

Performance with Purpose in China

Growing with China

- In 1981, PepsiCo was one of the first American companies to enter China when it signed an agreement with the local government to establish its first bottling plant in Shenzhen. Over the past 30 years, PepsiCo Greater China Region (GCR) has become one of the country's most successful food and beverage companies.
- To date, PepsiCo's total investment in China has exceeded RMB 10 billion, anchoring its position as a market leader in China's fast-growing food and beverage sector.
- In 2012, PepsiCo formed a strategic alliance with Tingyi Holding to establish Tingyi-Asahi Beverages (TAB) as PepsiCo's franchise bottler in China. The PepsiCo-Tingyi beverage system is the largest in China, providing Chinese consumers with some of the country's most popular beverage products, including:
 - Pepsi, China's top-selling cola
 - Mirinda, China's top-selling flavored carbonated soft drink
 - Gatorade, one of China's top-selling sports drinks
 - China's top-selling tea and water brands, sold under TAB's Master Kong brand name
 - China's second-largest juice portfolio
- PepsiCo takes great pride in creating a tailored approach to business investment that achieves both commercial and social objectives – good for China's economy, good for the Chinese people, good for PepsiCo.

Sustainable Agriculture

- Investments in agriculture, rural development and environmental sustainability are particularly important pieces of PepsiCo's long-term China strategy. Key examples include:
 - PepsiCo is one of the largest "seed to shelf" foods enterprises in China, investing more than RMB 200 million in agriculture-related development programs.
 - PepsiCo operates 8 demonstration farms in China. PepsiCo potato farms in China yield 45 tons per hectare, among the highest yields in the world.
 - Over the past 12 years, more than 10,000 farmers have benefited from their partnership with PepsiCo.
 - In September 2011, PepsiCo signed a Memorandum of Understanding with China's Ministry of Agriculture to promote sustainable agriculture projects and accelerate the development of the Chinese countryside. As part of the joint initiative, PepsiCo and the

Ministry of Agriculture will build and operate demonstration farms that will leverage the most advanced irrigation, fertilization and crop management techniques, to promote best practices across China's farming system to improve yields and increase the farmers' income.

- Contract Farming
 - Potatoes are the cornerstone of PepsiCo's agricultural operations, using both small and large-scale contract farms in China as well as certain demonstration self-farming. PepsiCo works with local government agencies to improve the yield and quality of contract farms by providing a network of highly trained agronomists to visit its contract farmers throughout the crop cycle.
 - Farmers working with PepsiCo have enjoyed yield improvements of up to three times China's national average. And since PepsiCo extends seed, fertilizer and equipment loans to farmers ahead of the crop, it reduces their financial risks.
- Water Cellars for Mothers Project
 - PepsiCo has been associated with the All China Women's Federation for 11 years in providing clean drinking water access to over 58,000 Chinese citizens in 24 counties and 28 villages across seven provinces.
 - PepsiCo's contribution of about \$8 million to construct rural water cellars, centralized water supply projects and new water purification systems in schools and villages will eventually provide more than 500,000 people access to safe drinking water by 2015 in China.

Environmental Sustainability

- Over the past five years, PepsiCo China bottling plants have cut water and energy use respectively by 40%, amounting to 15.6 million tons of water and more than 600 million kwh of energy saved, and lessened its carbon footprint by cutting the use of plastic by 3,600 tons. Nearly 70% of our bottling plants won Water Conservation Excellence Awards by the China Beverages Industry Association (CBIA) in 2011.
- As part of our commitment to sound agricultural practices, PepsiCo introduced water-conserving drip and sprinkler irrigation to its farms, reducing water use by up to 50% over conventional flood irrigation techniques. On its potato farm in Inner Mongolia, PepsiCo employed several cutting-edge technologies to help transform unproductive desert into high-yield arable land.

Education

- In 2008, PepsiCo embarked on a program with the Red Cross Society of China to help improve migrant worker children schools by providing material aid such as scholarships, book donations, sports facilities, computers and other resources for students and teachers to use in the classroom. Over 16,000 students in 16 schools have benefitted from the program to date.