

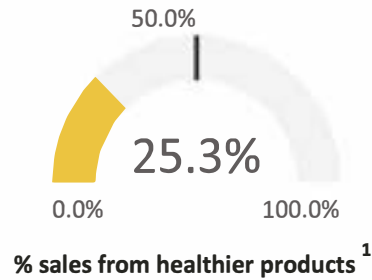


PEPSICO

Product Profile Results / Overall Analysis



Product Profile Results



Company size and specifications

Headquarters U.S.	Number of Employees 318000
Type of ownership Public	Market Capitalisation (USD millions) 241440

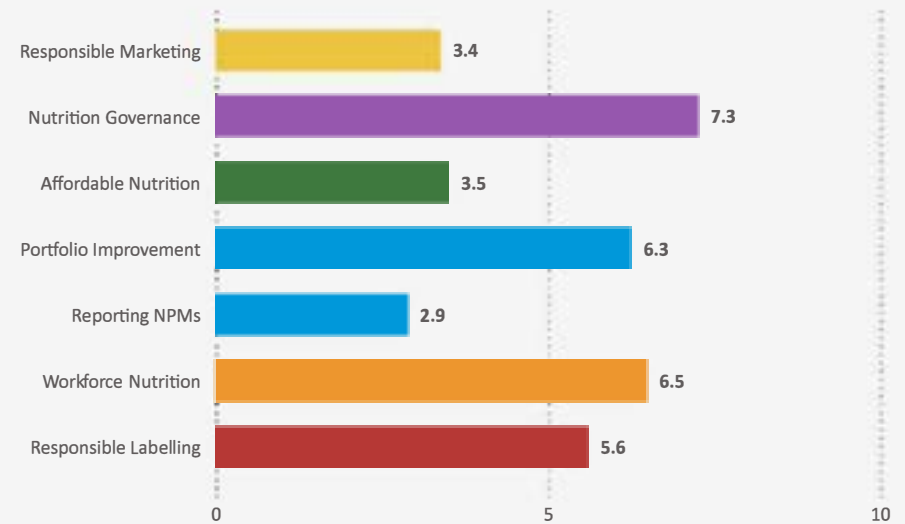
Range of global sales assessed in Product Profile ²

65% - 70%

Footnotes:

1. ATNi estimates this value by taking the proportion of healthier products within each category assessed and multiplying that figure by the estimated global category retail sales. The values are then aggregated to generate an estimate of the overall global sales from healthier products (excluding baby foods, plain tea, and coffee, which are not included in the Product Profile).
2. Retail sales data derived from Euromonitor International.

Overall analysis



Important - The findings of this Index regarding companies' performance rely to a large extent on information shared by companies, in addition to information that is available in the public domain. Several factors beyond the companies' control may impact the availability of information. Therefore, in the case of limited or no engagement by such companies, this Index may not represent the full extent of their efforts.



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Markets included in ATNi's assessment

Countries in scope of ATNi's assessment by income group ¹



% sales covered of top 5 markets

USA	40% - 45%
Mexico	5% - 10%
China	<5%
United Kingdom	<5%
Brazil	<5%

Product Category

- Baked Goods
- Bottled Water
- Breakfast Cereals
- Carbonates
- Confectionery
- Energy Drinks
- Juice
- Other Hot Drinks
- Rice, Pasta And Noodles
- RTD Tea
- Sauces, Dips and Condiments
- Savoury Snacks

Footnotes:

1. World Bank country classification by income level for the Fiscal year 2024: **HIC** or High-Income Countries include High-Income Countries (with a GNI per capita of \$13,846 or more). **UMIC** or Upper-Middle-Income include countries with a GNI per capita between \$4,466 and \$13,845. **LMIC** or Low-Medium-Income Countries combine Lower-Middle-Income Countries (with a GNI per capita between \$1,136 and \$4,465 and Low-Income Countries (with a GNI per capita of \$1,135 or less).
2. Retail sales data derived from Euromonitor International.



PEPSICO

Category Analysis: Nutrition Governance (15%)



Average Score

4.3

Maximum Score

9.6

Elements in Place

☐ Nutrition strategy

PepsiCo launched its new nutrition strategy, 'Positive Choices', as part of its 'pep+ (PepsiCo Positive)' strategy in 2021. The strategy focuses primarily on improving the healthiness of its portfolio, setting targets to reduce calories from added sugars, sodium levels, and saturated fats in its products, and increasing the use of 'positive' ("diverse") ingredients. In addition, through the 'pep+' strategy PepsiCo also seeks to address global food security through a combination of 'affordable nutrition' and non-commercial projects.

☐ Healthy sales target and reporting

The company reports quantitatively on its progress against its reformulation targets, but was not found regarding its commercial efforts to deliver affordable nutrition. As part of its submission to the 'EU Code of Conduct for Responsible Business and Marketing Practices' in 2021, PepsiCo has committed to a healthy sales target specifically for its snack business (which constitutes approximately 40-50% of its revenues, according to EMI data) in the European Union: to increase sales of 'healthier snacks', defined as Nutri-Score A/B, to \$500 million in sales by 2025, and \$1 billion by 2030. The company reports its current progress against this target on its 'Nutrition' webpage.

☐ Nutrition-related risk assessment

The company identifies an extensive range of nutrition-related risks in its (10-K) Annual Reports, which reports the main risks identified in its Enterprise Risk Assessment.

☐ Board oversight

PepsiCo's Board of Directors has oversight over the company's sustainability strategy, which includes Positive Nutrition, while delegating more specific focus on these matters to its 'Sustainability, Diversity and Public Policy Committee'. The company shared evidence that this committee specifically reviews progress on the company's nutrition strategy.

☐ Executive accountability and remuneration

PepsiCo's CEO has formal accountability for the success of the 'pep+' objectives, which include several relating to nutrition. According to the company's annual Proxy Statement, part of his remuneration is linked to a qualitative appraisal of his performance on "delivering progress" on the 'Positive Choices' strategy.

Priority Areas for Improvement

☐ Strategy reporting

PepsiCo is recommended to report comprehensively on its 'Good For You' strategy, ensuring that, for each element of the strategy, quantitative metrics are developed and reported on annually. More specifically, the company should ensure that it reports quantitatively on its 2030 'positive ingredients' goal, ideally including a breakdown of by ingredient type (e.g. FVNL, whole grains, etc), and the commercial contribution to its 2030 'access to nutritious foods' target.

☐ Healthy sales target

PepsiCo is strongly encouraged to build upon its Nutri-Score target in Europe by adopting a similar target that covers its entire portfolio, and in all markets. Ideally, such a target should aim to grow the proportion of sales from 'healthier' products, relative to overall sales, to ensure that sales of its less healthy products do not grow at a proportionately greater rate.

☐ Healthy sales reporting

PepsiCo is encouraged to follow other companies' examples by publishing the percentage of its total (global) sales value or volume derived from products defined as 'healthier' according to a government-endorsed nutrient profiling model, such as the Nutri-Score. It is also recommended to publish its progress against the European target directly on its website, rather than via a hyperlink.

☐ Nutrition-related risks assessment

PepsiCo is encouraged to consider evaluating the medium- and long-term risks to the company associated with increasing rates of malnutrition around the world, and publish the outcomes in its Annual Reporting.

☐ Board oversight

PepsiCo is recommended to publish information about the extent of its Board's oversight over its nutrition strategy. It can further demonstrate this by publishing overviews of the key points of discussion in its Annual Reporting, as per Danone and Unilever's example.



PEPSICO

Category Analysis: Portfolio Improvement (10%)



Average Score

3.3

Maximum Score

9.5

Elements in Place

☐ Sodium

PepsiCo has set a sodium reduction goal that, by 2025, at least 75% of its food portfolio volume will not exceed 1.3 mg of sodium per Calorie. The company has also set a new, additional target that by 2030, at least 75% of its global convenient foods portfolio volume will meet or fall below category sodium targets that align with WHO 2021 Global Sodium Benchmarks, which, in addition to being on a per 100g basis, are approximately 15-30% stricter than the 2025 targets. PepsiCo reports progress towards its 2025 sodium reduction target in its ESG report and nutrition page, providing specific examples of product reformulations and new products meeting the target, and began reporting on the 2030 target in June 2024.

☐ Saturated Fats

PepsiCo has set a target for 2025 to ensure at least three quarters of its global foods portfolio sales volume will not exceed 1.1 grams of saturated fat per 100 Calories. The company reports reaching its 2025 saturated fat reduction goal in advance in 2021.

☐ Sugars

PepsiCo aims to achieve 100 Calories or fewer from added sugars per 12 fluid ounce serving in at least 67% of its beverage portfolio by volume by 2025. The company reports progress towards its 2025 sugar reduction target in its ESG report and nutrition page, with specific examples of product reformulations/new products meeting the target. However, the target only applies to beverages.

☐ Industrially produced trans fats (iTFA)

PepsiCo committed to not exceed 2g iTFA per 100 grams of fat/oil per product by the end of 2023, in line with WHO's objective of phasing out iTFA and PHOs from the global food supply. The company ensures compliance through its R&D teams and Global Oils Center of Excellence by "deploying best practices to limit incidental iTFA formation" and "updating ingredient specifications to ensure that they comply with the IFBA target".

☐ Fruits, vegetables, nuts, and legumes (FVNL) and whole grains

By 2030, PepsiCo aims to deliver 145 billion portions of "diverse ingredients" annually in its global convenient foods portfolio, which includes FVNL and whole grains among other healthy ingredients. The company aims for each portion to provide approximately 10% of the suggested daily amount of a diverse ingredient. However, PepsiCo does not specify the degree of processing for the FVNL or the minimum amount of whole grains used in its portfolio development, and began reporting on the 2030 target in June 2024.

☐ Responsible fortification practices

PepsiCo's internal guidance on fortification refers to the WHO/FAO Guidelines on Food Fortification with Micronutrients. The company publicly states that it adheres to local regulations or guidelines, or to those set out by CODEX where local guidelines are absent. Although PepsiCo provided evidence of internal criteria for determining whether a product is healthy or unhealthy, the company does not publicly commit to avoiding the fortification of unhealthy products.

Priority Areas for Improvement

☐ Sugar reduction

PepsiCo is also encouraged to extend its current sugar reduction target to other applicable product categories beyond beverages. It is also strongly recommended to adopt the WHO-recommended definition of 'free/total sugars', rather than added sugars.

☐ Fruits, vegetables, nuts, and legumes (FVNL) and whole grains

The company is encouraged to report separately on the inclusion of FVNL and whole grains in its products to provide clearer insights into the company's contributions to increasing the consumption of these food groups. PepsiCo is also encouraged to clarify how it defines FVNL and whole grains, ideally adopting a definition that includes minimal processing.

☐ Responsible fortification practices

The company is recommended to publicly commit that it will only fortify products that meet the nutrition criteria of a nutrient profiling model (NPM), ideally one that is internationally recognised / government endorsed.



PEPSICO

Category Analysis: Reporting NPMs (5%)



Average Score

2.6

Maximum Score

9.5

Elements in Place

☐ Nutrient Profiling Model (NPM) for reporting purposes

PepsiCo reports on the percentage of sales value specifically of its Snacks portfolio (approximately 50% of its sales, according to EMI data) derived from products classified as Nutri-Score (A/B) in the EU member states. This is reported in its 'EU Code of Conduct 2023 Report', which can be found on its 'Nutrition' webpage.

☐ Applying the government endorsed NPM transparently

In the same report, PepsiCo makes clear that this is reported in terms of retail sales value and which specific markets (all EU member states) are encompassed. The company also indicated that product nutrient values are assessed 'as sold'. However, it does not specify which specific product categories in its portfolio it includes as 'Snacks' (a term which can be open to interpretation), nor does it make clear how it categorized its products according to Nutri-Score's product classification system (for example, its 'nuts' products).

Priority Areas for Improvement

☐ Scope of reporting

PepsiCo is strongly encouraged to expand the practice of applying the Nutri-Score for reporting purposes across its entire applicable portfolio and across all markets.

☐ Applying the government endorsed NPM transparently

In order to allow external stakeholders to understand how the company's results were calculated and ensure replicability, PepsiCo is encouraged to disclose details about what specific product categories are included in the broad umbrella term of 'Snacks', and how it categorizes its products with the model's product classification system (or make this information available upon request).



PEPSICO

Category Analysis: Affordable Nutrition (15%)



Average Score

1.3

Maximum Score

6.8

Elements in Place

☐ Affordable nutrition strategy

PepsiCo's 'Affordable Nutrition (AFN) Platform involves a multi-faceted approach which includes affordable pack formats, product development, and cost-saving distribution methods. The company states this activity applies to commercial to make nutritious products accessible to lower-income consumers at risk of poor nutrition. Currently it is applied only in Mexico and South Africa.

☐ Defining 'healthier' and portfolio scope

PepsiCo has developed the 'Nutrition Criteria for Affordable Nutrition' specifically for products that are part of its AFN Platform. Currently the strategy is applied to a range of maize, oats, dry vegetables and legumes, and bread products in Mexico and South Africa.

☐ Defining 'affordability' and 'lower income' consumers

PepsiCo shared evidence indicating that its definition of 'affordability' is informed by local socioeconomic indicators and externally available data and that it uses local socioeconomic classification systems to define the 'lower income' consumers it is aiming to reach.

☐ Affordable nutrition target

PepsiCo has a target to increase access to nutritious food for 50 million people by 2030 through both the AFN platform combined with philanthropic activities; however, it does not have a target specifically for the AFN platform.

☐ Tracking and reporting on progress

Tracking and reporting on progress: PepsiCo shared quantitative evidence of outcome-level progress on the implementation of the AFN platform in Mexico and South Africa in terms of increased sales volumes from products classified as 'affordable nutrition' and/or an increase in market penetration among lower-income consumers. Progress is currently only reported as an aggregate figure combined with the company's philanthropic efforts towards this goal.

☐ Relative affordability

The company did not share evidence of taking steps to measure the relative pricing of its 'healthier' products relative to its general portfolio, and to improve the price differential between them.

Priority Areas for Improvement

☐ Market scope of strategy

Broadening the scope of its Affordable Nutrition Platform, such that it applies to a wider number of markets, or ideally globally. The company is also recommended to increase the number of products and brands in the strategy. To support this, the company is also recommended to:

☐ Defining 'healthier' and portfolio scope

Applying its Affordable Nutrition Platform only to products that meet the definition of 'healthy' according to an internationally recognised / government endorsed nutrient profiling model (NPM).

☐ Targets, and tracking and reporting on progress

Developing separate targets for its Affordable Nutrition Platform and philanthropic activities, to ensure progress for each element can be independently measured.

☐ Relative affordability

PepsiCo is encouraged to take steps to measure the average pricing of its 'healthier' products relative to its products that do not meet that definition, ideally on a category-by-category basis per market, and to work on improving the price differential between them.



PEPSICO

Category Analysis: Responsible Marketing (15%)



Average Score

3.0

Maximum Score

7.3

Elements in Place

☐ Responsible Marketing policy

PepsiCo's Policy on Responsible Advertising and Marketing to Children (the Policy) references the International Chamber of Commerce's (ICC) Framework for Responsible Food and Beverage Marketing Communications in its marketing practices for all audiences. The company is also a member of the International Food & Beverage Alliance (IFBA).

☐ Age thresholds

As a member of IFBA, the company has raised the age threshold for marketing to children from 12 to 13 years.

☐ Product restrictions for marketing to children

As in 2021, PepsiCo uses industry association nutrition criteria, such as the IFBA nutrition criteria, to define products suitable to be marketed to children.

☐ Marketing policy scope

The company applies its commitments to a range of specific media channels and techniques, including native advertising and product placement, for example. It is unclear whether the policy applies to all media and techniques, beyond those which are listed.

☐ Audience threshold

As a member of IFBA, the company has lowered the audience threshold it uses to limit marketing to children on measured media from >35% to >30%.

☐ Marketing in schools

Although the Policy states that the company will not market its products in primary schools, it also outlines notable exceptions, including menus and signage at the point of sale identifying those products available for purchase, charitable donations or fundraising activities, public service messages, and items provided to school administrators for education purposes or for their personal use.

☐ Auditing compliance

As in 2021, PepsiCo is a member of the International Food & Beverage Alliance (IFBA), EU Pledge, and the Children's Food and Beverage Advertising Initiative (CFBAI). The company's compliance with these initiatives' responsible marketing commitments is audited in 19 different markets, although only a select range of media channels are audited per market.

Priority Areas for Improvement

☐ Product restrictions for marketing to children

PepsiCo is strongly recommended to strengthen its responsible marketing commitments by restricting the marketing to children to only products that meet a definition of 'healthy' according to a WHO Regional Nutrient Profile Model or other government endorsed NPM; or not to market any products to children at all.

☐ Age thresholds

PepsiCo is strongly encouraged to set the age threshold for defining a 'child' to 18 years of age, as per WHO guidance.

☐ Marketing policy scope

The company is recommended to explicitly apply this policy to a comprehensive range of media channels and techniques, including those specifically identified in the WHO Guidelines on this topic, including primary and secondary schools without exception.

☐ Audience threshold

To further limit children's exposure to the marketing of unhealthy products, PepsiCo is encouraged to use an audience threshold of >25% to determine whether a measured media channel is 'child-directed', and adopt time-based restrictions to limit children's exposure to marketing.

☐ Auditing compliance

The company is recommended to appoint independent third-party auditors to measure compliance with their responsible marketing policies across a comprehensive range of media channels and techniques, in all markets, and publish the results.



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Category Analysis: Workforce Nutrition (5%)



Average Score

2.4

Maximum Score

8.7

Elements in Place

☐ Workforce Nutrition Program

PepsiCo shared evidence that it has a clear, global workforce nutrition program in place as part of its wider 'Employee Well-being' program, which covers each of the workforce nutrition pillars in some way, although some are more robust than others. It also shared evidence that it tracks participation in the program, each pillar having different levels of implementation and availability to employees in different markets, and is notable as being one of few companies that aim to measure the overall program's outcomes, such as behavioural changes, and impact on employee health and benefits to the company. However, not all details of the program and its implementation are in the public domain.

☐ Healthy food at work

PepsiCo states that it provides healthy food options at its cafeterias, primarily in its largest markets, in which it is available to the majority but not all employees. However, it did not provide specific details as to what this entails, such as how this is defined and the costs to employees.

☐ Nutrition education

According to its website, PepsiCo provides nutrition education to almost all employees across all its markets in the form of seminars and online platforms, and also shared evidence that it provides nutrition counselling, health fairs and/or healthy cooking classes, among a wide range of other approaches, depending on the market.

☐ Nutrition-focused health checks

PepsiCo shared evidence that it offers 'health risk assessments' to almost all employees in all its markets, as well as preventative health screenings and biometric screenings in most markets.

☐ Paid maternity and second-caregiver leave

PepsiCo shared evidence that it offers a minimum of 16 weeks of paid maternity leave in all markets, and more than 26 weeks (the WHO-recommendation) in some markets. It also offers a minimum of 5 days of paid second-caregiver leave, at least 3 weeks in ten markets, and six weeks in the US.

☐ Measures to support breastfeeding in the workplace

PepsiCo states that it provides nursing rooms for breastfeeding, including fridges for breastmilk storage, many of its larger sites where there are more than 300 employees and some of its smaller sites. The company also states that it offers flexible working arrangements through its new 'Work That Works' program, as well as specific support and flexibility for second-caregivers, and onsite childcare at select locations.

☐ Supporting workforce nutrition in companies' supply chains

In 2022, PepsiCo introduced the 'Livelihoods Implementation Framework for Engagement (LIFE)' program. It aims to improve 250,000 livelihoods in its agricultural supply chains and communities by 2030 through a variety of interventions, including a specific focus on increasing food security, improving farmer incomes, and empowering women. It also includes an emphasis on market-level partnerships with civil society organizations (CSOs), and has established clear metrics to track impact.

Priority Areas for Improvement

☐ Healthy food at work

PepsiCo is recommended to build on its current efforts to support employee health by developing a cohesive healthy food at work program with a clear goal and objective, consisting of multiple elements addressing availability, accessibility, nutrition information and/ or worker engagement. This program should ideally be made available to all employees, including those at manufacturing sites. Becoming a signatory of the Workforce Nutrition Alliance (WNA) and utilizing its self-assessment scorecards could be a good first step in this regard.

☐ Paid maternity and second-caregiver leave

The company is recommended to offer at least 26 weeks of maternity leave consistently across all countries in which it has employees.

☐ Measures to support breastfeeding in the workplace

The company is encouraged to ensure that its current provisions for breastfeeding mothers are extended equally to all employees in all markets. To further aid their maternal and child health, this support should also include paid breaks to breastfeeding mothers to express breastmilk. Furthermore, it is important to foster a workplace culture that is supportive of breastfeeding, for example through awareness campaigns.



PEPSICO

Category Analysis: Responsible Labelling (5%)



Average Score
3.7

Maximum Score
7.9

Elements in Place

Back-of-pack (BOP) labelling

As a member of the International Food and Beverage Alliance (IFBA), the company displays information on BOP for all key nutrients (according to Codex Alimentarius Guidelines (CAC/GL 2-1985) on either a 'per 100g/ml' or 'per serving' basis. The company shared evidence that it voluntarily displays these nutrients on a 'per 100g/ml' basis in specific markets, but not all. The company does not commit to display information on a 'per 100g/ml' basis in all markets, as per the Codex Guidelines.

Adoption of voluntary Front-of-Pack (FOP) labelling

The company shared evidence that it applies the Health Star Rating (HSR) on FOP in Australia and New Zealand and Nutri-Score in each of its European markets in which it is formally endorsed, albeit with varying degrees of portfolio coverage. However, the company did not indicate that it has adopted or implemented the Traffic Light system in the UK nor the Healthier Choice label in its South East Asian markets.

Responsible use of health and nutrition claims

The company commits to follow Codex Alimentarius guidelines for health and nutrition claim where there are not already local regulations or guidelines in place. However, the company does not commit to only placing claims on products that meet a definition of 'healthier' according to formal nutrition criteria.

Priority Areas for Improvement

Back-of-pack (BOP) labelling

PepsiCo is strongly encouraged to strengthen its policy on displaying BOP nutritional information by displaying all key nutrients specifically in the format of quantity per 100g/ml (Article 3.4), across all products in all its markets where regulation allows, and to publicly report on its implementation.

Adoption of voluntary Front-of-Pack (FOP) labelling

The company is strongly encouraged to adopt the Traffic Light logo in the UK, and apply all voluntary, government-endorsed FOP labels (including Nutri-Score and HSR) comprehensively across its applicable portfolio in the respective markets. Ideally, it will also report on its commitment and its progress on implementation per market.

Responsible use of health and nutrition claims

The company is strongly recommended to adopt a formal policy that it will only place nutrition/health claims on products that meet the nutrition criteria of a nutrient profiling model (NPM), ideally one that is internationally recognised / government endorsed.



PEPSICO

Product Portfolio Healthiness Monitor



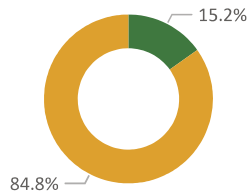
The **Product Profile** is an objective assessment of the nutritional quality of the packaged foods and beverage portfolios of the largest food and beverage manufacturers. The Product Profile analyses the 'healthiness' of food and beverage manufacturers' products using the Australasian Health Star Rating (HSR) model. Products are rated between 0.5 stars (least healthy) to five stars (most healthy), and any product that scores 3.5 or above is considered 'healthier'. The sales-weighted results of the HSR analysis are included as a 30% weighted scored element for the overall Index ranking.

In addition, the full Product Profile also includes unscored results using The World Health Organization (WHO) Euro Nutrient Profile Model, Nutri-Score, and the UK NPM.



2,999
Products Analysed

0.5 star	1 star	1.5 star	2 stars	2.5 stars	3 stars	3.5 stars	4 stars	4.5 stars	5 stars
53%	11%	7%	3%	4%	7%	14%	1%	0%	0%

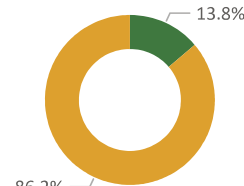


● % sales-weighted healthier products ● % sales-weighted less healthy products

% sales-weighted healthier products based on **Health Star Rating** ¹



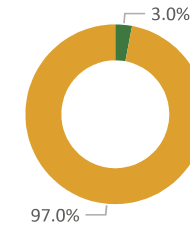
2,994
Products Analysed



● Sales-weighted % Nutri-Score A+ B ● Sales-weighted % Nutri-Score C + D + E

% sales-weighted healthier products based on **Nutri-Score** ²

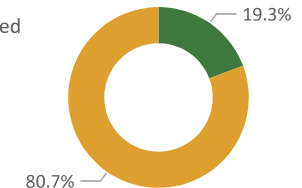
3,137
Product Analysed



● % eligible to be marketed to children ● % non eligible to market to children

% sales derived from products suitable to market to children ³
based on **WHO-Euro model**

2,999
Products Analysed



● % non-HFSS products ● % HFSS products

% sales-weighted Non-HFSS products based on the **UK NPM** ⁴

Footnotes:

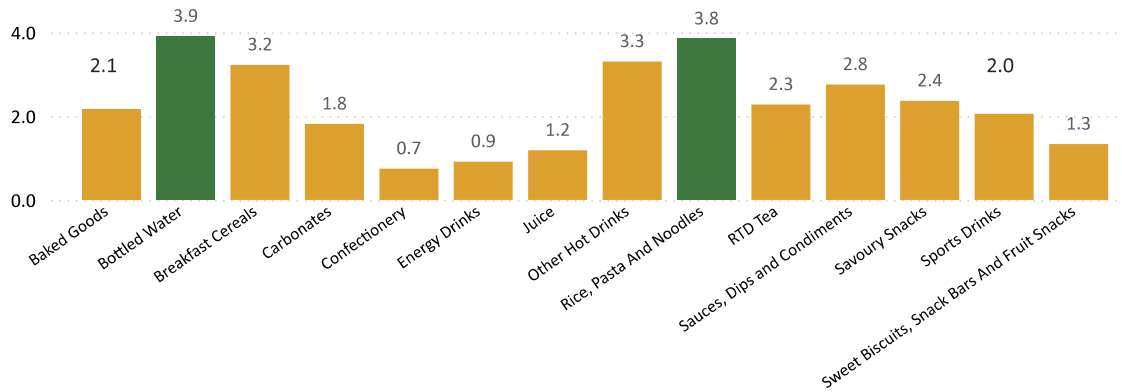
1. ATNi estimates this value by taking the proportion of healthier products within each category assessed and multiplying that figure by the global category retail sales. The values are then aggregated to generate an estimate of the overall global sales from healthier products (excluding baby foods, plain tea, and coffee, which are not included in the Product Profile).
2. The Nutri-Score model was also used to assess the proportion of products in each company's portfolio that receive each of the five categories: from category A (dark green), indicating higher nutritional quality, to category E (dark orange), indicating lower nutritional quality.
3. The WHO Euro model is a nutrient profile model for use and adaptation by Member States of the WHO European Region when developing policies to restrict food marketing to children. The 2nd edition of the WHO Euro model was used for the Product Profile 2024 analysis.
4. The UK nutrient profiling model provides a binary score (HFSS - High in Fat Salt and Sugar - or non-HFSS) for any given food product, based on calculating the number of points for 'negative' nutrients which can be offset by points for 'positive' nutrients.



PEPSICO

Product Profile deep dive analysis

Mean sales-weighted HSR of assessed product categories ¹



Detailed overview of mean sales-weighted HSR by country

Country	Sales-weighted Mean HSR per country
Brazil	2.0
China	1.7
India	1.5
Kenya	1.1
Mexico	2.2
Netherlands	2.9
Philippines	1.7
South Africa	2.5
Tanzania	1.6
USA	2.3
United Kingdom	3.0
Vietnam	1.6

Footnotes:

1. ATNi estimates this value by taking the proportion of healthier products within each category assessed and multiplying that figure by the global category retail sales. The values are then aggregated to generate an estimate of the overall global sales from healthier products (excluding baby foods, plain tea, and coffee, which are not included in the Product Profile).