



PEPSICO



**PERFORMANCE
WITH *PURPOSE***

Human • Environment • Talent

Resource Conservation Outreach Program

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ENERGY STAR Supply Chain Work Group
May 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



Performance with Purpose



“Profit is where a business’ responsibility begins, not ends.”

– Indra Nooyi, PepsiCo Chairman and CEO

◆ Performance dimension

- Consistent and sustained profitable growth.
 - » Recognize changing dynamics of consumers and the markets where we do business.

◆ Purpose dimension

- Human sustainability
 - » Begins with our products and commitment to nurture the consumer
 - » Health & Wellness journey more than decade old
 - » Focus on innovation to continually improve portfolio.
- Talent sustainability
 - » Attract, hire, develop, reward and retain best and brightest
 - » Continue to enhance our diverse and inclusive workforce
 - » “Cherish” our people; be valued part of their lives, families and communities
- Environmental sustainability
 - » Focused on water, energy and waste where we can have an impact
 - » Conserve our planet’s natural resources
 - » Extend beyond our own operations to local community and global partners

Environmental Sustainability Leadership



- ◆ Alliance to Save Energy
 - Star of Energy Efficiency 2003
- ◆ US Green Building Council
 - LEED Gold - Rochester 2005
 - LEED Gold - Wytheville, Tolleson 2007
 - LEED Gold - Pryor 2008



- ◆ Energy Star
 - Partner of the Year (Frito-Lay) 2006
 - Partner of the Year (PepsiCo) 2007
 - Partner of the Year Sustained Excellence 2008



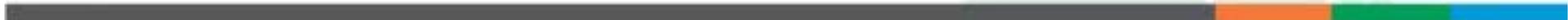
- ◆ EPA Climate Leaders
 - Frito-Lay 2004
 - PepsiCo 2007



- ◆ EPA Performance Track
 - Jonesboro 2007
 - Orlando, Wooster, Cucamonga 2008



- ◆ Green Power Partners
 - Partner of the Year (PepsiCo) 2007



Sustainable Procurement



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

<i>Supplier CSR Assurance (Corporate Social Responsibility) Program:</i>	<i>Partnering with our suppliers to operate in a way that respects PepsiCo's values, brands and the communities in which we operate</i>
<i>Supplier Outreach for Resource Conservation Program:</i>	<i>Setting clear, public and quantifiable goals for energy, GHG, water, agriculture and forestry resource conservation within the extended supply chain</i>
<i>Sustainable Packaging Program:</i>	<i>Optimizing our use of materials and driving to continuously improve the environmental footprint of our packaging</i>

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

Responsible and Sustainable Sourcing Program



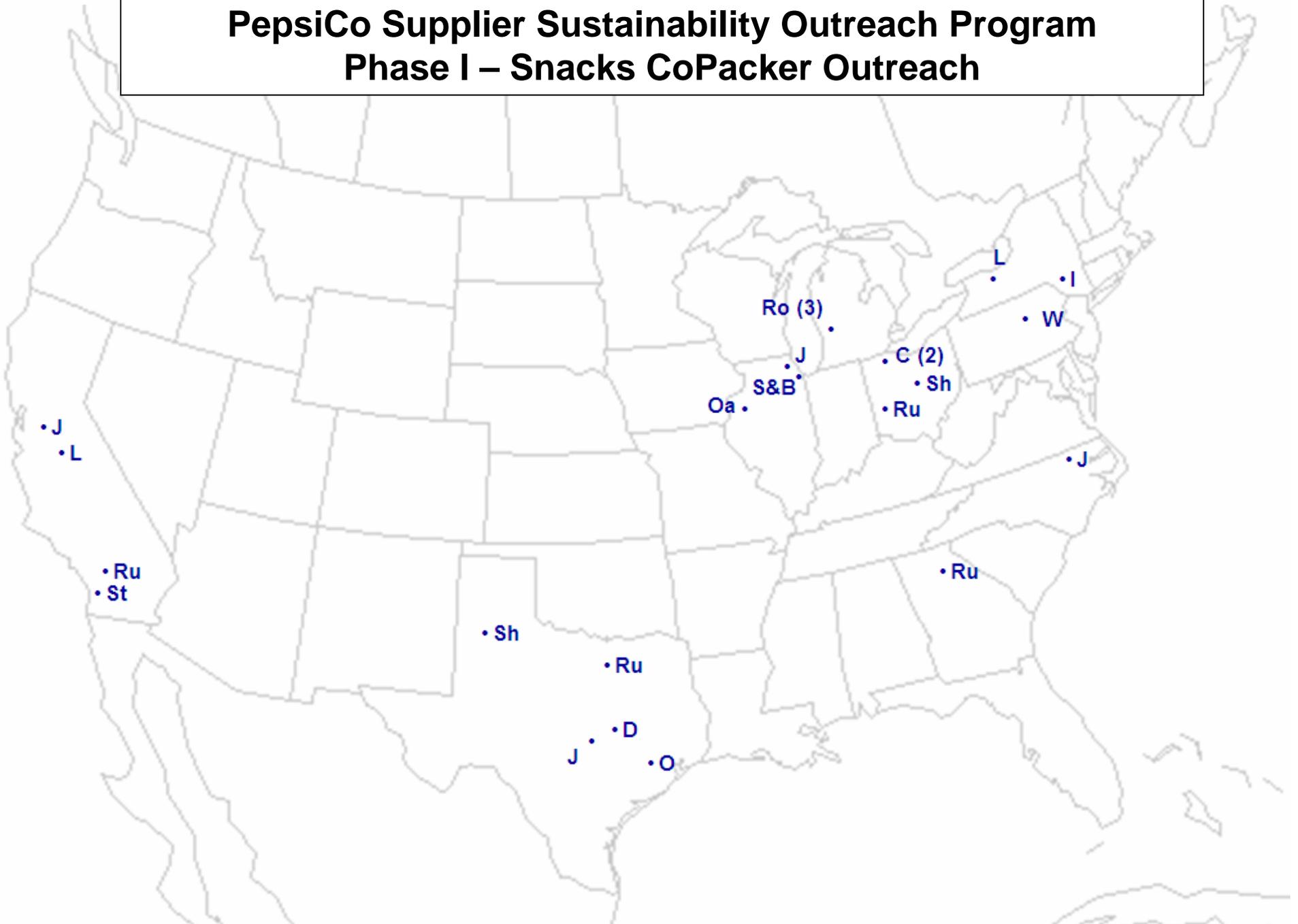
→ Energy Conservation Is a Key Aspect

Social Responsibility

- ◆ Assurance
 - Standards
- ◆ Outreach
 - Partnerships
(ENERGY STAR)
- ◆ Packaging
 - SPC
- ◆ Responsibility
 - Benchmark
 - Set Goals
 - Track Metrics
- ◆ Accountability
 - Report Metrics
 - Energy Management Program

2008 Outreach Focus: Contract Manufacturing

PepsiCo Supplier Sustainability Outreach Program Phase I – Snacks CoPacker Outreach



January Kick-Off Event



Jan 29

50+ Suppliers

- Performance w/Purpose & Procurement
- Responsible & Sustainable Sourcing Program
- Partnership Programs
 - » ENERGY STAR
 - » Climate Leaders
 - » Carbon Disclosure Project

Jan 30 (1/2 day)

CoPacker Workshop

- CoPacker Expectations/Objectives
- Roadmap to RC
- Complete ENERGY STAR Assessment Matrix
- Schedule Support Visits

Work Completed – Ongoing Activities

- ◆ Kick-Off Meeting in Purchase w/ Global Procurement
 - 1-1/2 Day Event in January
 - Performance with Purpose Vision
 - CoPacker Resource Conservation Program Expectations

- ◆ Resource Conservation Program Training Completed @ CoPacker Site (April)

- ◆ Utility Data Submitted

- ◆ Ongoing Activities
 - Develop Program and Teams
 - Site Visits
 - DOE Audits
 - Monthly Webcasts

CoPacker Expectations



- ◆ Track Energy Metrics Weekly
- ◆ Develop Short- and Long-Term Goals
- ◆ 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

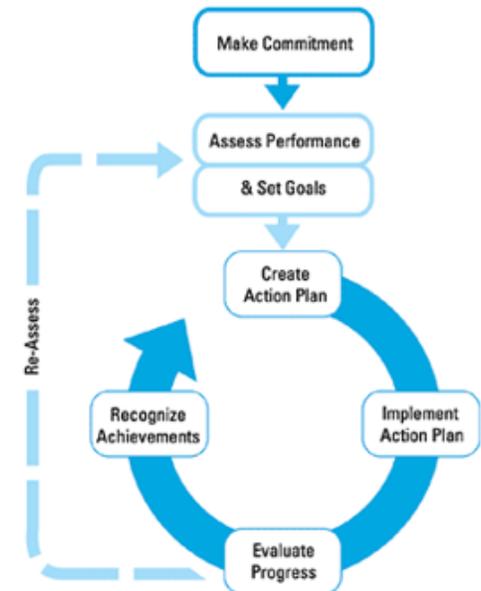
EPA offers a proven strategy for superior energy management with tools and resources to help each step of the way. Based on the successful practices of ENERGY STAR partners, these guidelines for energy management can assist your organization in improving its energy and financial performance while distinguishing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



3-Day Resource Conservation Training (April)



- ◆ Resource Conservation Tool Developed by PepsiCo International
 - Supports Sustainability and Reduces Costs
- ◆ 3 Tools in One
 - Audit
 - Tutorial
 - Action Planner
- ◆ Customizable to Skill Level and Focus Areas of the Site
- ◆ Linked to Reference Information
 - Audit Instructions
 - Question Specific Reference Material
- ◆ Other Tools
 - Smart Tools
 - Calculators

In-House Tools, Expertise and Training are Made Available to Business Partners

Monthly Webcasts

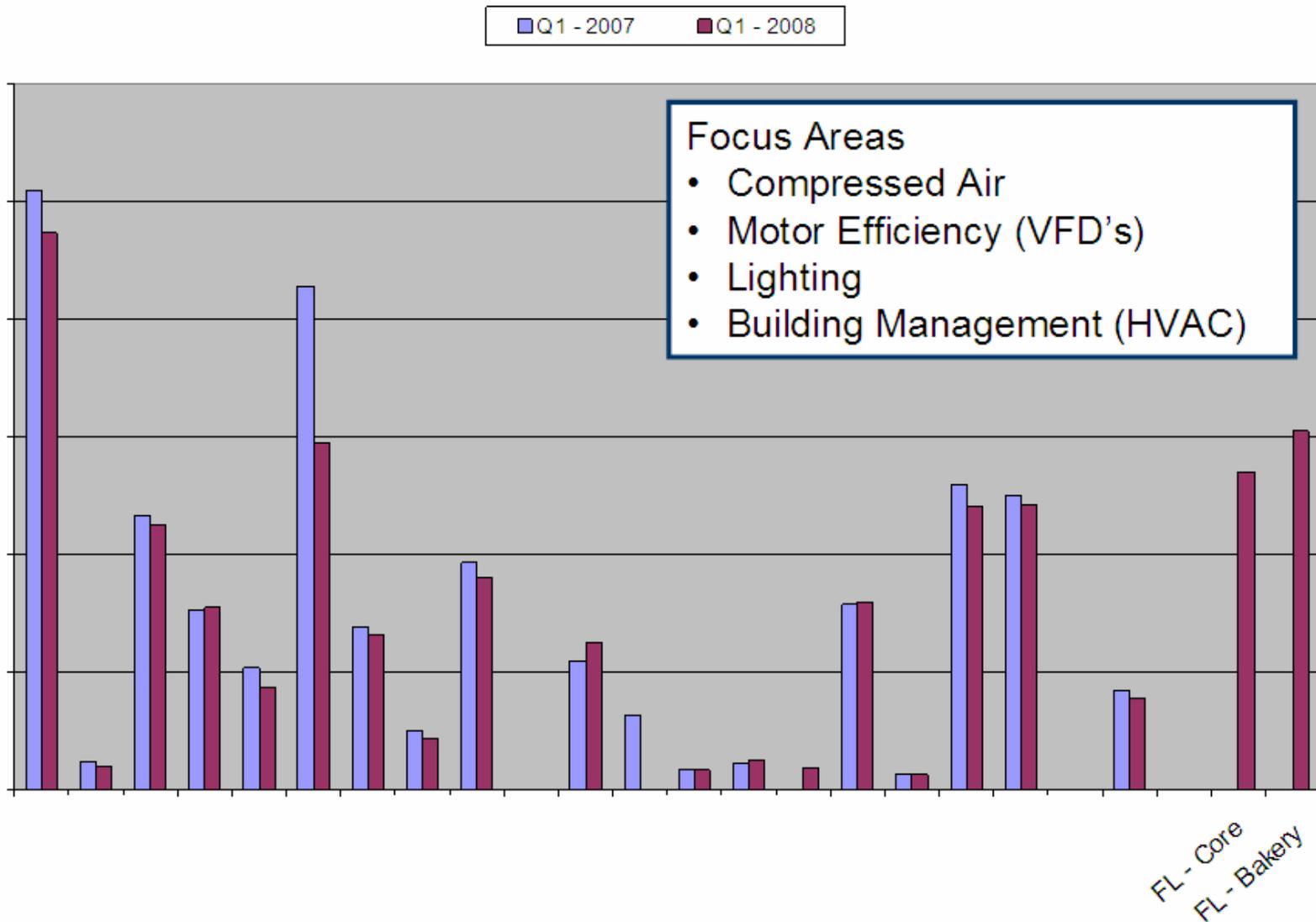


<u>Topic</u>	<u>Instructors</u>	<u>Date</u>
Lighting	Jim Dore - Servidyne	30-Apr
	Summit Energy	
	Dan Lopez	
Energy Procurement	Paul Auger	28-May
Boiler/Steam Systems	Dave Chambers	25-Jun
Motors	John Malinowski - Baldor	30-Jul
<u>Other Potential Topics</u>		
Compressed Air		
Process Combustion (Ovens)		
Energy Management System Implementation		
ENERGY STAR/DOE Tools		
Water Conservation		

Objectives

- ◆ Increase Energy IQ
- ◆ Share Best Practices
- ◆ Facilitate Contact with Internal Experts & External Partners

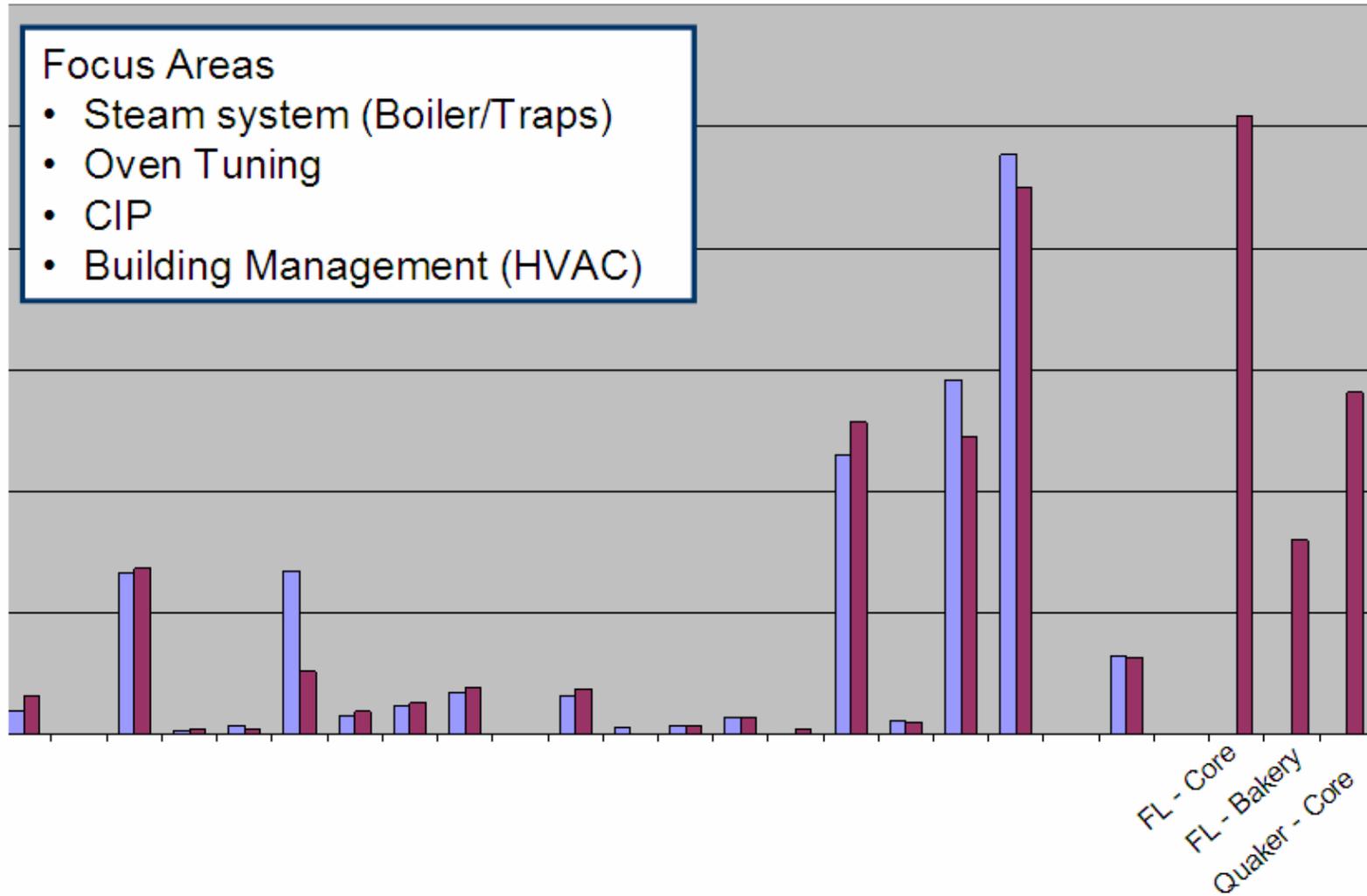
Electric Data



Fuels Data

■ Q1 - 2007 ■ Q1 - 2008

- Focus Areas
- Steam system (Boiler/Traps)
 - Oven Tuning
 - CIP
 - Building Management (HVAC)



DOE Industrial Assessments



Industrial Assessment Center (IAC) audits

- ◆ Small- to medium-sized manufacturing facility
- ◆ No-Cost – U.S. DOE Program
- ◆ 200 Audits Completed Each Year





Contract Manufacturing Resource Conservation Implementation Scorecard

	Track Metrics Weekly	Set/Communicate Goals	Build Teams/Drive Awareness	Energy Assessment	Report Metrics to PepsiCo	Join ENERGY STAR	January Kick-Off	April RECON Training	Initial Site Visit
C	Red	Red	Yellow	Red	Yellow	Green	x	x	May
D	Green	Red	Yellow	Red	Green	Green	x	x	Mar
I	Red	Red	Yellow	Yellow	Green	Green	x		May
J	Green	Red	Yellow	Red	Green	Green	x	x	Apr
L	Red	Red	Yellow	Red	Red	Green		x	
Oa	Red	Red	Yellow	Red	Green	Green	x	x	Apr
O	Red	Red	Yellow	Red	Red	Green	x	x	
Ro	Red	Red	Yellow	Red	Yellow	Green	x	x	Mar
Ru	Yellow	Green	Yellow	Yellow	Green	Green	x	x	Mar
S&B	Red	Red	Yellow	Red	Green	Green	x	x	Apr
Sh	Yellow	Red	Yellow	Green	Green	Green	x	x	Apr
St	Red	Red	Red	Red	Green	Green	x		
W	Red	Red	Yellow	Red	Red	Green	x		

Success Criteria

Track Metrics Weekly

Set/Communicate Goals

Build Teams - Drive Awareness

Energy Assessment

Report Metrics to PepsiCo

Join ENERGY STAR

Red - Not implemented at any sites; Yellow - Implemented at some sites; Green - Implemented at all sites for fuels, electric, and water

Red - Short- and Long-Term goals not set; Green - Goals set, approved by owner, and communicated to employees/PepsiCo

Red - No progress; Yellow - Team org/awareness under development; Green - Org chart and awareness program developed, approved by owner, and communicated to PepsiCo

Red - No progress; Yellow - Audit scheduled; Green - Audit Completed (DOE IAC, RECON, and/or other)

Red - Data not reported; Yellow - Incomplete data set submitted; Green - Q1 2008/FY 2007 data reported

Red - Have not joined ENERGY STAR; Green - Have joined ENERGY STAR

Contact Information



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Opportunities



- ◆ Implement Successful Phase I Program
 - Move from Red-to-Green on the Scorecard

- ◆ #1 Concern Expressed – Pound of Flesh
 - Margin Maintenance
 - Money is not the Only Driver

- ◆ Integrate Into Business
 - Contract Negotiation - AOP
 - Fourth Success Criteria: Quality, Cost, Service & *Sustainability*

- ◆ Align with other Environmental Sustainability Initiatives
 - LCA, Carbon Footprint, Water Footprint
 - Scope 3 GHG Accounting (Carbon Disclosure)

- ◆ Coordinate with Peers/Customers
 - Retail – CG Companies
 - » Wal*Mart SVN
 - » ENERGY STAR