



# PepsiCo Beverages Canada Co.

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Industry Sector Primary: beverage companies

Industry Sector Secondary: food companies

Revenues (in \$ mil.): \$1,200.00 Database ID #: 9071

Name of Company President: Steve Richert Issue in Monitor:

Year This Update: 2009 Ticker Symbol:

Year Founded in Canada: 1934 Exchange: TSX

Provinces of Operation: ON, PQ

Country List - Operation: CA

Country List - Sourcing:

Banners: Pepsi, Diet Pepsi, Wild Cherry Pepsi, Pepsi Max, Pepsi Twist, Diet Pepsi Twist, Mountain Dew, Diet Mountain Dew, Mountain Dew Code Red, Mug Root Beer, Diet Mug Root Beer, All-Sport, Dr. Pepper, 7-Up, Diet 7-Up, Aquafina, Lipton's Iced Teas, Starbucks Bottled Frappuccino, SoBe

Candor Essay: In 2009, the company scored 47% candor quotient.

In 2001, a spokesperson from a public relations firm prepared Pepsi's response to our questions. A great deal of information was provided, split between the PBG, PCCL, and PCNA. The candour quotient is 45%.

Pepsi scored very highly on Candor in 1998, speaking to more than 85% of our research fields. The company spokespersons were very cooperative throughout the process.

## Description:

Mississauga-based PepsiCo Canada Ltd, which is wholly owned by its U.S. based parent company PepsiCo Inc, bottles and distributes beverages and other related consumer products. The Pepsi Brand's first expansion outside the USA occurred in 1934 with the opening of a bottling plant in Montreal (Quebec). PepsiCo restructured its holdings in 1997, and spun off its \$10 billion fast-food operations (Pizza Hut, Taco Bell, and KFC) into Tricon Global Restaurants. PepsiCo acquired Quaker Oats, including its Gatorade brand. Today PepsiCo Canada employs over 5,500 Canadians and is organized into two business units - PepsiCo Foods Canada, which includes Frito Lay Canada and Quaker foods & snacks; and PepsiCo Beverages Canada, which includes brands such as Pepsi, Gatorade and Tropicana. Revenues in 2008 weren't disclosed.

## Canadian Content



## **PepsiCo Beverages Canada Co.**

### **Shareholder Information**

PepsiCo Beverages Canada Co. is majority-owned  
 Name of major shareholder(s) or parent: PepsiCo Inc (USA)  
 Percent of Ownership: 40

Notes: PepsiCo owns 40% of PBG, and the remaining 60% is publicly held. PCCL is 100% owned by PepsiCo.

## **Corporate Governance**

### **Board Composition and Policy**

Total number of directors:	Directors are nominated individually not by slate:	Not Applicable
Number of independent directors:	Limit on director tenure:	Not Applicable
Existence of CSR committee of the board:	Not Applicable	Full disclosure tenure:
Independent compensation committee:	Not Applicable	Board assurance procedures for monitoring ethical policies:
Independent nominating committee:	Not Applicable	Not Applicable

Notes: PCCL has an executive committee, but no board of directors in Canada. PGB Canada has no board of directors. PCNA has 14 directors, of whom 11 are independent. The nominating and compensation committees are part of the board, but the spokesperson did not state whether they were made up of independent board members.

### **Executive and Shareholder Policies**

President/CEO compensation based on of multiple average or lowest employee pay level:	No Info	Minority shareholder resolutions tabled at AGM:	No Info
Executive performance evaluation includes non-financial factors:	Yes	Report of company failing to circulate CSR related minority shareholder resolution:	No Info
Separation of Chairman and CEO:	No	Resolutions left uncirculated:	
CSR report in annual report or at AGM:	No Info	Existence of poison pill:	No Info

## **Ethical Management Practices & Consumer Relations**

### **Written Code of Ethics**

Code of Ethics:	No Info	Employee sign-off:	Yes
Written/Modified for Canadian operations:	No	Integrated with Corporate Code of Conduct:	No Info
Human rights provision (non-discrimination):	Yes	Translated into languages spoken in operations:	Yes
Year Code was Initiated:	No Info		
Year of last code update reported:	2008		

Notes: PepsiCo Inc. has a four-page, November 2008 Worldwide Code of Ethics, which covers such guidance



**PepsiCo Beverages Canada Co.**

issues as conflict of interest, political influence, confidentiality, as well as Guiding Principles. EthicScan has been provided an advance copy, 66 pages in print, of information which will be posted on the company web site in 2010.

It describes Guiding Principles which would normally be found in a formal code. Those principles are 1) care for customers, consumers and the world; 2) sell only products of which the company can be proud; (3) speak with truth and candor; (4) balance short term and long term risks and benefits; (5) win with diversity and inclusion [personnel policies]; and (6) respect others and succeed together. There is a web site consumer advice/complaint line, and a written policy on privacy. There is also whistle-blower protection for employees of conscience provided in the Code.

Pepsi's previous 12-page ethics code, written in the late 1970s, was updated in 1996, 2001 and 2008. Management must sign-off on the code. The code applies worldwide to all Pepsi subsidiaries. PBG and PCCL do not have separate, modified codes of their own.

<b>Ethics Policies (in code or separate)</b>			
Whistleblower protection:	Yes	Privacy of employee records is assured:	Yes
Guidelines for exchange of business gifts:	Yes	Other:	No Info

Notes: The ethics code deals with global relations, respect for employees, and expected conduct when dealing with customers and suppliers on matters like gifts and payments, safety and environmental protection, political and community activities, conflicts of interest and insider trading.

<b>Ethics Code Support</b>			
Ethics training:	Yes	Audit results are publicly reported:	No Info
Ethics hotline / Independent ombudsperson:	Yes	Formal employee input into code's creation and/or evaluation of code:	No Info
Independent social / ethics audit:	Yes	Compliance with code is part of employee and manager evaluation:	Yes

Notes: The current code describes Guiding Principles which would normally be found in a formal code. Those principles are 1) care for customers, consumers and the world; 2) sell only products of which the company can be proud; (3) speak with truth and candor; (4) balance short term and long term risks and benefits; (5) win with diversity and inclusion [personnel policies]; and (6) respect others and succeed together. There is a web site consumer advice/complaint line, and a written policy on privacy.

There is also whistle-blower protection for employees of conscience provided in the Code.

It was reported in the early years of this decade that at all Pepsi companies, the ethics code is reinforced during an employee orientation program. The "Right Side Up" program was developed by management and employees in order to strengthen a corporate culture and sustain common values during the period when the company was acquiring franchises. Employees must "enrol" in the program, hold annual meetings and publish a regular newsletter and health survey. The board had then required that the code of conduct be read by every employee.

<b>Consumer Protection Policies</b>			
Toll-free consumer phone line:	Yes	Advertising guidelines:	Yes
Product recall system:	Yes	Consumer safety process assurance (beyond regulation):	Yes

Notes: PepsiCo "offers" schools bottled waters, juices, sports drinks and no- or low-calorie carbonated soft drinks, juice-flavored drinks and iced teas. Schools decide which beverages are available, and where and when they are sold. The company "encourages" bottlers to follow these guidelines: In elementary schools -- water; milk and juice in 8-ounce servings or less (fat-free or low-fat milk and nutritionally equivalent [per USDA] milk alternatives; fat-free or low-fat nutritionally equivalent flavored milk with no more than 150 calories per 8-ounce serving; 100% juice with no added sweeteners, no more than 120 calories per 8-ounce serving and at least 10% of the recommended daily value for at least three micronutrients.



## **PepsiCo Beverages Canada Co.**

In middle schools, allowable distribution is the same as elementary school except that juice and milk meeting elementary school criteria may be available in 10-ounce servings. In high schools, distribution includes water; no-calorie or low-calorie beverages with no more than 10 calories per 8-ounce serving (e.g., diet sodas, unsweetened teas, fitness waters, flavored waters, seltzers); milk, light juice, juice and sports drinks in 12-ounce servings or less (fat-free or low-fat milk and nutritionally equivalent [per USDA] milk alternatives; fat-free or low-fat nutritionally equivalent flavored milk with no more than 150 calories per 8-ounce serving; 100% juice with no added sweeteners, no more than 120 calories per 8-ounce serving and at least 10% of the DV for at least three micronutrients; or light juices, sports drinks and other beverages with no more than 66 calories per 8-ounce serving; at least 50% of non-milk beverages must be water and no- or low calorie options (no more than 10 calories per 8-ounce serving).

Concerns have been raised about the nutritional and health benefits of energy drinks which Agriculture and Agri-Food Canada is the hottest segment in the beverage sector since bottled water. In March 2009, the Prince Edward Island Home and School Federation made a presentation to the Standing Committee on Social Development, citing the following: "The market for so-called high-energy drinks has exploded from being worth \$200 million five years ago to \$1 billion last year. Energy drinks are beverages like Red Bull, SoBe Adrenaline Rush, Full Throttle, Monster, Hansen's Energy, and Canadian Beaver Buzz which contain large doses of caffeine and other legal stimulants like guarana and ginseng. There are 160 mg of caffeine in one 16 oz. can of energy drink compared to 80 mg of caffeine in one small Tim Horton's coffee. That is a big punch compared to the 37 mg of caffeine in a Mountain Dew, or the 23 mg in a Coca-Cola Classic. Health Canada recommends that a child 10 - 12 years of age consume no more than 85 mg per day of caffeine." Teens believe that consumption of these drinks will give them that added boost to be alert and concentrate on their school work or compete in an athletic event. This PEI organization contends that these drinks leave children feeling tired and jittery.

Health Canada reports adverse reactions involving 'energy drinks' including electrolyte disturbances, nausea and vomiting and heart irregularities. Large dose of caffeine can also lead to caffeine intoxication which may include symptoms like restlessness, nervousness, excitement, insomnia, flushing of the face, increased urination, gastro-intestinal disturbance, muscle twitching, a rambling flow of thought and speech, irritability, irregular or rapid heartbeat, and psychomotor agitation. According to a review published in the Journal of the American Pharmacists Association, energy drinks cause a variety of adverse health effects. In worst cases reported, seizures and possibly even death have resulted." According to the president of the P.E.I. Medical Society, Dr. Bill Scantlebury, 'these drinks are positioned in stores next to candy in an attempt to attract younger consumers.' He states that these drinks not only cause behavioural problems in children, they also pose serious health risks as well. The P.E.I. Medical Society is calling on the provincial government to ban the sale of caffeine-laden energy drinks to kids."

Hundreds of different energy drink brands are now marketed, with caffeine content ranging from a modest 50 mg to an alarming 505 mg per can or bottle. Regulation of energy drinks, including content labeling and health warnings differs across countries, with some of the most lax regulatory requirements in the U.S. The absence of regulatory oversight has resulted in aggressive marketing of energy drinks, targeted primarily toward young males, for psychoactive, performance-enhancing and stimulant drug effects. There are increasing reports of caffeine intoxication from energy drinks, and it seems likely that problems with caffeine dependence and withdrawal will also increase. In children and adolescents who are not habitual caffeine users, vulnerability to caffeine intoxication may be markedly increased due to an absence of pharmacological tolerance. Genetic factors may also contribute to an individual's vulnerability to caffeine-related disorders including caffeine intoxication, dependence, and withdrawal.. Several studies suggest that energy drinks may serve as a gateway to other forms of drug dependence. (Reissig CJ, Strain EC, Griffiths RR. Department of Psychiatry and Behavioral Sciences, The Johns Hopkins University School of Medicine, Baltimore, MD 21224, USA.)

Pepsi-Cola Canada, which makes products like SoBe and Gatorade, responds to such concerns by supplying a March 2009, 253 page paper written by Refreshments Canada to the PEI legislature, even the 14 page summary of which cannot be fairly summarized because it is a nuanced, point-by-point response. The response also includes a two-page "Energy Fact Sheet," which points out that energy and sports drinks are different; energy drinks are for adults, and should not be consumed with alcohol; and the maximum recommended intake of caffeine in "most" energy drinks (two cans) would equal two cups of coffee,

## **PepsiCo Beverages Canada Co.**

### **Cases and Convictions**

**Company reports 0 cases or convictions for:**

False Advertising:	No Info	Competition Act:	No Info
# of Cases:		# of Cases:	
# of Convictions:		# of Convictions:	
Product recall / safety	No Info	Bribes:	No Info
# of Cases:		# of Cases:	
# of Convictions:		# of Convictions:	
Kickbacks:	No Info	Other:	No Info
# of Cases:		# of Cases:	
# of Convictions:		# of Convictions:	

Notes: In 1993, the Department of Health in North York, Ontario criticized Pepsi for supporting its promotional slogan, "You've Got the Right One Baby," with pop containers shaped like baby bottles. They were concerned that the campaign conveyed the message that soft drinks are acceptable and fun for infants. The company spokesperson said that this trademark slogan was not linked directly to the baby bottle container, but was licensed across a range of products and formulas. [A 1994 contract, worth \$1.14 million, was struck between Pepsi and the Toronto Board of Education giving Pepsi exclusive distribution rights for somewhere between 115 and 154 schools over three years.] [struck out by spokesperson, no reason given]

## **Employee Relations**

### **Employment Information**

Employment This Year Canada:	3,552	Employment This Year Worldwide:	125,000
Last Year Canada:	3,150	Last year Worldwide:	
Five Years Ago Canada:	2,750	Five Year Ago Worldwide:	
Employment One Year Change:	12.76%	Employment One Year Change (Worldwide):	
Employment Five Year Change:	29.16%	Employment Five Year Change (Worldwide):	

Notes: In Canada, staff figures have increased from 1,600 in 1991 to 2,750 in 1996, and 3552 in 2001. The worldwide figure for the parent company has dropped from 313,145 in 1996 to 125,000 in 2000, due to the divestment of restaurants which are no longer part of PepsiCo. PCCL has 60 employees in Canada this year.

### **Union Representation**

Unionized Staff:	Yes	Unionized Percentage:	66
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## PepsiCo Beverages Canada Co.

### Layoffs

Any layoffs in last 5 years:	No Info	<b>Company reports:</b>	
Number of layoffs in last 5 years:		% of production contracted out:	
Locations:		<b>Formal policies to mitigate effects of downsizing:</b>	
		Redeployment:	No Info
Any layoffs in previous 5 years:	Yes	Retraining:	No Info
Number of layoffs in previous 5 years	4545	Severance packages beyond government minimum:	Yes
Locations:	Ottawa		

Notes: In 1993, 45 jobs were cut at an Ottawa bottling plant, in addition to 3,000 lost in 1991 and 1,500 who were laid off from franchise bottlers.

### Work Stoppages

<b>Company reports:</b>			
Total strikes/lockouts last 5 years:	2	Total strikes/lockouts in previous 5 years:	

Notes: A 1997 strike put 490 Quebec employees on the picket line for 20 days, affecting half of Pepsi's Quebec operations. The main issues, wages and benefits, were settled when 82% voted to accept a company offer.

### State of Relations Indicators

<b>Company reports:</b>			
Number of union decertification cases:	Yes	Employee turnover rate reported:	No Info
Number of unjust dismissal cases:	No Info	Employee turnover rate:	
Number of unjust dismissal convictions:		Average annual grievances reported: (Reaching arbitration stage)	No Info
		Average annual grievances:	

Notes: The union spokesperson said generally that relations are "excellent" at the Mississauga plant and "unbelievably good" at the Orillia plant. In 1996, 15 grievances were heard, one of which reached fourth-level arbitration. There have been no union decertification classes.

### Health and Safety

Injuries Last Year:		Fatalities Last Year:	
Injuries Year Before Last:		Fatalities Year Before Last:	
Disclose Health and Safety Statistics:	Yes	Health and Safety training:	Yes
Joint health and safety committee:	Yes	Ergonomic workplace assessments for employees:	Yes

Notes: In 1996, PCCB recorded an accident severity rate of 58.4 days of work lost for 1 million raw cases sold. These figures represent a decline from 1995, when 4.4 accidents caused the loss of 83.7 days. After a Calgary PCCB worker died when he became trapped in a palletizer in 1995, a team of employees and managers investigated the accident. The corporate spokesperson said that the worker had been properly trained and that the company determined a list of "issues for resolution" and an appropriate "action plan." The company has joint health and safety committees, a part-time safety co-ordinator at the management level of each facility, and a full-time safety manager at the corporate office.



## **PepsiCo Beverages Canada Co.**

### **Training**

Training Dollars Per Employee Last Year:	External course tuition and book compensation:	No Info
Some training for all levels of employees: No Info		
Percentage of reimbursement:	Formal employee input into training program:	No Info

### **Gainsharing Programs**

Employee Share Ownership Plan (ESOP): Yes	ESOP Percentage Company Contribute:
Profit Sharing: No Info	Profit Sharing Who:
Stock Options: Yes	Stock Options Who:

Notes: The "Sharepower" program of 1989 allows employees to buy stock up to an amount which equals 10% of their pay. Some managers participate in an incentive program which returns to them a share of the company's net after-tax operating profits. PBG has a stock option program.

## **Equity and Family Issues**

### **Women In Management**

Women In Management: 35	Women On Board of Directors:
Total staff In Management: 209	Total Number On Board of Directors:
Women In Senior Management: 6	
Total staff In Senior Management: 42	

Notes: At corporate parent PepsiCo Inc., women comprise one of nine senior officers; three of thirteen Board members; and four of twelve corporate officers. Their proportion in the total global workforce isn't revealed. PepsiCo International increased its percentage of female executives from 13 in 2003 to 21 in 2007. Representation of women in many Muslim countries in PepsiCo's Middle East/Africa region improved from 5 percent in 2004 to 18 percent in 2007. A Female Talent Development program was launched to focus on work environment changes and recruitment of women in 2008. PepsiCo International increased the percentage of female executives from 13 in 2003 to 21.9 in 2007.

It is unknown how many of PepsiCo Canada's senior management team members are women, nor how many franchise bottlers are headed by a woman or a visible minority person. No data is provided either for PepsiCo Foods or PepsiCo Beverages on the employment of women, persons with disabilities, First Nations persons, or visible minorities in Canada. Both businesses are seasonal. Answers aren't provided on the proportion of Canadian staff in marketing and distribution versus manufacturing, or the proportion of full-time versus part time staff.

There is no board of directors at PBG. In 2001, women represented almost 17% of managers, and just over 14% of senior managers. At PCCL, there were 13 women out of 20 managers (65%), 2 women out of 6 senior managers (33%), and 2 women out of 13 board directors (15%). At PCNA, there were 47 women out of 370 managers (13%), 2 women out of 11 senior managers (18%), and 3 women out of 14 board directors (21%).

### **Visible Minorities/Disabled in Management**

Does company track data:	No Info
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Notes: All PepsiCo employees participate in inclusion training sessions. A Diversity and Inclusion Governance Council, formed in 2005, is a cross-divisional, cross-functional group composed of internal and external thought leaders. The Ethnic Advisory Boards provide counsel and advice on a broad range of social, cultural and business needs, including marketing, hiring, supplier development and diversity. In Canada,



**PepsiCo Beverages Canada Co.**

there is an Asian Advisory Council and it receives an employee sign-off and an annual review.

**Formal Employment Equity Program**

Employment Equity Program:	Yes
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Notes: Within its employment equity policy and plan, PCCB has no quota system for hiring, but its operating program--workplace accommodation and community assessment--ensures that hiring reflects the local demographics.

**Family Support**

Extended Maternity Leave:	Yes	Daycare referral / on-site:	Yes
Paternal Leave:	Yes	Paid days off for child/elder care:	Yes
Adoption Leave:	Yes		

Notes: Daycare referral is available at all sites at PBG, and maternity and paternal leave benefits are topped up or may be extended to suit an individual's needs. At PCNA, disability and family leave (includes paternity leave) are available, along with an extended maternity leave and adoption leave. Paid days off for child and eldercare need to be worked out with the manager. Daycare is provided.

**Support for Disabled**

Access to all buildings and facilities:	Yes	Accommodation policy including training:	Yes
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**Anti-Harassment Protection**

Policy Exists:	Yes	Annual review or audit:	Yes
Sign-off on Policy:	Yes	Training on policy:	Yes
<b>Policy Covers:</b>			
Sexual Issues:	Yes	Race:	Yes
Sexual orientation:	Yes	Disability:	Yes
Protection and training included in collective agreement language: No Info			

Notes: In the early years of this decade, an anti-harassment policy covering sexual, race, sexual orientation, and disability issues exists at PCNA and PBG. Training on it is provided, and it receives an employee sign-off and an annual review.

**Accommodation of Diverse Groups**

Paid days off for cultural and religious observances:	Yes	Same sex couples benefits:	Yes
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Notes: The 2001 spokesperson stated Pepsi's commitment "to equal opportunity in all aspects of employment, without regard to race, colour, religion, gender, sexual orientation, age, marital status, national origin, disability, veteran status, or any other status protected by law."



## **PepsiCo Beverages Canada Co.**

### **Advancement of Diverse Groups**

Advisory committee on diversity issues:	Yes	Management responsible for progress:	Yes
Gender guidelines for Board nominating committee:	Yes	Public report:	No
Goals set for advancement targets:	Yes	Formal mentoring or counselling:	No
Support for scholarships and networks:	Yes	Audit of performance:	Yes

#### Notes:

A special women-in-sales career placement training is offered, and there are women's and minority support groups. Gender guidelines for the Board nominating committee, audits of performance, and goals set for the advancement target, all exist internally at the parent company. Pepsi has dedicated executives for managing diversity, and multi-year strategic plans for diversity. Annual employee reviews, incorporating the need to "Act with Integrity," "Create a Positive Work Environment," and "Align and Motivate Teams." There is also an annual organizational health survey, incorporating diversity questions for which senior management is held accountable, and a corporate program for training employees how to work in and manage an inclusive environment.

### **Human Rights Cases**

<b>Does company report cases or convictions involving:</b>			
Sexual harassment:	No	Religion:	No Info
Sexual orientation:	No	Family status, marital status:	No Info
Disability / Handicap:	No	# of total cases:	0
Age:	No Info	# of dismissals:	
Ancestry, national or ethnic origin, race, colour:	No	# of convictions:	0
		Use external investigator for allegations:	No Info

Notes: PepsiCo has an Employee Networks or Diversity and Inclusion Leadership Council. Employee Networks are employee-led groups typically formed around a common characteristic of diversity and are open to all who want to participate. PepsiCo, Inc.'s Human Rights Workplace Policy is said to ensure a work environment that is free from all forms of discrimination where people feel comfortable and respected. In 2008, this policy was translated into 20 languages and broadly communicated it as part of the Code of Conduct Training, a leading edge process to ensure the businesses are operating in the most ethical way possible.

In 2001, it was reported that there have been no human rights cases at PCCL or PBG. The spokesperson would not comment in 2009.

## **Progressive Staff Policies**

### **Formal Employee Assistance Plan**

Employee Assistance Plan (Y/N):	Yes	Retirement Planning:	No
Employee Assistance Plan (#):	5	Eldercare:	Yes
Alcohol Abuse Counselling:	Yes	Services for children with special needs:	Yes
Drug Abuse Counselling:	Yes	Other:	Yes

Notes: Substance abuse and family counselling services are offered at PBG; all these and retirement planning are offered at PCNA.



## **PepsiCo Beverages Canada Co.**

### **Health Promotion Plan**

Health Promotion Plan (Y/N):	No	Smoking cessation program:	Yes
Health Promotion Plan (#):		Workplace Wellness Training:	Yes
Fitness Club Subsidy:	No Info	Drug coverage as part of health benefits:	Yes
Head Office Only for Fitness Facilities:	No Info	Enhanced Wellness Program:	No Info
Fitness Facilities on Site:	Yes	Other:	No Info

Notes: Through national programs, PBG offers extensive training support for safety and ergonomics training. Stop-smoking programs are offered. Fitness facilities are available onsite at many locations.

### **Communications**

Employee Newsletter:	No	Formal employee feedback on internal practices:	Yes
Orientation program for new employees:	Yes	Feedback sessions/surveys conducted by external verifiers:	No Info
Reward Incentives:	Yes	Other One:	No Info
Open Door To Managers:	Yes	Enhanced Internal Communications Program:	No Info
Communications Program(s) (#):	4		

Notes: The company distributes a variety of newsletters on topics ranging from benefits, health surveys and market information regarding the "Right Side Up" ethics training. A newsletter, "PepTalk," has been discontinued.

### **Human Development**

Refund Tuition/Books > 75%:	Yes	Scholarship for children of employees:	Yes
Tuition Refund & Book Compensation:	100	Other Staff Policies (#):	No Info
Employee scholarship for external degree/diploma programs:	Yes		

### **Worklife Policies**

Flexible scheduling:	Yes	% of employees job-sharing:	
% of employees on flexible schedules:		Guarantee of compensation for time worked beyond 40 hour week:	Yes
Telecommuting programs:	No Info	% of employees working beyond 40 hour week:	
% of employees telecommuting:		Other:	No Info
Job-sharing program:	No Info		

Notes: Flexible scheduling, telecommuting and job-sharing programs are available at Pepsi-Cola North America (PCNA), and hourly workers are guaranteed compensation for working over 40 hours. At PBG, only flexible scheduling is offered, and compensation for working over 40 hours. An anti-harassment policy covering sexual, race, sexual orientation, and disability issues exists at PCNA and PBG. Training on it is provided.

## **Sensitive Business Activity Ranking**



## PepsiCo Beverages Canada Co.

### Does the company produce, sell, distribute or invest in any of these sensitive products:

	Direct	Indirect		Direct	Indirect
Tobacco:	No	No Info	Alcohol:	No	No Info
Percentage of Revenues (%):	0		Percentage of Revenues (%):	0	
Pornography:	No	No Info	Weapons and Strategic Devices:	No	No Info
Percentage of Revenues (%):	0		Percentage of Revenues (%):	0	
Gambling Products:	No	No Info	Nuclear Energy Related:	No	No Info
Percentage of Revenues (%):	0		Percentage of Revenues (%):	0	
Defence Sales:	No Info	No Info	<b>Animal Testing</b>		
Percentage of Revenues (%):			In - house:	No Info	No Info
			Contracted:	Yes	No Info
			On market (Within 5 years):	No Info	No Info

Notes: According to the Council on Economic Priorities, in their 1998 Corporate Report Card, a contractor of PepsiCo's conducts nutritional tests of Pepsi products on animals. The spokesperson reported that "through inter-industry associations, PepsiCo may sponsor studies to demonstrate the safety of ingredients used in its food. In all cases, the testing is governed by federal regulations which specify the study procedures and define appropriate test subject procedures. All studies are conducted in accordance with good laboratory practices and regulations. The food industry continues to take all feasible steps to minimize the number of studies requiring animal subjects in safety testing and to use alternative testing whenever possible."

## Sourcing and Trading Practices

### Canadian Sourcing

Disclosure of percentage of Canadian sourcing:	Yes
Policy on preferential Canadian sourcing:	Yes
Percentage of sourcing from Canada:	99

Notes: In 1997, PCCB reported a sourcing-in-Canada program and procures 99% of its supplies in Canada. This is still accurate of PBG.

### Disclosure of Foreign Activity

Country List:	China
<b>Management ensures company does not source from:</b>	
Repressive Regimes:	No
Slave labour/child labour/suppliers contractors:	No

Notes: Internationally, the parent, PepsiCo, was criticized by human rights groups for doing business in Burma, a dictatorship which granted Pepsi a virtual monopoly over other pop makers. The Shan Human Rights Foundation reported 600 deaths among the 60,000 forced labourers used in March 1994 to begin digging a canal which would supply Pepsi's water. When PepsiCo sold its 40% interest in Pepsi Burma, it reported that it would maintain a franchise agreement for "a number of years," in which Pepsi-Cola Products Myanmar



## PepsiCo Beverages Canada Co.

would continue to bottle and market Pepsi and 7UP. Nobel Laureate Aung San Suu Kyi stated that "As far as we are concerned, Pepsi has not divested from Burma." Pepsi left Burma and ended its franchise agreements in January, 1997. All production and distribution of Pepsi products in Burma finally ceased in May 31, 1997.

### Foreign Sourcing Code

Code:	No Info	Translated into local languages:	No Info
Applied to contractors, licensees:	No Info		
<b>Worker protections guaranteed in all plants:</b>			
Child labour standards:	No Info	Maximum work hours:	No Info
Exploitation of women, forced labour:	No Info	Living or sustainable wages:	No Info
Health and safety standards:	No Info	Support apprenticeship/education programs:	No Info
Disciplinary practices:	No Info	Company confirms no breach of above list:	No Info
Freedom of association & collective bargaining:	No Info	Number of breaches:	

Notes: [Does the parent, PCNA or PepsiCo, have a foreign sourcing code that would apply to PBG or PCCL?]

### Audit Verification

Applied to operations, contractors, licensees:	No Info	Publicly report results:	No Info
Independent auditors included:	No Info	Surprise visits:	No Info
Rectification procedure:	No Info	Follow international labour standards:	No Info
Employee recourse:	No Info	# of standards followed:	

## Environmental Management

### Corporate Policy

Written formal Environmental Code:	Yes	Employee sign-off:	No
Applicable to all subsidiaries:	Yes	Train employees on code and environmental management:	Yes
Last update (year):	2001		

Notes: PepsiCo introduced a ten point written environmental policy which established uniform protocols for energy and water measurement and reporting in 2005 and rolled them out for use across all divisions for the first time in 2006. Prior to this, Frito-Lay North America (FLNA) had been collecting data since 1999, though Quaker/ Tropicana/ Gatorade only began data collection in 2004. PepsiCo International has now collected one full year of data, which represents PepsiCo-owned manufacturing sites data with 100 percent of usage at FLNA and Quaker/ Tropicana/Gatorade data at 90 percent at PepsiCo International

Concentrate produced by PepsiCo is sold to independent bottling companies, which finish mixing the product, bottle it and sell it to retailers. It is not known the degree to which PepsiCo Canada helps guide and monitor bottler and co-packer companies' environmental performance. The company's efforts in sustainability, particularly transportation, energy efficiency in buildings and processes, refrigerants, light-weighting bottles, recycling, packaging, and gases are extensive world-wide, although it is not known which of these efforts applies in Canada.

PepsiCo Inc. says its environmental goals include: reduce water consumption by 20%, electricity 20%, and



**PepsiCo Beverages Canada Co.**

fuels by 25% by 2015. It reports committing more than \$16million to safe water organizations in developing countries. The company says it has incorporated environmental sustainability as part of every capital expenditure evaluation for projects greater than \$5 million. It offsets electricity purchases in the U.S. by purchasing renewable energy credits. The company has signed the UNCEO Water Mandate.

From 1992 to its restructuring in 1999, PCCB followed its own one-page environmental policy, coordinated its environmental management in conjunction with safety practices, and instituted other manufacturing and warehouse initiatives. The company offers extensive environment training. The spokesperson stated in 2001 that "Pepsi is committed to minimizing the impact of our business on the environment with methods that are socially responsible, scientifically-based and economically sound. We encourage conservation, recycling and energy use programs that promote clean air and water and reduce landfill waste." No specific information was given on the management within PBG or PCCL. Employees still receive training on environmental management, including a training manual.

**Monitoring Results**

Council:	Certified by an independent standards council:	No
Performance audited:	Internally and Externally	

Notes: In 2007, PepsiCo set corporation-wide global metrics to track its environmental footprint. The goal is to reduce water consumption by 20 percent, reduce electricity consumption 20 percent, and reduce fuel consumption by 25 percent per unit of production by 2015 compared to 2006 consumption. In 2007, the company says, its beverage businesses reduced water consumption by 9 percent, electricity consumption by 8 percent and fuels consumption by 7 percent. The foods businesses reduced water consumption by 6 percent, electricity consumption by 3 percent and fuels consumption by 3%. In 2007-08, the U.S. Environmental Protection Agency (EPA) recognized PepsiCo as Green Power Partner of the Year and Energy Star Partner of the Year.

Comprehensive audits examine packaging lines every two years, while waste management, energy usage and other systems are assessed every year. Both internal and external personnel conduct the inspections.

**Environmental Reporting**

Performance results reported by:	Internal Ver		
<b>Reports set:</b>			
Principles / Standards	Yes	Separate EHS Report:	Yes
Targets:	Yes	Environment section in annual report:	Yes
Progress to Date:	No Info	Frequency of environmental reports to board:	12

Notes: At PBG, monthly environmental reports go to the Canadian executive team. Performance results are reported internally, against internal standards and targets.

**Environmental Organization**

Highest ranking full time environmental officer:	Director or	# of full-time environment staff:	
Environmental committee of Board:	No Info	Environment officer at each business unit:	Yes
Outside environmentalist on Board:	No Info	Community stakeholders included on environmental panels:	No Info
Staff environmental health & safety committee	No Info		

Notes: The Environmental Sustainability Leadership Team (ESLT) is supported by an Environmental Council (EC). The EC is made up of environmental experts from all areas of business, including resource conservation program managers and environmental compliance managers. The EC's mission is to provide subject



## **PepsiCo Beverages Canada Co.**

matter expertise within and across the Divisions and supports the ESLT to ensure a strategic environmental sustainability vision for PepsiCo, uniform system-wide metrics, standards and practices, sensible environmental goals and accurate reporting to internal and external stakeholders. In addition, Pepsi-Cola North America has a Bottler Sustainability Team. Each division is held responsible for implementing environmental programs and for training associates, tracking, monitoring, correcting and improving environmental aspects of its business.

In 2005, the PepsiCo Environmental Management System (EMS) framework was first developed with the help of an independent third party. It has twelve steps built along the lines of ISO 14001 and OHSAS 18001. Twenty-six PepsiCo International facilities are ISO 14001 certified, including ten in the U.K. and 4 in China. In May 2008, PepsiCo introduced Sustainable Engineering Guidelines to support overall implementation of this sustainability concept throughout the engineering process and to improve efficiency in use of natural resources. PepsiCo International does not reveal how many sites it owns that have achieved OHSAS 18001 occupational health and safety certification, nor what percent of its Canadian operations have this certification.

At PCNA, one full-time employee, a vice-president with the portfolio of Environment and Government, handles environmental affairs, and is supported by part-time environmental co-ordinators at each plant. Additional work is supported by external environmental experts as required. PBG does not have a board of directors.

### **Environmental Waste/Energy Investments**

Capital expenditures for waste management / energy efficiency:	No Info
Number of investments:	1
\$ Value of Investments:	

Notes: PepsiCo says it has a global eco-efficiency strategy for resource conservation (RECON) which helps optimize water, energy and electricity use through improved methods and technologies. This is extended to bottlers and co-packers through workshops around the world. Environmental performance leadership is the responsibility of PepsiCo's four executive supply chain heads of operations: Frito-Lay North America, Quaker/Tropicana/Gatorade, Pepsi-Cola North America (including working with bottlers) and PepsiCo International. They head an Environmental Sustainability Leadership Team (ESLT) formed in 2007 which includes senior executives from all functions to ensure that environmental impacts are considered in all areas of the business.

## **Environmental Performance**

### **Waste Reduction Targets**

Emission reduction targets are included in process development and product design:	No	Signator to voluntary government or multi-lateral protocols:	No Info
Life cycle environmental systems:	Yes	Voluntary environmental systems:	No Info
# of protocols:		Other voluntary environmental systems:	No Info

Notes: Life cycle environmental systems exist "by package." [WHAT DOES THIS MEAN?]

Reduction programs target zero waste and effluent emissions for 2000, objectives which Pepsi met in 1995. In the early 1990s, the company replaced the CFC refrigerants used in its vending and cooling equipment, and began using certified maintenance personnel to recover and recycle all refrigerants whenever vending equipment was inspected or refurbished.

In 2000, Pepsi reported transfers for recycling of toxic chemicals from its Delta, BC facility to the NPRI. These transfers consisted of 0.3 tonnes of phosphoric acid. All other releases and transfers from this site were at zero levels.

In 2000, Pepsi reported no toxic chemical releases or transfers from its Calgary, AB, Winnipeg, MB, Ville St. Laurent, QC, Mississauga, ON, Moncton, NB or Edmonton, AB facilities.

According to the National Pollutant Release Inventory, The Pepsi Bottling Group (Canada) had no major



## **PepsiCo Beverages Canada Co.**

chemical releases or waste generation at its Calgary AB, Delta BC, or Winnipeg MB sites in 1999 or previously. The Pepsi Bottling Group's Ville St-Laurent QC site had 900 kilograms of land releases in 1997 only but has reported nothing since. Their Mississauga ON and Moncton NB sites report no releases from 1995-1999.

### **Recycling and Restoration**

Energy resource conservation program:	Yes	Packaging and process materials recycling:	Yes
Quantities conserved:		Quantities recycled:	
Waste reduction program:	Yes	Workplace recycling programs:	Yes
Quantities reduced:		Number of recycling programs:	9
Commodity recycling program:	Yes	Quantities recycled reported by company:	No
Quantities recycled:		Environmental restoration program:	Yes

Notes: The Pepsi Bottling Group reduced water required for each litre of production by 6.5% in 2008. New technologies such as waterless rinsing in beverage manufacturing are being implemented. New Pepsi branded refrigeration equipment is Energy Star rated and 54% more efficient than older models. Pepsi has implemented anti-idling and speed-limiting systems throughout the delivery fleet.

Pepsico Beverages makes recycling efforts in many locations. The corporate spokesperson provided detailed recycling statistics for paper, cardboard, cans, glass, polystyrene, polypropylene, pallets, food and other processing waste in 2002. In Canada, over 50% of soft drink containers are recycled, a figure which rose substantially between 1992 and 1996.

### **Violations, Fines and Awards**

Zero EH&S violations or convictions reported:	No Info	Total value of EH&S fines:	0
Total number of EH&S violations:	0	Total EH&S awards:	0
Name awards:		Total number of EH&S convictions:	0

Notes: When Pepsi's sales between 1987 and 1990 failed to meet the monthly quota that requires 30% of all shipments to come in refillable containers, the company was charged several times under the Ontario Environmental Protection Act. However, the Ministry of Environment called the regulation "unworkable" in 1996, acknowledging the reality that these regulations have not been applied to any beverage maker since 1990.

PepsiCo Canada would not disclose whether or not any plants in its bottling or foods companies received environmental citations or emission exceedances convictions in the last five years.

The company says it uses on-site bottle blowing production in Toronto, Montreal and Winnipeg which reduces fuel and electricity use; is converting non-carbonated 591 mL PET bottles to lighter-weight bottles thereby reducing plastic use by 20%; on average (the aluminum cans contain 41% recycled content); all of PET and aluminum beverage packages are 100% recyclable; containers are recyclable and designed to fit into the diverse waste systems in place in Canada; and the Naked Juice brand will be produced using only 100% recycled materials by 2010. The company says these things are being done for not only bottles and cans but also "secondary" packaging (pallets, boxes, shrink wrap and trays) used to protect, transport and display beverages.



## **PepsiCo Beverages Canada Co.**

### **Stakeholder Relations**

Product attributes called "environment friendly" are verified by independent third party:	No Info	Demands made of suppliers are monitored for compliance:	Yes
Reductions/environmental improvements to packaging:	Yes	Charitable giving to environmental causes:	Yes
Environmental demands made of suppliers' packaging or production:			Yes

Notes: Together with other soft drink makers, Pepsi piloted a four-year \$2 million anti-litter education and clean-up program.

No genetically modified organisms are used in PGB's soft drink manufacturing process. The spokesperson stated that the ingredients used in the process are highly purified and contain no carry-over genetic material.

### **Genetically Modified Organisms**

Use of Genetically Modified components in products:	No	Demands are made of suppliers regarding use of GMOs:	No Info
Policy on use of GM ingredients:	Yes	Labels inform consumers of any products containing GM ingredients:	No Info
Research is conducted/supported into the effects of GMOs:	No Info		

### **Eco-Efficiency**

Core Energy Intensity Ratio:		Life Cycle Energy Intensity:	No Info
Core Waste Intensity:	No Info	Total Excess Energy Generated:	No Info
Core Water Intensity Indicator:	No Info	Waste Utilization:	No Info
		Water Discharge Intensity:	No Info

Notes: GE Water and Process Technologies awarded The Pepsi Bottling Group, Mississauga Plant, the 2008 Return on Environmental Leadership Award for demonstrating and improving the company's environmental and operating performance. Within Mississauga, home to both PepsiCo Canada's head offices, Pepsi supports the City in establishing its first Parks Recycling Program. Over 500 of its most visited public spaces are now equipped with massive recycling bins. Over 10 tonnes of recycling materials have been collected.

Coolers and vending machines can often be a beverage company's largest contribution to greenhouse gas (GHG) emissions. It is unknown how many coolers and vending machines PepsiCo Canada's business system owns, or how much estimated emissions of these exceed those of its manufacturing facilities and its transport fleet. The company does not speak about how it addresses this challenge.

## **Community Responsibilities**



## **PepsiCo Beverages Canada Co.**

### **Community Giving**

Imagine campaign commitment:	No	Staff donations last year (\$):	
Pre-tax earnings given to charity (%):		Staff donations as % of corporate (%):	
Corporate donations last year (\$):		Total corp. & staff donations last year (\$):	
Corporate donations previous year (\$):		Total corp. & staff donations previous year (\$):	

Notes: PCNA donated \$15.7 million in 2000 and \$13 million in 1999.

### **Donations Policy and Support**

Cash donations as a percent of total:		Publish itemized list of recipients and amounts:	No Info
In-kind donations as a percent of total:		Employees help set corporate citizenship program:	No Info
Publish donation guidelines:	No Info	Donations committee: # of members:	
Publish report on community giving:	No Info		
Discretion for donations given to individual business units:	No Info		

Notes: Pepsi and its employees donate through the Pepsi Foundation, established with a \$1 million endowment by Pepsi Cola Canada and ten of its affiliated bottlers.

### **Charitable Community Activities**

Formal corporate citizenship program targets less than 4 areas:	Yes	In-kind donation of products/services:	No Info
Loan of corporate facilities to community groups:	No Info	Paid-time loan of staff:	No Info
		Gift matching program:	Yes

Notes: Pepsi offers a gift-matching program. The company also offers college and university co-op programs.

### **Areas of Giving**

Health / medical:	Yes	Civic / welfare:	Yes
Education:	No Info	Culture / arts:	No Info
External scholarship program:	No Info	Athletic / sports:	No Info
Economically disadvantaged:	No Info	Other:	No Info

Notes: The Pepsi Foundation funds organizations that have a mandate to educate teens on the realities of drug and alcohol usage. A 40-minute, multi-screen high school assembly program has been produced each year since 1989 and shown to over four million junior and senior high school students. Also funded are the United Way (particularly in Mississauga, Montreal, Winnipeg, and Vancouver), its member agencies and some sporting events. Support for local charities is encouraged at production and distribution facilities.

## PepsiCo Beverages Canada Co.

### Community Engagement

Involvement in multi-stakeholder dialogues:	No Info	Operating in areas of unsettled aboriginal land claims without aboriginal involvement:	No Info
Funds to monitor company impact on community:	No Info	Community consultation during plant closing:	No Info
Agreements and preferred contracts with aboriginal groups:	No Info	Community development investments:	No Info

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