

PepsiCo

Product categories assessed

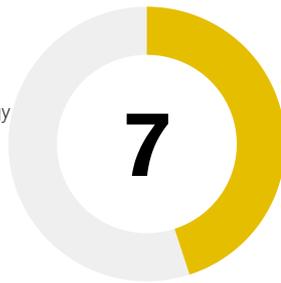
Bottled Water (Other)|Bottled Water (Pure)|Breakfast Cereals|Carbonates|Concentrates|Dairy|Energy Drinks|Juice|Sauces, Dressings, Condiments|Savory Snacks|Sports Drinks|Sweet Biscuits, Snack Bars and Fruit Snacks

Percentage of company global sales covered by Product Profile assessment
60-65%

Headquarters
U.S.

Number of employees
267000

Type of ownership
Public



Rank 7 / Score 4.5

Rank 7 (2018)



Product Profile 1

Rank 18 / Score 4

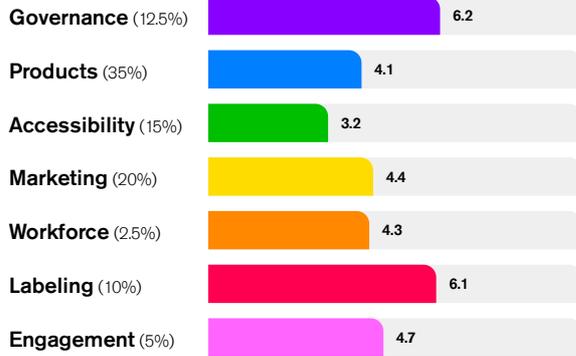
Rank 11 (2018) 2

Important:

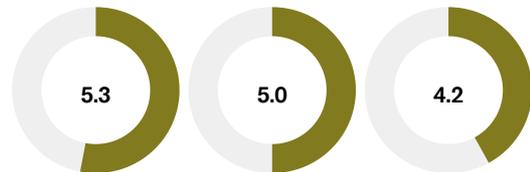
The findings of this Index regarding companies' performance rely to a large extent on information shared by companies, in addition to information that is available in the public domain. Several factors beyond the companies' control may impact the availability of information such as differences in disclosure requirements among countries or capacity constraints within companies, amongst others the Covid-19 pandemic. Therefore, in the case of limited or no engagement by such companies, this Index may not represent the full extent of their efforts.

Corporate Profile

Rank 7 Score 4.5



Commitment Performance Disclosure



The bar graph to the left shows company performance across the seven Index categories, which are key topic areas of assessment, and scores are shown for each category. The circles above provide an alternate view on the company's overall results, showing the score per indicator type. The Commitment, Performance, Disclosure score only applies to category scores and not to the BMS/CF Assessment.

Main areas of strength

- **SCORES AND RANK:** Although PepsiCo's overall score slightly decreased from 5.2 in 2018 to 4.5 in 2021, the company maintains its overall 7th position in this Index. The company has improved its score most significantly in Category F 'Labeling'.
- **GOVERNANCE:** Since the 2018 Index, PepsiCo has made significant improvements to its nutrition policy and has strengthened its governance system. The company has a comprehensive nutrition policy with clear objectives and Board-level oversight. PepsiCo publishes formal, regular reports on their overall approach to tackling nutrition issues, including performance on objectives and strategies preventing and tackling obesity and diet-related diseases that are aligned with international guidelines. This is an improvement from 2018, also because PepsiCo now has these reports independently verified. The company is committed to playing a role in addressing the specific needs of priority populations at risk of malnutrition through providing healthy and appropriate products. The company continues to research and develop products that are suited to local needs, in terms of taste and nutrition. It also disclosed research on product fortification and the use of micronutrients in major markets. Finally, PepsiCo provided more examples of its commercial approach to tackle undernutrition and has disclosed more information about its activities in this area.
- **PRODUCTS:** PepsiCo has product reformulation targets related to sodium, sugar, and saturated fat in place, and is one of the few companies to articulate a commitment to increase positive nutrients, such as whole grains and fruits and vegetables. PepsiCo is one of the few companies with targets for reducing added sugars in selected products and that is transparent in the reporting of goals with specific criteria. In 2018, the company reported that 44% of PepsiCo's beverage sales volume had <100 kcals from added sugars, and by 2019 this had increased to 47 percent. This could be considered an industry best practice. Also, in comparison to 2018, the company now publicly states that its approach to the (re-)formulation of products is aligned with (inter)national (or regional, e.g., EU) dietary guidelines, and follows CODEX Guidelines on food fortification.
- **ACCESSIBILITY:** The company has a global commitment to address accessibility and affordability of its healthy products, including products aimed at addressing micronutrient deficiencies. It has developed an 'Affordable Nutrition Toolkit', which aims to provide access to affordable, healthy Quaker products in seven low- and middle-income countries. The company has offered Quaker '3 Minutos', high in calcium and fortified with vitamin A, to low-income populations in Mexico at a price point of 10 pesos. This product is also available through PepsiCo's arrangements with Bodega Aurrera supermarkets, which target low-income consumers.
- **MARKETING:** PepsiCo has a public responsible marketing policy that applies explicitly to all media, globally, and is aligned with the International Chamber of Commerce (ICC) Code of Advertising and Marketing Communication. Since 2018, the company has improved

Priority areas for improvement

- **GOVERNANCE:** The company does not publish separate reports for its major markets. PepsiCo could consider demonstrating industry-leading practice by making separate reports for major markets and conducting an external review of the reported nutrition data. Formal accountability for implementing the company's nutrition strategy is with the CEO, and PepsiCo is recommended to strengthen this by linking remuneration to performance on the company's nutrition objectives. PepsiCo conducts a limited nutrition-related business risk assessment at least every two years for its major markets. The company is encouraged to extend this to all its global markets and disclose the results of the nutrition risk assessment.
- **PRODUCTS:** PepsiCo has invested in or developed products with smaller packaging sizes or serving sizes, aimed to improve consumer portion control for selected products. The company is advised to clearly define a baseline year at which to assess progress on the commitment to increase positive nutrients. PepsiCo is encouraged to broaden the scope of its targets by developing relevant global targets for all product categories globally and disclose information on research carried out to demonstrate efficacy of its portion control efforts. Also, improvements could be made on the company's targets for reducing added sugars in selected products. Similar to 2018, its current target is not specific enough to determine the percentage of products covered, geographic scope, and the level of increased positive nutrients which the company aims to achieve.
- **PRODUCTS:** The company has provided no information on research into the development or improvement of products made specifically for priority populations at risk of malnutrition. PepsiCo is advised to disclose a commentary on investments divested in research or other business areas to develop products aimed at priority populations. It is also recommended that the company annually publishes consolidated data of the overall proportion of healthy products in its portfolio.
- **ACCESSIBILITY:** PepsiCo could consider strengthening its commitments on affordability and accessibility by explicitly highlighting products that meet its healthy nutrition criteria and support groups with low-incomes and limited access. The company is encouraged to broaden the market scope of its affordability and accessibility strategy and set measurable targets: for example, achieving lower price points, reaching a specific number of consumers in poor urban or rural areas with healthy products, and disclosing evidence of actions taken. ANTI advises that PepsiCo regularly conducts pricing analysis to appropriately price its healthy products for low-income consumers in all its markets. The company is also recommended to focus on business-driven solutions for the accessibility and affordability of fortified products in countries at high risk of micronutrient deficiencies.
- **MARKETING:** The company publishes its policy for marketing to children and/or teens in full and audits its compliance with its policy – but only for children globally, and without publishing results. It is recommended that PepsiCo extends this to cover all audiences, including

on specifying to which media these commitments apply. In addition, PepsiCo commits to only presenting products in the context of a balanced diet, which is an industry best practice. As a member of International Food and Beverage Alliance (IFBA) and the EU Pledge, the company has committed to the Global Policy on Marketing Communications to Children, made a pledge on Responsible Marketing to Children, and developed its own policy on responsible marketing to children. PepsiCo has also agreed not to market or advertise their products in primary schools globally, as is recommended by the World Health Organization (WHO).

- **LIFESTYLES:** For nutrition education and healthy diet/active lifestyle programs, the company funds some programs designed by or (co)implemented with stakeholder groups that have relevant expertise in major markets. Some of its programs show industry best practice by excluding product or brand-level branding for major markets, and these are evidence-based and aligned with national and international guidelines.

- **LABELING:** With its Global Labeling Policy, PepsiCo strengthened its commitments, performance, and disclosure, both back-of-pack (BOP) and front-of-pack (FOP). The company also improved on the responsible use of health claims and labeling supporting its food loss and waste strategy. The company has a commitment in place to comply with Codex Alimentarius Guidelines for Use of Nutrition and Health Claims in countries where no national regulatory system exists. It also commits to using nutrition or health claims on products that have been fortified only when they meet relevant Codex standards and the World Health Organization (WHO)/Food and Agriculture (FAO) Guidelines on Food Fortification with Micronutrients.

- **ENGAGEMENT:** PepsiCo is one of few companies that publicly expresses a commitment to engage with governments and policymakers in support of measures to improve public health and nutrition. It was also found to be the most transparent company regarding disclosure of lobbying positions on important topics. The company also publicly commits to play an active and constructive part in supporting governments' efforts to combat all forms of malnutrition. For example, in India, its 'Eat Right Movement' pledges to reduce added sugars, sodium, saturated fat, and trans fats, and increase positive nutrition, like whole grains, fruit and vegetables, dairy, and protein, as well as responsible marketing to children.

- **ENGAGEMENT:** PepsiCo is one of the only companies found to engage with investors regarding their nutrition strategy, policies and/or programs, including via the InterFaith Center on Corporate Responsibility (ICCR) and its members. Topics covered include: PepsiCo's approach to nutrition product innovation and renovation; progress and challenges against their goals; and marketing and labeling policies and practices. The company was also found to engage with a wide range of international initiatives/organizations to address malnutrition in priority populations, including the SUN Business Network, the World Food Program, Save the Children, Zero Hunger Challenge, and GAIN.

children, and improves on disclosure and reporting. Compliance with the IFBA, Children's Food and Beverage Advertising Initiative (CFBAI), and EU pledge commitments, is assessed on an annual basis by third-party auditors commissioned by those organizations. PepsiCo is advised to commission independent third-party audits, publish compliance levels, and formulate a commitment to corrective action with regards to compliance issues around its marketing policy to children. The company has improved on its commitments not to advertise or market in primary schools, but has no commitment to a responsible marketing approach in other places where children gather (for example childcare facilities, other educational establishments, and family and child clinics). As such, it is encouraged to extend its commitments to these places.

- **LIFESTYLES:** The company could consider expanding its public commitment to supporting employee health and wellness through a program focused on nutrition and physical activity in its global markets. PepsiCo only offers its health and wellness programs to some employees in major markets, and it is advised they expand this globally to benefit all employees.

- **LIFESTYLES:** PepsiCo has publicly committed to provide facilities for nursing mothers in some of its locations, offering dedicated mother's rooms, wellness rooms, or alternate spaces. The company maintains its commitment to expand the number of PepsiCo locations with facilities for nursing mothers. To strengthen its performance, PepsiCo could consider adopting a global publicly-available policy with paid maternity leave up to six months or more (if country legislation is not stronger), and explicitly commit to and allow breastfeeding mothers to have breaks and offer flexible working arrangements.

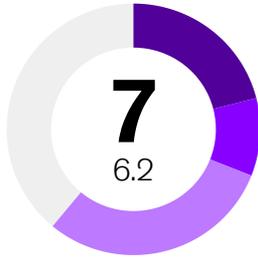
- **LABELING:** The company is encouraged to improve on the disclosure of its commitments regarding health and nutrition claims and the provision of product nutritional information on the packaging and online. PepsiCo commits to follow international Codex guidelines but could consider including added sugars and fiber on its BOP product labelling globally to improve further. The company is encouraged not to provide additional interpretive labelling or other information FOP that directly relates to the message of mandatory FOP labeling (which may confuse consumers or modify the effect of the mandatory labeling).

- **ENGAGEMENT:** PepsiCo discloses its membership of industry associations with dues surpassing \$25,000 and its political donations in the U.S. The company is advised to strengthen its lobbying disclosure by publishing greater detail on its lobbying expenditure, disclosing potential governance conflicts of interest, as well as any Board seats at nutrition-related industry associations. Despite having stronger commitments to lobby responsibly than its peers, it is recommended that PepsiCo explicitly extends its commitments to cover third parties paid to lobby on its behalf, and ensures that all lobbying positions are solidly grounded in independent, peer-reviewed science. The company is advised to enhance its stakeholder engagement by consulting a wider range of stakeholders, such as international organizations or academic institutions and scientific experts – not only in the development of its nutrition strategies and programs, but also in designing strategies to prevent/address obesity,

diet-related chronic diseases, and micronutrient deficiencies. ATNI also advises the company to publicly report on its engagement with these stakeholders.

Category Analysis

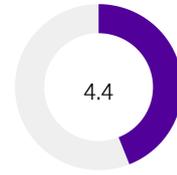
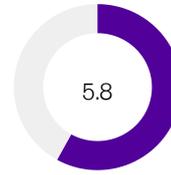
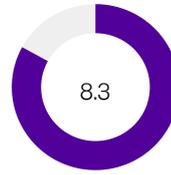
Governance



Commitment

Performance

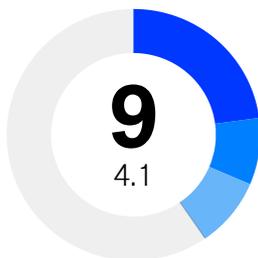
Disclosure



The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

- A1 Nutrition strategy
- A2 Nutrition management
- A3 Reporting quality

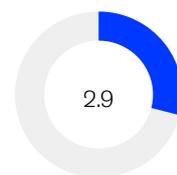
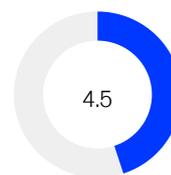
Products



Commitment

Performance

Disclosure



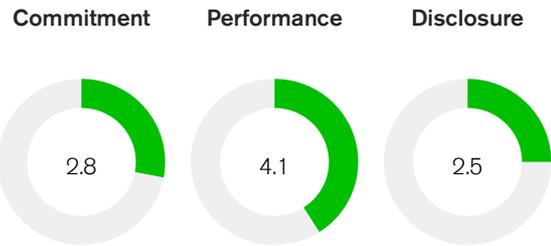
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- B1 Product Profile
- B2 Product formulation
- B3 Defining healthy products

Accessibility

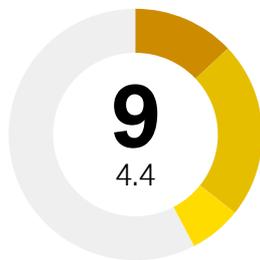


- C1 Product pricing
- C2 Product distribution

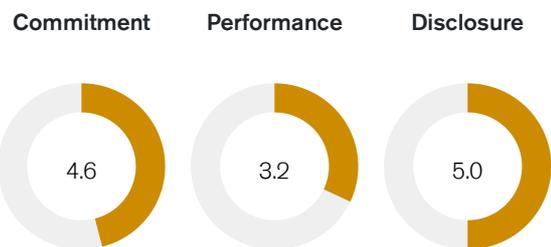


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Marketing



- D1 Marketing policy
- D2 Marketing to children
- D3 Auditing and compliance

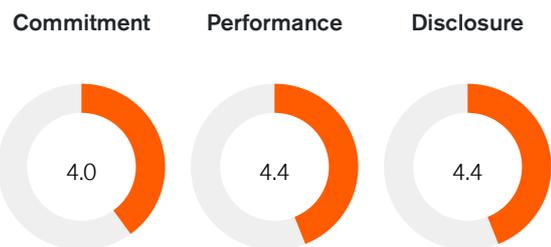


The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

Workforce

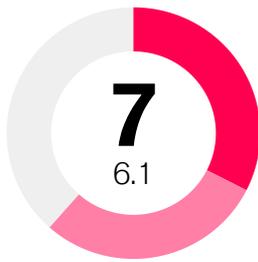


- E1 Employee health
- E2 Breastfeeding support
- E3 Consumer health

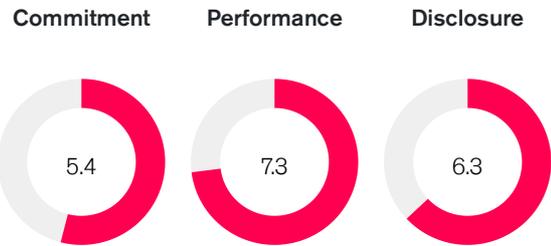


The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

Labeling

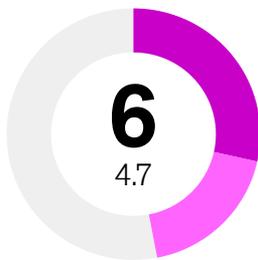


- F1 Product labeling
- F2 Claims

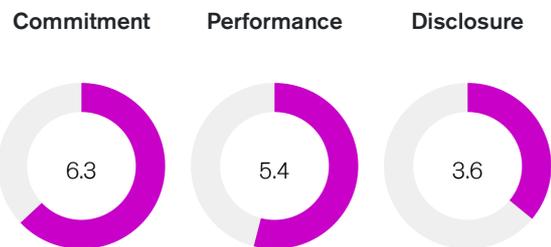


The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

Engagement



- G1 Influencing policymakers
- G2 Stakeholder engagement



The big circle on the left represents the company result for this Index category, showing the rank out of 25 and the score below it. The smaller circles above indicate company's scores on the three types of indicators.

Detailed Product Profile Results ¹ ³

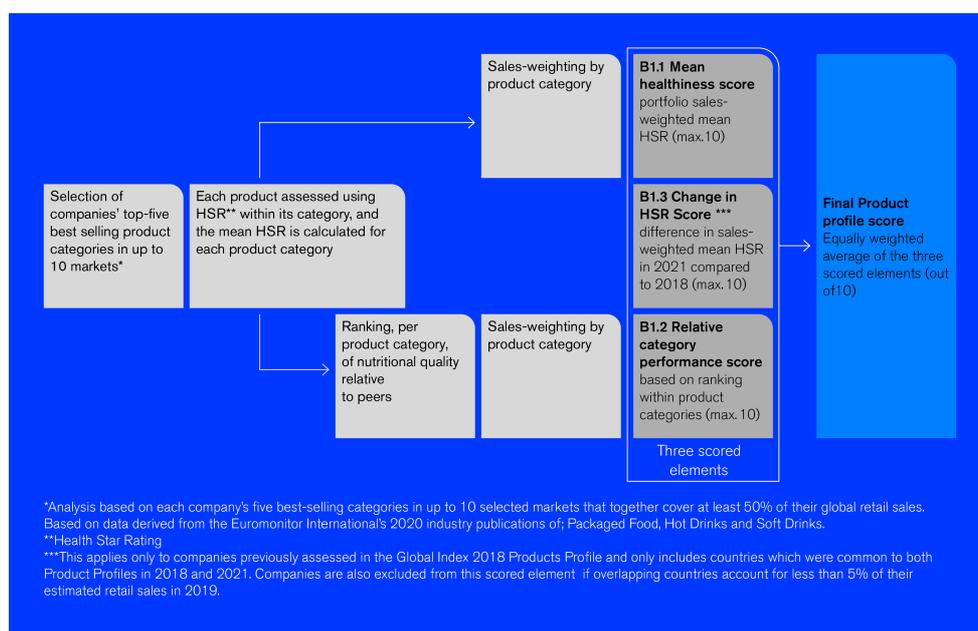


18

Rank 18 / Score 4

The Product Profile is an independent assessment of the nutritional quality of companies' product portfolios. For this purpose, ATNI uses the Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthy. This assessment is undertaken in partnership with The George Institute for Global Health (TGI), with additional data input from Innova Market Insights.

The methodology for the Global Index 2021 Product Profile has been revised and now includes three scored elements. The overall Product Profile score reflects: B1.1, the mean healthiness of a company's product portfolio; B1.2, the relative healthiness within product categories compared to peers, and; B1.3, changes in the nutritional quality of product portfolios compared to the Global Index 2018 Product Profile. The steps taken to calculate the final Product Profile scores are visualized in Box 1. The next section further explains each of these three elements.



PepsiCo has been assessed for the second time in the Global Index Product Profile. In the previous assessment, nine of the company's markets were selected, and a total of 1813 products analyzed – accounting for approximately 55-60% of global retail sales in 2017, excluding baby foods, plain tea, and coffee. In this Index, a total of 2,779 products have been analyzed across 10 of the company's major markets. Products from the top five best-selling product categories within each market are included. In 2019, these products accounted for 60-65 % of the company's global retail sales, excluding baby foods, plain tea, and coffee.

Russia is the only new country included in this iteration. In 2018, a total of 9 product categories were covered by the assessment, compared to 12 categories in 2021. For all companies, Bottled Water has been split into two categories for this iteration (Bottled Water – pure and Bottled Water – other).

In this Product Profile assessment, PepsiCo scores 4.5 out of 10 (B1.1) in the mean healthiness element and 7.5 out of 10 (B1.2) for the relative healthiness of its products within categories compared to peers, and 0 out of 10 (B1.3) for changes in nutritional quality (mean HSR) over time. This results in PepsiCo obtaining an overall score of 4.0 out of 10, ranking 18 out of 25 in the Product Profile.

B1.1 Portfolio-level Results

Average HSR (out of 5 stars) (sales-weighted)	10 Countries included	Range of global sales included ⁴ i	Healthy products (HSR)				Products suitable to market to children (WHO regional models) - UNSCORED		
			No. products assessed	% products healthy (≥ 3.5 stars)	% retail sales healthy 2019 (≥ 3.5 stars) – assessed countries only	% estimated global retail sales healthy 2019 (≥ 3.5 stars) ⁵ i	No. products assessed	% products suitable	% sales from suitable
2.3	Australia, China, Hong Kong, India, Mexico, New Zealand, Russia, South Africa, UK, USA	60-65%	2779	30%	18%	21%	2877	7%	6%

▪ A total of 2,779 products manufactured by PepsiCo, sold in 10 countries, covering 12 product categories, were included in this Product Profile (baby foods, plain tea and coffee were not assessed). The company's sales-weighted mean HSR is 2.3 out of 5. ATNI turns this value into a score between 0 and 10, resulting in a mean healthiness score of 4.5 out of 10 for PepsiCo. The company ranks 17 out of 25 companies in this first scored element (B1.1).

▪ Overall, 30% of distinct products assessed were found to meet the HSR healthy threshold (HSR ≥ 3.5). Together, these products accounted for an estimated 18% of PepsiCo retail sales of packaged food and beverages 2019 in the selected markets (excluding baby food, plain tea, and coffee). Assuming the products and markets included in the assessment are representative of the company's overall global sales, ATNI estimates the company derived approximately 21% of its global retail sales from healthy products in 2019.

WHO nutrient profiling models (unscored): Only 7% of products assessed were found to be of sufficient nutritional quality to market to children, according to the World Health Organization (WHO) regional nutrient profiling models. These products were estimated to generate 6% of the company's sales in 2019. More information on this part of the assessment can be found in the Marketing section (Category D) of the Index.

B1.2. Product Category Results

	No. products analyzed	% products healthy (HSR>=3.5)	Company mean HSR	Mean HSR for all companies selling this product category	Company performance (rank in mean HSR compared to peers selling products in the same category) 
Bottled Water - other	11	0%	2	2	3rd out of 6
Carbonates	264	0%	1.6	1.6	2nd out of 5
Concentrates	1	0%	1.5	1.2	1st out of 7
Energy Drinks	13	0%	1.1	1.1	1st out of 3
Juice	435	35%	2.6	3.2	7th out of 8
Breakfast Cereals	142	81%	3.9	3.5	1st out of 6
Dairy	247	47%	3.1	2.9	7th out of 18
Savory Snacks	1426	29%	2.5	2.2	2nd out of 8
Sport Drinks	130	0%	1.6	1.7	3rd out of 3
Sweet Biscuits, Snack Bars and Fruit Snacks	92	22%	2.3	1.8	2nd out of 8
Sauces, Dressings and Condiments	9	67%	3.6	2.5	1st out of 11
Bottled Water - pure	9	100%	5	5	1

- The 'Bottled Water- Pure' category receives a standard rating of five stars, according to the HSR algorithm for all companies. For PepsiCo, 'Breakfast Cereals' was the next best performing category, where a total of 142 products analyzed obtained mean HSR of 3.9 out of 5. 'Energy Drinks' (1.1) had the lowest mean HSR of all product categories included for PepsiCo.

- For all of the 6 categories assessed, PepsiCo products perform equal to or better than the mean HSR of companies selling products in the same categories. The company performs best compared to peers in the 'Sauces, Dressings and Condiments', 'Energy Drinks', 'Concentrates' and 'Breakfast Cereals' product categories.

- PepsiCo scores 7.5 out of 10 in this second scored element (B1.2) and ranks 7 out of 25 companies. This is based on its ranking compared to peers within the 16 categories, using the scoring system set out in ATNI's methodology.

B1.3. Change in mean HSR

	No. of products analyzed in 2018	No. of products analyzed in 2021	Sales weighted mean HSR 2018	Sales weighted mean HSR 2021
Australia	220	181	2.3	2.4
China	138	155	1.8	1.8
Hong Kong	79	96	3.2	2.9
India	98	153	2	1.9
Mexico	213	291	1.7	1.9
New Zealand	156	176	2	2.1
South Africa	68	88	1.5	1.9
UK	222	340	2.7	3
USA	619	775	2.4	2.3
TOTAL	1813	2255	2.3	2.3

- PepsiCo showed no change in mean HSR between the 2018 and 2021 Product Profiles (mean HSR= 2.3). The change in HSR score only takes into account the nine countries included in both 2018 and 2021 assessments.
- For all countries combined, PepsiCo achieves no change in in mean HSR between 2018 and 2021 (mean HSR=2.3 to 2.3) resulting in a score of 0 out of 10 (B1.3) on this element using the scoring system set out in ATNI's methodology.

Full Product Profile report: https://new-l40rlzsq.accesstonutrition.org/app/uploads/2021/06/GI_Global-Index_TGI-product-profile_2021-2-1.pdf

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Footnotes

1. The overall Product Profile score reflects: B1.1 the mean healthiness of a company's product portfolio; B1.2 the relative healthiness within product categories compared to peers, and; B1.3 changes in the nutritional quality of product portfolios compared to the Global Index 2018 Product Profile.
2. In the Global Index 2018, the Product Profile Assessment was conducted as a separate assessment. The results were based on scores generated by applying the Health Star Rating (HSR) nutrient profiling system, which analyzes the level of several positive nutrients (e.g. fruits, vegetables and fibers) and several negative nutrients (e.g. salt, sugar and saturated fat) in products.
3. The overall Product Profile score reflects: B1.1 the mean healthiness of a company's product portfolio; B1.2 the relative healthiness within product categories compared to peers, and; B1.3 changes in the nutritional quality of product portfolios compared to the Global Index 2018 Product Profile.
4. Retail sales data derived from Euromonitor International.
5. ATNI estimates this value by taking the proportion of healthy 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 healthy sales (excluding baby foods, plain tea, and coffee, which are not included in the Product Profile).
6. Within-category ranks are calculated for all product categories in which two or more companies are active. Next, a performance percentage is calculated from the inverted rank (e.g. first out of 10: inverted rank $10/10 = 100\%$ performance score; tenth out of 10: inverted rank $1/10 = 10\%$ performance score). The 'Bottled Water- Pure' category receives a standard rating of five stars, according to the HSR algorithm for all companies.