Respecting the Human Right to Water

From Commitment to Practice
Journey began in March 2009

Shareholder resolution from Northstar Asset Mgmt, in collaboration with UUSC

Formal public commitment to respect HRTW
Our commitment to respect water as a human right forms the foundation for our water stewardship

1. **Safety**: Preserve the quality of the water resources in our communities;

2. **Sufficiency**: Our use of water will not diminish the availability of community water resources;

3. **Acceptability**: We will involve communities in our plans to develop water resources;

4. **Physical Accessibility**: We will not adversely impact physical accessibility of community members to community water resources;

5. **Affordability**: We will advocate that safe water supplies should be available in a fair and equitable manner to members of the community...adequate supply and affordable within local practices.
So, we have the commitment, now what?

COMMUNICATE!
Awareness building took longer than expected, and involved diverse audiences.
Water Leadership Community Launched on Intranet for Global Operations Associates—Explicitly Addresses HRTW
Inaugural PepsiCorps Field Placement Initiative Will Focus on Clean Water Access in Ghana in 2011
Early movement by PepsiCo in this space has resulted in positive feedback…

…and comes with expectations of continued progress.

“We are encouraged by the leadership of corporations such as PepsiCo…to respect the human right to water and sanitation through the adoption of corporate policies that will guide their operations.”

—letter of 7/26/2010 to UN Ambassador Susan Rice from consortium of investment firms representing $2.71 trillion of portfolio assets.
The Human Right to Water applies to our business as well as to our communities. We respect it through responsible use in our business...
Best Practice Tools Being Updated to Include Specific Context to HRTW
We also respect HRTW by striving for *positive water impact* in our operations to preserve watersheds.

Collaboration with The Nature Conservancy
Included watersheds in Europe, India, China, Mexico, and USA

“This connection of quantity and quality echoes the sufficiency and safety pillars of the human right to water, and are directly linked to water sources and their protection.”
Since agriculture represents 70% of global water withdrawal, we are engaged in water conservation measures across our business.

**China Company Farms**
- Traditional Flood Irrigation
- Pivot Irrigation: 30-50% decrease
- Drip Irrigation: Up to 70% decrease

**India Community Farms**
- Traditional
- In 2009, PepsiCo applied DSR & saved Over 5.5 Billion liters water
  - 30% Water
  - 70% GHG
- Direct Seeding (DSR)

The potential “prize” is a water savings of nearly 0.25 billion liters/year.
We are developing novel technology and approaches for on-farm water management in our business and in communities.

**Business**

- i-crop technology developed with Cambridge University allows targeted root-zone delivery of water to the crops.

**Community**

- $6 device for farmers saves 20% water to grow rice.
Facilitating access to credit, resource conservation, and cooperative extension services for small-holder farmers

U.S. President Barack Obama observes PepsiCo India's potato farming initiatives

From PEPLine Article: Nov 17, 2010

Your rating ⭐⭐⭐⭐⭐ Average rating ⭐⭐⭐⭐⭐ 0 ratings

As reported in the Nov. 10 edition of PEPLine, U.S. President Barack Obama recently visited with PepsiCo Chairman and CEO Indra Nooyi and other PepsiCo associates during a trip to India. As part of the trip, PepsiCo India was a special invitee at the Agriculture and Food Security Fair, jointly organized by the U.S. government and the Confederation of Indian Industry at St. Xavier's College. PepsiCo was one of just 10 companies and one of only three American companies invited to the fair.

President Obama took a keen interest in how PepsiCo India is partnering with more than 12,000 potato farmers across India to boost their productivity and income. The company is providing the farmers with 360 degree services – access to process grade varieties of seeds, farm extension services, assured buy back and help facilitating bank loans and insurance. President Obama was impressed by both the quality of potatoes produced and the significant increase in the farmers’ incomes. Ram Todkar, a farmer from Ambay Gaon Pune, represented PepsiCo to share how his life has changed since working for the company. Since the time he joined the PepsiCo farming program, Ram's income has gone up by 500 percent and his land holding has increased from five to 11 acres.

(L to R) Vivek Bharati, executive director, External Affairs - PepsiCo, India explains PepsiCo's potato contract farming to President Obama.
PepsiCo, with *Validus*, is developing a system for sustainable agriculture to robustly measure and manage our environmental, social and economic impacts on farm.

- Resource management
  - **Water**, energy, GHG
- Farm productivity
- Preservation of soil fertility, **water**, air quality & biodiversity
- Farming communities and their environment
  - **Social, economic, human rights**
- Innovation
- Compliance to laws, standards and regulations

**Certification program:**

Built from the consolidation of leading survey programs and principles that sit behind our Agriculture Sustainability policy.

1. Rainforest Alliance
2. Food Alliance
3. SAI Platform
4. Stewardship Index
5. SureHarvest (Protected Harvest)
6. Keystone Initiative (Field to Market)
7. Assured Food Standard (Red Tractor Farm Assurance)
8. GLOBALG.A.P (*and related schemes like SimbaGAP*)
9. McDonald’s
10. Leonardo Academy’s Ag Sustainability Efforts (formerly SCS-001)
11. Natural Resources Conservation Service (USDA-NRCS) Environmental Quality Criteria
We have committed to provide access to safe water to 3 MM people by 2015, and our Foundation partners are critical to this promise.

- **Watershed**
  - Protection and Usage at the Watershed Resource
  - [The Earth Institute at Columbia University](https://www.ei.columbia.edu/)
  - [safe water network](https://www.safewaternetwork.org/)

- **Distribution**
  - Distribution to the people that need it
  - [water.org](http://water.org/)

- **Purification & Sanitation**
  - Purification of the water for the community
  - Sanitation & Hygiene at discharge to prevent recontamination
  - [safe water network](https://www.safewaternetwork.org/)
Columbia Earth Institute Water Center targets interventions to assure that enough water is accessible at the *resource level*...

**Development of integrative mathematical models of crop, water, climate and energy use developed at the regional scale**
- Emphasis on an integrated and diversified crop development program

**Introduction and field testing of conservation techniques**
- 20-30% reduction in water used to grow rice

**Development of forecasting tools and decision support systems to make water allocation decisions**
Gujarat, India
• Water table falling up to 3 m per year
• Water pumped from 300 m depths
• Energy use for irrigation increased over 20 years, no increase in irrigated area
• Partnering with Gov’t:
  • Develop incentive program for farmers
  • Conserve energy; pay lower rates
  • Support for water-saving technology

Ceará, Brazil
• Great drought in 1877
• Complex reservoir system, managed by committee (COGERH)
• New predictive allocation model allows more accurate forecasting

“The benefit from this work will eventually extend to all water users in Ceará, which includes a population of over six million people as well as numerous industries and irrigation districts.”

--Director-President, COGERH
Protection and Usage at the Watershed Resource

Distribution to the people that need it

Purification of the water for the community
Sanitation & Hygiene at discharge to prevent recontamination
People reached with water and/or sanitation, in partnership with local governments and NGOs

241,154

Communities

1,471

Repayment by the new market at the BOP

98%

Women beneficiaries

95%

Additional capital leveraged

$8.66 MM

Reduced philanthropic cost per person ($33/person to $16/person)

50%
Protection and Usage at the Watershed Resource

Distribution to the people that need it

Purification of the water for the community. Sanitation & Hygiene at discharge to prevent recontamination.
SWN supports multiple elements of our HRTW commitment

• Community engagement and ownership strategies
• Water resource management
• Hygiene behaviors
• Technology and system designs
• Quality assurance
• Operations and maintenance
• Pricing strategies
• Funding and subsidy solutions
Launched 10 safe water stations; 950 cisterns
Achieved 83% household adoption rate in 1st launched site
Operating toolkits completed; trained 142 masons
Leveraging PepsiCo India’s technical expertise for quality assurance and training program

Launched 5 sites
Completed 3-year Health Impact Study with Johns Hopkins University
Truck delivery program developed to expand reach to remote villages; monitoring distance traveled
Container program to improve water quality from collection to point-of-use

Market research study, in partnership with International Finance Corporation, to evaluate commercial opportunities in underserved markets in Kenya (January 2011)
Public-Private Partnerships offer significant opportunity for best practice replication and impact

WATER.ORG PIONEERS MICROLOANS FOR WATER AND SANITATION ACCESS
Launches WaterCredit.org Site for Cross-Sector Learning

Kansas City, MO (May 16, 2011) – Water.org has launched WaterCredit.org, an online resource to educate stakeholders about the growing intersection of international microfinance with the water and sanitation crisis. By applying the concepts and best practices of micro-lending, organizations like Water.org are reaching an ever-increasing number of people living in poverty with safe water and sanitation at a faster and more efficient pace compared to traditional charity.

Mar 17, 2011
PepsiCo Foundation announces $5 million grant to the IDB’s AquaFund

Funding will provide access to safe water and sanitation to approximately 500,000 people in Latin America by 2015

GUAYAQUIL, Ecuador – The PepsiCo Foundation today announced a $5 million grant to the AquaFund, a fund launched by the Inter-American Development Bank (IDB) to
Corporate Responsibility to Respect the Human Right to Water:

Right to Water Impact Assessment Guide and Tool

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March 2011

HARVARD Kennedy School

The Next Frontier