

Updated PepsiCo response to IUF rejoinder: company needs to address "actual" labour rights allegations in supply chain in India, Guatemala & Pakistan

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This statement serves as an updated response to the allegations raised by the International Union of Food Workers (IUF) in 2016 regarding India, Guatemala, and Pakistan.

India

IUF's allegations that PepsiCo warehouse contractor RKFL committed human rights violations date back to an incident in May 2013. For reasons still unclear 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. While some workers returned to work, 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 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 believed 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 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 continued 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 (See [here](#)).

Following the mediation, IUF expressed concern that PepsiCo had not spoken directly to the 28 workers. PepsiCo believed throughout its extensive dialogue with IUF that IUF was representing these 28 workers and, therefore, was speaking for them. PepsiCo never employed the 28 workers, and had no means of contact with the 28, other than speaking to IUF. Nevertheless, PepsiCo agreed to meet with the 28 workers in coordination with IUF.

In March 2017, PepsiCo's Vice President of Global Labor Relations and Vice President of Employment Law traveled to India and met with the 28 workers, interviewing each of them individually. The worker interviews reaffirmed the complexity of the situation, but did not provide evidence that substantiated IUF's claims against RKFL. As a matter of good faith, PepsiCo continued to engage with IUF and RKFL to seek a resolution to the complaint. In the fall of 2017, PepsiCo facilitated a mutually-agreeable resolution of the dispute between RKFL and IUF.

Guatemala

IUF alleged that PepsiCo management in Guatemala interfered with the efforts of IUF-supported unions to organize workers by recognizing alternative unions for collective bargaining purposes that they alleged were management-friendly. The unions representing PepsiCo employees formed in Guatemala achieved legal representation status, independent of local management.

IUF also claimed 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. PepsiCo management has not provided financial inducements for employees to support a specific union or one union over the other, as alleged by IUF.

Upon the expiration of the collective bargaining agreement with the long-established union, the IUF-affiliated union secured legal majority status. PepsiCo management and the IUF-affiliated union subsequently reached agreement on the terms of a new collective bargaining agreement.

Pakistan

IUF alleged that the distribution of permanent employees and contract workers in our Lahore, Pakistan snacks plant was not compliant with local standards. An investigation by global and local PepsiCo leaders substantiated this claim. PepsiCo leaders met with the affected parties and continued open dialogue with IUF throughout the process and insourced more than 460 contract workers into permanent positions in the plant to ensure compliance with local standards. Local PepsiCo leaders continue to have very positive dialogue with the local IUF leader in Pakistan.