

Land Rights

Respecting land rights, particularly in developing countries, and in areas populated by indigenous people is vital to economic development and maintaining a company's license to operate. In early 2014, PepsiCo launched a new Land Policy with zero tolerance for illegal activities in our supply chain and zero tolerance for land displacements of any legitimate land tenure holders.

Specifically we are committed to:

- Zero tolerance for land displacements of any peoples, in accordance with IFC Performance Standards, including Free, Prior and Informed Consent (FPIC);
- Fair and legal negotiations for land acquisitions; and
- Use of appropriate grievance mechanisms, such as the PepsiCo Speak Up Hotline, for future dispute resolutions.

One example of putting our policy into practice is through engagement with Oxfam on a long running dispute about access to land involving a supplier in the North East of Brazil. In October 2015, we joined a meeting near the site involving ourselves, Coca-Cola (another significant customer), a local NGO, local community representatives and Oxfam. We continue to engage with them and the supplier in question to seek a satisfactory outcome for all stakeholders.

Alongside the launch of our policy in 2014, we committed to implementing a third-party audit program on our sugar supply chain in Brazil and Thailand, on our palm oil supply chain in Mexico and on our coconut water supply chain in the Philippines. This program would be conducted with the participation of affected communities and be based on available and accepted standards to audit the social, environmental and human rights aspects of these supply chains, including impacts related to land rights.

Our aim with these audits has been to understand whether the standards set out in our land rights policy and other policies and commitments relating to human rights are being upheld. How we address the findings of these assessments varies in each instance but fall into two broad categories depending on the outcomes of the assessments:

- No significant issues found: we will continue to monitor suppliers through our existing programs such as the Sustainable Sourcing Program and Sustainable Farming Initiative and will continue to engage with our suppliers and external stakeholders to understand any new issues that may arise and require action.
- Issues found that are specific to PepsiCo and our value chain: in addition to the above, we will work with our value chain to understand the issues and develop an action plan to address these concerns. We will continue to engage with cross-industry bodies and other external stakeholders to better understand industry wide actions that can be taken to address systemic issues.

In addition, we have continued to engage with a wide range of stakeholders in these industries such as mills, producers, certification bodies/certification firms, grower/industry organizations, and other end users, government and civil society including Oxfam, about how to conduct improved assessments on land rights and other human rights issues in line with best practice. As a result of this engagement, we aim to ensure that future assessments of our supply chain in these industries:

- Are developed with input from affected stakeholders and conducted by independent organizations with expertise in the salient issues being assessed.
- Include either a publicly available version of the assessment or a summary of the context, process and findings in line with good practice.
- Focus on areas and issues where these risks are greatest.