsiCo was ranked as one of the "Top 10 Foreign Enterprise's Outstanding Contribution Award" by Xinhua Daily Telegraph, China Pictorial, Reference News, Economic Information Daily, China Top Brands Magazine and was the only MNC in the beverages industry which received the award; October 2008
- PepsiCo was awarded one of the "Top 5 MNCs with Special Contribution to China in the Year of 2008" by China Enterprise News, MNC Institute of China Enterprise Confederation; November 2008
- PepsiCo's outstanding performance was recognized by China Beverage Industry Association (CBIA) in its 2008 Annual Conference. Shanghai Pepsi and Shenzhen Pepsi, two of the best PepsiCo bottling plants were awarded the title "Top 20 in Chinese Beverage Industry 2008"; December 2008
- PepsiCo Greater China won the "Top 10 Most Innovative & Trustworthy Advertiser Award" from China Association of National Advertisers (CANAA) in its annual conference; December 2009

"More companies in China's beverage industry should learn from PepsiCo to help promote the sustainable development of the whole industry. PepsiCo's experience and best practices in environmental sustainability will encourage more companies to realize the goal through solid actions."

— Madam Zhao Yali, Chairman of CBIA

- PepsiCo Greater China received the "Multinational Contribution Special Award 2009" issued by China Enterprise News and China CSR Research Center, and became one of the top 20 enterprises in the 2009 list of "Top 100 Multinational Corporations Making Contributions in China" at the second "Growing with China - Summit of Multinational Corporations"; January 2010
- PepsiCo Greater China received the "Trustworthy Brand for Consumers Award" at the National Food Safety Forum, organized by xinhuanet.com, the online portal of the global news outlet, Xinhua News Agency; June 2010

### Environmental Protection Category

- PepsiCo Greater China's outstanding performance was recognized by CBIA in its 2008 Annual Conference: Tianjin Pepsi, Shenyang Pepsi, Changchun Pepsi, Harbin Pepsi, Shanghai Pepsi, Jinan Pepsi, Changsha Pepsi, Shenzhen Pepsi, Zhanjiang Pepsi, Guangzhou Pepsi and Xi'an Pepsi were honored as "Excellent Water-saving Enterprises 2008", taking up 11 out of 25 awards in this category and made PepsiCo Greater China the company which pocketed the most awards that day; December 2008
- PepsiCo Greater China won the award of "Top 10 Enterprise of Excellence in Energy Saving and Emission Reduction", co-selected by the Office of the Organizing Committee for the 11th China Beijing International High-Tech Expo (CHITEC), xinhuanet.com, Economic Reference Daily, Xinhua Daily Telegraph, Reference News and China Top Brands; May 2009
- PepsiCo was awarded "Consumers' Favorite Green Trademark" by China Trademark Association, the Chinese Consumers' Journal and the Trademark Office of the State Administration for Industry and Commerce; November 2009
- Out of the 41 awardees, 14 bottlers of PepsiCo Greater China were titled "Excellent Water-saving Enterprises 2009", by CBIA in its 2009 Annual Conference; November 2009
- PepsiCo Greater China received the "Outstanding Environment Contribution Award 2009" from the Council of China Environment News (CCEN). This is the second CCEN green enterprise award for PepsiCo Greater China in two consecutive years; January 2010
- Shenzhen Pepsi was awarded the title "Green Plant" by Shenzhen City Government; June 2010



- PepsiCo Greater China received "2009-2010 Green (Low-carbon) Award" at the 2010 Brands and Communications General Assembly co-organized by CANA, China Media Culture Promotion Association, and a few China's top media institutes; June 2010
- PepsiCo Greater China received "2010 Low-Carbon Product Innovation Award" presented by people.com.cn; August 2010
- Out of the 44 awardees, 15 bottlers of PepsiCo Greater China were titled the "Excellent Water-saving Enterprises 2010", by CBIA in its 2010 annual conference; December 2010

### Talent Development Category

- PepsiCo Greater China was named as "China's Outstanding Employer" in Shanghai, at an event run by Dutch business rating firm CRF; 2007, 2008, 2009, 2010
- PepsiCo Foods won the "China's Top Leaders Award for Best Leadership Team 2008" by Dutch business rating firm CRF; July 2008
- Ken Newell, President of PepsiCo Greater China Beverages Operating Company, was titled "Outstanding Leader of MNCs in China" by China Enterprise News, MNC Institute of China Enterprise Federation; November 2008

### Corporate Social Responsibility Category

- PepsiCo Greater China was voted as "Pioneer in People's Livelihood Improvement Campaign" by China Foundation for Poverty Alleviation together with many media; October 2008
- PepsiCo Greater China received "China Charity Award" from the Ministry of Civil Affairs; December 2008
- PepsiCo Greater China was presented the "Philanthropy Pioneer and Best CSR Performance Award" by China Women's Development Foundation (CWDF); December 2008
- PepsiCo Greater China won the "Outstanding Enterprise in CSR Award" in the forum on CSR and Construction of Harmonious Society co-organized by Xinhua News Agency, xinhuanet.com, Economic Reference New, etc.; September 2009
- PepsiCo Greater China was awarded the "Multinational Corporation

with Harmonious Competitiveness" title by Chinese Federation for Corporate Social Responsibility, Institute of Chinese Enterprises Development; November 2009

- PepsiCo Investment (China) Ltd. and Changsha Pepsi received "Best Practice of Corporate Social Responsibility" in China Beverage Industry Award by CBIA in its annual conference; November 2009
- PepsiCo Greater China was presented the "2009 People Social Responsibility Award" by people.com.cn, the on-line portal of People's Daily; December 2009
- PepsiCo Greater China received "2010 China CSR Special Award", jointly conferred by China Association of Enterprises with Foreign Investment (CAEFI) which is under MOFCOM, China Charity Federation, Chinese Private Economy Research Association and China Enterprise News at the CSR annual conference; June 2010
- PepsiCo Greater China was selected as one of "2010 Top 10 Excellent CSR Cases" by the Southern Weekend; September 2010
- PepsiCo Greater China received "China Women Charity Award" from CWDF; December 2010





# Facts and Figures of PepsiCo Greater China

## General Info:

- In 1981, PepsiCo established a bottling plant in Shenzhen and became one of the first American companies to enter China. In 1995, PepsiCo Investment (China) Limited was founded and headquartered in Shanghai.
- PepsiCo Greater China Beverages has 24 beverage plants and one concentrate plant.
- PepsiCo Greater China Foods has five food plants and seven farms.
- PepsiCo Greater China employs more than 30,000 people and indirectly creates thousands of other jobs.
- In May 2010, PepsiCo Chairman and CEO Indra Nooyi announced a further investment of USD 2.5 billion in the next three years in China, on top of the USD 1 billion pledge made in 2008, to support new manufacturing facilities, increase research and development capabilities, expand agricultural efforts and enhance brand-building initiatives.

## Human Sustainability:

- In March 2005, PepsiCo established a Research and Development Center in Shanghai to design localized and innovative products that appeal to Chinese tastes. PepsiCo is building a brand-new world-class R&D Center with pilot plant in Shanghai to develop products for China as well as the Asian market.
- In July 2007, PepsiCo Greater China launched the Tropicana Guo Bin Fen range and Cao Ben Le, the non-carbonated drinks that are inspired by traditional Chinese herbs and include local ingredients like red dates and chrysanthemum.
- In 2009, PepsiCo Greater China unveiled Tropicana Pulp Sacs (Xian Guo Li), a pulp juice drink.
- In early 2010, Tropicana 100% Pure Juice, a popular not-from-concentrate juice, was launched in PepsiCo Greater China.
- In 2010, PepsiCo Greater China developed a range of delicious and wholesome Quaker congees with whole grain oats and local ingredients like red dates, wolfberry and white fungus.
- In 2010, PepsiCo Greater China launched many new flavors of Lay's products, including Lay's Spicy Mala, Lay's Hot and Sour Fish Soup, both of which significantly exceeded expectation in their popularity.

## Environmental Sustainability:

- The green plant in Chongqing was fully operational in June 2009. Its office has been certified LEED Gold and the plant was certified LEED Silver. It is the first international PepsiCo site outside of the US to receive the LEED certification. The plant saves 18 percent water and 22 percent energy compared to the old plant, and can reduce carbon emissions by 3,100 tons and conserve 82 million liters of water each year.
- In August 2010, the new Nanchang beverage plant was certified with the LEED Gold status, becoming the first plant to receive the LEED NC (New Construction) Gold certification in the beverage industry in China. The plant can save water by 33% and energy by 51% compared to the old Nanchang plant.
- From 2007 to 2009, PepsiCo cut both its water and energy use by 17 percent, saving 2.5 million tons of water and 81 million kilowatts of energy. PepsiCo also lessened its environmental footprint by cutting the use of plastic by 3,600 tons.
- Over the past five years, all PepsiCo bottling plants in Greater China have saved water and energy respectively by 40%, which amount to 15.6 million tons of water and over 600 million kwh of energy.
- Jinan Pepsi, in cooperation with the local Environmental Protection Bureau and Public Facility Management Bureau, uses the plant's graywater for landscaping the High-Tech Park, benefiting the community and also raising effluent reuse rate to 50%. Xi'an Pepsi also provides recycled water for road cleansing and community landscaping; the project is regarded as a win-win cooperative model between government and enterprise.
- In 2010, many bottling plants in PepsiCo Greater China received recognition and award money from local governments for their excellent performance in sustainable water utilization. PepsiCo Greater China's Guangzhou Luogang plant received the Conservation Special Fund of RMB 240,000 from the Development and Reform Bureau of Guangzhou Economic and Technology Development Zone for its active promotion of water conservation; Jinan Pepsi plant was awarded RMB 200,000 by the government of Jinan Hi-tech District for being able to provide 600 tons of recycled water per day for landscaping in the community; Shenzhen Pepsi plant was titled "Water-saving Model Enterprise" by Guangdong Provincial Construction Department and received RMB 160,000 as prize money. Other plants such as Nanjing Pepsi plant, Chongqing Pepsi plant, Hangzhou Pepsi plant all received acknowledgement and support fund from the local government. In 2010, PepsiCo Greater China's bottling plants received awards

in excess of RMB one million from local governments for their water-saving excellence.

- In 2010, PepsiCo Greater China's 15 bottlers out of 44 awardees were honored "Excellent Water-saving Enterprises in China Beverage Industry" by China Beverage Industry Association. Sixty-five percent of PepsiCo Greater China's bottlers won the top industry awards and nearly half of the 15 awardees have won honors for four consecutive years.
- PepsiCo Greater China's Beijing Food Plant received Beijing Water-saving Model Award from Beijing Municipal Water Affairs Bureau and Beijing Municipal Government in January 2011 along with the prize money of RMB 25,000 from Beijing Water Conservation Office.
- We have applied energy- and water-conservation measures on the farms in Greater China region. We use pivot and drip irrigation instead of flood irrigation commonly seen in China, reducing water used for potato cultivation by 50% in maximum. Diesel has been replaced by electricity, reducing CO2 emissions on the farms.

## Talent Sustainability

- PepsiCo Greater China employs over 30,000 people and indirectly creates thousands of other jobs.
- PepsiCo emphasizes localization of our workforce. Ninety-five of the company's staff in Greater China is from this market.
- PepsiCo is recognized as one of the most suitable workplaces for women and minorities. The percentage of PepsiCo executives in China who are women is 38.9 percent, as of December 2010.
- According to China's 2009 Organizational Health Survey, 70.5 percent of our associates favorably rated opportunities to improve their skills at PepsiCo.
- In 2010, PepsiCo remained in the spotlight as the four-time "China's Outstanding Employer" selected by Dutch business rating firm CRF.

## Taking Root in China, Growing to Win-win

**From 1981 to 2011,**

**PepsiCo witnessed the growth and development of China  
in the past three decades. Being part of it,  
PepsiCo has been with China through ups and downs,  
and made common achievements.**

**In the next 30 years, 60 years or even 90 years,  
PepsiCo will continue to take China's demands as its responsibilities.  
It is our collective hope at PepsiCo that China will continue to grow and develop.**

**Each single day, PepsiCo will work even harder ...**



**PEPSICO**

For further information about PepsiCo Greater China,  
please visit our website at:  
[www.pepsico.com.cn](http://www.pepsico.com.cn)

