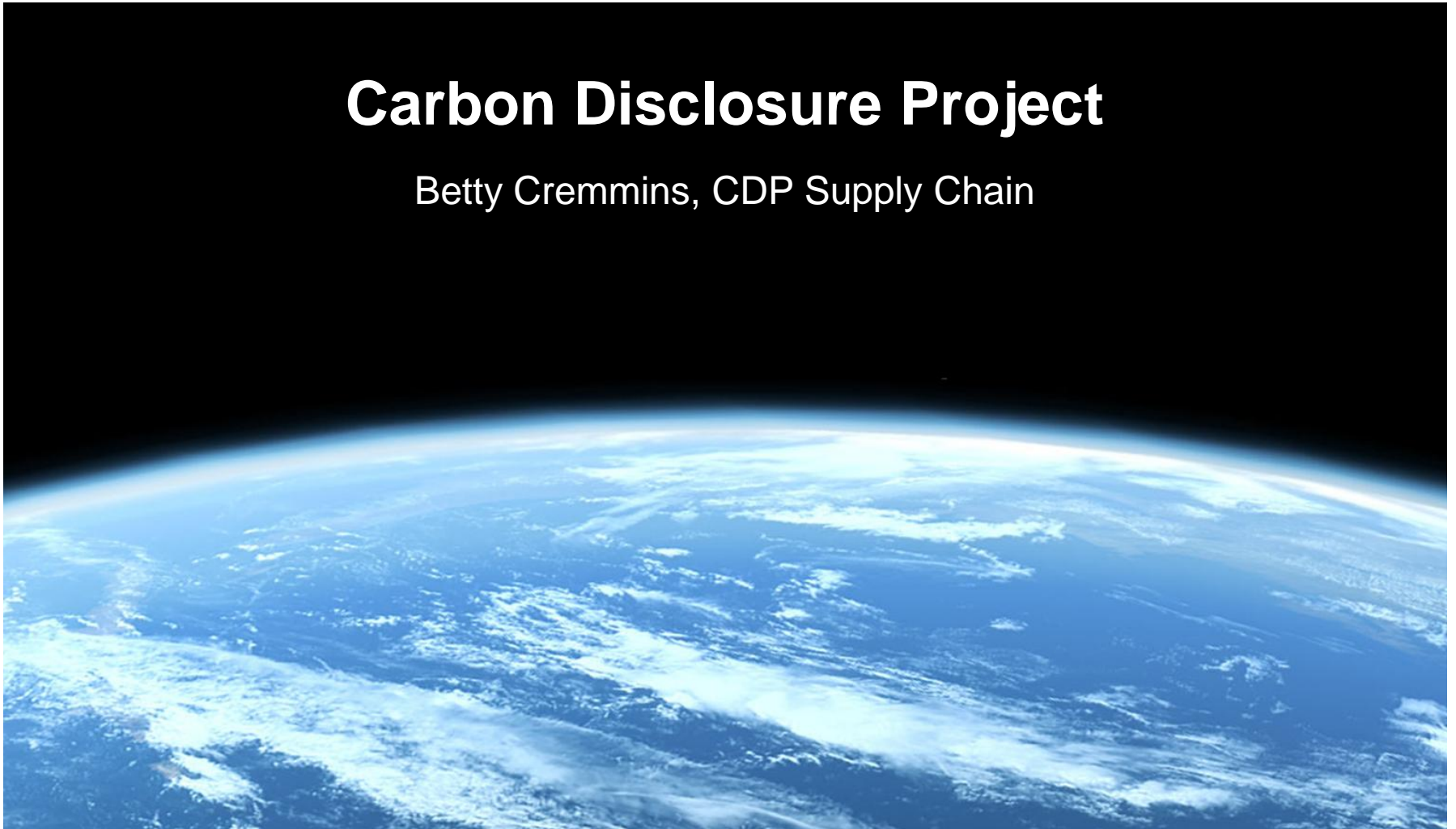


CDP Agriculture Supply Chain Pilot 2011

Carbon Disclosure Project

Betty Cremmins, CDP Supply Chain



534

Institutional Signatory Investors

\$64T

Assets under management represented by CDP's signatory investors

70%

Proportion of S&P 500 companies reporting via CDP in 2010

56

CDP Supply Chain Members in 2010

82%

Proportion of Global 500 companies reporting via CDP in 2010

3,000+

Number of Companies reporting via CDP in 2010

534 CDP Signatory Investors – \$64 trillion in assets



Climate Change & Sustainability

- **Company governance**
- **Risks and Opportunities**
 - **Regulatory**
 - **Physical**
 - **Consumer**
- **Greenhouse gas emissions accounting**
 - **Scopes 1 and 2**
 - **Scope 3**
- **Targets, Strategy and Performance**



Index **RRRR**

BHP AU Equity

Carbon Emissions Disclosure - CED

BHP BILLITON LTD

Reporting Year: 20

Total Global Emissions (Metric Tons)		Intensity (Metric Tons/Million US\$)	
Scope 1 Activity Emissions Globally	21,394,070	Scope 1/Sales	520
Scope 1 Activity Emissions Annex B	13,912,390	Scope 1/EBITDA	1,010
Scope 2 Activity Emissions Globally	30,626,090	Scope 2/EBITDA	1,450
Scope 2 Activity Emissions Annex B	4,058,350		
Emissions from Disposal of Services	329,993,000	Emissions by Country (Metric Tons)	
Emissions from Distribution/Logistics	N.A.	<input checked="" type="radio"/> Scope 1 <input type="radio"/> Scope 2	
Emissions from Employee Business Travel	172,450	Australia	12,565,660
Company Supply Chain	N.A.	South Africa	4,544,870
		USA	1,162,430
		Mozambique	933,480
		Colombia	668,160
		Chile	431,740
		EU Emissions Trading (Metric Tons)	
		Year ↓	Allowance
			Emissions ↑
		2005	306,165
			333,193
		2005	306,165
			333,193
		2006	415,652
			332,522
		2006	415,652
			332,522
		2007	415,652
			323,020

Metric Ton is in CO2 Equivalent

* In Millions



NYSE:PEP

Get quote

Example: "CSCO" or "Google"

Company

PepsiCo, Inc. (Public, NYSE:PEP) [Watch this stock](#)

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[chg](#) | %

66.26

-0.01 (-0.02%)

Real-time: 3:13PM EDT

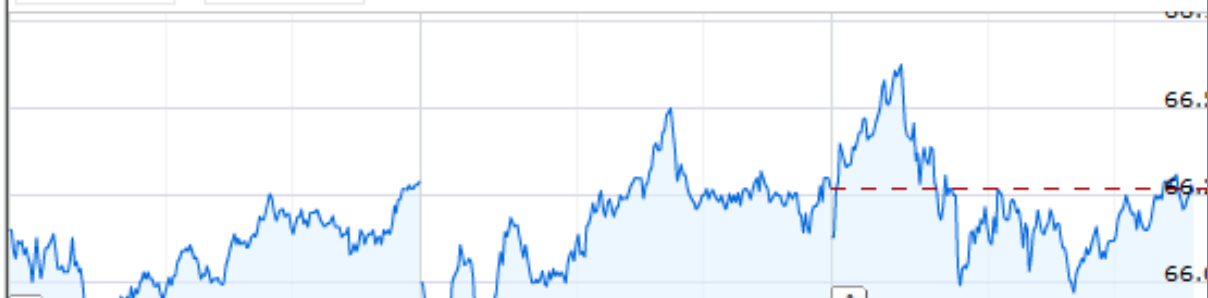
NYSE real-time data - [Disclaimer](#)

Range 65.96 - 66.65 Mkt cap 104.02B Shares 1.57B
 52 week 47.50 - 67.00 P/E 17.57 Beta 0.53
 Open 66.01 Div/yield 0.45/2.72 Inst. own 74%
 Vol / Avg. 5.43M/6.84M EPS 3.77

Compare: Dow S&P 500 KO DPS CCE [more](#)

Zoom: [1d](#) [5d](#) [1m](#) [3m](#) [6m](#) [YTD](#) [1y](#) [5y](#) [10y](#) [Max](#)

Apr 14, 2010 - Apr 16, 2010 -0.13 (-0.2%)



Key stats and ratios

	Q4 (Dec '09)	2009
Net profit margin	10.81%	13.83%
Operating margin	15.30%	18.61%
EBITD margin	-	22.22%
Return on average assets	11.94%	15.77%
Return on average equity	28.89%	40.81%
Employees	203 000	-

Carbon Disclosure Rating - [63/100](#)

[Screen stocks with similar metrics »](#)

Consumer Staples Sector – High Response Rate

S&P 500 response rate:

Consumer Staples overall **90% (37 of 41)**

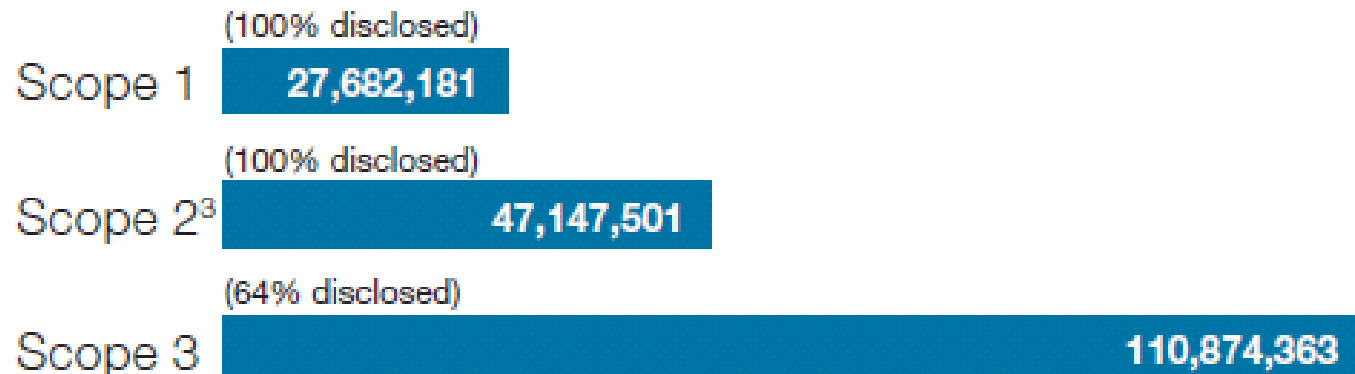
Key industries within the sector:

Food Products (13 of 15); Food & Staples Retailing (8 of 9); Beverages (7 of 7); Household Products (4 of 4)

Largest non-respondents¹ include:

Sysco, Archer Daniels Midland, Lorillard

Total emissions² (t CO₂-e):



Consumer Staples Sector – Opportunities & Risks

Opportunities:

- Increasing consumer preferences for low carbon or “green” products may present product and reputational differentiation opportunities among companies.
- Changing weather patterns may create longer growing seasons that increase crop yield.

Risks:

- Changing weather patterns may cause supply chain disruptions, particularly those affecting agriculture operations and supply prices such as water.
- Regulatory risks such as carbon labelling legislation initiatives, regulation of refrigerants and other regulations that could have upstream implications.

Consumer Staples Sector – Supply Chain Initiatives

“Wal-Mart has announced a goal to reduce 20 million metric tonnes of GHG emissions in its supply chain. Presumably, suppliers who do not or cannot assist with this goal are at risk of losing business.”

Dean Foods

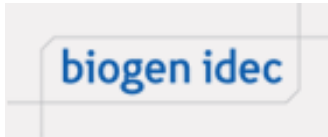
“Our supply chain in the UK is responsible for approximately 26 million tonnes of CO₂-e, which is about ten times our direct carbon footprint. In October 2009, we committed to achieving a 30% reduction in emissions from the products in our supply chain by 2020.”

Tesco

The supply chain is identified as a key area of risk, opportunity, and mitigation potential, yet only 11% of respondents are taking action to reduce emissions in the supply chain.

CDP Supply Chain Members 2010

CARBON DISCLOSURE PROJECT

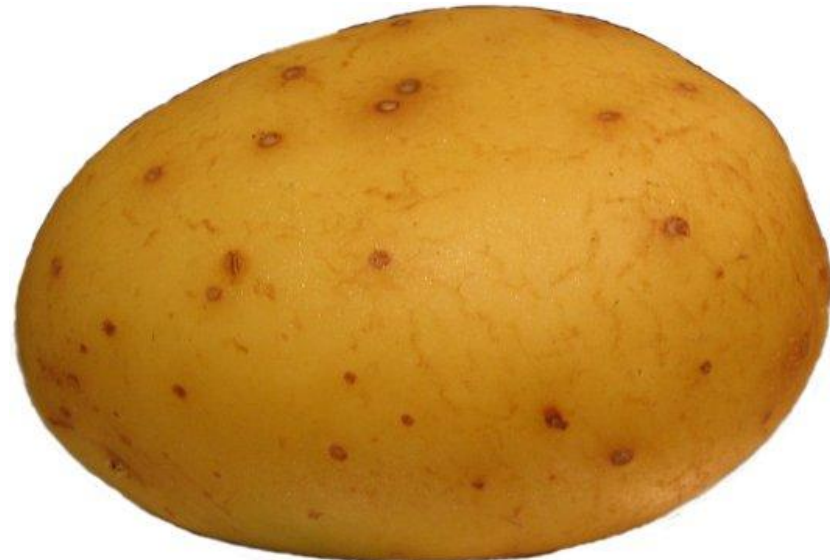


- **56% of Members expect to deselect suppliers in the future for failing to meet formal carbon management criteria**
- **62% of Suppliers reported greenhouse gas emissions, showing improving accounting capabilities**
- **33% of Suppliers have a strategy to engage their own suppliers**



CDP Expansion into Agriculture

- **Tomatoes & Potatoes**
- **Working with ConAgra Foods, PepsiCo and HJ Heinz**
- **Reach: 5-10% of overall U.S. production**
- **Expand disclosure, roadtest metrics, facilitate reductions**



Pilot Project Background

• Pilot Financing



- [2009 Agriculture Strategic Plan](#): aim to catalyze significant changes in farming practices that produce by 2020 a 20% reduction in net greenhouse gas emissions caused by U.S. agriculture



- [Environmental Grant Program](#): significant investments in the US agriculture sector with a specific focus on sustainable agriculture

• Member and Crop Selection



PEPSICO

- Three leaders and eager partners emerged from early discussions
- Packard Foundation mandates a US-focus for pilot year
- Potatoes and tomatoes are common denominator crops
- Direct procurement relationship
- Concurrent efforts to quantify GHG emissions from specialty crops



Scope of pilot

- Approximately 100 US growers
 - Potatoes (suppliers to PepsiCo and ConAgra)
 - Tomatoes (suppliers to Heinz and ConAgra)
- Nominated by the 3 Member companies
- Respond to the 2011 CDP Agriculture Supply Chain questionnaire
- Voluntary and free response process



The CDP Questionnaire inquires about:

- **Governance** – responsibility within the company
- **Risks & Opportunities** from climate change
- **Strategy** – targets, plans, emissions reduction goals
- **Emissions reporting** – greenhouse gas calculations
- **Communications** – CSR and Annual Reports
- **Supplier module** – *Emissions allocation and supplier engagement*



CDP Agriculture Supply Chain module

Proposed topics include:

- Nutrient management and pest management strategies
- Soil management activities, cropping practices and land use changes
- Energy, machinery and vehicle use
- Greenhouse gas emissions from crop growth and management
 - Methane, nitrous oxide, carbon dioxide
- Sustainable agriculture initiatives



Objectives of pilot

Growers

- Evaluate operations under the lens of climate change and sustainability
- Improve emissions management and reporting
- Receive support and guidance
- Highlight innovative sustainable agriculture initiatives

Members

- Demonstrate leadership around climate change management
- Receive quality information about their agricultural supply base
- Target and engage growers
- Collaborate to encourage sector-wide engagement and transparency

Pilot Timeline – August 2010 to November 2011

August through December 2010

- *Develop questionnaire in consultation with stakeholders*

January through March 2011

- *Begin engagement with targeted growers*

April through July 2011

- *Support open response period with workshops and webinars*

August through November 2011

- *Analyze data and produce final report with independent report writer*

Home

What We Do

Programs

How To Disclose

Results



“The Carbon Disclosure Project is vital, and we’ve got to get everybody to participate in it.”

- Bill Clinton, former US President

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