



# *Performance with Purpose*

## Investing in Sustainable Growth

PepsiCo Corporate Citizenship Report Overview 2009



**PEPSICO**

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This Overview report summarizes our most significant accomplishments that positively impact people and our planet and states our goals and commitments and our progress against them. Our online 2009 Corporate Citizenship Report is our principal means of reporting and offers more details about our goals, our performance, our policies, our partnerships and our governance on the topics covered in this Overview. [www.pepsico.com/citizenshipreport](http://www.pepsico.com/citizenshipreport)

*At PepsiCo we believe that what is good for society and what is good for business can and should be the same thing. We believe in “Performance with Purpose” and we act on this daily, delivering sustainable growth while investing in a healthier future. This is our promise and our mission.*

By acting on this mission we work to contribute to a sustainable environment, foster a culture of diversity and inclusion, create economic opportunities in the communities where we operate, and develop products and influence policies that can improve our consumers' health and well-being. Our mission keeps us focused on delivering on short-term commitments while staying strong over the long term so that we are well-prepared to deliver sustainable growth for our business and society.

Launched ambitious global goals to deliver sustainable growth by

**investing in a healthier future**

for our consumers, our planet, our associates and partners and our communities

*Awarded more than \$20 million in U.S. grants to ideas that positively impact our communities through the Pepsi Refresh Project*

Created

**3,200**

new jobs in China

*Increased executive positions held by women globally to 30%*

Conserved more than

**12 billion liters of water**

through efficiency improvements within our operations as compared to the 2006 baseline

*Achieved positive water balance in PepsiCo India*

Committed more than

**\$13 million**

to provide safe access to water in China, India, Brazil and Africa since 2007 through the PepsiCo Foundation

*Achieved the highest score in corporate governance for two consecutive years in the Dow Jones Sustainability World and North America indexes*

Achieved a

**16% reduction**

in per unit use of energy in our beverage plants and a

**7% reduction**

in our snack plants in 2009 compared to a 2006 baseline

*Nearly doubled our “good-for-you” product portfolio over the last five years*





## Dear Fellow Stakeholders,

In 2009, PepsiCo made a promise. We promised to deliver sustainable growth by investing in a healthier future for our consumers, our planet, our associates and external partners and the communities we serve.

This promise is the cornerstone of our “Performance with Purpose” mission: our belief that our financial success—Performance—must go hand-in-hand with our social and environmental responsibilities—our Purpose. We call this “The Promise of PepsiCo,” a declaration that includes ambitious global goals—47 commitments in all—that will guide our company this decade.

As the world’s second-largest food and beverage business, we have a responsibility to help devise solutions to key global challenges where we can have the most impact. We categorize these responsibilities in three distinct areas: Human Sustainability—addressing diverse and complex global nutrition needs; Environmental Sustainability—being a good steward of our planet’s natural resources; and Talent Sustainability—creating employment opportunities and developing our associates while fostering a diverse and inclusive workplace.

Our strategy for long-term growth is an integral part of our “Performance with Purpose” mission. In fact, we design our business plans to ensure that the work we do and the investments we make leave a positive impact on society—that’s why our 2009 Corporate Citizenship Report is titled *Performance with Purpose: Investing in Sustainable Growth*.

Challenging economic times are still ahead, but we will not reduce our commitment to responsible business, and we are taking action to ensure sustainable, profitable growth across all our businesses. Despite many challenges, we see enormous opportunity for continued growth.

One path to growth is through the game-changing mergers with our two anchor bottlers. These mergers allow us to create a lean, agile organization with an optimized supply chain, a flexible go-to-market system and enhanced innovation capabilities. Another critical path to growth is to continue to expand our R&D capabilities and increase investments to develop more nutritious products that taste great and add positive nutrition such as fiber, protein, vitamins and calcium, among other benefits.

Our “Performance with Purpose” mission guides the way we conduct ourselves as we continue to seek valuable counsel from key external stakeholders like Ceres, Columbia Earth Institute and global experts in the nutrition, science and global health policy communities. Together, these actions will help us maintain our long-term commitment to the overall sustainability of our company.

To learn more about our global goals and progress, please see our online report prepared using Global Reporting Initiative’s (GRI) G3 Guidelines at [www.pepsico.com/citizenshipreport](http://www.pepsico.com/citizenshipreport).

## HUMAN SUSTAINABILITY

As the world’s nutrition needs continue to evolve, we are committed to encouraging people to live healthier by offering a portfolio of both enjoyable and wholesome foods and beverages. We’re adding more whole grains, nuts, fruits and vegetables while reducing added sugars, lowering sodium and saturated fat levels and moving to heart-healthier oils and natural sweeteners. We’re also embarking on many initiatives to improve calorie labeling, support nutrition education, bring physical education to schools and feed malnourished people in lower-income communities. Our R&D investment has increased by more than 40 percent over three years, helping us to step across industry boundaries to address core challenges to make our products more nutritious.

## ENVIRONMENTAL SUSTAINABILITY

While we continue to make great strides on our portfolio transformation, we are also committed to improving the environmental profile of our operations worldwide. Most recently, we opened a facility in Chongqing, China that is designed to use 22 percent less water and 23 percent less energy than our existing in-country facilities. In the U.S., our Frito-Lay business developed a fully compostable 10 1/2-ounce bag for our SunChips multigrain snacks, and the facility in Arizona that produces these snacks just received the Environmental Contribution of the Year award at the 2010 Global Water Awards. One of our goals is to achieve positive water balance across all our businesses. For every liter we use, we intend to return one to the Earth. Sound impossible? We’re already demonstrating that concept across our India beverage operations. And India is just one step in our journey.

## TALENT SUSTAINABILITY

Another crucial element of our promise is our commitment to invest in our associates so they can succeed and develop the skills needed to drive our growth. As part of this, we have made our training and development regimen more robust, providing additional experiential learning for key executives to build leadership skills, and ensuring our associates have the right skills to successfully lead us into the future. We also remain committed to strengthening our diverse and inclusive culture. We are proud of the progress we continue to make, including increasing the number of women in management globally, reducing diversity turnover and creating thousands of new jobs in growing markets. Our efforts have earned external recognition in key talent and workplace rankings, including *Fortune* magazine’s “Top Companies for Leaders” list in 2009.

## CONCLUSION

We’ve made significant progress toward sustainable growth over the past several years, and as we continue to carry out our “Performance with Purpose” mission, we are poised to deliver on the “Promise of PepsiCo.” I look forward to a continued legacy of solid performance, and I’m confident our focus on sustainable growth will go a long way to assuring PepsiCo thrives for decades to come.

**Indra K. Nooyi**  
Chairman and Chief Executive Officer

# *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.

## *Performance*

TO ALL OF OUR INVESTORS: It’s a promise to strive to deliver superior, sustainable financial performance.

## *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.

## *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.

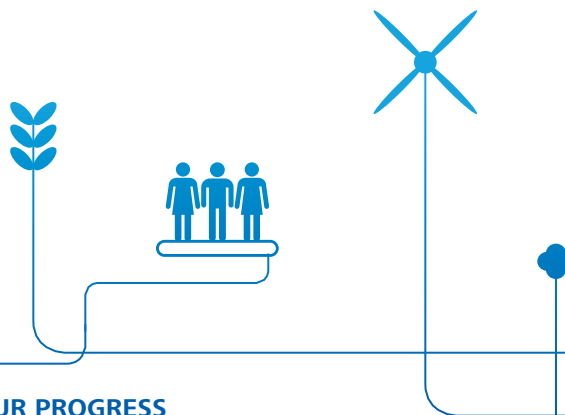
## *Talent Sustainability*

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.



## Select Goals and Commitments

For more information on each of our 47 global commitments and progress, please visit [www.pepsico.com/goalsandcommitments](http://www.pepsico.com/goalsandcommitments).



### OUR COMMITMENT

### OUR PROGRESS

#### Grow international revenues at two times real global GDP growth rate

In 2009 — a year in which the global Gross Domestic Product (GDP) declined — we grew international revenues. Over the last three years, we grew international revenues at a 13.6% Compounded Annual Growth Rate (CAGR), well ahead of our goal of growing at double the rate of real global GDP growth.

#### Increase the amount of whole grains, fruits, vegetables, nuts, seeds and low-fat dairy in our global product portfolio

Our Gamesa-Quaker business delivered nearly 1.4 billion servings of whole grains in Mexico.

#### Reduce the average amount of sodium per serving in key global food brands, in key countries, by 25% by 2015, with a 2006 baseline

In the U.K., the business achieved a 10% further reduction of salt in Walkers Crisps, following salt reductions between 25% and 55% since 2003.

#### Reduce the average amount of saturated fat per serving in key global food brands, in key countries, by 15% by 2020, with a 2006 baseline

Since 2005, we've been working toward reducing saturated fat in our snacks by switching to healthier oils. In the U.S., Frito-Lay has reduced saturated fats by 50% in its Lay's and Ruffles brands since 2006.

#### Reduce the average amount of added sugars per serving in key global beverage brands, in key countries, by 25% by 2020, with a 2006 baseline

Gatorade's G2 is a low-calorie sports beverage that has half the sugar and still delivers functional hydration benefits that athletes need to compete. Tropicana's Trop50 juice has 50% less sugar and calories.

#### Improve our water use efficiency by 20% per unit of production by 2015

We conserved more than 12 billion liters of water through eco-efficiency improvements within our global operations.

#### Reduce our fuel-use intensity by 25% per unit of production by 2015

There has been an 18% reduction in per unit consumption of non-renewable fuels in beverage operations and an 8% reduction in our snack operations since 2006.

#### Continue to lead the industry by incorporating at least 10% 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

PepsiCo continues to be the industry leader in our use of rPET with 10% recycled content in carbonated soft drink bottles in the U.S., and Naked Juice commercialized the first 100% recycled PET bottle in the U.S. grocery channel.

#### Foster diversity and inclusion by developing a workforce that reflects local communities

We've increased the percentage of women executives globally to 30%. In addition, we spent nearly \$1.3 billion on minority and women-owned businesses in 2009 — a 41% increase since 2005.

#### 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

Reduced our Lost-Time Injury Rate by 25% in our global manufacturing operations in 2009.



## *Performance*

TO ALL OF OUR INVESTORS: It's a promise to strive to deliver superior, sustainable financial performance.

### **Our Goals and Commitments**

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#### *Top Line*

Grow international revenues at two times real global GDP growth rate.

Grow savory snack and liquid refreshment beverage market share in the top 20 markets.

Sustain or improve brand equity scores for PepsiCo's 19 billion-dollar brands in the top 10 markets.

Rank among the top two suppliers in customer (retail partner) surveys where third-party measures exist.

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#### *Bottom Line*

Continue to expand division operating margins.

Deliver total shareholder returns in the top quartile of our industry group.

Increase cashflow in proportion to net income growth over three-year windows.

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### *Corporate Governance and Values*

Utilize a robust corporate governance structure to best represent the interests of PepsiCo and its shareholders.

Ensure our PepsiCo value commitment to deliver sustained growth through empowered people acting with responsibility and building trust.





## Values

### OUR COMMITMENT

To deliver *Sustained Growth* through *Empowered People* acting with *Responsibility* and *Building Trust*

## Guiding Principles

### WE MUST ALWAYS STRIVE TO

- Care for customers, consumers and the world we live in
- 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

We reach more than

**1 billion retail outlets**

on a regular basis.

## Global snack leader

with the top-ranked savory category share position in key regions

***We operate 692 manufacturing facilities.\****

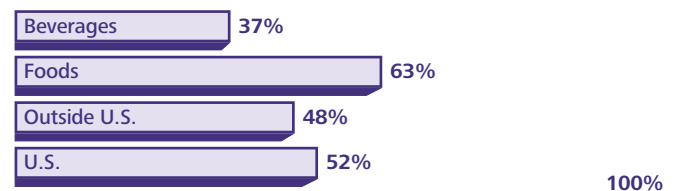


## Performance Metrics

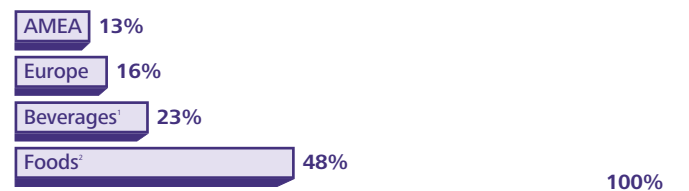
In 2009,

**Total net revenue was more than \$43 billion**

### MIX OF NET REVENUES



### NET REVENUES



<sup>1</sup> PepsiCo Americas Beverages <sup>2</sup> PepsiCo Americas Foods

***We operate 100,000 distribution routes directly or through our own fleets or through those of our bottlers worldwide. We continuously look for ways to reduce emissions from our fleet.***



\*Co-packers are not included; only franchises and company-owned operations. Includes PBC North America.



## 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.

### Our Goals and Commitments

#### 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, in key countries, by 25 percent by 2015, with a 2006 baseline.

Reduce the average amount of saturated fat per serving in key global food brands, in key countries, by 15 percent by 2020, with a 2006 baseline.

Reduce the average amount of added sugars per serving in key global beverage brands, in key countries, by 25 percent by 2020, with a 2006 baseline.

#### 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 to 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 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 ensure they support each other.





## Addressing Global Nutrition Challenges

We are the world's second-largest food and beverage business. Our brands—which include Quaker Oats, Tropicana, Gatorade, Frito-Lay and Pepsi—are household names that stand for superior quality and great taste throughout the world. As a global company, we also have strong regional brands such as Walkers in the U.K., Gamesa and Sabritas in Mexico, Amacoco in Brazil, Lebedyansky in Russia, Alvalle in Spain and Smith's in Australia.

As an industry leader, we have a responsibility to help develop solutions to key global challenges, such as obesity. We will do this by transforming our product portfolio, establishing global initiatives, such as calorie labeling to improve nutrition education, supporting programs that promote physical activity and using our influence to engage in meaningful private-public partnerships to drive positive change.

In 2009, we announced 11 ambitious global goals and commitments to guide our work to help improve the well-being of people in both developed and developing countries. We are focusing our work on the products we make and on key policies and partnerships to help us address global nutrition challenges.

Through expanded capabilities and increased investment, our world class research and development (R&D) team is focused on providing more food and beverage choices that encourage people to live healthier—products that are made with wholesome ingredients, and which offer nutritional benefits.

Our consumers' tastes, preferences and needs are constantly changing, and our success depends on our ability to respond to consumer trends and evolving nutrition challenges, including responding to the consumer's desire for healthier choices.

We will continue making our core snacks and beverages healthier through innovations in heart-healthy oils, sodium reduction and natural sweeteners, and through the addition of whole grains, fruits and vegetables, nuts, and low-fat dairy.

Currently, we have an estimated \$10 billion portfolio of nutritious products anchored by: Tropicana, Naked Juice, Lebedyansky, Sandora and other juice brands; Aquafina water, Kero Coco and Trop Coco coconut water brands; Quaker Oats; Gatorade (for athletes); dairy products from our new joint venture with Almarai; and other local good-for-you products and brands.



Currently, we have an estimated  
**\$10 billion  
portfolio  
of nutritious  
products.**

We intend to build on this portfolio with an increasing stream of innovation, as well as from targeted acquisitions and joint ventures. We will invest to accelerate the growth of these platforms, and we will use the knowledge from these initiatives to improve our core product offerings and to develop highly nutritious products for malnourished and lower-income communities around the world.

Each day we work toward our goals through product innovation grounded in nutrition science and the use of natural ingredients and by developing partnerships to guide and inform our work. We're using the lessons gained from our global vantage point not only to improve our business, but also to help address the world's evolving nutrition needs.



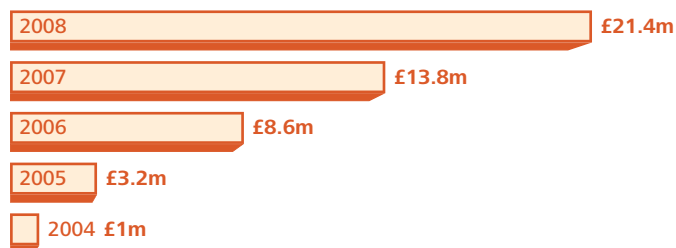
## Adding Whole Grains While Naturally Reducing Saturated Fat and Salt in Global Snacks and Foods

As a company focused on achieving sustainable growth, we have significant opportunities to expand our current snacks businesses in key regions, extend our reach into new geographies and enter adjacent categories. Last year, we were the global snacks leader with the #1 savory category position in virtually every key region across the globe.

As we expand our snacks business, we will continue to make our core snacks healthier through nutrition science-based innovations such as adding whole grains, nuts and seeds, using heart-healthy oils and reducing saturated fats and sodium.

### PEPSICO U.K. INVESTMENT IN HEALTHIER OIL

*total additional cost versus previous year*



In 2009, PepsiCo announced global goals and commitments that address environmental and social issues, including goals focused on the diverse and complex nutrition needs around the world.

Among our numerous global goals, PepsiCo committed to increasing the amount of whole grains, nuts and seeds, reducing the average amount of saturated fat per serving in key global food brands by

15 percent by 2020, and reducing the average amount of sodium per serving in key global food brands by 25 percent by 2015.

We've made good progress on all three fronts. In Mexico, our business delivered 1.4 billion servings of whole grains through our Gamesa-Quaker snacks, oats, and cereals last year. We expect to contribute an additional 22 million pounds of whole grain to the American diet in 2010 as we modify our process to retain more of the whole grain in Tostitos tortilla chips. And today, PepsiCo is the world's #2 seller of nuts and seeds.

Since 2005, we've led the industry to reduce saturated fats in our snacks like Walkers crisps in the U.K. and Lay's potato chips in key global markets by investing in the use of heart-healthy oils such as sunflower oil.

In the U.K., we've reduced the saturated fats in Walkers crisps by 70 to 80 percent, removing more than 40,000 tons of saturated fat from the British diet from 2005 to 2008. In the U.S., we've switched to sunflower oil, which is very low in saturated fat, and reduced the saturated fat content by more than 50 percent in our Lay's and Ruffles potato chips. In sum, more than 100 million pounds of saturated fats have been removed from the American diet since 2006.

We continue to invest in R&D capabilities to identify natural, innovative approaches to reduce the sodium in our global food brands.

Since 2003, we've reduced salt levels by between 25 and 55 percent across the Walkers portfolio, removing 2,400 tons of salt from the British diet between 2003 and 2008. At the end of 2009, we reduced salt levels in Walkers crisps by an additional 10 percent.

To achieve our global sodium reduction goal, we will continue to make R&D investments to explore breakthrough solutions such as identifying unique natural salt shapes and sizes that deliver the great "salty" taste while actually using less sodium.





## *Looking to Nature to Reduce Added Sugars, Add Positive Nutrition, and Preserve Flavors in Global Beverages*

One of the beverage industry's biggest technical challenges is to reduce a product's sugar while preserving its flavor. We've unlocked a solution by looking to nature and creating a breakthrough innovation.

PepsiCo and the Whole Earth Sweetener Company introduced a zero-calorie, all-natural sweetener derived from the stevia plant named PureVia. This natural sweetener optimizes taste, preserves the beverage's natural great-tasting flavor and retains shelf life.

Today, SoBe Lifewater, which is a vitamin-enhanced water with a high level of antioxidants, contains the zero-calorie, all-natural sweetener, as does Tropicana's Trop50. Trop50 offers 50 percent less sugar and calories by using PureVia and is the juice industry's most successful launch in the past five years. In addition, this all-natural sweetener innovation has been applied to Gatorade, the #1 sports drink brand in the U.S., to produce G2 Gatorade. With only 20 calories per 8-ounce serving, G2 delivers the same electrolytes as Gatorade to help maintain hydration.

In 2009, PepsiCo announced ambitious global goals and commitments that address environmental and social issues including goals focused on the diverse and complex nutrition needs around the world.

We are committed to increasing the amounts of fruits, vegetables and low-fat dairy in our global product portfolio, and to reducing the average amount of added sugars per serving in key global beverage brands by 25 percent by 2020. Progress has been made, but there is still a lot to learn and do.

We're enhancing our portfolio of great-tasting, lower-calorie beverage offerings within our key brand portfolios such as the Pepsi trademark, which includes Pepsi, Diet Pepsi, Pepsi Max and Pepsi Kick.

Pepsi Max is the fastest-growing beverage internationally with a "no sugar" label and has had successful product launches across the Middle East and China. In 2009, Pepsi Max became PepsiCo's 19th billion-dollar mega-brand.

As our global beverage business grows, key acquisitions and joint ventures have helped us expand our product offerings with improved nutritional profiles. Our focus on more nutritious offerings started with our acquisition of Tropicana in 1998 and the 2001 merger with Quaker Oats, including Gatorade.

More recently, PepsiCo has acquired or purchased a major stake in Lebedyansky, Russia's leading branded juice company and the world's sixth largest juice manufacturer; Sandora, a leading juice company in Ukraine; Naked Juice, a premium juice company in the U.S.; V Water in the U.K.; and Amacoco, Brazil's largest coconut water company. We have also partnered with one of the world's most profitable dairy businesses — Almarai — to jointly develop dairy markets throughout the Middle East, Southeast Asia and Africa.

In 2009, PepsiCo was ranked as the #1 juice business in Europe and Russia following the acquisition of both Lebedyansky and Sandora, and we continue to expand in India and the Middle East. In fact, we're covering the total value spectrum from premium and mainstream juices to value selections.

In Russia, we introduced Tonus Active Plus, a new line of juices that can help bring a variety of benefits, including a healthy immune system with AntiOx, improved digestion with BioFiber or nutrient-based energy with Power-C.

There continues to be significant areas of global beverage growth, particularly in developing markets and in evolving categories. We will invest in those attractive opportunities, concentrating in geographies and categories in which we are the leader or a close second, or where the competitive game remains wide open.





## *Encouraging People to Make Informed Choices and Live Healthier*

PepsiCo is committed to providing clear and useful nutrition labeling that helps consumers make nutritionally informed choices. Recently, we've announced significant global initiatives, goals and commitments to guide our work in this area.

We have committed to display calorie count and key nutrients on our food and beverage packaging by 2012. In the U.S., PepsiCo will display total calorie counts on the front of all beverage containers up to and including 20-ounce packages by February 2012. On beverage containers larger than 20 ounces, PepsiCo will display calories per 12-ounce serving on the front of non-juice products, and calories per 8-ounce serving on the front of juices and juice products. PepsiCo is committed to prominently displaying calorie information in line with U.S. Food and Drug Administration (FDA) guidance and regulations.

In an industry-leading and voluntary move, we will eliminate the direct sale of full-sugar soft drinks to primary and secondary schools around the globe by 2012. Our global sales and distribution policy aims to help schools offer a wider range of low-calorie and nutritious beverages to their students. This global policy limits the direct sale of full-sugar soft drinks—and encourages the products sold to meet strict nutritional criteria—to primary and secondary schools. PepsiCo plans to fully implement this policy by January 1, 2012. PepsiCo currently does not direct-sell full-sugar soft drinks to primary and secondary schools in most of Europe, Canada and most countries in the Arabian Peninsula.

We've taken a deliberate stand on responsible marketing and advertising to children and joined a group of global food and beverage manufacturers to adopt a worldwide voluntary commitment to advertise to children under 12 only products that meet specific nutrition criteria. The policy is currently in effect for beverages worldwide and will become effective for all snacks and food globally by January 1, 2011. PepsiCo has already achieved 96 percent compliance in 2009 in those countries where the company policy is in force, according to the global audit firm Accenture.

## *Changing the Way We Innovate*

For generations, we've been offering some of the world's favorite foods and beverages. And, increasingly, we are focused on improving our products, developing new ones using nature's ingredients and applying proven nutrition science to ensure more wholesome products and nutritional benefits.

We believe it is our responsibility to understand the diverse nutrition needs of populations around the world, and to offer a wide range of foods and beverages that addresses those needs.

To do that, we're changing the way we innovate at PepsiCo.

We've expanded our world-class Research and Development (R&D) organization. Our leaders include renowned scientists and experts in clinical science, epidemiology, nutrition and public health. We've increased our investment in cutting-edge research and product development by more than 40 percent over three years, and now have nine R&D facilities around the world.

Our R&D organization anticipates demand, solves business problems and creates opportunities to differentiate our products. This team delivers on the future by staying close to the businesses and brands, as well as by understanding the physical and emotional needs of our consumers. Our innovation pipelines feature both global and local products that will make it easier for our consumers to lead healthier lives.

We proactively lead and engage in private-public partnerships with key external experts and stakeholders in the global health policy and science/nutrition communities to help improve diets and deliver substantial improvements in our products.

Our leaders actively participate in global health policy initiatives, including those led by the World Health Organization, National Institutes of Health, World Heart Federation, New York Academy of Sciences, Pan-American Health Organization and the Healthy Weight Commitment Foundation.

PepsiCo also actively supports the Centers for Disease Control and Prevention (CDC). The CDC is the U.S.' lead agency for health promotion and the prevention and control of diseases. It is also a premier organization worldwide for nutrition, physical activity and obesity prevention.



## Influencing Positive Change

We touch the lives of tens of millions of people every day. We are driven by the belief that by joining forces with partners across many sectors, we can make a far greater impact in the fight to reduce obesity and address other global nutrition needs than by working alone.

PepsiCo expanded its existing efforts to help reduce obesity in the U.S. by joining the Healthy Weight Commitment Foundation (HWCF). This Foundation is a CEO-led organization and is a national, multiyear effort designed to help reduce obesity—especially childhood obesity—by 2015. The HWCF intends to help consumers lead healthier lives by offering healthier nutrition options and helping to make energy balance—calories in, balanced with calories out—a daily habit.

In 2009, PepsiCo Foundation made a two-year commitment of \$2.5 million to the HWCF.

PepsiCo Foundation also made a \$5 million commitment to Save the Children for a three-year program to help ensure the survival and well-being of children living in rural India and Bangladesh, which together are home to 40 percent of the world's malnourished children. A three-year, \$2.2 million commitment was made to the United Nations World Food Programme to improve the organization's operating efficiencies and response time in crisis situations through strategic counsel and insights from PepsiCo's most seasoned logistics experts.

Another example is PepsiCo's Food for Good (FFG) initiative launched in the Dallas, Texas area in 2009. The initiative was launched to better understand the needs of underserved communities and explore ways that we could help. Partnerships with community organizations are essential to the vision, and FFG has partnered with Central Dallas Ministries (CDM), Paul Quinn College (PQC) and the Jubilee Park Community to explore various opportunities in the South Dallas/Highland Hills area. FFG aims to improve access to affordable and nutritious foods and help spur economic redevelopment through job and skills development.

In 2010, PepsiCo will launch a pilot initiative in India that will develop locally relevant, affordable and nutritious products for undernourished consumers. And in Nigeria, we are supporting humanitarian organizations to help improve nutrition for undernourished children.

## Promoting Active, Healthy Lifestyles

We support programs that use simple steps to encourage people to get active.

In Latin America, *Vive Saludable Escuelas* is a proven initiative that teaches children how to add physical activity to their daily lives. A physical education routine, designed by Mexico's Sports Commission, is being used by teachers in participating schools. To date, the program has touched more than 1 million children in 4,000 schools.

In India, our "Get Active" program reaches 70,000 students in more than 100 schools and promotes an active lifestyle through an energy balance curriculum.

In the U.S., we continue to work with the YMCA, the nation's largest provider of fitness programs, to support *Activate America*, a public health initiative that helps make healthy living a reality for millions of Americans.

In the U.K., we've been a partner of the Department of Health's Change4Life obesity campaign since its inception in 2008. We launched an unbranded advertising campaign supporting the sub-brand Play4Life. Aimed at encouraging parents to take their kids out to play more, global football icons Thierry Henry and Frank Lampard were used to personalize and drive home the campaign's key message: "Active parents make active kids."



The U.K. Department of Health's Change4Life obesity campaign ran nationally in digital, print and bus formats.





In Mexico, our Gamesa-Quaker business expanded its line of oat-based cookies and snacks in a variety of portion sizes.



PepsiCo is the **number one juice business**

in Europe and Russia with the acquisition of a stake in JSC Lebedyansky and Sandora.



In China, we designed Cao BenLe beverages to supplement the way Chinese consumers use traditional Chinese herbs by adding **chrysanthemum flowers and red dates.**



In the Middle East, PepsiCo launched Aliva, a new biscuit that combines

**wheat and lentils with authentic local flavors.**



Naked Juice introduced

**100%**

natural coconut water, a good source of potassium, calcium and other electrolytes.



SunChips multigrain snacks are made with

**18 grams**

of whole grains per serving.



In the U.K., we have reduced saturated fat levels by

**70%–80%**

and salt levels by

**25%–55%**

in Walkers snacks and crisps.



In Australia, Grain Waves potato chips are cooked in

**100%**

heart-healthy oils.

Pepsi Max is the fastest growing beverage internationally with a

**no sugar**

trademark, following significant product launches across the Middle East and China.



PepsiCo is the world's

**#2 seller**

of nuts and seeds.



Trop50 uses

**PureVia, a zero-calorie, all-natural sweetener**

derived from the stevia plant.



In Europe, our Alvalle line of soups are made from fresh vegetables and are

**100% natural.**



## *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.

### **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.

Work to eliminate all solid waste to landfills from our production facilities.

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.

#### *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.

#### *Community*

**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.



## Taking Action to Minimize Our Footprint

Every day, PepsiCo relies on the Earth's natural resources. As we grow our businesses in developed countries and expand in developing countries and emerging markets, we remain committed to minimizing the impact our business has on the environment.

In 2009, we announced 15 global goals and commitments to guide our work to protect our natural resources through innovation and more efficient use of land, energy, water and packaging in our operations. We are focusing our work where we can make the most positive impact (water, packaging, climate change and agriculture) and on key policies and partnerships to help provide solutions to address the world's environmental challenges.

Our global environmental strategy is guided by our Environmental Sustainability Leadership Team, which comprises senior executives who lead our businesses' supply chain, global procurement, compliance, sales and marketing, and R&D, among others. At the front line of our efforts are PepsiCo's sustainability teams at our business headquarters and local manufacturing facilities around the globe. Associate volunteers form "Green Teams" that operate at many facilities and through these teams' actions, we are able to continuously improve our programs and look for ways to scale the good ideas being implemented across our global business. We also share best practices with our industry peers and suppliers.

Resource conservation is a key priority and we have a global eco-efficiency strategy within our operations that helps us optimize our water, energy and electricity use through improved methods and technologies. We are moving toward having all our new facilities meet the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) standards—one of the world's most rigorous standards for green building.

In an industry-leading move, we developed global Sustainable Engineering Guidelines (SEG) based on LEED standards. We share these guidelines, which contain 135 solution sets and 18 training videos, with our suppliers to ensure our buildings are constructed to environmentally sustainable standards. These guidelines are applied to all new construction as well as major remodels of existing buildings globally, where practical.

As a food and beverage company, agriculture is perhaps the largest element of our eco-footprint, so we work hard to continuously improve our agricultural practices. We have developed and published our Global Sustainable Agriculture Policy, which demonstrates our approach to sustainable development across our entire agriculture supply chain, including water savings, waste reuse, soil protection and chemical use.



*In Chongqing, China, our manufacturing facility has an environmental learning center open to the local community. This center provides free educational materials to raise awareness about ways to protect the Earth's natural resources.*

Our Global Sustainable Packaging Council, which comprises executives from our global procurement and R&D packaging operations, guides our work in designing and developing packaging systems that are environmentally responsible throughout their entire life cycle.

In addition to our own efforts, we consistently rely on private-public partnerships with a range of external stakeholders to provide us with additional insights, expertise and knowledge. PepsiCo's commitment to environmental sustainability is deeply embedded into our daily business practices. With the expert knowledge, world-class skills and breakthrough technology, our organization is empowered to do better each day by minimizing our footprint.





## Achieving Positive Water Balance

In 2009, PepsiCo India achieved a remarkable milestone: positive water balance.

Through numerous initiatives of recharging, replenishing and reusing water, our business in India gave back to society more water than consumed by our in-country beverage manufacturing processes.

The team achieved positive water balance by reducing water used to manufacture our products, conserving water through sustainable agriculture practices and replenishing water in communities where our operations exist and beyond. In sum, the team replenished nearly 6 billion liters of water across India, which exceeds the total intake of approximately 5 billion liters of water by our manufacturing facilities.

The PepsiCo team replenished nearly

# 6 billion liters

of water across India, which exceeds the total intake of approximately 5 billion liters of water by our manufacturing facilities.

This sustainable initiative supports PepsiCo's global goals and commitments that address environmental and social issues.

Among these goals, PepsiCo has committed to improve water use efficiency by 20 percent per unit of production by 2015, strive for positive water balance in our operations in water-distressed areas and provide access to safe water to 3 million people in developing countries by the end of 2015.

PepsiCo routinely conducts assessments to monitor levels of water stress factors in the areas of our operations and proactively initiates water replenishment programs around the world. The global water goals require continuous improvement to reduce our water footprint.

Since 2005, our manufacturing team in India has reduced water use by more than 45 percent and saved more than 3 billion liters of water through conservation efforts across our beverage operations.

One conservation method includes rain or roof water harvesting, a practice used by many PepsiCo India plants to maintain and strengthen water reserves in the surrounding areas. Three plants harvest and collect rain water in excavated lakes and ponds as well as use roof water harvesting to rejuvenate surrounding aquifers.

In India, our team has educated farmers to adopt an agronomic practice in paddy cultivation called "direct seeding." Rather than growing the seedlings in a nursery, planting them, and then flooding their fields, we are advocating direct seeding, which allows the seed to be planted directly into the ground, bypassing the nursery. This also removes the need for flood irrigation, reducing water use by as much as 30 percent. In 2009, we extended direct seeding to 6,500 acres of paddy fields, saving more than 5 billion liters of water.

Through the construction of check-dams and recharge ponds, water levels have risen for the first time in years and helped to increase farmers' incomes. The check-dam project has positively impacted the lives of 12,000 villagers in communities where our operations exist.

To build on the achievement of positive water balance, PepsiCo India has developed a strategic plan to double the replenishment of its consumption of fresh water by 2015.

From a global perspective, PepsiCo remains committed to its comprehensive and integrated movement to conserve and optimize water usage. Our initiatives reinforce our commitment to the U.N. Global Compact (UNGC), the CEO Water Mandate and the U.N.'s Millennium Development Goals of sustainable access to safe drinking water.



## Moving Toward Zero Landfill

We're working to eliminate all solid waste sent to landfills from our plants. In the U.S. and U.K., we've made considerable progress across our snack businesses.

In 2009, 14 Frito-Lay manufacturing facilities disposed less than one percent of solid waste to landfill—the remaining 18 facilities will achieve nearly “zero landfill” by the end of 2011.

Over the past five years, Frito-Lay has eliminated 150 square miles of packaging by reducing materials by 10 percent. The company has also introduced the first fully compostable bag for its 10 1/2-ounce SunChips multigrain chips. Frito-Lay consumes 150,000 tons less paperboard each year simply by reusing its shipping cartons up to six times.

PepsiCo has introduced the first fully compostable chip bag. Today, every 10 1/2-ounce SunChips bag is

# 100% compostable

and made with renewable plant-based materials.



In addition, almost every piece of waste generated at the more than 30 Frito-Lay plants is reused or recycled. The 20 million pounds of potato peelings and corn hulls are sent to livestock farms for use as feed.

In 2008, PepsiCo U.K. pledged to achieve “zero landfill” waste across its total supply chain within 10 years. In 2009, eight of its manufacturing facilities hit the target of no longer sending waste to landfill. The U.K. team cites two key reasons for its success: associate enthusiasm and the appointment of “waste marshals” who have the responsibility and empowerment to get the job done.

These initiatives support PepsiCo's global goals and commitments that address economic, environmental and social issues. Among the global environmental goals, PepsiCo has committed to reduce packaging weight by 350 million pounds—avoiding the creation of 1 billion pounds of landfill waste by 2012; work to eliminate all solid waste to landfills from our production facilities; continue to lead the industry by incorporating at least 10 percent of recycled polyethylene terephthalate (rPET) in our primary soft drink containers in the U.S.; and create partnerships to promote an increase in U.S. beverage container recycling rates to 50 percent by 2018.

We're proud of our efforts to lightweight our beverage containers—designing the thinnest possible packaging that still meets government specifications for strength and safety. We're also committed to ensuring that our containers are easily compatible with U.S. recycling systems.

In 2008, PepsiCo U.K. pledged to achieve

## zero landfill

waste across its total supply chain within 10 years.

To achieve our recycling goal, we will work with other U.S. industry leaders, retail customers and our bottlers in support of programs and policies that effectively increase recycling. We will help educate consumers and develop innovative programs to encourage recycling while partnering with our suppliers, communities and nongovernmental organizations in support of efforts to encourage increased recycling efforts.





## Reducing the Carbon Footprint of Our Operations

We remain focused on growing our business while making investments in key regions to drive sustainable growth. We have identified key challenges and developed related competitive strategies for driving sustainable growth that we believe will enable us to achieve our objectives. One of those strategies is to continue to deliver on our environmental sustainability goals and commitments.

Our climate change focus is on reducing our carbon footprint, including continued improvement in energy use efficiency.

**73,000 liters of fuel**  
**105,000 kWh of electricity**  
**2 million liters of water**

have been saved at a Gatorade manufacturing facility in Guadalajara, Mexico through a heat recovery project.

In 2009, we achieved a 13 percent reduction in per unit use of electricity in our beverage plants and a 6 percent reduction in our snack plants. There has been a significant reduction of fuel usage as well. In our international operations, we've realized an 18 percent reduction in fuel usage per unit in our beverage operations and an 8 percent reduction in our snack operations since 2006.

PepsiCo has committed to 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 (EPA) Climate Leaders program, and commit to an absolute reduction in GHG emissions across our global operations.

Most recently, the EPA awarded PepsiCo a 2010 ENERGY STAR "Sustained Excellence Award" in recognition of our continued leadership in protecting our environment through energy efficiency.

Here are three examples of how we demonstrate our commitment to reducing the carbon footprint of our operations:

In Chongqing, China, we opened a new beverage manufacturing facility that uses 22 percent less water and 23 percent less energy than existing PepsiCo manufacturing facilities in China. By employing a combination of technologies, the plant will reduce greenhouse gas emissions by an estimated 3,100 tons, and conserve 100 million liters of water each year. Best practices from this plant will be shared with other facilities across the PepsiCo system. There are plans to build more than 10 additional beverage manufacturing facilities in the near future.

The Frito-Lay manufacturing facility in Killingly, Connecticut launched its co-generation system, which will generate almost 100 percent of the site's electrical requirements. To maximize the system, the facility will utilize the waste heat, which is a by-product of steam production. This new system is another step to help the facility reduce its environmental footprint and help alleviate the significant load already on the heavily congested power grid in the northeastern U.S.

The Gatorade manufacturing facility in Guadalajara, Mexico implemented a heat recovery project that uses heat from thermally processed beverages to preheat the cool product coming into the pasteurizer. This helps save 73,000 liters of fuel, 105,000 kWh of electricity and 2 million liters of water, preventing more than 200,000 tons of carbon dioxide from being sent to the atmosphere every year.





## *Protecting Natural Resources in Our Communities*

Every day, PepsiCo earns its social license to operate in the thousands of communities we serve. In each community, we have a responsibility to support economic development, to improve our environmental footprint and to help work toward solutions to protect the community's natural resources.

As a responsible company, we seek to continuously promote environmental sustainability by abiding by applicable laws and regulations where we operate, and in certain instances, where we believe the requirements may not be sufficiently advanced, we apply higher standards.

We work hard to protect the natural resources where we operate, including minimizing our water footprint and improving public access to clean water through alliances with nonprofit groups.

We're also working across our agricultural supply chain to ensure our practices are efficient and sustainable. We're committed to supporting our local farmers by providing the necessary training and sharing our best practices including water savings techniques, waste reuse, soil protection and chemical use. Through these practices, we're able to raise farm productivity, which increases farmers' incomes and improves the quality of life in many communities.

In 2009, PepsiCo announced new global goals and commitments that address environmental and social issues including our active engagement in the communities where we operate.

Among these environmental goals, we're committed to apply proven sustainable agriculture practices on our farmed land, provide funding, technical support and training to local farmers and promote environmental education with our associates, among other initiatives.

In Mexico, our snacks business, Sabritas, actively participates in a program that contributes to the overall development of low-income farming families in corn-producing communities. In partnership with the Mexican Foundation for Rural Development (FUNDAR), Sabritas contributes to technical and business training for farmers, transfers relevant technology to the communities and initiates farming

contracts. Sabritas and FUNDAR intend to gradually bring about cultural change in these communities that will lead to the creation of small, sustainable agribusinesses.

In 2009, the Sabritas/FUNDAR partnership positively impacted the lives of 297 farmers in Mexico. It increased their yield of corn, increased their income by 165 percent, and provided 57,850 hours of education and training on good agricultural practices.

In 2009, the Sabritas/FUNDAR partnership positively impacted the lives of farmers and provided

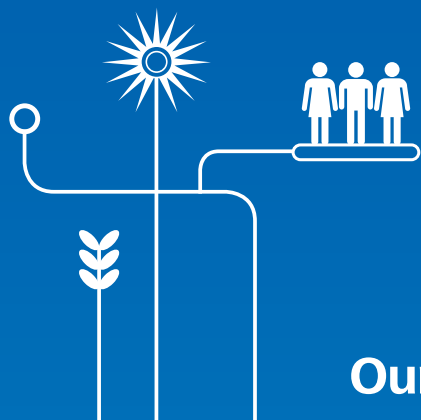
**57,850 hours**

of education and training on good agricultural practices.

Throughout the program, Sabritas works toward an improved understanding of the farmers' needs to become independent business partners. The program also benefits our business. Strengthening the capabilities of our suppliers located near our manufacturing facilities means savings in warehouse and transportation costs as well. We know that engagement with rural farming communities and private-public partners is integral to affecting positive social and economic impact.

We also promote environmental education and best practices among our associates and business partners.

In Latin America, our beverage and snacks businesses promote overall environmental awareness with our associates. To do this, they created an internal educational website, [pepsicoecofootprint.com](http://pepsicoecofootprint.com), in multiple languages. Users of the site answer a short list of simple questions about their personal lifestyle, and then the website tells them how many Planet Earths would be required if everyone had their same way of living.



## 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.

### 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, in order 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.



## *Staying Competitive with a Highly Skilled, Diverse Workforce*

As PepsiCo continues its journey of sustainable growth, we must continue to hire, retain and develop our leadership bench and a highly skilled, diverse workforce.

We have an extraordinary talent base across our global organization—in our manufacturing facilities, our sales and distribution organization, our marketing groups and our staff functions, and with our general managers.

As we expand our business, we are placing heightened focus on ensuring that we maintain an inclusive environment and on developing the careers of our associates—all with the goal of continuing to have the leadership talent, capabilities and experience necessary to grow our business well into the future.

In 2009, we made a promise with 12 global goals and commitments to guide our work to develop our associates.

To stay truly competitive, multinational companies require people who have global mindsets and local knowledge, who can accelerate innovation to find more sustainable ways of operating and serving consumers, who reflect local communities, and who understand the importance of partnering with a multitude of stakeholders—including governments, NGOs and nonprofit organizations. Our training and development efforts help ensure that our associates have the skills they need to lead in this new world.

We will continue to foster an inclusive environment, by increasing female and minority representation in management ranks, engaging associates in health and well-being programs and creating rewarding job opportunities for associates with disabilities.

Diversity and Inclusion Councils have been successfully established on four continents of our PepsiCo business outside the U.S., focusing on locally relevant diversity and inclusion strategies and plans, with a particular focus on women. PepsiCo's External Diversity Advisory

Boards consist of educators, politicians, practitioners and customers who advise PepsiCo senior management on a variety of issues relating to diversity and inclusion.



*We conduct training for associates to ensure they have the knowledge and skills required to achieve performance goals.*

In the U.S., our numerous Diversity and Inclusion Networks promote a culture where our associates feel they have an equal opportunity to contribute and succeed. The groups include African Americans, Latinos/Hispanics, Asians, Native Americans, Women, Gay/Lesbian/Bisexual/Transgender, and EnAble, for individuals with disabilities. In addition to our core associate resource networks, we offer Women of Color Multicultural Alliance and White Male Inclusion Advisory groups. In addition, all associates are required to participate in inclusion training sessions.

We will leverage the reach of our associate base and continue to encourage our associates around the world to participate in community service and inclusion activities, which are designed not only to positively impact the communities we serve, but to drive our associates to be leaders in social responsibility.





## Strengthening an Inclusive Culture

At PepsiCo, we approach diversity and inclusion as a fundamental business priority.

Our company's growth requires leaders and associates from all different backgrounds who can understand the world's evolving nutrition needs and global environmental challenges as well as the economic and social needs of developed and developing countries.

We will continuously evolve our culture so that our leaders and associates are recognized for their contributions and valued for the unique differences they bring to the workplace.

Increasing support for women working within our businesses is crucial, especially in developing countries. Across the globe, women comprised approximately 30 percent of our executive ranks, and we increased the percentage of women executives in our Latin America, Asia and Middle East businesses. In China, women hold nearly 40 percent of our management positions.

### WOMEN EXECUTIVES

2004 compared with 2009, by region

	2004	2005	2006	2007	2008	2009
North America	28.9%	31%	32.2%	32.8%	32.9%	33.2%
Latin America Beverages				14.9%	17.3%	19.4%
Latin America Foods	14.2%*	16.9%*	18.5%*	14.5%	17.8%	18.3%
Europe				22.9%*	23.6%*	26.9%
AMEA						24.7%

\*average; reporting changed as corporate structure changed

PepsiCo has a Global Diversity and Inclusion Governance Council comprising internal and external leaders and co-led by our Chairman and CEO and our Chief Diversity Officer. This Council is focused on increasing our diversity and inclusion capabilities as well as creating a sustainable and differentiated competitive advantage for PepsiCo.

In our 2009 organizational health survey, 73 percent of associates who participated in the survey stated that they see diversity and inclusion reflected in PepsiCo's management—an improvement of 16 percent from 2002.

In 2009, we were recognized for our diversity and inclusion accomplishments by *Black Enterprise* (U.S.): 40 Best Companies for Diversity; *The Times* (U.K., Ireland): Top 50 Places Where Women Want to Work; *Working Mother* (U.S.): 20 Best Companies for Multi-Cultural Women; and *Diversity, Inc.* (U.S.): Top 50 Companies.

### PEPSICO SPENDING WITH MINORITY- AND WOMEN-OWNED VENDORS IN THE U.S.

in millions



Another example of promoting programs that support diversity efforts is the amount of money we spend annually with minority- and women-owned suppliers. In 2009, we spent nearly \$1.3 billion.



## *Providing a Safe, Healthy Workplace*

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Protecting the health and safety of our associates is a core value. Occupational injuries and illnesses are preventable and we aspire to have an incident-free environment.

In 2009, we created a global Occupational Health and Safety Policy that focuses on improving occupational health and safety metrics across our operations. Safety committees and/or coordinators are active in all company-owned manufacturing facilities, all of which participated in health and safety reviews. Our progress includes a 25 percent reduction in our manufacturing Lost-Time Injury Rate globally. The PepsiCo Health and Safety Leadership Council governs policy compliance.

In addition, PepsiCo serves as chief partner in the global program of the World Health Organization's World Economic Forum "Workplace Wellness Unit" and the U.S.-based Healthy Weight Commitment Foundation, working with both organizations to develop better workplace wellness solutions.

To promote and enable health and well-being among our associates and their families, PepsiCo offers HealthRoads, a program that motivates participants to develop and sustain healthy behaviors by seeking preventive care, making behavioral changes to reduce health risks and working one-on-one with a health coach to manage an existing condition. HealthRoads' primary focus areas include diet, nutrition and exercise. In 2009, in recognition of PepsiCo's leadership in workplace wellness, the company received the Best Employers for Healthy Lifestyles/Platinum Award from the National Business Group on Health.

PepsiCo's Human Rights Workplace Policy ensures a work environment that is free from all forms of discrimination and where people feel respected. In 2009, we translated this policy into 24 languages and broadly communicated it as a part of our Code of Conduct Training, a process that ensures our businesses are operating in the most ethical way possible.

## *Recognizing Associates with Awards Programs*

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PepsiCo offers a variety of awards programs to recognize our associates.

All businesses provide gift awards for length of service by associate. Associates are also eligible to receive stock option grants as recipients of a Chairman's Award, which recognizes outstanding accomplishments—above and beyond an individual's basic job accountabilities—that deliver a sustainable business impact in support of the company's "Performance with Purpose" mission. A Chairman's Award is the highest honor at PepsiCo.

To honor those who have helped PepsiCo advance its commitment to world-class performance in diversity and inclusion, we have created a special Chairman's Award called the Harvey C. Russell Inclusion Award. The award is named after the PepsiCo executive who broke America's color barrier when Russell became a vice president of PepsiCo in 1962—the first black executive of any major corporation.

The Steve Reinemund Diversity & Inclusion Leadership Legacy Award is a PepsiCo leadership award given to senior leaders who move PepsiCo to new levels of diversity and inclusion accomplishments. Reinemund, for whom the award is named, served as PepsiCo chairman and chief executive officer from 2001 to 2006.

Front-line associates in sales roles at PepsiCo and our bottlers are eligible for a Chairman's Award entitled the President's Ring of Honor. Front-line associates are those who make, sell, and distribute our products. The President's Ring of Honor program was created in 1999.

In 2009, we created the Chairman's Circle of Champions award to recognize supply chain and operations associates who demonstrate outstanding performance in the areas of safety, quality, service, cost, sustainability and people skills.



# Summary of Corporate Citizenship

## CORPORATE CITIZENSHIP

This Overview provides just a glance at our progress against our global goals and commitments. Our online Corporate Citizenship Report provides more detailed coverage of our sustainability journey. Please visit [www.pepsico.com/citizenshipreport](http://www.pepsico.com/citizenshipreport).

### Associates

We must continue to hire, retain and develop a highly skilled and diverse workforce to achieve sustainable growth. Promoting health and well-being and providing a supportive and safe workplace is our promise. We expect all associates to live by the high standards of our Code of Conduct, including our Human Rights Workplace Policy.

- Occupational Health and Safety Policy
- Health and Well-being
- Training and Development
- Diversity and Inclusion

### Consumers

PepsiCo touches the lives of tens of millions of people every day. We offer snacks, foods and beverages that satisfy consumers' changing preferences, deliver exceptional taste and offer greater benefits. Increasingly, our product portfolio makes it more enjoyable to lead a healthy life. We're changing because our consumer is changing and because the health of the world's population demands it.

- Portfolio Transformation
- Responsible Marketing
- Programs Promoting Physical Activity

### Suppliers

We communicate, educate and work with our suppliers to improve corporate social responsibility performance across our global supply chain. The PepsiCo Supplier Code of Conduct clarifies our global expectations in the areas of labor practices, employee health and safety, environmental management and business integrity.

- Supplier Code of Conduct
- Sustainable Agriculture Policy
- AIM-PROGRESS

### Communities

Every day, PepsiCo earns its social license to operate in the thousands of communities we serve. In each community, we have a commitment to support economic development, to improve our environmental footprint, and to help work toward solutions to issues such as obesity and undernourishment. We're committed to making positive contributions to the communities we serve.

- Community Investments
- Partnerships
- Associate Engagement

## AWARDS AND RECOGNITIONS

*Listed for the third time in the Dow Jones Sustainability World Index*

*Listed for the fourth time in the Dow Jones Sustainability North America Index*

*Received the Multinational Contribution Special Award in China for sustainable development*

*Received the People's Republic of China "Green Trademark" award*

*Awarded Mexico's Social Responsibility Award for the fifth consecutive year*

*Honored with ENERGY STAR's "Sustained Excellence Award" in the U.S.*

*Received an Environmental Excellence Award from the U.S. Environmental Protection Agency leadership*

*Recognized by 2010 Global Water Awards with "Environmental Contribution of the Year"*

*Acknowledged as one of its Top 50 Companies by Latina Style magazine*

*Scored 100 percent on the Corporate Equality Index, for six consecutive years, for the Human Rights Campaign for our GLBT efforts.*

*Received two national awards in India for business response to HIV/AIDS*



## ABOUT PEPSICO

PepsiCo offers the world's largest portfolio of billion-dollar food and beverage brands, including 19 different product lines that each generates more than \$1 billion in annual retail sales. Our main businesses—Frito-Lay, Quaker, Pepsi-Cola, Tropicana and Gatorade—also make hundreds of other nourishing, tasty foods and drinks that bring joy to our consumers in more than 200 countries. With annualized revenues of nearly \$60 billion, PepsiCo's people are united by our unique commitment to sustainable growth, called "Performance with Purpose." By dedicating ourselves to offering a broad array of choices for healthy, convenient and fun nourishment, reducing our environmental impact, and fostering a diverse and inclusive workplace culture, PepsiCo balances strong financial returns with giving back to our communities worldwide. In recognition of its continued sustainability efforts, PepsiCo was named for the third time to the Dow Jones Sustainability World Index (DJSI World) and for the fourth time to the Dow Jones Sustainability North America Index (DJSI North America) in 2009. For more information, please visit [www.pepsico.com](http://www.pepsico.com).

### WORLD HEADQUARTERS USA – Purchase, New York

**PEPSICO INTERNATIONAL (PI)**  
*Europe – Geneva, Switzerland*  
*Asia, Middle East and Africa – Dubai, United Arab Emirates*

### BUSINESS UNIT HEADQUARTERS (FOODS)

**Frito-Lay North America (FLNA)** –  
*Plano, Texas, USA*  
**Quaker Foods North America (QFNA)** –  
*Chicago, Illinois, USA*  
**South America Foods (SAF)** – *São Paulo, Brazil*  
**Sabritas** – *Mexico City, Mexico*  
**Gamesa** – *Mexico City, Mexico*

**BUSINESS UNIT HEADQUARTERS  
(BEVERAGES)**  
**PepsiCo Beverages North America  
(PBNA)** – *Purchase, New York, USA*  
**Gatorade** – *Chicago, Illinois, USA*  
**Tropicana** – *Chicago, Illinois, USA*



Supporting responsible use  
of forest resources  
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