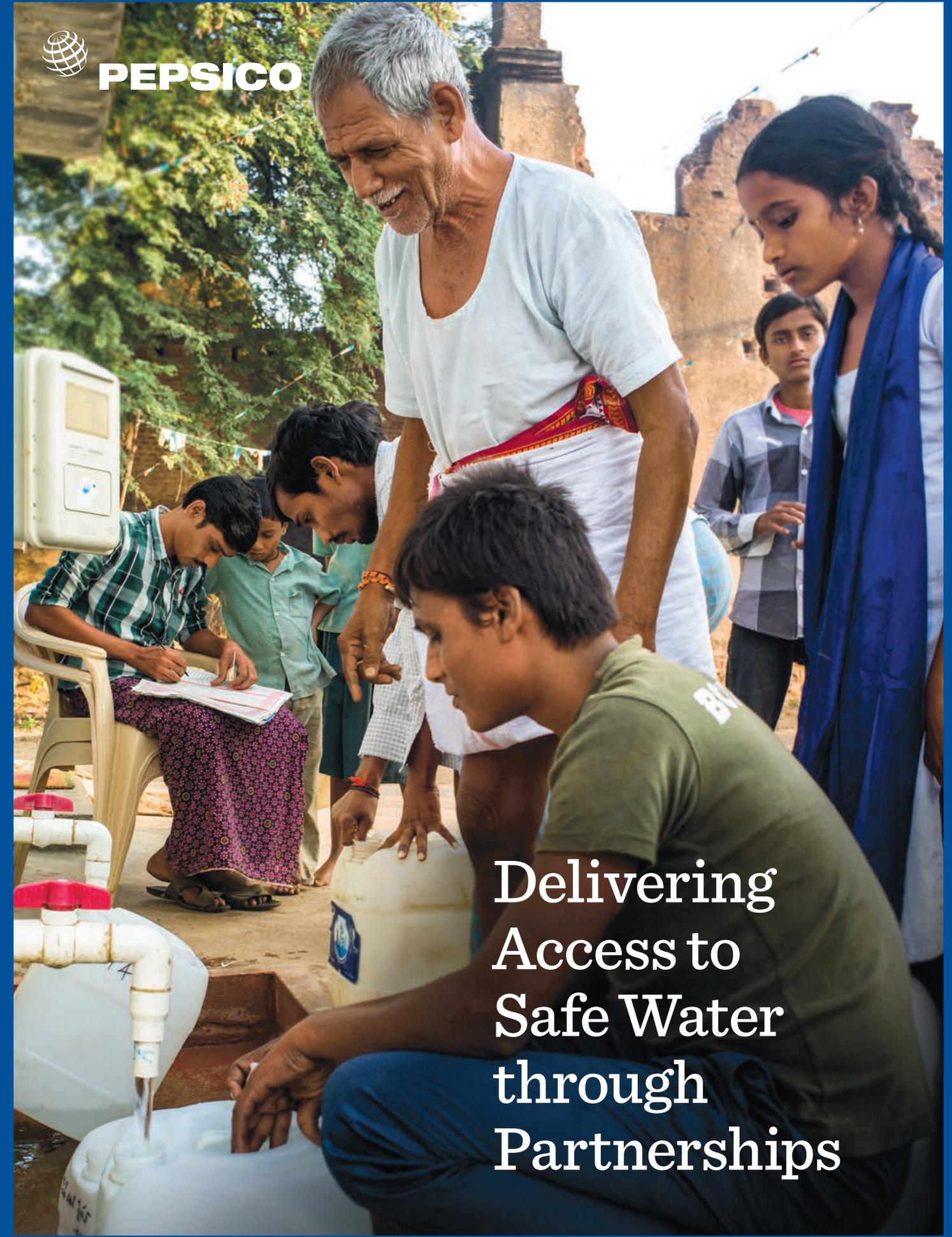




PEPSICO



**Delivering
Access to
Safe Water
through
Partnerships**

As we look at global mega trends, we know that few challenges are as significant as the global water crisis. According to the United Nations, every day nearly 800 million people lack access to safe water and more than two billion people live without basic sanitation.

At PepsiCo we believe that a responsible business must act as a global citizen. The ability of a company to flourish long-term ultimately depends on the health of the communities of which it is a part and the natural resources on which it relies. The corporations that win in today's competitive, resource-scarce and hyper-transparent world are those that create real value for society.

As a global food and beverage company, we understand that access to safe water is fundamental to our business and the communities where we operate. It impacts both our internal company operations and our supply chain, much of which is dependent on water-intense agricultural activities. For us, the necessity of water stewardship is immediate: there is no business without water.

Performance with Purpose

“Water is the fuel to allow our business, and the communities across the world of which we are a part, to flourish. We owe it to ourselves and to future generations to be responsible stewards of this limited resource.”

Dan Bena
Sr. Director, Sustainable Development,
PepsiCo

PepsiCo remains steadfastly dedicated to building a profitable and sustainable 21st century corporation — one that is a good investment for our shareholders, a good environment for our employees, a good citizen in our communities and a good steward of our planet’s resources.

At the heart of PepsiCo is *Performance with Purpose* — delivering results in the right way, in a sustained way. In practice, Performance with Purpose means providing a wide range of foods and beverages from treats to healthy eats; finding innovative ways to minimize our impact on the environment and reduce our operating costs; providing a safe and inclusive workplace for our employees globally; and doing this by respecting, supporting and investing in the local communities where we operate.

A key part of this vision involves holistic water stewardship. We respect water as a fundamental human right, and conserve water and assure its quality in internal operations and throughout our supply chain, respect shared users of water within watersheds where we operate and work with partners to help provide access to safe water to people in developing countries.

PepsiCo established external, quantitative water goals in 2007, and has worked aggressively to meet them. For example, in 2012, we announced that we had improved our operational water use efficiency by more than 20 percent per unit of production since 2006, meeting our goal four years ahead of schedule. In addition, in 2012 the Stockholm International Water Institute awarded PepsiCo the Stockholm Industry Water Award in recognition of its leadership in water stewardship, and the U.S. Water Alliance awarded us the U.S. Water Prize.

In 2013, we announced that by teaming up with partners around the globe, we had provided access to safe water for more than three million people, meeting that goal more than two years ahead of schedule. Since then, we have doubled the original goal, and now intend to provide access to six million people by the end of 2015 through our partnerships.

An important part of holistic water stewardship is advocacy through partnership. PepsiCo has formed strategic alliances with organizations including the United Nations Global Compact’s CEO Water Mandate, the World Business Council for Sustainable Development Water Leadership Group, the U.S. Water Alliance, Cambridge University, and many more.

PepsiCo has long understood the importance of water to the communities in which we operate. In 2009, we were among one of the first global companies to publicly recognize water as a basic human right in the context of the World Health Organization’s and the United Nations’ Joint Declaration on the Human Right to Water. 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 uses.

In addition to PepsiCo’s business initiatives in key geographies, collaboration with our portfolio of water partners is instrumental to our progress. By seeking out and leveraging the strengths of our water partners, PepsiCo and the PepsiCo Foundation support and enable creative new strategies that achieve measurable and sustainable progress in the fight to alleviate water insecurity and provide access to safe water.

These initiatives include water conservation, distribution, purification and hygiene for underserved communities in China, India, Mali, Brazil, Colombia and other Latin American countries. Statements of intent inspire and motivate, but effective action on the ground is where change happens. Our greatest resource in this effort centers on key collaborations with a diverse and innovative core of water partners.

14 billion

liters of water saved in our
direct operations in 2013



Through the PepsiCo Foundation, PepsiCo has identified projects and partners that help provide safe water access to millions of people in underserved communities in China, India, Mali, Brazil, Colombia and other Latin America countries. This is accomplished through initiatives such as water conservation, distribution, purification and hygiene.



China Women's Development Foundation

Columbia Water Center
EARTH INSTITUTE | COLUMBIA UNIVERSITY



Investing in sustainable social change: PepsiCo's portfolio of water partners

“The PepsiCo Foundation seeks to develop partnerships that offer sustainable, game-changing solutions. In the case of bringing clean, safe water to populations in need, we developed a portfolio of partners offering different solutions, varied by geography and need, to tackle the significant challenge.”

Sue Norton
Vice President, PepsiCo Foundation

Water stewardship is an absolute business necessity, and PepsiCo is committed to progress in our own operations, via our extensive, global network, by partnering with government and development agencies, and through grants made by our philanthropic arm, the PepsiCo Foundation.

The PepsiCo Foundation works to advance our Performance with Purpose vision with focus in the areas of strategic grant making,

community service, disaster relief and humanitarian support. Strategic grants in the area of water have been pursued since 2007 to provide underserved communities in water-stressed regions with access to clean and safe water.

PepsiCo and the PepsiCo Foundation are proud to include in our portfolio of water partners: the China Women's Development Foundation, the Columbia Water Center, the Inter-American Development Bank, Safe Water Network, Water.org, and the 2030 Water Resources Group.

Co-creation is critical to impactful partnerships, and PepsiCo is an active collaborator with our water partners. Each partner shares with PepsiCo the common goal of sustainable access to safe water for millions of people. Collectively, we seek to leverage the individual and unique strengths of PepsiCo, the PepsiCo Foundation and our partners to drive innovative, sustainable and comprehensive solutions to the crisis of water insecurity.



PEPSICO
FOUNDATION



Columbia Water Center – The quality of piped, rural drinking water is tested at a pond in Ceará, Brazil. The tool, developed by the Columbia Water Center-University of Federal Ceará, has been adopted by the State of Ceará as a best-in-class model.

CWDF's Water Cellars for Mothers: Providing safe water in rural China

China is a dynamic industrial engine and an emerging leader in the world economy. However, there is another China, full of rural communities, often lacking basic infrastructure and competing for limited resources with its rapidly industrializing counterpart. Chinese society struggles with the growing pains of rapid growth and the needs of an enormous population still living in a world largely untouched by the benefits of China's economic transformation.

Access to water for China's rural poor has been a priority of the Chinese government since the 1980s. Working with government ministries, the China Women's Development Foundation (CWDF) launched a program called Water Cellars for Mothers in 2000.

Depending on the specific needs of a village, school or household, Water Cellars for Mothers brings access to safe water through rainwater harvesting or building centralized water supply systems in target communities in rural central and western China.

PepsiCo's involvement with Water Cellars for Mothers began in 2001 with several grants supporting the project. In 2011, the PepsiCo Foundation awarded CWDF a \$5 million grant, to establish more systemic support of Water Cellars. With the support of China's Ministry of Water Resources, the PepsiCo Foundation grant is funding safe water access projects for people in rural villages and primary schools in eight provinces and municipalities, including Yunnan, Gansu, Guangxi, Sichuan, Chongqing, Guizhou, Qinghai and Inner Mongolia.

The lack of economic development in many of these communities is compounded by severe, persistent drought. With the help of Water Cellars for Mothers, families and villages are provided the means to efficiently capture and store what little rainwater there is. Improved rainwater harvesting helps communities become more resilient to climate change and other growing environmental problems in the region.

CWDF works as a "platform" to mobilize resources for specific projects. "Through years of cooperation with the PepsiCo Foundation, we have been working to develop an effective model to address social issues in China, by leveraging various resources and strengths of the government, the private sector



CWDF - The Water Cellars for Mothers project, led by the China Women's Development Foundation with support from the PepsiCo Foundation, provides villagers in the Guangxi Province of China with access to clean water.

and NGOs. This cooperation model ensures the stability of the project execution, as well as the long-term impact and social development," said Qin Guoying, Secretary-General of CWDF.

By end-of-year 2013, more than



400,000

people had directly benefited in



30

counties and



8

provinces

from the Water Cellars for Mothers project

Action on the ground:

- The PepsiCo Foundation committed \$5 million in support of the China Water Cellars for Mothers program in 2011.
- The grant is the largest individual donation the PepsiCo Foundation has ever made in China and builds upon its ongoing support of the CWDF's "Water Cellars for Mothers" Project, an award-winning program that has benefited 1.7 million people.
- By end-of-year 2014, the goal is to provide 17 schools, including 14,000 students, teachers and school staff with safe water access.

Columbia Water Center: Managing resources, merging interests

Shortly after the United Nations established its 2015 Millennium Development Goals in 2000, Dr. Upmanu Lall and his colleagues at Columbia University began work researching solutions to the central issue of water insecurity and access to safe water.

“At that time,” said Lall, “there were quite a few people in academia who were writing about the impending global water crises.” An expert in hydrology, systems, resource management, climate and risk assessment, Lall recognized the need for a holistic, systems-based approach to solving the water crisis.

While academic discourse is important to the global body of knowledge, finding solutions to the water crisis demands grounding in the field. “To go out and see where there was manifest water scarcity, what could be done about it, what is the technology piece, what is the policy piece, and how we could change things was critical,” said Lall.

With intellectual command and an innovative approach, Lall was the kind of change-maker PepsiCo was looking for in a water partner. In 2008, the PepsiCo Foundation awarded a \$6 million grant to the Earth Institute at Columbia University, establishing the Columbia Water Center, with Dr. Lall as its director.

With the support of the PepsiCo Foundation, Dr. Lall and his team moved their research “on the ground” to innovate the holistic approach Lall felt was lacking. By looking at the big picture, the Columbia Water Center designed integrated strategies on a wider scale for connecting people with water. “What we were able to do,” explained Lall, “was to look at the policy angle on things, look at the operational logic structure and look at the instrumentation in the field needed to address the problem from all angles.”

The Columbia Water Center developed software-based strategies and new technologies to improve and consolidate the practices, policies and systems that were in place. Once tested and refined, Lall and his team trained governments and NGOs working on the ground to put these new tactics into action.

“We were able to change the way the reservoirs in northeast Brazil were being operated using climate forecasts. As a result of the innovations, they were no longer losing as much water off the reservoirs due to evaporation or spillage,” explained Lall. Not only did this new approach vastly improve resource



Columbia Water Center – Over-pumping of groundwater for irrigation in Punjab, India threatens the viability of farming. The Columbia Water Center in partnership with Punjab Agricultural University’s team is teaching farmers how to reduce their water usage by 20-30 percent, just by using a simple \$6 device.

management, it helped ease conflicting demands on resources, helping agricultural, industrial and community interests work together.

In all, more than

4.3 million

people were directly impacted by Columbia Water Center’s efforts to improve management of the shared water resources in Brazil, India, Mali and China

The Columbia Water Center focused on ways to engage the local community to run and maintain these new systems, as well as trained NGOs and governments how to recognize the best possible solution based on local policy and available resources.

Action on the ground:

In Brazil

- With support from the Columbia Water Center, residents in the state of Ceará built sustainable and cost-effective water delivery infrastructure bringing safe water to more than 60,000 people. The Agriculture Department of the State of Ceará adopted the program to develop systems for other communities in the state.
- The Ceará water allocation project helped the state better manage the increasing variability around climate. The project improved safe water access and security for more than 4 million residents.

In India

- In Punjab, the “breadbasket” of India, irrigation of rice based on more precise soil moisture measurement and other water efficiency measures facilitated by the Columbia Water Center helped farmers save millions of liters of water and thousands of kilowatt-hours of energy.

IDB's AquaFund: Partnering for universal access

The Inter-American Development Bank (IDB) created the AquaFund in 2008 to bring renewed focus to the water and sanitation needs of millions of people in Latin America and the Caribbean who lacked access to safe water (34 million) and sanitation (110 million). The AquaFund is used to fund grants targeted specifically to water and sanitation, water resource management, solid waste management and wastewater treatment. The AquaFund also assists IDB client countries in coping with the emerging challenges of climate change, the rapid degradation of freshwater ecosystems and mounting water insecurity.

In 2011, the PepsiCo Foundation became the first private donor to the AquaFund with a \$5 million grant; all previous contributions had been made by the IDB and by sovereign governments.

"At the IDB, we believe that finding innovative approaches in the region that are comprehensive and effective in combating poverty and promoting equitable growth, and which are sustainable and competitive, requires the combined efforts of many actors," said IDB President Luis Alberto Moreno.

"We work with companies such as PepsiCo that share a vision and sense of responsibility for meeting the challenges of continued expansion of access to services and products."

IDB and the PepsiCo Foundation expect the AquaFund to be a catalyst for innovative approaches. Its demonstration projects seek to produce models for the formulation of a large-scale potable water supply and wastewater management programs in high-poverty areas. AquaFund will finance the implementation of demand-driven and service-oriented models providing scalable and sustainable access to water supply and sanitation in dispersed rural areas. Additionally, the AquaFund will finance pilot innovations tools for integrated water resource management that will improve the quality of these services. One such project is the Hydro-BID system, which will create a set of water resource modeling tools to estimate the availability of freshwater throughout the region and the impacts of this availability from climate, human activity and other stresses.



IDB's Mexico Project Beneficiaries – Women in the communities of El Tigrito, Zitácuaro and Michoacán in Mexico can access clean water through a water and sanitation program for rural and isolated communities. The program, funded by the Inter-American Development Bank's AquaFund, is led by World Vision Mexico A.C.

"The PepsiCo Foundation's contribution was a very important milestone for the IDB," said Silvia Ortiz Stradtman, a water and sanitation specialist working on the technical coordination of the AquaFund. "Every development bank has a water fund. The PepsiCo Foundation was the first private sector donor in the IDB to put money into this type of instrument – this type of partnership is so important for driving sustainable and inclusive growth."

Financing from the AquaFund, including PepsiCo Foundation's contribution, is strategically targeted for high-impact pilot projects that test innovative solutions and provide technical assistance, policy and capacity development, knowledge creation and dissemination, and project preparation.



In 2014, the PepsiCo Foundation and IDB announced a goal of providing access to safe water and sanitation to a half million people by the end of

2015 ↑

Action on the ground:

- Both organizations, PepsiCo and IDB, work together to jointly promote the human right to water by holistically enabling access to safe water and sanitation in the region.
- In 2012 and 2014, we launched pilot projects that leveraged public/private partnerships to provide access to water and sanitation for "dispersed low income rural communities" in Colombia and Mexico.
- We are developing pilot projects to implement Hydro-BID, a simulation system for water resources management, to better forecast/manage local water resources in Brazil and Peru.

Safe Water Network: Unleashing consumer demand

Safe Water Network develops and implements market-based solutions that provide affordable, reliable and safe water access to rural and decentralized populations throughout Ghana and India. Through strategic expansions, ongoing innovation and analysis, knowledge sharing and collaboration, they are proving that water systems can be owned, operated and maintained by local communities, and that market-based models have a strong potential to achieve scale impact.

“Our core focus is on sustainability and scale,” said Amanda Gimble, Safe Water Network’s Senior Vice President for Strategic Initiatives. “One of the key issues in safe water access is the high failure rate of projects. There are lots of efforts — lots of good intentions, but too many systems fail.”

By the end of 2013, Safe Water Network had worked with 67 communities throughout India and Ghana to build and maintain Safe Water Stations. Each Safe Water Station provided affordable, reliable and safe water access to local residents on a daily basis. The model worked, even on tight margins. “This is a big deal, creating incentives for communities to invest in their own water system,” Gimble said. “When households purchase safe water from our Stations, revenues are used to pay the local operator and delivery truck drivers, and build up a reserve for ongoing maintenance of the purification system. This is a critical driver of sustainability.”

67



As of the end of 2013, Safe Water Network had worked with 67 communities throughout India and Ghana to build and maintain

Safe Water Stations

Since 2008, the PepsiCo Foundation has committed more than \$5 million to Safe Water Network through grants. As with all of our water partners, the partnership between PepsiCo and Safe Water Network runs deeper than just a financial commitment. Former PepsiCo CEO Steve Reinemund was a founding board member of Safe Water Network, and PepsiCo associates have been involved with the organization ever since,



Safe Water Network – Vinod Kumar (right), a community mobilizer, teaches a villager about the importance of clean water at a Safe Water Network Station in Uttar Pradesh, India.

...serving on the Board, and providing skills-based service and thought leadership.

“We take a more hands-on approach to corporate engagement,” said Gimble. “This is not just about money. This is about bringing expertise and applying the knowledge and experience to everything that we do.” This commitment to corporate partnership combined with the innovative “bottom-up” strategies adopted by Safe Water Network offer real hope for organizations and individuals dedicated to solving the world’s water crisis.

When combined with demand-driven economic forces within local communities, charity-based grant money is then more widely available where it is most effective and needed most. “Fifteen years ago people thought that those at or near the base of the pyramid either didn’t have the willingness or the ability to pay,” said Dan Bena, Senior Director of Sustainable Development at PepsiCo. “The transition to market-based models is changing that mind-set, and is an important innovation.” Safe Water Network, and other organizations like Water.org, prove how market-based models work to achieve sustainable safe water access. Instead of being beneficiaries of charity, people near the base of the economic pyramid living on \$2 to \$4 per day possess the economic power of consumers in the marketplace.

Action on the ground:

- Safe Water Network was founded in 2006 by then-CEO of PepsiCo Steve Reinemund, along with Paul Newman and other civic and business leaders.
- By end of year 2013, Safe Water Network had provided more than 220,000 people with access to safe water.
- On average, over 90% of Safe Water Stations operate at or above break-even costs.

Water.org: Leveraging the power of the market

Despite the best intentions, efforts to provide sustained access to water and sanitation — inextricably linked to the provision of safe water — too often fail.

One reason for this can be a fundamental disconnect between well-intentioned benefactors and the communities they hope to impact. While they truly support the cause, they may not tap into one of the most important economic resources available: the local community.

Water.org focuses on leveraging the economic potential of individuals and organizations within target communities. For example, subsidy-based programs may be the only way to address the needs of people living in absolute poverty.

But for many others, including those living near the base of the economic pyramid, the better solution requires tapping into the capacity of individuals to become agents of their own change and drivers of their own solutions. Individuals can use their power as consumers and community stakeholders to drive sustainable solutions in a way that top-down charity programs don't.

"There is this huge population at the base of the pyramid that has significant economic potential and has the potential to become customers," said Water.org co-founder Gary White. "India is a good example "for a developing world country there is a relatively high rate of water access, with some level of water infrastructure already in place," explained White. "But, in absolute terms that still leaves more than 100 million people without a safe water source, so water access is a huge issue there. How do we help them tap into their power as customers so that they can join these water systems that are already there?" he continued.

To answer that question, Water.org created WaterCredit. Expanded in India in 2008 with help from a \$4.1 million grant from the PepsiCo Foundation, WaterCredit works with select microlending organizations to provide families the opportunity to finance the water or sanitation solutions they need most.

Similar challenges exist throughout the developing world. Unable to afford the up-front cost of basic water infrastructure and lacking access to traditional financing, millions of people



Water.org – WaterCredit, a joint program between the PepsiCo Foundation and Water.org, helps fund tap water connections for homes in India.

are trapped in an endless cycle of poverty with few opportunities to move forward. The cycle is broken through microlending programs, like WaterCredit, that focus on water access and sanitation for people in the developing world earning the equivalent of at least \$2 per day. Access to financing makes it possible for people to become customers and economic stakeholders in their own communities. As loans are repaid, the money is reinvested in the community, sustaining and expanding the reach of initial investment. This results in communities that are dedicated to, and have the capabilities required for, solving and managing their own water and sanitation needs today and in the future.

To date, Water.org has catalyzed
\$62 million in capital, reaching
more than



1.5 million people
via WaterCredit

Action on the ground:

- The PepsiCo Foundation helped Water.org scale WaterCredit in 2008 with a \$4.1 million, three-year grant, bringing market-based solutions to the water sector.
- A second grant (2011–2016) of \$8 million was awarded in 2011 to double the size of India's WaterCredit portfolio.
- By the end of year 2013, the PepsiCo Foundation-funded efforts with Water.org directly benefited more than 700,000 people in India by providing access to safe water.
- The average global WaterCredit loan is \$188; 91 percent of loan recipients are women; the global repayment rate for such loans is 99 percent.

2030 Water Resources Group: Transforming water-resource planning to close the supply-demand gap

“No actor alone has the ability to solve the challenges at hand, but by working together in developing and implementing strategies, policies, plans and programs, much more can be achieved.”

Anders Ingvald Berntell
Water Resources Group Executive Director

Without changes in business practices and government policy, by 2030, the demand for freshwater could be 40 percent higher than supply. Governments are the ultimate custodians, but water security requires that other stakeholders also play a role in designing and delivering inclusive and innovative solutions to scarcity. There is deep and wide technical expertise within the water resources community. The private sector can be a rich repository of knowledge and insights on how to address the water security challenge and on-the-ground experience in innovating and implementing a range of practical solutions, such as in water efficiency and water supply.

In the last five years, the 2030 Water Resources Group (2030 WRG) and its partners have elevated awareness about the challenges and risks of water scarcity in a growing number of countries and demonstrated how parties can effectively tackle water resources challenges together.

The 2030 WRG helps countries, at their request, achieve water security by 2030, by facilitating collective action on water among governments, the private sector and civil society.

The 2030 WRG brings transformative change to water resources planning by convening national multi-stakeholder platforms and structured processes — including key public decision-makers, concerned private sector champions and civil society representatives — who catalyze sustainable, rational, economics-based solutions to closing the water supply-demand gap. The 2030



2030 Water Resources Group – © Panos Images. An African woman waters her crop.

WRG’s approach is to raise awareness through hydro-economic analysis, triggering momentum through multi-stakeholder convenings and enabling transformation by others.

The PepsiCo Foundation has supported the 2030 WRG since its inception at the World Economic Forum in 2011. The support and commitment from the PepsiCo Foundation has been invaluable to the progress and success of the 2030 WRG’s initiatives in Peru, Mexico, Jordan, Tanzania, South Africa, India, the Indian states of Maharashtra and Karnataka, and Mongolia. Local PepsiCo representatives contribute to the development of national and regional programs and projects that are important for the improved management and better use of the water resources, making water available for people, ecosystems and for economic development and growth.

Impact vs. Action — moving the needle toward positive social change

Measuring the social value generated by our investments requires a commitment to objective data collection, with some data points possibly considered “nontraditional” when applying a standard business lens. In the case of safe water access, examples of key performance indicators include:

- How many people have access to safe water as a result of a specific project?
- Is this access to water sustainable over time?
- How much additional income is provided to those families that are provided access to safe water?
- How many cases of a specified disease have been prevented?

The purpose of this measurement effort is to determine where our investments are helping to achieve the goal of realizing positive, sustained change in people’s lives, and where opportunities exist to improve its efficacy. It also aims to dimensionalize the powerful and complementary “catalytic effect” that can occur as a result of an initial investment. Some might refer to this as “callable capital,” meaning that an initial investment from a single partner, like the PepsiCo Foundation, can actually stimulate investment from other sources.



IDB’s Latin America Project Beneficiaries – Students in rural Haiti can access clean water through hand pumps thanks to a water and sanitation program. The program is led by the National Directorate for Water Supply and Sanitation (DINEPA), which is one of many organizations supported by the Inter-American Development Bank.



Water.org – A woman in India uses water from a filtration structure for household chores. The structure is funded through WaterCredit, a program made possible by the PepsiCo Foundation and Water.org.

To accomplish this goal of thoroughly understanding the complexity of the return on social investment, the PepsiCo Foundation partnered with True Impact, a consulting firm specializing in social impact assessment, to create a set of standardized reporting and measurement tools that we could use with our partners to capture and analyze the social, environmental and business value of our investments in safe water and sanitation.

Our resulting measurement framework supports both of our objectives. First, it helps us assess where our investments of cash and expertise could realize the greatest impact per dollar spent (including where we could help create new models or new momentum to catalyze gains beyond our immediate investments). Second, it helps us gather feedback on the effectiveness of operational level tactics and strategies, and where opportunities exist to increase return on investment.

This measurement process reveals the real value of our commitment — what is achieved, what needs improvement and how best to spread positive impact through the larger sector in an ever-widening circle of influence.



Measuring impact and communicating value

“PepsiCo’s efforts to establish standardized and open performance metrics – to promote accountability and continuous improvement among all stakeholders committed to improving global access to safe water – is a model for this and other social investment sectors.”

Farron Levy
CEO, True Impact

At PepsiCo, we appreciate our role as an active, engaged social investor. Our job is to provide not only funds, but expertise, guidance and support to our partners in the field. Setting goals for social change serves as an important motivating force, but progress must be measured, and true impact assessed.

The strength of our water portfolio centers around the diverse strategies each partner brings to the task of providing access to safe water within the communities they serve. Identifying what



Columbia Water Center – As a solution for the water-energy-food crisis in India, the Columbia Water Center has helped farmers to identify crops that use low quantities of water to match local water supplies.

works and what needs improvement across this broad spectrum of projects and partners is essential to the long-term success of PepsiCo’s water stewardship goals.

We recognize our unique ability to bring together the most innovative partners in the water sector and our responsibility to all stakeholders to provide the expertise and methods for assessing and communicating value, both social and economic. That “value,” when dissected, can become increasingly complex, and some components are difficult to quantify. Some refer to the concept of inputs, outputs and outcomes, and all are important to understand so that the aggregate value of a partnership’s impact can be identified and communicated effectively.



Columbia Water Center – The Columbia Water Center is working with the local government in Kukarwada, India to reform electricity subsidies and encourage water conservation while preserving farmers’ incomes.

Measurement Framework

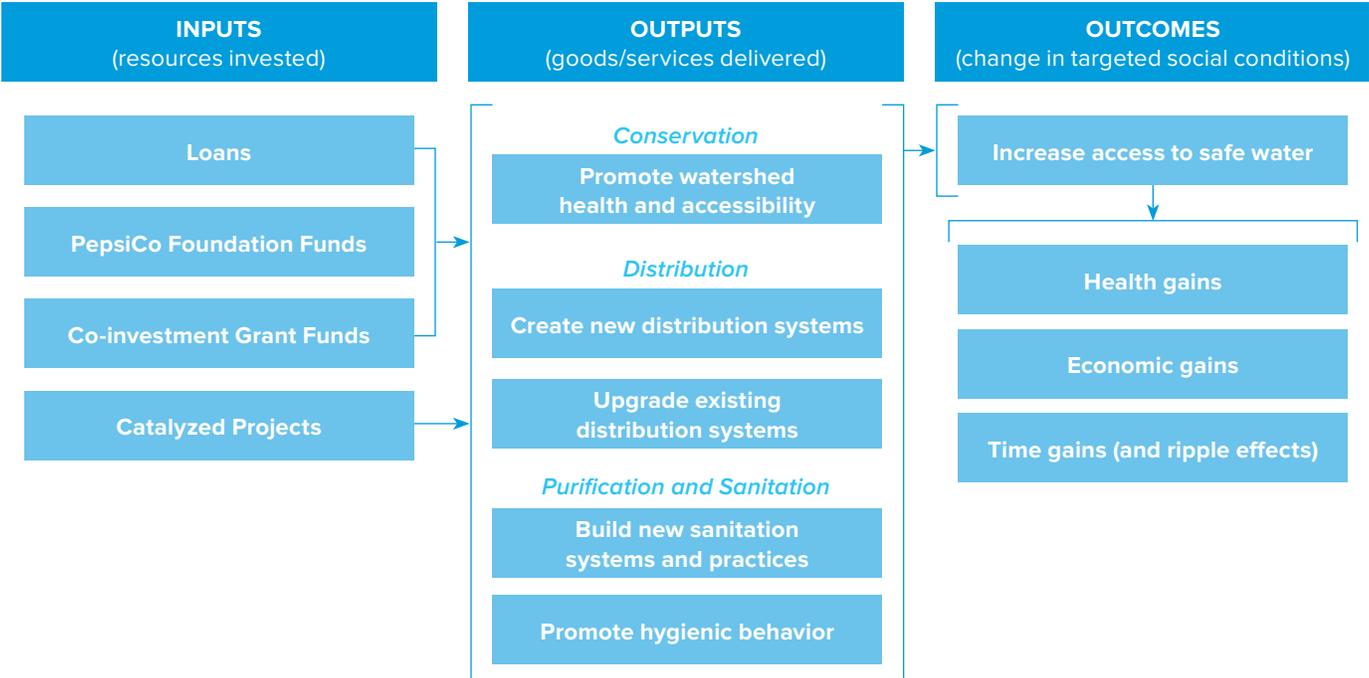
To capture the overall impact of PepsiCo Foundation’s various safe water investments across the globe, we first developed an integrated theory of change model to harmonize social-outcome objectives across our implementation partners.

Then, we developed standardized performance indicators — including social value generated, cost per outcome and select process performance metrics — to ensure accountability and

promote continuous improvement for our investment decisions and among our implementation partners.

We envision expanding this measurement structure, inviting any safe water access funder or implementer to contribute to and learn from the successes and failures of the broader network, to help us all achieve our goals.

**Theory of Change:
Safe Water Access Investment Portfolio (Composite Model)**



Investment and Managerial Metrics

INVESTMENT METRICS

Social Value.
How much are our investments improving the social problems we care about? E.g.:

- X million people provided access to safe water
- \$X additional income generated for X families
- Prevented X thousands of cases of [specified disease]

Cost per Outcome.
How efficiently are our investments creating the social value we’ve targeted (i.e., are we maximizing our return on investment [ROI] compared to other program designs or investment options)? E.g.:

- Option A: \$40 = 1 person provided safe water access
- Option B: \$25 = 1 person provided safe water access

MANAGERIAL METRICS

Process.
How well are the standardized components within our investments performing (vs. the rest of our portfolio or the sector overall)? Are there opportunities to improve (i.e., best practices to leverage or weaknesses to address)? E.g.:

Standardized Components	(\$) Avg. cost / unit	(#) People served / unit	(%) Success Rate
Hygiene Training	\$2,750	35	72%
HH Rainwater Harvest	\$325	4.3	99%

The journey continues

Through the dedication of PepsiCo, the PepsiCo Foundation and our partners, we have reached our original goal of partnering to provide access to safe water to three million people by 2015 and subsequently doubled our goal to reach an additional three million people in that time frame. Yet, our journey continues.

Progress vs. Promise

Based on the 2011–13 data submitted by grantees, PepsiCo has achieved its previously stated goal of partnering to provide access to safe water¹ to three million people and it is on track to deliver access to an additional three million people in developing countries by the end of 2015.

No single business, NGO or government can solve the problems facing the world today. However, each has a role to play.

PepsiCo continues to work toward our ambitious goals in the critical area of water sustainability and recognizes that collaboration — such as the partnership detailed in this report — is the best path to innovative solutions and progress.

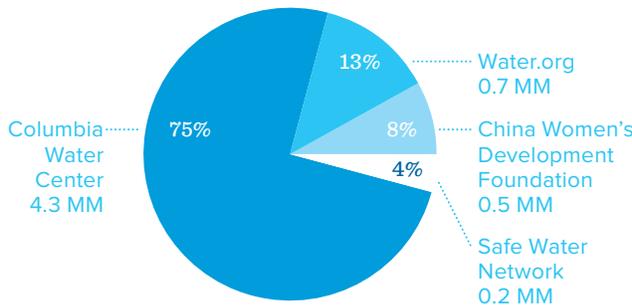
We believe that the most successful companies are those who see their success as inextricably linked to the success of the world around them. That's why we see Performance with Purpose as the catalyst for our success.

PepsiCo and the PepsiCo Foundation join with our water partners in a common objective: to remain steadfast in the goal of positively impacting the global water crisis.

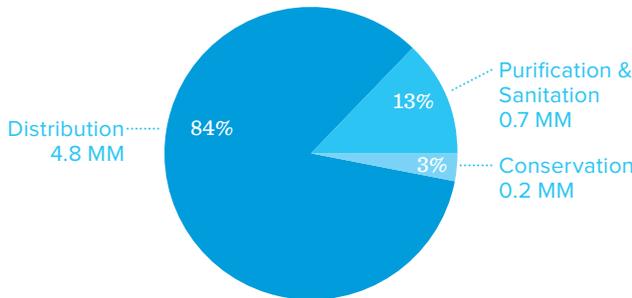
More information about PepsiCo, Performance with Purpose, our sustainability initiatives and our progress can be found in our Corporate Sustainability Report online at PepsiCo.com.

¹Access to safe water achieved at watershed, community and household levels by making water more readily available, better managing supply or volume of water, and/or ensuring quality through water treatment, improved hygiene and community sanitation.

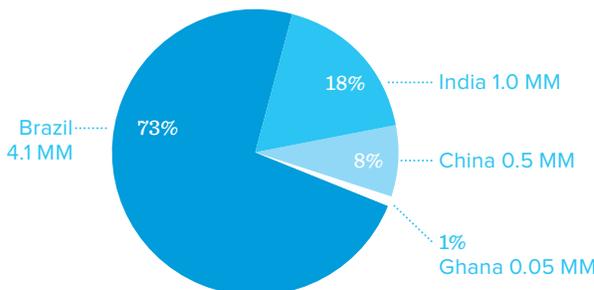
OVER 5.6MM PEOPLE PROVIDED SAFE WATER ACCESS



INVESTMENT TYPE



GEOGRAPHY



Additional Project Benefits

In addition to providing safe water access, our investments also resulted in a significant improvement to the health, wealth and well-being of our beneficiaries.





PEPSICO

Corporate Headquarters

PepsiCo, Inc.
700 Anderson Hill Road
Purchase, NY 10577

PepsiCo Website

www.pepsico.com

Follow PepsiCo



twitter.com/pepsico



facebook.com/pepsico

8772240030