**PepsiCo’s Response to IUF’s Allegations of Human Rights Violations**

PepsiCo takes seriously all allegations of human rights violations, whether alleged to have occurred in our own operations or those of our third party business partners. We have a robust Human Rights Program, the foundation of which is our Human Rights Policy, our Supplier Code of Conduct, and our Sustainable Sourcing Program. Our programs and our response to allegations of human rights violations are guided by the U.N. Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. PepsiCo is aware of IUF’s allegations of human rights violations, and continues to maintain the position that we have acted properly in each instance.

**RKFL- West Bengal, India**

IUF’s allegations that PepsiCo warehouse contractor RKFL committed human rights violations date back to an incident in May 2013. For reasons still unknown to PepsiCo, certain RKFL workers engaged in an illegal strike against the contractor. RKFL could have lawfully terminated all workers who participated in the illegal strike, but instead invited all to return to work the next day. 28 workers refused to return to work, claiming that RKFL officials demanded that they renounce their union membership as a condition of returning to work.

PepsiCo has conducted an extensive investigation into IUF’s claims, including on-site investigations by PepsiCo executives, many telephone calls and meetings between PepsiCo executives and IUF leadership, and two independent human rights audits by external organizations. Throughout, RKFL maintained the position that they did not impose the requirements alleged by IUF, and PepsiCo’s investigation found no evidence to substantiate IUF’s claims.

Despite being unable to substantiate IUF’s claims, PepsiCo influenced RKFL to offer the 28 workers positions as they became available. PepsiCo believes that this demonstrated a reasonable balance between the 28 workers’ claims and the absence of evidence substantiating those claims. The offers were repeatedly extended over a period of more than a year. The 28 workers declined those offers, insisting that they would only return to work as a group and with full back pay.

PepsiCo’s efforts to find resolution nevertheless continued. In October 2015, PepsiCo requested that the U.S. National Contact Point (NCP) for the OECD Guidelines, a position in the U.S. State Department, facilitate mediation between all of the parties involved in this matter. In February 2016, leaders from PepsiCo, RKFL, and IUF participated in three days of mediation in Washington, D.C. Unfortunately, mediation did not result in agreement, and the 28 workers continue to be unwilling to accept any resolution other than their demand for simultaneous reinstatement with full back pay. The NCP’s final statement of this matter can be found on the U.S. State Department’s web site at <http://www.state.gov/e/eb/oecd/usncp/specificinstance/finalstatements/255837.htm>.

IUF has expressed concern that PepsiCo has not spoken directly to the 28 workers. PepsiCo has believed throughout its extensive dialogue with IUF that IUF was representing these 28 workers and, therefore, was speaking for them. PepsiCo has never employed the 28 workers, and has had no means of contact with the 28, other than speaking to IUF. Nevertheless, PepsiCo has agreed to meet with the 28 workers in coordination with IUF. PepsiCo has further agreed that we will not place any conditions on our meeting with the 28 workers, and that we will include their input in our overall assessment of the 2013 events.  We will continue to uphold our commitments under the U.N. Guiding Principles and OECD Guidelines, including exercising our leverage and evaluating our ongoing relationship with RKFL.

**Guatemala and Pakistan**

IUF maintains that PepsiCo management in Guatemala and Pakistan interfered with the efforts of IUF-supported unions to organize workers in those countries by recognizing for collective bargaining alternative unions they maintain are management-friendly. The unions representing PepsiCo employees formed in Guatemala and Pakistan both achieved legal representation status, independent of local management.

IUF also claims the union in Guatemala is in violation of Guatemala law, but all litigation challenging the union in Guatemala has been resolved in PepsiCo’s favor. In Guatemala, management has not provided financial inducements for employees to support a specific union or one union over the other, as alleged by IUF.

Contrary to IUF’s allegations, union leaders affiliated with the IUF-supported union in Pakistan continue to work at the PepsiCo plant in Lahore. Local management has engaged in positive dialogue with the president of that union, and has even offered to facilitate a meeting between union leaders and an external Pakistani labor expert. PepsiCo management in Pakistan is committed to continuing open dialogue with those union leaders, even in the absence of the union’s legal standing as determined by the courts.

IUF appears to be questioning the validity of legally recognized unions simply because they are not IUF-supported unions. IUF’s questioning of the efficacy of a country’s labor laws does not change the fact that PepsiCo must honor and follow those laws, just as we do in the U.S. PepsiCo will not interfere with a legally established union, and certainly cannot act in a way that undermines such a union.