



## PepsiCo and PepsiCo Greater China

(Updated as of March 8, 2012)

### **About PepsiCo**

PepsiCo is a global food and beverage leader with net revenues of more than \$65 billion and a product portfolio that includes 22 brands that generate more than \$1 billion each in annual retail sales. Our main businesses – Quaker, Tropicana, Gatorade, Frito-Lay and Pepsi-Cola – make hundreds of enjoyable foods and beverages that are loved throughout the world.

PepsiCo's people are united by our unique commitment to sustainable growth by investing in a healthier future for people and our planet, which we believe also means a more successful future for PepsiCo. We call this commitment Performance with Purpose: PepsiCo's promise to provide a wide range of foods and beverages for local tastes; to find innovative ways to minimize our impact on the environment by conserving energy and water and reducing packaging volume; to provide a great workplace for our associates; and to respect, support and invest in the local communities where we operate.

In recognition of the continued sustainability efforts, PepsiCo was named for the fourth time to the Dow Jones Sustainability Index of the World (DJSI World) and for the fifth time to the Dow Jones Sustainability Index of North America (DJSI North America) in 2010. In 2011, PepsiCo is ranked as the No. 1 company in the Dow Jones Sustainability Index (DJSI) Food and Beverage supersector. PepsiCo is also named the beverage sector leader for the third consecutive year.

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. In 2011, PepsiCo is placed 26th among the "World's Most Admired Companies" selected by Fortune Magazine, ranked 2nd in the "Most Admired Consumer Food Products"

sector, and ranked 137th on the Fortune Global 500 ranking of the world's largest companies for 2011. PepsiCo 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.

PepsiCo offers the world's largest portfolio of billion-dollar food and beverage brands, including 22 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.

### **PepsiCo's History**

In 1893, a young American pharmacist in New Bern, North Carolina named Caleb Bradham experimented to develop a new refreshing taste to please his soda fountain customers. He hit upon a blend of carbonated water, kola nuts, vanilla and rare oils that his customers named "Brad's Drink". On August 28, 1898, Caleb renamed his drink "Pepsi-Cola," believing that it aided in digestion much like the pepsin enzyme does. The Pepsi-Cola company was established in 1902. At first, Caleb mixed the syrup himself and sold it exclusively through soda fountains. Soon he recognized that a greater opportunity existed—to bottle Pepsi-Cola so that people everywhere could enjoy it.

Seventy years later in 1965, Pepsi-Cola merged with snack food giant Frito-Lay to become PepsiCo Inc. In 1977, PepsiCo entered the fast food market, successively acquiring Pizza Hut, Taco Bell and KFC, embarking on a period of unprecedented business diversity. In October 1997, PepsiCo spun off its restaurants business to Tricon Global Restaurants (now Yum!), Inc, reflecting a strategic refocus on core offerings as a food and beverage company.

Throughout, PepsiCo has innovated to meet market demands while

delivering financial performance. The company expanded its portfolio with the acquisition of premium fruit juice company Tropicana in 1998, and the merger with Quaker Oats in 2001. The Quaker Oats merger also brought into the PepsiCo fold top sports drink Gatorade. In 1992, PepsiCo formed a strategic partnership with Thomas J. Lipton to bring Lipton tea to the North American market. By 2003, PepsiCo brought North America's most successful ready-to-drink tea to the global market.

In 2010, PepsiCo acquired its two largest bottlers – Pepsi Bottling Group and PepsiAmericas – a transaction that significantly strengthened the company's beverage business in North America and Europe.

In December 2010, PepsiCo acquired 66% of Wimm-Bill-Dann, Russia's leading food-and-beverage company, for USD 3.8 billion. The transaction establishes PepsiCo as the largest food-and-beverage business in Russia, making it a leader in the country's fast-growing dairy category, and anchoring its presence in key markets in Eastern Europe and Central Asia. It also raises PepsiCo's annual global revenues derived from nutritious and functional foods from approximately USD 10 billion today to nearly USD 13 billion. This moves the company closer to its strategic goal of building a USD 30 billion nutrition business by 2020.

For more information, please visit [www.pepsico.com](http://www.pepsico.com).

## **PepsiCo Greater China Region (GCR)**

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**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. Over the past **30 years**, PepsiCo Greater China Region has opened up **30 plants**, including 24 bottling plants, 1 concentrate plant, 5 food plants and 8 farms, employing **30,000 people** and indirectly creating hundreds of thousands of other jobs.

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.

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

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.

### **GCR Beverages Operating Company**

In 1981, PepsiCo opened its first bottling plant in Shenzhen. To date, PepsiCo has established 24 bottling plants and 1 concentrate plant with a distribution network spanning the entire Greater China Region.

Environmental sustainability initiatives are integrated into all aspects of our production processes, from facilities and equipment to packaging.

Over the past five years, PepsiCo China bottling plants have cut water and energy use respectively by 40%, amounting to 15.6 million tons of water and more than 600 million kwh of energy saved, and lessened its carbon footprint by cutting the use of plastic by 3,600 tons. 65% of our bottling plants won Water Conservation Excellence Awards by the China Beverages Industry Association (CBIA) in 2010.

In 2009, PepsiCo Chongqing became the first PepsiCo facility outside the USA to earn LEED Gold for its office building, and LEED Silver for its plant operations. The plant uses over 35 water and energy-saving designs, including an environmental management system that monitors water and energy use on the production line in real time. The facility uses 18% less water and 22% less energy than previous plant designs, reducing carbon emission by 3,100 tons and conserving 82 million liters of water each year. The plant also features an Environment Sustainability Learning Center to educate others on the importance of energy and water conservation.

In August 2010, PepsiCo Greater China's Nanchang became the first LEED NC (New Construction) Gold plant in the food and beverages industry in China, saving water and energy by 33% and 51% respectively compared to the previous plant. In October 2011, PepsiCo Greater China's Kunming plant is awarded LEED Gold certificate, saving water and energy by 20% and 30% respectively compared to average beverage plant in China.

### **GCR Foods Operating Company**

In 1993, PepsiCo's Foods entered the China market with the introduction of Lay's Potato Chips. Today its operations have grown to 5 plants and 8 farms in the Greater China Region and PepsiCo has now become one of the largest "seed to shelf" farming enterprises in China, investing more than RMB 200 million in agriculture-related development. PepsiCo potato farms in China yield 45 tons per hectare, among the highest yields in the world. Over the past 12 years, more than 10,000 farmers have benefited from their partnership with PepsiCo.

As part of our commitment to sound agricultural practices, we introduced water-conserving drip and sprinkler irrigation to our farms, reducing water use by up to 50% over conventional flood irrigation techniques. On our potato farm in Inner Mongolia, we employed several cutting-edge technologies to help transform unproductive desert into high-yield arable land. In June 2006, Chinese Premier Wen Jiabao personally visited the Inner Mongolia farm and praised it as an example of “triple-win” – providing good income for local farmers, helping the environment, while doing good business.

In September 2011, PepsiCo signed a Memorandum of Understanding with the Ministry of Agriculture of the People's Republic of China to promote sustainable agriculture projects and accelerate the development of the Chinese countryside. As part of the joint initiative, PepsiCo and the Ministry of Agriculture will build and operate demonstration farms that leverage the most advanced irrigation, fertilization and crop management techniques. They also will collaborate to promote best practices across China's farming system to improve yields, increase income levels and raise living standards for farmers throughout the country.

### **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 more than 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.

As of 2011, the total contributions from the PepsiCo Foundation, PepsiCo Greater China and our employees have amounted to RMB 74.85 million.

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

2011 marks the 11<sup>th</sup> year of cooperation between PepsiCo and China Women's Development Foundation of the All-China Women's Federation on clean water access in China. 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. Water Cellars for Mothers today is 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 58,000 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.

Over the past 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.

On June 30, 2011, from Beijing, PepsiCo CEO and Chairman Indra K. Nooyi announced a PepsiCo Foundation grant of USD 5 million to bring safe drinking water to 500,000 people in China by 2015 under the "Water Cellars for Mothers" Project. The project will target eight provinces, municipalities and autonomous regions – Inner Mongolia, Gansu, Qinghai, Sichuan, Chongqing, Guizhou, Guangxi, and Yunnan.

### **PepsiCo Library Project: Knowledge Changes Fate**

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 2011, PepsiCo Greater China has given more than RMB 1.65 million to build nine libraries in Inner Mongolia, Hebei, Guangxi, Shandong, Guangdong and Gansu, to benefit more than 3,640 rural students. PepsiCo Greater China has also set up 20 countryside libraries in Guangan county, Sichuan Province in 2008. The program collects used books and donations 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.

### **A Better Tomorrow: Aid for Migrant Children Schools**

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 to use in the classroom.

By 2011, "A Better Tomorrow" has helped 16,200 students in 16 schools in Beijing, Jinan, Chongqing, Nanchang, Changchun, Shanghai, Guangzhou, Shenzhen, Tianjin, Xi'an, Nanjing, Heyuan, Wuhan, Chengdu and Zhengzhou with a total donation of RMB 1.9 million. More than 3, 500 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, and 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".

### **Disaster Relief Response**

When unusually heavy snows and blizzards affected central and southern regions of China in early 2008, PepsiCo was quick to make cash and commodity donations totaling RMB 330,000 to the Red Cross Society of China, and other local disaster relief centers.

In May 2008, a devastating 8.0 earthquake struck Wenchuan County of

Sichuan province. PepsiCo donated more than RMB 19 million in disaster relief.

In March 2010, in response to severe drought in five provinces in Southwest China, PepsiCo Greater China donated RMB 200,000 worth of beverage products via Kunming Pepsi, including 4,697 cases of Tropicana Guo Bin Fen and 2,000 cases of Gatorade, for urgent disaster relief.

In April 2010, Yushu Prefecture of Qinghai Province was struck by a 7.1 earthquake. PepsiCo Greater China bottlers -- Shanghai Pepsi, Shenzhen Pepsi, Guangzhou Pepsi, Changchun Pepsi and Changsha Pepsi -- responded with immediate campaigns to support the victims of disaster. Donations from bottlers and their employees exceeded RMB 500,000.

#### **Major Awards and Social Recognition in the past 3 years:**

In the past few years, PepsiCo Greater China has been recognized for its achievements in environmental protection, talent and business development, and corporate social responsibility.

- PepsiCo Greater China was named as “China’s Top Employer” in Shanghai by Dutch business rating firm CRF and China Business News Group in 2007, 2008, 2009 and 2010
- PepsiCo Greater China won the award “Top 10 Enterprise of Excellence in Energy Saving and Emission Reduction”, co-selected by the Office of the Organizing Committee for the 11<sup>th</sup> 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 named “Consumers’ Favorite Green Trademark” by China Trademark Association, the *Chinese Consumers’ Journal* and the Trademark Office of the State Administration for Industry and Commerce, after a three-month selection process that involved both short-message (SMS on cell phones) and on-line voting from consumers, and expert opinions; November 2009

- Out of 41 awardees, fourteen bottlers of PepsiCo Greater China were titled “Enterprises of Excellence in Water Saving 2009” by CBIA at its 2009 annual conference. A few of PepsiCo’s bottling plants have won this title for three consecutive years; November 2009
- PepsiCo Greater China was presented “2009 People Social Responsibility Award” by [www.people.com.cn](http://www.people.com.cn), the on-line portal of *People’s Daily*; December 2009
- PepsiCo Greater China received “Outstanding Environment Contribution Award 2009” from the Council of China Environment News (CCEN). This is the second CCEN green enterprise award for PepsiCo in two consecutive years; January 2010
- PepsiCo Greater China received “Multinational Contribution Special Award 2009” issued by China Enterprise News and China CSR Research Center, and became one of the top 20 enterprises on the list of “Top 100 Multinational Corporations Making Contributions in China” at the second “Growing with China - Multinational Corporations Summit”; January 2010
- PepsiCo Greater China received “2009-2010 Green (Low-carbon) Award” at the 2010 Brands and Communications General Assembly co-organized by China Association of National Advertisers, China Media Culture Promotion Association, and a few China’s top media institutes; June 2010
- PepsiCo Greater China received the “Trustworthy Brand for Consumers Award” at the National Food Safety Forum, organized by [xinhuanet.com](http://xinhuanet.com), the online portal of the global news outlet, Xinhua News Agency; June 2010
- 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 in June 2010
- PepsiCo Greater China received “2010 Low-Carbon Product Innovation Award” presented by [people.com.cn](http://people.com.cn); August 2010
- Out of 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

- PepsiCo Greater China received “China Women Charity Award” from China Women's Development Foundation; December 2010
- PepsiCo Greater China received “ China CSR Best-Practice Enterprise Award” at the 2010 CSR ( China ) Leaders Selection event, co-organized by China Enterprises International Development Association, Economy & Nation Weekly, Business Review Magazine, Charitarian Magazine, 163.com, jrj.com, and Beijing TV Station; January 2011
- PepsiCo Greater China was honored with the “CSR Competitiveness 2011 Award” by Business Value Magazine in consultation with WWF, The Nature Conservancy, the Climate Group, Chinese Federation for Corporate Social Responsibility and One Foundation; March 2011
- PepsiCo Greater China was named one of the “Top Ten Companies Caring for Women” by the China Women’s Development Foundation, China Philanthropy Times and China Charity & Donation Information Center (under Ministry of Civil Affairs); May 2011
- PepsiCo Greater China received “Green Enterprise Management Award 2010” from Council of China Environment Newspaper (CCEN); May 2011
- At the 2011 Annual Conference of China Beverage Industry Association ( CBIA), 16 out of PepsiCo GCR’s 24 bottling plants were honored with the “Outstanding Water-Saving Beverage Companies 2011” award, and 14 plants were acknowledged as “Outstanding Energy-Saving Beverage Companies”, November, 2011

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