

Myanmar Foreign Investment Tracking Project Response from PepsiCo

Sector: Manufacturing; Food and beverage
Region of HQ: US

1. Does your company have investments or operations in Myanmar or is it seriously considering investing or operating there? If so, please provide information on the nature of these investments, and which geographic areas and communities they will affect.

Except for investing in a non-profit educational collaboration with UNESCO for business skill development of Myanmar youth, PepsiCo has not made any commercial investments in Myanmar. In December 2013 we appointed a joint venture company comprising a Korean company and a local Myanmar company to bottle, sell and distribute our beverages in Myanmar.

We also purchase potatoes which are sourced in Myanmar for our Asia-Pacific business through a supplier.

2. Do you have policies and procedures in place to prevent your business activities or investment from contributing to human rights abuse and social conflict in Myanmar (including, for example, human rights due diligence measures)? Please specify whether these policies and procedures apply to your company in general, or specifically to your Myanmar investment. If you have human rights policies and procedures regarding investing or operating in Myanmar, are you willing to share them for posting on our website? If so, please send them as a Word or PDF file, or, if available, as a hyperlink.

Our potato supplier and bottler in Myanmar are required to comply with our Supplier Code of Conduct. Respect for Human Rights is one of the key pillars of the Code, alongside health and safety, environmental compliance, business integrity and food quality and safety. Our Supplier Code of Conduct is publicly available at: http://www.pepsico.com/docs/album/responsible-sourcing/ENGLISH_SCOC_2013.pdf?sfvrsn=2.

3. Who in your leadership is responsible for ensuring compliance with the policies and procedures in no. 2?

Our Sustainable Supply Chain Council, formed in 2014, is responsible for monitoring compliance with our Supplier Code of Conduct. It comprises senior leaders from across our business including our Chief Human Rights Officer.

4. If you do not yet have human rights policies and procedures in place, do you have plans to develop them? If so, what efforts are you currently engaged in or plan to engage in on this regard?

We already have policies and procedures in place – see question 2.

5. How does your company try to prevent or mitigate conflicts that affect its operations or the surrounding communities (including armed conflict, inter-communal conflict and violence, etc.)? Could you please list your policies, procedures or concrete activities in this regard, including community engagement and dialogue measures and revenue sharing agreements?

Not applicable

6. Who should communities or civil society groups contact if they have questions or concerns about your investment or operations in Myanmar? Please provide their contact information.

Any questions about PepsiCo's involvement in Myanmar can be made to Andrew Slight, Director of Public Policy, on +1 914 253 2809 or andrew.slight@pepsico.com.

In addition Our Speak Up ethics hotline is operated by an independent third-party vendor to provide employees, consumers, business partners, suppliers and other third parties including local communities and individuals with a 24/7 anonymous and confidential means of seeking guidance and reporting potential violations of our Values, our Code of Conduct, our policies or applicable law, including human rights concerns. Reports can be made via dedicated toll-free phone lines in 61 countries and 38 languages or by using the Speak Up Webline available in 24 languages.

Any questions or concerns can be raised by using the international operator to place a collect call to the U.S. at 770-810-2637, or submitted via our Speak Up Hotline website at:
<http://www.tnwgrc.com/PepsiCoSpeakUp>.

7. We further invite you to respond to questions specific to your industry. Does your company have policies and procedures in place to address each of the following areas? If so, please provide details:

- *Freedom of association and collective bargaining*
- *Living wages*
- *Workplace health and safety*
- *Child labour*
- *Forced labour*
- *Anti-discrimination (whether based on race, gender, religion, nationality, etc.)*
- *Environment*
- *Land rights*
- *Relocation*

The Human Rights Operating Council partners with PepsiCo's Enterprise Risk Team to incorporate human rights due diligence questions in our Global Risk Tool to be answered at the country level. We do this annually to raise awareness of human rights and identify where additional policies, training or mitigation efforts are needed.

The underlying principles of our Human Rights Workplace Policy are broadly communicated to our staff in our annual Code training program, which reaches more than 65,200 salaried employees worldwide. Employees are required to comply with these principles, and to report suspected human rights violations within our operations or supply chain if they arise, for example through the confidential and anonymous Speak Up Hotline (see response to question 6 for more information).

Our Sustainable Supply Chain Council, formed in 2014, is responsible for monitoring compliance with our Supplier Code of Conduct. Respect for Human Rights is one of the key pillars of the Code, alongside health and safety, environmental compliance, business integrity and food quality and safety.

We work directly with suppliers to improve their understanding and ability to comply with our Supplier Code of Conduct (SCoC). Our SCoC process has elements that address Accountability, Engagement, Risk Assessment and Mitigation.

We communicate our expectation of "Doing Business the Right Way" through our enhanced Supplier Code of Conduct training with key agricultural suppliers and other third parties. That training is now publicly available to our suppliers in six languages, through an e-learning module on <http://www.pepsico.com/Purpose/Environmental-Sustainability/Responsible-Sourcing>. Many social risks for food and drink companies lie in agriculture, which is why we are also helping farmers in our supply chain manage human rights issues through our Sustainable Farming Initiative. The SFI was developed as a standard to guide our suppliers in sustainable farming practices and provide them with resources, training and support to meet our standards across social, economic and environmental pillars. The social indicators include employment conditions, employment practices and health, wellness and safety. We have made the guidelines easy to use, and are working with other companies to cross-honor each other's standards.

In order to help protect the rights of indigenous peoples in our supply chain, we introduced a specific land policy in 2014 (http://www.pepsico.com/docs/album/policies-doc/pwp/pepsico_land_policy.pdf?sfvrsn=2).

As part of our land policy, we are committed to:

- Zero tolerance for land displacements of any peoples, in accordance with IFC Performance Standards
- Fair and legal negotiations for land acquisitions
- Use of appropriate grievance mechanisms, such as the PepsiCo Speak Up Hotline

We have also joined the Committee on World Food Security (CFS). To support the implementation of our policy, we committed to implementing a third-party audit program, based on available and accepted standards, of the social, environmental and human rights aspects of our top sugar sourcing country, Brazil. We are also committed to implementing similar audit programs for our sugar supply chain in Thailand, our palm oil supply chain in Mexico and our coconut water supply chain in the Philippines by the end of 2016. The assessments will include impacts related to land rights and will be conducted with the participation of affected communities.