



**United Nations CEO Water Mandate  
2012 Communication on Progress  
February 2013**

PepsiCo is a proud and active member of the CEO Water Mandate and [UN Global Compact](#). Our Chairman and CEO Indra Nooyi publicly demonstrated the company's commitment to help address the global water crisis by joining other partners as a signatory to the United Nations CEO Water Mandate in 2007.

PepsiCo was recognized in 2012 with two prestigious honors. We were the [winner of the Stockholm Industry Water Award](#). The Stockholm Industry Water Award jury recognized our efforts to successfully reduce water consumption in production, and extend our commitment beyond our own operations to help solve water challenges on a broad scale. We also were awarded the [US Water Prize from the Clean Water America Alliance](#).

We believe in a holistic approach to water management that includes the CEO Water Mandate's six highlighted areas: direct operations, supply chain and watershed management, collective action, public policy, community engagement and transparency.

We understand the need to regularly communicate our progress to the CEO Water Mandate. [Please see our website for more details](#) and brief responses to the CEO Water Mandate's highlighted areas below.

*1. Direct operations*

PepsiCo set itself an aggressive goal to improve water-use efficiency by 20 percent per unit of production by 2015 versus a 2006 baseline in global manufacturing operations. In 2011 we reached 21%, meaning we met our goal four years ahead of schedule. We achieved this goal early due to an aggressive combination of mitigation and prevention factors throughout our operations including things as simple as fixing leaks, focusing on associate awareness, implementing daily water use tracking, practicing appropriate water recycling, optimizing the cleaning process, and improving the efficiency of the water treatment system. These efforts translated to a water savings of nearly 16 billion liters through 2011 compared with the 2006 baseline.

*2. Supply chain and watershed management*

Conserving water in our plants is an important way to improve our water-use efficiency. To achieve our conservation goals, we embed conservation practices into the day-to-day operations of our manufacturing facilities, including a water component of our successful Resource Conservation (ReCon) tool. With this tool, our manufacturing facilities conduct self-audits of their water management practices, and identify and respond to water conservation improvements by mapping all water-use streams within the facility, and assigning relative values to each of these streams based on the local cost of water.

In addition to an enterprise-wide approach to engage our supply chain, PepsiCo's individual businesses continue to activate significant initiatives to help conserve water. We are increasingly focusing on innovating a variety of agricultural practices and technologies around the world that are designed to



reduce water use in farming through new irrigation techniques, and tools that help farmers deliver fertilizer and water to their crops at the most efficient time. For example:

- "i-crop", a 'precision-farming' technology, and web-based tool – developed by PepsiCo in conjunction with the United Kingdom's Cambridge University – that enables PepsiCo's farmers to monitor, manage and reduce their water use and carbon emissions, while also maximizing potential yield and quality. Initial trials of i-crop across 46 of PepsiCo's U.K. potato farms have already seen a 13 percent increase in crop yield and an 8 percent reduction in water usage.
- Direct seeding, an agronomic practice in paddy cultivation used in India, which is quickly expanding across other markets as well. Rather than growing seedlings in a nursery, planting them, and then flooding farmers' fields, direct seeding allows the seed to be planted directly into the ground, bypassing the nursery. This removes the need for flood irrigation, reducing water use by as much as 30 percent.

### *3. Collective action*

As we expand the model of water stewardship to PepsiCo facilities around the world, we are also focused on addressing the broader challenge of water scarcity and strive for positive water impact in our operations, especially in water-distressed areas. We've worked with The Nature Conservancy to develop a method that will allow PepsiCo's diverse manufacturing locations, and eventually our suppliers, to identify locally-relevant strategies to protect and restore the water resources we and our communities rely upon.

PepsiCo also participates in a variety of cross-sector working groups. We are one of the inaugural members of the Water Leadership Group of the World Business Council for Sustainable Development, a former member of the Global Agenda Council for Water Security of the World Economic Forum (two-year rotation), a member of the Beverage Industry Environmental Roundtable (BIER), serves on the Governing Council and Steering Committee of the Water Resources Group 2030, and in 2012, was elected to the Board of the US Water Alliance.

### *4. Public Policy*

In 2009, PepsiCo became one of the first companies of our size to publish public guidelines in support of water as a fundamental human right, in the context of the United Nations/World Health Organization guidance. The United Nations defines the human right to water as all people's right to safe, sufficient, acceptable, physically accessible and affordable water for personal and domestic use. In addition, we consistently advocate for ethical engagement by business in water related policy, and have participated substantively to the Guide to Responsible Business Engagement in Water Policy published by the UN CEO Water Mandate, and continue to be active in this Mandate work stream.

During Rio+20 in June 2012, PepsiCo's CEO was one of a group of 45 chief executive officers, representing a diverse range of global companies and regions, who announced, in a special communiqué, a major commitment through the CEO Water Mandate to advance corporate water management practices, and called on governments attending the Rio+20 Earth Summit to make global water security a top priority.



## 5. *Community engagement*

As of 2012, PepsiCo Foundation, the philanthropic arm of PepsiCo, has committed more than \$30 million to initiatives that provide access to safe water and sanitation to communities in developing countries. PepsiCo Foundation will reach its goal of providing access to safe water and sanitation to three million people by 2015 through the support of such partners as Water.org, Safe Water Network, China Women's Development Foundation (CWDF), the Inter-American Development Bank (IDB), and the Earth Institute at Columbia University. These projects began in 2005 and cover a variety of efforts including: installing village water and irrigation systems, establishing water health centers, constructing over 1,000 rainwater harvesting cisterns, improving sanitation programs and recharging aquifers in developing communities, particularly in Ghana, Kenya, Brazil, China and India.

## 6. *Transparency*

We publicly demonstrated PepsiCo's commitment to helping address the global water crisis by joining other partners as a signatory to the United Nations CEO Water Mandate which requires this annual communication on progress. We have published three water and agriculture focused reports in recent years and water makes up a key element in our sustainability reporting.

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