

PepsiCo India Holdings Pvt Limited

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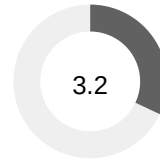
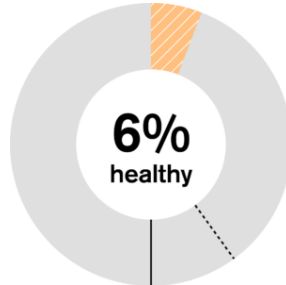
Product categories assessed
Breakfast Cereal|Savoury
Snacks|Carbonates|Juice|Energy Drinks

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

Headquarters
India

Type of ownership
Public

Euromonitor International Limited [2021]
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Corporate profile score

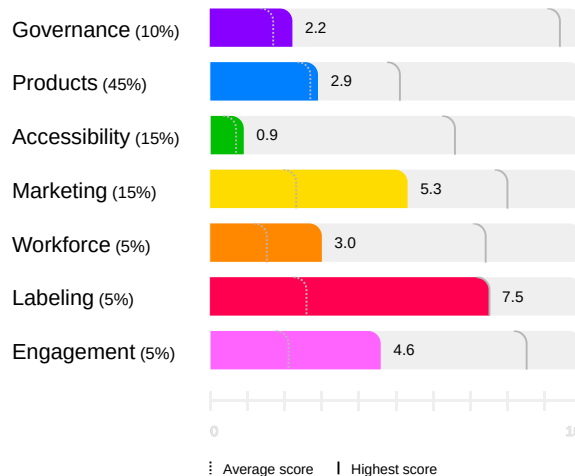
Target value 50%
Intermediate target 40%

2

Important

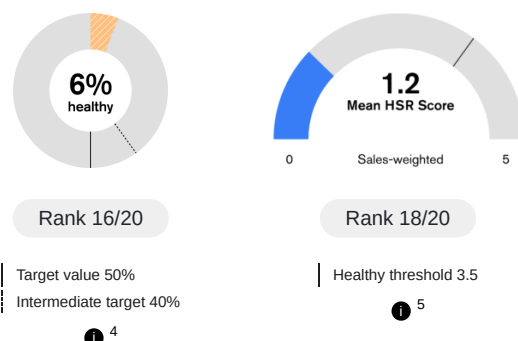
The findings of this Index regarding companies' performance rely to a large extent on information shared by companies, in addition to information that is available in the public domain. Several factors beyond the companies' control may impact the availability of information. Therefore, in the case of 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.

PRODUCT PROFILE ³



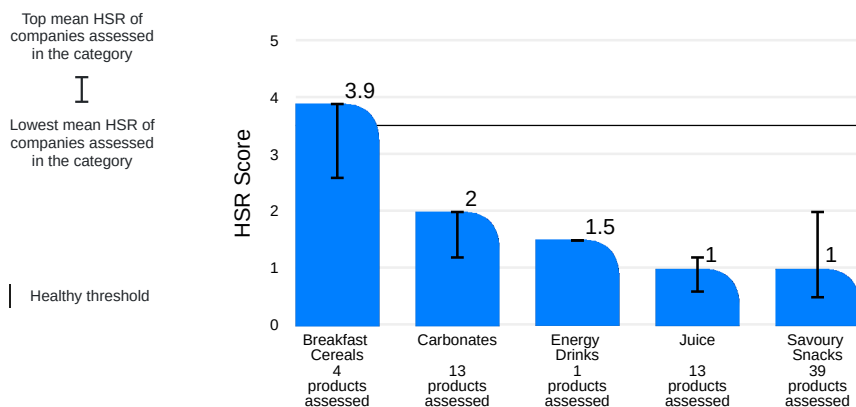
The Product Profile is an independent assessment of the nutritional quality of companies' product portfolios. For this purpose, ATNI uses the Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. The underlying nutrient profile model assesses nutrients 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 30% of the total Index score.

Portfolio-level Results

Total no. products assessed	Range of total 2021 company sales in India ⁶	Sales-weighted Mean HSR (out of 5 stars)	Products meeting the 'healthy' threshold (HSR of 3.5 stars or more) ⁷	
70	90-100%	1.2	% of distinct healthier products	% sales from healthier products
			11	6

- PepsiCo India's average sales-weighted Health Star Rating (HSR) is 1.2 (stars) out of 5 (1.4 unweighted mean HSR).
- A total of 70 products across the company's five best-selling product categories were assessed using the HSR model.
- 11% of distinct products analyzed for PepsiCo India 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 approximately 6% of its India 2021 sales from healthier products (mostly from Breakfast Cereals).

Mean Health Star Rating by category for PepsiCo India Holdings Pvt Limited



- Among categories assessed, PepsiCo India's products in Breakfast Cereals (4 products) had the highest mean HSR (3.9 out of 5.0), of which 75% reached the healthy threshold.
- The company's lowest scoring categories are Juice and Savoury Snacks, both with a mean HSR of 1.0 out of 5, for which 0% of products reached the healthy threshold.
- In total, 11% of distinct products and 6% when sales-weighted, was found to be eligible to be marketed to children using the WHO SEAR criteria.

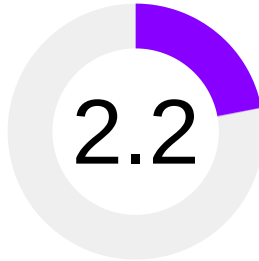
CATEGORIES

The Index is divided into seven categories which assess food & beverage companies' policies, practices and transparency related to nutrition in the Indian market.



GOVERNANCE

10% OF OVERALL SCORE



Rank 4 / Score 2.2

Highest score 9.4

Average score 1.7

- PepsiCo India presents its nutrition strategy comprehensively on its website. This focuses on the provision of food groups to encourage (legumes, whole grains, fruits and vegetables, nuts and seeds, and low fat/fat free dairy); reducing levels of sodium, saturated fat, and added sugars; and the provision of no- and low-calorie soft drinks and waters. In addition, the company commits to consumer nutrition education.
- As part of its '2025 Agenda', which was set in 2016, PepsiCo has set a range of targets to drive its product (re)formulation commitments at the global level; the company shared evidence that these targets also apply to PepsiCo India and had been translated into its Eat Right Movement Pledge in 2018, albeit with some notable edits.
- In contributing to the '2025 Agenda', the company commits to "focus on reaching more underserved communities and consumers with healthier choices." While the company has an affordability strategy that may contribute to this commitment, specific examples of the company seeking to address the needs of priority populations in India could not be found, being non-commercial programs and research activities.
- The company publishes a range of recent reformulation efforts to align with the '2025 Agenda' strategy in India, including percentage reductions in sodium and saturated fats across its Lays and Kurkure snack brands; expansions in its no/low-added sugar offerings in its carbonated beverage and juice ranges; and new introductions of healthier products in its Quaker brand.
- While the company does not have an India-specific Board, it showed evidence that the company's nutrition strategy in India and progress against it is reviewed regularly by its regional leadership team and the global CEO, while a broad nutrition-related KPI is included in the remuneration arrangements of its leadership team.

Aspects to improve

- To demonstrate to external stakeholders that it is delivering on its nutrition strategy and/or commitments in India, the company is recommended to report more comprehensively on all elements of its approach in India and against all targets that have been set, showing what has been achieved year-on-year across its portfolio or key product categories, as opposed to mainly qualitative (and potentially old) examples. Reporting should ideally take the form of quantitative metrics, and progress documented systematically.
- The company is also encouraged to set a timebound target to increase sales of products defined as 'healthy', relative to overall sales, in India specifically.
- To further improve its nutrition strategy and ensure that it is maximizing its positive impact on public health, the company is strongly recommended to engage with independent experts/stakeholders, such as independent (i.e. not directly affiliated with industry) public health-oriented civil society organizations, academic institutions, (inter-)national organizations. These engagements, including the impact they had on the company's strategy, should ideally be disclosed on the public domain.



PRODUCTS

45% OF OVERALL SCORE



Rank 10 / Score 2.9

Highest score 5.1

Average score 2.7

Category B2: Portfolio Development

- As part of PepsiCo's 2025 Sustainability Agenda, the company has set global reformulation targets for 2025, including specific and timebound targets for salt, sugar, and saturated fat reduction in relevant product categories. In 2018, the company committed to India-specific reformulation targets as part of the FSSAI Eat Right pledge that were aligned with its 2025 Sustainability Agenda targets, and are currently still in progress.
- After the research period in November 2023, PepsiCo has released reformulation targets: a new sodium target ("PepsiCo aims for at least 75% of its global convenient foods portfolio volume to meet or be below category sodium targets by 2030") as well as a positive nutrient target (The company aims to deliver 145 billion portions of diverse ingredients annually in its global convenient foods portfolio by 2030. Each portion will provide approximately 10% of the suggested daily amount of a diverse ingredient). Both are also applicable to PepsiCo India.
- PepsiCo India has a policy and procedures to not fortify or enrich products that are determined as unhealthy based on the company's nutrition criteria. The company is currently voluntarily fortifying enriching some of its cereal and fruit juice products.

Category B3: Nutrient Profiling

- PepsiCo India uses the PepsiCo Nutrition Criteria (PNC) to "guide and monitor improvements in nutrient density and overall nutritional quality" of the company's products.
- The PNC assesses both nutrients to limit (calories, saturated fat, industrially produced trans fatty acids, added sugars, and sodium) and nutrients and ingredients to encourage (fruits, vegetables, whole grains, dairy, nuts, seeds, legumes, and pulses) across all its products. To meet the criteria, products must also provide at least half of a serving of nutrients and ingredients to encourage, or combination. As per the published version of the NPM, products are categorized in a step-wise approach according to different 'Class' levels, based on nutrient threshold values for 'nutrients to limit' only. The company states that these thresholds are based on WHO dietary recommendations for these nutrients and 'The Healthy Choice' standards. However, it is not clear which 'Class(es)' the company considers to be 'healthy'.
- The company published its NPM in a peer reviewed journal, explaining how the PNC is used to guide innovation and the reformulation of products by applying a progressive system. A clear reference to its NPM and a link to the publication is available on the PepsiCo India website.
- PepsiCo India did not share any benchmarking information for its NPM against other models, nor any performance results of its portfolio in meeting the different 'Class' thresholds.

Aspects to improve

Category B2: Portfolio Development

- PepsiCo is recommended to publicly disclose the India-specific targets it made in 2018 on its India-specific website, and publicly report progress against them.
- In order to drive progress on delivering 'positive nutrition' (i.e. whole grains, fruits, vegetables, nuts, and legumes) across its portfolio, the company is encouraged to adopt India-specific, measurable, and timebound targets to increase such ingredients across its relevant portfolio. These targets should ideally be aligned with the ICMR/NIN Dietary Guidelines and RDAs for Indians, and/or WHO guidelines, and are recommended to be published and reported against on the public domain.
- The company is encouraged to strengthen its fortification procedures by incorporating into its fortification guidelines a policy that it will not fortify unhealthy products, specifically those that have high levels of sugar, sodium, and saturated fats (HFSS) - for example, by committing that only products meeting Class level IV of its Nutrient Profiling Model (NPM) can be fortified. Thereafter, the company is encouraged to consider fortifying more products in its product portfolio in line with Food Safety and Standards Authority of India (FSSAI) guidelines in order to contribute to addressing micronutrient deficiencies in India.

Category B3: Nutrient Profiling

- During engagement with ATNI, the company provided the website link containing the details of its internal NPM. However, on the company's India website, it is not easy to navigate and find the documentation. To make the information more accessible, PepsiCo India is encouraged to add a distinct heading and summary of its internal NPM for product (re)formulation efforts on its webpage.
- The company is encouraged to publicly clarify which of the 'Class' levels the company considers to be 'healthy', and disclose the percentage of its portfolio meeting each Class.
- It is positive that the company refers to alignment of its internal NPM's thresholds with internationally recognized standards, such as WHO and Healthy Choice. However, no validation or benchmark of the PNC against external NPMs appears to have taken place. The company is strongly encouraged to publicly disclose how its PNC performs against internationally recognized NPMs (for example HSR) and to annually disclose the percentage of its India-specific portfolio sales meet internationally recognized standards of 'healthy' (according to this benchmarking exercise) on the PepsiCo India website.



ACCESSIBILITY

15% OF OVERALL SCORE



Rank 4 / Score 0.9

Highest score 6.6

Average score 0.7

- The company indicated to ATNI that PepsiCo's 'Affordable Nutrition Platform', which was developed at the global level, is applied in India. This sets specific nutrition and affordability criteria for products across all product categories for a product to qualify. In terms of nutrition criteria, products must offer minimum amounts of key micronutrients to address prevalent deficiencies in the target market and not exceed thresholds for saturated fat, added sugar, and sodium (note: these thresholds are different to those set in the company's PNC NPM). Products are also recommended to contain a half-serving of ingredients to encourage (fruits, vegetables, whole grains, dairy, nuts, seeds, legumes, and pulses).
- The company indicates that its 'Affordable Nutrition' products are priced according to local income/expenditure standards for lower income consumers, using local socioeconomic indicators and externally available data. To ensure such products are affordable, the company considers the business model, affordable pack formats, innovative product development, and unique distribution to drive down cost.
- However, detailed information about its 'Affordable Nutrition Platform' and approach is not available on the public domain, and the company is not clear how it is implemented specifically in the India context with specific products.

Aspects to improve

- PepsiCo India is encouraged to disclose more information about how its Affordable Nutrition Platform is specifically applied in India, including how 'affordability' and 'lower-income consumers' are defined in this specific context.
- Importantly, it would be valuable to disclose how many products it applies to in India, and what new activities the company has undertaken year-on-year. Ideally, the company is recommended to report quantitatively on its progress on implementing the strategy in India, and continually explore new opportunities for delivering 'affordable nutrition' in the country.
- The company is recommended to set specific, measurable, and timebound targets (examples of which can be found in the methodology document) for its affordable nutrition strategy to further drive performance and enhance accountability.



MARKETING

15% OF OVERALL SCORE



Rank 5 / Score 5.3

Highest score 8

Average score 2.3

- Through its membership to the Advertising Standards Council of India, PepsiCo India commits to the Code for Self-Regulations of Advertising Content in India, including the Self-Regulation Guidelines on Advertising of Foods and Beverages. The Guidelines outline commitments related to the representation of products in advertisements directed at a general audience in India.
- As part of its 2025 Agenda, PepsiCo India adheres to the company's Global Policy on Responsible Advertising and Marketing to Children, which applies to all media channels and children under the age of 13, in which it will only market products that meet the International Food and Beverage Alliance (IFBA) Common Nutrition Criteria.
- PepsiCo India has a commitment not to use celebrities or influencers and other people with a strong appeal to marketing in its marketing.
- The company adopts an audience threshold of 30% to limit its marketing to children across all media channels.
- As a member of the International Food & Beverage Association (IFBA), PepsiCo India provided evidence that compliance with its responsible marketing to children policy is audited by an industry association-appointed third party.

Aspects to improve

- The company is encouraged to strengthen its commitments on responsible marketing to children, including by:
 - Adopting WHO-recommended age threshold for marketing to children of 18 years of age, in line with CCPA guidelines;
 - Aligning its nutrition criteria for products considered appropriate to be marketed to children with the WHO SEAR nutrient profiling model;
 - Adopting an audience threshold of 25% for limiting children's exposure to advertisements on all media;
 - Including in its policy additional specific commitments not to use certain materials and techniques to market its products to children, including licensed characters, promotional toys and games, and depicting children on packaging.
- The company is encouraged to commission regular third-party audits of compliance to its responsible marketing policy in India, and to disclose the results of this audit, as well as the response mechanism it has in place to address instances of non-compliance.



WORKFORCE 5% OF OVERALL SCORE



Rank 3 / Score 3

Highest score 7.4

Average score 1.5

- PepsiCo India's has a workforce 'well-being program' in place for employees called 'Pepfit' that includes a focus on healthy food at work nutrition education. This includes the provision of fresh seasonal fruits for all employees at its headquarters, as well as canteens with healthy food options and subsidized food options. No clear targets were shared.

- PepsiCo India's 'NewU Program' includes baseline health check assessment including blood tests and a personalized nutrition coach, followed by the curation of personalized diets and a weekly tracker to check the progress on nutrition, physical fitness, and mindfulness. The company also shared that its annual health check-ups, available for all employees, involves wellness screening (including cholesterol, blood glucose, blood pressure, anthropometric measurements, haemoglobin levels, etc.) which indicates that nutrition-focused health checks are included in the program.

- PepsiCo India has a gender agnostic parental leave policy. A distinction is made between primary caregiver and secondary caregiver leave, and for second caregivers a period of 12 weeks of fully paid leave is offered for up to 2 children.

- The company offers creche facilities in HQ as well as on site, free of charge or at discount.

- The company indicated that it has evaluated the workforce nutrition program in India in the last three years in terms of outputs.

Aspects to improve

- The company is recommended to define quantifiable and meaningful expected outcomes and timebound targets for its workforce nutrition program and evaluate it accordingly - for example related to health-related behaviors, health-related outcomes, outcomes related to employee participation, or benefits to the company. Becoming a signatory of the Workforce Nutrition Alliance and utilizing its self-assessment scorecards could be a good first step in this regard.

- PepsiCo India is encouraged to remove limitations to its maternity and paternity or second caregiver leave policy based on the number of children born.

- The company is also encouraged to develop a workforce nutrition program for its supply chain workers in India, starting with a needs assessment to identify those groups at highest risk of experiencing malnutrition. It can then engage with its supply chain partners and relevant civil society organizations to help reach these groups, further study the underlying causes of malnutrition in that specific context, and develop a tailored program to address their nutritional needs in a targeted manner. For more guidance, see the ATNI 2021 Action Research report and/or engage with the WNA.



LABELING

5% OF OVERALL SCORE



Rank 1 / Score 7.5

Highest score 7.5

Average score 2.6

- The company displays numeric information for key nutrients on the front-of-pack (FOP) for the majority of its relevant portfolio.
- The company shows images of product packaging for all products in its portfolio, in the form of product packaging templates.

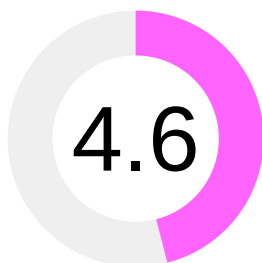
Aspects to improve

- Once it is formally enacted by FSSAI, if the INR FOP labeling system is on a voluntary basis, the company is strongly encouraged to adopt it across its entire portfolios in India.



ENGAGEMENT

5% OF OVERALL SCORE



Rank 4 / Score 4.6

Highest score 8.5

Average score 2.1

- No responsible advocacy policy was found for PepsiCo India, beyond commitments to comply with the law and anti-bribery and corruption policies (legally-required in India).
- The company publishes a link to PepsiCo's 'Global Code of Conduct', which states that "It is critical that [staff] do not engage in Political Activity on behalf of PepsiCo (directly, or through third parties, such as consultants or trade associations) without the direct involvement of PepsiCo's Public Policy and Government Affairs Department."
- PepsiCo India also publishes a link to PepsiCo's global 'Health and Wellness Approach and Engagement' document, which indicates the company's global position in opposition on fiscal measures to address obesity and restrictions on marketing to children, being in favor of self-regulation instead.
- The company recently published its 16 trade association memberships in India directly on its website, indicating which ones it holds Board seats on (eight associations).

Aspects to improve

- The company is encouraged adopt a formal responsible advocacy policy that is clearly applied in India, which also applies to third-parties advocating on behalf of the company, in which it commits that personnel will conduct themselves responsibly; to be transparent about their identity and intentions; to require that the evidence presented shall be as independent and representative as possible; and to always consider the wider public health interest in its efforts. It should also clearly define what it defines as advocacy and/or lobbying activities.
- The company should comprehensively disclose details of all engagements with policymakers with regards to influencing nutrition-related policy in India, including participation in policy-related multistakeholder meetings, responding to public consultations, and any other interactions with policymakers, such as those relating to FSSAI's FOP labelling system development, for example.
- While the company provides links to its global positions on certain policy measures, it is encouraged to publish positions on specific to the India context, i.e. in relation to specific policy measures under consideration by FSSAI or other relevant bodies. Disclosure of policy positions should also happen for policy measures advocated indirectly by the company, for example via its trade associations. These policy positions should consider the wider public health interest and long-term material implications of rising levels of malnutrition in India.

SUSTAINABILITY

- PepsiCo has committed to achieve net-zero emissions across its value chain globally by 2040. The company indicated to ATNI that, in India, by 2030, it plans to reduce its greenhouse gas emissions Scope 1 and 2 by 75% against a 2015 baseline, although no evidence was shared to support this. It also shared that it is aiming to achieve 100% renewable electricity in its global operations by 2030.
- The company has a target to reduce food loss and waste across its own operations and reports progress against it, stating its ambition to reduce the food waste it generates in its direct operations by 50% by 2025.
- The company provides evidence of reducing plastic use and transitioning to more sustainable forms of packaging, mentioning that it has achieved a 5% reduction in virgin plastic compared to 2020. The company also states a target to “Design 100% of its packaging to be recoverable or recyclable by 2025, while partnering to increase packaging recovery and recycling rates”. However, this information is global in scope, rather than being India-specific.

PepsiCo India's parent company PepsiCo was also assessed by World Benchmarking Alliance (WBA) in their Food and Agriculture Benchmark 2023, which can be found here: <https://www.worldbenchmarkingalliance.org/publication/food-agriculture/rankings/environment/>

Aspects to Improve

- The company is encouraged to track its GHG emissions across its wider value chain (Scope 3) and set targets to reduce these.
- The company is encouraged to work with its value chain partners to reduce both FLW and plastic use. This should go beyond requirements set out in mandatory waste management regulations.

Footnotes

1. Breakfast Cereal|Savoury Snacks|Carbonates|Juice|Energy Drinks
2. 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).
3. 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 30% of the total Index score.
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5. The Health Star Rating (HSR) model, which rates foods from 0.5 to 5.0 based on their nutritional quality. This score represents the mean Health Star Rating of the product portfolio.
6. Retail sales data derived from Euromonitor International.
7. 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.

