

PEPSI TO PAY \$3.13 MILLION TO RESOLVE HIRING DISCRIMINATION



Pepsi Beverages will be paying over three million dollars to settle a charge of racial discrimination filed by the Minneapolis Area Office of the U.S. Equal Employment Opportunity Commission (EEOC). The company will also be providing job offers and training as per the agreement. The EEOC initiated an investigation into the criminal background check policy formerly utilized by Pepsi. The investigation found that more than 300 African American applicants had been unfavorably affected by a background check under this policy, which unduly disqualified the applicants from permanent employment at the company. According to the policy, applicants would have been arrested pending prosecution were excluded from a permanent position even if they had never been convicted of a crime. Applicants were likewise denied employment if arrested or convicted of particular minor offenses. Denying employment based on arrest and conviction records is a possible violation of Title VII of the Civil Rights Act of 1964. If the arrest or conviction is not relevant to the job, it could restrict employment opportunities for some people based on race or ethnicity. "The EEOC has long standing guidance and policy statements on the use of arrest and conviction records in employment," said EEOC Chair Jacqueline A. Berrien in a press release. "I commend Pepsi's willingness to reexamine its policy and modify it to ensure that unwarranted roadblocks to employment are removed." During the EEOC investigation, Pepsi amended its policy in criminal background checks. A 3.13 million-dollar settlement was reached, with the majority divided among the affected African American applicants and a portion assigned to the process for filing the claim. Employment opportunities will be made to the applicants who still want and are qualified for jobs at the company. Pepsi will also submit regular reports to the EEOC on its hiring practices under its new policy. Title VII training will be



provided for the company's hiring personnel and all of the managers. Julie Schmid, Acting Director of the Minneapolis Area Office, stated, "When employers contemplate instituting a background check policy, the EEOC recommends that they take into consideration the nature and gravity of the offense, the time that has passed since the conviction and/or completion of the sentence, and the nature of the job sought in order to be sure that the exclusion is important for the particular position." "Such exclusions," Schmid added, "can create an adverse impact based on race in violation of Title VII. We hope that employers with unnecessarily broad criminal background check policies take note of this agreement and reassess their policies to ensure compliance with Title VII." The Equal Employment Opportunity Commission enforces federal laws related to employment discrimination. Its Minneapolis Area Office is a part of the EEOC's Chicago District. The Chicago District is responsible for investigating allegations of discrimination in Illinois, Minnesota, Wisconsin, Iowa, and North and South Dakota.