

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 to help consumers reduce the amount of added sugars in their diets. This also fits within WHO and other authorities guidelines on "free sugars."¹ 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 than 100 Calories or fewer 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. Reformulation is anticipated to be the largest contributor to added sugar reduction across our portfolio.

For some of our largest global brands, we are actively looking to expand the scale of our reformulated zero- and lower-calorie beverages. Black can Pepsi, with zero sugar, was sold in 73 markets as of the end of 2017, up from 28 markets in 2015. In addition, we have rolled out 7UP and Mirinda recipes with at least 30-50 percent less added sugar in more than 60 markets, replacing the full-sugar versions.

In addition to our reformulation efforts, new beverage products are being developed to conform to our added sugars goal, an effort that is evident in recent launches in the United States, including bubbly, a line of flavored sparkling water with zero sugar, and Tropicana Kids, made with 45 percent real fruit juice and mixed with filtered water, with no added sweeteners, and no artificial flavors. Our portfolio of zero- and lower-calorie beverage options stretches across product categories, and includes unsweetened Pure Leaf Iced Teas; Starbucks Iced Coffees; LIFEWTR, our premium water brand; and KeVita, our probiotic-based beverage brand that we expanded in 2017.

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

By the end of 2017, 43 percent of our beverages volume in our Top 10 global markets, (representing 62 percent of our global beverages volume), was in line with our PwP goal of 100 calories or fewer from added sugars per 12 ounce serving, an improvement from 40 percent as of the end of 2016. In addition, 2017 is the first year we are able to report our performance against this goal in our Top 26 global markets, (representing 80 percent of our global beverages volume), with 40 percent of beverage volume in these markets in line with our PwP goal.

We have also formed an agreement with Partnership for a Healthier America (PHA), an organization that works with the private sector to help improve the health of youth in the United States by addressing childhood obesity, to conduct an independent review of our progress against our added sugars goal. The first year of this review, which looked at 2016

¹ The definition of "free sugars" and "added sugars" are similar, but differ on how they treat juices and juice concentrates

SKU level data of products in our Top 10 global markets, confirmed the accuracy of our calculations and the reliability of the methodology we use to make those calculations. Further detail about the review is published within [PHA's annual report](#). We plan to continue conducting independent reviews of the data and methodology, in order to continue to drive transparency around this important goal.