



**Nutrition & Health
at PepsiCo**

BCCC Conference
April 2011

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Agenda

- Introduction to PepsiCo
- Performance with Purpose
 - The need to change
 - The promise of PepsiCo
 - Global commitments
 - Local action – the UK Health Report and 10 year strategy



Our business

- PepsiCo UK & Ireland is a £1.5bn food and drink business responsible for leading brands including Walkers, Tropicana, Quaker Oats and Pepsi (bottled in the UK by Britvic).
- We employ 5,500 people across 13 sites in the UK.
- We invested £16million in a new R&D centre in Leicester where the focus is on developing healthier products.

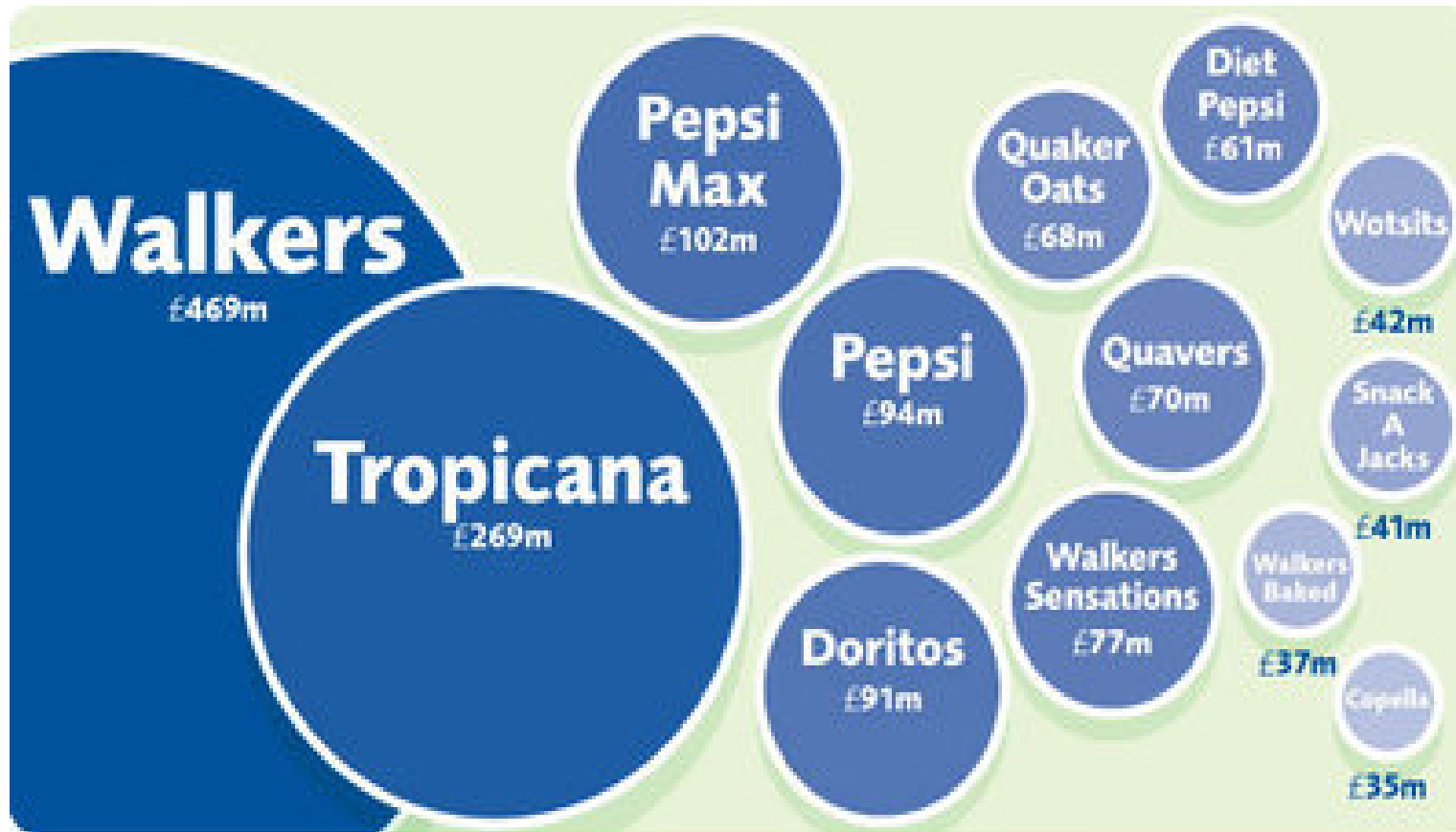


Key PepsiCo manufacturing sites

And in the UK we have a diverse portfolio

































Our brands



Source: Nielsen ScanTrack, Full Year 2008, Total Market UK.

We are a global business in transition...

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	<p>Propel vitamin-enhanced fitness water (US)</p> 			<p>Quaker Chewy 90-calorie granola bars (US)</p> 	<p>Frito-Lay 10 calorie packaging (US)</p>  <p>Frito-Lay converts to sunflower oil (US)</p> 		<p>SoBe Lifewater launches naturally sweetened 0-Calorie with PureVia (Latin America & USA)</p> 	<p>Trop50 with 50% less sugar and calories (US)</p> 	<p>Del Horno baked snacks (Mexico)</p>  <p>Twistos low-calorie chocolate snacks (Mexico)</p> 
	<p>Frito-Lay removes trans fats (US)</p> 			<p>Walkers Crisps reduces saturated fats (UK)</p> 		<p>Elma Sensações Ao Forno baked chips (Brazil)</p> 			
<p>PepsiCo merges with Quaker and Gatorade</p>  			<p>Quaker Weight Control Instant Oatmeal (US)</p> 	<p>H₂O!</p>  <p>(South America)</p>	<p>Sunbites baked wheat snacks (Spain, Portugal)</p> 	<p>G2 low calorie electrolyte beverage (US)</p> 	<p>Quaker High-Fiber cookie (Mexico)</p> 	<p>Gamesa baked snack for women (Mexico)</p> 	<p>New Quaker Hearty Medleys are a new instant multigrain cereal with a heartier texture and real fruits and nuts (US)</p> 
				<p>PepsiCo acquires Duyvis Nuts (Belgium, Netherlands)</p> 	<p>PepsiCo acquires Sandora Juices (Ukraine)</p> 		<p>Tropicana Smoothie (UK)</p> 		
			<p>Sun Chips baked apple chips (Mexico)</p> 	<p>PepsiCo acquires Stacy's Pita Chips and Naked Juice (US)</p>  	<p>Quaker High Fiber Instant Oatmeal (US)</p> 	<p>PepsiCo acquires Lebedyansky Juices (Russia)</p> 	<p>Sabra Hummus joint venture (US)</p> 	<p>Smartfood (US)</p> 	

Public health is a top political priority in the UK



Many influential voices

Legislators have strong mandates



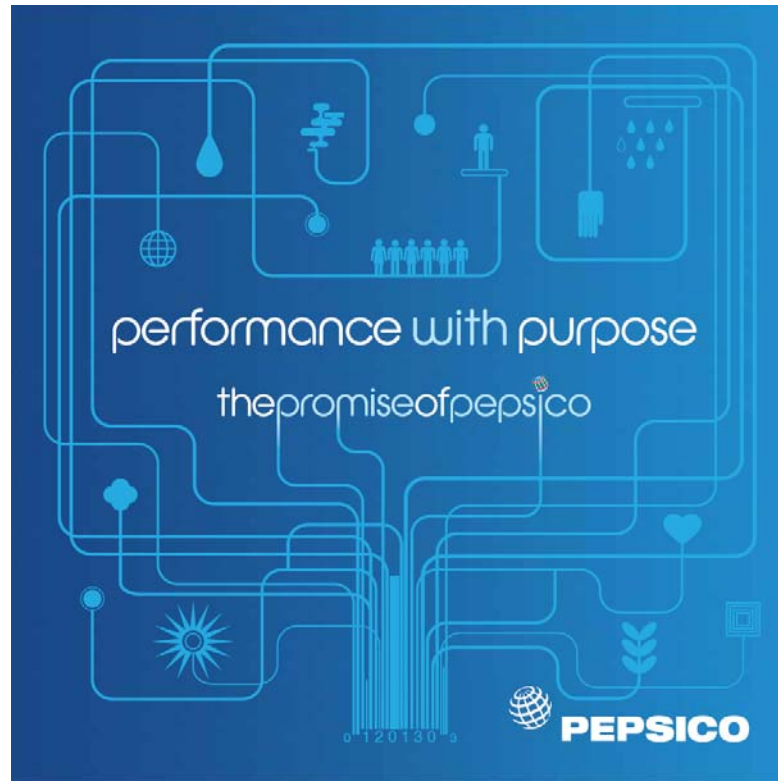
And there has been a Global Call to Industry for Action

WHO recommended actions to the private sector (2003, 2008)

- Reduce saturated fats, trans fatty acids, free sugars and salt in existing products
- Develop affordable, healthy and nutritious choices for consumers
- Introduce new products with better nutritional value
- Provide consumers with adequate and understandable product and nutrition information
- Practice responsible marketing that supports the strategy...especially to children
- Issue simple, clear and consistent food labels and evidence-based health claims
- Provide information on food composition
- Assist in developing and implementing physical activity programs.

The Promise of PepsiCo – our Global Pledge

PepsiCo's 2009 Annual Report was published in March 2010. It contains 47 global goals and commitments for Human, Environment, and Talent Sustainability



Our 2010 Annual Report, published last week describes progress to date



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Delivering Performance with Purpose



Human
Sustainability

Encourage
people to live
healthier



Environment
Sustainability

Protect the
Earth's natural
resources



Talent
Sustainability

Invest in our
people



Developing a healthier portfolio



Human
Sustainability

Encourage
people to live
healthier



- Increase the amount of **whole grains, fruits, vegetables, nuts, seeds and low-fat dairy** in our global product portfolio.
- Reduce the average amount of **sodium** per serving in key global food brands, in key countries, by 25 percent by 2015, with a 2006 baseline.
- Reduce the average amount of **saturated fat** per serving in key global food brands, in key countries, by 15 percent by 2020, with a 2006 baseline.
- Reduce the average amount of **added sugars** per serving in key global beverage brands, in key countries, by 25 percent by 2020, with a 2006 baseline.



PEPSICO

UK & Ireland



Tropicana



It's a promise to encourage people to live healthier

Products



Provide more food and beverage choices made with wholesome ingredients that contribute to healthier eating and drinking

Marketplace



Encourage people to make informed choices and live healthier

Community



Actively work with global and local partners to help address global nutrition challenges



PEPSICO

UK & Ireland



Tropicana



The UK is taking local action



“Our future profit & growth will be driven by healthier products”

“By 2020 our business will be based on delivering fruit, vegetables, wholegrain and fibre”

Created with stakeholders – internal and external



- Four workshops
- 40+ external stakeholders
- 1-2-1 meeting programme
- Focused on:
 - Government and Opposition
 - Regulator
 - Key NGOs
 - Key Academics
- Internal alignment



UK & Ireland



We showcased our track record

We've been taking a multi-pronged approach for several years to make our product portfolio healthier

Reformulation

- SunSeed Oil reduced sat fat across crisps and snacks by 70-80% (removed 40,000 tonnes of saturates from British diet)
- Reduced salt in Walkers crisps and snacks by 25 – 58%, removing 2400 tonnes salt from UK diet

New healthier products

- Walkers Baked (70% less fat)
- SunBites (wholegrain)
- Planet Lunch and Paw Ridge (healthy childrens ranges)

Acquiring healthier brands

- Tropicana
- Copella
- Quaker
- V Water

To build trust, our future journey was crucial...

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We set out a series of pledges including on reformulation and innovation to support our vision

3. Marketing and consumer engagement – our pledges

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Forecourt outlets - portion size choice available

Increase the proportion of outlets where smaller packs are available alongside Walkers Big Eat by 30%, by 2012.

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All our Pepsi advertising supporting the growth of no-sugar or natural, from 2010.

Deliver 1.8 bn servings of fruit and vegetables, and 1.7 bn servings of wholegrain per annum, by 2012.

change 4 life

Trial marketing campaigns to transition consumers who have high per-capita consumption of savoury snacks and full-sugar soft drinks to healthier alternatives, from 2010.

Widen availability of Pepsi 250ml pack size, by 2012.

Encourage availability of drinks in parks and

*Meets the FSA other equivalent

4. Stakeholder engagement and public policy – our pledges

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Quaker and Tropicana will help serve children in deprived areas, per day

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Support the Government's Change4Life campaign to tackle obesity, by promoting healthy breakfasts, and through a non-branded campaign featuring our sports stars.

Disclose our memberships of trade associations, and our partnerships with think-tanks or research institutes.

Work with NGOs, think-tanks and others in the food industry to encourage improved health reporting and transparency.

2. Reformulation and innovation – our pledges

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Reformulation - Salt

10% further reduction of salt on Walkers Crisps during 2009, and all crisps and snacks to meet or surpass existing FSA salt reduction targets by 2012.

4% reduction in the sugar level of regular Pepsi by 2012, subject to consumer trials.

Invest 70% of R&D budget to deliver products defined as healthier**, from 2012.

Savoury snacks – portions 160 Calories or less

Introduce a single serve cap of 160 Calories across savoury snacks without significant positive nutrition*, by 2015.

Launch, and take to scale, new children's lunchbox and breakfast ranges, meeting FSA Nutrient Profile model, by 2010.

Healthier oils, lower in saturates, to be used in all reformulation and new product development.

Walkers to remove all artificial flavour enhancers, colours and preservatives, by 2012.

Expand delivery of oats into meals beyond breakfast, by 2015.

Savoury snacks – growth in baked/positive nutrition

50% of savoury snacks to be baked, or include positive nutrition*, by 2015.

Invest £40 million* in research and development of foods and drinks with healthier profiles** by 2015.

* Contain nutritionally significant amounts of fibre, wholegrain, fruits, vegetables or micronutrients.
 **Meets the FSA Nutrient Profile model, or other equivalent international standards.
 *Does not cover taking products to scale.

Our commitments are designed to be challenging....



Key Pledges:

50% of our savoury snacks will be baked or include positive nutrition by 2015

65% carbonated soft drink can and bottle sales will be “no sugar” by 2015

A calorie cap of 160kcal across single serve savoury snacks without positive nutrition by 2015

To deliver 1.8bn servings of fruit and vegetables and 1.7bn servings of wholegrain each year by 2012

Progress to date



62% of packaged sales of Pepsi & 7UP are no sugar, up from 61% in 2008 (target 65% in 2015)

Introduction of 600ml in no sugar only represents first marketing trial to try to encourage consumers to switch



All Pepsi advertising spend has been on Max since 2005

2% reduction in sugar level of regular Pepsi already achieved

Progress to date

Magic Breakfast expect to meet our commitment to provide breakfast to 6000 children this year



Average 11.7% salt reduction achieved in 9 flavours of Walkers Core.

MSG removed from 10 Walkers Core flavours, from Sensations & Baked



"I understand that the scale and nature of the obesity challenge we face cannot be tackled by Government action alone. **We need a partnership approach with business, the voluntary sector and social enterprise.** That's why I welcome the publication of PepsiCo's report. It **demonstrates** exactly the kind of **leadership** from the food and drink industry that is required to help **improve public health** outcomes. The proposals - particularly in relation to reformulation and portion size - are entirely compatible with those set out in the Public Health Commission paper which we commissioned and was published last summer. I hope that other companies will be inspired by this report. Together, we can make it easier for people to make the healthy choices they want to make."

Andrew Lansley

Responsibility Deal – March 15th 2011



The Responsibility Deal forms a natural part of our on-going journey to reshape our product portfolio. By introducing this initiative, the Govt recognises the industry’s ability to reach and influence the diets of hundreds of thousands of people in the UK and make a profound difference, both through our products and through our workplace.

Today’s launch of the Responsibility Deal sees the start of a process to help people balance the “energy in, energy out” challenge of modern life.

Richard Evans
President, PepsiCo UK and Ireland



The industry has a responsibility to lead change

Achieving this change will require concerted action across all The Responsibility Deal Networks and I hope all stakeholders will commit to playing their role. We are committed to playing our part



Thank you for listening!

Any Questions?

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