



# MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT 2021



**PEPSICO**

# Introduction

At PepsiCo, we believe acting ethically and responsibly is not only the right thing to do but also the right thing to do for our business. This principle underpins the PepsiCo Way, seven leadership behaviors that define our shared culture, and our belief that success can only be achieved when everyone is treated with dignity and respect.

Modern slavery remains one of the most severe global human rights challenges facing our society. Over 40 million people are currently estimated to be trapped in modern slavery worldwide, and approximately 16 million of those people are being exploited through forced labor in the private sector. Human rights abuses of any kind are unacceptable, and as one of the world's leading convenient food and beverage companies, we have a clear responsibility to respect human rights throughout our business and broader value chain.

This statement builds on our previous disclosures and outlines the steps we have taken to prevent, identify, and address modern slavery risks across our business and supply chain. This statement covers PepsiCo, Inc. and its subsidiaries, including the identified reporting entities.<sup>1</sup> In developing this statement, our Human Rights Office has engaged with the appropriate representatives from each reporting entity to ensure consistency in our policies and standards, due diligence programs, and approach to mitigating modern slavery risks across our shared value chain. This statement serves as our disclosure for the fiscal year ending December 25, 2021.

“While we are proud of what we have accomplished to date, we recognize that it is merely a signpost along our journey. We know there is still much work ahead of us to ensure that human rights are fully respected throughout our value chain, and we are committed to regularly reporting our progress and bringing greater transparency to our work.”



*Michele R. Thatcher*

**Michele Thatcher**  
Chief Human Rights Officer  
& SVP, Chief Counsel Global Human Resources  
PepsiCo, Inc.

<sup>1</sup> This statement addresses the 2010 California Transparency in Supply Chains Act, UK Modern Slavery Act 2015, and the Australian Modern Slavery Act 2018 (Commonwealth). Reporting entities under the Australian Modern Slavery Act 2018 include The Smith's Snackfood Company Pty Limited and its holding company PepsiCo ANZ Holdings Pty Ltd. Reporting entities under the UK Modern Slavery Act 2015 include PepsiCo International Limited, Walkers Snacks Limited, Walkers Snack Foods Limited, and Walkers Snacks (Distribution) Limited.

## CONTENTS

INTRODUCTION.....	1
STRUCTURE, BUSINESS, & SUPPLY CHAIN.....	2
HUMAN RIGHTS APPROACH.....	3
GOVERNANCE & POLICY FRAMEWORK... ..	4
TRAINING & CAPACITY BUILDING.....	6
RISK ASSESSMENT & PRIORITIZATION... ..	7
HUMAN RIGHTS DUE DILIGENCE.....	9
STAKEHOLDER ENGAGEMENT & COLLABORATIVE ACTION.....	11
GRIEVANCE PROCESS & ACCESS TO REMEDY.....	12
PROGRESS & NEXT STEPS.....	13
APPENDIX.....	14

# Structure, Business, & Supply Chain

PepsiCo is one of the world's leading convenient food and beverage companies. Our products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. We generated more than \$79 billion in net revenue in 2021, driven by a complementary beverages and convenient foods portfolio that includes Lay's, Doritos, Cheetos, Gatorade, Pepsi-Cola, Mountain Dew, Quaker, and SodaStream. Our product portfolio includes a wide range of enjoyable foods and beverages, including many iconic brands that generate more than \$1 billion each in estimated annual retail sales.

Our company is made up of seven divisions: Frito-Lay North America (FLNA); Quaker Foods North America (QFNA); PepsiCo Beverages North America (PBNA); Latin America (LatAm); Europe; Africa, Middle East and South Asia (AMESA); and Asia Pacific, Australia and New Zealand and China Region (APAC). We employ approximately 309,000 people worldwide, including approximately 129,000 people within the United States. Through our operations, authorized bottlers, contract manufacturers and other third parties, we make, market, distribute, and sell a wide variety of beverages and convenient foods, serving customers and consumers in more than 200 countries and territories with our largest operations in the United States, Mexico, Russia, Canada, China, the United Kingdom, and South Africa.

Our products depend on a safe, high-quality, and affordable supply of materials to meet the demands of our business as well as the expectations of our consumers, customers, and other stakeholders. We leverage relationships with thousands of direct suppliers, source more than 25 crops across 60 countries, and support over 100,000 jobs throughout our agricultural supply chain. We use this global scale to drive progress toward more sustainable agricultural standards and practices around the world.

For more information on our business and supply chain, please see our latest [Annual Report](#).



## PEPSICO UNITED KINGDOM

PepsiCo United Kingdom employs more than 4,500 people across 10 sites, including our Quaker Oats mill in Cupar and our Walkers crisp factory in Leicester – the largest crisp factory in the world.

Our portfolio includes global brands such as Pepsi MAX, Gatorade, and Doritos, as well as some of the nation's best-loved snack brands like Walkers – the nation's favorite crisps.

We partner with more than 300 farmers across the UK to locally source the highest quality ingredients for our products, including potatoes and oats.



## PEPSICO AUSTRALIA & NEW ZEALAND

PepsiCo Australia and New Zealand employs more than 1,500 people across our three business divisions (i.e., The Smith's Snack Food Company, Bluebird Foods, and PepsiCo Beverages Australia and New Zealand).

Our portfolio includes global brands such as Pepsi MAX, Gatorade, and Doritos, as well as home-grown favorites like Smith's and Red Rock Deli potato chips and Twisties.

We partner with more than 100 suppliers to source the highest quality ingredients for our products.

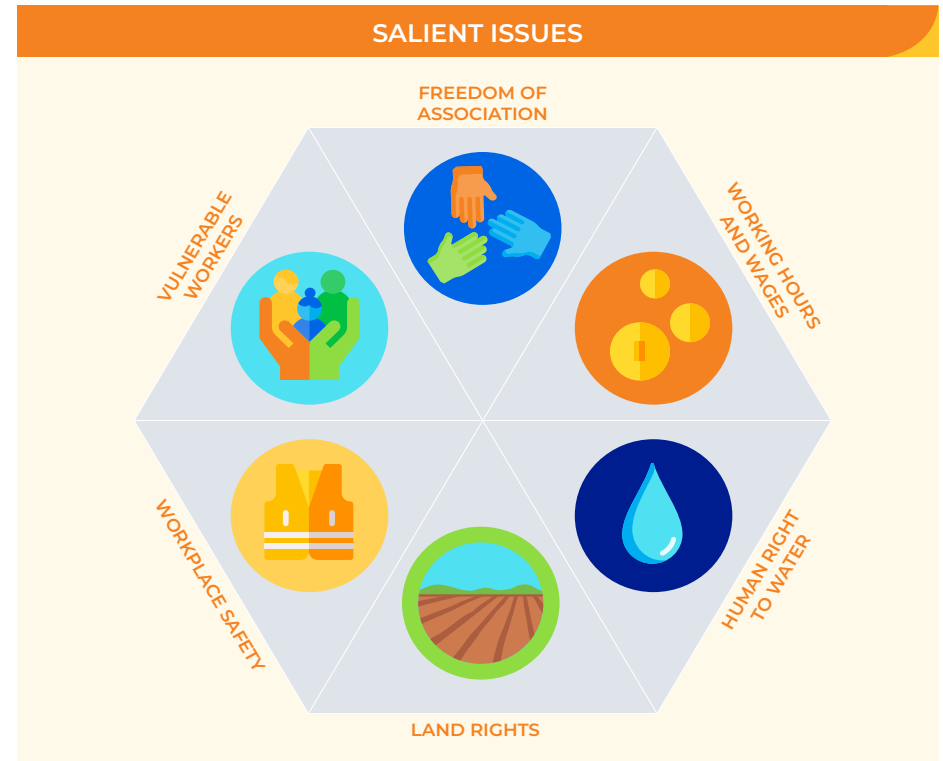


# Human Rights Approach

PepsiCo is committed to respecting the rights of all workers and communities throughout our value chain and, to help ensure we are in the best position to prevent, identify, and address potential impacts, we have established a global human rights management approach that is guided by the [United Nations \(UN\) Guiding Principles on Business and Human Rights \(UNGPs\)](#).

PEPSICO HUMAN RIGHTS APPROACH		
	<b>EMBEDDING RESPECT FOR HUMAN RIGHTS</b>	<ul style="list-style-type: none"> <li>• Taking action to embed respect for human rights throughout our business practices and promote respect for human rights throughout our value chain.</li> </ul>
	<b>CONDUCTING ONGOING DUE DILIGENCE</b>	<ul style="list-style-type: none"> <li>• Conducting ongoing due diligence to proactively identify, address, and track potential and actual human rights impacts in our value chain.</li> </ul>
	<b>ENGAGING OUR STAKEHOLDERS AND DRIVING COLLABORATIVE ACTION</b>	<ul style="list-style-type: none"> <li>• Engaging with stakeholders, including rights holders, to inform our approach, programs, and processes; and</li> <li>• Helping drive global collaborative action focused on addressing the systemic nature of human rights challenges.</li> </ul>
	<b>PROVIDING EFFECTIVE GRIEVANCE MECHANISMS AND ACCESS TO REMEDY</b>	<ul style="list-style-type: none"> <li>• Providing remedy where we have caused or contributed to adverse human rights impacts and using our leverage to encourage our suppliers and partners to provide remedy where we find impacts directly linked to our business operations, goods, or services; and</li> <li>• Establishing effective mechanisms that allow our employees, stakeholders, and other potentially affected individuals to raise grievances and seek remedy.</li> </ul>

With this approach as our foundation, we prioritize our efforts by focusing on six salient human rights issues – the human rights at risk of the most severe negative impact through our company activities and business relationships. This process helps ensure that we have the appropriate policies, procedures, and initiatives in place to help prevent and address potential human rights risks, including modern slavery, throughout our value chain. We closely monitor emerging issues and regularly review our salient issues to determine whether other human rights have become greater priorities over time.



We are committed to implementing the [UN Guiding Principles on Business and Human Rights](#) throughout our business and reporting on our progress in line with the [UN Guiding Principles Reporting Framework](#). We also follow the [Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises](#) and are a signatory to the [UN Global Compact](#).

Please see our [Human Rights Webpage](#) for more information on our commitment and approach.

# Governance & Policy Framework

## GOVERNANCE AND ACCOUNTABILITY

We believe that strong governance is essential to successfully embedding respect for human rights throughout our business. We have established a global governance structure that is responsible for overseeing and managing human rights at various levels throughout our business, with our Board of Directors, Executive Committee, and Chief Human Rights Officer serving central oversight and management roles.



### BOARD OF DIRECTORS (BOARD)

The Board plays an essential role in determining our strategic priorities and considers sustainability issues (e.g., human rights) as an integral part of its business oversight. To this end, the Board established a Public Policy and Sustainability Committee in 2017. In 2020, it amended the Committee's charter and changed its name to Sustainability, Diversity and Public Policy Committee to reflect the Committee's ongoing oversight over diversity, equity, and inclusion matters. The Committee is comprised entirely of independent directors and reflects a mix of public policy, risk, international and science-related skills, qualifications, and experience.

### PEPSICO EXECUTIVE COMMITTEE (PEC)

The PEC is comprised of our Chairman & CEO, his direct reports, and top functional leaders and has direct oversight of our sustainability agenda, strategic decisions, and performance management. This ensures that sustainability, including human rights, is a key accountability factor for every member of our senior leadership team. Strategy and progress against our sustainability goals are regularly reviewed by the PEC. Our executive officers, including our Chairman and CEO, have strategic objectives that are aligned with our sustainability agenda. Performance against these objectives impacts both annual and long-term incentives.

### CHIEF HUMAN RIGHTS OFFICER (CHRO)

PepsiCo's CHRO has day-to-day responsibility for human rights at PepsiCo 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, General Counsel and Corporate Secretary – a PEC member.

### HUMAN RIGHTS OPERATING COUNCIL (HROC)

PepsiCo's HROC is a cross-functional group of senior corporate and sector leaders that supports our CHRO and advises the Human Rights Office on actions to address human rights risks in our value chain. The HROC meets regularly throughout the year to review our due diligence findings and progress against our human rights goals.

### HUMAN RIGHTS OFFICE

PepsiCo's Human Rights Office is a dedicated team within our Law Department that is responsible for driving our global human rights strategy, facilitating performance against our goals, and managing our salient human rights issues.

## PEPSICO HUMAN RIGHTS GOVERNANCE



# Governance & Policy Framework

## POLICY FRAMEWORK

Our policies play an integral role in our work to embed respect for human rights throughout our business. They help us set clear expectations for our employees, suppliers, and other business partners, and they also establish a framework that helps us monitor compliance with our standards. We have a series of core policies that outline our commitment to human rights and explicitly prohibit the use of forced labor, child labor, and human trafficking in our value chain.

### GLOBAL CODE OF CONDUCT

Our [Global Code of Conduct](#) serves as our roadmap for acting ethically and in compliance with all applicable laws, wherever we do business, and it recognizes the importance of maintaining and promoting fundamental human rights throughout our operations. The Code applies to all PepsiCo employees and joint venture employees over which we have management control, and it was last revised in 2021 to reflect recent legislative developments.

### GLOBAL HUMAN RIGHTS POLICY

Our [Global Human Rights Policy](#) outlines the core standards and expectations we have established for our employees, direct suppliers, and business partners in the area of human rights. This policy is incorporated into our Global Code of Conduct and applies to all PepsiCo employees and joint venture employees over which we have management control. It is also embedded in our Global Supplier Code of Conduct, and we expect our suppliers and business partners to adhere to the standards outlined in this policy. Our Global Human Rights Policy was last revised in 2021 to ensure alignment with stakeholder feedback, emerging regulatory developments, and internationally recognized best practices.

### GLOBAL SUPPLIER CODE OF CONDUCT

Our [Global Supplier Code of Conduct \(SCoC\)](#) incorporates our Human Rights Policy and outlines the expectations we have of our suppliers in the areas of business integrity and anti-corruption, labor practices (including responsible recruitment), health and safety, and environmental management. All suppliers, vendors, contractors, consultants, agents, and other providers of goods and services who do business with or on behalf of PepsiCo ("suppliers") are required to comply with the standards outlined in the SCoC. Compliance with the SCoC is a condition of PepsiCo's supplier contracts, and all suppliers are expected to communicate and cascade the SCoC and all other relevant policies throughout their supply chain.

### ADDITIONAL POLICIES & STATEMENTS

We also have a variety of additional policies and statement that cover our salient issues and other related topics, such as our Land Policy and Human Rights Defender Statement. Copies of these and other policies can be found on the [ESG Topics section](#) of our website. We regularly review our policies for alignment with stakeholder feedback, emerging regulatory developments, and internationally recognized best practices.

# Training & Capacity Building

## PEPSICO'S HUMAN RIGHTS TRAINING PROGRAM

We believe ongoing communication and engagement are critical in successfully embedding respect for human rights throughout our value chain. To support our work in this area, we have established regular communication channels and formal training programs for our employees and direct suppliers. These programs help us raise awareness of potential issues, communicate our policies and standards, and provide our employees and suppliers with targeted guidance on how to prevent, identify, and respond to potential human rights issues, such as forced labor and human trafficking.

In late 2021, we initiated a strategic review of our human rights training program with an external advisor. As part of this process, we are actively evaluating the structure, format, and content of our training and guidance materials to identify the areas where we can evolve our approach and provide more effective capability building efforts across our value chain. We anticipate launching a revised human rights training program for our direct operations and supply chain in late 2022.

## ENGAGING OUR EMPLOYEES

Every year, we require employees at all levels in the company to complete training on our Global Code of Conduct. The Code training is designed to ensure that our employees understand their obligation to comply with our Code and the behaviors expected under it, including compliance with our Global Human Rights Policy which, like many of our policies, is embedded within the Code. In 2021, over 78,000 employees worldwide completed an online Code training course available in 21 languages and dialects, with over 133,000 additional frontline employees in our plants, warehouses, and sales facilities receiving Code training through manager-led and in-person training workshops or online through various device delivery. In addition, our policies are regularly communicated to associates through internal communications and townhalls as appropriate.



## ENGAGING OUR DIRECT SUPPLIERS

Our Sustainable Sourcing Program (SSP) builds supplier awareness and capabilities on the issues and expectations covered in our Global Supplier Code of Conduct (SCoC), including forced labor. The SCoC is available in 26 languages, and we provide open-access online training to help our suppliers better understand the principles of our SCoC in addition to more targeted trainings for our business-critical suppliers. In 2021, 99.9% of our business-critical direct suppliers completed our SCoC training, which can be viewed [here](#).

Please see our [Human Rights Webpage](#) for more information on training and capacity building efforts.

# Risk Assessment & Prioritization

## ASSESSING IMPACTS THROUGH A SALIENCY APPROACH

As one of the largest convenient food and beverage companies in the world, we recognize there are a variety of ways that our business activities might directly or indirectly impact human rights. While we strive to address all potential risks in our value chain, a salient issues lens informs our strategy and helps us prioritize where we focus our efforts. In 2017, our HROC 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. While we are proud of what we have accomplished since that date, we recognize there is still much work ahead of us to ensure that human rights are fully respected throughout our value chain. In partnership with an external advisor, we are conducting a formal review of our salient human rights issues to ensure we are still prioritizing action on the appropriate issues and geographies across our value chain. We anticipate completing the review in mid-2022 and providing a more detailed public update later in the year.

## DEEPENING OUR GEOGRAPHICAL FOCUS

Using this salient issues approach, we have continued to deepen our understanding of the value chain segments and geographical areas where we should focus our efforts, prioritizing action on forced labor impacts across our value chain. Insights from country and commodity risk assessments and our due diligence programs have been used to identify our target supply chain segments (i.e., contract labor providers, transportation and logistics providers), raw materials (i.e., palm oil, cane sugar), and priority geographies (e.g., Southeast Asia, Latin America). Over the past few years, we have continued to expand our due diligence programs to cover these areas of our supply chain, strengthen our ongoing sustainable sourcing initiatives for palm oil and cane sugar, and deepen our engagement in regional and local collaborative initiative to address systemic forced labor challenges at a country level.



Information on our recent and ongoing work in these areas can be found on our [Palm Oil Webpage](#), [Land Rights Webpage](#), and in our [2019 Human Rights Report](#).

## PRIORITIZING ACTION ON VULNERABLE WORKERS AND FORCED LABOR IMPACTS

Recognizing the scale of our value chain and the inherent complexities involved in global agricultural supply chains, we identified vulnerable workers as one of our salient human rights issues during our initial review in 2017. Through desk-based research, internal assessments, and consultations with external stakeholders, we determined that several worker groups have a higher risk of potentially experiencing forced labor related impacts across our value chain. These groups include migrant workers, women, young workers, and temporary and contract workers. We have and are continuing to focus our efforts on addressing the forced labor related impacts most frequently encountered by these groups, including bonded labor, recruitment fees, and document retention.



# Risk Assessment & Prioritization

## GLOBAL CONTEXT

### MIGRANT WORKERS

As of 2019, international migrant workers made up approximately 69% of the world's working age international migrant population. Due to the complex nature of labor migration and often limited social protections available in destination countries, migrant workers can be more vulnerable to exploitation such as human trafficking, bonded labor, and charging of recruitment fees.

## ONGOING ACTION

PepsiCo is committed to ensuring that every worker in our value chain has freedom of movement, is not required to pay fees for a job, and is not indebted or coerced to work. We are continuing our work to embed the [Employer Pays Principle](#) throughout our supply chain and help drive systemic change through initiatives such as the [Leadership Group for Responsible Recruitment](#) that aim to strengthen migrant worker protections and advocate for an increased supply of ethically sourced labor globally.

## NEXT STEPS

We will continue to focus our efforts on high-risk geographies for migrant workers, expanding our due diligence programs to additional supply chain segments, and leveraging collective action to drive responsible recruitment practices throughout our value chain.

### WOMEN

Women (including girls) are disproportionately affected by modern slavery, accounting for 71% of people trapped in modern slavery worldwide and 57.6% of people trapped in forced labor in the private sector. Women are more likely to be victims of certain forms of exploitation such as human trafficking and can experience unique barriers when seeking remedy.

PepsiCo is committed to creating a more diverse, equitable, and inclusive world, and this means addressing inequality in the workplace, in our business partnerships, and in the communities we serve. We are continuing to embed and apply a gender lens to our human rights approach, due diligence programs, and initiatives, leveraging our broader [Diversity, Equity & Inclusion \(DE&I\) Strategy](#) to build equity, drive empowerment, and advance inclusion throughout our value chain.

In 2022, we will partner with our DE&I office and external experts to review our salient human rights issues to ensure we are prioritizing the most severe human right issues across our value chain and embedding and applying a gender lens to that work.

### YOUTH

Approximately 160 million children are currently trapped in child labor globally, with the agricultural sector accounting for the largest share of child labor worldwide. Young workers are more vulnerable to modern slavery impacts such as forced labor and human trafficking and may face disproportionately hazardous work conditions given their age and capabilities.

PepsiCo is committed to respecting the rights outlined in the [United Nations Convention on the Rights of the Child](#), and we strictly prohibit the use of child labor in our value chain. We have embedded these standards into our policies, due diligence programs, and initiatives, and are prioritizing action in key geographies in our supply chain recognized as having a higher risk for child labor.

We will continue to strengthen our policies and associated trainings to provide our employees and suppliers with additional guidance on how to prevent, identify, and respond to child labor related impacts in our value chain.

### TEMPORARY/CONTRACT WORKERS

Contract and temporary workers are often less secure in their employment given their temporary status, which can make them more vulnerable to exploitation such as bonded labor and human trafficking. The use of third-party recruiting agencies may increase their exposure to deceptive or coercive recruitment practices such as recruitment fees, document retention, and intimidation.

PepsiCo prohibits the use of all forms of forced labor, including involuntary prison labor, indentured labor, bonded labor, military labor, slave labor, and any form of human trafficking. We are continuing our work to embed the [Employer Pays Principle](#) throughout our supply chain and are actively participating in initiatives such as the [Consumer Goods Forum Human Rights Coalition of Action](#) that strive to eradicate forced labor through collective action.

We will continue to focus our efforts in high-risk geographies in our supply chain, expanding our traceability efforts and due diligence programs to additional segments of our supply chain, and leveraging our unique size and scale to advocate for and drive responsible recruitment practices throughout our value chain.

# Human Rights Due Diligence Process

We have an established due diligence process that helps us assess potential human rights impacts in our value chain, integrate insights into our internal systems, track the effectiveness of our actions, and regularly communicate on our progress. Underlying this process is a series of due diligence programs that assess, identify, and remediate impacts across various segments of our value chain.

## **GLOBAL LABOR HUMAN RIGHTS (GLHR) ASSESSMENT PROGRAM**

*Assesses potential impacts across our company-owned manufacturing, sales, and distribution operations. GLHR assessments are conducted by third-party auditors and leverage Sedex Members Ethical Trade Audit (SMETA) protocol requirements.*

## **SUSTAINABLE SOURCING PROGRAM (SSP)**

*Assesses potential impacts through scored self-assessments and third-party auditing of our most business-critical direct suppliers and contract manufacturing and co-packing locations. SSP audits also leverage SMETA 4-Pillar protocol requirements.*

## **SUSTAINABLE FARMING PROGRAM (SFP)**

*Engages the farmers that we directly source from and helps us assess and remediate potential impacts at the farm level, while boosting agricultural productivity and extending availability of sustainably sourced crops. The SFP is based on self-assessment, capacity building, and verification.*

Our due diligence programs address identified non-compliances through the implementation of corrective action plans, which have a set timeframe depending on the type and severity of the non-compliance. Once in place, progress against a corrective action plan is tracked through our programs, which may require an additional on-site audit to verify that remediation has been completed. In 2021, our Global Labor Human Rights Assessment Program conducted 22 on-site audits of our company-owned manufacturing operations across 10 countries, and our Sustainable Sourcing Program conducted or recognized 918 on-site audits of our first-tier suppliers across 60 countries.

We are continuing to expand our due diligence programs to cover additional areas of our value chain, including our franchisees, third-party labor providers, and transportation and logistics providers. Learnings and insights from our due diligence programs are regularly integrated into our internal processes to help ensure that we have the appropriate policies and management systems in place to prevent, identify, and address potential human rights risks across our value chain.

More information on these programs, ongoing assessment, and initiatives can be found on our [Human Rights Webpage](#), [Sustainable Sourcing Webpage](#), and [Agriculture Webpage](#).

## **PEPSICO UNITED KINGDOM**



Since 2016, our Global Labor Human Rights Assessment Program has conducted on-site audits at all of our company-owned manufacturing operations in the UK.

Since 2016, our Sustainable Sourcing Program has conducted or recognized 205 on-site or remote audits of our first-tier suppliers across the UK.

## **PEPSICO AUSTRALIA & NEW ZEALAND**



Since 2016, our Global Labor Human Rights Assessment Program has conducted on-site audits at all of our company-owned manufacturing operations in Australia and New Zealand.

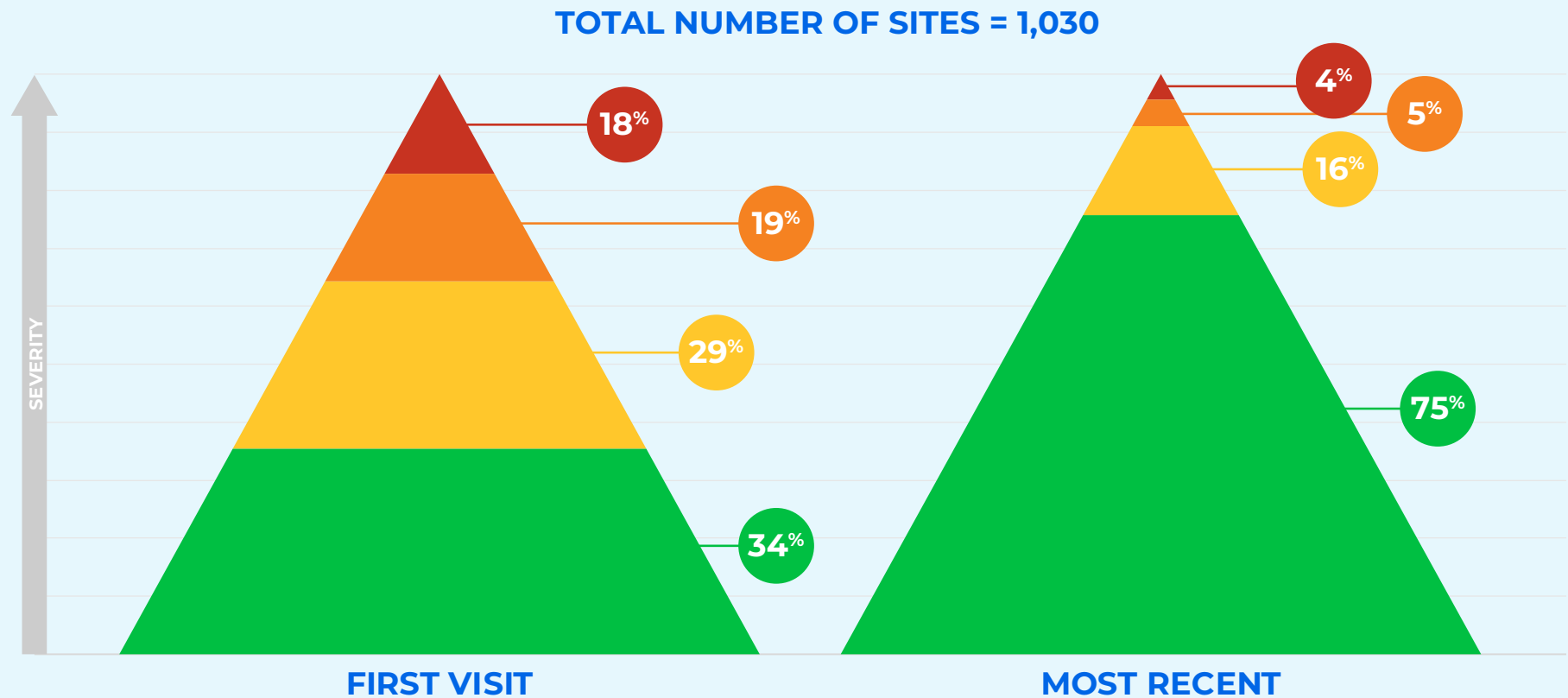
Since 2016, our Sustainable Sourcing Program has conducted or recognized 18 on-site audits of our first-tier suppliers across Australia and New Zealand.

# Human Rights Due Diligence Process

## TRACKING OUR PERFORMANCE

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. For example, since the inception of our Sustainable Sourcing Program in 2015, we have seen a strong improvement in supplier site performance as suppliers learn from initial audit findings, strengthen their management systems, and demonstrate closure through corrective action plans and subsequent follow-up audits. High-level results of this improvement are presented in the accompanying chart, based on supplier sites that have completed both initial audits and follow-up audits.

## SUSTAINABLE SOURCING SITE IMPROVEMENT OVER TIME



*This graphic illustrates the performance of 1,030 supplier sites that received multiple audits requested between 2016-2021. Color score is based on criticality of findings with red being the most severe to green being minor or no findings.*

# Stakeholder Engagement & Collaborative Action

We believe that an open and continuous dialogue with our stakeholders is critical in 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, customers) to gain global and local perspectives on areas such as 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 2021, we piloted a new remote worker voice initiative with over 500 workers to gain insight into potential risks in our direct operations. Feedback from the pilot has been integrated into our approach to help improve our due diligence process, and we are expanding the worker voice initiative to additional markets in 2022.

In addition to our worker voice initiatives and broader stakeholder engagement efforts, we also regularly participate in a variety of multi-stakeholder groups and collaborative initiatives to enhance our knowledge of specific issues, drive industry-wide progress, and help address systemic challenges facing our industry. We have reported on our ongoing engagement in a number of these initiatives, such as the Consumer Goods Forum (CGF), AIM-Progress, Sedex Stakeholder Forum, and Leadership Group for Responsible Recruitment in our previous [Modern Slavery & Human Trafficking Statements](#) as well as on our dedicated [Human Rights Webpage](#), [Palm Oil Webpage](#), and [Land Rights Webpage](#).



## CONSULTATION WITH OWNED AND CONTROLLED ENTITIES

PepsiCo's Human Rights Program is led centrally by our Human Rights Office, which partners with internal stakeholders to operationalize our approach in each of our business divisions. All company-owned operations and joint ventures over which we have management control are within scope of our Global Code of Conduct and Global Human Rights Policy, and our global governance structure promotes ongoing consultation with our business divisions and controlled entities to ensure consistency in our standards, due diligence efforts, and approach to mitigating modern slavery risks across our shared value chain. Our Executive Committee, Chief Human Rights Officer, and Human Rights Operating Council serve in central oversight roles and our Human Rights Office drives our global strategy and due diligence efforts. The PepsiCo Human Rights Office led the development of our 2021 Modern Slavery & Human Trafficking Statement, partnering with our core functions (e.g., Human Resources, Global Procurement, Corporate Affairs, Global Sustainability, and Law and Compliance & Ethics) and coordinating with representatives from each reporting entity to ensure consistency in our efforts to prevent, identify, and mitigate potential modern slavery risks across our business and supply chain.

# Grievance Process & Access to Remedy

We recognize that our policies and programs may not prevent all adverse impacts in our value chain. 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 or partners to provide remedy where we find impacts directly linked to our business operations, goods, or services. To facilitate this process, we have established several mechanisms that allow our employees, stakeholders, and other potentially affected individuals to raise grievances and seek remedy.

## DIRECT OPERATIONS

All PepsiCo employees have an obligation to report suspected violations of our Values, Global Code of Conduct, policies, or applicable law. Our employees have several avenues for reporting issues and seeking advice, including their manager, Human Resources, the Law Department, the Global Compliance and Ethics Department, and our [Speak Up hotline](#).

Speak Up is a toll-free ethics hotline operated by an independent third-party that provides PepsiCo employees, consumers, suppliers and business partners, and community members with a 24/7, anonymous and confidential means of reporting suspected violations. These reports are used to drive organizational changes and a better work environment, including training, policy revision, and process enhancements. 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 26 languages. We regularly publish information on the usage of our Speak Up hotline, including the total number of reports and their categorical distribution. Our latest report can be viewed [here](#).



## SUPPLY CHAIN

We have established a grievance mechanism for our agricultural supply chain to complement our existing program (e.g., Speak Up) and help us more effectively manage environmental and social concerns throughout our value chain. The mechanism allows third parties to raise concerns that our environmental and social policies are not being upheld in our agricultural supply chain. Our approach is set out [here](#).

At the end of 2021, 36 total grievances were registered in our agricultural grievance system. Most of the grievances concerned palm oil production in Southeast Asia and focused on a combination of environmental and social issues (e.g., deforestation, labor rights). Of the 36 logged grievances, 20 remain open, 11 have been closed, and five have been deemed “out-of-scope” by PepsiCo. We are continuing to engage with our suppliers and others to help resolve the open grievances.

# Progress & Next Steps

We are committed to implementing the United Nations Guiding Principles on Business and Human Rights throughout our business and reporting on our progress in line with the [UN Guiding Principles Reporting Framework](#). In our 2020 Modern Slavery & Human Trafficking Statement, we outlined a series of actions that we would take to advance our work to prevent, identify, and address potential modern slavery risks in our business and supply chain. Below is an update on our progress against those priorities and an overview of key next steps.

## 2021 ACHIEVEMENTS

- ✓ Initiated a strategic review of our salient human rights issues to ensure we are prioritizing the rights at risk of the most severe impacts throughout our value chain.
- ✓ Revised our Global Human Rights Policy and developed a standalone Human Rights Defenders Statement for publication in 2022.
- ✓ Expanded our human rights due diligence programs to additional segments of our direct operations and supply chain (e.g., sales facilities, distribution centers, and contract labor providers).
- ✓ Piloted a remote worker voice initiative with over 500 workers to gain direct worker feedback into potential risks in our direct operations.
- ✓ Strengthened our internal process for managing grievances raised in our agricultural supply chain, continuing to use our leverage to encourage our suppliers and business partners to provide remedy when impacts were identified.

## NEXT STEPS

- ➔ Evolve the human rights training program for our employees and suppliers to targeted guidance materials and more effective capability building efforts across our value chain.
- ➔ Using a risk-based approach, expand our human rights due diligence programs to additional segments of our value chain that have been identified as having a higher risk for potential forced labor impacts (e.g., transportation and logistics).
- ➔ Expand our remote worker voice initiative within our own operations and partner with suppliers to pilot the program within our direct supply chain.
- ➔ Explore new and innovative ways of evaluating the performance of our human rights program, working with experts and external stakeholders to review and evolve our current metrics and performance indicators.
- ➔ Continue to actively engage in multi-stakeholder initiatives, through collaborative efforts, and with governments to drive industry-wide progress and help address systemic human rights challenges.

This statement has been reviewed and approved by PepsiCo's Board of Directors on behalf of PepsiCo, Inc. and each of the reporting entities.



Signed,

A handwritten signature in black ink, appearing to read 'Ramon Laguarta'.

**Ramon Laguarta**

*Chairman & Chief Executive Officer  
PepsiCo, Inc.*

## MODERN SLAVERY REPORTING REQUIREMENT INDEX

AUSTRALIAN MODERN SLAVERY ACT (2018)	UK MODERN SLAVERY ACT (2015)	CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT (2010)	LOCATION IN 2021 MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT
<p>Identify the reporting entity.</p> <p>Describe the structure, operations, and supply chains of the reporting entity.</p>	<p>Organization's structure, its business, and its supply chains.</p>		<ul style="list-style-type: none"> <li>• Introduction (Page 1)</li> <li>• Structure, Business, &amp; Supply Chain (Page 2)</li> </ul>
<p>Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes.</p>	<p>Organization's policies in relation to slavery and human trafficking</p> <p>Organization's due diligence processes in relation to slavery and human trafficking in its business and supply chains</p>	<p>Describe to what extent the organization maintains internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.</p> <p>Describe to what extent the organization requires direct suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which they are doing business.</p>	<ul style="list-style-type: none"> <li>• Human Rights Approach (Page 3)</li> <li>• Governance &amp; Policy Framework (Page 4)</li> <li>• Risk Assessment &amp; Prioritization (Page 7)</li> <li>• Human Rights Due Diligence (Page 9)</li> </ul>
<p>Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.</p>	<p>Parts of the organization's business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk.</p>	<p>Describe to what extent the organization engages in verification of product supply chains to evaluate and address risks of human trafficking and slavery. The disclosure shall specify if the verification was not conducted by a third party.</p> <p>Describe to what extent the organization conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery in supply chains. The disclosure shall specify if the verification was not an independent, unannounced audit.</p>	<ul style="list-style-type: none"> <li>• Risk Assessment &amp; Prioritization (Page 7)</li> <li>• Human Rights Due Diligence (Page 9)</li> </ul>
<p>Describe how each reporting entity covered by the joint statement assesses the effectiveness its actions to assess and address modern slavery risks.</p>	<p>Organization's effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate.</p> <p>Organization's training about slavery and human trafficking available to its staff.</p>	<p>Describe to what extent the organization provides company employees and management, who have direct responsibility for supply chain management, training on human trafficking and slavery, particularly with respect to mitigating risks within the supply chains of products.</p>	<ul style="list-style-type: none"> <li>• Training &amp; Capability Building (Page 6)</li> <li>• Human Rights Due Diligence (Page 9)</li> <li>• Grievance Process &amp; Access to Remedy (Page 12)</li> </ul>
<p>Describe the process of consultation with any entities the reporting entity owns or controls.</p>			<ul style="list-style-type: none"> <li>• Introduction (Page 1, 11)</li> </ul>
<p>Include any other information that the reporting entity considers relevant.</p>			<ul style="list-style-type: none"> <li>• Stakeholder Engagement &amp; Collaborative Action (Page 11)</li> <li>• Progress &amp; Next Steps (Page 13)</li> </ul>