



MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT 2022



Introduction

Our vision is to Be the Global Leader in Beverages and Convenient Foods by Winning with PepsiCo Positive (pep+), our strategic end-to-end transformation that puts sustainability and human capital at the center of how we create value and growth. Winning with pep+ is about many things, but among the most vital is our commitment to respecting human rights. Our success can only be achieved when all of our stakeholders – including farmers and growers, factory workers, and community partners – are treated with dignity and respect. This belief is woven into everything we do and embedded throughout our pep+ pillars – Positive Agriculture, Positive Value Chain, and Positive Choices.

Human rights are essential to addressing systemic inequity, building resilient communities, and fostering sustainable economies. Yet, there remain a variety of challenges in ensuring human rights are consistently respected around the world – from weak rule of law to ongoing attacks on human rights defenders. Rising political and economic volatility and compounding global crises, such as the COVID-19 pandemic and climate change, have exacerbated these challenges in recent years, disproportionately impacting vulnerable populations and widening the inequality gap. At least 70 million more people have fallen into extreme poverty since the COVID-19 pandemic began, with nearly 700 million people now living in extreme poverty worldwide.¹ Similarly, the number of people in modern slavery has risen significantly in the last five years. The latest global estimates indicate that nearly 50 million people are currently trapped in modern slavery, with over 17 million people exploited through forced labor in the private sector.² The number of children in child labor has also risen to 160 million worldwide – an increase of 8.4 million children in the last four years – with the agricultural sector accounting for the largest share of child labor.³

1 <https://www.worldbank.org/en/topic/poverty/overview>

2 <https://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

3 <https://www.unicef.org/press-releases/child-labour-rises-160-million-first-increase-two-decades>

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. PepsiCo can be a positive influence, promoting respect for human rights across our value chain and taking action to address impacts wherever we uncover them. To this end, over the past year, we have continued to embed human rights throughout our pep+ pillars, enhance our human rights due diligence processes, and operationalize our human rights strategy across our operations and supply 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.⁴ 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 31, 2022.



Gratefully,

Melissa DeBernardis
PepsiCo Chief Human Rights Officer,
Senior Vice President, Employment Law

⁴ This statement addresses the 2010 California Transparency in Supply Chains Act, UK Modern Slavery Act 2015, the Australian Modern Slavery Act 2018 (Commonwealth), and the Norwegian Transparency Act 2021. 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. Reporting entities under the Norwegian Transparency Act 2021 include PepsiCo Nordic Norway A/S and SodaStream International B.V. Norway Branch.

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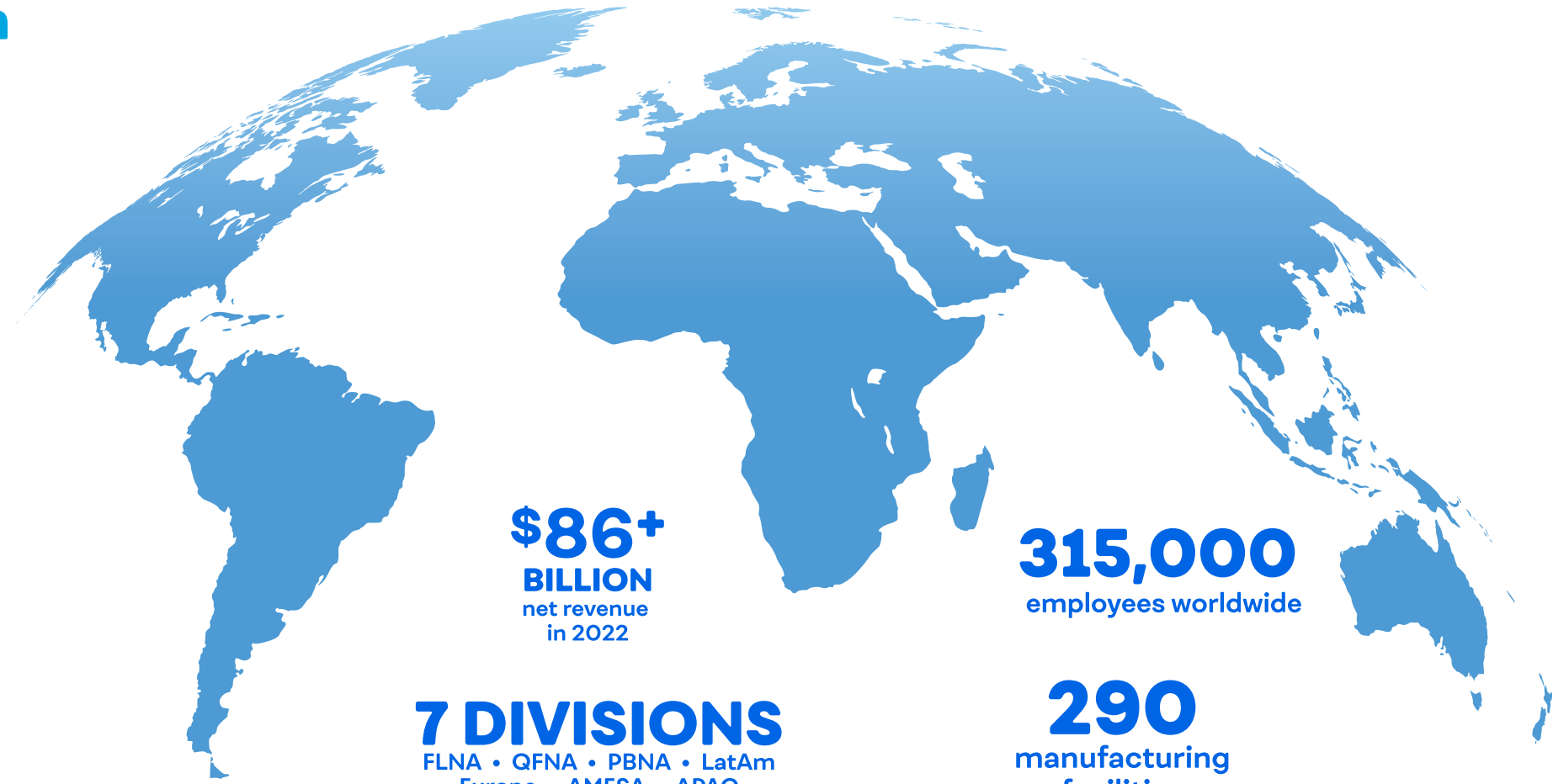
Structure, Business, & Supply Chain

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 \$86 billion in net revenue in 2022, 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 315,000 people worldwide, including approximately 132,000 people within the United States, and operate approximately 290 manufacturing facilities globally. 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 across the globe 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 ingredients from approximately 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](#).



\$86+
BILLION
net revenue
in 2022

315,000
employees worldwide

7 DIVISIONS
FLNA • QFNA • PBNA • LatAm
Europe • AMESA • APAC

290
manufacturing
facilities
 Globally

products
enjoyed in
200+
countries &
territories

100,000+
JOBS
throughout
our agricultural
supply chain

source
from **~60**
COUNTRIES

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 \(UNGPs\)](#).

With this approach as our foundation, we prioritize our efforts by focusing on seven 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.

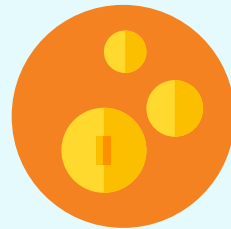
We are committed to implementing the UN Guiding Principles on Business and Human Rights throughout our business and reporting on our progress in line with the [UN Guiding Principles Reporting Framework](#). We also follow the [OECD Guidelines for Multinational Enterprises](#) and are a signatory to the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

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

PEPSICO'S SALIENT HUMAN RIGHTS ISSUES



CLIMATE CHANGE



FAIR PAY AND EMPLOYMENT CONDITIONS



FREEDOM OF ASSOCIATION



FORCED LABOR



HUMAN RIGHT TO WATER



LAND RIGHTS



WORKPLACE HEALTH & SAFETY

Operationalizing Our Human Rights Strategy

In 2022, PepsiCo's Global Human Rights Office continued to partner with our global functions and division business units to operationalize our human rights strategy throughout our systems and business practices. This included working with colleagues throughout our markets to conduct enhanced risk assessments, re-baseline market due diligence efforts, and implement tailored action plans to address identified risks at the local level. Learnings and insights from these engagements are regularly integrated into our market-level due diligence framework, which will be deployed across additional markets in 2023.

Taking action to embed respect for human rights throughout our business practices and promote respect for human rights throughout our value chain.

EMBEDDING RESPECT FOR HUMAN RIGHTS



Conducting ongoing due diligence to proactively identify, address, and track potential and actual human rights impacts in our value chain.

CONDUCTING ONGOING DUE DILIGENCE



ENGAGING STAKEHOLDERS AND DRIVING COLLABORATIVE ACTION



Engaging with stakeholders, including rights holders, to inform our approach, programs, and processes; and

Helping drive global collaborative action focused on addressing the systemic nature of human rights challenges.

PROVIDING EFFECTIVE GRIEVANCE MECHANISMS AND ACCESS TO REMEDY



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

Establishing effective mechanisms that allow our employees, stakeholders, and other potentially affected individuals to raise grievances and seek remedy.

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 PepsiCo Board of Directors (Board) plays an essential role in determining our strategic priorities and considers sustainability issues (e.g., human rights) an integral part of its business strategy oversight. To this end, the Board established its Sustainability, Diversity and Public Policy Committee responsible for oversight of sustainability, diversity, equity and inclusion, and public policy 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. The Committee receives regular updates on our human rights program and ongoing work to address our salient human rights issues, including stakeholder feedback to help inform our strategy.

PEPSICO EXECUTIVE COMMITTEE (PEC)

The PepsiCo Executive Committee (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 Chief Human Rights Officer 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 Chief Human Rights Officer also serves as Senior Vice President of Employment Law at PepsiCo, reporting directly to our Executive Vice President, General Counsel and Corporate Secretary – a PEC member.



Photo by Sarah Mercadante, PepsiCo Global Sustainable Agriculture

HUMAN RIGHTS OPERATING COMMITTEE (HROC)

The Human Rights Operating Committee (HROC) is a cross-functional group of corporate and division leaders that supports the Global Human Rights Office and advises it on actions to address human rights risks in our value chain. The members of the HROC advise the Global Human Rights Office throughout the year to review our due diligence findings and progress against our human rights goals.

GLOBAL HUMAN RIGHTS OFFICE

PepsiCo's Global Human Rights Office is a dedicated team within our Law Department that is responsible for setting and operationalizing our global human rights strategy, driving action to address our salient human rights issues, and ensuring compliance with emerging human rights regulations. The team leads our human rights due diligence efforts and works closely with internal partners (e.g., Human Resources, Global Sustainability, and Sourcing & Procurement) to implement PepsiCo's human rights strategy across our business and broader value chain. PepsiCo's Global Human Rights Office is tasked with delivering the human rights program for our own operations and supply chain, and its members have clear annual performance targets that link their compensation with the performance of our human rights program. This includes their responsibility for a wide range of human rights issues, including forced labor.

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 \(Code\)](#) is the foundation of our commitment to ethical excellence and provides a roadmap of the policies and standards that govern how we do business around the world. The Code outlines our commitment to ethical practices in all aspects of our business: respect in the workplace, trust in the marketplace, fairness in our business relationships, honesty in business conduct, and purpose in our world. The Code recognizes the importance of maintaining and promoting human rights throughout our operations and applies to all PepsiCo employees, including employees of PepsiCo's consolidated subsidiaries.



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, including employees of PepsiCo's consolidated subsidiaries. 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.

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, including its prohibition on forced labor, is a condition of PepsiCo's supplier contracts, and all suppliers are expected to communicate and apply the SCoC and all other relevant policies throughout their supply chain.

HUMAN RIGHTS DEFENDERS STATEMENT

Recognizing the growing challenges faced by human rights defenders (HRDs) globally, our Human Rights Defenders Statement outlines our commitment to respect the rights of HRDs throughout our value chain. PepsiCo prohibits retaliation against any individual or organization that raises human rights concerns in good faith, and we expect our suppliers and business partners to uphold the same commitments.

ADDITIONAL POLICIES & STATEMENTS

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



2022 Global Human Rights Policy Update

Our revised Global Human Rights Policy was published in 2022 to ensure alignment with stakeholder feedback, emerging regulatory developments, and internationally recognized best practices. The update helped clarify our expectations around several key issues, including human right to water, land rights, wages and benefits, and working hours and rest periods. The revised policy also highlights our commitment to respecting the rights and freedoms outlined in several international instruments, including the [United Nations Convention on the Rights of the Child](#) and the [International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families](#).

Training & Capacity Building

We believe ongoing communication and engagement are critical to successfully embedding respect for human rights and strengthening the capacity of action 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. We refreshed our approach and resources in 2022, delivering tailored trainings and guidance materials to our employees and suppliers on issues such as responsible recruitment.

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. In 2022, over 84,000 employees worldwide completed an online Code training course available in 23 languages and dialects certifying compliance to the Code and over 182,000 primarily frontline employees in our plants, warehouses, and sales facilities received in-person or online (e.g. through mobile devices) Code training or were provided Code learning materials. Our policies are also regularly communicated to associates through internal communications and townhalls as appropriate.

In addition to our annual Code training, we also launched a new introductory-level human rights training course for PepsiCo employees in 2022. The online training course highlighted recent updates to our Global Human Rights Policy, detailed our most salient human rights risks, and provided employees with guidance on how to leverage our due diligence programs and grievance mechanisms. We anticipate developing a subsequent intermediate and advanced course in 2023 to provide our employees with additional guidance on how to identify and help mitigate potential risks through their roles in key functions across the company.

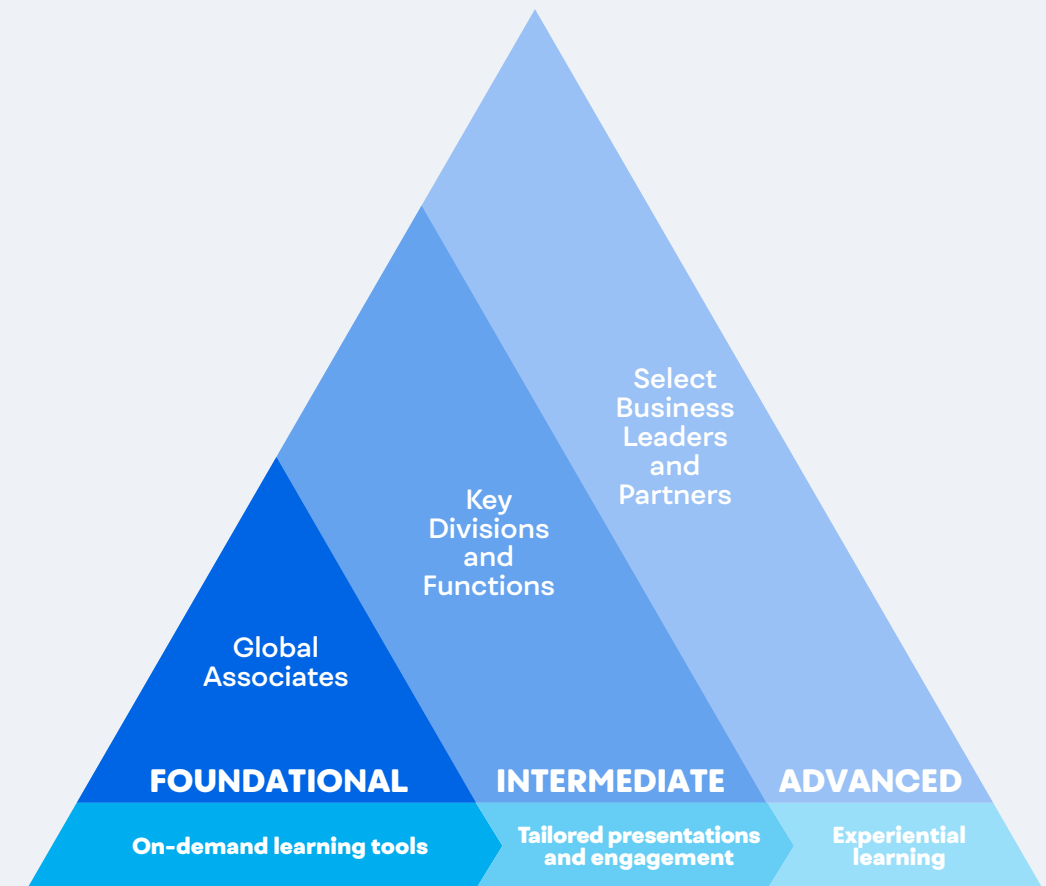
ENGAGING OUR DIRECT SUPPLIERS

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 2022, 100% of the contracted suppliers in our Sustainable Sourcing Program completed our SCoC training, which can be viewed [here](#).

We also provide targeted trainings for our business-critical suppliers and are continuing to build out our library of training resources made available to our suppliers. For instance, in 2022, we launched a targeted training on fire safety to help drive awareness and best practices for addressing fire safety issues when they arise. Sites that engaged in the training had the opportunity to engage directly with our expert program managers and learn from real-world interactive scenarios. Approximately 63% of the sites that participated in the training saw improvements in their performance during their follow up audit.

Refreshing Our Human Rights Training Approach

As part of the 2022 refresh to our training approach, we have identified opportunities to deliver more in-person and experiential-based trainings to associates across key functions and markets. In 2023, we will continue to develop more in-depth digital and experiential resources to build our internal capability and embed human rights risk management practices in our business.



Risk Prioritization & Management

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. We have regularly reviewed our salient issues since their identification in 2017 and, in early 2022, PepsiCo's Global Human Rights Office initiated a formal assessment to examine whether other human rights issues have become greater priorities over time. The assessment process was led by an external organization that helped us: evaluate our progress since 2017; reexamine the potential impacts our business activities might have on rights holders; and assess the potential severity and likelihood of those impacts across our value chain in line with the criteria outlined in the UNGP Reporting Framework. This process involved a detailed review of our business models, direct operations, and supply chains, including analysis of relevant risk indices, past assessment findings, and feedback from internal experts (e.g., Global Sustainability, Public Policy, Health and Safety, etc.) and external stakeholders (e.g., industry groups, NGOs, human rights experts, and investors).

While the assessment findings confirmed that the issues identified in 2017 remain salient for our business, they also highlighted an opportunity to reframe our approach in several areas to help ensure we are in the best position to respond to emerging developments and address potential impacts across our value chain going forward. Key learnings included:

- Expanding the salient issue of "vulnerable workers" into a cross-cutting lens that is applied across all salient issues to help ensure that vulnerability is effectively considered in the approach for each salient issue.
- Reframing the salient issue of "working hours and wages" as "fair pay and employment conditions" to capture our core objectives of improving livelihoods, building resilient communities, and fostering sustainable economies across our value chain.

We are establishing new action plans to guide work on our salient issues moving forward. As part of this processes, we will continue to prioritize efforts to address potential forced labor impacts faced by vulnerable workers throughout our value chain, leveraging insights from the assessment to identify focus segments and geographies throughout our supply chain.

For more information on our salient issues, please see the dedicated webpages on our [ESG Topics A-Z section](#) of our website or our [2022 Salient Human Rights Issues Update](#).



PepsiCo can be a positive influence, promoting respect for human rights across our value chain and taking action to address impacts wherever we uncover them.

– Melissa DeBernardis
PepsiCo Chief Human Rights Officer,
Senior Vice President, Employment Law

Human Rights Due Diligence

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 global due diligence programs that assess, identify, and remediate impacts across our value chain.

Global Human Rights Assessment Program

Our Global Human Rights (GHR) Assessment Program utilizes a risk-based approach to assess, mitigate, and address potential impacts across our company-owned manufacturing operations. GHR audits are conducted by independent, third-party auditors and align with Sedex Members Ethical Trade Audit (SMETA) protocol requirements to help ensure compliance with local law, PepsiCo's policies, and international human rights standards. The GHR Program also utilizes innovative remote monitoring tools (i.e., worker voice surveys) to collect anonymous worker feedback on key issues such as workplace safety, working hours, and labor standards.

Sustainable Sourcing Program

Our Sustainable Sourcing Program (SSP) utilizes scored self-assessments and third-party audits to identify and assess potential impacts of human rights, labor practices, and environmental issues across our most business-critical direct suppliers and contract manufacturing and co-packing locations. SSP audits are conducted by independent, third-party auditors and leverage Sedex Members Ethical Trade Audit (SMETA) 4-Pillar protocol requirements to help ensure compliance with local law, PepsiCo's Global Supplier Code of Conduct, and international human rights standards.

Sustainable Farming Program

Our Sustainable Farming Program (SFP) is a farm-level continuous improvement program that helps us assess our direct growers, identify potential gaps relative to our policies, implement plans to safeguard human rights and embed regenerative agricultural practices. The SFP is designed to help boost agricultural productivity and extend availability of sustainably sourced crops today, while contributing to long-term transformation across the agricultural system. The program is based on self-assessment, capacity building, and verification. We work with farmers around the world to provide training for on-field agronomy, resource-efficient use of fertilizers and irrigation, plant protection techniques, workers' rights, pest management and other issues.

Learnings and insights from these 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. We also continuously look for opportunities to enhance our due diligence programs and their underlying assessment processes to help ensure we have an appropriate scope of coverage and depth of action. We will conduct a formal review of our human rights due diligence process in 2023 to identify if there are opportunities to enhance the underlying programs and ensure we remain positioned to deliver industry-leading risk mitigation going forward.



ADDRESSING NON-COMPLIANCES

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 2022, our Global Human Rights Assessment Program assessed 114 of our company-owned manufacturing operations across 37 countries and piloted new assessment tools across 23 of our sales and distribution centers across 4 countries. In addition, in 2022, our Sustainable Sourcing Program conducted or recognized 902 on-site or virtual audits of our first-tier suppliers across 58 countries. The following diagram illustrates the top 5 non-compliance categories identified through the audits of our own manufacturing operations and direct third-party suppliers in 2022.



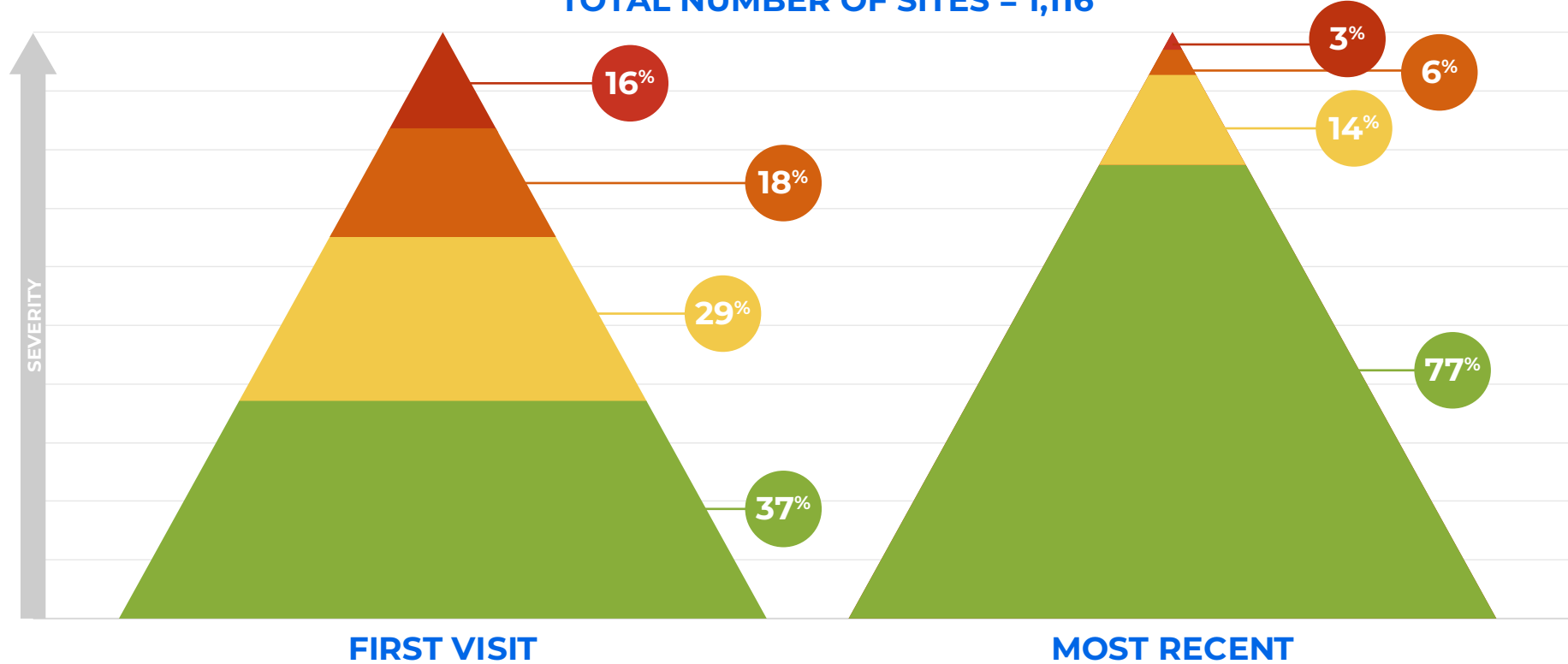
Human Rights Due Diligence

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

TOTAL NUMBER OF SITES = 1,116



This graphic illustrates the performance of 1,116 supplier sites that received multiple audits requested between 2016-2022. Color score is based on criticality of findings with red being the most severe to green being minor or no findings.



Photo by Sarah Mercadante, PepsiCo Global Sustainable Agriculture

Stakeholder Engagement & Collaborative Action

We believe that an open and continuous dialogue with our stakeholders is critical in informing and strengthening our 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 the development and management of our approach.

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, 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, Water Webpage, Climate Change Webpage, and Land Rights Webpage. Key themes present across our engagements and initiatives in 2022 included: emerging legislative developments, supply chain due diligence, and responsible recruitment. Below are examples of our various engagements throughout the year:



PepsiCo and several other companies engaged with Tearfund, a civil society organization advocating for greater recognition of and respect for the rights of waste pickers, to deepen our understanding of human rights risks in the informal waste sector. This engagement led to the development of the Fair Circularity Principles as well as the subsequent launch of the Fair Circularity Initiative to help ensure the human rights of workers within the informal waste sector are respected. PepsiCo has adopted and we are taking steps to advance the Fair Circularity Principles throughout our value chain.



With ongoing movement in the legislative landscape worldwide, PepsiCo continued to actively engage with regional and national governments, either directly or through our industry associations, to advocate for harmonized and predictable regulatory frameworks that align with the principles established by the UNGPs. We will continue to monitor ongoing developments and support constructive dialogue between all relevant stakeholders.



PepsiCo hosted an industry group meeting that focused on the nexus between climate change and human rights. The workshop explored practical approaches for integrating human rights risk management into climate mitigation and adaptation measures as well as a broader discussion regarding a just transition. Learnings from this session have been integrated into our work to build resilience for our business and supply chain, as we strive to support a Just Transition for vulnerable groups and maximize the social and economic opportunities stemming from our Climate Action Strategy.

CONSULTATION WITH OWNED AND CONTROLLED ENTITIES

PepsiCo's Human Rights Program is led centrally by our Global Human Rights Office, which partners with internal stakeholders to operationalize our approach in each of our business divisions. All company-owned operations and PepsiCo consolidated subsidiaries 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 Committee 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 2022 Modern Slavery & Human Trafficking Statement, partnering with our core functions (e.g., Human Resources, Sourcing & 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 potentially modern slavery risks across our business and supply chain.

Capturing and Integrating Rightsholder Feedback

PepsiCo continues to seek innovative ways to capture and integrate rightsholders feedback to help strengthen our approach and improve our program's overall performance. We piloted an independent remote worker voice initiative with over 500 workers in the United States in 2021, and we expanded the initiative to additional worker groups in Mexico, Egypt, and Saudi Arabia in 2022. Learnings and insights from these assessments have been used to inform our due diligence processes and focus areas such as working hours. Our worker voice initiative complements our due diligence processes and helps deepen our understanding of potential risks present throughout our operations and supply chain.



We welcome feedback on our programs which can be submitted through our [Contact Us](#) webpage.

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 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.



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 2022, 39 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 39 logged grievances, as of March 2023, 22 remain open, 13 have been closed, and four have been deemed "out-of-scope" by PepsiCo. We are continuing to engage with our suppliers and others to help resolve the open grievances.

DIRECT OPERATIONS

PepsiCo encourages all of its employees to voice their opinions fearlessly. All PepsiCo employees have an obligation to report suspected violations of our Global Code of Conduct, policies, or applicable law. This obligation is engrained in our Global Code of Conduct, and employees receive regular trainings and communications to raise awareness of this obligation on an ongoing basis. Our employees have several avenues for reporting issues and seeking advice, including their manager, Human Resources, the Law Department, the Global Compliance & Ethics Department, and our [Speak Up hotline](#).



Speak Up Hotline

Speak Up!

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](#). In 2022, over 9,000 Speak Up reports were received, with 66% of those reports being raised anonymously. Of the cases closed during 2022, approximately 35% were substantiated or partially substantiated and resulted in some form of remediation, such as process enhancements, policy revisions, trainings, written warnings, and/or termination of employment.

Reporting on Our 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 2021 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 for 2023.

2022 ACHIEVEMENTS

- ✓ Evolved our human rights training program, launching new training to our employees and targeted training and guidance materials to our business critical suppliers on responsible recruitment and fire safety
- ✓ Expanded our remote worker voice initiative to include over 800 workers across Mexico, Egypt, and Saudi Arabia
- ✓ Initiated action plans for our revised salient issues to ensure we are in the best position to respond to emerging developments and address potential impacts across our value chain going forward

NEXT STEPS

- ➔ Continue to embed human rights throughout our pep+ pillars and processes and to operationalize our human rights strategy across our operations and supply chain
- ➔ Conduct a formal review of our human rights due diligence process to identify opportunities to enhance the underlying programs and assessment processes
- ➔ Review and revise our Global Supplier Code of Conduct to ensure alignment with stakeholder feedback, emerging regulatory developments, and internationally recognized best practices

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 on behalf of PepsiCo's Board of Directors,

Ramon Laguarta
Chairman & Chief Executive Officer
PepsiCo, Inc.

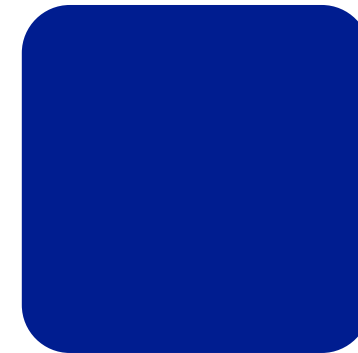


Appendix I: PepsiCo United Kingdom (UK)

Everyday millions of people in the UK enjoy our oats, snacks, and beverages. 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. The 4,500 strong team behind these household names is spread across our 10 UK sites including our Quaker oats mill in Cupar and our Walkers crisp factory in Leicester – the largest crisp factory in the world. We also partner with more than 400 farmers across the UK to locally source the highest quality ingredients including potatoes and oats.

We are continuing to embed respect for human rights throughout our local business practices through actions such as the ongoing implementation of our global policies and local initiatives to help strengthen our ability to respond to potential risks across our operations and supply chain. We also conduct ongoing due diligence through our global due diligence programs, implementing corrective action plans and engaging with our suppliers and business partners to enable remedy when non-compliances are identified throughout our value chain. For example, we regularly audit our company-owned manufacturing operations and have conducted or mutually recognized more than 240 audits of our first-tier suppliers across the UK since 2016. Top non-compliance categories identified through assessments from 2018 to 2022 include: Health, Safety & Hygiene, Working Hours, and Documentation.

Considering these findings, we are continuing to heighten our monitoring of human rights practices across our UK operations and supply chain to support ongoing compliance with PepsiCo's Global Human Rights Policy and Global Supplier Code of Conduct. As part of this work, we are actively engaging with our local sites and suppliers to conduct due diligence, address identified risks, and support ongoing implementation of our policies and standards. In 2023, we will continue to embed human rights risk management into our local business practices through targeted capability building sessions, re-baseline our assessment cadence for our company-owned manufacturing operations and expand our Sustainable Sourcing Program to include additional supply chain segments for our local businesses.



Appendix II: PepsiCo Australia & New Zealand (ANZ)

PepsiCo Australia and New Zealand's 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 employ approximately 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) and partner with co-manufacturers, bottlers, and more than 100 suppliers to make and source the highest quality ingredients for our products.

We conduct ongoing due diligence through our global due diligence programs, implementing corrective action plans and engaging with our local suppliers and business partners to enable remedy when non-compliances are identified throughout our value chain. We regularly audit our company-owned manufacturing operations and have conducted or mutually recognized 26 audits of our first-tier suppliers across Australia and New Zealand since 2016. Top non-compliance categories identified through assessments from 2016 to 2022 include: Health, Safety & Hygiene, Working Hours, and Documentation.

We also seek to mitigate human rights risks through our supplier contracting process. Our standard-form supplier contracts impose an obligation on our suppliers/farmers to comply with PepsiCo's Global Supplier Code of Conduct and all applicable laws and regulations. Our contracts also contain a modern slavery clause, which requires suppliers to comply with all relevant modern slavery laws and provide PepsiCo with information reasonably requested to ensure compliance. We also regularly engage with our suppliers outside of the contracting process to raise awareness of our standards and help build capabilities on the ground. For example:

- Our Agronomy managers regularly visit potato growers across Australia to see their operations, discuss crop, expected yield, business requirements and challenges; and
- Our Procurement managers and Operations teams regularly visit key ingredient suppliers, local co-manufacturers, and offshore co-manufacturers.

We initiated an in-depth review of our due diligence practices across Australia and New Zealand in 2022 to identify areas where we can strengthen our approach and local initiatives. In 2023, we will continue to embed human rights risk management into our local business practices through targeted capability building sessions for local leaders, re-baseline our assessment cadence for our company-owned manufacturing operations and expand our Sustainable Sourcing Program to include additional supply chain segments for our local businesses.



Appendix III: Modern Slavery Reporting Requirement Index

NORWAY TRANSPARENCY LAW (2021)

A general description of the large enterprise's business, area of operation.

Guidelines and procedures for addressing actual and potential adverse impacts on fundamental human rights and decent working conditions.

Measures the enterprise implemented or plans to implement to prevent or limit the adverse impacts.

The adverse impacts and significant risks of adverse impacts discovered through due diligence.

The results or expected results of the enterprise's implemented measures.

AUSTRALIAN MODERN SLAVERY ACT (2018)

Identify the reporting entity.

Describe the structure, operations, and supply chains of the reporting entity.

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.

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.

Describe how each reporting entity covered by the joint statement assesses the effectiveness of its actions to assess and address modern slavery risks.

Describe the process of consultation with any entities the reporting entity owns or controls.

Include any other information that the reporting entity considers relevant.

UK MODERN SLAVERY ACT (2015)

Organization's structure, its business, and its supply chains.

Organization's policies in relation to slavery and human trafficking

Organization's due diligence processes in relation to slavery and human trafficking in its business and supply chains

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.

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.

Organization's training about slavery and human trafficking available to its staff.

CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT (2010)

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.

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.

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.

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.

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.

LOCATION IN 2022 MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT

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