

Land Rights

Overview

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 and the PepsiCo Grievance Mechanism for our Agricultural Supply Chain, for future dispute resolutions.

Among the projects we have undertaken in 2018, PepsiCo is working in partnership with Landesa -- a global organization that champions and works to secure land rights for millions of the world's poorest, mostly rural women and men to provide opportunity and promote social justice -- to implement a social impact program in India. The first phase was to educate sugar mill operators and farmers that supply the mills on the concept of social impacts. The intent is to help them better understand the social impacts of growing sugarcane and the requirements that apply to PepsiCo and its suppliers related to social impact issues, including land tenure. The program has created training modules in three different languages and they will be conducted to train staff of three sugarcane supplier mills: one to train smallholders who supply the mills; one training module specifically for women farmers; and, one to train mill staff to conduct future farmer trainings.

To further support female sugarcane farmers in Maharashtra, India, we worked with the nongovernmental organization (NGO) Solidaridad and IFC (World Bank) to launch the first-ever female focused residential training program at the Sugarcane Institute in Pune. A total of 398 female farmers attended two training sessions in April and November 2018. There, they were able to learn about modern sustainable agricultural techniques. For some of these female farmers, it was the first time they had left their village or had the opportunity to participate in training.

In 2019, we intend to review our Land Policy against what we have learned since 2014, developments in best practice and external stakeholder feedback and review.

Commitments related to Land Rights on Palm Oil, Cane Sugar and Coconut Water

We are 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 is 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 Program 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.

Our progress to date (May 2019) and next steps in each of the countries mentioned above is set out in brief below.

In Brazil, two sets of independent audits were conducted to establish specific human rights and land rights issues that might exist at our primary sugarcane suppliers. A summary of the first round of audits, undertaken in 2014, was published in June 2015. No significant land rights or other human rights issues were found, but concerns were raised about the level of engagement with stakeholders taken, so a second set of audits were conducted in late 2015. The audits included a wider range of suppliers and more engagement with local stakeholders than was taken in 2014 to address specific concerns raised by Oxfam. Again, no significant issues were found.

Following further engagement with Oxfam and other stakeholders subsequent to our second set of audits, we have engaged an external organization with expertise in land rights to undertake a full review of potential land rights issues in our cane sugar supply chain in Brazil. The findings of the review and actions that PepsiCo will take as a result will be made public during 2019. This work will also inform our due diligence on land rights issues to strengthen our overall approach.

In addition, we will continue to engage with Oxfam, the local community, our supplier in Recife and other companies in an effort to make progress on a land rights dispute that has been identified in the North East of the country. 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.

In Thailand, we are supporting an independent assessment of Thailand's sugarcane producers, which includes a review of performance on human rights and land rights to identify potential systemic issues in the supply chain in Thailand. This assessment was commissioned by Bonsucro, the global multistakeholder, non-profit industry change platform for sugarcane. The assessment was completed in August 2017 and is available on the Bonsucro website, as well as [here](#). Our initial response and next steps can be found [here](#). They include investment in a three-year program in partnership with others to build capacity for small holder farmers to understand and address social and environmental challenges. In addition, a first of its kind summit was held with suppliers and mills in Thailand, led by PepsiCo through Bonsucro. The aim of this summit was to help better understand the challenges and solutions required to address sustainability challenges. The action plan implemented by PepsiCo resulted in the first-ever Bonsucro Certification in Thailand and an increase in engagement of suppliers to understand the path and implementation of sustainable production of sugarcane.

In Mexico, Proforest, an organization with expertise in managing natural resources sustainably, will conduct a two-tier assessment on potential land rights and other human rights issues in PepsiCo's palm oil and sugarcane supply chain. The first phase, a desk-based study including consultation with external stakeholders to understand the issues, including the legal and policy framework, and evidence of existing conflicts, was completed in July 2017, and can be found [here](#) in English and [here](#) in Spanish. Our initial response to the report can be found [here](#). The next phase will be a follow up 'on the ground' and be specific to the issues found in phase one to better understand the concerns, which will include work in our own supply chain, and collaborating with peers, civil society and others to address the systemic actions found in the report.

As part of our original commitment, an assessment of our coconut water supply chain in the Philippines was undertaken in partnership with Fairtrade USA. The assessment was conducted in and around facilities in Sorsogon and Candelaria with 143 farmers. Some issues related to environmental compliance were found, particularly the burning of household and farm waste. Working with our supplier, Fairtrade USA and the local government, training was held with the farmers, which participated in the assessment. In addition, any farmers that were not compliant with the issues noted above acknowledged that they understood the respective policy. Finally, while no evidence of land or human rights violations were identified, 12% of the farmers could not produce documentation showing their rights to the land they were farming. Fairtrade USA is supporting farmers on this systemic issue across the Philippines to ensure they secure and maintain proper land documentation. PepsiCo is willing to provide additional summary information regarding this assessment, as necessary.

PepsiCo will continue to strive to understand the sustainability challenges in our palm oil and cane sugar value chain and identify systemic issues that we can work with others to tackle. We can help drive change by undertaking independent assessments, engaging with reputable civil society organizations and credible multi-stakeholder organizations to develop action plans and measure our impact.