



PEPSICO SALIENT HUMAN RIGHTS ISSUES UPDATE

DECEMBER 2022



Introduction

PepsiCo is committed to advancing respect for human rights across our value chain, and this commitment is central to pep+ (PepsiCo Positive), a strategic, end-to-end transformation that places sustainability and human capital at the center of how we create growth and value. As part of our work, we are committed to regularly reporting on our progress and, as PepsiCo’s Chief Human Rights Officer, I am excited to share an update on our ongoing work to evolve and enhance our human rights program.

Building on our 2019 Human Rights Report, this update covers the recent review of our salient human rights issues – the human rights at risk of the most severe negative impact through our company activities and business relationships. Through this process, we examined our progress to date, evaluated the potential impacts of our business activities, and identified an updated set of salient issues around which to prioritize our work moving forward.

We know there is still much work ahead of us, and we thank you for your ongoing support and dialogue. We look forward to continuing our collective efforts to advance respect for human rights throughout our value chain.

“PepsiCo is committed to advancing respect for human rights, and this update serves as a signpost as we continue our journey.”



Gratefully,

A handwritten signature in black ink that reads "Melissa DeBernardis".

Melissa DeBernardis
*PepsiCo Chief Human Rights Officer,
Senior Vice President, Employment Law*

CONTENTS

Introduction	1
PepsiCo’s Human Rights Approach	2
PepsiCo’s Salient Human Rights Issues	3
1. Climate Change	4
2. Fair Pay and Working Conditions	5
3. Forced Labor	6
4. Freedom of Association	7
5. Human Right to Water	8
6. Workplace Health and Safety	9
7. Land Rights	10
Reporting on Our Progress	11

PepsiCo's Human Rights Approach

At PepsiCo, we believe acting ethically and responsibly is not only the right thing to do but also the right thing to do for our business. This principle underpins the PepsiCo Way, seven leadership behaviors that define our shared culture, and our belief that success can only be achieved when everyone is treated with dignity and respect. Human rights abuses of any kind are unacceptable, and as one of the world's leading convenient food and beverage companies, we have a clear responsibility to respect human rights throughout our business and broader value chain.

We are committed to respecting all of the rights described in the [International Bill of Human Rights](#) and the [International Labour Organization's \(ILO\) Declaration on Fundamental Principles and Rights at Work](#), and our aim is to ensure that all rights holders throughout our value chain can fully enjoy the rights described in these documents. To help ensure we are in the best position to prevent, identify, and address potential impacts, we have established a global human rights management approach that is guided by the [United Nations Guiding Principles \(UNGPs\) on Business and Human Rights](#).

With this approach as our foundation, we prioritize our efforts by focusing on our salient human rights issues – the human rights at risk of the most severe negative impact through our company activities and business relationships. This process helps ensure that we have the appropriate systems, policies, and processes in place to prevent and address potential human rights risks across our value chain. Information on our recent and ongoing work in these areas can be found on our [Human Rights Webpage](#). We also work on a variety of other sustainability-related issues through our [pep+ agenda](#), including nutrition, climate change, deforestation, and water scarcity.



EMBEDDING RESPECT FOR HUMAN RIGHTS

- ▶ Taking action to embed respect for human rights throughout our business practices and promote respect for human rights throughout our value chain.



ENGAGING STAKEHOLDERS AND DRIVING COLLABORATIVE ACTION

- ▶ Engaging with stakeholders, including rights holders, to inform our approach, programs, and processes; and
- ▶ Helping drive global collaborative action focused on addressing the systemic nature of human rights challenges.



CONDUCTING ONGOING DUE DILIGENCE

- ▶ Conducting ongoing due diligence to proactively identify, address, and track potential and actual human rights impacts in our value chain.



PROVIDING EFFECTIVE GRIEVANCE MECHANISMS AND ACCESS TO REMEDY

- ▶ Providing remedy where we have caused or contributed to adverse human rights impacts and using our leverage to encourage our suppliers and partners to provide remedy where we find impacts directly linked to our business operations, goods, or services; and
- ▶ Establishing effective mechanisms that allow our employees, stakeholders, and other potentially affected individuals to raise grievances and seek remedy.

PepsiCo's Salient Human Rights Issues

In line with the [UN Guiding Principles Reporting Framework](#), PepsiCo defines our salient human rights issues as the human rights at risk of the most severe negative impact through our company's activities and business relationships. We conducted our first salient human rights assessment in 2017, identifying six salient issues – Freedom of Association, Human Right to Water, Land Rights, Vulnerable Workers, Working Hours and Wages, and Workplace Safety. Focusing on these issues has helped operationalize our human rights approach and prioritize our efforts to prevent and address potential human rights impacts across our value chain (See [2019 Human Rights Report](#)).

ASSESSING OUR SALIENT HUMAN RIGHTS ISSUES

We have regularly reviewed our salient issues since their identification in 2017 and, in early 2022, PepsiCo's Global Human Rights Office initiated a formal assessment to examine whether other human rights issues have become greater priorities over time and to establish new action plans going forward. The assessment process was led by an external organization that helped us: (i) evaluate our progress since 2017, (ii) reexamine the potential impacts our business activities might have on rights holders, and (iii) assess the potential severity and likelihood of those impacts across our value chain in line with the criteria outlined in the UNGP Reporting Framework. This process involved a detailed review of our business models, direct operations, and supply chains, including analysis of relevant risk indices, past assessment findings, and feedback from internal experts (e.g., Sustainability, Public Policy, Health and Safety, etc.) and external stakeholders (e.g., industry groups, NGOs, human rights experts, and investors).

ENGAGING OUR STAKEHOLDERS AND INTEGRATING FEEDBACK

We believe that an open and continuous dialogue with our stakeholders is critical to informing and strengthening our human rights program. We engaged with a variety of stakeholders (e.g., workers, NGOs, investors, etc.) as part of our assessment process to gain feedback on our approach as well as the identification of our salient human rights issues and overall performance of our program. Learning and insights from these engagements have helped inform our salient human rights issues.

GOVERNMENT	We often engage with governments through direct engagement and collaborative initiatives to discuss our shared challenges and explore how we can help address systemic challenges. Key themes from recent engagements include: the U.S. National Action Plan on Responsible Business Conduct, emerging regulatory developments, and opportunities to proactively address forced labor risks.
INDUSTRY	We regularly engage with our peers and actively participate in a variety of industry associations to help drive industry-wide progress and address systemic challenges. Key themes from recent engagements include: elevating human rights due diligence processes throughout our supply chain, opportunities to collectively address forced labor risks, and methods for effectively integrating human rights risk management into our climate change strategies.
CIVIL SOCIETY	We regularly seek feedback from NGOs and other civil society organizations through direct consultations and multi-stakeholder groups to enhance our knowledge of specific issues, discuss feedback on our program, and manage and better understand potential grievances in our value chain. Key themes from recent engagements include inequality and the importance of fair pay in global supply chains as well as deforestation and the importance of addressing land rights related issues.
INVESTORS	We believe that regular, transparent communication with our shareholders and other investors is essential to PepsiCo's long-term success. Members of our management team regularly engage with shareholders and other investors to discuss our sustainability strategy and initiatives, human capital management, company culture, diversity, equity and inclusion, corporate governance, and executive compensation practices, and to solicit feedback on these and a variety of other topics.
WORKERS	We recognize the importance of capturing the voice of rights holders including our employees, supply chain workers, and their legitimate representatives (i.e., unions, etc.). Key themes from our recent engagements (e.g., worker voice surveys, direct consultations, roundtables, etc.) included working hours, employment conditions, and workplace safety.

REFRAMING OUR SALIENT HUMAN RIGHTS ISSUES

While our assessment findings confirmed that the issues identified in 2017 remain salient for our business, they also highlighted a need to reframe our approach in several areas to ensure we are in the best position to respond to emerging developments and address potential impacts across our value chain going forward. Key learnings included:

- Expanding the salient issue of “vulnerable workers” into a cross-cutting lens that is applied across all salient issues to help ensure that vulnerability is effectively considered in the approach for each salient issue.
- Identifying “climate change” as a salient issue to recognize the clear link between our climate action strategy and the human rights impacts to which these environmental objectives are connected.
- Reframing the salient issue of “working hours and wages” as “fair pay and employment conditions” to capture our core objectives to improving livelihoods, building resilient communities, and fostering sustainable economies across our value chain.

Our updated salient issues are: climate change, fair pay and employment conditions, forced labor, freedom of association, human right to water, workplace health and safety, and land rights.



2022 SALIENT ISSUES Climate Change

Climate change is a global crisis that poses profound challenges for our shared world. It is already producing significant physical impacts such as temperature extremes, adverse weather events, and coastal flooding, and without intervention, these events are only expected to increase in severity and frequency. The physical effects of climate change also pose severe human rights challenges, as these effects adversely impact the enjoyment of rights (e.g., right to food, water and sanitation, and housing) and aggravate existing inequalities by disproportionately affecting vulnerable groups across the world. Simultaneously, climate mitigation and adaption efforts themselves may directly or indirectly contribute to adverse human rights impacts (e.g., displacement) when a human rights lens is not appropriately embedded into these efforts. The realities of climate change are vast and interconnected, and as a global food and beverage leader, we have a responsibility to be a positive force of change in addressing these issues.

PepsiCo's [Climate Action Strategy](#) is centered around two pillars – Mitigation and Resilience. Mitigation focuses on reducing greenhouse gas emissions (GHG) to decarbonize our supply chain. Resilience centers on reducing our vulnerabilities to climate change by incorporating climate risk into our business continuity plans. Within each pillar, we prioritize action on the areas where we can have the greatest potential impact across our value chain (e.g., manufacturing, agriculture, packaging, and transportation). We have and are continuing to embed a human rights-based approach into our climate mitigation and resilience efforts to help ensure we are in the best position to assess, mitigate, and address potential climate-related human rights impacts through our work in these areas.



MITIGATION

In January 2021, we announced goals to reduce absolute Scope 1 and 2 emissions by 75% and our absolute Scope 3 emissions by 40% by 2030 (2015 baseline). In addition, we pledged to achieve net-zero emissions by 2040, one decade earlier than called for in the Paris Agreement. As we work to reduce GHG emissions across our value chain, we are focusing on four key areas: (i) developing sustainable manufacturing, warehousing, and distribution strategies, (ii) further scaling sustainable agriculture and regenerative practices, (iii) reducing the impact of our packaging, and (iv) shifting to renewable electricity and fuels across our value chain.

RESILIENCE

While climate change represents a risk to our business, there is also opportunity to drive resilience in the face of its effects. We regularly assess the risks of climate change and the opportunities that may arise from climate policy adoption and hope to protect vulnerabilities and be a leader in driving systemic change across our value chain. As part of this work, we are partnering with our suppliers to improve the resilience of our ingredient supply and working closely with farmers to drive the adoption of regenerative agricultural practices. Such practices, including planting cover crops and adopting low- or no-till techniques, help to reduce on-farm GHG emissions and improve the likelihood of sustainable crop supply.

INTEGRATED HUMAN RIGHTS RISK MANAGEMENT

Climate change and human rights are inextricably linked, and we recognize that the direct and indirect effects of climate change are often felt by the most vulnerable people and groups among us. We have and will continue to embed a human rights lens into our mitigation and resilience efforts to ensure we are in the best position to respond to the potential climate-related human rights impacts through our work in these areas. We will also strive to support a just transition for vulnerable groups throughout our value chain, maximizing the social and economic opportunities stemming from our Climate Action Strategy, while minimizing and carefully managing the risks. Doing so is a business imperative, and we are committed to engaging with affected and potentially affected rights holders, including our employees, supply chain workers, and the local communities in which we operate.

NEXT STEPS



Assess our climate mitigation and resilience strategies, identifying opportunities to further embed human rights risk management into our overall approach.



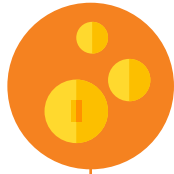
Enhance our due diligence process to effectively assess climate-related impacts across our value chain.



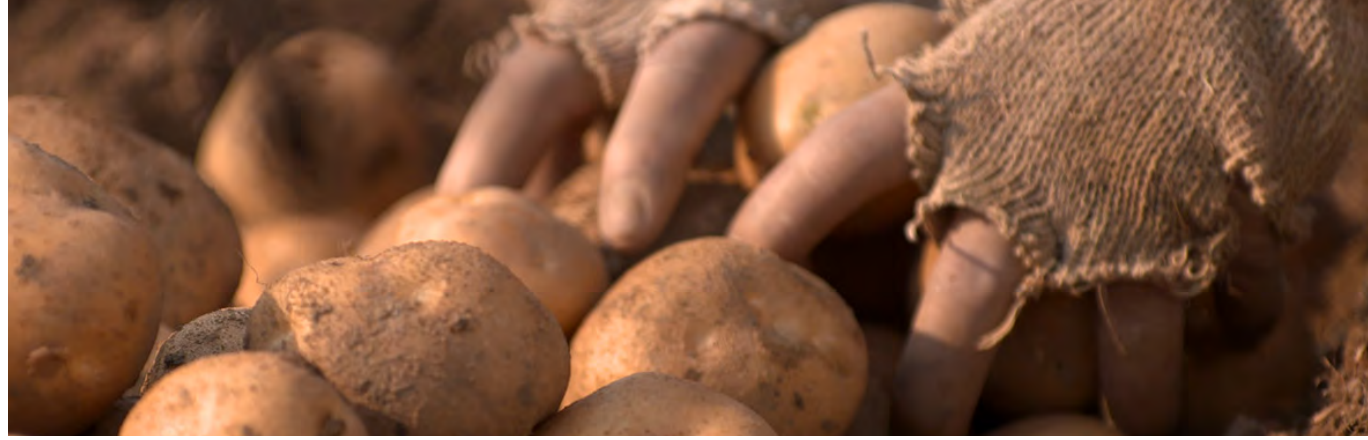
Engage in initiatives to enhance our knowledge of climate change and human rights issues, identifying opportunities where we can drive industry-wide progress.



Continue to strengthen our grievance process and more effectively use our leverage to enable remedy.



Fair Pay and Employment Conditions



Fair pay, inclusive of wages and benefits, is one of the most important employment conditions, and it plays a critical role in improving livelihoods, building resilient communities, and fostering sustainable economies. Today, more than 700 million people live in extreme poverty and are unable to afford basic needs such as food, healthcare, and access to clean water. Low wages remain a significant driver of poverty, with approximately 8% of employed workers and their families living in extreme poverty worldwide. We believe that everyone should earn a wage sufficient to afford a decent standard of living, and we have established several initiatives to help advance fair pay and employment conditions throughout our direct operations and broader value chain.

PAY EQUITY

Ensuring pay equity is a critical step to embedding racial and gender equity in the workplace and beyond. PepsiCo has robust, long-standing processes for managing pay programs that ensure pay equity across employee groups, and we strive to provide consistent and fair compensation based on legitimate drivers of pay (e.g., job level), not race or gender. As part of our pep+ ambition, we have and are continuing to increase the rigor of our pay equity review processes to achieve and sustain pay equity for our global professional population.

FAIR PAY

Earning a fair wage helps ensure workers can provide for their family's basic needs, raising living standards and benefiting local communities. PepsiCo is committed to providing fair wages and equitable benefits for our employees and their families. We compensate our employees competitively relative to the industry and aim to meet or exceed all legal requirements in the markets in which we operate. As we continue to advance our pep+ agenda, we are establishing a framework to help define fair pay across our business.

SUSTAINABLE AGRICULTURE LIVELIHOODS

PepsiCo's business starts with agriculture, and we believe that regenerative agricultural practices will be pivotal in meeting the increasing demand for food and addressing risks associated with agriculture, such as deforestation and adverse human rights impacts. As part of our pep+ agenda, we have established a goal to improve the livelihoods of more than 250,000 people in our agricultural supply chain and communities by 2030. We will focus our efforts on improving livelihoods in the most vulnerable farming communities linked to our value chain, prioritizing action to help address living wage and income gaps faced by farmers and workers in these geographies.

FAIR EMPLOYMENT CONDITIONS

Given the complexities of the manufacturing and agriculture sectors, workers in these industries are at a higher risk of facing adverse impacts such as excessive working hours, lack of adequate rest periods, and compulsory overtime. We have established policies to guide working hours, overtime, and rest periods for workers in our operations and supply chain. As we continue to evolve our approach, we strive to meet international standards regarding working hours and rest periods, which include: a standard workweek of no more than 60 working hours; a minimum of 8 hours of rest between days of work; and at least 24 hours of consecutive rest in every 7-day period.

NEXT STEPS



Continue to embed and advance fair pay and employment conditions across our value chain.



Enhance our due diligence process to ensure it effectively captures our standards for fair pay and employment conditions.



Engage in collaborative initiatives to deepen our understanding of fair pay issues and help catalyze action to address systemic challenges across our value chain.



Continue to strengthen our grievance process and more effectively use our leverage to enable remedy.



2022 SALIENT ISSUES **Forced Labor**

Modern slavery remains one of the most severe global human rights challenges facing our society. The ILO currently estimates that 50 million people are victims of modern slavery worldwide, including 28 million people trapped in forced labor. Of the 28 million victims of forced labor, over 17.6 million are being exploited through forced labor in the private sector. Modern slavery occurs across every region of the world and can materialize in global value chains. As one of the world’s leading convenient food and beverage companies, we are committed to doing our part to help prevent and eradicate forced labor.

PepsiCo prohibits the use of all forms of forced labor, including involuntary prison labor, indentured labor, bonded labor, military labor, slave labor, and any form of human trafficking. No employee may be coerced to work or subjected to physical punishment or threats of violence or other forms of physical, sexual, psychological, or verbal abuse as a method of discipline or control. All workers must have freedom of movement, and the conditions of employment must not restrict their movement through the retention of identity papers, holding of deposits, accommodation requirements, or any other action aimed at restricting worker mobility. Furthermore, in line with the [Employer Pays Principle](#), no worker should be required to pay recruitment or other similar fees to secure or retain their employment. These standards are embedded in our [Global Human Rights Policy](#) and [Global Supplier Code of Conduct](#), which outline the expectations for our employees, suppliers, and business partners.



PRIORITIZING ACTION ON VULNERABLE WORKERS AND FORCED LABOR IMPACTS

Recognizing the scale of our value chain and the inherent complexities involved in global agricultural supply chains, we have identified several worker groups that have a higher risk of experiencing forced labor related impacts across our value chain. These groups include migrant workers, women, young workers, and temporary and contract workers. We have and are continuing to focus our efforts on addressing the forced labor related impacts most frequently encountered by these groups, including bonded labor and recruitment fees. See our [2021 Modern Slavery Statement](#) for more information on our work in each of these areas.

DEEPENING OUR GEOGRAPHICAL FOCUS

We have continued to deepen our understanding of the value chain segments and geographical areas where we should focus our efforts, prioritizing action on forced labor impacts across our value chain. Insights from country and commodity risk assessments and our due diligence programs have been used to identify our target supply chain segments (i.e., contract labor providers, transportation and logistics providers), raw materials (i.e., palm oil, cane sugar), and priority geographies (e.g., Southeast Asia, Latin America). Over the past few years, we have continued to expand our due diligence programs to cover these areas of our supply chain, strengthen our ongoing sustainable sourcing initiatives for palm oil and cane sugar, and deepen our engagement in regional and local collaborative initiative to address systemic forced labor challenges at a country level.

NEXT STEPS



Reassess the high-risk operating and sourcing markets for our value chain, prioritizing efforts to address risks in these geographies.



Enhance our due diligence assessments to ensure they effectively address forced labor, incorporating new methods (e.g., worker voice) and strengthening our focus in high-risk supply chains (i.e., rPET, third-party labor, transportation and logistics).



Continue stakeholder engagement and industry collaboration efforts through Consumer Goods Forum and AIM-Progress to develop industry guidance on key issues such as responsible recruitment and fee repayment.



Continue to strengthen our grievance process and more effectively use our leverage to enable remedy.



2022 SALIENT ISSUES

Freedom of Association

Freedom of association refers to the right of all workers to join or form a legally recognized trade union or any other organization. While freedom of association is a fundamental right enshrined in the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, there are still a variety of challenges in ensuring that it is consistently respected around the world – from interference with the rights of workers to legal restrictions on the right of association.

BUILDING COLLABORATIVE DIALOGUES

As an employer of approximately 309,000 employees, we recognize the importance and value of having a direct dialogue with our employees. We also respect our employees’ right to join or form an organization such as a trade union, and we strictly prohibit any form of retaliation, intimidation, harassment or violence against union members, trade union representatives, and employees seeking to exercise these rights. These principles are embedded in our [Global Code of Conduct](#), [Global Human Rights Policy](#), and our [Global Supplier Code of Conduct](#), where they serve as core expectations of our employees, suppliers, and business partners.

We recognize that our responsibility to respect human rights exists regardless of whether governments fulfill their duty to protect human rights under the [UN Guiding Principles on Business and Human Rights](#). At times, this responsibility can present a challenge, as instances may arise where national law and international human rights standards do not align or directly conflict. Where the right to freedom of association is restricted by national law, we are committed to supporting the development of alternative mechanisms of engagement with our employees (e.g., employee roundtables, worker voice initiatives, etc.) while remaining in compliance with local law.

Where our employees are represented by a legally recognized union, we are committed to establishing a constructive dialogue with their freely chosen representatives and bargaining with those representatives in good faith and in compliance with local law. We believe that an open and continuous dialogue with our stakeholders is critical to informing our human rights program, and we are committed to engaging with rights holders, including our employees and their representatives, to strengthen our approach and address concerns.



NEXT STEPS



Continue to strengthen our policies and guidance materials, prioritizing engagement in high-risk operating and sourcing geographies in our value chain.



Ensure our due diligence process effectively captures trade union rights and rightsholder feedback, focusing on risks faced by vulnerable populations across our value chain (e.g., migrant workers, human rights defenders, etc.).



Continue ongoing stakeholder engagement and advocacy efforts to inform our approach, address concerns, and raise awareness.



Continue to strengthen our grievance process and more effectively use our leverage to enable remedy.



2022 SALIENT ISSUES
Human Right to Water

Water is a fundamental human right, and it is indispensable to the global food system and every community around the world. But in some regions water is scarce, with more than 2 billion people currently lacking adequate access to safely managed drinking water across the globe. Climate change and other factors are also placing a heightened burden on both water supply and quality, with current estimates indicating that two-thirds of the world’s population will live in water-stressed regions by 2025.

WATER STEWARDSHIP APPROACH

Water stewardship has long been one of PepsiCo’s top priorities, and as one of the first companies of our size to acknowledge water as a human right, we have a vision to become net water positive. To help achieve this vision, we have adopted an approach to watershed management that includes: (i) improving water-use efficiency across our value chain: on farms and in manufacturing facilities, (ii) replenishing water and improving the health of the local watersheds that are most at risk and where we operate, and (iii) increasing safe water access for communities that face water insecurity, including scarcity and unsafe water sources. Our vision is that wherever we operate in the world, the local water resources will be in a better state because of our presence.

As part of these efforts, we are continuing our work to understand water challenges at a local level, support collaborative solutions that address the needs of local communities, and embed a human rights lens into our approach to ensure we effectively address key water-related human rights risks (i.e., availability, accessibility, affordability, quality and safety, and acceptability).

VALUE CHAIN SEGMENT	GOAL
Direct Operations	<ul style="list-style-type: none"> Achieving “best-in-class” or “world-class” water-use efficiency at all company-owned and third-party manufacturing facilities by 2030, covering more than 1,000 facilities in high-risk and lower-risk watersheds. In high water-risk areas, replenishing more than 100% of the water that we use in company-owned facilities and 100% of the water used in third-party manufacturing facilities back into the local watershed by 2030. Adopting the Alliance for Water Stewardship (AWS) Standard in all high water-risk company owned facilities by 2025.
Supply Chain	<ul style="list-style-type: none"> Advocating for and contributing to a measurable improvement in the health of high water-risk watersheds where we directly source our crops, including an improvement in water-use efficiency of 15% (by 2025, measured versus a 2015 baseline).
Local Communities	<ul style="list-style-type: none"> Providing 100 million people safe water access by 2030 (baseline year 2006).



NEXT STEPS



Continue to strengthen our policies, trainings, and guidance materials, building capabilities across key functions, businesses, and supply segments.



Enhance our approach for addressing water-related risks faced by vulnerable populations across our value chain.



Continue ongoing stakeholder engagement and advocacy efforts, through our implementation of the AWS standard, to inform our approach, address concerns, and raise awareness.



Continue to strengthen our grievance process and more effectively use our leverage to enable remedy.



2022 SALIENT ISSUES

Workplace Health and Safety

Supporting the health, safety, and well-being of workers throughout our value chain is one of our top priorities as a company. We have established a variety of policies and programs to help drive health and safety values throughout our direct operations and supply chain.

DIRECT OPERATIONS

Our [Global Environmental Health and Safety Policy](#) outlines our “Beyond Zero” vision that is focused on achieving an injury free work environment and creating a culture of positive impact on the health and well-being of our employees and surrounding environment. Our Global Environmental, Health, and Safety (EHS) function leads the strategy to achieve this vision, which is centered on three pillars:



PEOPLE

Creating a culture of risk anticipation led by capable people.

RISKS

Identifying and controlling critical risks.

PROCESSES

Simplifying our standards, tools, and auditing.

The execution of this strategy is supported by our Global Environmental, Health, and Safety Management System, which sets the global health and safety standards for our business and proactively assesses our performance. We use a risk-based approach to prioritize our efforts around high-risk areas, including fleet safety and machine safety, and to drive a wide range of technological solutions and awareness-raising initiatives. For example, we leverage fleet telematics and distracted driving technology to help reduce road traffic accidents. Similarly, we use virtual design reviews and augmented reality to conduct technical risk assessments and ensure physical and safety awareness measures are installed to help reduce machine related accidents. We also engage with a variety of industry initiatives such as the [Together for Safer Roads Coalition](#) to better understand and drive collective action on key fleet safety risks for our value chain.

We aim to achieve world-class health and safety performance throughout our business and are working toward certifying all company-owned sites to the ISO 45001 Occupational Health and Safety Standard. See our [Environment, Health, and Safety webpage](#) for details on our latest performance.



SUPPLY CHAIN

Workplace health and safety is also a critical component of our [Global Supplier Code of Conduct](#), which requires our suppliers to proactively manage health and safety risks to provide a safe environment for workers in our supply chain. Specifically, we require all of our suppliers to:

- Comply with all relevant local laws and regulations,
- Implement management systems and controls that identify hazards and assess and control risks related to their specific industry, and
- Provide access to safe drinking water, sanitation and hygiene, including adequate restrooms and handwashing facilities; fire exits and essential fire safety equipment, and emergency aid kits and access to emergency response services including environmental, fire, and medical services.

We work closely with our suppliers to embed these commitments throughout our supply chain and are strengthening our efforts to address high-risk issues across our supply chain such as fire safety and machine safety.

NEXT STEPS



Reassess the high-risk operating and sourcing markets for our value chain, prioritizing efforts to address risks in these geographies.



Enhance our due diligence assessments to ensure they effectively address health and safety risks.



Continue ongoing stakeholder engagement and advocacy efforts to inform our approach, address concerns, and raise awareness.



Continue to strengthen our grievance process and more effectively use our leverage to enable remedy.



2022 SALIENT ISSUES

Land Rights

Secure land rights are a vital component of economic prosperity, sustainable food production, and the responsible management of natural resources, yet current estimates indicate that globally, nearly 1 in 5 adults, or nearly 1 billion people, have no form of land documentation. Land rights issues have the potential to directly impact local communities and the daily lives of rights holders, such as through physical displacement or the loss of economic opportunity. Land documentation can empower people with the security needed to invest in their land to improve their harvests and lives. Additionally, for rural and indigenous communities, land often holds religious and social significance and can be critical for subsistence needs such as hunting or fishing.

ENGAGEMENT WITH OUR SUPPLIERS

PepsiCo depends on significant volumes of safe, high-quality, and affordable agricultural raw materials to meet the demands of our business, as well as the expectations of our consumers, customers, and other stakeholders. These expectations include demonstrating respect for land rights throughout our value chain and since 2014, PepsiCo has been working with suppliers, civil society, and industry peers to implement our Land Rights Policy. Additionally, as we focus on meeting our ambitious climate goals, we expect to see further growth in renewable energy projects or other carbon reduction programs which may require new land use. The countries from which these raw materials and carbon reduction projects are sourced represent a wide range of land tenure systems, both formal and informal.

Recognizing the variance in local approaches across our value chain, we have established a global policy that commits to:

- Fair and legal negotiations for land transfers and acquisitions,
- Zero tolerance for land displacements of any peoples that are not conducted in accordance with IFC Performance Standards, including Free, Prior and Informed Consent (FPIC),
- Respecting the rights defined in the [UN Declaration on the Rights of Indigenous Peoples](#), and
- The use of appropriate grievance mechanisms, such as the [PepsiCo Speak Up! Hotline](#) and the [PepsiCo Grievance Mechanism for our Agricultural Supply Chain](#), for resolving potential disputes.



EMBEDDING OUR COMMITMENT

We work closely with our suppliers to embed these commitments throughout our value chain, and we are partnering with external experts such as [Landesa](#) to deepen our understanding the land and natural resource rights of vulnerable populations to more effectively track and report on our progress. Insights from these and other initiatives within Brazil, India, and Colombia inform our land rights strategy and help us identify the key countries, sourcing regions, and communities in our supply chain where we should prioritize our efforts.

NEXT STEPS



Reassess the high-risk operating and sourcing markets for our value chain, prioritizing efforts to address risks in these geographies.



Strengthen our approach for addressing risks faced by vulnerable populations across our value chain (e.g., indigenous peoples etc.).



Continue ongoing stakeholder engagement and efforts to catalyze industry action (e.g., Development of NDPE Implementation Reporting Framework; Consumer Goods Forum Forest Positive Roadmap).



Deepen our understanding of land rights challenges across the value chain and identify opportunities to strengthen our agricultural supply chain grievance process.

Reporting on Our Progress

We are committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout our business and to regularly reporting on our progress in line with the UN Guiding Principles Reporting Framework. For more information about our Company, our sustainability priorities, and our policies, please visit our corporate website at www.pepsico.com. Detailed information on our policies and performance can be found on our online resource, [ESG Topics A-Z](#). Among others, topics include:

Corporate Governance



Deforestation



Diversity, Equity, and Inclusion



Environment, Health, and Safety



Human Rights



Nutrition

Product Safety and Quality



Stakeholder Engagement



Climate Change



Fair Pay and Employment Conditions

Forced Labor



Freedom of Association

Human Right to Water

Land Rights