

PepsiCo Inc.

TICKER
NAS:PEP

MARKET CAPITALIZATION
US\$162 billion

HEADQUARTERS
United States

DISCLOSURES
UK Modern Slavery Act: Yes
California Transparency in Supply Chains Act: Yes

TARGETS
Yes

OVERALL RANKING

11 out of 43

([2018 Rank](#): 7 out of 38)

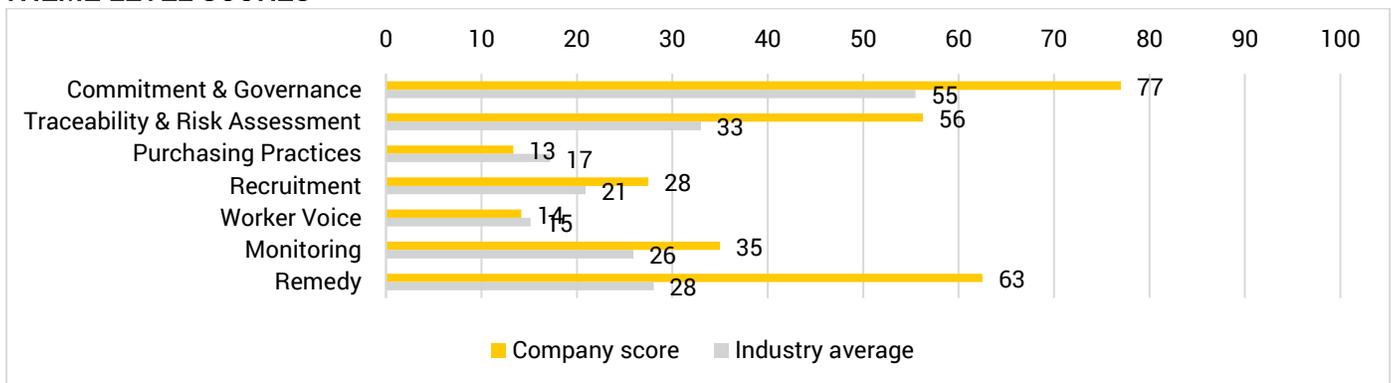
OVERALL SCORE

41 out of 100

SUMMARY

PepsiCo, Inc. (PepsiCo), the largest global beverage company,¹ ranks 11th out of 43 companies, disclosing more information on its forced labor policies and practices than its peers on all themes except Purchasing Practices and Worker Voice. Since 2018, it seems to have taken only limited steps to improve its performance and disclosure (namely disclosing joining the Leadership Group for Responsible Recruitment and further detail on its corrective action process). As the benchmark methodology requires companies to keep up with evolving stakeholder expectations and emerging good practices, the company's rank has dropped by four places. PepsiCo's score is based on its stronger performance on the themes of Commitment & Governance, Traceability & Risk Assessment, and Remedy. KnowTheChain identified one allegation of forced labor in the company's supply chains; the company does not disclose engagement with affected stakeholders nor remedy outcomes for workers. The company is encouraged to improve on the themes of Purchasing Practices, Worker Voice, and Remedy.

THEME-LEVEL SCORES



Research conducted through February 2020 or through May 2020, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

KEY DATA POINTS**SUPPLIER LIST**

Yes (palm oil and sugar only)

NO-FEE POLICY

Yes

SUPPORTS FREEDOM OF ASSOCIATION

No

REMEDY FOR SUPPLY CHAIN WORKERS

Yes

HIGH-RISK COMMODITIESCorn, palm oil, sugarcane, and others²

LEADING PRACTICES

None.

NOTABLE FINDINGS

Stakeholder Engagement: PepsiCo discloses that it has joined the Leadership Group for Responsible Recruitment to drive change in the ways that migrant workers are recruited. It also discloses that it is on the Sedex Stakeholder Forum's forced labor working group, where it works on improving training, tools, and resources to help suppliers remediate forced labor. The company reports that it is a member of the Consumer Goods Forum social sustainability committee and a steering committee member of the program's Sustainable Supply Chain Initiative, which promotes "good" supply chain labor standards.

Risk Assessment: The company reports that its chief human rights officer assesses human rights risks and that its human rights operating council identifies the most salient human rights issues annually. It states that its assessment process includes past assessments and audit findings and internal and external stakeholder input from NGOs, human rights bodies, and socially responsible investors. It also reports that it is working to carry out a detailed risk assessment of 25 top agricultural raw materials and their sourcing origins, including analysis of forced labor risks.

Recruitment: The company's supplier code prohibits the retention of workers' passports or identification documents. PepsiCo discloses that it discovered forced labor-related non-compliances during a supplier audit in the United Arab Emirates, where workers' documents were being withheld. It states that it worked with the supplier to ensure that workers could freely access their documentation. In addition, it states that auditors tested and verified the process for returning documents to workers.

OPPORTUNITIES FOR IMPROVEMENT

Purchasing Practices: The company is encouraged to assess risks of forced labor at potential suppliers before entering into contracts with them. It is further encouraged to adopt responsible purchasing practices (such as prompt payment) and provide procurement incentives (such as price premiums or longer-term contracts) to first-tier suppliers to encourage or reward good labor practices.

Worker Voice: To support collective worker empowerment, the company is encouraged to work with its suppliers to improve their practices regarding freedom of association and collective bargaining and with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing.

Remedy: While the company has a process in place to respond to reported violations of its supply chain labor policies, to demonstrate to stakeholders that this process is effective, the company is encouraged to disclose examples of remedy provided to its suppliers' workers, including in cases of specific allegations.

ENGAGED WITH KNOWTHECHAIN

Yes ([Provided Additional Disclosure](#)).

¹ Comparisons to peers by revenue/sales. See: BizVibe (16 April 2020), "[Global Beverage Industry Factsheet 2020: Top 10 Largest Beverage Companies in the World](#)." Investopedia (Updated 14 September 2020), "[10 Largest Beverage Companies](#)."

² The US Department of Labor lists these commodities as commodities that may be produced using forced labor. US Department of Labor (20 September 2018), "[List of Goods Produced by Child Labor or Forced Labor](#)."