

PepsiCo Global Human Rights Statement

June 2017

This statement outlines our approach to respecting human rights in our direct operations and relationships with our business partners.

PepsiCo and Human Rights

PepsiCo is committed to respecting human rights in our value chain and in the communities where we operate. As a global company, we have a complex value chain that relies on our own operations as well as franchisees, joint ventures, co-manufacturers, and thousands of suppliers to produce and sell our products around the world. We have the ability to contribute to positive human rights impacts and recognize that we have a responsibility to prevent, mitigate, and address adverse impacts through our direct operations and to use our leverage to encourage our suppliers and business partners to respect human rights in our broader value chain.

Human Rights Statement

Our approach is guided by the [United Nations Guiding Principles on Business and Human Rights](#). We are committed to respecting all of the human rights described in the [International Bill of Human Rights](#) and the [International Labor Organization Declaration on Fundamental Principles and Rights at Work](#). We are also a signatory to the [United Nations Global Compact](#) and follow the [Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises](#).

We recognize that our responsibility to respect human rights exists regardless of whether countries fulfill their duty to protect human rights. This can pose a challenge, as instances may arise where national law and international human rights standards do not align. Where they differ, we will seek to follow the higher standard. Where they conflict, we will comply with national law and explore alternative ways to respect international human rights standards to the greatest extent possible.

Human Rights Governance

Day-to-day responsibility for Human Rights at PepsiCo sits with our Chief Human Rights Officer (CHRO). Our CHRO chairs our Human Rights Operating Council (HROC), which is responsible for defining our strategy and framework for managing human rights issues. The HROC is made up of senior representatives from relevant corporate and sector functions (HR, Public Policy & Government Affairs, Legal, Global Procurement, Operations, Global Risk Management, R&D, Sales, Global Compliance and Ethics, Global Sustainability and Communications).

Our CHRO reports up through our Executive Vice President of Government Affairs, General Counsel and Corporate Secretary, who is responsible for PepsiCo's worldwide legal, government affairs, and public policy organizations. Our CHRO and General Counsel provide periodic updates to the PepsiCo Executive 1 Committee and Board of Directors for their review of significant human rights issues and changes to our management approach.

Human Rights Due Diligence

We manage our human rights risks by assessing adverse human rights impacts in our value chain; integrating these findings into our internal systems, controls, and processes; tracking the effectiveness of our actions and influence and; communicating with our external stakeholders.

1. Assessing Human Rights Impacts

Our initial focus has been on our own operations, first-tier suppliers, and agricultural partners. These areas were identified through internal assessments and feedback from external human rights experts as the points in our value chain where we have the greatest leverage (i.e., our operations) to prevent and respond to human rights impacts and where the risks to rights holders is highest (i.e., supply chain and agricultural partners).

We have programs in place to assess adverse human rights impacts, independently audit sites, and remediate issues found along our value chain, specifically:

- Our [Global Labor Human Rights Assessment Program \(GLHR\)](#) assesses potential human rights impacts at all of our nearly 300 company-owned manufacturing sites.

- Our [Sustainable Sourcing Program \(SSP\)](#) assesses risk and monitors supplier compliance with our Supplier Code of Conduct through third-party auditing of our most business-critical direct suppliers and contract manufacturing and co-packing locations.
- Our [Sustainable Farming Initiative \(SFI\)](#) helps us assess our direct growers, identify potential non-compliances, and implement corrective action plans to address human rights issues and improve agricultural practices at the farm level.

In addition, our HROC annually reviews our business activities, risk assessment findings, and feedback from internal and external stakeholders to determine the most salient issues to rights holders in our value chain. In its last review, the HROC identified the following salient human rights issues:

- Freedom of Association
- Human Right to Water
- Land Rights
- Vulnerable Workers
- Working Hours and Wages
- Workplace Safety

For additional information on each issue, please see our Statement on Salient Human Rights Issues.

2. Integrating Human Rights Findings

We use findings from our assessment programs as well as internal and external stakeholder feedback to identify potential impacts and priority geographies. We integrate what we learn into internal practices, training programs, and management systems to prevent adverse human rights impacts in our direct operations. The policies that address our key human rights issues include our [Human Rights Workplace Policy](#), [Global Code of Conduct](#), [Global Supplier Code of Conduct](#), and [Environmental Health & Safety Policy](#), as well as our related [Land Policy](#), [Forestry Stewardship Policy](#), and [Sustainable Agriculture Policy](#).

3. Providing Remedy

In line with the UN Guiding Principles on Business and Human Rights, we are committed to providing effective remedy where we have caused or contributed to adverse human rights impacts. Where we find impacts directly linked to our business relationships, we will use our influence to encourage our suppliers and business partners to respect human rights. In order to ensure access to a transparent, confidential, and safe process for investigating grievances of affected parties, we will use appropriate grievance mechanisms, such as the PepsiCo Speak Up Hotline, to provide for anonymous reporting of suspected breaches of our policies. We encourage our suppliers and business partners to use their own effective grievance mechanisms and make the [PepsiCo Speak Up hotline](#) available for their use.

4. Tracking the Effectiveness of our Actions and Influence

We track the effectiveness of our actions and influence to ensure human rights are respected in our value chain through our Global Labor Human Rights Assessment Program, Sustainable Sourcing Program, Sustainable Farming Initiative, and through engagement with suppliers and business partners.

5. Engaging External Stakeholders

We regularly consult with external stakeholders and human rights experts on our overall approach to human rights, specific allegations, and our salient issues. We understand the importance of capturing the voice of rights holders, and we are exploring ways to better integrate their feedback into our management of issues as they arise. We also participate in conferences and business initiatives to improve our knowledge of specific issues and management approaches and to encourage industry-wide progress, where it is needed.

Reporting

We will track and publicly report on our efforts to respect human rights in our value chain on an annual basis.

PepsiCo Statement on Salient Human Rights

In line with the UN Guiding Principles Reporting Framework, salient human rights issues are defined as the human rights at risk of the most severe negative impact through the company's activities and business relationships. Our Human Rights Operating Council (HROC) identified the following salient human rights issues through a detailed review of our business activities, risk assessment findings, and feedback from internal and external human rights experts. We will regularly review our salient issues, as other human rights may become greater priorities over time.

Salient Issues:

- **Freedom of Association:** The principle of freedom of association still faces many challenges in its application around the world. We recognize the rights to freedom of association and collective bargaining and will continue our work to ensure that, while complying with local laws, our practices seek to respect international human rights standards.
- **Human Right to Water (HRTW):** In 2009, we publicly committed to respecting water as a basic human right. Our understanding what it means to respect the HRTW in practice continues to evolve, as we aim to improve our water use without compromising the ability of others to enjoy their HRTW. Building on goals established in 2016, we will strive to respect all people's right to safe, sufficient, acceptable, physically accessible, and affordable water in the communities where we operate.
- **Land Rights:** Land rights issues can directly impact the lives of rights holders, such as through physical displacement. We are committed to implementing our Land Policy and working with external stakeholders to identify and address land rights issues in our value chain. Beginning with our agricultural supply chain, we will continue our work to ensure compliance with our policy by conducting supply-chain assessments.
- **Vulnerable Workers:** Migrant workers, women, young workers, and temporary/contract workers have been identified as populations that have a higher risk of facing adverse human rights impacts, including forced labor. Our initial focus has been on developing training for our associates to help them better identify and manage risks specific to each of our geographies.
- **Working Hours and Wages:** Companies involved in the manufacturing and agriculture sectors are at a higher risk of adverse impacts related to working hours and wages, such as mandatory overtime and excessive working hours. We are committed to providing fair and equitable wages, benefits, and other employment conditions in accordance with local law, and we expect the same of our suppliers and business partners. To address this risk, we are working with the management teams in our direct operations to help them better understand the root causes and possible mitigation solutions for working hour-related issues.
- **Workplace Safety:** Protecting the safety, health and wellbeing of our associates is one of our top priorities. We rely on a variety of methods to support and sustain a culture of safety within PepsiCo, with the aspiration of achieving an incident-free workplace. We will expand assessment programs for our direct operations, first-tier supply chain, and agricultural supply chain to better identify areas where we can invest to prevent potential issues in the workplace, such as road safety.