



2017

SUSTAINABILITY REPORT

**WE DO GOOD THINGS
WITH FLAVOR**

A MESSAGE FROM OUR PRESIDENT AND CEO



DR PEPPER SNAPPLE GROUP HAS A VISION TO BE THE BEST BEVERAGE BUSINESS IN THE AMERICAS. THIS HAS BEEN OUR MISSION SINCE WE WENT PUBLIC IN 2008, AND IT CONTINUES TO GUIDE US IN EVERYTHING WE DO. TO ACHIEVE THIS, WE KNOW WE HAVE TO BE A POSITIVE PRESENCE IN THE LIVES OF EVERYONE CONNECTED TO OUR BUSINESS, FROM OUR CUSTOMERS AND CONSUMERS TO OUR EMPLOYEES AND THOSE IN THE COMMUNITIES IN WHICH WE OPERATE.

In 2010, we published our first sustainability report, making our corporate social responsibility efforts public and setting the bar for our own transparency. We set ambitious goals covering a wide range of issues pertaining to our business, from environmental performance to ethical sourcing, providing external stakeholders and our own people with the insight they need to make us accountable for performance and to inspect what we expect from our company.



Since that time, we've had some remarkable success. Whether it was increasing our investment in health and wellness in our innovation pipeline or lightweighting our packaging to develop the lightest 2-liter bottle in the industry, DPS took ACTION to make a difference and exceeded our goals. This progress has been supported by our ongoing commitment to Rapid Continuous Improvement (RCI), which uses Lean and Six Sigma methods to eliminate waste, deliver customer value and improve productivity.

In those areas where we fell short of our goals, we have continuously improved while we look for new strategies and tactics to break through.

In late 2016 and early 2017, we took a step back to assess our sustainability approach, performing a materiality assessment on environmental issues to ensure that we focus our efforts in the right places. Through stakeholder interviews, peer benchmarking, third-party consultations and a science-based approach, we reaffirmed the value of our past efforts while gaining an improved understanding of how to shape them going forward.

Based on this work, we have new goals to drive our sustainability efforts forward. On the environmental front, we have committed to work with industry, government and community partners to achieve a U.S. beverage container recycling rate of 60 percent by 2030. We are also setting goals related to our use of refrigerants, our use of SmartWay providers for third-party logistics and diverting waste from landfills. These goals give momentum to our efforts in areas where we know we can make a difference.

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OF HOW TO FOCUS THEM GOING FORWARD.

In addition to our environmental efforts, we joined with others in the beverage industry in the Balance Calories Initiative, with a goal to reduce beverage calories consumed per person nationally by 20 percent by 2025.

This report continues our record of transparency as we move forward into the next phase of our sustainability journey. In the months ahead, we will be engaging with more and more stakeholders, internally and externally, to explore new goals and identify the areas where we can have the greatest impact. As always, we are a customer-centric organization, and we welcome your thoughts, questions and feedback to help us take ACTION on corporate social responsibility. Please reach out to us via our website at drpeppersnapplegroup.com/contact.

Regards,



Larry D. Young



COMPANY PROFILE



HEADQUARTERED IN PLANO, TEXAS, DR PEPPER SNAPPLE GROUP IS A LEADING PRODUCER OF FLAVORED BEVERAGES IN NORTH AMERICA AND THE CARIBBEAN. OUR SUCCESS IS FUELED BY MORE THAN 50 BRANDS THAT ARE SYNONYMOUS WITH REFRESHMENT, FUN AND FLAVOR. WE HAVE SEVEN OF THE TOP 10 NON-COLA SOFT DRINKS, AND NINE OF OUR 10 LEADING BRANDS ARE NO. 1 OR NO. 2 IN THEIR FLAVOR CATEGORIES. IN 2016, 90 PERCENT OF OUR \$6.4 BILLION OF NET SALES WERE GENERATED IN THE U.S., 3 PERCENT IN CANADA AND 7 PERCENT IN MEXICO AND THE CARIBBEAN.

In addition to our flagship Dr Pepper and Snapple brands, our portfolio includes 7UP, A&W, Bai, Canada Dry, Clamato, Crush, Hawaiian Punch, IBC, Mott's, Mr & Mrs T mixers, Peñafiel, Rose's, Schweppes, Squirt and Sunkist soda.

OUR WORKFORCE

Prior to 2006, our operations consisted of 6,000 employees working in less than 20 sites in the U.S., Mexico and Canada, including 12 manufacturing facilities, with limited direct-store delivery (DSD) operations located primarily in the Northeast and on the West Coast.

Today, these figures have grown to more than 20,000 employees, with approximately 16,000 in the U.S. and Canada and 4,000 in

Mexico and the Caribbean. Approximately 6,000 of our employees are party to collective bargaining agreements. We have 22 manufacturing facilities and more than 110 distribution centers and warehouses, strategically located to enable us to better align our operations with our customers and reduce transportation costs.

OUR BUSINESS MODEL

DPS is composed of dozens of businesses brought together over decades to make up a unified, independent organization. In addition to the rich legacy of our brands, we have an integrated business model and a broad and flexible route to market for our products. We manufacture soft drink concentrates and finished beverages, selling 1.6 billion equivalent 288 fluid-ounce cases in 2016.

Our value chain begins with the sourcing and purchasing of ingredients and packaging materials, which are then used in our manufacturing, warehouse and distribution capabilities to make, store and sell our products.





Next comes the transportation of finished products to our customers' retail and foodservice outlets, distribution centers and vending machine locations, which is how we ultimately reach our consumers.

We also sell beverage concentrate to a significant number of third-party bottlers and finished products to distributors, ranging from smaller family-owned bottlers to multibillion-dollar, multinational bottling businesses such as the Coca-Cola Company and PepsiCo Inc.

OUR VALUES AND BEHAVIORS

When DPS was established in 2008, President and CEO Larry Young issued a Call to ACTION to our employees, outlining a series of behaviors that characterize the way we do business.

THESE INCLUDE:

Accountable, Customer Centric, Transparent and Honest, Inspect What We Expect, Own Decisions and No Blame Fixing.

These values remain constant, and they are driving our quest to Be the Best Beverage Business in the Americas.

We pride ourselves on being a responsible company known for creating long-lasting relationships with our customers and consumers – and for doing the right thing. DPS is committed to conducting our business in a safe, legal, transparent and ethical way. Our business practices safeguard our reputation and the trust placed in us by our stakeholders.

We have systems in place for ensuring compliance with these principles. We require employees to complete training in our Code of Conduct and core policies, administered via our online learning management systems and onsite training and through new employee orientation.

We also have a "Speaking Up" hotline, available 24 hours a day, seven days a week, and manned by a third party to enable employees to anonymously report concerns about such matters as criminal conduct, illegal activity, theft, fraud, environmental safety, financial reporting, conflicts

of interest, regulatory compliance, harassment and discrimination. Increased awareness and training, combined with policy and systems improvements companywide, have enabled us to better detect, swiftly respond to and minimize behaviors that are inconsistent with our Code of Conduct.



SUSTAINABILITY GOVERNANCE



DPS AND ITS SUBSIDIARIES SET HIGH STANDARDS FOR ALL EMPLOYEES, OFFICERS AND DIRECTORS. IMPLICIT IN THIS PHILOSOPHY IS THE IMPORTANCE OF SOUND CORPORATE GOVERNANCE. IT IS THE DUTY OF THE BOARD OF DIRECTORS TO OVERSEE THE MANAGEMENT OF THE COMPANY'S BUSINESS. TO FULFILL ITS RESPONSIBILITIES AND TO DISCHARGE ITS DUTY, OUR BOARD OF DIRECTORS FOLLOWS THE PROCEDURES AND STANDARDS THAT ARE SET FORTH IN ITS CORPORATE GOVERNANCE GUIDELINES. THESE GUIDELINES ARE SUBJECT TO MODIFICATION FROM TIME TO TIME AS THE BOARD OF DIRECTORS DEEMS APPROPRIATE IN THE BEST INTERESTS OF DPS OR AS REQUIRED BY APPLICABLE LAWS AND REGULATIONS.

The nominating and corporate governance committee of the board of directors has oversight responsibility for DPS's sustainability efforts. The committee is also responsible for periodically reviewing DPS's legislative priorities, activities related to the political action committee (PAC), political activities independent of the PAC, our CSR goals and progress, and potential stockholder proposals and issues.

MANAGING SUSTAINABILITY AT DPS

DPS takes a cross-functional approach to sustainability, and the link between our business

strategy and corporate social responsibility grows with each passing year. In late 2013, we began the process of consolidating our compliance, risk and sustainability (CRS) functions into a single center for accountability, reporting ultimately to Jim Baldwin, executive vice president and general counsel. Our CRS program provides oversight and drives accountability down to each function across the organization. This cross-functional approach eliminates obstacles for collaboration by facilitating dialogue while reducing redundancy and ensuring that no aspect of CRS is overlooked.

To manage and execute our CRS program, we established a cross-functional steering group consisting of senior representation and functional teams from each corporate function. Mr. Baldwin serves as chief compliance officer and chief sustainability officer, and under his direction, the steering group reviews strategy, manages oversight and reviews implementation issues. Our corporate sustainability team, headed by the vice president of government



affairs and sustainability, works closely with internal functions including procurement, supply chain, facilities, environmental, health and safety, human resources, risk and audit and more to establish goals, measure performance and communicate results.

Through participation in key surveys and indices such as the Dow Jones Sustainability Index, the Carbon Disclosure Project Climate Change and Water modules, Newsweek Green Rankings and more, we communicate our sustainability efforts to external stakeholders and benchmark ourselves against others in our industry. We interact regularly with customers, non-governmental organizations and others to get their feedback.



THE LINK BETWEEN OUR BUSINESS STRATEGY
AND CORPORATE SOCIAL RESPONSIBILITY
— **GROWS WITH** —
EACH PASSING YEAR.

STAKEHOLDER ENGAGEMENT



WE WORK TO IMPROVE OUR WORKPLACE AND CONTRIBUTE TO THE COMMUNITIES WE TOUCH, WHILE MAKING WISE USE OF OUR NATURAL RESOURCES.

We believe there are opportunities to work with stakeholders to identify the products, technologies and solutions best suited to address national, regional and local sustainability challenges. Our work with stakeholders enables us to better understand our environmental and social impacts, proactively strengthen our relationships with local and federal officials, and anticipate issues as well as take constructive action to resolve them. We know that becoming more transparent and having an open and direct dialogue with our stakeholders gives us an opportunity to communicate the good things we've already achieved as well as enhance our CSR goals and strategy to become a better corporate steward.

OUR APPROACH

We take a collective, cross-functional approach to engaging with stakeholders, which is facilitated by our head of sustainability. We consider all stakeholder engagement requests and apply a structured approach to determine to what extent we engage with stakeholders at a corporate level, while allowing our local

manufacturing and distribution sites the flexibility to engage with stakeholders in their communities. At the same time, our government affairs team works independently to manage relationships with elected officials and political organizations. Likewise, our internal communications and training teams educate DPS employees on our sustainability efforts.

We assess the following attributes to evaluate our stakeholders for engagement:

• CONNECTION TO INDUSTRY:

Stakeholders with a significant connection to the beverage industry are more likely to benefit from our engagement and benefit us in return. The extent to which stakeholders are actively involved with companies is a reflection of their willingness to engage, but it's also an indicator of their ability to develop and sustain relationships with the private sector.

• KNOWLEDGE:

The level of knowledge about particular subject areas; stakeholders vary not only in the depth of their knowledge but also in the type of knowledge (practical or theoretical) that they possess.

• CREDIBILITY:

The degree to which the stakeholder is free of conflicts of interest (financial or otherwise) and how the organization or individual is perceived by other stakeholders.

• INFLUENCE:

The influence of a stakeholder depends on the breadth of organizations and people that it touches and the depth and intensity of this contact.

• WILLINGNESS TO ENGAGE:

Not all stakeholders are willing to engage with companies and/or other organizations, and this criterion becomes more relevant with respect to those that have a more skeptical view of the business sector.



OUR ENGAGEMENTS

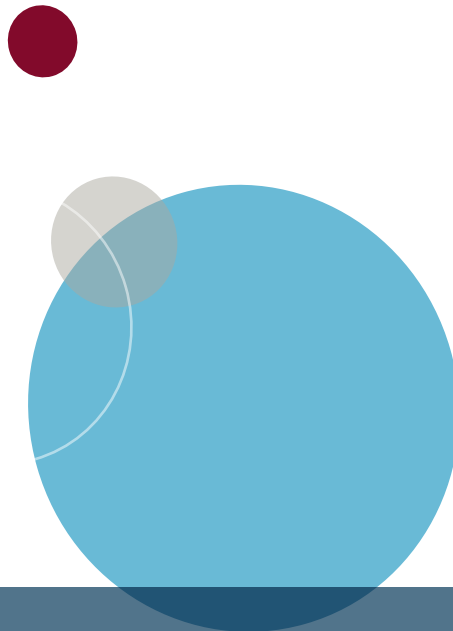
In practice, this process yields engagements with both internal and external stakeholders. We engage with NGOs, including our own philanthropic partners, to leverage their areas of expertise or interest to help shape our CSR processes and tracking methods. Their guidance has helped in issues as diverse as shaping our Supplier Code of Conduct to directing our approach to water stewardship.

Our shareholder interactions allow DPS to identify and address environmental, social and governance issues of interest to investors and the general public. For example, in recent years, their guidance has helped us to focus our recycling efforts and enhance our disclosures on political contributions.

DPS's government affairs team works directly with elected officials regarding issues that are of interest to our consumers and customers and/or could potentially impact our business. This engagement has contributed to broader industry efforts that have helped increase consumer education about our products and industry.

We know our sustainability strategy cannot be achieved without the full support and engagement of our employees. We have advanced our goals more effectively by engaging every level and area of our business, from frontline employees to executive leaders, in various sustainability practices and activities.

Additionally, we have bolstered employee understanding and activation behind sustainability by providing turnkey materials designed to mobilize employees as CSR ambassadors with customers and other external stakeholders. Our volunteer participation also has increased due to employee-led volunteer opportunities and philanthropic campaigns such as Let's Play and our annual United Way campaign.



ABOUT THIS REPORT



DR PEPPER SNAPPLE GROUP REGULARLY REPORTS AND UPDATES EXTERNAL STAKEHOLDERS ON THE ENVIRONMENTAL, SOCIAL AND ECONOMIC PERFORMANCE OF OUR OPERATIONS. THIS REPORT COVERS QUANTITATIVE DATA FROM JANUARY 1 TO DECEMBER 31, 2016. COMPANY ACQUISITIONS AND CHANGES TO OUR MANUFACTURING FOOTPRINT IN 2017 ARE EXCLUDED, BUT WILL BE INCLUDED IN FUTURE YEARS' REPORTING. THE REPORT'S NARRATIVE WILL INCLUDE OUR ACTIVITIES, DATA POINTS AND CUMULATIVE DATA FROM PRIOR YEARS AND FROM EARLY 2017 WHERE THIS INFORMATION PROVIDES A MORE COMPREHENSIVE AND CURRENT PICTURE OF OUR SUSTAINABILITY EFFORTS. OUR PREVIOUS REPORT FROM DECEMBER 2015 AND ALL PAST REPORTS MAY BE VIEWED AT DRPEPPERSNAPPLEGROUP.COM/COMPANY/REPORTS.

Our sustainability reports provide an update on our progress toward our sustainability goals and commitments as well as provide a broad overview of our impacts. The data and narrative provided cover the parts of our business over which we have operational control and do not include joint ventures, franchised or outsourced operations except where otherwise noted.

External moderate-level assurance for DPS's direct greenhouse gas emissions (Scope 1), indirect greenhouse gas emissions from energy consumption (Scope 2) and a portion of other indirect emissions water consumption are provided by Trucost. Their



complete 2016 assurance statement is available here: drpeppersnapplegroup.com/company/assurance-statement.

Variance in or alterations to some non-financial data in this report may derive from uncertainties inherent in the process of data collection. Sources of such variance can include measurement techniques employed, acquisitions or divestures of facilities, or changes in methodology. It is our intention to provide the most accurate and reliable disclosure possible. We have developed this report in consultation with the Core level of Global Reporting Initiative (GRI) G4 guidelines. Our past reports and updates have made use of G3 standards. In the included GRI index, we clarify which Specific Standard Disclosures are reported. DPS also reports environmental metrics in our annual Carbon Disclosure Project Climate Change and Water responses, viewable at CDP.net. For detailed disclosures of our financial and business performance, [view our annual 10-K filing with the U.S. Securities and Exchange Commission](#).

PRIORITY TOPICS

In late 2016, in partnership with Business for Social Responsibility (BSR), DPS conducted an evaluation of the key environmental issues facing our business.



This high-level materiality assessment used DPS's internal knowledge, shared industry knowledge, BSR's own expertise and interviews with internal and external stakeholders to achieve a better understanding of those areas where DPS can have the most impact. Environmental topics were measured on their importance to the business, their importance to our stakeholders and the broader sustainability community, predictions of future trends and the level of management control. From this work, we identified three categories where we will focus the bulk of our environmental reporting, which align approximately with the reporting we have done in the past:

- CLIMATE CHANGE AND ENERGY USE
- WATER USE AND STEWARDSHIP
- WASTE AND PACKAGING

This work, combined with our ongoing stakeholder engagement efforts, informs our overall sustainability strategy and reporting.



CLIMATE CHANGE AND ENERGY USE

IN 2011, WE SET A BASELINE FOR OUR ELECTRICAL USAGE OF 0.17 KWH PER GALLON OF FINISHED PRODUCT, WITH A GOAL TO ACHIEVE A USAGE RATE OF 0.15 KWH PER GALLON OF FINISHED PRODUCT BY 2015. DECLINES IN PRODUCTION VOLUME HAVE OFFSET OUR EFFICIENCY GAINS, SUCH THAT PROGRESS AGAINST THIS GOAL HAS REMAINED ESSENTIALLY FLAT.

We have, however, captured some wins. Our focus is on continuous improvement in lighting, cooling, heating and production-line operations, and each project we complete contributes to efficiency gains. In 2015, for example, we engaged with a third party to install energy-efficient lighting and improved lighting controls in our Bethlehem, Pa., Columbus, Ohio, and Sacramento, Calif., sites. In 2016, we expanded this work to our Vernon, Calif.; Irving, Texas; and Ottumwa, Iowa sites, changing nearly 5,000 lighting fixtures over the two-year period.

As a result of these and similar efforts, our total electrical usage in the U.S. has decreased two percent since 2011, contributing to a 14 percent companywide reduction in our equivalent CO₂ emissions from manufacturing. LEDs will comprise approximately 80 percent of our manufacturing system's lighting footprint in the next five years. In our manufacturing sites, we are also looking

at our refrigeration systems to improve environmental safety. We have begun a program to convert the refrigeration systems in our U.S. manufacturing facilities from ammonia-reliant systems to glycol-based systems. This conversion will reduce the amount of toxic materials used in our cooling systems. Our Mexico manufacturing sites have already seen terrific results with these systems, and we have begun installation in our largest plant located in Irving, Texas. It is our goal to have our main manufacturing locations using glycol refrigeration before the end of this decade.

Rapid continuous improvement (RCI) remains our single greatest tool for driving change in our business. Now in its

LEDS WILL COMPRISE APPROXIMATELY
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LIGHTING FOOTPRINT IN THE NEXT
5 YEARS.



sixth year, our RCI mindset has improved our inventory management systems such that we have reduced the amount of space required to store and deliver our finished products, helping us to lower our electrical use. Since 2012, we have reduced total electrical use in our warehouse and distribution sites by 15 percent. During the same period, we saw a 6 percent reduction in electricity used in our corporate offices.

Our Victorville, Calif., manufacturing facility and our Plano, Texas, headquarters are still our standard bearers when it comes to environmental certification. In Victorville, our plant received Leadership in Energy and Environmental Design (LEED®) Silver

Certification, while our Plano office renewed its LEED® Gold Certification for a multiuse building in 2017.

In addition, we have continued to replace older vending machines and coolers with Energy Star-rated equipment. In 2013, we achieved our goal to replace 60,000 machines, and all told we have retired more than 120,000 older units since 2009. This has resulted in more than 215 million pounds of CO₂ removed from the atmosphere, the equivalent of approximately 18,000 cars. As we continue to replace older machines with newer equipment, these savings will continue.



We are also making strides outside our facilities, on the roads where we deliver our products. Since we set out on our sustainability journey, we have made consistent improvements in our fleet operations such as implementing route optimization, reducing the total number of trips and more. As a result of our RCI efforts, we have been able to remove dozens of vehicles from the road entirely. When we purchase new vehicles, we require them to have five-minute idle shut-down technology and systems that electronically control speed. We consistently replace older vehicles with newer, lower miles-per-gallon models, and we have added a small number of natural gas vehicles to our fleet. Our efforts are beginning to pay off. In 2012,

SINCE 2009 WE HAVE REMOVED **215 MILLION** POUNDS OF CO₂ IN THE ATMOSPHERE.

we identified 40.1 cases per gallon of fuel used as the baseline for our goal to increase product shipments per gallon of fuel used by 20 percent. While progress had remained relatively flat, in 2016, we delivered 41.1 cases per gallon of fuel used, a step toward our previously stated goal of 48.5 cases per gallon. Beyond our own fleet, DPS continues to reduce mileage through

the use of intermodal transport and use of EPA SmartWay-certified carriers. More than 90 percent of our deliveries over 500 miles are handled via intermodal transport. DPS joined SmartWay in 2010, and remains a member in good standing, reporting fuel usage data annually. Since joining, DPS has reduced equivalent CO₂ emissions in our third-party





logistics by nearly 35 percent. It is our goal to ensure that 100 percent of DPS's third-party freight providers are active members of the EPA's SmartWay Program by 2025.

WATER USE AND STEWARDSHIP

Water is the primary ingredient in our products, and as such, DPS has an important role to play in water stewardship. In 2011, we set our baseline water usage at 1.97 gallons of water per gallon of finished product. Our goal since then has been to reduce water consumption by 10 percent to achieve a rate of 1.77 gallons per gallon of finished product.

Our progress has been flat to negative as a result of production volume changes and improvements to our inventory management processes that require more frequent changeovers of our manufacturing lines. In 2016, we used 2.12

gallons of water per gallon of finished product, an increase over the prior two years driven primarily by an adjustment in production volume data at one of our manufacturing facilities.

Ongoing maintenance and facilities improvements, system upgrades on our production lines and companywide training on best practices in water usage have offset some of the increases we would expect to see from the increased line change overs that are a key tactic in our inventory management improvements. All new equipment purchases are made with total utility-use reduction in mind, and processes such as the use of air rinsers and reuse of discharged water in our cooling towers are now common practice across the company.

In the upcoming years, we will continue turning our efforts toward a number of technology improvements, including moving to dry lubricants in our packaging machinery, further minimizing water use from our rinsing process and employing warmer filling technologies that reduce the need for large quantities of heated water. In addition, we are placing a new focus on wastewater quality

OUR PHILANTHROPIC PARTNERSHIP WITH THE **NATURE CONSERVANCY**

TAKES OUR FOCUS ON WATER BEYOND OUR OPERATIONS TO THE WATERSHEDS IN OUR COMMUNITIES.

IN OTTUMWA, THE BIOVIPER INSTALLATION HAS GIVEN THE CITY THE CAPACITY TO SERVICE MORE THAN

7,000 ADDITIONAL

RESIDENTIAL HOMES WITHOUT HAVING TO MODIFY ITS EXISTING FACILITIES.

and treatment. The majority of the water we use is derived from municipal sources, and wastewater in our DPS manufacturing facilities is pretreated to meet local specifications prior to discharge to municipal wastewater treatment plants. In our U.S. manufacturing locations without access to public wastewater treatment plants – such as our Williamson, N.Y., and Aspers, Pa., facilities – we fully treat wastewater onsite via multistage systems prior to discharge.

Two of our sites – one in Houston, Texas, and the other in Ottumwa, Iowa – have installed BioViper pretreatment reactors, provided by Baswood. These wastewater treatment systems reduce the plants' organic loading, which allows DPS to minimize its burden on the municipal wastewater treatment operations and increase their capacity to treat waste water from other industrial customers.

In Ottumwa, for example, the BioViper installation has given the city the capacity to service more than 7,000 additional residential homes without having to modify its existing facilities. Because the Baswood solution uses significantly less energy, has a smaller physical footprint, and provides superior biosolids reduction compared to traditional wastewater



systems, we will see a reduction in overall operating costs. In the years ahead, we will expand our use of in-house wastewater treatment systems such that we not only meet but exceed local specifications and requirements, freeing up municipal resources for other customers.

WASTE AND PACKAGING

At DPS, we recognize that there is a significant opportunity to reduce, reuse and recycle the plastic, aluminum and other materials we use, both as containers for our

finished products and in our manufacturing process. In 2010, we set a goal to recycle 80 percent of our manufacturing waste, and we increased this goal to 90 percent the following year. We have made consistent progress against this goal, recycling 85 percent of our manufacturing solid waste in 2016.

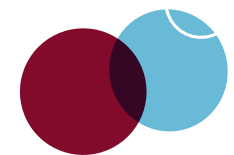


To close this gap, we are applying our RCI mindset to the issue of waste disposal in our manufacturing facilities, beginning with a waste audit at one of our underperforming locations.

Our entire manufacturing footprint is being brought onto a single platform for tracking and managing our waste management, giving us deeper insights into our waste production and disposal. We expect to see breakthrough progress in the years ahead, and it is our goal to achieve zero waste to landfill from all manufacturing operations in the U.S. and Mexico by 2025.

We are also looking beyond our facilities to address the issue of post-consumer recycling. In early 2016, we announced a goal to work with industry, government and community partners to achieve a U.S. beverage container recycling rate of 60 percent by 2030. In support of this goal, we are committed to maintaining active involvement and investments in efforts to address consumer recycling. In addition to our renewed Keep America Beautiful partnership, discussed in the philanthropy section of this report, we are also supporting this goal with a new \$5 million investment in The Closed Loop Fund over the next 10 years, joining 10 other companies in a focused effort to improve recycling rates nationwide.

Lack of infrastructure is one of the greatest barriers to more recycling in the country. The Closed Loop Fund is a social impact investment fund established in 2014 to invest \$100 million via zero-interest loans to cities and below-market loans to companies. The goal is to improve recycling infrastructure and expand and modernize single-stream recycling while improving recycling profitability.



By 2025, the fund aims to:

- ELIMINATE MORE THAN 50 MILLION TONS OF GREENHOUSE GAS.
- DIVERT MORE THAN 20 MILLION CUMULATIVE TONS OF WASTE FROM LANDFILLS.
- CREATE MORE THAN 20,000 JOBS ACROSS THE U.S.
- SAVE NEARLY \$1.2 BILLION FOR AMERICAN CITIES.
- PROVE REPLICABLE MODELS THAT WILL HELP UNLOCK ADDITIONAL INVESTMENT IN RECYCLING.

Projects so far have included converting dual-stream recycling systems into more effective single-stream systems and the development of a state-of-the-art plastic recovery facility in Baltimore, Md. The Closed Loop Fund published its first impact report in November 2016, available on ClosedLoopFund.com.

WE RECYCLED
85 PERCENT
OF OUR MANUFACTURING
SOLID WASTE IN
2016.

“THE DIVERSITY AND REACH OF CLOSED LOOP’S PROJECTS ARE UNIQUE WITHIN THE RECYCLING WORLD. WHETHER WE’RE INCREASING PLANT CAPACITY IN ONTARIO OR PUTTING RECYCLING CARTS ON CURBS IN IOWA, WE’RE INVESTING IN PROGRAMS THAT ARE MAKING REAL, MEASURABLE IMPROVEMENTS IN COMMUNITIES ACROSS NORTH AMERICA.”

–Bridget Croke, VP – External Affairs, Closed Loop Partners



HEALTH AND WELLNESS

IN 2010, DPS SET A GOAL TO KEEP AT LEAST 50 PERCENT OF THE INNOVATION PROJECTS IN OUR PIPELINE FOCUSED ON REDUCING CALORIES, OFFERING SMALLER SIZES AND IMPROVING NUTRITION. WE HAVE MAINTAINED THIS RATE SINCE 2012, AS WE SEEK NEW AND BETTER WAYS TO ADDRESS THE CONSUMER NEED FOR OPTIONS TO HELP THEM FIND BALANCE IN WHAT THEY EAT, DRINK AND DO.



OUR EFFORTS ARE INFORMED BY THE **WORLD HEALTH ORGANIZATION** AND OTHER NUTRITION AUTHORITIES' GUIDELINES FOR DAILY SUGAR INTAKE.

Likewise, we have increased the rate of health and wellness products that leave our pipeline and actually reach consumers' hands. In 2016, approximately 47 percent of our product and packaging innovations that were launched had a health and wellness component. Some highlights of our activities since our last report include:

- **CANADA DRY SPARKLING WATERS**

added a grapefruit flavor to its lineup, adding more variety to this zero-calorie, all-natural brand.



- **SCHWEPPE'S SPARKLING WATER**

continues to be a driver of the Schweppes brand's growth, with a portfolio that has grown to include nine flavors, from black cherry to strawberry mango.



- **SNAPPLE STRAIGHT UP TEAS**

added Rooibos and Honey Green varieties to the brand's portfolio, offering new choices for this line of teas with three levels of sweetness and "no artificial anything."



- **OUR WATER CATEGORY**

has consistently grown since 2015, driven by strong growth in our newest brand, Bai, and allied brand FIJI, as well as impressive growth in our Mexico business's Aguafiel, in which we have expanded our investment. Bai grew by more than 100 percent in the fourth quarter of 2016, cycling triple-digit growth in the prior year period.

- **WE ADDED CORE HYDRATION**

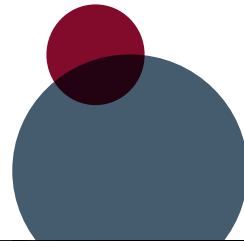
a purified water rich with electrolytes and minerals and a "perfect pH" of 7.4 to our allied brands.

- **WE ALSO ADDED HIGH BREW**

ready-to-drink cold-brew coffee to our allied brand portfolio. High Brew's unique cold brew process produces a sweeter and smoother coffee with less sugar than leading competitors.

- **WE HAVE INCREASED OUR ADVERTISING SPEND**

for our core diet portfolio by approximately 9 percent since 2015.





WE BELIEVE IN BALANCE



BALANCE CALORIES INITIATIVE

Announced in 2014, the Balance Calories Initiative (BCI) has entered its third year in action. BCI is a national, multi-year effort by America's leading beverage companies and the Alliance for a Healthier Generation to help fight obesity by reducing beverage calories consumed per person nationally by 20 percent by 2025.

Working with respected leaders and partners, DPS and the beverage industry are working to build awareness and engagement around calorie balance and no- and low-calorie beverage options. Together, we are providing consumers a range of beverage options, calorie information to help them make the choices that are right for them and encouragement to balance the calories they consume, from all

sources, with physical activity. This is the single largest voluntary effort by any industry to tackle obesity.

The Balance Calories Community initiative was launched in conjunction with the BCI program to target specific communities with high obesity rates in an effort to gain new insights into the marketing and distribution of smaller portion and low- and no-calorie options. Los Angeles and Little Rock, Ark., were the first two cities announced in the community effort, which has expanded to include New York City, the Mississippi Delta and greater Montgomery, Ala. DPS and other companies are employing a wide range of marketplace tactics in these neighborhoods to help people reduce their beverage calories. These include making lower-calorie and smaller-portion beverages more widely available, hosting sampling events, providing incentives for consumers to try these options and displaying new

calorie awareness messages at points of sale. These activities will allow companies to “test and learn” in order to develop best practices.

At DPS, we're promoting a message of “Find Your Balance, Find Your Flavor” and we're advancing it in ways that go beyond advertising and education.

To help drive a reduction in average container sizes, for example, we are working to increase the number of product facings (i.e., units of space on a shelf) dedicated to portion-controlled products, including mini-cans and mini-bottles. For example, through a simple rearrangement of our shelf schematics (or “planograms”) in participating

stores, consumers see nearly three times the number of facings of 7.5-ounce cans as in other stores, plus four additional facings of our 12-ounce plastic bottles. We're also grouping these products together, helping to increase the prominence of smaller, portion-controlled options. Research has shown that product placement can significantly affect consumers' attention and purchasing behavior, and this change will encourage consumers to reduce their portion sizes.

After initial tests with a small number of retailers in 2015 and early 2016, we are now working with additional retail partners to make similar changes across stores nationally. In November 2016, BCI published its first progress report on the initiative's performance to date. Visit DeliveringChoices.org or AmeriBev.org for more information.



AT DPS, WE'RE PROMOTING A MESSAGE OF
**“FIND YOUR BALANCE,
FIND YOUR FLAVOR.”**

PHILANTHROPY

GIVING BACK TO OUR COMMUNITIES IS MORE THAN JUST PHILANTHROPY; IT'S AN INVESTMENT IN THE FUTURE OF OUR BUSINESS.

OUR ACTION NATION PLATFORM PROVIDES THE FOUNDATION OF ALL OUR PHILANTHROPIC WORK, WITH A FOCUS ON FOSTERING PHYSICALLY ACTIVE, ENGAGED AND SUSTAINABLE COMMUNITIES WHERE OUR EMPLOYEES, CUSTOMERS AND CONSUMERS LIVE AND WORK. TO THAT END, ACTION NATION FOCUSES OUR PHILANTHROPIC EFFORTS ON THREE AREAS - FIT AND ACTIVE LIFESTYLES, ENVIRONMENTAL INITIATIVES AND HOMETOWN GIVING. THESE FOCUS AREAS ALLOW US TO CONCENTRATE OUR EFFORTS ON CAUSES WHERE WE CAN MAKE THE MOST IMPACT AND FORM STRATEGIC PARTNERSHIPS TO MAXIMIZE THE REACH OF OUR PROGRAMS.

Through a combination of volunteerism, cash and in-kind donations, ACTION Nation is touching the lives of millions of people across North America.

Since our last report, our efforts have continued unabated, and over the past two years, we have contributed more than \$17.7 million in cash donations in support of our philanthropy goals, with nearly \$9.5 million in 2016 alone. These efforts

were supported by in-kind donations of our products, with more than \$6 million in product donations since our last report. In addition, the company spent approximately \$4.5 million on cause-related marketing during this time benefiting a diverse range of organizations, including the Muscular Dystrophy Association, the Salvation Army, Box Tops for Education and the Military Warrior Support Foundation.

Our efforts continue to be recognized by experts in the field. In 2017, DPS was named to The Civic 50 for the fifth year in a row, with the added honor of being designated as the leader in the consumer staples sector. This recognition reaffirms



our position among the top S&P 500 companies that best use time, talent and resources to improve the quality of life where we do business.

FIT AND ACTIVE LIFESTYLES

Let's Play is an initiative by DPS to provide kids and families with the tools, places and inspiration to make active play a daily priority. In 2014, we set a goal to provide 10 million children across North America with new opportunities to play and be active through our Let's Play initiative by 2017, and we achieved it, now impacting more than 11 million children with our Let's Play efforts.

Since 2011, DPS has built or renovated more than 2,500 playgrounds and provided new sports equipment to more than 680 organizations through Let's Play. Our primary partners in this effort are KaBOOM!, a national nonprofit dedicated to ensuring that all kids get a childhood filled with the balanced and active play needed to thrive, and Good Sports, a nonprofit dedicated to providing athletic equipment, footwear and sports apparel to those most in need.

DPS has committed more than \$38.5 million to Let's Play through 2019. Moreover, by 2020 we will have engaged more than 80,000 volunteers from DPS, our partners and our communities in this effort.

As part of our work with KaBOOM!, more than 450 DPS employees volunteered at 10 DPS-led playground builds in 2016, where we partnered with our retail customers, local organizations and legislators to make a lasting impact in our communities. In 2016 alone, our KaBOOM!



partnership also resulted in 135 playground grants in the U.S., Canada and Mexico, with a total of 405 grants from 2014-2016.

These include international projects, including our fourth DPS-led playground build in Mexico, this time in the town of Tecámac, where our newest manufacturing facility recently opened. Grupo Peñafiel partnered with the city and the Deportivo Sierra Hermosa recreation center to build a new playspace in a complex that serves more than 1,000 children per year. In 2015, in Niagara Falls, Ontario, DPS led a build at Heritage Park, which serves more than 1,000 children from the community and a nearby public school.

These builds are a unique way to bring people together to support their communities. For example, in 2016 we leveraged our partnerships with both KaBOOM! and Good Sports at a joint

THE CIVIC 50

SINCE 2015, WE HAVE CONTRIBUTED MORE THAN
\$17.7 MILLION
IN CASH DONATIONS IN SUPPORT OF OUR PHILANTHROPY GOALS.



service project in Cincinnati, Ohio, partnering with one of our retail customers to not only build a playground and rejuvenate a local park, but also package and distribute more than 11,000 pieces of sports equipment for community organizations.

program is the first city-wide initiative that will award out-of-the-box solutions to make play a way of life in everyday and unexpected places – on sidewalks, in vacant lots, at bus stops, in open streets and beyond – especially in communities where families struggle to make ends meet.

targeted events, we donated more than \$100,000 of brand-new sports equipment in these markets.



ENVIRONMENTAL INITIATIVES

At DPS, we extend our environmental sustainability efforts beyond our operations through our philanthropic partnerships to make a difference nationally and locally. Watershed protection and recycling are our key environmental focus areas.

In June 2017, DPS and KaBOOM! partnered with the City of Los Angeles' Mayor's Office to launch Let's Play Everywhere LA, a city-wide competition that will award the winning grantees up to \$200,000 in total to fund creative ideas that make play easy and accessible to kids and families in Los Angeles. This innovative

Our two-year, \$2 million partnership with Good Sports continues to show results. Through 2016 we reached children in 39 states and three Canadian provinces with more than 170,000 pieces of equipment donated, inspiring an average of 51 more minutes of physical activity per week per child reached. The program has benefited more than 4 million children, approximately 60 percent of whom are older than playground age.

Good Sports provides DPS another great opportunity to bring partners and communities together. For example, in St. Louis, Detroit and Memphis, Tenn., we teamed with McDonald's owner-operators for three Let's Play Challenges in 2016, where communities nominated local organizations or submitted videos to win Let's Play grants. Through these

In early 2016, DPS committed \$1 million over the next three years to provide continued support to The Nature Conservancy on several environmental stewardship projects that protect vital water resources in Texas. This renewed commitment continues the relationship we began in 2012, which enhanced the Conservancy's efforts to protect and restore watersheds in Texas, including the Trinity and Brazos Rivers, the Texas Gulf Coast and the Edwards Aquifer.

Since the partnership began, The Nature Conservancy has been able to reclaim more than 1,800 acres of coastal and blackland prairies. Our work has included projects impacting every aspect of conservation, including planting more than 70 acres of native grasses in Clymer meadow, conducting prescribed burns on more than 1,300 acres to control invasive species and harvesting more than 1,000 pounds of rare native seeds to restore habitat. More than 3,000 volunteers have worked on DPS-sponsored properties, and more than 4,000 visitors, including students from kindergarten through college, have participated in educational activities.

Through 2018, DPS's commitment will support ongoing restoration and conservation activities in these watersheds, which serve the state's three largest metropolitan areas: Dallas/Fort Worth, Houston and San Antonio. DPS operates facilities in all three locations.

DPS HAS COMMITTED **\$1 MILLION**

OVER THE NEXT
THREE YEARS TO
PROVIDE CONTINUED
SUPPORT TO



KEEP AMERICA BEAUTIFUL KAB.ORG

On the recycling front, DPS extended its relationship with Keep America Beautiful (KAB) through a new three-year, \$1 million commitment, primarily to continue efforts to place recycling bins in public parks. Through 2016, the grant program awarded nearly 3,500 recycling bins to local governments and community organizations across more than 30 states to expand the availability of recycling in a variety of park settings, including neighborhood and larger regional parks, beaches, athletic fields and walking trails.

A portion of our grants were focused on parks near waterways or near DPS operating facilities, and more than 70 percent of grantees had no recycling capabilities before our bin placements. Cumulatively, more than 90,000 people now have access to recycling each day, and more than 1 million pounds of recyclable waste have been diverted from landfills.

In addition, DPS and others in the beverage industry are supporting KAB in its partnership with Purdue University in a research project on overcoming barriers to recycling. This research aims to identify effective waste bin signage to influence recycling behavior. Results will be published in the near future.

HOMETOWN GIVING

Our flagship partnership within hometown giving continues to be with United Way, and the dedication our employees show grows every year. Since 2008, DPS has raised nearly \$17 million for United Way, in addition to contributing thousands of volunteer hours to local chapters. In 2016, DPS invited its employees to "Get in the Game: Huddle Up. Help Out," a fundraising campaign that set a new internal record by raising \$3.18 million



SINCE 2008, DPS HAS RAISED NEARLY

\$17 MILLION

FOR UNITED WAY, IN ADDITION TO CONTRIBUTING THOUSANDS OF VOLUNTEER HOURS.

for the cause including corporate match, with more than 14,000 employees participating. A portion of United Way fundraising benefited the DPS Employee Relief Fund, which provides financial assistance to DPS employees and their families who experience a disaster or emergency hardship. In 2016, with the help of our United Way campaign and a variety of other fundraising activities, we raised nearly \$185,000 for employees in need.

As in the past, DPS combined financial giving with volunteerism through ACTION Nation Month, a program encouraging employees to contribute 50 hours collectively to a nonprofit and earn a \$1,000 grant for their local United Way chapter. In 2016, employees donated more than 5,800 volunteer hours and earned 81 grants for local causes.



In mid-2017, DPS took its commitment to volunteerism further with a new program called "Grants for Good" that allows employees who log 25 volunteer hours during a calendar year to be eligible for a \$250 grant to a 501(c)(3) organization of their choice within DPS's





giving guidelines. Employees are eligible for a \$500 grant if they also serve on the board of that nonprofit.

DPS entered into a national sponsorship of Boys & Girls Clubs of America's (BGCA) Alumni & Friends Club in June 2016. As the centerpiece of its three-year, \$1 million sponsorship, DPS is helping BGCA launch a

new "Stay Connected" campaign to engage and support new Club alumni who have recently graduated from high school.

The aim of this campaign is to register graduating seniors as alumni, promote readiness for college and careers by providing online tools, tips and resources, and connect them to a global network of passionate and dedicated alumni who can provide valuable guidance as well as mentorship.

IN 2016, EMPLOYEES DONATED MORE THAN

5,800

VOLUNTEER HOURS AND EARNED 81 GRANTS FOR LOCAL CAUSES.



BOYS & GIRLS CLUBS OF AMERICA

WORKPLACE

EVERY DAY, OUR EMPLOYEES ARE TAKING ACTION TO DO WHAT IT TAKES TO WIN A CHANGING MARKET. THAT MEANS WE ARE:

- **ACCOUNTABLE:**

We say what we're going to do and we do what we say.

- **CUSTOMER-CENTRIC:**

We focus on customers' and consumers' needs.

- **TRANSPARENT AND HONEST:**

We share knowledge and information openly and operate with no hidden agendas.

- **INSPECT WHAT WE EXPECT:**

We define our expectations and inspect our progress and results.

- **OWN OUR DECISIONS:**

We boldly and courageously make decisions based on facts and input.

- **NO BLAME FIXING:**

We spend our time finding solutions, not placing blame.





Our Call to Breakthrough ACTION comprises a set of business drivers and behaviors that define who we are and how we do business. We then added the tenets of rapid continuous improvement, ensuring that when we take action, we do so through change that is rapid, breakthrough and employee-led.

It is our goal to Be the Best Beverage Business in the Americas, and we will continue to support our employees in their efforts to answer our Call to Breakthrough ACTION. We know that innovative ideas come from a workforce with a diversity of viewpoints, trained to reach their full potential in a safe, healthy and inclusive environment.

DIVERSITY

DPS is committed to equal employment opportunity and the equitable treatment of our most valuable resource – our people. Our approach to diversity seeks to create an inclusive work environment in which we understand, respect and leverage individual

differences. By valuing, cultivating and enabling diversity, the talents of all employees within our organization flourish and produce a highly effective and successful team.

Our Diversity Leadership Council, made up of members of our executive leadership team and senior management, directs our strategy to attract, retain and promote diversity within the company. In addition, we now have regional diversity councils up and running in all of our business units. These councils include a cross-functional group of participants, with a focus on executing DPS's diversity strategies in their respective areas. Through these councils, we engage in discussions on diversity-related issues and provide training on best practices, such as how to manage a multi-generational workforce.

In 2016, DPS launched the “We Are All One of a Kind” diversity campaign, showcasing the power of our employees' individuality through personalized stories about the great people who make up our diverse workforce. Whether highlighting women in leadership within our company or simply showcasing an employee with a unique life story,

DPS is harnessing the power of our employees' individuality to inspire diverse thinking in our roles at DPS.

Our employee resource groups (ERGs) continue to represent and engage our diverse population, sharing resources and helping employees make connections. With the support of our ERGs, we have lunch-and-learns on key topics and month-long education events such as for Hispanic Heritage Month and Black History Month.

Our referral programs continue to drive recruitment in targeted areas of our company, including marketing management, manufacturing, sales and operations management. These programs offer employees a bonus to refer female or minority applicants who are hired into target functions and continue in good standing for six months. In addition, we launched an ambassador program focused on retaining new female employees through focused coaching and engagement with management.

Female employees account for 13 percent of the total DPS workforce and 25 percent of management in the U.S. and Canada while minority employees account for 47 percent of the total workforce and 20 percent of management. DPS also employs more than 300 veterans. We continue to leverage our partnerships with veteran organizations such as Vocational Rehabilitation Services, Grace After Fire, Hire for Heroes, Veterans Affairs and State Veteran Commissions along with military bases nationwide to recruit qualified military applicants.

We have also maintained and expanded our partnerships with diverse non-profit organizations, including Prospanica, the National Black MBA Association, the National Sales Network, Ascend North Texas, the Network of Executive Women and Women's Foodservice Forum. Our continuous effort for a diverse workforce continues to be recognized, with Diversity MBA Magazine naming DPS as one of the "50 Out Front: Best Places to Work for Women and Diverse Managers, Best in Class" in 2017, ranking in the top 10 for recruitment and board diversity. For five years running, DPS has been honored with the 2020 Women in Leadership Award in recognition of our board diversity.

SAFETY

Rapid continuous improvement (RCI) is the way we work at DPS, and in the six years

since we adopted the RCI mindset, safety has remained at the top of our focus areas. Since our last report, we have rolled out safety Lean tracks to help us to refine and improve our processes even further, with Kaizens focused on all aspects of our business, including delivery drivers, warehouse workers and merchandisers.



In 2016, our lost-time frequency rate was 1.3 per 200,000 hours worked, representing a 35 percent reduction since 2009. DPS will continue to focus on this metric while expanding our safety efforts to include our overall accident frequency rate as a focus area for continuous improvement.

Our ongoing safety improvements are driven by our companywide “Drive to Zero” safety campaign, which brings a constant focus on accident investigation as well as identifying and eliminating hazards and reducing employees’ exposure to risk. Common examples of our safety program include, but are not limited to, hazard communications; powered industrial trucks; electrical arc-flash prevention; Safety Data Sheets (SDS) readily available on our corporate intranet and elsewhere; personal protective equipment; first-aid supplies accessibility; and safety training.

Our most valuable safety tool is our people. Our safety committees are made up of hourly employees at each of our locations, who use their on-the-ground experience and working knowledge to give feedback to management on hazards they recognize and how we can create a better, safer workplace environment.

DPS has also rolled out safety playbooks and action lists for each of the major job functions to regional leaders in our warehouses, with annual training for supervisors and managers reinforcing safety messages and embedding the latest tactics.



In 2013, DPS launched the DPS Safety Board including executive and senior leaders to focus and take additional action around our commitment to safety. We also implemented our Safety Accident Reporting for Employees (SAFE) system, which enables us to measure the effectiveness of our program and conduct root-cause analysis when an incident occurs. This unified system gives our DPS Safety Board efficient and accurate data to direct our safety efforts and identify hazards. With these tools in place, DPS is well-positioned to ensure its employees work in a safe, healthy and effective environment.



WELLNESS

Our “Check Up & Step Up” wellness campaign is building on our past “Take ACTION for Your Health” efforts to drive our employees to adopt healthy behaviors and make positive choices to get and stay healthy. In 2015, more than 90 percent of employees either participated in a “Know Your Numbers” biometric screening at their work site or received a physical through their own physician. With knowledge of health numbers such as blood pressure, glucose and cholesterol, employees are better equipped to make health choices that are right for them.

In 2016, we continued the health screening program that debuted in 2015 by shifting to an outcomes-based program. Under this program, DPS employees and covered spouses/



domestic partners have an incentive to complete their annual screening and are held accountable to improve their health if they display three or more risk factors.

DPS supports our employees in their wellness efforts by providing free preventive care, wellness coaching, tobacco cessation programs and more. In 2016, we rolled out Retrofit, a weight-loss program offered free to eligible participants. Featuring food tracking, activity monitoring using digital tools, personalized coaching and more, Retrofit has seen some amazing results, with 94 percent of participants losing weight.

In addition, DPS operates on-site health centers at two locations with a third on the way, giving our employees easy access to health

care. This not only results in decreased absenteeism and increased productivity, but also offers a superior patient care experience, including primary care, wellness services, pharmacy dispensary and occupational health. Our Irving, Texas, plant, for example, sees more than 4,000 clinic visits annually. Wait times are usually less than 4 minutes and patient satisfaction is at 100 percent according to surveys.

LEARNING AND DEVELOPMENT

At DPS, we're focused on building the next generation of leaders. Through our learning and development programs, we build capable, dedicated and enthusiastic leaders that embody the leadership principles that drive our Call to Breakthrough ACTION.

Our developing leader program has a direct link to our rapid continuous improvement mindset. Candidates learn and apply



Lean and Six Sigma tools and methodologies while also learning how to implement Lean Daily Management within their areas of responsibility. By taking part in interactive teambuilding sessions led by our leadership development team, they learn how to lead change and build trust within their organizations. Candidates complete the program by presenting a case study on their key learnings to the executive leadership team. Once they've graduated, developing leaders are charged with continuing to embed Lean principles and Lean Daily Management within their teams and locations.

In addition, our Emerging Leader Program continues to develop high-potential employees into the leaders who will guide our business toward ongoing success in our sales and supply chain functions. This one- to two-year program seeks to build the next generation of core front-line leaders within DPS from a pool of candidates with strong potential for larger roles in the business.

In 2016, we launched our first iteration of Business Leader Development, a leadership program for employees in our direct-store-delivery business to expand their leadership skills and business acumen and prepare them for the next levels of leadership in our company. The first class has graduated, and we launched our second class of the program in spring 2017. This program uses the "Success Profile" approach driven by competencies of successful branch managers to ensure the participants are engaged in activities that diversify their backgrounds and build a foundation for future responsibility.



IN THE SIX YEARS SINCE WE
ADOPTED THE RCI MINDSET,
SAFETY HAS REMAINED
AT THE TOP
OF OUR FOCUS AREAS.

ETHICAL SOURCING

AT DPS, WE ARE ACCOUNTABLE TO OUR STAKEHOLDERS FOR ACTING WITH INTEGRITY, OPENNESS AND RESPONSIBILITY, AND FOR OBEYING THE LAWS AND REGULATIONS OF THE COUNTRIES WHERE WE DO BUSINESS. IN 2016, WE PUBLISHED A NEW SUPPLIER CODE OF CONDUCT THAT EXTENDS THAT ACCOUNTABILITY TO SUPPLIERS WITH WHOM DPS DOES BUSINESS AND OUTLINES OUR EXPECTATIONS FOR OUR SUPPLIER PARTNERS TO ACT IN A PROFESSIONAL, ETHICAL AND LEGAL MANNER IN ALL OF THEIR DEALINGS.

This document builds on and replaces our Ethical Sourcing Code of Conduct and applies many of the concepts in our employee-focused DPS Code of Conduct to our suppliers.

Some of our requirements have not changed. For example, our suppliers must still commit to use that employment is freely chosen; that there

is no forced, bonded or involuntary prison labor; that they maintain safe and hygienic working conditions; that wages and benefits that they pay for a standard working week meet, at minimum, applicable legal standards and industry benchmark standards; that working hours comply with applicable laws; and that they do not discriminate in hiring, compensation, access to training, promotion, termination or retirement.

DPS WILL USE THE TOOLS
WE'VE DEVELOPED TO
LIVE OUR VALUES
WITH OUR SUPPLIERS AND WITH
EVERYONE OUR BUSINESS TOUCHES.

The Supplier Code of Conduct goes further than the Ethical Sourcing Code of Conduct by requiring that our suppliers use environmentally sound practices that meet or exceed applicable laws, rules, and regulations; that sourced materials are not composed of or associated with Conflict Minerals; that rigorous safety and quality standards are applied throughout the supply chain; and that all products are marketed responsibly. We also require that violations, suspected or actual, of these or other requirements within the code be reported promptly to DPS.



These new requirements have seen rapid adoption throughout our supply base. To date, 99 percent of our direct suppliers have signed the new Supplier Code of Conduct. This includes suppliers of our ingredients and commodities such as apples to packaging materials as well as our allied brand owners.

We also are continuing the risk assessment process for our ethical sourcing requirements, which continues to provide us insights into our supplier base. We segment our direct material suppliers into low-, medium- and high-risk categories based on our knowledge of their industries and countries of origin. DPS regularly reassesses the country-of-origin risk based on the most current UL-RS Country Risk Index to ensure we have properly evaluated the risk level to determine if additional actions are needed.

Our risk assessment process includes a quantitative evaluation of each supplier's performance on key third-party indices, including the United Nations Human Development Index, the Heritage Foundation's Index of Economic Freedom and the Labor Rights Index of the International Labor Association. Based on these assessments, DPS has been able to greatly reduce ethical sourcing risks in our supply chain.

In addition, DPS has expanded its e-learning course to help our supply chain procurement and management teams identify and help to reduce or eliminate risk of non-compliance with our ethical sourcing requirements. More than 250 employees have completed the mandatory training, and new hires within the procurement team are required to complete it promptly.

The ethical sourcing of our materials is not just a consumer expectation; it's what we require of ourselves. DPS will use the tools we've developed to continue to live our values with our suppliers and with everyone our business touches.

TO DATE,
99 PERCENT
OF OUR DIRECT SUPPLIERS HAVE SIGNED
THE NEW SUPPLIER CODE OF CONDUCT.



ECONOMIC IMPACT - 2016

NET SALES:

\$6.4 BILLION

GOODS PURCHASED:

\$2.6 BILLION

TAXES PAID:

U.S. FEDERAL: \$332 MILLION

STATE/LOCAL: \$52 MILLION

INTERNATIONAL: \$47 MILLION

WAGES, BENEFITS AND PAYROLL TAXES:

\$1.122 BILLION (Note: Some additional people costs are represented in Goods Purchased.)

COMMUNITY INVESTMENTS

FINANCIAL CONTRIBUTIONS: \$12.1 MILLION

PHILANTHROPIC: \$9.5 MILLION; CAUSE-RELATED MARKETING: \$2.6 MILLION

PRODUCT DONATIONS:

\$3 MILLION

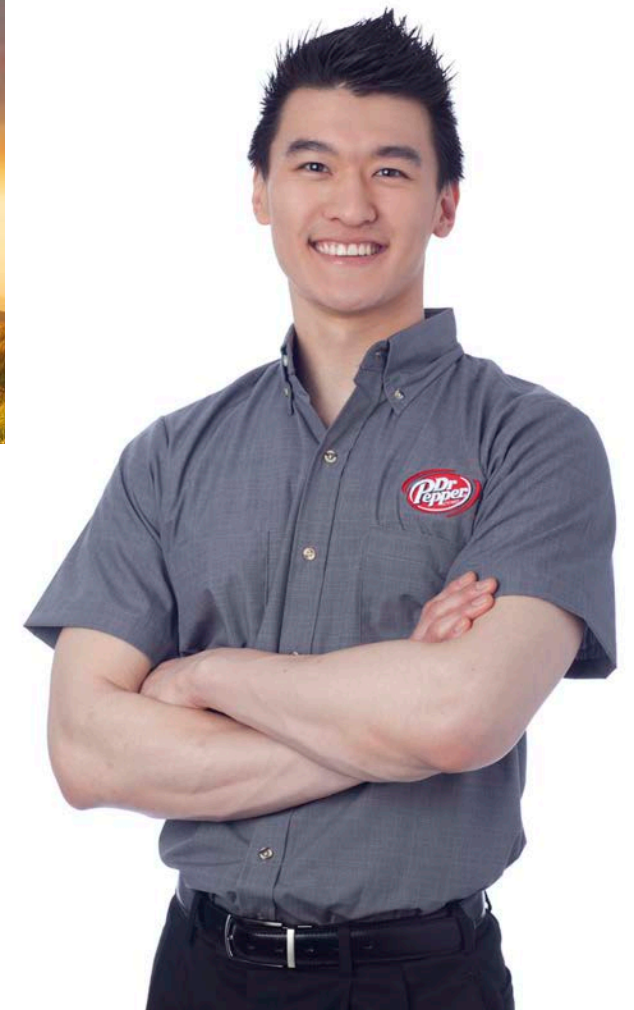
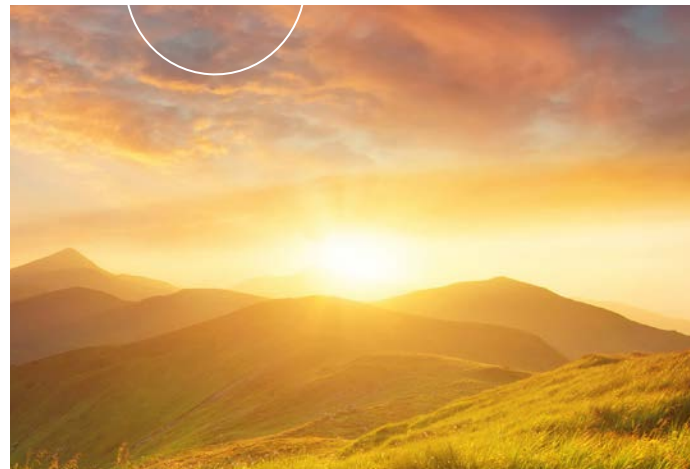
VOLUNTEERISM:

11,179 HOURS

RETURNS TO SHAREHOLDERS:

IN 2016, DPS RETURNED \$905 MILLION TO SHAREHOLDERS IN THE FORM OF SHARE REPURCHASES (\$400 MILLION) AND DIVIDENDS (\$317 MILLION)





TO BE THE BEST BEVERAGE IN THE AMERICAS, WE KNOW WE HAVE TO BE A POSITIVE PRESENCE IN THE LIVES OF EVERYONE CONNECTED TO OUR BUSINESS, FROM OUR CUSTOMERS AND CONSUMERS, TO OUR EMPLOYEES AND THOSE IN THE COMMUNITIES IN WHICH WE OPERATE.

-Larry D. Young, President and CEO

2017 GRI INDEX



GENERAL STANDARD DISCLOSURE	DESCRIPTION	PAGE NUMBER OR ANSWER	COMMENT
STRATEGY AND ANALYSIS			
G4-1	CEO Statement	A Message from Our President and CEO, pg.2	
ORGANIZATIONAL PROFILE			
G4-3	Name of the organization	Dr Pepper Snapple Group	
G4-4	Primary brands, products and services	Company Profile, pg. 4 2017 Form 10-K, pg. 10	
G4-5	Location of the organization's headquarters	Plano, Texas, United States of America	
G4-6	Number of countries where the organization operates	2017 Form 10-K, pg. 10	
G4-7	Nature of ownership and legal information	2017 Form 10-K, pg. 10	
G4-8	Markets served	Company Profile, pg. 4 2017 Form 10-K, pg. 10	
G4-9	Scale of the organization	Company Profile, pg. 4 2017 Form 10-K, pg. 10	

GENERAL STANDARD DISCLOSURE	DESCRIPTION	PAGE NUMBER OR ANSWER	COMMENT
G4-10	Workforce information	Our Workforce, pg. 4 2017 Form 10-K, pg. 10	
G4-11	Percentage of total employees covered by collective bargaining agreements	Our Workforce, pg. 4	
G4-12	Organization's supply chain	Our Business Model, pg. 4 2017 Form 10-K, pg. 10	
MATERIAL ASPECTS AND BOUNDARIES			
G4-13	Significant changes during the reporting period regarding size, structure or ownership	About This Report, pg. 10	
G4-17	Scope of financial and non-financial reporting	About This Report, pg. 10	DPS's annual 10-K filing comprises all of the company's financial reporting.
G4-18	Process for defining report content	About This Report, pg. 10	
G4-19	List of material aspects	About This Report, pg. 10	
G4-20	Boundary of reporting	About This Report, pg. 10	
G4-22	Explanation of the effect of any restatements of information provided in earlier reports	About This Report, pg. 10	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	None.	

GENERAL STANDARD DISCLOSURE	DESCRIPTION	PAGE NUMBER OR ANSWER	COMMENT
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organization	Stakeholder Engagement, pg. 8	
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement, pg. 8	
G4-26	Organization's approach to stakeholder engagement	Stakeholder Engagement, pg. 8	
G4-27	Key topics and concerns raised through stakeholder engagement	Stakeholder Engagement, pg. 8	
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Our Approach to Public Policy: www.drpeppersnapplegroup.com/company/public-policy	
REPORT PROFILE			
G4-28	Reporting period	About This Report, pg. 10	
G4-29	G4-29	About This Report, pg. 10	
G4-30	Reporting cycle	About This Report, pg. 10	
G4-31	Contact point for questions regarding the report or its contents	Contact Us: www.drpeppersnapplegroup.com/contact	
G4-32	GRI Content Index	GRI Index, pg. 38-45	We have developed this report in consultation with the Core level of Global Reporting Initiative (GRI) G4 guidelines. Our past reports and updates have made use of G3 standards.

GENERAL STANDARD DISCLOSURE	DESCRIPTION	PAGE NUMBER OR ANSWER	COMMENT
G4-33	Organization's policy and current practice with regard to seeking external assurance	About This Report, pg. 10	Our assurance statement for environmental data is available here: www.drpeppersnapplegroup.com/company/assurance-statement
GOVERNANCE			
G4-34	Governance structure of organization	Sustainability Governance, pg. 6 2017 Proxy, pg. 19	
G4-35	Process for delegating authority for economic, environmental and social topics	Sustainability Governance, pg. 6	
G4-36	Executive-level position with responsibility for economic, environmental and social topics, and reporting to highest governance body	Managing Sustainability at DPS, pg. 6	
G4-39	Report whether the Chair of the highest governance body is also an executive officer	See comment.	Wayne R. Sanders is Chairman of the Board and Chair of the Board's Nominating and Governance Committee.
G4-45	Highest governance body's role in identification and management of economic, environmental and social impacts, risks and opportunities	Managing Sustainability at DPS, pg. 6 2017 Proxy Statement, pg. 21	
G4-51	Remuneration policies	2017 Proxy Statement, pg. 27	
G4-56	Describe the organization's values, principles, standards and norms of behavior	Our Values and Behaviors, pg. 5 Code of Conduct: www.drpeppersnapplegroup.com/company/code-of-conduct	

GENERAL STANDARD DISCLOSURE	DESCRIPTION	PAGE NUMBER OR ANSWER	COMMENT
ENVIRONMENTAL			
G4-EN3	Energy consumption within the organization	Climate Change and Energy Use, pg. 11 Assurance Statement: www.drpeppersnapplegroup.com/contact	See also our annual Carbon Disclosure Project: Climate Change response.
G4-EN5	Energy intensity	Climate Change and Energy Use, pg. 11	
G4-EN6	Reduction of energy consumption	Climate Change and Energy Use, pg. 11	
G4-EN8	Total water withdrawal by source	Water Use and Stewardship, pg. 14-15	See also our annual Carbon Disclosure Project: Water response.
G4-EN15	Direct greenhouse gas emissions (Scope 1)	Climate Change and Energy Use, pg. 12-13 Assurance Statement: www.drpeppersnapplegroup.com/company/assurance-statement	See also our annual Carbon Disclosure Project: Climate Change response.
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	Climate Change and Energy Use, pg. 12-13 Assurance Statement: www.drpeppersnapplegroup.com/contact	See also our annual Carbon Disclosure Project: Climate Change response.
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	Climate Change and Energy Use, pg. 12-13 Assurance Statement: www.drpeppersnapplegroup.com/contact	See also our annual Carbon Disclosure Project: Climate Change response.
G4-EN18	Greenhouse gas emissions intensity	Climate Change and Energy Use, pg. 12-13	See also our annual Carbon Disclosure Project: Climate Change response.

GENERAL STANDARD DISCLOSURE	DESCRIPTION	PAGE NUMBER OR ANSWER	COMMENT
G4-EN19	Reduction of greenhouse gas emissions	Climate Change and Energy Use, pg. 12-13	See also our annual Carbon Disclosure Project: Climate Change response.
G4-EN22	Total water discharge by quality and destination	Water Use and Stewardship, pg. 14-15	See also our annual Carbon Disclosure Project: Water response.
G4-EN23	Total weight of waste by type and disposal method	Waste and Packaging, pg. 14-15	
G4-EN27	Extend of impact mitigation	Environmental Sustainability, pg.12	See also our annual Carbon Disclosure Project: Climate Change response.
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Waste and Packaging, pg. 16-17	
G4-EN 30	Significant environmental impacts of transport	Climate Change and Energy Use, pg. 12-13	
SOCIAL - LABOR			
G4-LA6	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender	Safety, pg. 30-31 Wellness, pg. 31-32	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Learning and Development, pg. 32-33	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Learning and Development, pg. 32-33	

GENERAL STANDARD DISCLOSURE	DESCRIPTION	PAGE NUMBER OR ANSWER	COMMENT
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Diversity, pg. 29-30	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Ethical Sourcing, pg. 34-35	
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Ethical Sourcing, pg. 34-35	
SOCIAL – HUMAN RIGHTS			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Ethical Sourcing, pg. 34-35	
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Ethical Sourcing, pg. 34-35	
G4-HR4-GR-HR6	High-risk suppliers	Ethical Sourcing, pg. 34-35	
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Ethical Sourcing, pg. 34-35	

GENERAL STANDARD DISCLOSURE	DESCRIPTION	PAGE NUMBER OR ANSWER	COMMENT
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Ethical Sourcing, pg. 34-35	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Ethical Sourcing, pg. 34-35	
SOCIAL - PRODUCT			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Health and Wellness, pg. 18-19	
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Health and Wellness. pg. 18-19 DPSGProductFacts.com	