

## PepsiCo and the Challenge of the Eco-Challenge<sup>1</sup>

### Authentically Engaging with Youth

#### Abstract

In 2009, the Latin America Beverages business unit of PepsiCo, Inc. (PepsiCo LAB)<sup>i</sup> and the Young Americas Business Trust (YABT)<sup>ii</sup> launched the Eco-Challenge—an annual competition whose goal is to engage youth in Latin America and the Caribbean (LAC) by helping them create innovative business plans that address environmental sustainability challenges. Eco-Challenge’s main goals are to engage youth in sustainable development, to promote entrepreneurship and innovation by empowering youth, and to help PepsiCo find innovative solutions to environmental challenges in the region.



The foundational premise is that these young people, or millennials<sup>iii</sup>, must be viewed as more than merely another segment of food and beverage consumers; they must, in addition, be approached as future employees, business partners, entrepreneurs, government and NGO leaders, as well as global citizens.

From the very beginning, PepsiCo LAB and its partners realized that creating a productive and authentic engagement with young people is a complex challenge and would require an initiative consisting of a well- balanced portfolio of activities, carefully designed for a specific target group and selected areas of intervention. From PepsiCo LAB’s perspective, there are many challenges that need to be addressed, including aligning the initiative with *Performance with Purpose*, PepsiCo’s vision to deliver top-tier financial performance over the long term by integrating sustainability into its business strategy. Since *Performance with Purpose* was established in 2006 by PepsiCo Chairman and CEO Indra Nooyi, it has had broad internal and external impact, engaging employees around the world and strengthening the company’s relationship and reputation with communities and business partners. The connection between the initiative (specifically, winning projects<sup>iv</sup>) and PepsiCo’s business has been making *Performance with Purpose*

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<sup>1</sup> Dr. Djordjija Petkoski, Lecturer and Senior Fellow at the Wharton School, University of Pennsylvania, prepared this case study with the assistance of Gabriela de la Garza, Citizenship & Sustainability Director, PepsiCo Latin America, and Erin Thomas, Sustainability Communications Sr. Director, PepsiCo. The case study, based on interviews with PepsiCo’s management team and partners, was developed solely as a basis for class discussion and is not intended to serve as an endorsement of a specific management approach.

less of an abstract concept and more of a solid base for successful and sustained business practices.

Additionally, PepsiCo LAB is considering how to best utilize the main lessons learned to further improve its core competencies and partnership models, strengthen its reputation, and share the experience within the company and externally. The lessons are not just beneficial for PepsiCo and its partners, but are also applicable and often transferable to many companies around the world, both within and outside of the food and beverage sector.

## I. Background

### *Performance with Purpose*

Due to fundamental changes in the global business ecosystem, multinational companies, including PepsiCo, have been under increased pressure to manage and provide solutions to complex social and environmental challenges. To respond to these challenges, PepsiCo introduced *Performance with Purpose* in 2006 under the leadership of its Chairman and CEO Indra Nooyi. With this vision in mind, the company has expanded its range of nutritious products, reduced its environmental footprint, and contributed to a safe, inclusive workplace for global talent. For more information, see Appendix 1: *Performance with Purpose*. For Luis Montoya, President of PepsiCo LAB, this was an opportunity to innovate and develop an entirely different approach to PepsiCo LAB's engagement with youth, while at the same time changing the way young people can contribute to sustainable development. *Performance with Purpose* provides a new, innovative platform for this engagement. Traditionally, more non-commercial forms of engagement with young people were addressed through the company's philanthropic activities with the PepsiCo Foundation. However, for the PepsiCo LAB team, it was obvious that *Performance with Purpose* went beyond traditional philanthropy. Luis knew that in many cases charity can be useful, but it is not always financially sustainable. For him, impactful and transformational youth engagement was always a complex equation between business requirements and positive social and environmental impact.

In early December 2014, Luis Montoya attended a presentation by PepsiCo Chairman and CEO Indra Nooyi about the United Nations' Sustainable Development Goals (SDGs). She stressed the importance of PepsiCo's *Performance with Purpose* vision to deliver top-tier financial performance over the long term by integrating sustainability into its business strategy, as a basis for the company's contribution to the ongoing dialogue surrounding the SDGs. Luis recalls how strongly it was communicated that there is a role—many roles—for private sector engagement in the post-2015 development agenda and SDGs. Luis reflects: "*PepsiCo understands the importance of involving young people in the development agenda; most of the urgent social issues directly impact young people, many of whom are without jobs and without a clear path for the future.*" Luis recognized the importance of creating the space and tools for young people to start shaping their own

future by owning the sustainable development agenda in their home countries and communities.

### Creation of the Eco-Challenge

Created in 2009 by PepsiCo LAB in partnership with YABT, a non-profit that works in cooperation with the Organization of American States (OAS)<sup>v</sup>, the Eco-Challenge initiative was originally conceived to find solutions to two major challenges identified by both partners: access to safe water and environmental education. To date, the initiative has evolved into a regional competition that invites youth from LAC to develop business ideas that address environmental challenges in a viable and sustainable way. For example, in the sixth edition of the Eco-Challenge, 1,522 teams from 48 countries registered their ideas and over 100 judges reviewed their proposals. There were 18 finalists and the four winning teams received prizes of \$5,000 USD<sup>vi</sup> each, as seed funding for their projects. In addition, since the Eco-Challenge is hosted within the framework of the OAS General Assembly (or Summit of the Americas<sup>vii</sup>, held every three years), participants and winners enjoy excellent recognition from their government leaders and the events provide many networking opportunities.

PepsiCo knew that, as with many other new and complex challenges and opportunities, there was no predetermined path for youth engagement. Many other organizations, big and small, have programs directed toward youth. Experiences and lessons learned from other organizations provided potentially valuable insights, but still there were no playbooks or frameworks that could be followed closely or replicated mechanically. The challenge was to put in place an innovative initiative driven by a continuing process of experimentation, innovation, and adjustment. This is very much in line with PepsiCo's culture<sup>viii</sup>. At the core of PepsiCo's strategy and the *Performance with Purpose* vision is the powerful idea that *"every footstep matters, but so too does the horizon to which the company is heading"* (Indra K. Nooyi)<sup>ix</sup>. Luis wanted to define very carefully the initial steps, while at the same time focusing on the bigger picture—the longer journey on which he and his team were going to embark. The ultimate goal was to create sustained value for young people and PepsiCo LAB.

Crafting and implementing the initiative required a strong team and the involvement of experts from across the company, such as the sustainability, marketing, and human resources departments. The team consisted of PepsiCo LAB managers and staff with unique backgrounds, including those who had regional experience and had lived and worked in various countries. For more information, see Appendix 2: Team Members.

## II. Partnerships

### Innovative Approach to Partnership

Luis was convinced that innovative partnerships are critical for the overall success of any new enterprise. In Luis's words, "*There were many players in the field of engaging young people, with the same or very similar goals. Many of them were thinking of 'planting trees.' But the challenges that we face as a world need a forest in order to see a real difference, not just a few new trees here and there. Creating a new forest is not about individual organization's engagement, even for big companies such as PepsiCo. Not much progress can be achieved without innovative partnerships.*"

This sentiment was shared by his colleagues at PepsiCo headquarters. PepsiCo has a long tradition of building partnerships and stakeholder engagements<sup>x</sup>, seeing them as an opportunity for greater, sustained impact through knowledge exchange, sharing resources, and value co-creation<sup>xi</sup>. This has also been one of the top priorities on Indra Nooyi's agenda. In her words, "*We will continue to work with governments, NGOs, local community partners, and other industry leaders toward common goals and fight for those things that make the world a better place. We are committed to continued engagement with our stakeholders, whose insights have helped shape our thinking and actions.*"<sup>xii</sup>

### YABT as a Key Partner for Success

PepsiCo LAB already had experience working with NGOs in many countries. This was very helpful in selecting a partner. A decision was made to partner with YABT, a non-profit organization well known for its efforts aimed at promoting entrepreneurship, innovation and competitiveness in the western hemisphere through programs such as the Talent and Innovation Competition of the Americas (TIC Americas) that covers a broader range of activities<sup>xiii</sup>. To maximize the positive impact on and the benefits of engaging with young people, the innovative partnership with YABT was based on business principles and on leveraging the capabilities and unique core competencies of each partner. PepsiCo LAB was not looking for an arms-length relationship. Instead, it was looking to increase impact by strengthening YABT's capabilities and by helping them gain additional expertise and expand their existing activities. The partnership with YABT further strengthened the diversity and reach of the PepsiCo LAB team. It brought together PepsiCo's resources, scale, brand reputation and knowledge combined with the complementary background of the YABT staff<sup>xiv</sup> and their personalized access to young people. The partnership with YABT is characterized by three unique features.

**Flexibility and Utilization of Core Competencies:** From the very beginning, PepsiCo LAB and YABT realized that in order for the partnership to create the greatest lasting value, it was important to have a clear understanding of the partners' core competencies, capabilities, and skills, as well as a well-defined division of labor. The joint PepsiCo LAB and YABT team was more regional in nature, representing different cultures, and its members had diverse backgrounds. By making the partnership sufficiently flexible, it was

possible to quickly adapt the initiative to the changing circumstances on the ground and the young entrepreneurs' expectations and demands.

**Support from the Top and Distributive Leadership:** PepsiCo LAB's senior management was engaged in the initiative from the very start and provided strong, timely, and strategic support. This support was instrumental and allowed PepsiCo LAB to demonstrate not only leadership but also delivery excellence. This was further enhanced by the bottom-up engagement of PepsiCo LAB employees – the key change agents within the company. Achieving high impact so smoothly and quickly required distributive leadership, utilizing the leadership skills of each team member<sup>xv</sup>. With passion, open eyes and an open mind, Luis was not only able to lead his team, but also support the efforts of PepsiCo partners.

**Presence on the Ground:** Both PepsiCo LAB and YABT took full advantage of their presence on the ground. By being directly involved in the initiative's design and implementation, PepsiCo LAB sought to strengthen the link between the Eco-Challenge and the business. Its senior managers travelled to several countries to meet with the program winners. Luis himself attended most major events. In 2012, Indra Nooyi attended Eco-Challenge 3.0<sup>xvi</sup> and provided suggestions on how to further strengthen the initiative and its impact.

### PepsiCo's Business Partners

In order to scale up the initiative and assure its greater impact, the team needed to connect the program with some of PepsiCo LAB's local business partners. PepsiCo already had symbiotic relationships with many partners and an interest in further strengthening commercial relationships. Local companies were interested in the partnership, whereas PepsiCo LAB was prepared to provide critical know-how and support partners' engagement with a strong organizational foundation for the program. Many of PepsiCo's beverage business partners (commonly called "bottlers") had some sort of Corporate Social Responsibility (CSR) activity, but they were looking for more substantive, high-impact ways of engaging with young people that were closer to their core business. The Central American Bottling Corporation (CBC)<sup>xvii</sup> and Postobon S.A.<sup>xviii</sup> joined the initiative in 2012 and 2014, respectively. Local partners provided new insights and a better understanding of local circumstances, thus helping achieve delivery excellence<sup>xix</sup>.

### **III. Eco-Challenge: An Ongoing Process of Experimentation, Innovation, and Adjustment**

In the Eco-Challenge's first edition, the program encouraged young people to develop a video game to teach children about environmental issues by creating viable projects. An additional objective was to disseminate PepsiCo's *Performance with Purpose* vision among young audiences and invite them to join its environmental sustainability and

sustainable development initiatives across the region. Following the first edition, during the final stage of the competition, the team met with the young finalists and asked them for feedback on the Eco-Challenge. Their intention was to go beyond a very specific challenge based on environmental awareness and video games. Rather, the goal was to open up opportunities that would allow the young peoples' creativity and innovation to flourish. From then on, every year after the finals, YABT and PepsiCo conduct a survey among all the finalists and judges to get feedback on how to improve the program's impact. This informed the initiative, allowing it to continually improve. For more information on Eco-Challenge's six editions, see Appendix 3: Programs and Results.

After witnessing success first hand, Luis wondered to what extent the experience with youth engagement and the innovative partnerships with YABT and local businesses could provide additional insights and guide the next steps —starting across LAB, but hopefully providing a model to be replicated globally. Luis and his team of colleagues and partners began systematizing the lessons learned, shared them, and conducted strategic brainstorming on possible next steps. Luis was convinced that it was worth spending quality time to identify the main lessons learned from this unique journey and use them to improve the program. There is an anonymous quote that says, *“Only the busiest people somehow find time to do good things.”*

There were many important, complex questions that Luis wanted to address in a more informed and holistic way, ranging from (a) how to engage more productively with youth to (b) how much the current engagement with young people supports PepsiCo's *Performance with Purpose* vision. Luis's challenge was not only engaging youth, but also addressing more specific sustainability challenges of importance to PepsiCo. For example, water stewardship and sustainable packaging had been critically important issues for PepsiCo for years. Could the Eco-Challenge be utilized to find innovative and creative models to make post-consumer collection and recycling of packaging materials sustainable on a large scale, while at the same time reaping the sustainable solution-related benefits of water and energy conservation?

#### **IV. Measuring Impact**

Measuring the impact of this kind of complex initiatives requires properly capturing the environmental, economic, and social dimensions<sup>xx</sup>. The most important stakeholders, the young people participating in the initiative, as well as PepsiCo's partners, all have their own interpretation of what the impact has been. At the most basic level, PepsiCo LAB succeeded in implementing an innovative initiative that has been guided by a process of experimentation, learning, and adjustment.

##### Internal Impact

**Team Members:** The initiative has been a big motivational driver for the PepsiCo LAB team, as members had the freedom to explore, learn, innovate, and make a difference.

The initiative helped the team broaden its understanding of the new challenges and opportunities presented by youth engagement, as well as networking and access to new business opportunities for the start-ups.

**Shaping Internal Culture and Core Competencies:** PepsiCo's employee volunteer program provided the first opportunity to more substantively engage with young people. PepsiCo LAB's employees had the opportunity to volunteer and evaluate projects and/or participate in the finals and coach youth on their business proposals. The initiative was a transformational experience for PepsiCo organizationally. It helped management (a) to better position and lead the organization in the new space of engaging young people with *Performance with Purpose*, (b) to strengthen its relationship and reputation with local business partners, and (c) to partner with youth as service providers to develop solutions for the industry's challenges in the region. The connection of the initiative to PepsiCo's business made *Performance with Purpose* less of an abstract concept and more of a solid base for more successful and sustained business practices. PepsiCo LAB's senior management knew that in order to address new global and local challenges and opportunities, it was not enough to reposition the company solely based on fine-tuning the corporate strategy, innovations, and traditional values. The initiative could be seen as an additional step in expanding PepsiCo's values and culture to better accommodate new opportunities and support PepsiCo's *Performance with Purpose*<sup>xxi</sup>.

**Knowledge Sharing:** The partnership with YABT has strengthened PepsiCo LAB's capabilities for more systematic and action-oriented knowledge sharing, both internally and externally.

### External Impact

**Impact on Participants:** The engagement with PepsiCo LAB enabled the participants to acquire additional, unique skills. Through capacity development and opportunities to present their business plans and projects at 'innovation marketplaces,' they gained lots of self-confidence, which allowed them to approach potential sponsors without hesitation<sup>xxii</sup>. Through the competition process, they were better positioned to see themselves as leaders – a new force for change and greater local impact. Some of them became successful business and social entrepreneurs. For more information, see Appendix 4: Meet the Winners and Appendix 5: Number of Participants and Countries.

**YABT:** The partnership has helped YABT strengthen its core competencies and reputation and broaden its reach. It has created several new opportunities for YABT to work with other companies and development actors, such as the World Bank. YABT's CEO, Luis Viguria, reflected that: *"This partnership helped YABT to improve their outreach and impact. PepsiCo's leadership and commitment to support young entrepreneurs gave the region a unique model of work and cooperation between the private sector, young people, and governments. We look forward to take this great program to the rest of the world."*

**Local Business Partners:** The initiative has been a transformational experience for PepsiCo's local business partners. By gaining additional insights about youth needs and preferences beyond consumption, business partners recognized the full benefit of working with millennials and creating a positive impact on local communities. For those businesses that have not yet taken sustainability seriously, this kind of partnership can help them think more strategically in terms of productivity, employee engagement, employee pride, reducing reputational risk, and positive impact on the community. Through this initiative, PepsiCo LAB has been better equipped to understand the interests of business partners and integrate them also into the Eco-Challenge and other Citizenship and Sustainability programs in the region.

## V. Moving Forward: Next Steps

### Challenges

Capturing, systematizing, and evaluating the quality and the relevance of the lessons learned has been a complex and daunting exercise. It has raised a number of intriguing and challenging questions and dilemmas:

- How to best utilize the main lessons learned from the initiative to further improve PepsiCo LAB's core competencies, strengthen its reputation, and share the experience with business partners and other development actors
- How to partner with development actors, governments, and other stakeholders in strengthening the policy and business ecosystem supportive of engaging young people
- How to scale up the Eco-Challenge to become a global initiative
- How to ensure that the initiative has a positive impact on youth and participants, beyond the finalists and winners

Furthermore, the team needed to address some more-specific issues, such as: Should the initiative more aggressively address the issue of further reducing packaging weight<sup>xxiii</sup>, solid waste management<sup>xxiv</sup>, and agricultural byproducts?

### Internal to PepsiCo LAB

**From Philanthropy to Core Business:** Ever since *Performance with Purpose* was established, PepsiCo's focus has been on how to complement philanthropic engagement and giving with sustainability as a way of doing business, ingrained into its global operations, functions, processes, and business-related activities, such as solid waste management and proactively transforming its food and beverage portfolio<sup>xxv</sup>. Over the last several years, progress has been made in aligning the initiative with *Performance with Purpose*, as they have the same goals<sup>xxvi</sup>. The team introduced several important innovations in Eco-Challenge 6.0, including new challenges that are closer to PepsiCo's business and its focus on the quality, rather than quantity, of ideas. For more information, see Appendix 6: Eco-Challenge 6.0.



**Globalizing and Scaling up:** Young people globally want to improve the world and they need opportunities to do so through active and substantive engagement. For the PepsiCo LAB team, the question is: How to better build on young people's enthusiasm and their interest in making a positive environmental and social impact? And in this context: How important is it for companies like PepsiCo to more creatively engage in addressing the basic needs of young people, including education, job creation, and entrepreneurship? How to more clearly communicate the broader impact of the PepsiCo business to young people, and thus improve their perception of it and attract new talent to work for PepsiCo? Considering that the youth initiative was launched in LAC, how relevant is this program to other regions and should PepsiCo LAB more forcefully explore opportunities for regional partnerships? Should PepsiCo LAB directly engage with already successful global initiatives, such as the Ideas for Action initiative between the Zicklin Center at Wharton and the World Bank?<sup>xxvii</sup>

### Expanding Partnerships

**Business Partners:** Given the strategic importance of young people for the industry, one of the outstanding opportunities for PepsiCo LAB has been to expand the cooperation with its business partners<sup>xxviii</sup>. In this context, the PepsiCo LAB team needs to address several specific questions: To what extent should PepsiCo LAB get engaged in this initiative or should it let business partners manage local activities? How can PepsiCo LAB make sure that business partners will not use this partnership as a public relations tool instead of as a more substantive engagement with young people, and thus undermine PepsiCo LAB's reputation and engagement authenticity<sup>xxix</sup>? Should PepsiCo LAB invite some major retailers to join the initiative<sup>xxx</sup>? Should youth engagement be done in cooperation with individual business partners or with multiple partners? How important is collective action, based on precompetitive engagement with competitors, to improve the efficiency and effectiveness of market forces in meeting the basic needs of young people?

**SDGs and New Partnerships:** Should PepsiCo take a lead in youth engagement with respect to SDGs? The success of the initiative has strengthened PepsiCo's reputation as a leader in building innovative partnerships and has triggered increased interest from other development actors. Should PepsiCo expand its partnership model and engage with them? For example, should PepsiCo explore opportunities for partnership with donor agencies<sup>xxxi</sup>?

**Reputation Challenge:** Obviously, there is no lack of opportunities for PepsiCo LAB to expand and scale up the initiative and engage with new partners. However, the key question is how to make sure that the reputation that took nearly 100 years to build is not exposed to any risk and that these partnerships are in line with *Performance with Purpose* and PepsiCo's overall corporate strategy and values.

*Luis wondered if anything is missing from this long list of possible next steps. Should he be more selective and prioritize the list?*

*He started to work on his notes.*

## **Appendix 1: PepsiCo and *Performance with Purpose***

*"At PepsiCo, we are focused on delivering sustained value. A modern company cannot see itself just as an engine for short-term gains. There is always a bigger picture, a longer-term horizon, a broader world in which we operate."* PepsiCo Chairman and CEO Indra Nooyi<sup>xxxii</sup>

PepsiCo products are enjoyed by consumers one billion times a day in more than 200 countries and territories around the world. PepsiCo generated more than \$63 billion in net revenue in 2015, driven by a complementary food and beverage portfolio that includes Frito-Lay, Gatorade, Pepsi-Cola, Quaker and Tropicana. PepsiCo's product portfolio includes a wide range of foods and beverages, including 22 brands that generate more than \$1 billion each in estimated annual retail sales.

At the heart of PepsiCo is *Performance with Purpose*—our goal to deliver top-tier financial performance while creating sustainable value for all stakeholders. We believe that delivering for our consumers and customers, protecting our environment, sourcing with integrity and investing in our employees are not simply good things to do, but that these actions fuel our returns and position PepsiCo for long-term, sustainable growth. For more information, visit [www.pepsico.com](http://www.pepsico.com).

*Performance with Purpose* is built on three pillars:

- **Human Sustainability:** Our focus is reflected in our diverse portfolio of delicious foods and beverages, from treats to healthy eats.
- **Environmental Sustainability:** Our goal to find innovative ways to minimize our impact on the environment and lower our costs through energy and water conservation, as well as reduced use of packaging materials.
- **Talent Sustainability:** Our goal to provide a safe and inclusive workplace globally and to respect, support and invest in the local communities where we operate.

## **Appendix 2: PepsiCo Eco-Challenge Team Members**

- Gabriela de la Garza, Corporate Citizenship & Sustainability Director, PepsiCo Latin America
- Shanna Parra, Brand Engagement Sr. Manager, PepsiCo North America Beverages
- Ofelia Bukantz, CSR & Communications Sr. Manager, PepsiCo Latin America Beverages
- Sylvia Desmaison, Corporate Citizenship & Sustainability Coordinator, PepsiCo Latin America

## **Appendix 3: Programs and Results**

### **Eco-Challenge 1.0 (2010)**

Two challenges: 1) Create an educational video game about water conservation, and 2) develop a solution to provide safe drinking water

#### Results:

- Over 300 teams registered, from 20 countries
- Reached over 5 million people in LAR
- 6 finalists and 2 winning teams (USD \$5,000 prize)

### **Eco-Challenge 2.0 (2011)**

Five challenges: 1) Educational awareness, 2) solutions for safe water, 3) clean-up of water sources, 4) improved access to water, and 5) any other environmental conservation-related issues

#### Results:

- Over 500 teams registered from 20 countries
- Nearly 100 judges reviewed proposals
- 8 finalists and 2 winning teams (USD \$5,000 prize)

### **Eco-Challenge 3.0 (2012)**

Two challenges: 1) Create and promote an environmental culture through your business idea, and 2) solve an environmental issue through your business

#### Results:

- Over 1,000 teams registered, from 27 countries
- Over 100 judges reviewed proposals
- 9 finalists and 2 winning teams (USD \$5,000 prize)

### **Eco-Challenge 4.0 (2013)**

Three challenges: 1) Create a social venture or project that addresses an environmental problem, 2) solve an environmental problem through an enterprise or business idea, and

3) develop a project under any of the above two categories, submitted by a team from the Caribbean territories and addressing an environmental issue in the Caribbean region

Results:

- Over 1,400 teams registered, from 29 countries

**Eco-Challenge 5.0 (2014)**

One challenge: Environmental Sustainability project. 3 prizes given by PEP and 1 prize given by CBC, our Central America, Caribbean & Ecuador bottler

Results:

- Over 1,400 teams registered from 39 countries
- Over 100 judges reviewed proposals
- 12 finalists and 4 winning teams (USD \$5,000 prize)

**Eco-Challenge 6.0 (2015)**



Four challenges: 1) A sustainable and innovative industrial solution to recycle coconut husks; 2) a sustainable way to reuse and collect post-consumer PET on a mass scale; 3) create a way to conserve and reuse water on an industry level/provide access to potable water; 4) innovative platforms or processes (games, apps, other) to learn more about the environment

Results:



- 1,522 teams registered, from 48 countries
- Over 100 judges reviewed proposals
- 18 finalists and 4 winning teams (USD \$5,000 prize), plus 2 teams awarded special regional prizes from Colombia and Central America.

## Appendix 4: Meet the Winners

### Eco-Challenge 1.0 Winners (June 2010 – Peru)

	<p><b>Ingenieros Sin Fronteras – Colombia</b></p> <p>The project highlights the appropriate use of sustainable technologies through a water treatment train and a sand filter. A versatile, portable filter ensures safe drinking water for homes during emergencies.</p>
	<p><b>Big Tank – Colombia</b></p> <p>The mayor of the city sends the Water Detectives out on a secret mission. For some unknown reason, the big water tank is destroyed every night, and the city is running out of water. Nobody knows who could be behind this, so the Water Detectives have to find out who is responsible and prevent more water from being wasted.</p>




### Eco-Challenge 2.0 Winners (June 2011 – El Salvador)

	<p><b>RaxuleW – Guatemala</b></p> <p>Eco-friendly RaxuleW Park is an eco-challenge project that aims to transform a mountainous area featuring a river that is polluted with soap residue and trash. The goal is to transform it into an eco-friendly park offering activities such as kayaking, climbing, rappelling, swings, cabins, and paths built with stones and eco-bricks, all surrounded by gardens, in order to develop a park that promotes eco-tourism.</p>
	<p><b>VERDEate.com – Colombia</b></p> <p>VERDEate.com is an online movement through which persons or organizations create or accept Green Challenges: specific actions aimed at reducing their CO<sub>2</sub> emissions. These challenges foster mass action-taking in a different way by leveraging current web and social media technologies, thus enabling individuals and organizations to create progressively new, environmentally-friendly consumption habits.</p>





### Eco-Challenge 3.0 Winners (April 2012 – Colombia)

	<p><b>Sipiwe Honey Gold Farm and Preserve – The Bahamas</b>  A green-certified agro-ecotourism business that promotes environmental education, natural resource conservation, and agronomy research through participation in eco-tourism activities, thus empowering Bahamians and visitors of all ages to become environmental stewards.</p>
	<p><b>Reciclando Aceite – Argentina</b>  Promotes the implementation of vegetable oil as a raw material in the production of organic soap. This way, through the implementation of an environmental, economic and social plan, pollution from domestic sewage can be reduced. Moreover, their organic soap is moisturizing, antiseptic, and biodegradable. In addition, it does not contain surfactants, which are commonly found in detergents and are harmful to one's health and the environment.</p>



**Eco-Challenge 4.0 Winners (June 2013 – Guatemala)**

	<p><b>Mr. Tallyman's Sun Dried Bananas – Trinidad and Tobago</b>  A company that produces delicious, all-natural, dehydrated banana strips made from 100% real fruit and free of any added ingredients, including sugars and preservatives.</p>
	<p><b>Ekomuro H2O+ – Colombia</b>  An innovative system for Rainwater Recollection system constructed from recycled PET bottles, forming a compact water collector that is resistant to liquid pressure and is modeled to satisfy the needs of water preservation.</p>
	<p><b>Courrieros – Brazil</b>  Courrieros offers bike delivery services. Our goal is to protect the environment by diminishing CO2 emissions, improving the urban lifestyle, and making our society more economically effective by reducing time spent in traffic jams.</p>

**Eco-Challenge 5.0 Winners (June 2014 – Paraguay)**

	<p><b>Greenetics – Ecuador</b>  The project seeks to install computer labs in schools through the use of recycled computer equipment considered outdated, which would reduce electronic waste while enabling its use for educational purposes in Ecuador.</p>
	<p><b>Tambran by Tamara – Grenada</b>  Redefines the concept of Fashion Accessories: “Art-cessories” and “Earth-cessories.” These innovative items of merchandise represent a new revolution, making bold social and environmental statements in the fashion world. As an eco-friendly business, they utilize recycled waste materials from companies to produce wearable, contemporary, and one-of-a-kind fashion art-accessories to improve the aesthetics, self-confidence and social appeal of the modern individual.</p>
	<p><b>Illuméxico – Mexico</b>  A social and economic development program of rural electrification via solar energy that includes social support programs, innovative delivery systems, and microcredit.</p>
	<p><b>Sistema Permacultural – Guatemala</b>  Seeks to strengthen the dynamics of productive natural ecosystems through the cultivation of tilapia fish fed with earthworms and by encouraging the use of compost fertilizer in horticultural crops.  <i>*Eco-Challenge Central America, sponsored by CBC</i></p>

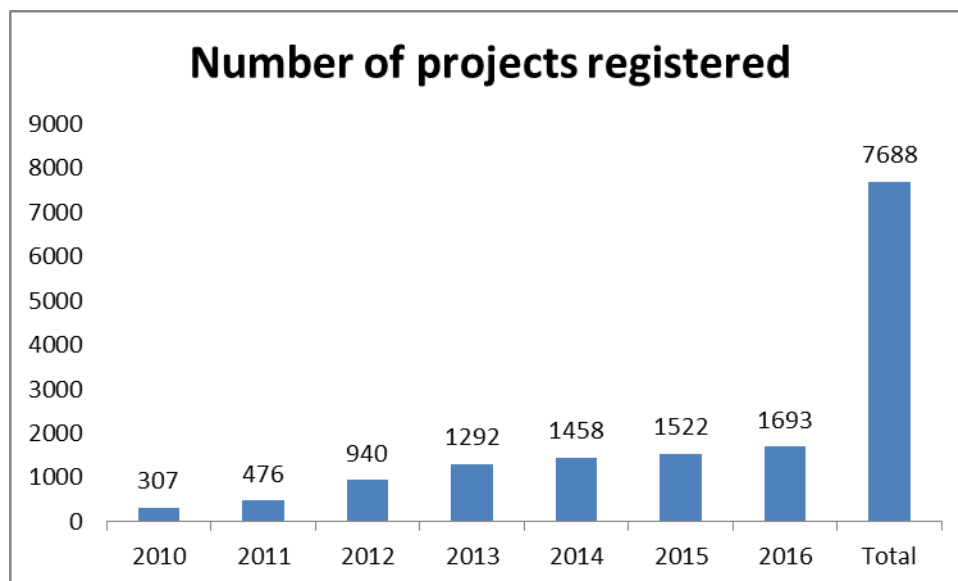
**Eco-Challenge 6.0 Winners (June 2015 – Panama)**

	<p><b>allGreenup – Chile</b>  Seeks to change the relationship between people and the environment by encouraging them to recognize and improve their impact on the planet by adopting eco-friendly routines tracked by a mobile app.</p>
	<p><b>L.O.O.P. SAC – Peru</b>  Offers products such as locally manufactured bags and clothing items made from PET fibers. It also runs campaigns to raise awareness about the environment and “plastic pollution.”</p>

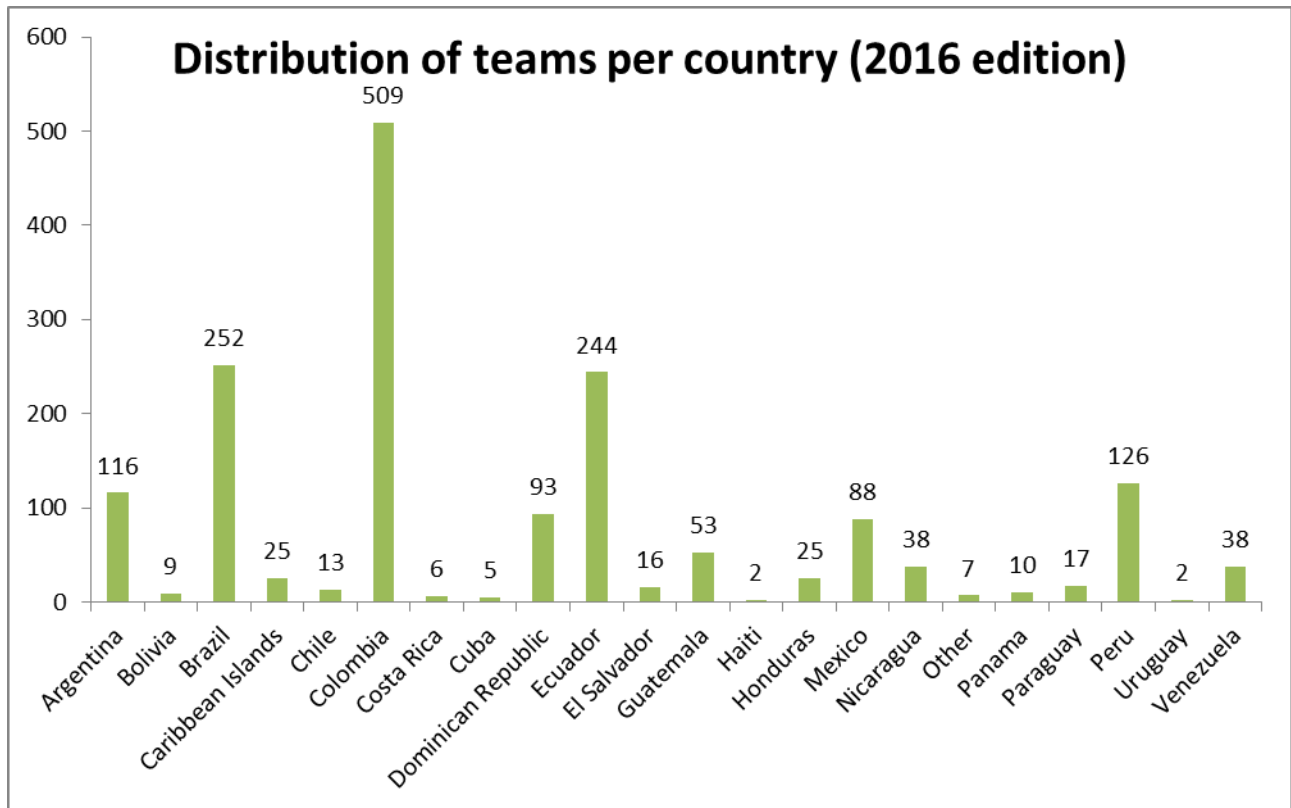


	<p><b>EVA – Serviço de Água – Brazil</b> Provides a device that treats residential waste, saline or muddy water by accelerating its evaporation and condensation. The device is made out of recycled plastic and its innovative design doubles its solar heat absorption capacity.</p>
	<p><b>Cocumo – Venezuela</b> Proposes a filter made out of coconut husk for vehicle exhaust pipes. This filter is modern, environmentally friendly, and contributes to the reduction of greenhouse gases emitted by vehicles.</p>
	<p><b>Eco-Vida – Nicaragua</b> Eco-Vida uses PET post-consumption to design and build classroom desks for schools located in rural areas of Nicaragua. In doing so, Eco-Vida aims to promote sustainability by recycling PET and increasing low-income communities' access to furniture by replacing wood with recycled PET as the main construction material. <i>*Eco-Challenge Central America, sponsored by CBC</i></p>
	<p><b>Water Pacific – Colombia</b> Implements an eco-efficient technology using an atmospheric water collector that has the ability to supply drinking water in remote communities. <i>*Eco-Challenge Colombia, sponsored by Postobón</i></p>

**Appendix 5: Teams registered historically and participating countries**







## Appendix 6: Eco-Challenge 7.0 (2016 edition)

In 2016, YABT and PepsiCo LAB are calling for young entrepreneurs in the Americas to come up with solutions to address four specific environmental challenges.

Main features:

- New challenges that are closer to PepsiCo's business
  1. Sustainable agriculture (fruits or vegetables and fruits)
    - a) Sustainable reuse of byproducts (i.e., fruit and vegetable peels: banana, orange, mango, potato, coconut, etc.)
    - b) How to make agriculture interesting, aspirational & desirable (as a career) to youth in the 21st century
  2. PET recycling:
    - a) A sustainable way to collect PET post-consumption on a mass scale
    - b) An innovative way to reuse large quantities of PET

### 3. Water:

a) Access to safe water (i.e., rainwater collection and filtration)

b) Water efficiency in agriculture

### 4. Consumer eco engagement app:

a) App for brands to engage consumers with sustainable eco living

- Focusing on QUALITY of ideas rather than quantity of ideas
- Limited age group: 18-34 years old, to concentrate on more advanced challenges
- Target: mainly universities in Latin America or the U.S. (involving the Latin community); looking for more innovative, game-changing ideas.
- Greater PepsiCo LAB participation through mentoring (webinars)

The Eco-Challenge 6.0 has 2 stages:

**1. Semi-finals:** Semi-finalists will be selected from teams meeting all the requirements according to their category. Teams must present a solution and a project design that includes:

- An implementation strategy and plan, identifying the target audience and a 6 to 12-month budget.
- A website (optional).
- Promotional photos or digital video or graphic presentation.

**2. Finals:** The Finalist Teams will make their "pitch" to a Judging Committee, following the Finals Presentation Phase of the Competition. A group of international judges will score the participating teams based on the Competition's evaluation criteria. Finalists also have the opportunity to showcase and promote their product or service at international events within the framework of activities of the YABT/OAS.

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<sup>i</sup> PepsiCo Latin America Beverages is a business unit within the Latin America division of PepsiCo, Inc. PepsiCo products are enjoyed by consumers one billion times a day in more than 200 countries and territories around the world. PepsiCo generated more than \$63 billion in net revenue in 2015, driven by a complementary food and beverage portfolio that includes Frito-Lay, Gatorade, Pepsi-Cola, Quaker and Tropicana. PepsiCo's product portfolio includes a wide range of foods and beverages, including 22 brands that generate more than \$1 billion each in estimated annual retail sales.

At the heart of PepsiCo is *Performance with Purpose* our goal to deliver top-tier financial performance while creating sustainable growth and shareholder value. 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

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environment and reduce our operating costs; providing a safe and inclusive workplace for our employees globally; and respecting, supporting and investing in the local communities where we operate. For more information, visit [www.pepsico.com](http://www.pepsico.com).

<sup>ii</sup> The Young Americas Business Trust (YABT) is a non-profit corporation, that works in cooperation with the General Secretariat of the Organization of American States (OAS) to promote social and economic development among young people in the western hemisphere and around the world.

<sup>iii</sup> For the purpose of this case study, young people or youth refers to millennials. A millennial is a person born in the 1980s or 1990s (Merriam-Webster Dictionary).

<sup>iv</sup> An example of how winning projects have been integrated to PepsiCo's business is L.O.O.P., one of the winners of the Eco-Challenge 6<sup>th</sup> edition. PepsiCo partnered with L.O.O.P. for two activities: 1) a collaborative volunteer event held by PepsiCo LAB's office in Peru together with L.O.O.P., and 2) integrating their recycled bags into a promotional marketing campaign with 7UP.

<sup>v</sup> OAS is the world's oldest regional organization and brings together all 35 independent states of the Americas and constitutes the main political, juridical, and social governmental forum in the Hemisphere.

<sup>vi</sup> For a description of each of the phases, see Appendix 3: Programs and Results.

<sup>vii</sup> Information about the Summit of the Americas may be found at: [http://www.summit-americas.org/default\\_en.htm](http://www.summit-americas.org/default_en.htm)

<sup>viii</sup> *"At PepsiCo we believe in the power of continuous improvement, our goals may further evolve as we learn from our day-to-day operations, pursue and adopt new technologies and other innovations, and adjust to changes in the external environment in which we operate."* (PepsiCo senior manager)

<sup>ix</sup> PepsiCo 2011-2012 GRI report, available at: [http://www.pepsico.com/Assets/Download/PEP\\_RPT12\\_GRI\\_Report.pdf](http://www.pepsico.com/Assets/Download/PEP_RPT12_GRI_Report.pdf)

<sup>x</sup> For example, many PepsiCo-owned bottling operations have helped to remove full-calorie soft drinks from primary and secondary schools. PepsiCo has been working with local communities and schools to focus on providing water, juice, milk and low-calorie beverages that support healthy nutrition habits. Furthermore, by teaming up with partners around the globe, PepsiCo has provided access to safe, clean drinking water to 6 million people. Its achievements were recognized with the Stockholm Industry Water Award and the U.S. Water Prize in 2012. These partnerships are not limited to water issues, but also expanded to promoting healthy lifestyles. According to a PepsiCo senior manager: *"As a leading food and beverage company, we believe we can play an important role in helping people lead healthier lifestyles. In fact, PepsiCo is taking aggressive steps to implement many of the actions recommended by the World Health Organization's (WHO) Global Action Plan for the Prevention and Control of Non-communicable Diseases (NCDs) 2013-2020. However, PepsiCo alone cannot eliminate these risk factors. For this reason, we collaborate with governments, civil society and various industry sectors to make a positive difference."*

<sup>xi</sup> *"We hope to be seen as a leader in sustainability, and also as a role model on collaboration. We have been identifying partners, including in our supply chain like GE, that help educate us as we don't have all the knowledge to do it by ourselves. For our part, we bring cash, scale and brand reputation."* (Walter Todd, Senior Vice President, Global Operations, PepsiCo)

<sup>xii</sup> PepsiCo 2011-2012 GRI report, available at: [http://www.pepsico.com/Assets/Download/PEP\\_RPT12\\_GRI\\_Report.pdf](http://www.pepsico.com/Assets/Download/PEP_RPT12_GRI_Report.pdf)

<sup>xiii</sup> TIC Americas is a platform and business accelerator for young entrepreneurs to foster their business ideas and start-ups. "TIC Americas differentiates itself from other existing business plan competitions by incorporating "before and after" phases: providing training and mentoring, as well as follow-up, investment linkages and promotion opportunities, among others. The goal is to identify and support innovative and sustainable solutions that have potential for growth and that allow progress towards greater social inclusion in the region". (For more details visit: <http://www.ticamericas.net/en/yabt.php>)

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<sup>xiv</sup> The “division of labor” was defined along the following lines:

Role of PepsiCo:

- Organizer and principal sponsor of Eco-Challenge
- Develop and maintain online platform and marketing materials
- Disseminate the challenge throughout the region with the teams in the field, as well as using agencies and partners to broaden reach
- Provide external and internal experts for webinars, as well as judges for competition

Role of YABT:

- Organizer
- Manage registration, ruling, launching, and concluding events
- Conduct webinars and manage BOOT Camp
- Provide participating projects with feedback
- Receive feedback from participants; maintain relationship with winners.

<sup>xv</sup> The complexity and pace of change in delivering the initiative required each team member to play a leadership role in a specific phase of the implementation, based on his/her unique expertise, knowledge, skills, and relevant experience. Distributive leadership helped the team to integrate the strengths of its members and to rise to the challenge, reinforce unity, and create new opportunities. And finally, to inspire and motivate each team member around the common objective.

<sup>xvi</sup> See Appendix 4: Meet the Winners: Eco-Challenge 3.0.

<sup>xvii</sup> CBC supports the initiative primarily in its own markets, namely Guatemala, Honduras, Nicaragua, El Salvador, Ecuador, and the Caribbean, and gives one of the prizes, supplies mentors and judges, as well as provides some capital for the competition.

<sup>xviii</sup> Postobón S.A., a bottling partner in Colombia, joined the Eco-Challenge for the 2015 edition, and will provide a prize for the best Colombian project. It will join the initiative in a more complete supporting role, with an emphasis on Colombia, starting in 2016.

<sup>xix</sup> PepsiCo LAB knew that bringing its business partners into a “broadly defined partnership” could further support the sustainability and the impact of the initiative. Sustainability and sustainable development are critical parts of PepsiCo’s supply chain. Supply chain members have an ongoing dialogue and cooperation around different sustainability issues, including global standards on water and energy usage, health and safety standards, regulatory requirements on packaging and post consumption issues, etc. All of PepsiCo’s strategic business partners are focused on integrating sustainability into key aspects of their business. PepsiCo LAB approached and invited some of them to join the initiative. There has been a balancing act of making sure not to overwhelm the local business partners with too many young people-related activities that can undermine their capacity to focus on the core business activities. This has been in line with PepsiCo’s commitment to help its supply chain and clients to work jointly on sustainability efforts.

<sup>xx</sup> As these three dimensions have different time horizons, it is very important to understand the time dimension of the impact. The effectiveness of the measures and what constitutes success also depend on the partners’ perspectives and expectations.

<sup>xxi</sup> An example of how these lessons have been applied to PepsiCo’s business is L.O.O.P. one of the winners of the Eco-Challenge 6<sup>th</sup> edition. PepsiCo partnered with L.O.O.P and integrated their winning solution into the business through two activities: 1) collaborative volunteer event held by PepsiCo LAB’s office in Peru and L.O.O.P, and 2) incorporating their recycled bags into a promotional marketing campaign with 7UP. The volunteer activity consisted of taking PepsiCo LAB employees to a local beach near Lima, Peru, for a beach cleanup where they were able to cover over 800 feet of shore and collect nearly 300 pounds of garbage with 12 volunteers in 1 hour.

<sup>xxii</sup> Several “elevator pitch” sessions were organized as part of the innovation marketplace.

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<sup>xxiii</sup> “We have also reduced the packaging weight of our products (primarily in our beverage bottles) by more than 350 million pounds over the last five years (2007-2012), exceeding our goal by more than 20 percent. We remain committed to environmental stewardship at every level of our company.” (Indra Nooyi, 2014).

<sup>xxiv</sup> Governments in several countries, such as Brazil, Argentina, and Chile, have been increasing the pressure on companies to deal with this issue.

<sup>xxv</sup> The team realized that sometimes, in the initial phase of implementing new initiatives, it is beneficial to start with more “philanthropic” engagements and then, in the process of delivery, to move closer to the core business. For example, environmental awareness and education of children was more on the public good side and the program was more closely related to philanthropy. PepsiCo’s strong brand recognition, particularly among young people, made it easier to move the initiative to address broader sustainable development issues.

<sup>xxvi</sup> The *Performance with Purpose* second pillar, *Environmental Sustainability*, which focuses on (1) finding innovative ways to cut costs and minimize PepsiCo’s impact on the environment through energy and water conservation, as well as reduced use of packaging material; and (2) supporting and investing in the local communities in which PepsiCo operates, is directly connected to the youth initiative.

<sup>xxvii</sup> For more details regarding the Ideas for Action Initiative: How Should We Finance the Future? please visit: <http://www.zicklincenter.org/#!ideascompetition/cc13>

<sup>xxviii</sup> The team needs to select key strategic business partners that are interested in engaging with young people, not exclusively as consumers. Before approaching business partners, the team needs to evaluate a number of issues, including: the business partners’ perception of the initiative and their potential reaction to and evaluation of what the initiative can offer them in terms of value co-creation opportunities. The first step is to help business partners understand that PepsiCo has the relevant knowledge and experience and is well positioned to help them reduce the initial risk inherent in engaging young people.

<sup>xxix</sup> As mentioned, some of the business partners were more interested in the “visibility” of the initiative than in the actual impact on the ground.

<sup>xxx</sup> Local companies in many Latin American countries are part of the supply chain of major retailers.

<sup>xxxi</sup> YABT already has well-established relationships with several donors and this can be an entry point for PepsiCo’s possible engagement with them.

<sup>xxxii</sup> PepsiCo 2011-2012 GRI report, available at: [http://www.pepsico.com/Assets/Download/PEP\\_RPT12\\_GRI\\_Report.pdf](http://www.pepsico.com/Assets/Download/PEP_RPT12_GRI_Report.pdf)