

PepsiCo Land Policy

March 18, 2014

PepsiCo is committed to doing business the right way and has a zero tolerance for illegal activities in our supply chain and land displacements of any legitimate land tenure holders¹ which are contrary to the International Finance Corporation (IFC) Performance Standards. We recognize these situations can occur, and PepsiCo has a responsibility to address them.

Agriculture is an integral part of PepsiCo's supply chain. Our products depend on a safe, high quality, and affordable supply of agricultural raw materials to meet the demands of our business as well as the expectations of our consumers, customers and other stakeholders. PepsiCo's Land Policy is an essential part of the broader and more comprehensive PepsiCo Responsible Sourcing Guidelines. These Guidelines incorporate appropriate portions of our PepsiCo Supplier Code of Conduct, Sustainable Farming Initiative, Environmental Health and Safety Policy, and Sustainable Agriculture Policy.

Agriculturally based raw materials are supplied to PepsiCo by our suppliers, both directly and indirectly, from farms and processors globally. The countries where these raw materials are sourced from represent a wide range of land tenure systems, both formal and informal.

In recognition of these different country level approaches PepsiCo will:

- Adhere to the legal requirements of each country in which we are operating and sourcing from.
- When PepsiCo is acquiring land, engage in fair (based on effective grievance mechanisms and processes) and legal negotiations on land transfers and acquisitions and utilize the IFC Performance Standards to implement the Free, Prior, and Informed Consent (FPIC) principles for agricultural development, in developing countries.
- Through appropriate mechanisms in the PepsiCo Responsible Sourcing Guidelines, such as the PepsiCo Supplier Code of Conduct, require our suppliers meet IFC Performance Standards, including FPIC, in their land acquisitions (including leasing and utilization). In countries from which PepsiCo sources raw commodities and where we do not believe adequate land rights protections are in place that are consistent with the IFC Performance Standards and the UN FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (UN FAO Guidelines), advocate for the national government to use and follow the IFC Performance Standards and UN FAO Guidelines.

In addition, PepsiCo will:

- Further develop and maintain a comprehensive map of our raw agricultural commodities supply chain.
- Engage with appropriate industry and other groups to positively impact and respect all legitimate land tenure rights and the people who hold them.
- Utilize the PepsiCo Responsible Sourcing Guidelines as well as the PepsiCo Sustainability Councils and processes to ensure continued engagement with and compliance by suppliers on relevant land issues.
- Commit to a presumption of transparency such that relevant information related to land acquisitions by PepsiCo will be made public if circumstances permit.
- Actively engage, and appropriately advocate, on the latest policies, programs, and opportunities concerning land rights and tenure in industry, governmental and international organizations that are addressing land rights policy.

In order to ensure a confidential and safe process for investigating grievances which are raised by affected parties and to help ensure the PepsiCo Land Policy is properly implemented, PepsiCo and our suppliers will utilize appropriate grievance mechanisms, such as the PepsiCo Speak Up! hotline, to provide for reporting of suspected breaches of this policy to PepsiCo.

Additional information concerning PepsiCo's Speak Up! hotline, and how to report a suspected violation of this and other PepsiCo policies, can be found on our website:

<http://www.pepsico.com/About/Global-Code-Of-Conduct>

¹ A legitimate land tenure holder for purposes of this document is defined as a person, family, community, or business with rights to the land or associated natural resources, whether based on indigenous rights, custom, informality, or occupation, regardless of whether the right is currently protected by law or formally recorded.

PepsiCo follows the IFC Performance Standards definition of FPIC which can be summarized as

- **Free** - Consent to the sale of land is given voluntarily and absent of “coercion, intimidation or manipulation.”
- **Prior** - Consent is sought sufficiently in advance of any authorization or commencement of activities from an existing land owner.
- **Informed** - Ensures that information is provided prior to seeking consent to acquire and that information is provided as the acquisition process proceeds.
- **Consent** - Refers to the collective decision made by the land rights-holders and reached through the customary decision-making processes of the affected peoples or communities