

Corporate Human Rights Benchmark 2020 Company Scoresheet

Company Name PepsiCo
Industry Agricultural Products (Supply Chain only)
UNGP Core Score (*) 22.0 out of 26

Score	Out of	For indicators
Governance and Policy Commitments		
2	2	A.1.1 Commitment to respect human rights
0.5	2	A.1.2 Commitment to respect the human rights of workers
2	2	A.1.4 Commitment to engage with stakeholders
2	2	A.1.5 Commitment to remedy
Embedding respect and Human Rights Due Diligence		
Embedding respect		
2	2	B.1.1 Embedding - Responsibility and resources for day-to-day human rights functions
Human Rights Due Diligence (HRDD)		
1.5	2	B.2.1 HRDD - Identifying: Processes and triggers for identifying human rights risks and impacts
2	2	B.2.2 HRDD - Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)
2	2	B.2.3 HRDD - Integrating and Acting: Integrating assessment findings internally and taking appropriate action
2	2	B.2.4 HRDD - Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts
1.5	2	B.2.5 HRDD - Reporting: Accounting for how human rights impacts are addressed
Remedies and Grievance Mechanisms		
1.5	2	C.1 Grievance channels/mechanisms to receive complaints or concerns from workers
2	2	C.2 Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities
1	2	C.7 Remedying adverse impacts and incorporating lessons learned
22.0	26	

(*) Instead of the full list of indicators in the 2020 CHRB Methodology, this year's assessment uses the CHRB Core UNGP Indicators. These are 13 non-industry specific indicators that focus on three key areas of the UNGPs: high level commitments, human rights due diligence and access to remedy.

The 13 indicators selected from the full CHRB Methodology are scored on a simple unweighted basis, with a maximum of 2 points for each indicator for a maximum total of 26 points.

In addition, allegations of severe human rights impacts (Measurement Theme E) were also assessed but do not impact overall final scores

Please note that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2020 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

Governance and Policies

Indicator Code	Indicator name	Score (out of 2)	Explanation
A.1.1	Commitment to respect human rights	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: General HRs commitment: The Company 'is committed to respecting human rights in our value chain and in the communities where we operate'. [Global Human rights & salient human rights statement, 06/2017: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: UNGPs: The Company indicates that 'we are committed to implementing the United Nations Guiding Principles on Business and Human Rights (UNGPs) throughout our business and reporting on our progress in line with the UN Guiding Principles Reporting Framework'. [MSA 2019, 2020: pepsico.com] Met: OECD: The company indicates that "We [...] follow the Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises." [Global Human rights & salient human rights statement, 06/2017: pepsico.com]
A.1.2	Commitment to respect the human rights of workers	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: UNGC principles 3-6: The Company is a signatory to the UN Global Compact. [UNGC website - Participant site, N/A: unglobalcompact.org] Not met: Explicitly list All four ILO for AG suppliers: The Global Supplier code of conduct contains a commitment to ILO core standards. It includes child labour, forced labour and discrimination. Regarding freedom of association and collective bargaining, the Company commitment is as follows: 'Consistent with applicable law, PepsiCo suppliers shall respect employees' rights to join associations and worker organizations'. However, it is not clear whether the Company is requiring to respecting those rights in all contexts, as it indicates 'in conformance with local law'. In these cases, companies are expected to require alternative mechanisms or equivalent workers bodies where the right to freedom of association and collective bargaining is restricted under law. [Supplier Code of Conduct, 06/2018: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: Explicit commitment to All four ILO Core: The Company's global human rights policy includes a commitment to each ILO core element. In relation to Freedom of association and collective bargaining, the policy states that 'PepsiCo respects our employees' right to join, form or not to join a labour union without fear of reprisal, intimidation, or harassment. Where employees are represented by a legally recognized union, we are committed to establishing a constructive dialogue with their freely chosen representatives. PepsiCo is committed to bargaining in good faith with such representatives'. In addition, in its Human Rights Report 2019, the Company states: 'We recognize that our responsibility to respect human rights exists regardless of whether countries fulfil their duty to protect human rights. At times, this responsibility can present a challenge, as instances may arise where national law and international human rights standards do not align. For example, in some countries, an employee's ability to exercise his or her right to associate may be restricted by national law. In such situations, we will comply with national law and, where possible, examine alternative ways to respect international standards to the greatest extent possible'. [Global Human rights & salient human rights statement, 06/2017: pepsico.com & Global Human Rights Policy, N/A: pepsico.com] Met: Respect H&S of workers: The company states in the PepsiCo Global Human Right Policy that they are dedicated to ensuring a safe workplace by minimizing the risk of accidents, injury and exposure to health risks. They are committed to engaging with the employees to continually improve health and safety in the company workplaces. [Global Human rights & salient human rights statement, 06/2017: pepsico.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> Met: H&S applies to AG suppliers: 'PepsiCo suppliers shall proactively manage health and safety risks to provide an incident-free environment where occupational injuries and illnesses are prevented. Suppliers must implement management systems and controls that identify hazards and assess and control risk related to their specific industry'. [Supplier Code of Conduct, 06/2018: pepsico.com]
A.1.4	Commitment to engage with stakeholders	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Commits to stakeholder engagement: The Company states in its Human Rights Report 2019: 'we are committed to engaging with potentially and actually affected rights holders, including our employees, supply chain workers, and the local communities in which we operate, in the development and management of our human rights approach'. [Human Rights Report 2019, 08/06/2020: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: Commits to engage stakeholders in design: The Company states in its Human Rights Report 2019: 'We believe that an open and continuous dialogue with our stakeholders is critical to informing and strengthening our human rights program. Our engagement approach focuses on an ongoing dialogue with a wide range of stakeholders (e.g., workers, NGOs, trade unions, investors, and customers) to gain both global and local perspectives on areas like the design of our approach, management of our salient human rights issues, and the overall performance of our program. We also recognize the importance of capturing the voice of rights holders through this process, and we are committed to engaging with potentially and actually affected rights holders, including our employees, supply chain workers, and the local communities in which we operate, in the development and management of our human rights approach'. [Human Rights Report 2019, 08/06/2020: pepsico.com]
A.1.5	Commitment to remedy	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> Met: Commits to remedy: The Company includes in the section 'Commitments and Next steps' in its Human Rights Report 2019: 'Providing Effective Grievance Mechanisms and Access to Remedy'. In addition it states: 'Our aim is to provide effective remedy where we have caused or contributed to those impacts and to use our leverage to encourage our suppliers and partners to provide remedy where we find impacts directly linked to our business operations, goods, or services.' [Human Rights Report 2019, 08/06/2020: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> Met: Collaborating with other remedy initiatives: The Company indicates that 'where appropriate, we will collaborate with organizations and other companies to help prevent, mitigate, and remedy adverse human rights impacts'. Also, the Company gives an example of collaboration with the US National Contact point in relation to a an instance submitted by the IUF (union) in relation to actions of the Company's subsidiary in India. [Human Rights Report 2019, 08/06/2020: pepsico.com & Disclosure in CHRB Platform - Updated PepsiCo response to IUF rejoinder, 06/2019: business-humanrights.org] Met: Work with AG suppliers to remedy impacts: The Company points out: 'Our aim is to provide effective remedy where we have caused or contributed to those impacts and to use our leverage to encourage our suppliers and partners to provide remedy where we find impacts directly linked to our business operations, goods, or services'. The Company provides examples of collaboration with suppliers to deal with remedy including through suppliers' and through an OECD national contact point. In the context of palm oil supply chain, the Company indicates (palm oil progress report) that it 'formalized a grievance mechanism for our agricultural supply chain to complement our existing program and processes to prevent, identify and manage environmental and social concerns throughout our value chain This allows third parties to raise concerns that our environmental and social goals and policies may not be upheld within our agricultural supply chain'. In relation to the concerns filed through this mechanism, the Company indicates that 'we have engaged our direct suppliers who source from the companies at the center of the complaint to: validate the allegations; demonstrate the importance we attach to addressing the concerns raised; understand corrective action steps already taken and planned in the future; and influence those actions and monitor progress towards completion and ultimately address' the Complaint'. [Human Rights Report 2019, 08/06/2020: pepsico.com & Disclosure in CHRB Platform - Updated PepsiCo response to IUF rejoinder, 06/2019: business-humanrights.org]

Embedding Respect and Human Rights Due Diligence

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.1.1	Responsibility and resources for day-to-day human rights functions	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Commits to ILO core conventions: See A.1.2 • Met: Senior responsibility for HR: The Company indicates in its Human Rights Report: 'In 2012, we appointed a Chief Human Rights Officer (CHRO) to be responsible for the day-to-day management of human rights at PepsiCo. The CHRO chairs our Human Rights Operating Council and leads our Human Rights Office in its management of our human rights program. Our CHRO also serves as Senior Vice President and Chief Counsel for Global Human Resources at PepsiCo, reporting directly to our Executive Vice President of Government Affairs, General Counsel and Corporate Secretary – a PEC member.' [Human Rights Report 2019, 08/06/2020: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Day-to-day responsibility: It also indicates: 'In 2012, we also established our Human Rights Operating Council (HROC) to advise and support our CHRO on actions to prevent, mitigate, and address potential human rights risks across our value chain. The HROC is comprised of senior corporate and sector representatives from core functions (e.g., Human Resources, Global Sustainability, Global Procurement, Global Operations, Legal, Public Policy, Risk Management, and Sales) as well as the heads of our human rights due diligence programs'. [Human Rights Report 2019, 08/06/2020: pepsico.com] • Met: Day-to-day responsibility for AG in supply chain: About its day to day responsibility in supply chain, the Company indicates: 'In 2017, we established a dedicated team that is responsible for driving our human rights approach, facilitating performance against our goals, and managing our salient human rights issues. The team, led by our CHRO, coordinates our HROC and works closely with the heads of our due diligence programs and other internal stakeholders (e.g., Human Resources, Global Sustainability, and Global Procurement) in the implementation of our strategy. PepsiCo's CHRO and Human Rights Director, who are tasked with delivering our human rights program and managing our salient issues, have clear annual performance targets that link their compensation with the performance of our program. This includes their responsibility for a wide range of human rights issues, including forced labor and vulnerable worker population.' In addition, the Company describes its Due Diligence Programs: 'We have established a due diligence process that assesses potential human rights impacts in our value chain, integrates its findings into our internal systems, tracks the effectiveness of our actions, and regularly communicates our progress.' [Human Rights Report 2019, 08/06/2020: pepsico.com]
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Identifying risks in own operations: The Company states that 'our initial focus has been [in 2017] 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). [Global Human rights & salient human rights statement, 06/2017: pepsico.com] • Met: Identifying risks in AG suppliers: In addition, the Company indicates in its Human Rights Report 2019: 'To help us prioritize our efforts, in 2017, our HROC (Human Rights Operating Council) conducted a detailed assessment to identify our salient human rights issues – those human rights at risk of the most severe negative impact through our company activities and business relationships. In partnership with Shift, a leading center of expertise on the UN Guiding Principles on Business and Human Rights, we started this process by first defining our focus as the most salient issues for rights holders in our value chain. We then mapped the potential impacts that our business activities might have on rights holders, which involved a detailed analysis of our business operations and supply chain, past assessment and audit findings, and input from external experts (e.g., industry groups, NGOs, and socially responsible investors)'. [Human Rights Report 2019, 08/06/2020: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Ongoing global risk identification: See above [Human Rights Report 2019, 08/06/2020: pepsico.com] • Met: In consultation with stakeholders: See above. Right holders, industry groups and NGOs. [Human Rights Report 2019, 08/06/2020: pepsico.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Met: In consultation with HR experts: See above, the Company worked in partnership with Shift. [Human rights website, N/A: pepsico.com] • Not met: Triggered by new circumstances • Not met: Explains use of HRIAs or ESIA (inc HR)
B.2.2	Assessing: Assessment of risks and impacts identified (salient risks and key industry risks)	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Salient risk assessment (and context): The Human rights statement indicates that the Company has different programs to assess adverse human rights impacts: The Global labour human rights program assesses potential human rights in the owned manufacturing sites, the Sustainable sourcing program, which in addition to conduct third-party auditing assesses risks and monitors suppliers, and the Sustainable Farming Program, which help assess direct growers, and identify potential non-compliances. Also, in its Human Rights Report 2019 (see indicator B.2.1): 'After identifying a list of potential impacts, we determined our salient issues by examining the relative severity and likelihood of each issue. Through this process, our HROC (Human Rights Operating Council) identified the salient issues for our value chain. These issues are discussed in detail in the "Salient Human Rights Issues" section of this report'. [Global Human rights & salient human rights statement, 06/2017: pepsico.com & Human Rights Report 2019, 08/06/2020: pepsico.com] • Met: Public disclosure of salient risks: The Company discloses the list of its salient human rights issues in its Human Rights Report 2019: Freedom of Association, Human Right to Water, Land Rights, Vulnerable Workers (Migrant Workers, Young Workers, Contract/Temporary Workers, and Women), Working Hours and Wages, Workplace Safety. [Human Rights Report 2019, 08/06/2020: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirements under score 1 met
B.2.3	Integrating and Acting: Integrating assessment findings internally and taking appropriate action	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Action Plans to mitigate risks: The Company indicates that integrates the things it learns 'into internal practices, training programs, and management systems to prevent adverse impacts in our direct operations'. This includes addressing problems through policies related to human rights and key issues. The Company indicates in its Human Rights Report 2019: 'We have established a due diligence process that assesses potential human rights impacts in our value chain, integrates its findings into our internal systems, tracks the effectiveness of our actions, and regularly communicates our progress.' The Company reports on its work in each of the salient human rights issues identified in its Report. [Human Rights Report 2019, 08/06/2020: pepsico.com & Global Human rights & salient human rights statement, 06/2017: pepsico.com] • Met: Including in AG supply chain: See above • Met: Example of Actions decided: The Company reports several examples of actions taken in order to face its salient human rights risks, for example with respect 'Vulnerable workers' it indicates: 'We are continuing to strengthen our policies and associated trainings to provide our employees and suppliers with additional guidance on how to prevent, identify, and respond to these impacts. [...] We revised our SCoC in 2018 to clarify and strengthen our expectations of our suppliers in several key areas, which included forced labor and migrant workers protections, land rights, and working hours. [...]. We are also actively engaged in a number of ongoing collaborative initiatives focused on addressing impacts commonly faced by vulnerable workers throughout our value chain. Most recently, PepsiCo joined the Leadership Group for Responsible Recruitment, a collaboration between leading companies and expert organizations to drive positive change in the way that migrant workers are recruited. [...] In addition to this work, we are continuing to deepen our understanding of the specific issues facing these groups, as well as the geographies, in our direct operations and supply chain that we should prioritize. In 2019, we enlisted Verisk Maplecroft, a global research firm and risk consultancy, to conduct a comprehensive risk assessment of our direct operations and 25 of our top agricultural raw materials and sourcing origins to better understand the supply chains and specific geographic regions where we should prioritize our efforts moving forward'. [Human Rights Report 2019, 08/06/2020: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirements under score 1 met: See above

Indicator Code	Indicator name	Score (out of 2)	Explanation
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: System to check if Actions are effective: In the Human rights statement it indicates that 'we track the effectiveness of our actions and influence to ensure human rights are respected in our value chain through our Global Labour Human rights assessment program, Sustainable sourcing program, Sustainable farming initiative, and through engagement with suppliers and business partners' (the same tools used for the assessment are used to track effectiveness). In addition, the Company indicates in its Human Rights Report 2019: 'We use insights from our due diligence programs, grievance mechanisms, and stakeholder feedback to monitor and track our human rights performance and continuously inform our approach.' It also states in its CSR 2018: 'Another key role of the Sustainability Office is managing the integrity of the data on which we report. [...] By accumulating year-over-year metrics, we can track progress, identify trends and activate course corrections if needed'. [Human Rights Report 2019, 08/06/2020: pepsico.com & Global Human rights & salient human rights statement, 06/2017: pepsico.com] • Met: Lessons learnt from checking effectiveness: The Company reports that 'we learned that we needed to enhance our SCoC Training to provide our suppliers with additional guidance on how to identify, prevent, and address impacts related to several of our salient issues, including recruitment fees, freedom of movement, and clear worker contracts. Our revised SCoC Training was launched in 2018, and we have continued to leverage learnings from our on-site audits, direct supplier engagements, and stakeholder feedback to strengthen and inform our approach'. [Human Rights Report 2019, 08/06/2020: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Both requirement under score 1 met
B.2.5	Communicating : Accounting for how human rights impacts are addressed	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Comms plan re identifying risks: See indicator B.2.1 • Met: Comms plan re assessing risks: See indicator B.2.2 • Met: Comms plan re action plans for risks: See indicator B.2.3 • Met: Comms plan re reviewing action plans: See indicator B.2.4 • Met: Including AG suppliers: All evidence referred to in indicators B.2.1 to B.2.4 includes suppliers. <p>Score 2</p> <ul style="list-style-type: none"> • Met: Responding to affected stakeholders concerns: The Company indicates that 'for example, in September 2016 the International Union of Food workers (IUF) alleged that the distribution of permanent employees and contract workers in our Lahore, Pakistan snacks plant was not compliant with local standards. An investigation by global and local PepsiCo leaders substantiated this claim. We met with the affected parties and continued open dialogue with IUF throughout the process, which resulted in us implementing corrective actions plans to address the root cause of the issue. We insourced more than 460 contract workers into permanent positions in our Lahore snacks plant to ensure compliance with local standards'. [Human Rights, N/A: pepsico.com] • Not met: Ensuring affected stakeholders can access communications: The Company has provided comments to CHRB regarding this indicator. However, evidence was not material.

Remedies and Grievance Mechanisms

Indicator Code	Indicator name	Score (out of 2)	Explanation
C.1	Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Channel accessible to all workers: As indicated in the Global Human Rights Policy: "PepsiCo encourages all employees to report violations of the Human Rights Policy through one of several channels available to them without fear of reprisal. Employees can contact: Their direct manager or next-level manager; Their Human Resources manager; The PepsiCo Law Department; Global Compliance and Ethics; Speak Up Hotline (available by phone or web)." "At PepsiCo, our Speak Up hotline provides associates, as well as consumers, business partners and others with a means to report potential violations of the PepsiCo Global Code of Conduct, our policies or applicable law." [Global Code of Conduct, 2019: pepsico.com & Speak Up website, N/A: secure.ethicspoint.com]

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Score 2</p> <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved: The Company reports: 'The total number of Speak Up reports and contacts received in 2019 was 7,042.' The company shows some graphs indicating the categories of Speak Up reports received in, the sources of the reports and whether these were made anonymously or self-identified. None of the categories mentioned explicitly include the Human Rights Complaints. Of the cases closed during 2019, approximately 33% were closed as "Substantiated or Partially Substantiated". However, it is not clear whether the figures are in relation to human rights complaints. [Speak Up usage 2019, 2020: pepsico.com & Speak Up website, N/A: secure.ethicspoint.com] • Met: Channel is available in all appropriate languages: There is a different Speak Up phone number for every country in which the company operates so it is accessible in any language spoken in the country the company is settled. [Speak Up Call list, 08/2019: pepsico.com] • Met: Opens own system to AG supplier workers: "Speak Up hotline provides associates, as well as consumers, business partners and others with a means to report potential violations of the PepsiCo Global Code of Conduct, our policies or applicable law" [Speak Up website, N/A: secure.ethicspoint.com]
C.2	Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Grievance mechanism for community: The Company states "At PepsiCo, our Speak Up hotline provides associates, as well as consumers, business partners and others with a means to report potential violations of the PepsiCo Global Code of Conduct, our policies or applicable law." [Speak Up website, N/A: secure.ethicspoint.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Describes accessibility and local languages: The Company states in its Human Rights Report 2019: 'Speak Up is accessible anywhere in the world with dedicated toll-free phone lines in over 60 countries and multiple languages and by web in 23 languages'. [Human Rights Report 2019, 08/06/2020: pepsico.com] • Met: Expects AG supplier to have community grievance systems: In its Global Supplier Code, the Company indicates: 'PepsiCo expects that suppliers have an effective Grievance Management system in place for grievances raised by workers within their operations or by third parties, which elevate potential violations to management in line with the UN Guiding Principles.' [Supplier Code of Conduct, 06/2018: pepsico.com]
C.7	Remedying adverse impacts and incorporating lessons learned	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Describes how remedy has been provided: The Company indicates that 'for example, in September 2016 the International Union of Food workers (IUF) alleged that the distribution of permanent employees and contract workers in our Lahore, Pakistan snacks plant was not compliant with local standards. An investigation by global and local PepsiCo leaders substantiated this claim. We met with the affected parties and continued open dialogue with IUF throughout the process, which resulted in us implementing corrective actions plans to address the root cause of the issue. We insourced more than 460 contract workers into permanent positions in our Lahore snacks plant to ensure compliance with local standards'. [Human Rights, N/A: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Changes introduced to stop repetition: The Company indicates in its Human Rights Report 2019: 'We regularly integrate learnings from our due diligence programs and stakeholder engagements into our internal processes and management systems. For example, in 2018, we leveraged learnings from our on-site audits, direct supplier engagements, and stakeholder feedback to strengthen our Supplier Code of Conduct Training to provide additional guidance around issues such as freedom of association. In addition to our due diligence programs that actively identify and remediate issues, we also have a variety of channels that employees, stakeholders, and other potentially affected individuals can use to raise grievances and seek remedy, such as our Speak Up Hotline and Agricultural Grievance Mechanism'. However, this indicator looks for evidence of how the Company takes specific changes to prevent specific non-compliances from repetition. [Human Rights Report 2019, 08/06/2020: pepsico.com] • Not met: Approach to learning from incident to prevent future impacts [Human Rights Report 2019, 08/06/2020: pepsico.com] • Not met: Evaluation of the channel/mechanism

Performance: Responses to Serious Allegations (Not included in the overall score)

Indicator Code	Indicator name	Score (out of 2)	Explanation
E(1).0	Serious allegation No 1		<ul style="list-style-type: none"> • Headline: Lawsuit accuses Mitr Phol of not compensating Cambodian farmers who still suffer from past violent disposessions • Area: Land Rights • Story: In April 2018, farmers from Cambodia filed a lawsuit on behalf of 3000 people, accusing Asia's largest sugar producer Mitr Phol, of grabbing their land and destroying their livelihoods. Mitr Phol supplies sugar to a number of major food brands, including PepsiCo. <p>The complaint accuses Mitr Phol of forcibly displacing the families in rural northwestern Cambodia between 2008 and 2009 to clear the way for an industrial sugarcane plantation – an agriculture project that ultimately failed, with Mitr Phol deciding to withdraw from its 3 plantations. No sugar from this area ever reached Pepsi.</p> <p>In all, Mitr Phol's subsidiaries, including Angkor Sugar Company, allegedly appropriated some 9,430 hectares of land and community-managed forests from 26 villages, leaving residents deeply impoverished to this day. The plaintiffs are two Cambodian citizens residing in Samrong District, in northwestern Cambodia. The plaintiffs represent a class of approximately 600 families who resided and cultivated arable land in the Samrong District villages of Bos, O'Bat Moan, Taman, Trapiang Veng and Ktum when Mitr Phol commenced activities to establish an industrial sugarcane plantation. It is alleged that throughout 2008-2009, the plaintiffs and group members were forced to give up their land for the Angkor Sugar Company concession. Affected households lost extensive rice fields, plantation/orchard land, and grazing land as well as the associated crops that sustained their livelihoods. Most affected households lost five hectares of rice fields on average. Annual market-related losses from rice crops averaged about \$1,000 per family. Compensation provided for these losses was generally a plot of inferior land that was much smaller than what they lost and often already owned by others. The gravest human rights violations allegedly occurred in O'Bat Moan village, which was entirely destroyed to make way for the defendant's plantation. In April 2008, 154 homes in the village were allegedly demolished by company staff under the guidance of local authorities. Further evictions allegedly occurred in October 2009, when around 100 homes were burned to the ground by approximately 150 police, military police and hired demolition workers.</p> <ul style="list-style-type: none"> • Sources: [Inclusive Development International - 05/09/2018: inclusivedevelopment.net #][Inclusive Development International - March 2019: inclusivedevelopment.net][Action Aid, May 2015: cambodia.actionaid.org][Reuters - 02/04/2018: reuters.com]
E(1).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: The company has provided a statement on the CHRB disclosure platform, where it denies sourcing any sugar cane from Mitr Phol in Cambodia. "While we are named in the Inclusive Development International (IDI) complaint against Mitr Phol, PepsiCo does not and has not sourced cane sugar from Mitr Phol in Cambodia. PepsiCo does not currently source from Mitr Phol and, when we did, we sourced cane sugar that was produced in Thailand for domestic consumption. We have engaged directly with IDI and informed them of this situation. Nonetheless, we are concerned by the allegations. We have and will continue to monitor developments in the complaint through Bonsucro's Complaints Resolution Process". [PepsiCo latest statement on IUF, 20/06/2019: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Response goes into detail: The company's response doesn't provide sufficient detail to receive a score for this indicator. [PepsiCo latest statement on IUF, 20/06/2019: business-humanrights.org]
E(1).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: The company says "PepsiCo is committed to doing business the right way and has a zero tolerance for illegal activities in our supply chain and land displacements of any legitimate land tenure holders which are contrary to the International Finance Corporation (IFC) Performance standards." [PepsiCo Land Policy, 18/03/2014: pepsico.com] • Met: Policies apply to the type of business relationships involved: The company in its 'Global Supplier Code of Conduct' outlines as one of its requirements that suppliers and affiliates must "Ensure that all land acquisitions (including leasing and utilization) meet International Finance

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>Corporation (IFC) Performance Standards, including Free, Prior and Informed Consent". [Global Supplier Code, 06/2018]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Met: Policies address the specific rights in question: The company in its 'Commitments related to Land Rights on Palm Oil, Cane Sugar and Coconut Water' says "In 2014 we committed to implementing a third-party audit program on our sugar supply chain in Brazil and Thailand...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." [Commitments related to Land Rights on Palm Oil, Cane Sugar and Coconut Water, 01/2018]
E(1).3	The Company has taken appropriate action	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Denies allegations, but has engaged affected stakeholders: In its statement to the CHRB disclosure platform, PepsiCo says that "PepsiCo does not currently source from Mitr Phol and, when we did, we sourced cane sugar that was produced in Thailand for domestic consumption. We have engaged directly with IDI and informed them of this situation. Nonetheless, we are concerned by the allegations." [Response to Mitr Phol allegation, June 2019: media.business-humanrights.org] • Met: Denies allegations, but reviewed systems to prevent such impacts: In PepsiCo's 'Commitments related to Land Rights on Palm Oil, Cane Sugar and Coconut Water' the company says "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". [Commitments related to Land Rights on Palm Oil, Cane Sugar and Coconut Water, 01/2018] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Denies allegations, but implements review recommendations: While the company says it is supporting an independent assessment of Thailand's Sugar Cane producers, there is no publicly available evidence that the company has implemented any of the recommendations made from the review. [Commitments related to Land Rights on Palm Oil, Cane Sugar and Coconut Water, 01/2018] • Not met: Denies allegations, and ensures systems prevent such impacts: There is no publicly available evidence that the company has ensured its systems will prevent future issues of land grabbing arising due to its relationships with suppliers.
E(2).0	Serious allegation No 2		<ul style="list-style-type: none"> • Headline: A palm oil giant has been sanctioned over forced labor and trafficking workers • Area: Child Labour & Forced Labor • Story: 28 November 2018, The Roundtable on Sustainable Palm Oil (RSPO) announced that it would suspend the membership of agricultural company Felda Global Ventures (FGV) Holdings Berhad, following unsatisfactory findings by the RSPO's Complaints panel, which included breaches related to conditions of forced labour including deductions of workers salaries, charging of excessive recruitment fees, and restriction of movement from the plantations. An article by Quartz notes that the company supplied a number of brands with Palm Oil, including Hershey's, Unilever, PepsiCo & Nestle. In response to the decision, FGV announced that, as a result of the sanctions, it had frozen all new recruitment of workers from external contractors across its operations, with immediate effect, and planned to revise workers' benefits. It also intends to absorb the costs of "basic necessities," including workers' food, rather than deducting them from pay. A spokesperson for Hershey's said it "immediately" began an investigation after learning of the RSPO sanction and that "Failing any progress or acceptable remediation solutions, we will not hesitate to take the adequate measures such as suspension or removal of a mill or producer from our supply chain,". A spokesperson for PepsiCo called RSPO's findings "deeply concerning" and said in a statement emailed to Supply Chain Dive that, "We have activated our grievance process and are in contact with our direct suppliers in relation to the RSPO decision." Unilever told Supply Chain Dive that, as of January 2018, it had suspended its contract with the supplier. In a subsequent review on 13 January 2020 (following the lifting of FGV's suspension in 2019), RSPO found the results of verification reports by FGV Holdings unsatisfactory, noting a number of non-compliances remained. The suspension of FGV Holdings was re-imposed subsequently by RSPO.

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<ul style="list-style-type: none"> • Sources: [Quartz - 29/11/2018: qz.com][BHRRRC - 24/06/2019: business-humanrights.org][Supply Chain Dive - 04/12/2018: supplychaindive.com][Grant & Eisenhofer - 24/06/2019: gelaw.com]
E(2).1	The Company has responded publicly to the allegation	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: A spokesperson for PepsiCo called RSPO's findings "deeply concerning" in a statement emailed to Supply Chain Dive. "We have activated our grievance process and are in contact with our direct suppliers in relation to the RSPO decision." [PepsiCo response to RSPO findings on FGV Mills, 04/12/2018: supplychaindive.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Response goes into detail: The company's response does not provide sufficient detail. [PepsiCo response to RSPO findings on FGV Mills, 04/12/2018: supplychaindive.com]
E(2).2	The Company has appropriate policies in place	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: The company's human rights policy stating "PepsiCo prohibits the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, slave labor and any form of human trafficking." Additionally the company's Code of Conduct prohibits all forms of forced and compulsory labor and child labor. [Global Human rights & salient human rights statement, 06/2017: pepsico.com & Global Supplier Code, 06/2018] • Met: Policies apply to the type of business relationships involved: The company's Supplier Code of Conduct states "All suppliers, vendors, contractors, consultants, agents and other providers of goods and services who do business with or on behalf of PepsiCo ("suppliers") are expected to follow the Supplier Code and all other relevant policies as a condition of doing business with PepsiCo and its affiliates. Suppliers are also expected to communicate and apply the Supplier Code and relevant policies throughout their supply chain." [Global Supplier Code, 06/2018] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Policies address the specific rights in question: The company's Supplier Code of Conduct prohibits debt bondage and restriction of movement, stating "maintain and promote fundamental human rights including freedom of movement of workers...Employment contracts must clearly state the terms of employment and must not restrict worker movement through the retention of identity papers, holding of deposits, or other actions aimed to prevent worker termination of their employment. In addition, workers must not be required to pay recruitment or other similar fees to obtain or retain their employment and suppliers shall ensure that any third-party recruitment agencies comply with these principles." [Global Supplier Code, 06/2018]
E(2).3	The Company has taken appropriate action	0.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Engages with affected stakeholders: In a statement PepsiCo says "We have activated our grievance process and are in contact with our direct suppliers in relation to the RSPO decision." However there is no further evidence of how PepsiCo has engaged with the affected stakeholders. [PepsiCo response to RSPO findings on FGV Mills, 04/12/2018: supplychaindive.com & RSPO Letter to FGV Holdings, 13/01/2020] • Not met: Encourages linked business to engage affected stakeholders: In a statement PepsiCo says "We have activated our grievance process and are in contact with our direct suppliers in relation to the RSPO decision." However there is no further evidence of how PepsiCo has encouraged its linked business (FGV Holdings), to engage with the affected stakeholders involved. In response to the RSPO decision, FGV announced that, as a result of the sanctions, it had frozen all new recruitment of workers from external contractors across its operations, with immediate effect, and planned to revise workers' benefits. It also intends to absorb the costs of "basic necessities," including workers' food, rather than deducting them from pay [PepsiCo response to RSPO findings on FGV Mills, 04/12/2018: supplychaindive.com & RSPO Letter to FGV Holdings, 13/01/2020] • Not met: Provides remedies to affected stakeholders: In a statement PepsiCo says "We have activated our grievance process...". In response to the RSPO decision, FGV announced that, as a result of the sanctions, it had frozen all new recruitment of workers from external contractors across its operations, with immediate effect, and planned to revise workers' benefits. It also intends to absorb the costs of "basic necessities," including workers' food, rather than deducting them from pay. However there is no further evidence of whether

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>remedy has been provided to the affected stakeholders by either FGV Holdings or PepsiCo. [PepsiCo response to RSPO findings on FGV Mills, 04/12/2018: supplychaindive.com & RSPO Letter to FGV Holdings, 13/01/2020]</p> <ul style="list-style-type: none"> • Met: Has reviewed management systems to prevent recurrence: In a statement the PepsiCo says "We have activated our grievance process and are in contact with our direct suppliers in relation to the RSPO decision." In response to the RSPO decision, FGV announced that, as a result of the sanctions, it had frozen all new recruitment of workers from external contractors across its operations, with immediate effect, and planned to revise workers' benefits. It also intends to absorb the costs of "basic necessities," including workers' food, rather than deducting them from pay. [PepsiCo response to RSPO findings on FGV Mills, 04/12/2018: supplychaindive.com & RSPO Letter to FGV Holdings, 13/01/2020] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims: There is no evidence of PepsiCo or FGV Holding's providing remedy to the affected stakeholders, nor that the remedy is considered satisfactory. [PepsiCo response to RSPO findings on FGV Mills, 04/12/2018: supplychaindive.com & RSPO Letter to FGV Holdings, 13/01/2020] • Not met: Has improved systems and engaged affected stakeholders: In its statement PepsiCo says "We have activated our grievance process and are in contact with our direct suppliers in relation to the RSPO decision." In response to the RSPO decision, FGV announced that, as a result of the sanctions, it had frozen all new recruitment of workers from external contractors across its operations, with immediate effect, and planned to revise workers' benefits. It also intends to absorb the costs of "basic necessities," including workers' food, rather than deducting them from pay. However in a subsequent review on 13 January 2020 (following the lifting of FGV's suspension in 2019), RSPO found the results of verification reports by FGV Holdings unsatisfactory, noting a number of non-compliances remained. The suspension of FGV Holdings was re-imposed subsequently by RSPO as a result of its failure to improve its systems [PepsiCo response to RSPO findings on FGV Mills, 04/12/2018: supplychaindive.com & RSPO Letter to FGV Holdings, 13/01/2020]
E(3).0	Serious allegation No 3		<ul style="list-style-type: none"> • Headline: PepsiCo's joint venture partner Indofood accused of child labour and worker exploitation in Indonesia • Area: Forced and child labour • Story: Three NGOs - the Rainforest Action Network (RAN), International Labor Rights Forum (ILRF), and Indonesian labour rights advocacy organization OPPUK - have alleged labour and human rights violations by Indofood, which is a major partner of PepsiCo. The NGOs lodged a formal complaint with the Roundtable on Sustainable Palm Oil (RSPO) on 11 October, 2016, calling for the suspension of two of Indofood's palm oil plantation subsidiaries from the RSPO (PT. PP London Sumatra Indonesia Tbk. (Lonsum) and PT. Salim Ivomas Pratama Tbk. (Salim Ivomas)). <p>The case, which is ongoing in front of the RSPO Complaints Panel, led to the suspension of the certification body SAI Global Indonesia from the RSPO (December 2016) and follows the publication of a report by the three NGOs entitled 'The Human Cost of Conflict Palm Oil: Indofood, PepsiCo's Hidden Link to Worker Exploitation in Indonesia'. The report, released in June 2016, documented cases of child labour and worker exploitation at Indofood operations in North Sumatra, Indonesia. According to the report, Indofood categorized long-time workers as temporary and placed them at heightened risk through precarious employment practices; paid its workers unethically low wages, while in some cases they were not paid at all; employed children to work on Indofood plantations and paid them very low wages or none at all; did not provide adequate health and safety protection for workers, and exposed casual maintenance workers to highly hazardous pesticides; and undermined the freedom of association of workers by intimidating those who attempted to engage with an independent union.</p> <p>The NGOs have long-criticised PepsiCo and Indofood's policies on the matter. In September 2015, PepsiCo adopted a sustainability policy that aims to halt the destruction of rainforests and peatlands, and end the ongoing violation of human and workers' rights in its global palm oil supply chain. This policy outlines strict standards for PepsiCo's direct suppliers, but it allegedly does not set the same requirements for PepsiCo's joint venture partner Indofood, who is reportedly the sole maker of PepsiCo products in Indonesia. According to the organisation, this means that the palm oil used in PepsiCo's products in Indonesia is not mandated to meet the requirements of no deforestation, no expansion on carbon-rich</p>

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>peatlands, and no violation of human or workers' rights as outlined in PepsiCo's latest policy. In 2017, IndoAgri, a subsidiary of Indofood, released a new Sustainable Palm Oil Policy, but this was criticised by the three NGOs for failing to adequately address abuses of workers at IndoAgri's operations. The NGOs stated that PepsiCo had not taken any measures to address these issues.</p> <ul style="list-style-type: none"> • Sources: [RSP, accessed 05/04/2017: askrspo.force.com][Rainforest Action Network: ran.org][Company website, January 2018: pepsico.com]
E(3).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: See below [Statement on Indofood: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Response goes into detail: The Company has provided a detailed response through a press release in which it stated 'IndoAgri is not a direct supplier to PepsiCo, but they supply palm oil to international traders which then sell to PepsiCo. The company is also a subsidiary of Indofood, a food manufacturer, and PepsiCo has a joint venture with Indofood to make some of our products in Indonesia'. It also detailed having filed the complaints through its grievance mechanisms and the actions it took to date. It added it has 'sought to use (its) leverage to promote resolution of the complaint in a way that prioritizes outcomes for the workers and communities that might be affected'. [Statement on Indofood: pepsico.com]
E(3).2	The Company has appropriate policies in place	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: The Company's code of conduct clearly states that 'PepsiCo recognizes the importance of maintaining and promoting fundamental human rights in our operations and supply chain, and we are committed to respecting the rights of workers throughout our value chain'. This includes prohibiting child labour. [Global Code of Conduct, 2019: pepsico.com] • Met: Policies apply to the type of business relationships involved: The Company's code of conduct clearly states that 'PepsiCo recognizes the importance of maintaining and promoting fundamental human rights in our operations and supply chain, and we are committed to respecting the rights of workers throughout our value chain'. This includes prohibiting child labour. [Global Code of Conduct, 2019: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Policies address the specific rights in question: The company states that 'employment contracts must clearly state the terms of employment and must not restrict worker movement through the retention of identity papers, holding of deposits, or other actions aimed to prevent worker termination of their employment. However, no evidence found for verifying the age of job applicants and workers and remediation programmes in the Company's contractual arrangements with its suppliers or supplier code of conduct. [Supplier Code of Conduct, 06/2018: pepsico.com]
E(3).3	The Company has taken appropriate action	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Engages with affected stakeholders: The Company has engaged with the complainants (RSPO and RAN) and Pepsi also engaged with the Indonesian labour rights organisation, OPPUK. It also added in 2020 the following comment: PepsiCo will visit Indonesia and meet with stakeholders to learn more about labor issues in the palm oil industry and promote collaborative action by industry, government, civil society, independent unions and workers to address them through regional and national multi-stakeholder engagement. PepsiCo requires our suppliers to be members of the RSPO' [Sourcing of palm oil from Indonesia, 2018: pepsico.com] • Met: Encourages linked business to engage affected stakeholders: Pepsi encouraged and used its influence on IndoAgri to comply with RSPOs decisions and expressed disappointment following its refusal. [Sourcing of palm oil from Indonesia, 2018: pepsico.com] • Not met: Provides remedies to affected stakeholders • Met: Has reviewed management systems to prevent recurrence: The Company has re-iterated that the supplier is an indirect one and outlined the actions it took with regards to this complaint': engaging with RSPO, support the complaint process, 'engaging with the complainants', engaging with the IndoAgri, engaging with direct supplier which as sourcing from IndoAgri, 'ending the sourcing of IndoAgri palm oil to our Joint Venture with Indofood' in January 2017. In the January 2018 document, the Company has indicated that it advised IndoAgri and IndoFoods on their palm oil policy and program: 'We have benchmarked their

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>palm oil sustainability policy and program and provided recommendations for improvements, including reference to the UN Guiding Principles on Business and Human Rights, ILO conventions, and commitment to adopting the outcome of the High Carbon Stock convergence process. IndoAgri updated and strengthened its policy in February 2017'. [Statement on Indofood: pepsico.com]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims • Met: Has improved systems and engaged affected stakeholders: See above [Statement on Indofood: pepsico.com]
E(4).0	Serious allegation No 4		<ul style="list-style-type: none"> • Headline: PepsiCo accused by IUF of violation of fundamental labour rights and anti-union activity in Pakistan, Guatemala and India • Area: FoA & CB • Story: PepsiCo has been accused of violations of fundamental human rights, including freedom of association and collective bargaining, at its own as well as supplier operations. According to an IUF press release, in July 2016 PepsiCo management at the Frito-Lay plant in Lahore, Pakistan harassed and transferred union officers following the formation of an officially registered 650-member trade union. The IUF release alleges that PepsiCo created a bogus union. Union officers have reportedly been targeted for disciplinary procedures on false charges and the union president has been transferred out of the plant to prevent contact with members. Union members were reportedly pressured by management to leave the union. • Sources: [Business & Human Rights Resource Centre - 08/12/2016: business-humanrights.org][IUF Website - 01/02/2017: iuf.org]
E(4).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: The company provides an updated and detailed response to the allegations made by IUF, outlining the complaints made by IUF in Pakistan, Guatemala and India, and putting forward PepsiCo's position on the matter, including action that was taken to investigate the allegations and to resolve the matter. [PepsiCo latest statement on IUF, 20/06/2019: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Response goes into detail: The company provides an updated and detailed response to the allegations made by IUF, outlining the complaints made by IUF in Pakistan, Guatemala and India, and putting forward PepsiCo's position on the matter, including action that was taken to investigate the allegations and to resolve the matter. [PepsiCo latest statement on IUF, 20/06/2019: business-humanrights.org]
E(4).2	The Company has appropriate policies in place	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: PepsiCo's global supplier code of conduct contains a commitment to all ILO core standards. Regarding freedom of association and collective bargaining, the company commitment is as follows: "Respect employees' right to freedom of association and collective bargaining, consistent with local laws. Consistent with applicable law, PepsiCo suppliers shall respect employees' rights to join or refrain from joining association and worker organizations." Additionally, the company's own global human rights policy includes a commitment to each ILO core element. In relation to freedom of association and collective bargaining, the policy states that "PepsiCo respects our employees' right to join, form or not to join a labour union without fear of reprisal, intimidation, or harassment. Where employees are represented by a legally recognized union, we are committed to establishing a constructive dialogue with their freely chosen representatives. PepsiCo is committed to bargaining in good faith with such representatives." [Global Human rights & salient human rights statement, 06/2017: pepsico.com] • Met: Policies apply to the type of business relationships involved: PepsiCo's policies on freedom of association and collective bargaining apply to employees and suppliers. [Global Human rights & salient human rights statement, 06/2017: pepsico.com & Global Human Rights Policy, N/A: pepsico.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Policies address the specific rights in question: Its Human Rights Workplace Policy (Global Human Rights Policy) which states that 'PepsiCo respects our employees' right to join, form or not to join a labor union without fear of reprisal, intimidation, or harassment'. However, no evidence found of a clear commitment in relation to respecting the right to collective bargaining (including the provision of equivalent worker bodies in places where these rights

Indicator Code	Indicator name	Score (out of 2)	Explanation
			are restricted under local laws). [Supplier Code of Conduct, 06/2018: pepsico.com & Global Human Rights Policy, N/A: pepsico.com]
E(4).3	The Company has taken appropriate action	1.5	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Engages with affected stakeholders: In its response, PepsiCo outlines the engagement and dialogue that was undertaken with IUF in each country. In the case of India the company says "In March 2017, PepsiCo's Vice President of Global Labor Relations and Vice President of Employment Law travelled to India and met with the 28 workers, interviewing each of them individually". In Guatemala the company says "Upon the expiration of the collective bargaining agreement with the long-established union, the IUF-affiliated union secured legal majority status. PepsiCo management and the IUF-affiliated union subsequently reached agreement on the terms of a new collective bargaining agreement." In Pakistan the company says "PepsiCo leaders met with the affected parties and continued open dialogue with IUF throughout the process and insourced more than 460 contract workers into permanent positions in the plant to ensure compliance with local standards. Local PepsiCo leaders continue to have very positive dialogue with the local IUF leader in Pakistan". [PepsiCo latest statement on IUF, 20/06/2019: business-humanrights.org] • Met: Encourages linked business to engage affected stakeholders: In the case of India, which involved a dispute between the union(IUF) and a local warehouse contractor (RKFL), the company says following its investigations "PepsiCo continued to engage with IUF and RKFL to seek a resolution to the complaint. In the fall of 2017, PepsiCo facilitated a mutually-agreeable resolution of the dispute between RKFL and IUF". [PepsiCo latest statement on IUF, 20/06/2019: business-humanrights.org] • Met: Provides remedies to affected stakeholders: In situations of India and Guatemala the company says a mutually agreeable resolution or collective bargaining agreement was reached with the union. In the case of Pakistan the company says, "IUF alleged that the distribution of permanent employees and contract workers in our Lahore, Pakistan snacks plant was not compliant with local standards. An investigation by global and local PepsiCo leaders substantiated this claim. PepsiCo leaders met with the affected parties and continued open dialogue with IUF throughout the process and insourced more than 460 contract workers into permanent positions in the plant to ensure compliance with local standards. Local PepsiCo leaders continue to have very positive dialogue with the local IUF leader in Pakistan." [PepsiCo latest statement on IUF, 20/06/2019: business-humanrights.org] • Not met: Has reviewed management systems to prevent recurrence: While the company has provided a detailed response as to how it dealt with the three complaints from IUF, there is not evidence that PepsiCo has reviewed management systems to prevent future recurrence. [PepsiCo latest statement on IUF, 20/06/2019: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Remedies are satisfactory to the victims: In each of the situations in India, Guatemala and Pakistan, PepsiCo says that it reached a resolution which was accepted by the IUF and its affiliated unions, in addition the company says it insourced more than 460 contract workers into permanent positions to ensure compliance with local standards, this is sufficient evidence that remedy can be considered satisfactory. [PepsiCo latest statement on IUF, 20/06/2019: business-humanrights.org] • Not met: Has improved systems and engaged affected stakeholders: While PepsiCo has provided evidence of engaging with the stakeholders involved in each of the allegations in question, the statement provided doesn't provide sufficient evidence that the company has improved its systems in wake of the allegations to prevent recurrence in the future. [PepsiCo latest statement on IUF, 20/06/2019: business-humanrights.org]
E(5).0	Serious allegation No 5		<ul style="list-style-type: none"> • Headline: SodaStream sued for disruption of labour union. • Area: CoA and also use of security force • Story: 16 June 2017, Press sources revealed that the Histadrut (General Federation of Labor in Israel) filed a ILS 15 million (USD 4.1 million) lawsuit against SodaStream. According to the lawsuit, the Company harassed workers who tried to unionise. According to worker testimonies, one employee, whose wife is a West Bank resident and whose children have severe medical problems, was promised by an Israeli security guard at the Company to arrange for his wife to receive entry permits, or to enter Israel without papers if the employee helped the security guard work against the union. The employee was asked to report the activity of Histadrut members, such as when they sign another employee to the union, or

Indicator Code	Indicator name	Score (out of 2)	Explanation
			<p>when union members are sleeping during their shift. In addition, Bedouin female workers reported that their husbands had been approached by managers at plants to deter their wives from going on strike.</p> <p>In response to the allegation SodaStream said "This is a desperate and absurd claim that must be dismissed. It's only right that the details of the case be heard in court and not in the media. The Histadrut got a red card from SodaStream's workers, the majority of whom, some 700 people, filed paperwork to cancel their membership in the Histadrut because of the aggressiveness and incitement to violence utilized by its representatives, first and foremost Negev Region chairman Meir Baviof, against whom a civil suit for NIS 7.6 million was filed. Now the Histadrut is trying, with exaggerated claims, to make itself more valuable again, and instead of admitting that SodaStream employees are not interested in their services, it is trying to force itself upon the workers in any way possible. The SodaStream management is not party to the unionization process or to the mass exodus from it, and it is committed to maintaining a safe work environment in every possible way." SodaStream's parent company, PepsiCo, has not commented on the allegations.</p> <p>• Sources: [+972 Magazine - 17/06/2017: 972mag.com][Workers Liberty - 21/06/2017: workersliberty.org][Davar 1 - 16/06/2017: davar1.co.il][</p>
E(5).1	The Company has responded publicly to the allegation	2	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: SodaStream, a wholly owned subsidiary of PepsiCo, provides a public response to the allegations. [SodaStream response to Histadrut allegations, 17/06/2017: 972mag.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Response goes into detail: The response by SodaStream, a wholly owned subsidiary of PepsiCo, provides sufficient detail. "This is a desperate and absurd claim that must be dismissed. It's only right that the details of the case be heard in court and not in the media. The Histadrut got a red card from SodaStream's workers, the majority of whom, some 700 people, filed paperwork to cancel their membership in the Histadrut because of the aggressiveness and incitement to violence utilized by its representatives, first and foremost Negev Region chairman Meir Baviof, against whom a civil suit for NIS 7.6 million was filed. Now the Histadrut is trying, with exaggerated claims, to make itself more valuable again, and instead of admitting that SodaStream employees are not interested in their services, it is trying to force itself upon the workers in any way possible. The SodaStream management is not party to the unionization process or to the mass exodus from it, and it is committed to maintaining a safe work environment in every possible way." [SodaStream response to Histadrut allegations, 17/06/2017: 972mag.com]
E(5).2	The Company has appropriate policies in place	1	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Company policies address the general issues raised: The SodaStream Code of Conduct states "We recognize the importance of maintaining and promoting fundamental human rights in our operations and supply chain, and we are committed to respecting the rights of workers throughout our value chain. Our Code and business policies work together to support the principles contained in the International Bill of Human Rights and International Labor Organization Declaration on Fundamental Principles and Rights at Work. We operate programs and policies that:...Recognize employees' right to freedom of association and collective bargaining" [SodaStream Code of Conduct, N/A: corp.sodastream.com] • Met: Policies apply to the type of business relationships involved: The SodaStream Code of Conduct states "Our Code governs all our decisions and actions, whether in our offices, plants or warehouses, in the boardroom or in the trade selling our products to customers. Our Code applies to: All our employees around the world (including employees of our subsidiaries) Members of our Board of Directors when they act in their capacity as directors Joint ventures (if any) over which we have management control, and to every employee, officer and director of such joint ventures The ultimate responsibility for following the Code and for maintaining our culture of ethical excellence rests with each one of us individually." [SodaStream Code of Conduct, N/A: corp.sodastream.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Policies address the specific rights in question: Tts Human Rights Workplace Policy (Global Human Rights Policy) states that "PepsiCo respects our employees' right to join, form or not to join a labor union without fear of reprisal, intimidation, or harassment". However, no evidence found of a clear commitment in relation to respecting the right to collective bargaining (including the provision

Indicator Code	Indicator name	Score (out of 2)	Explanation
			of equivalent worker bodies in places where these rights are restricted under local laws). [Sodastream Code of Conduct, N/A: corp.sodastream.com & Global Human Rights Policy, N/A: pepsico.com]
E(5).3	The Company has taken appropriate action	0	<p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Denies allegations, but has engaged affected stakeholders: Sodastream denies the allegations against them, however there is no evidence that PepsiCo or its subsidiary Sodastream have engaged with the affected stakeholders or union representatives involved in the allegation. [Sodastream response to Histadrut allegations, 17/06/2017: 972mag.com] • Not met: Denies allegations, but reviewed systems to prevent such impacts: Sodastream denies the allegations against them, however there is no evidence that PepsiCo or its subsidiary Sodastream have reviewed their systems to prevent such allegations occurring in the future. [Sodastream response to Histadrut allegations, 17/06/2017: 972mag.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Denies allegations, but implements review recommendations: Sodastream denies the allegations against them, however there is no evidence that PepsiCo or its subsidiary Sodastream have reviewed their systems or implemented changes to prevent such allegations occurring in the future. [Sodastream response to Histadrut allegations, 17/06/2017: 972mag.com] • Not met: Denies allegations, and ensures systems prevent such impacts: Sodastream denies the allegations against them, however there is no evidence that PepsiCo or its subsidiary Sodastream have reviewed their systems or implemented changes to prevent such allegations occurring in the future. [Sodastream response to Histadrut allegations, 17/06/2017: 972mag.com]

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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also captures only a snap shot in time. We therefore want to encourage companies, investors, civil society and governments to look at the broad performance bands that companies are ranked within rather than their precise score because, as with all measurements, there is a reasonably wide margin of error possible in interpretation. We also want to encourage a greater analytical focus on how scores improve over time rather than upon how a company compares to other companies in the same industry today. The spirit of the exercise is to promote continual improvement via an open assessment process and a common understanding of the importance of the UN Guiding Principles on Business and Human Rights.

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