

# Supplier Sustainability & Resource Conservation Outreach

Climate Leaders Partners Meeting  
Managing Supply Chain Emissions Panel



**PEPSICO**



**PERFORMANCE  
WITH PURPOSE**

Human • Environment • Talent

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*PepsiCo*

*October 2008*



# PepsiCo Profile

- ◆ Over \$35 Billion in Revenue
  - 17 billion-dollar brands
- ◆ Major Operating Sectors
  - PepsiCo Americas Foods
    - » (Frito Lay, Quaker Foods and Snacks)
  - PepsiCo Americas Beverages
    - » (Pepsi Cola, Gatorade, Tropicana)



## PepsiCo International



# PepsiCo's Sustainability Initiatives are Award Winning

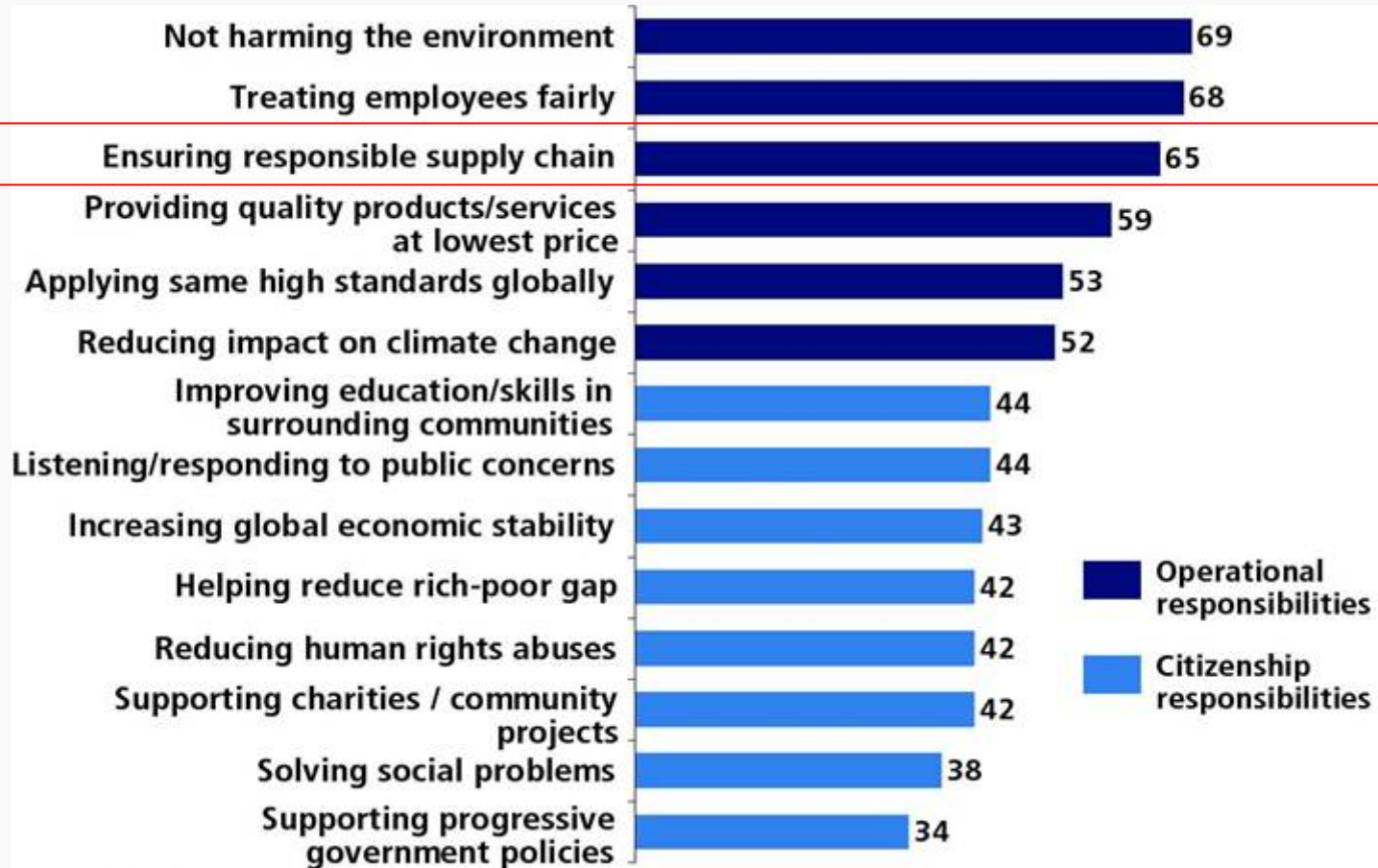


# Media – Customers – Investors ...all are Driving Expectations



# ...Consumers expect more

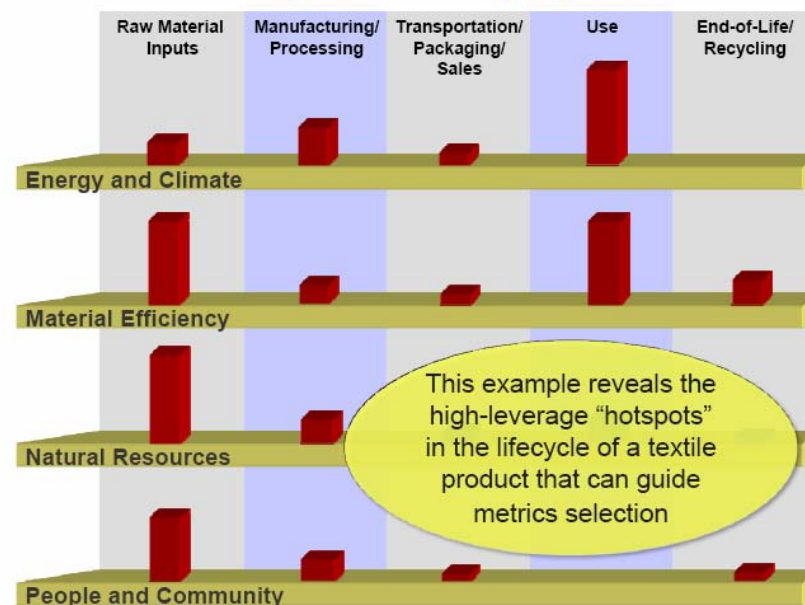
## Companies "Held Completely Responsible for," Average of 25 Countries



# ...and from our most important of customers... Wal\*Mart's Sustainability Index Initiative

	Across the lifecycle of its products, Walmart seeks...	Sample topics included
<b>Energy and Climate</b>	To maximize the use of renewable energy and minimize greenhouse gas emissions.	<ul style="list-style-type: none"> <li>• Energy use / efficiency</li> <li>• GHG emissions</li> <li>• Renewable energy</li> </ul>
<b>Material Efficiency</b>	To maximize efficient use of all materials, close material loops and minimize waste.	<ul style="list-style-type: none"> <li>• Use / efficiency of all resources other than energy (water, minerals, chemicals, etc.)</li> <li>• Waste, re-use and recycling</li> </ul>
<b>Natural Resources</b>	To promote the integrity of nature and a safe, reliable supply of natural resources.	<ul style="list-style-type: none"> <li>• Pollution (except GHG emissions) and hazardous waste</li> <li>• Biodiversity</li> <li>• Natural abundance (supply of fish, wood, etc.)</li> </ul>
<b>People and Community</b>	To promote quality of life and safeguard human health.	<ul style="list-style-type: none"> <li>• Toxicity to humans</li> <li>• Nutrition</li> <li>• Livelihoods</li> <li>• Community development</li> </ul>

**A lifecycle approach will be used to choose the metrics that matter for each product category**



2008

**August 1**

- Outputs from this meeting circulated

**October**

- Wal-Mart CEO Summit – Beijing 2008, “Supply Chain of the Future”
- Announce intentions regarding Index
- Evaluation/ feedback tool launched

**Aug./Sept.**

- Governance refined

**October 7**

- Wal-Mart Sustainability Milestone Meeting (internal only)

**Mid-November**

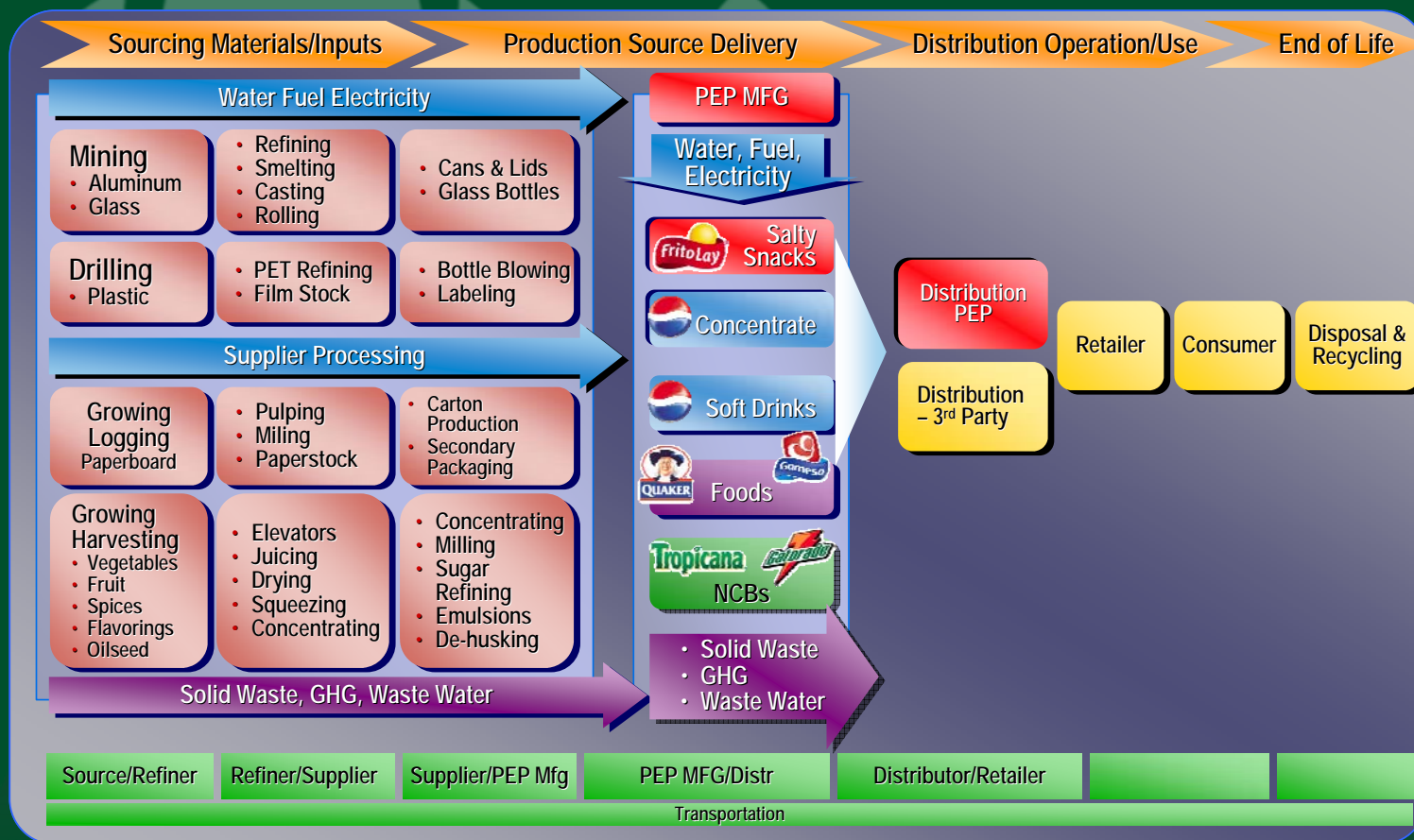
- Working model complete
- Reconvene ‘system in the room’ for refinements

2009

**Q1/Q2 2009  
Launch  
Version 1.0  
Index**

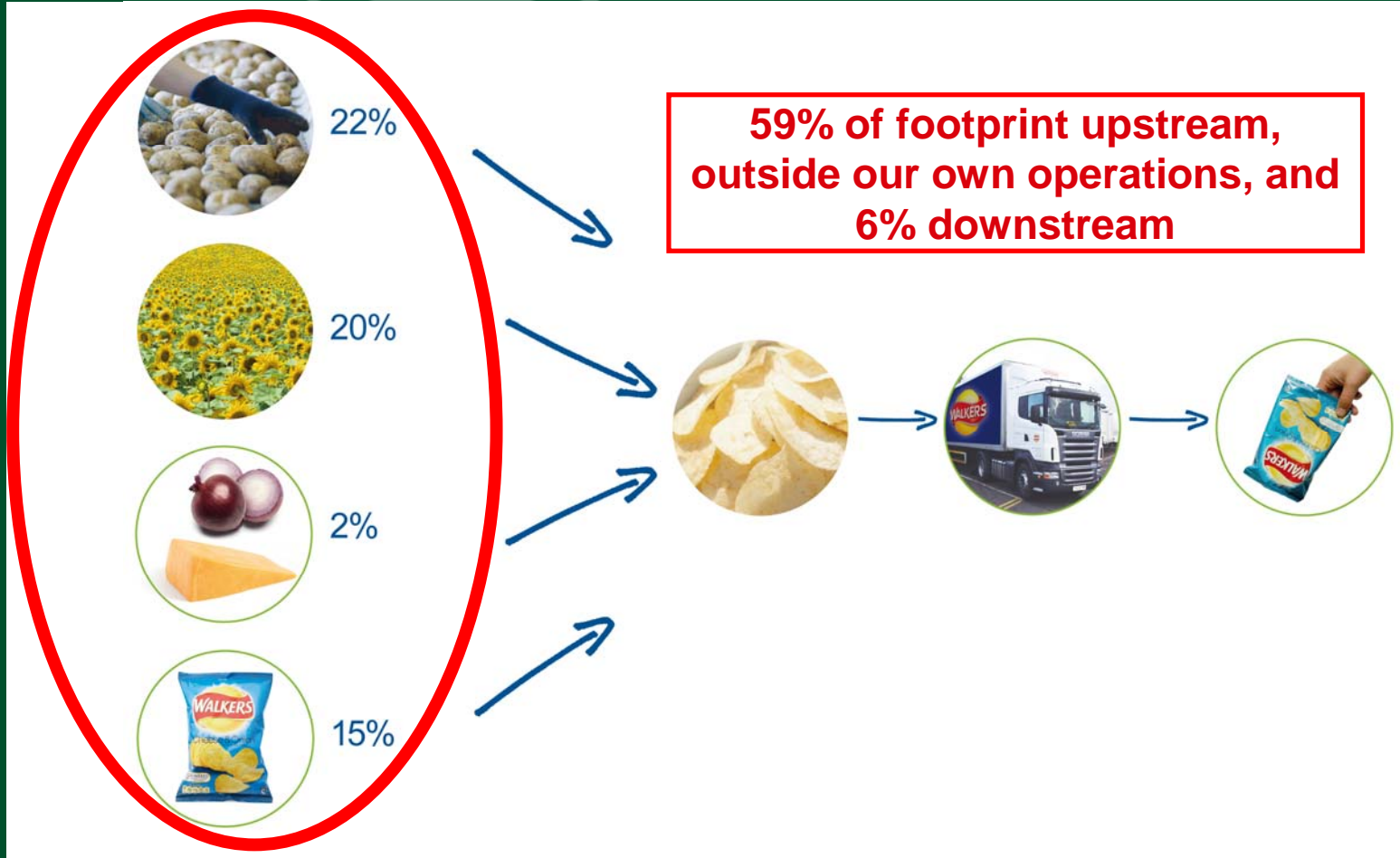
This example reveals the high-leverage “hotspots” in the lifecycle of a textile product that can guide metrics selection

# Looking at Supply Chain Requires LCA Approach



- PepsiCo products sit toward the end of the Supply Chain
- Over 6,000 SKU's
- Extremely High Consumer Awareness

# Why Our Supply Chain Matters



*Our Best Efforts to Date Are Insufficient to Drive Significant Improvement in the Value Chain*



# Sustainable Procurement

*Three major areas form the core of PepsiCo's Responsible & Sustainable Sourcing agenda:*

**Supplier CSR Assurance  
(Corporate Social  
Responsibility) Program:**

*Partnering with our suppliers to operate in a way that respects PepsiCo's values, brands and the communities in which we operate*

**Supplier Outreach for  
Resource Conservation  
Program:**

*Setting clear, public and quantifiable goals for energy, GHG, water, agriculture and forestry resource conservation within the extended supply chain*

**Sustainable Packaging  
Program:**

*Optimizing our use of materials and driving to continuously improve the environmental footprint of our packaging*

*These strategic areas are flexible to meet the needs of different markets, but are bound together as a global strategy.*

# Performance with Purpose

*"Profit is where a business' responsibility begins, not ends."*

*– Indra Nooyi, PepsiCo Chairman and CEO*

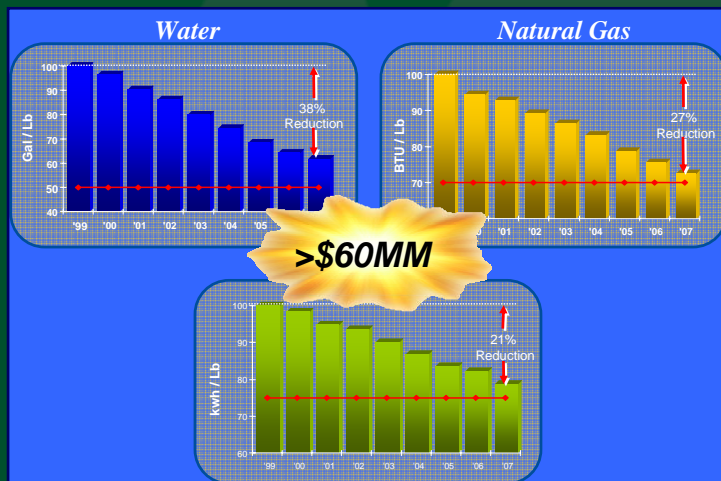
**PepsiCo Believes...**  
Leading companies should use their influence to encourage implementation of recognized practices (e.g. ENERGY STAR energy management program) for their key suppliers, including the sharing of their own expertise. PepsiCo believes that this can be done on a pre-competitive basis and encourages other companies with large supply chains to take the same approach.



# World-Class Resource Conservation Capability

## 8-Steps to a Successful Resource Conservation Program

- **Measure**
  - We're All Driven By The Numbers
- **Set A Big Challenge**
  - Little Goals Produce Little Results
- **Create A Team**
  - Every Site Needs Experts With Enthusiasm
- **Scorecard**
  - The Budget Won't Show The Opportunities
- **Audit**
  - Demand Success & Help To Achieve It
- **Innovate**
  - You Know Your Own Business Best
- **Execute**
  - The Best Laid Plans ... Are Still Just Plans
- **Communicate Results**
  - Celebrate Success & Drive Awareness



## Outreach

PepsiCo Tools, Expertise & Training are Made Available to Business Partners

- Single Point of Contact with Dedicated RC Expert
- Access to PepsiCo Expertise
- Access to Proven Partners
- RECON Training & Auditing Tools
- Monthly Informational Webcasts
- On-Site Support
- Opportunities to Provide Back-Stop Capital
- Invitation to 2009 PepsiCo Sustainability Summit

**Phase I - 2008**  
**12 Foods CoPackers**  
**23 Sites**



## Expectations

- Track Energy Metrics Weekly
- Develop Short- and Long-Term Reduction Goals
- Communicate Goals to PepsiCo
- Identify Site Champions and Build Teams
- Conduct an Energy Assessment at Each Site
- Communicate Utility Metrics to PepsiCo Quarterly
- Become an ENERGY STAR Partner



### Guidelines for Energy Management Overview

EPA offers a proven strategy for superior energy management with tools and resources to help each step of the way. Based on the successful practices of ENERGY STAR partners, these guidelines for energy management can assist your organization in improving its energy and financial performance while distinguishing your organization as an environmental leader.

#### The steps:

- STEP 1: [Make Commitment](#)
- STEP 2: [Assess Performance](#)
- STEP 3: [Set Goals](#)
- STEP 4: [Create Action Plan](#)
- STEP 5: [Implement Action Plan](#)
- STEP 6: [Evaluate Progress](#)
- STEP 7: [Recognize Achievements](#)

#### Need help getting started?

Use our [Energy Program Assessment Matrix](#) which is

