



Sugar

Overview, Rationale and Goal

The U.S. Food and Drug Administration's (FDA) guidelines on sugar intake recommend adults and children limit their daily intake of added sugars to less than 10 percent of their total energy intake. This would equate to a maximum of 50g of added sugars per day based on a daily intake of approximately 2,000 Calories (where 1g sugar = 4 Calories).

Informed by the guidelines on added sugars intake provided by the FDA, we have set a goal that helps consumers reduce the amount of added sugars in their diets. This also fits within WHO and other authorities guidelines on "free sugars." The definition of "free sugars" and "added sugars" are similar, but differ on how they treat juices and juice concentrates. Our goal, as part of our Performance with Purpose (PwP) 2025 agenda, is that **by 2025, at least two thirds of our global beverage portfolio volume will have fewer than 100 Calories from added sugars per 12 ounce serving.**

Our new goal is designed to shift a significant portion of our beverage portfolio towards lower calorie levels that make it easier for consumers to follow the FDA's recommendations. We will do this by expanding our portfolio of lower-calorie beverages and reducing added sugars in our overall beverage portfolio. Examples of products that meet these criteria include Pepsi Zero Sugar and Pure Leaf Iced Tea Unsweetened.

Approach

As we look across our total beverage portfolio, there are a number of ways we intend to make progress on our added-sugars reduction goal – including reformulating many of our existing beverages and innovating new products that meet the criteria we have set with our goal.

In 2016, we launched several reduced-calorie versions of core brands in key markets, including a 100-Calorie 7UP in Mexico, and a 0-Calorie 7UP in Ecuador. We are currently in the process of rolling out Mirinda and 7UP with 30 percent less sugar to more than 80 markets around the world; these products will replace the full-sugar versions of these products.

In addition to our reformulation efforts, new beverage products are being developed to conform to our added sugars targets, an effort that is evident in our recent Lemon Lemon and Izze Fusions launches in the United States. We have also expanded our no-calorie beverage options with the recent launches of unsweetened Pure Leaf Iced Teas and Starbucks Iced Coffees and new still and sparkling water options including LIFEWTR and Aquafina Sparkling.

The exact approach we take will vary from market-to-market and brand-to-brand. There is no one-size-fits-all approach, so we will tailor our strategy to meet the changing needs of local markets and local consumers.

Performance & External Validation

We have signed an agreement with Partnership for a Healthier America (PHA), an organization that works with the private sector to ensure the health of youth in the United States by addressing childhood obesity, to independently report and verify our progress against this goal in the U.S. PHA's first assessment is expected in the second half of 2018.