

Keurig Dr Pepper

Product categories assessed

Bottled Water - Other|Carbonates|Juice|Processed Fruit and Vegetables|RTD Tea

Percentage of company US sales covered by Product Profile assessment
90-100%

Headquarters
Frisco, TX; Burlington, MA

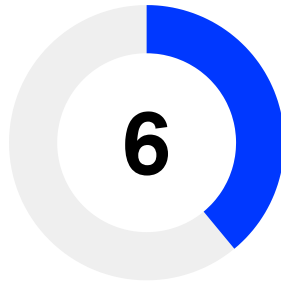
Number of US employees
~27,000

Type of ownership
Public

Sales revenue (range) of packaged foods and beverages
USD 8 – 13 Billion

US share in global packaged food and beverage sales
88-93%

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Rank 6 / Score 3.9
Rank 10 (2018)



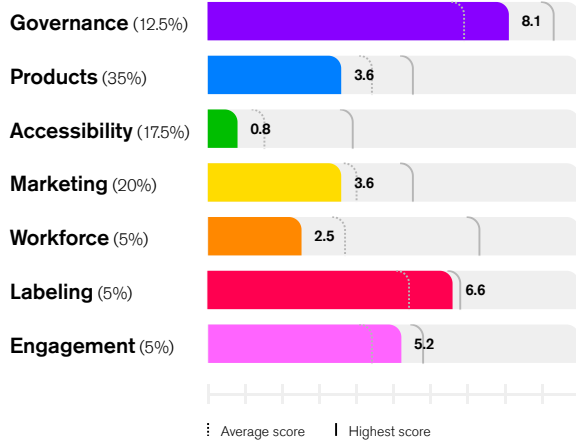
Product Profile ⓘ¹

Rank 10 / HSR 1.4 ⓘ²
Rank 8 (2018) ⓘ³

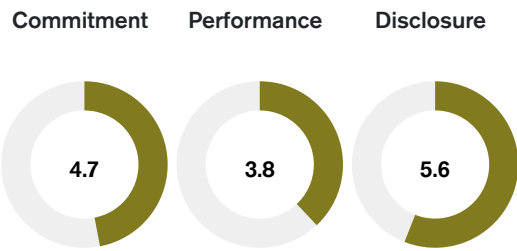
Important:

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.

Scoring Overview



(%) Figure in brackets is the weighting of the category
All category and criteria scores are out of 10



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.

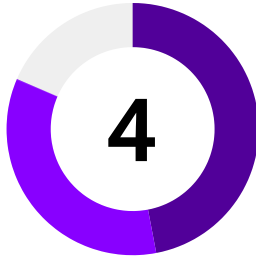
Categories

The US Index 2022 assesses companies' nutrition-related commitments and policies, practices and disclosure across seven categories. A product profiling exercise, assessing the healthiness of companies' product portfolios using the Health Star Rating model is also part of the Corporate Profile.



Governance

12.5% of overall score



Rank 4 / Score 8.1

Rank 9 (2018)

Highest score 9.3

Average score 6.9

A1 Nutrition strategy

A2 Nutrition management

- KDP is one of four companies on the Index that include a commitment on nutrition in their mission statement as well as their core business operations. Health and wellbeing are included as one of four pillars in the company's mission statement. As part of this pillar, KDP commits to offering 60% positive hydration products by 2025, increasing transparency on labeling and marketing, and launching better-for-you offerings across multiple categories. The company strives to make a positive impact by offering a broad, well-balanced portfolio that is accessible to all consumers. It also commits to accelerating its portfolio innovation and transparency through partnerships with leading organizations.

- Together with PepsiCo and Coca Cola, KDP is part of the American Beverage Association's (ABA) Balance Calories Initiative (BCI). The BCI has committed to decrease beverage calories in the American diet by 20% by 2025. Through this association, KDP has an additional commitment to improving the nutritional quality of its products.

- Through its association with the BCI, KDP also commits to addressing the needs of priority populations in the US. BCI tracks calorie reduction efforts in five communities in the US where health disparities have led to higher obesity rates compared to national average, and where reducing beverage calories is expected to be most challenging. The most recent evaluation concluded that beverage calories per person fell in all five selected communities.

- Senior leadership is accountable for the company's nutrition strategy, and reports to the Board. Progress against the company's Environmental, Social, and Governance goals is overseen by the Board, which meets quarterly for a management review. In addition, annual reporting on progress of the BCI is audited through a third party. Through this association, KDP's performance against nutrition commitments is also subjected to an audit.

- KDP is one of four companies on the Index that links remuneration of its executives to the company's nutrition performance and sustainability goals.

Areas of improvement

- The company's association with the BCI implies its commitment to reduce beverage calories in five low-income neighborhoods with above-average rates of obesity in the US. However, the company is encouraged to publish its own strategy or commentary to report on its efforts in addressing the needs of priority populations.





Products

35% of overall score



Rank 9 / Score 3.6

Rank 9 (2018)

Highest score 5.5

Average score 4.4

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

- In its 2020 Corporate Responsibility Report, KDP introduces its new nutrient profiling model (NPM) – Positive Hydration – framework. While KDP does not formally adopt a definition of ‘healthy’ as guided by an external NPM, the company discloses its definition of positive hydration. Products qualify if they provide a serving of fruits/vegetables without added sugar, or are below 40 calories per serving with a functional attribute or at least 10% daily value of a nutrient to encourage. The company has the ambition of 60% of KDP products to meet the positive hydration criteria in the US by 2025. In 2021, 56% of its portfolio followed this criterion (54% in 2020).
- KDP is one of three Index companies (together with Kraft Heinz and Unilever) to disclose a target to increase the number/sales of ‘healthy’ products according to company-specific criteria (‘Positive Hydration’). In addition, the company collaborates with Partnership for a Healthier America (PHA) to verify progress against its target.

Areas of improvement

- While the company has adopted a NPM and set a target to increase Positive Hydration products, the Positive Hydration definition has not been benchmarked against external standards. To improve trust and performance, the company is encouraged to revise its criteria and publish results of a benchmarking exercise against an externally validated NPM. KDP is encouraged to continue revising its NPMs to develop a model which can rank or classify beverages based on healthiness. For its US portfolio, KDP is recommended to benchmark its criteria against the FDA upcoming new definition of ‘healthy’.
- The company has not set a threshold regarding the levels of added sugar in its Positive Hydration framework, and is strongly encouraged to adopt SMART (Specific, Measurable, Attainable, Relevant, Time-bound), company-specific sugar reformulation targets.
- In addition to its participation in the BCI, the company is encouraged to adopt its own targets and report on progress specifically for the US market.
- KDP provides information about the products it sells in schools (Smart Snacks in School program). KDP is encouraged to review current product portfolio to reformulate all products sold under the Smart Snacks in School regulation to make them healthier.



Accessibility

17.5% of overall score



Rank 7 / Score 0.8

Rank 7 (2018)

Highest score 3.9

Average score 1.5

- C1 Product pricing
- C2 Product distribution

- KDP commits to “prioritize accessible nutrition by expanding distribution of [its] well-being offerings.” It is also part of the BCI, which has led to the development of a clear commitment to improve the distribution and promotion of its zero-/reduced-calorie beverages, specifically in five low-income neighborhoods with above-average rates of obesity in the U.S. However, there is no further information explaining how this commitment is translated into practice through a strategy or a commentary of its activities.

Areas of improvement

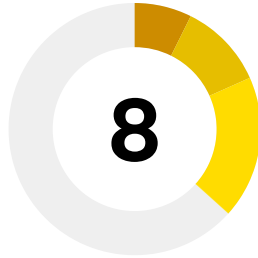
- KDP is recommended to commit to addressing the affordability of its healthy products and develop a strategy to make this a reality, to encourage a shift in consumption toward healthier options. The company is advised to start by tracking the relative prices (per serving) of its healthy products, disclose the results, and develop targets (with a baseline and target year) to improve the price differential between them. Conducting analyses into how products can be priced appropriately for low-income consumers specifically is also recommended.
- KDP is encouraged to develop a commercial strategy regarding the accessibility and distribution of its “well-being offerings”. The company could also consider setting targets (with a baseline and target year) to drive accountability on this topic.
- KDP is encouraged to work with retailers and distribution partners to ensure the affordability and accessibility of its healthy products in the US at point-of-sale, and to disclose a commentary on the steps taken to achieve this.
- While the company does not currently make in-kind donations of its products in the US (with the exception of water and coffee), it is encouraged to codify this in a policy statement, or adopt a policy that, in the case that it does make such donations in the future, it will do so responsibly, with nutritious products prioritized.





Marketing

20% of overall score



Rank 8 / Score 3.6

Rank 10 (2018)

Highest score 5.5

Average score 4

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

- KDP is one of the three Index companies (together with General Mills and Kellogg's) that makes their Children's Food and Beverage Advertising Initiative audited marketing compliance levels for children for TV and digital marketing publicly available.
- The company commits to and discloses its commitment to increase marketing spending of healthy products relative to products not meeting healthy standards. It is also the only Index company to disclose its marketing budget relative to their overall budget assigned to promote healthy products.

Areas of improvement

- In its BCI report, KDP states "our 2017 marketing spend on zero sugar and reduced sugar beverages increased 450% since 2015." Recent numbers on marketing spending of healthier products were not found, so ATNI recommends KDP publishes updated percentages – including a commentary outlining the changes to the company's marketing spending in support of healthier eating.
- Where KDP's policy for children indicates not to market or advertise in primary schools, no such commitment is made for secondary schools or other places where children gather. The company is recommended to extend its policy of no marketing to children to the aforementioned places.
- KDP is advised to commit to or demonstrate that its non-commercial US programs relating to nutrition education exclude product- or brand-level branding in all programs.



Workforce

5% of overall score



Rank 7 / Score 2.5

Rank 9 (2018)

Highest score 7.3

Average score 3.7

E1 Employee health

E2 Breastfeeding support

- KDP's Live Well program includes a focus on nutrition. This is a voluntary program available to all employees and family members.

Areas of improvement

- KDP should ensure its workforce nutrition programs include expected outcomes (such as healthy behavior, health-related, or employee absenteeism outcomes).
- For all its workforce nutrition programs, KDP should consider:
 - 1) A commitment to making the program available to all employees and all family members;
 - 2) Including healthy food at work, nutrition education, and nutrition-focused health checks;
 - 3) Disclosing the percentage of employees that participate in the program.
- KDP is encouraged to evaluate the health impact of its workforce nutrition program(s) in the US, regulated by a third-party independent evaluator. The company is further encouraged to disclose quantitative and qualitative information of the outcomes of the program.
- KDP could commit to improve the health and nutrition of groups across the food value chains it is involved in, that are not directly employed by the company (supply chain partners in the US), through programs focused on nutrition.
- KDP is encouraged to extend its current paid parental leave of four weeks to ideally six months or more.
- KDP is advised to develop and publish a US policy on supporting maternal health and breastfeeding mothers at work, which applies equally in all facilities. The company currently has a Californian lactation policy which should be extended to cover the whole US and should include the following arrangements: 1) provide private, hygienic, safe rooms for expressing breastmilk (including refrigerators); 2) allow breastfeeding mothers breaks to express breastmilk; and 3) offer flexible working arrangements to support breastfeeding mothers.



Labeling

5% of overall score



Rank 3 / Score 6.6

Rank 8 (2018)

Highest score 6.8

Average score 5.4

 Product labeling

- KDP is part of the 'Clear on Calories' initiative from the ABA, in which it commits to placing calorie information on the front of its products. This front-of-pack (FOP) labeling has been rolled out on 100% of its products in the US.
- Online information is available for all KDP products on its website.

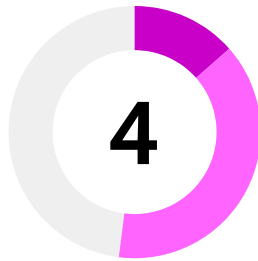
Areas of improvement

- KDP is advised to adopt an interpretive FOP labeling system, displaying multiple nutrients FOP, and apply this to all products in its portfolio. Information on the type of FOP labeling used by the company should be disclosed publicly.
- KDP is encouraged to further track the percentage of its portfolio that is compliant with its approach to FOP labelling and publicly report on this.
- KDP should use an externally recognized NPM to underpin FOP labeling information in the US
- KDP is encouraged to commit to providing fruit and vegetable content information on all relevant products.



Engagement

5% of overall score



Rank 4 / Score 5.2

Rank 9 (2018)

Highest score 5.8

Average score 4.4

- G1 Influencing policymakers
- G2 Stakeholder engagement

- KDP's Board of Directors has ultimate oversight of the company's political engagement activities, with the Vice President of Government Affairs periodically updating the Board on the company's activities.
- KDP shared no evidence of lobbying in support of government policies to address malnutrition (including obesity and diet-related non-communicable diseases (NCDs)) in the US, at federal, state, or local levels.
- KDP discloses a highly comprehensive list of trade association memberships. In addition to indicating the range of total membership dues it pays to these, it also discloses the precise dues used for lobbying purposes for the associations that receive more than \$25,000 in such dues.
- KDP discloses that it has not made any political contributions from the company treasury in the last three years. The company also discloses that it has an employee-run Political Action Committee (PAC) – the KDP US Political Action Committee (KDP PAC), and publishes a link to its Federal Election Committee (FEC) filings, but does not publish details about its expenditures directly on its domain.
- KDP now reports that it engages with external, credentialed experts in public health, nutrition, fitness, mindfulness, and academia, as well as the Partnership for Healthier America and other public health-oriented civil society organizations, to help shape its nutrition-related activities. This includes the development of its 'Positive Hydration' strategy and discussing the marketing of its beverages.
- KDP engages in consumer education via the BCI, which partners with a range of organizations – including Barrio Action Youth & Family Center, The Campaign Against Hunger, Washington Literacy Center, Positive Atmosphere Reaches Kids, and Casa Familiar – in implementing nutrition education, particularly concerning reducing sugar consumption. It is not clear the extent to which the industry initiative is involved in designing these programs.



Areas of improvement

- KDP is advised to undertake audits of the company's lobbying activities, disclosure, and compliance with its lobbying policies.
- KDP is strongly encouraged to actively support (or commit to not lobby against) key World Health Organization-endorsed public policy measures to address obesity and diet-related NCDs, such as fiscal measures to address obesity, regulatory restrictions on marketing/advertising unhealthy products (to children), or increased FOP labeling requirements, whether at federal, state, or local levels. It is also encouraged to improve its disclosure regarding its lobbying positions on key public health policies. These positions should be as specific and unambiguous as possible. Publishing links to specific documents used in government engagements is also encouraged.
- KDP is recommended to publish the dues used for lobbying purposes for all trade associations it discloses, and indicate which Board it holds seats on, if any.
- While KDP publishes a link to its Lobbying Disclosure Act reports, the company should also be more transparent in its own domain about its lobbying expenditures and activities, including publishing the names of its lobbyists/lobbying firms, and what state jurisdictions it is actively lobbying in.
- KDP is strongly encouraged to improve its transparency regarding the identities of experts it consults and organizations it engages with on nutrition-related topics, as well as indicating the degree of financial compensation for these engagements.

Product Profile ^{i 4}



10

Rank 10/11 / Score 1.4/5

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. The underlying nutrient profile model assesses nutrients of concern (sodium, total sugar, saturated fat, and overall energy) and positive food components/ nutrients (fruit and vegetable content, protein, fiber, and, in some cases, calcium) to score products on the basis of nutritional composition per 100g or 100mL. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthier. Product Profile results account for 20% of the total Index score.

Portfolio-level Results

Average HSR (out of 5 stars) (sales-weighted)	Products meeting the 'healthy' threshold (HSR of (3.5 stars or more))			Range of total 2021 US sales covered ^{i 5}
	Total no. products assessed	% of distinct healthier products	% sales from healthier products*	
1.4	717	23%	21%	90-100%

ATNI estimates this value by taking the proportion of 'healthy' products within each category assessed and multiplying that figure by the corresponding category US retail sales-values in 2021. The values are then aggregated to generate an estimate of the overall US healthy sales.

- KDP's average sales-weighted HSR is 1.4 (stars) out of 5 (1.6 unweighted), ranking 10th out of the 11 companies assessed in the Product Profile. A total of 717 products across the company's five best-selling product categories were assessed using the HSR system. KDP's plain coffee products were not included in this analysis.
- 23% of distinct products analyzed for KDP met the 'healthy' threshold (3.5 stars or more in the HSR). When taking category sales values into account, the company was estimated to derive 21% of its 2021 US retail sales from healthier products. These results are largely influenced by the fact that the company derives a majority of its US sales from the Carbonates category.



Mean Health Star Rating by category for Keurig Dr Pepper

	No. of products assessed	Mean HSR
Bottled Water - Other	61	3.2
Carbonates	401	1.2
Juice	171	1.5
Processed Fruit and Vegetables	39	3.9
RTD Tea	45	2.1

▪ Among categories assessed, KDP's products in the Processed Fruit and Vegetables category (Mott's brand) had the highest mean HSR (3.9 out of 5.), followed by the Bottled Water – Other category (3.2 out of 5). A total of 39 products from the Processed Fruit and Vegetables category were analyzed and all of them met the 'healthy' threshold. Regarding the company's largest category, a total of 401 Carbonates products were analyzed with 83 of them (21%) meeting the 'healthy' threshold. These results illustrate KDP has significant scope to continue its sugar reduction programs and increase marketing towards healthier beverages.

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Footnotes

1. The Product Profile corresponds to criterion B1, assessing the nutritional quality of companies' portfolios, relative product quality within categories compared to peers and changes in portfolio healthiness over time.
2. The current Product Profile score accounts for 20% of the total Index score. It corresponds to criterion B1 of the Index.
3. In the US 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.
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. The underlying nutrient profile model assesses nutrients of concern (sodium, total sugar, saturated fat, and overall energy) and positive food components/ nutrients (fruit and vegetable content, protein, fiber, and, in some cases, calcium) to score products on the basis of nutritional composition per 100g or 100mL. ATNI uses the threshold of 3.5 stars or more to classify products as generally healthier. Product Profile results account for 20% of the total Index score.
5. Retail sales data derived from Euromonitor International.

