



# drink well, do good

Corporate Responsibility Report **2018**



# Drink Well. Do Good.

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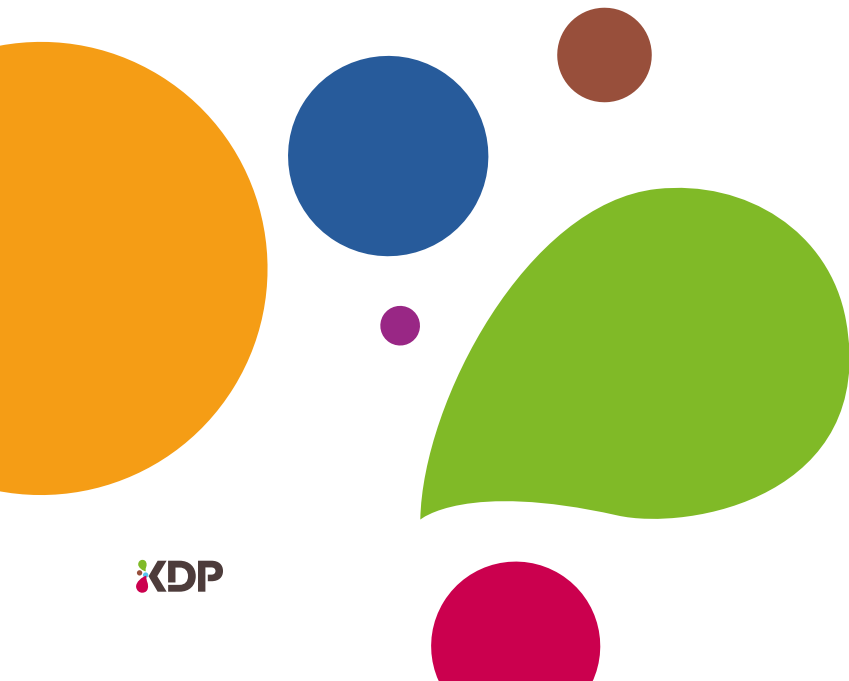
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## About This Report

This is the first corporate responsibility (CR) report for Keurig Dr Pepper (KDP), formed by the 2018 merger of Keurig Green Mountain and Dr Pepper Snapple Group. As separate companies, Keurig Green Mountain published annual reports detailing social and environmental progress since 2005 and Dr Pepper Snapple Group published reports since 2010.

Unless otherwise noted, this report covers data and activities for calendar year 2018 from Keurig Dr Pepper's wholly owned operations, which are located in the U.S., Canada and Mexico. The content covers the parts of our business over which we have operational control and does not include joint ventures, franchised or outsourced operations, except where noted. Selected data and information on our global supply chain activities are also included. All data is as of December 31, 2018, unless otherwise indicated.

We developed this report in accordance with Global Reporting Initiative (GRI) Standards Core option. To view our GRI Index, please visit: [www.keurigdrpepper.com/CR](http://www.keurigdrpepper.com/CR).





## A Message from Our Chairman and CEO

The vision behind the creation of Keurig Dr Pepper, the first company to offer hot and cold beverages at scale in North America, was rooted in a bold new way of looking at the beverage business. We saw that consumers today have more choices than ever for what to drink and where to shop. They also have greater expectations for variety, quality and convenience, as well as for transparency and positive social and environmental impact.



Our portfolio of beverage brands has the ability to satisfy nearly every consumer need throughout the day, and our distribution capabilities allow us to deliver to virtually every point of purchase throughout North America.

As a new challenger in the industry, we also wanted to focus outward on **redefining how our business could be a catalyst for positive change** for our consumers, employees, suppliers, partners, communities and the planet. That meant looking holistically across our value chain – from source to consumption – with an honest objective in assessing where we’ve demonstrated good sustainability practices and where we could do better. That also led to a prioritization of the initiatives where we can drive the most value as KDP.

While our progress on previously committed objectives remains on track, we’ve set ambitious new goals to ensure we are making a positive impact every day. This includes expanding responsible sourcing practices across our supply chain; designing packaging to enhance

circular material use, including recyclability and recoverability; reducing our environmental footprint in energy, water and waste; and building stronger communities.

But we’re just getting started. We know we have additional opportunity to continue to examine our ambitions and commitments, while building new collaborative partnerships to be a force for change within our industry.

Together with our passionate employees, suppliers and partners, we are determined to create long-term value for our stakeholders and a more resilient future for the world.



**While our progress on important historical company objectives remains on track, we’ve set ambitious new goals for the business to ensure we are leveraging our leadership to make a positive impact with every drink.**

**Bob Gamgort**  
Chairman & Chief Executive Officer



# Keurig Dr Pepper: Our Unique Approach

# drink well do good



**Our corporate responsibility commitments are aimed at ensuring our beverages make a positive impact with every drink.**

We are channeling the significant energy and resources of our organization to those opportunities where we believe we can have the greatest impact.

In 2018, Keurig Dr Pepper – the first company to offer hot and cold beverages at scale in North America – set a bold vision to provide a beverage for every need, available everywhere consumers shop.

Keurig Dr Pepper holds leadership positions in soft drinks, specialty coffee and tea, water, juice and mixers, and markets the leading single serve coffee brewing system in the U.S. Our broad portfolio of

hot and cold beverage brands includes Keurig®, Dr Pepper®, Green Mountain Coffee Roasters®, Canada Dry®, Snapple®, Bai®, CORE®, Mott's® and The Original Donut Shop®. Our robust route-to-market operations and selling and distribution expertise enable us to reach consumers anytime and anywhere they shop. In addition, we employ a passionate, high-performing team working to seize opportunities for sustainable, long-term growth. Unique to KDP is a focus on strategic

partnerships across our business. We also embrace this partnership philosophy in advancing our corporate responsibility efforts, as it scales our ability to do good.

The merger made us more than just a bigger company. With **our united 25,000+ employees**, expanded operations, broadened community presence and combined resources, we can be a greater force for making a positive impact worldwide.

## KDP By The Numbers

# 7th

largest food and beverage company in the U.S.

# 25k

employees

# 125+

owned, licensed, partner and allied brands

# \$11bn

in net sales

## Corporate Governance

Our values, ethics and integrity are deeply embedded into how we conduct ourselves and operate our business. Our governance and management systems maintain effective oversight of, and accountability for, the way we operate. As a publicly traded company, KDP's Board of Directors is the ultimate decision-making body, except on matters reserved for stockholders. The Board participates in the selection of executive leadership team (ELT) members, and advises them on important strategic and business matters. The Board has adopted corporate governance principles as a framework. It reviews these principles on a regular basis and modifies them as appropriate to comply with changing laws and regulations. In addition to overall business strategy, the Board oversees KDP's corporate responsibility (CR) strategy and progress, receives quarterly updates and approves long-term sustainability goals. It also reviews potential stockholder proposals and issues, as well as legislative priorities and related activities.

Development of vision and strategy as well as the day-to-day management of KDP's CR initiatives is led by our Chief Corporate Affairs Officer, our

Chief Sustainability Officer and our Vice President, Corporate Communications, Philanthropy & Community Relations, as well as members of the broader Corporate Affairs staff. They regularly collaborate with a cross-functional team of employees across the organization, including from such areas as procurement, supply chain, research and development, quality, facilities, human resources and legal, to drive execution and measurement of CR strategy. The Chief Sustainability Officer convenes the Sustainability Governance Committee, comprised of key functional ELT members, which monitors progress and approves key CR initiatives. The full KDP ELT ensures our program aligns with the long-term objectives of the business.

## Ethics and Compliance

At the core of our ethics and compliance program is our **Code of Conduct** (Code). The Code guides everyone at Keurig Dr Pepper to make the right choices for our business, partners, consumers and each other. It covers human rights, anti-competitive behavior, conflicts of interest, fair disclosure and other topics to help integrate legal compliance and integrity into daily decisions. We train every employee on the Code when they join the

Company. Each year, we require all employees to refresh their knowledge through training and certify they've read and understand the Code and other corporate policies and procedures.

## Stakeholder Engagement

We are mindful of how our actions affect farmers, suppliers, partners, customers, regulatory agencies, nongovernmental organizations (NGOs), industry peers, consumers, employees, investors and others. We engage stakeholders through ongoing dialogue and collaboration and leverage their expertise, insights, influence and energy to elevate our performance and find new solutions to common goals.

KDP strives to inform our CR strategies and programs with fresh, external perspective through formal and informal advisory engagements with industry and subject matter experts. These engagements occur at the staff and ELT level to ensure integration of new and innovative ideas at all levels of our organization.

## Corporate Responsibility Governance Model





# A Message from Our Chief Sustainability Officer

2018 was a year of new beginnings at Keurig Dr Pepper. Now, as we continue to integrate our operations and capabilities, we are finding fresh ways to meet the needs of our stakeholders and communities while scaling our ability to do good.

The work and commitments you'll see in this report were informed by extensive input from stakeholders throughout our value chain. We arrived at a clear view of the areas where we believe we can make the biggest difference. Today, we are affirming past commitments and introducing new goals that will guide our efforts and impact through 2025 in the areas of packaging, natural resource use and supply chain sustainability, as well as supporting our employees and communities.

Notably, plastic pollution in the environment is clearly an urgent challenge. We are setting an immediate north star of circular packaging solutions for our engineers and product development teams, and we are prioritizing cross-industry collaborations to help move those commitments beyond independent ambitions to collective action.

Change takes time and coordination across the value chain; we know this from our extensive work to deliver a K-Cup® pod solution that is both recyclable and recycled.

Across our business, we find strength in partnerships and will use that principle to work with others in the industry, communities and legislators to accelerate and scale the actions that we need today.



**We are setting an immediate north star of circular packaging solutions for our engineers and product development teams, and we are prioritizing cross-industry collaborations to help move those commitments beyond independent ambitions to collective action.**

Similarly, we can now achieve a new scale of change simply by leveraging our expanded reach as a larger Company. Our employee base has multiplied and we are better together. Best practice sharing across internal teams is unlocking even greater resource efficiency opportunities and new ways to be net positive for energy, water and waste.



Applying that same partnership mentality to our external relationships, we will pursue deeper engagement upstream with suppliers and downstream with consumers to amplify our efforts and create positive change locally and globally.

Our sustainability journey as KDP is just beginning. We are taking action against our ambitions while scaling our partnerships to do even more.

**Monique Oxender**  
Chief Sustainability Officer



# Our Corporate Responsibility Goals



## Environment

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### Refreshingly Responsible

#### Packaging

- Make all K-Cup® pods in the U.S. recyclable by 2020
- Convert to 100% recyclable or compostable packaging by 2025
- Use 30% post-consumer recycled content across our packaging portfolio by 2025

#### Waste

- Send zero waste to landfill across our operations by 2025

#### Water

- Partner with our highest water-risk operating communities to replenish 100% of water used for our beverages in those communities by 2025
- Improve our water use efficiency by 20% by 2025

#### Energy

- Obtain 100% of electricity from renewable sources by 2025



## Supply Chain

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### Good from the Start

- Responsibly source 100% of our coffee and brewers by 2020
- Significantly improve the lives of one million people in our supply chain by 2020



## Health & Wellbeing

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### Better Choices, Better Lives

- Partner with leading organizations to accelerate portfolio innovation and transparency for health and wellbeing



## Communities

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### Responsible Citizens, Good Neighbors

- Provide play opportunities to 13.5 million children and families by 2020

# The Environment: Refreshingly Responsible

As we operate our business, we are committed to being good stewards of the environment by finding ways to help protect, restore and replenish the earth's valuable assets.



## Packaging

### Our Goals

- Make all K-Cup® pods in the U.S. recyclable by 2020
- Convert to 100% recyclable or compostable packaging by 2025
- Use 30% post-consumer recycled content across our packaging portfolio by 2025

Sustainable packaging is a top priority for KDP, and we continue to innovate for circular solutions across our portfolio. Our packaging material deserves a second life, so we're making 100% of our packaging recyclable or compostable by 2025.

We also want to further contribute to the circular economy and commit to using 30% recycled material across our portfolio by 2025, which means a reduction in new plastic use and reduced carbon emissions.

We continually evaluate new packaging designs and concepts using lifecycle assessment (LCA) tools to better understand their environmental performance throughout their lifecycles. This ensures that as we design for sustainable packaging, we do not simply shift the environmental burden to other areas of the value chain.



In 2018, we achieved our commitment to make **100% of K-Cup® pods in Canada** recyclable and are on track to do the same in the U.S. by 2020.

## The Whole Package Matters

We are ensuring that our packaging materials are optimally designed to be the highest value possible for recycled plastic buyers, which will increasingly include KDP. We are replacing dark-colored plastics, making our bottle labels and caps compatible with bottle recycling processes and pursuing consumer education campaigns on how to 'recycle right', with an aim to reduce contamination in the recycling stream.



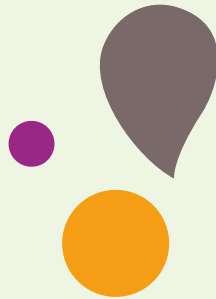
# Our Sustainable Packaging Priorities

We focus our packaging work in three areas: design, recovery and use of recycled materials.

**Design:** We continually innovate our packaging designs and processes to reduce our total material usage, including incorporating materials that are both widely accepted curbside for recycling and are highly valued within the recycling ecosystem. We adhere to the [Association of Plastic Recyclers \(APR\)](#) guidelines to ensure our packaging is optimally designed to be recovered by recyclers. Beyond recycling, we are exploring material innovation such as bioplastics, compostable materials and reuse concepts.

**Recovery:** In a circular economy, products must be both recyclable and recycled. We partner with material recovery facilities (MRFs), plastic recycling facilities (PRFs), processors and communities to confirm our packaging has value and can easily travel from recycling bins to recovery facilities and then a useful second life. Our [industry-leading work on recyclable K-Cup® pods](#), which has benefited plastics recycling widely and set a new bar for producer responsibility, is a model for how we'll approach our work across our portfolio.

**Recycled materials:** Expanding our use of post-consumer recycled (PCR) materials is a critical element of being a responsible product steward and contributes to a circular economy by closing the loop for valuable materials. Across all packaging materials, we are working to reach 30% PCR by 2025. We are also beginning to use recycled plastic in our Keurig®



brewers and we are actively identifying opportunities to transition items that support our manufacturing and distribution sites – like pallets and trays – to recycled materials<sup>1</sup>.

## Partners are Part of the Solution

Improving packaging solutions for product quality, consumer use, recoverability and reuse requires collaboration of all players along the value chain. Using our strength in forming partnerships, we collaborate closely with a number of industry groups, NGOs, investment firms and communities.

The [Ellen MacArthur Foundation's](#) mission is to accelerate the transition to a circular economy. We joined the Foundation's Circular Economy 100 (CE100) network in 2016 and have signed its "New Plastics Economy Global Commitment" this year to join others in building a circular economy for plastic.

As a Principal Member of the [World Wildlife Fund's \(WWF\)](#) new *ReSource: Plastic* activation hub, we have come together with peers from the beverage, food services, consumer goods and packaging industries to help turn our ambitious commitments into real, measurable action.

Keurig Dr Pepper was an initial investor in the \$100 million [Closed Loop Fund](#), which provides zero- or low-interest loans to public and private entities to expand and enhance recycling infrastructure and sustainable manufacturing technologies. We have committed \$10 million over 10 years to advance the circular economy, and our investment to date has supported such progress as 350,000 recycling carts distributed to communities across the U.S. and over 850,000 tonnes of waste kept out of landfills.

<sup>1</sup> The scope of our 30% PCR goal pertains to all primary and secondary packaging materials, such as K-Cup® pods. Progress on the inclusion of PCR to hard goods like coffee brewers and items supporting the business will be reported separately.

Our work with The Recycling Partnership has helped to collect over

**180m**

pounds of recyclables.

Since 2016, we have invested more than \$1 million in [The Recycling Partnership](#) (TRP), which leverages seed grants and partnerships to raise money to improve and increase recycling in communities across the U.S. With our support, TRP placed more than 490,000 recycling carts in over 640 local communities as of the end of 2018, leading to the collection of approximately 180 million pounds of recyclables.

To tackle the contamination challenges on the West Coast, we are supporting TRP's [West Coast Contamination Initiative](#). Our \$600,000 investment will help increase the quality of

recyclables collected at the curb in communities in California, Oregon and Washington, working with state and municipal leadership to develop tactics and tools locally to encourage residents to recycle more and recycle better.

Through our multi-dimensional partnership with [Keep America Beautiful](#) (KAB), KDP has invested in educating and encouraging people to recycle. Since 2011, we've partnered with KAB to place more than 5,200 recycling bins in public spaces, such as parks, athletic fields, beaches and walking trails across 44 states. Together, we've helped collect 1.8 million pounds of recyclables and prevented nearly 3,000 metric tonnes of carbon dioxide-equivalent (MtCO<sub>2</sub>e) emissions. In 2019, KDP-sponsored recycling bins will become a key feature in our Let's Play playground builds across the U.S.

In 2019, we are seeking membership in the [Ocean Conservancy's Trash Free Seas Alliance](#) and will benefit from their robust data and research on marine debris to inform our investments in bins near waterways to eliminate litter flowing into our seas.

We are also members of the [How2Recycle](#) standardized labeling system, which communicates recycling instructions clearly on packaging. By providing simple, consistent guidance on how to recycle, we avoid confusion and empower our consumers to take active steps to easily recycle our products. All of our recyclable K-Cup® pods will use the How2Recycle label as we expand availability in the U.S. in 2019 – joining the growing number of products and packages utilizing this standardized approach to improve recycling behaviors.



## → Grounds to Grow On®

Our Grounds to Grow On® program offers workplaces an easy way to collect their brewed K-Cup® pods to be recycled. Participants are provided a bin to fill and we use UPS' carbon neutral shipping option to transport the pods to g2 revolution®, an innovative recycling company. Our K-Cup® pod components are then recycled into new products — like aluminum cans and shipping pallets — and the coffee grounds are composted locally. Through this program, we have helped keep a total of 450 tonnes of material in circular use.

Through our Grounds to Grow On® program, we have helped keep

**450**

tons of material in circular use.



## → Recycling Done Right

**We are on track to make 100% of our K-Cup® pods in the U.S. recyclable by 2020. In Canada, we met this goal in 2018, and are now applying what we learned to our U.S. roll-out of recyclable pods.**

Like all of our work, partnership and collaboration were at the heart of making progress against this important goal. We worked with recyclers, manufacturers, our own engineers, end-market reclaimers and industry experts – like the Association of Plastic Recyclers and the Sustainable Packaging Coalition – to find just the right materials and processes to make recyclable K-Cup® pods a reality.

After assessing what material would be both recyclable and recycled, we chose polypropylene (#5 plastic) for our K-Cup® pods. Our polypropylene pods enable us to deliver the same high quality, great tasting coffee experience consumers have always enjoyed from Keurig. #5 plastic is accepted curbside by the majority of communities across North America, and there is growing demand for #5 plastic as a reusable material in other products, such as automobile parts, children's toys, storage bins and outdoor furniture.

We've proven our pods can easily flow through existing recycling infrastructure. We have conducted more than 12 tests at scale in MRFs throughout North America,

pioneering a unique, award-winning testing methodology that utilizes radio-frequency identification (RFID) technology to track the pods as they travel through recycling systems.

The tests provide 100% traceability, validating our pods can be recovered with existing equipment and reach buyers who see value in giving them a second life. To our knowledge, no other company has gone to such lengths to confirm a product can be recycled. The results of this testing and engagement with recyclers and communities have established a new model for producer responsibility and benefited a whole category of recyclable plastic, shedding light on how best to recycle and recover polypropylene, a valuable material.



## Waste

### Our Goal

- Send zero waste to landfill across our operations by 2025

We strive to eliminate waste in all our manufacturing processes. We prioritize reduction and reuse opportunities, followed by recycling and composting, and finally energy recovery where required. As a combined Company, we reached an 86% waste diversion from landfill rate in 2018.

Our coffee roasting and packaging plants have made significant progress to eliminate waste. For example:

- Green coffee often comes to our plants in burlap bags, which get reused as other products, such as insulated coolers and textiles.
- The coffee roasting process produces chaff, or husks from coffee beans. We compost this material, returning key nutrients to the soil.

- K-Cup® pods that fail our quality inspection are collected and sent for dismantling. Most of our manufacturing plants extract the coffee for composting and send the remaining material to energy recovery facilities. In Canada, our Montreal, Quebec, facility is testing a pod dismantler that will enable cleaner separation of materials for recycling and reuse.



Our cold beverage plants also have programs to eliminate waste and maximize the recovery of packaging materials for recycling. For example:

- Our Williamson, New York, facility works with local composters to process waste from our apple juice and sauce production.
- In Mexico, we collaborate with a nonprofit environmental association, ECOCE, A.C., for plastics recovery to close the loop. Our manufacturing plants throughout the country work with ECOCE to recover post-industrial PET plastic for recycling. Currently 93% of our waste in Mexico is recycled and reused.

We regularly conduct waste audits at all our beverage facilities across North America. As we integrate our processes and continue to build a zero-waste culture at KDP, we see valuable opportunities to share best practices across our operations.

## Water Stewardship

### Our Goals

- Partner with our highest water-risk operating communities to replenish 100% of water used for our beverages in those communities by 2025
- Improve our water use efficiency by 20% by 2025

Water is a vital natural resource important to our business and, as a beverage company, we have a particular responsibility to be good stewards of water use in our operations and communities. We assess water use across our business to understand our water footprint and identify opportunities related to quality, conservation, replenishment and wastewater treatment in our manufacturing plants.

Good decisions about water resources happen at a local level and take into account water availability and community water needs. We have used the Ecolab Water Risk Monetizer and the World Resources Institute's Aqueduct Water Risk Atlas to evaluate water risk in our operating footprint and have identified six operating communities with high water risk across Texas, California and Mexico.<sup>2</sup>

In these six at-risk communities, by 2025, we commit to restoring the same volume of water we use in our local operations to make our beverages through projects that enhance watersheds, protect habitats and conserve water. By balancing what we consume and what we replenish, we will help provide access to more or higher quality water to benefit the environment and the people who live and work in these areas.

We are also committed to improving our water use ratio (WUR) by 20% by 2025, moving from a 2017 baseline of 2.05 liters required to make one liter of product (L/L) to 1.64 L/L\*. Our progress is underway with a WUR of 1.98 in 2018, down 3.4% versus 2017.



<sup>2</sup> The risk assessment also considered the percentage of total production and site-specific conditions for each site. While the local conditions and issues vary, each of the six sites has high baseline water stress.

\* Upon the issuance of this report in July 2019, Keurig Dr Pepper included an incorrect target water use ratio of 1.7 L/L in 2025. It was corrected by the Company in August 2019.

## → Partnering for Balance

We partner to positively impact water quality and availability in several ways. We work with [The Nature Conservancy](#) and other partners to identify and understand the watersheds in the areas where we operate, collaborating to invest in targeted solutions. Since 2011, we have committed \$4.5 million to The Nature Conservancy's local chapters in Vermont, Washington, Texas and California, where we have production facilities. As a result of this collaboration and other active projects over the last five years, we have restored 5,390 million liters of water in those communities.

In Houston, Texas, our investments contributed to a native prairie restoration project to protect freshwater ecosystems and preserve coastal habitats. Restoring native grasses decreased runoff and enabled the land to absorb and disperse water from storm surges and floods, providing a cost-effective way to protect coastal communities from the impacts of storms and hurricanes.



Prairie restoration project  
Houston, Texas

### Water-Efficient Manufacturing Operations

While coffee processing is relatively dry, all of our cold beverage manufacturing processes require water to ensure cleanliness and quality. We track our water usage and partner with the beverage industry as members of the [Beverage Industry Environmental Roundtable](#) to leverage best practices in site water management and stewardship.

We strive for operational efficiency in these areas:

- **Equipment cleaning:** We use water to clean manufacturing equipment, both for sanitation and to maintain flavor integrity when changing from one drink flavor to another. We optimize our manufacturing schedules to reduce flavor changeovers, which saves water while meeting food safety requirements.

- **Ingredient water preparation:** Where we use reverse osmosis to pretreat water that goes into our beverages, we are optimizing these operations to reduce waste water from this process.
- **Product quality:** We continually work to reduce product rejected for quality reasons, which will avoid wasting water.



### Operational Water Data

Year	ML in 2018 (million liters)
Total Withdrawal	13,070
Total Consumption	7,497
Total Discharge	5,573
% Withdrawal Municipal	75%
% Withdrawal Groundwater	25%
% Discharge to Municipal	66%
% Discharge to Waterbody	34%
% Discharge Other (to septic)	<1%

*3rd party data verification in progress.*

## Our Water Footprint

Taking a full value chain view, we completed a water footprint assessment to understand the different causes and magnitude of our water impacts. KDP's water footprint, using a 2017 baseline, indicates that our direct water use (7 billion liters) is less than half of one percent of our total water footprint (2,084 billion liters\*) across our supply chain. The largest portion of the enterprise water footprint comes from indirect water use consumed in growing agricultural raw materials. Within this portion of our water footprint, 98% of the green water footprint and 92% of the blue water footprint is attributed to six key raw materials: coffee, high fructose corn syrup (HFCS), apple juice concentrate, sugar, cocoa and apples.

Focusing on the top two of these commodity ingredients, we analyzed the water risk across quantity, quality and climatic trends.

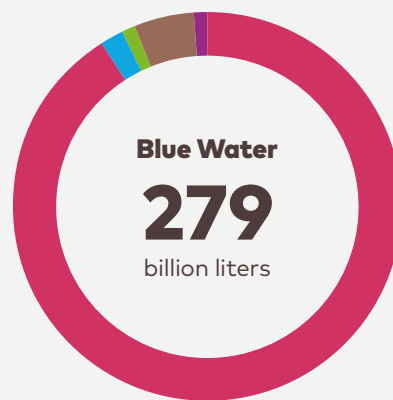
- For coffee, shifting rainfall patterns and higher temperatures with climate change are affecting the suitability of some coffeelands for production. Additional challenges in the majority of our coffee-sourcing regions include access to safe drinking water, flooding and water pollution from green coffee processing.
- For U.S.-grown corn, there are three key water risks:
  - Baseline water stress: 35% of U.S. corn is grown where the underlying water resource is already stressed from scarcity/overuse or pollution;
  - Water quality: unregulated fertilizer usage and resulting runoff can degrade both surface and ground water quality<sup>3</sup>; and
  - Climate change: increasing frequency and severity of droughts and precipitation events can damage corn crops.<sup>4</sup>

We manage these risks through our Supplier Code of Conduct, product-specific standards, and investment and engagement with our supply chain. Our Supplier Code of Conduct specifically denotes water use optimization, management and tracking as expectations of suppliers, while our supply chain investments focus, in part, on water security and climate resiliency. In our coffee supply chain, we address these linked issues through funding research on climate adaptation for farmers and plants, and investing in initiatives that provide improved drinking water and water management in coffeelands.

## Our Water Footprint\*\*



**Green Water Footprint** = volume of rainwater consumed (e.g., for growing crops)



**Blue Water Footprint** = volume of surface or groundwater consumed (e.g., irrigation water for crops, or process water in operations)

	Green	Blue
Raw materials	97%	91%
Processing	0%	2%
Packaging	3%	1%
Energy	0%	5%
Use/Consumption	0%	1%

\* Upon the issuance of this report in July 2019, this value was incorrectly noted as 2,077 billion liters. It was corrected by the Company in August 2019.

\*\* Upon the issuance of this report in July 2019, the Green Water and Blue Water values were incorrectly noted as 2,077 billion liters and 7 billion liters, respectively. They were corrected by the Company in August 2019.

## Energy and Emissions

### Our Goal

- Obtain 100% of electricity used in operations from renewable sources by 2025

We are focused on reducing our energy use and greenhouse gas (GHG) emissions to lessen our environmental impact. Our GHG emissions are primarily indirect (Scope 3), with packaging production being a significant driver. Our direct emissions (Scope 1) come from our operations and logistics within our control. We strive to lessen our overall impact by choosing responsible materials for our products, operating our manufacturing plants efficiently and reducing fossil fuel use in our operations and fleet.

### Greenhouse Gas Emissions, 2018

	Tonnes of carbon dioxide equivalent	% of total	% of Scope 1
Scope 1:	273,576	68%	
Stationary	116,495	29%	43%
Mobile	157,081	39%	57%
Scope 2* (Indirect emissions, purchased energy)	137,560	32%	
<b>Scope 1 and Scope 2 Total</b>	<b>411,136</b>	<b>100%</b>	
<b>Scope 3 (Indirect emissions, value chain)</b>	<b>6,428,206</b>	<b>100%</b>	

3rd party data verification completed by Lloyds Register Quality Assurance, Inc. (LRQA) with limited assurance.

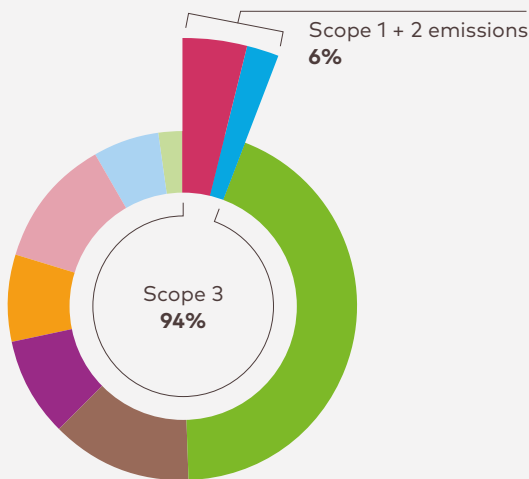
\*Market-based

Before the merger, Keurig Green Mountain met its 2020 GHG reduction goal of 25% in 2016. As KDP, we will continue on this progressive path. We have set a goal to obtain 100% of electricity used in operations from renewable sources by 2025, but we're not stopping there.

We have joined the Science Based Targets Initiative (SBTi) to develop a more comprehensive emissions reduction target that will cover emissions from our entire value chain in the near future.<sup>3</sup>

### Our GHG Footprint

Our GHG footprint outlines the emissions impacts of our full value chain. This encompasses emissions from operational fuel use (Scope 1); electricity consumption (Scope 2); and supply chain, product use and disposal (Scope 3). The data for our 2018 footprint includes fuel usage and utilities data from our operations, supplier data where available (for example, for third-party logistics), modeling and industry estimates.



**2018 Total:** 6.84 million metric tonnes of carbon dioxide-equivalent emissions (tCO<sub>2</sub>e) % of Total

#### Scope 1 emissions

Operations Fuel Use 4%

#### Scope 2 emissions

Electricity 2%

#### Scope 3 emissions

Packaging	43%
Product Materials	13%
Supplier Operations and Manufacturing	9%
Logistics	8%
Retail	12%
Product use	6%
End of life	2%

<sup>3</sup> What is a Science Based Target?

## Renewable Energy

To meet our new goal to obtain 100% of our electricity for our operations from renewable sources by 2025, we will build on our historical renewables investments. Keurig Green Mountain purchased renewable energy certificates (RECs) commensurate with its electricity consumption and Dr Pepper Snapple secured renewables for its LEED certified Victorville facility and Plano headquarters. We have reduced the impact of our energy use by purchasing renewable electricity for our coffee manufacturing facilities through approximately 85% wind and 15% solar electricity. As the opportunities for corporate renewables investment evolve, we will seek to have impact with our purchases, while continually focusing on efficiency in our own operations.

## Reduction and Efficiency

In our manufacturing facilities, we pursue efficiency by implementing lighting upgrades, using low-energy idling mode on equipment, scheduling production efficiently, conducting leak audits and other techniques. In our coffee plants, efforts to improve roasting efficiency through monitoring and operating procedures yielded a 6% reduction in energy (therms) per pound of coffee roasted in 2018.

Energy efficiency is an important consideration when we upgrade facilities and build new ones. In our plant under construction in Spartanburg, South Carolina, for example, we are incorporating packaging line technologies to increase energy efficiency and energy sub-metering to support continual performance improvement. In that facility, we will use catalytic oxidizer pollution controls in our coffee roasting to reduce our reliance on fossil fuels, while still meeting pollution control requirements.



Our hot beverage operations use  
**100%**  
renewable energy.



## Energy Benefits of Sustainable Products

We use lifecycle assessment (LCA) tools to find ways to use fewer resources during material production and to inform design of our products. As an example, transitioning our K-Cup® pods from a #7 plastic with limited recyclability to fully recyclable #5 polypropylene will result in a 27% reduction in the K-Cup® pod's packaging GHG emissions. In addition, we have introduced an Auto-Off feature as part of our Keurig® brewers, which automatically turns the brewer off after two hours of idle time, using 75% less energy.





## Our Fleet

Maintaining an efficient fleet is one way to reduce greenhouse gas emissions in our operations. Keurig Dr Pepper's fleet is comprised of more than 10,500 trucks, forklifts and pallet jacks used to transport our products to market safely and efficiently. These vehicles meet all U.S. Environmental Protection Agency (EPA) emissions standards. Beyond our own fleet, we leverage the EPA's SmartWay program to maximize fuel and emissions savings in our third-party logistics.

We continually look for ways to improve our fleet's fuel use efficiency. We maintain a young fleet, replacing vehicles after approximately six years of use with more fuel-efficient models. In 2018, we replaced 60 heavy-duty trucks with medium-duty models to further improve our gas mileage.

## → Driving Emissions Reductions Using Electric Forklifts

In 2019, we are piloting a program to convert 35 forklifts from propane to electricity, which we anticipate will reduce our propane usage by 35,000 pounds and our carbon dioxide-equivalent emissions by 71 metric tonnes for the year.

Based on the success we've seen so far, we're working on a rollout plan to convert 200 more forklifts to electric power, which will deliver an anticipated 771 metric tonnes of carbon dioxide-equivalent emissions reduction.



# Supply Chain: Good from the Start

We are committed to ensuring we source our ingredients and materials responsibly.



It takes thousands of suppliers providing a wide range of ingredients and materials across several supply chains to create our high-quality beverages and brewers. Keurig Dr Pepper is one of the largest coffee purchasers globally and has a long history of meaningful engagement, collaboration and positive impact with the people and organizations at the very beginning of the coffee supply chain. We are exploring how the model of responsible engagement and impact we have long applied to coffee can apply to our expanded supply chain – including commodities like aluminum, apples, corn and other sweeteners. We expect to set broader responsible sourcing goals beyond our existing coffee commitments in the future.

Importantly, we have developed a new Keurig Dr Pepper Supplier Code of Conduct that sets out universal requirements applicable to our suppliers. Our guidelines look to ensure respectful and safe working conditions and responsible environmental practices across our supply chain, among other requirements. Where necessary, we go further by specifying product-specific standards such as independent raw material certifications and manufacturing standards. We complement these policies with employee training on our Supplier Code of Conduct, as well as deeper research and supplier engagement on key labor and environmental risks.

## Coffee

### Our Goals

- Responsibly source 100% of our coffee by 2020
- Significantly improve the lives of one million people in our supply chain by 2020

We realize that the coffee industry faces serious challenges. Climate change threatens the viability of coffee cultivation, and volatile prices affect profitability for farmers in communities around the world that have long relied on income from coffee.

These challenges have the potential to negatively impact the availability of high-quality coffee over the long term and risk driving away the next generation of farmers. That's why we believe sourcing coffee ethically and responsibly goes beyond traceability or an audit checklist. Through engagement, action and partnerships, we collaborate with farmers to address challenges, helping them thrive in a changing world.

<sup>4</sup> Rainforest Alliance and UTZ combined in 2018, keeping the name Rainforest Alliance.

## Sourcing Responsibly

Beyond our Supplier Code of Conduct, we are committed to sourcing our coffee responsibly, in part, by purchasing beans certified to sustainability standards, including **Fair Trade™**, **Rainforest Alliance®** and **UTZ**.<sup>4</sup> Keurig Dr Pepper has purchased Fair Trade coffee since 2000 and has been the largest buyer of Fair Trade coffee in the world since 2010. In 2018, we responsibly sourced 31% of our coffee, and we have a clear path to achieve 100% by the end of 2020 through certifications and other sustainable sourcing programs.

**Keurig Dr Pepper has been the largest buyer of Fair Trade® coffee in the world since 2010.**



## Engaging Farmers

To better understand the issues coffee farmers face, we immerse ourselves within their communities, including getting to know the cooperatives that often support them. We are focused on deepening our understanding of our farmers' specific needs and how we can help improve their livelihoods so they can stay on their farms and continue to reinvest in their crop.

## Tangible Impact

We actively address on-the-ground issues in areas where we source our coffee. Our social impact investment program has existed since 2003 and has invested more than \$60 million toward improving the livelihoods of coffee farmers. In 2018, we supported investment projects with organizations in Colombia, Uganda, Peru, Brazil, Honduras, Mexico and beyond, engaging farmers and their families on a range of issues.

By promoting better farming techniques, we help farmers to increase their crop yields and income, and diversify their crops for improved food security.

We also support projects that teach coffee farmers to be good water stewards, which can reduce the impact of climate change on their farms and in their communities. KDP has invested more than \$5 million in **Blue Harvest** over the last five years to promote sustainable farming practices and increase access to clean water for coffee farmers and communities in Central America. This program has trained more than 2,800 farmers to apply water-smart practices on their coffee farms, protected more than 40,000 hectares of critical watersheds and improved drinking water for more than 100,000 people.

We measure our impact on farmers' lives using a monitoring and evaluation system. For example, if a program is designed to improve a farmer's yield, we ask our partners to provide us with data not only on how many farmers attended training, but also whether those farmers adopted new practices on their farms.

To date, we have engaged more than 630,000 farmers, workers, families and community members in our supply chain, and we are on a path to reach our goal of improving the lives of one million people by 2020.



## → Visiting the Source to Expand Our Knowledge

**For 25 years, we have invited employees to travel to areas of the world where we source our coffee to learn about the hard work and dedication that goes into growing healthy coffee trees and harvesting every bean.**

As KDP, we have expanded these opportunities, allowing selected employees in every function and level of the organization to participate in a trip. In 2018, more than 60 employees went on source trips to important coffee-growing regions, including Mexico, Costa Rica, Peru, Colombia and Brazil. They met farmers and their families and learned first-hand, through workshops and hands-on training, how much effort goes into sustainably sourcing our coffee.

"One thing I took away from this trip is a better understanding of the impact our Company has had at origin," said Pam Daskalakis, Vice President Business Cost Management, after an origin trip to Peru. "Over many years in Peru, our Company has trained coffee quality professionals, funded innovative organic fertilizer plants and supported numerous programs to promote diversification and sustainability to improve the lives of coffee farmers."

These experiences inspire our employees and educate them on the coffee value chain, while building relationships with our supply chain partners. They also underscore our commitment to ensuring our leaders and employees understand the challenges coffee farmers face and the unique impacts KDP has on those challenges.



# Partnering for Meaningful Change

Collaboration is critical in ensuring a strong and sustainable coffee industry, and we have longstanding partnerships to help us in that ambition, including:

## World Coffee Research

World Coffee Research (WCR) is an industry-backed R&D organization focused on growing, protecting and enhancing coffee as a global crop. Its goal is to build farmers' capabilities to adapt to climate change and adapt coffee plants to deal with increasing environmental stresses. Keurig Green Mountain was a founding member and now, as Keurig Dr Pepper, we are one of the organization's largest donors, having invested more than \$3 million since WCR was formed in 2012.



**We are forever grateful to Keurig Dr Pepper. Having a leader in the coffee industry recognize that a long-term sustainable future for coffee depends on agricultural research blazed a trail for the rest of the coffee industry to follow. The result is an amazing collaboration to create a nonprofit, global coffee research center that will hopefully change the future of coffee.**

## **Tim Schilling**

Founder,  
World Coffee Research



We have invested more than

**\$3m**

since World Coffee Research was formed in 2012.

## Root Capital

We have an enduring 20-year partnership with Root Capital, a nonprofit agricultural lender. Root Capital provides smallholder enterprises with access to capital and expertise to develop independence, sustainability and competitiveness. Since 2017, we invested more than \$1.3 million in Root Capital through the *Feed the Future* Partnership for Sustainable Coffee, co-funded by the United States Agency for International Development (USAID). Through this program, Root Capital has provided on-site training to 61 small producer organizations to date serving more than 45,000 coffee farmers.

## SAFE Platform

The Sustainable Agriculture, Food and Environment (SAFE) Platform is a multi-stakeholder alliance initiated by the IDB-Lab to improve farmers' livelihoods through climate-smart agricultural practices. We are a founding member and have co-funded several projects, including one led by Oikocredit to train cooperatives in Latin America to better manage risk associated with coffee price volatility. With a mission to bring together the private and nonprofit sectors to improve business processes and include smallholder farmers in global value chains, SAFE has sparked collaboration among key coffee industry players.

## Sustainable Coffee Challenge

We are a founding partner in the Sustainable Coffee Challenge (SCC), a collaborative effort of companies, governments, nongovernmental organizations, research institutions and others to make coffee the world's first sustainable agricultural product. More than 120 partners are working to align on a common vision for sustainability in coffee and to promote demand for sustainable coffee. KDP provides leadership via representation on their Advisory Council and also via participation in the Sourcing and Labor working groups.

## Sustainable Food Lab

We are a member of the Sustainable Food Lab (SFL) and hold a board seat on this nonprofit organization that is helping to create sustainable mainstream food systems worldwide. Through our SFL membership, we engage with peer companies that source agricultural products on topics such as measuring sustainability performance and promoting climate change resilience.

## Appliances

### Our Goal

- Responsibly source 100% of our brewers by 2020

We offer a full range of coffee brewers that fit any lifestyle or location, and each of our Keurig® brewers has been engineered through continual innovation to deliver the most consistent, convenient and great-tasting coffee experience. Our brewers are manufactured in China, Malaysia and Italy, using various materials and components that come from all over the world.

We partner with suppliers to source our appliances ethically and responsibly, using primarily third-party audits to measure supplier compliance. Where needed, we provide training and one-on-one support to elevate suppliers' compliance levels. To address risk further upstream, we perform annual conflict minerals due diligence and detail these measures and results on our [website](#) and in our SEC filings.

### A Partner in Responsible Appliance Sourcing

We are a member of the **Responsible Business Alliance** (RBA), the world's largest industry coalition focused on corporate social responsibility in global supply chains. RBA members commit to a common Code of Conduct, which is a set of social, environmental and ethical industry standards.

We regularly assess our suppliers against the RBA Code of Conduct using the RBA's Validated Assessment Program (VAP)<sup>5</sup>, and invest in training for them and our employees to ensure their ongoing compliance. The suppliers we consider in scope for our 2020 target are our Alliance and Strategic Appliances suppliers, according to the criteria of our Supplier Performance Management Program<sup>6</sup>. These include our most important appliance finished goods, component, accessory and packaging suppliers. By working closely with these suppliers on health and safety, labor, environment, management systems and ethics, we considered 50% of our in-scope suppliers to be responsibly sourced at the end of 2018.



<sup>5</sup> We require our suppliers that are considered high-risk to meet the RBA VAP Recognition Program Silver level. We require medium-risk suppliers to complete an RBA Self-Assessment Questionnaire with a passing score, and low-risk suppliers to sign off on our Responsible Sourcing Supplier Guidelines. In 2018, all suppliers were considered high-risk except for one that was considered low-risk.

<sup>6</sup> The Supplier Performance Management program is KDP's company-wide program to develop focused and impactful category strategies, manage and improve supplier performance and proactively assess and mitigate supplier risk.

# Health and Wellbeing: Better Choices, Better Lives

Our health and wellbeing commitment to consumers is simple: provide a balanced portfolio of beverage options and the resources consumers need to make informed choices for themselves and their families.



## Our Commitment

- Partner with leading organizations to accelerate portfolio innovation and transparency for health and wellbeing

We have a well-balanced portfolio, with approximately 300 of our ready-to-drink options containing 100 calories or less. For most of our full calorie beverage varieties, we offer a zero, low or mid-calorie option. In addition, we offer a wide range of serving size options across our portfolio, enabling consumers to enjoy their favorite beverages in just the amount they want.

In 2010, we became founding members of the beverage industry's Clear on Calories initiative, which added an easy-to-read calorie label to the front of every can, bottle and pack we produce and included calorie information on company-controlled vending machines. We provide nutrition, ingredient and allergen information online through our product facts website and will continue to enhance our transparency and communication to consumers regarding our beverages.

To support parents in making the choices that are right for their families, we joined the [Children's Food and Beverage Advertising Initiative](#) (CFBAI) and will pledge not to market products that do not meet its nutrition criteria directly to children under 12.

Our efforts are informed by the [World Health Organization's Global Action Plan for Combating Non-Communicable Diseases](#) and demonstrate specific recommended actions around clear labeling, responsible marketing and reduction of added sugars.

## Expanding Our Water Portfolio

We continue to innovate and evolve our product offerings to meet our consumers' changing needs. In 2018, we significantly expanded our owned water portfolio through the acquisition of CORE® Hydration, a premium, nutrient-enhanced bottled water, and CORE® Organic, fruit-infused functional water. In addition, we entered into a new long-term master distribution agreement in the U.S. with evian®, the global leader in premium natural spring water. We also saw continued growth in our Bai® flavor-enhanced and antioxidant-infused water and in our Canada Dry® sparkling waters.



## More Choices for Families

In the spring of 2018, we introduced Mott's Sensibles™ to bring families a product that is 100% juice, but with 30% less sugar than regular apple juice. In addition, Mott's Sensibles™ has no added sugars, artificial sweeteners, flavors or colors.



### Promoting Balance

Promoting healthy lifestyles depends on encouraging consumers to balance what they consume with the energy they expend. Along with our peers in the beverage industry, we provide retailers with "Think Balance" collateral to place at purchase

decision points, such as coolers, shelves and registers, to encourage our consumers to balance what they drink with what they do.

We take that commitment one step further through our Let's Play initiative, which provides funding, equipment and play spaces for kids and families to make active play a daily priority. Let's Play programs are executed through strong partnerships with national nonprofits, [KaBOOM!](#) and [Good Sports](#).

### Helping People Consume Less Sugar

In 2015, we joined industry peers, the [American Beverage Association](#) and the [Alliance for a Healthier Generation](#) in establishing the Balance Calories Initiative (BCI). Through this voluntary effort, our goal is to reduce beverage calories consumed per person nationally by 20% by 2025.

Recent data shows BCI is shifting consumer behavior toward a broader array of lower calorie beverage choices, with a reported 6% reduction

in beverage calories per person from 2014 through 2017 in packaged beverages sold in places like grocery stores, convenience stores and large store chains.<sup>7</sup>

Additionally, BCI puts a special focus on five communities where obesity rates are well above the national average and there is less availability and demand for beverages with less sugar or smaller portion sizes. Our work, along with that of our peers, encourages retailers and distributors in these communities to offer a greater variety of beverages, devote more display space to low- and no-calorie options and smaller portion sizes, and feature information promoting balanced lifestyles. In 2017, each targeted community showed calorie reduction ahead of the needed pace to meet their goals and exceeded the national calorie reduction pace.

We will continue to be active partners in BCI to help achieve our national goal and to drive further positive change. We will also apply the lessons learned from this industry initiative to our company-specific efforts.

7 2025 Beverage Calories Initiative: Report on 2017 Progress toward the National Calorie Goal.

## → Underserved Kids Get New Opportunities to Play



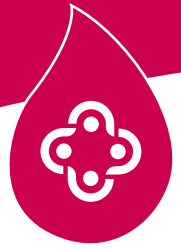
Richfield Public School Academy in Flint, Michigan, has more than 500 students in grades two through eight living in neighborhoods without structured outdoor play areas. In 2018, Keurig Dr Pepper partnered with the school and our nonprofit partners, Good Sports and KaBOOM! for a Let's Play Day. This event brought nearly 170 volunteers from Keurig Dr Pepper and the community together to build a playground – installing a rock-climbing wall, zip lines and a merry-go-round, as well as new benches, planters, trash collection and recycling bins. Volunteers also sorted through and packaged more than \$122,000 in sports equipment donated by Keurig Dr Pepper that was provided to youth-focused organizations across Flint. Thanks to this work, more than 100,000 children in Flint are enjoying new opportunities to play.



In 2018, Let's Play was one of three finalists for "Best Community Improvement Program" in the U.S. Chamber of Commerce Foundation's 19th Annual Corporate Citizenship Awards.

# Communities: Responsible Citizens, Good Neighbors

We are committed to giving back and engaging our employees in enriching the communities where we live, work and play.



## Our Goal

- Provide play opportunities to 13.5 million children and families by 2020

Our investments in philanthropic initiatives make a positive difference in the issues relevant to our business, support community efforts across our operations and amplify our employees' charitable interests.



## Citizenship Leadership

Keurig Dr Pepper was recognized as a 2019 Civic 50 honoree by Points of Light, the world's largest organization dedicated to volunteer service. The Civic 50 is a distinguished group of the most community-minded companies in the U.S., acknowledged for superior corporate citizenship and caring for their communities. For the prior six consecutive years, Dr Pepper Snapple Group was named to the list.

We have strong relationships with nonprofit organizations that share our commitments, which we leverage to strengthen our impact. In 2018, we donated more than \$11 million in total cash grants and contributions and contributed over \$6 million in beverage and brewer donations.

## Philanthropy

We recognize that we cannot move the needle on any individual social cause alone or overnight. That's why we partner for the long term and invest in focused initiatives where

we can drive the most value with our business resources and expertise. As a unified Keurig Dr Pepper, we are evolving our corporate philanthropy strategy to target signature programs and partners where we will be uniquely positioned to make a meaningful difference. In 2018, we concluded a few long-standing commitments and made progress in focus areas that will continue into the future.

Since 2011, through our Let's Play initiative, Keurig Dr Pepper has committed \$38.5 million in funding to increase access to active play opportunities for children and families, from building or improving playgrounds to providing youth-serving organizations new sports equipment. In 2018 alone, our Let's Play initiative awarded almost 270 grants totaling almost \$3.5 million.

In 2018, we  
donated more than  
**\$11m**  
in total cash grants.



We supported the Boys & Girls Clubs of America's (BGCA) Alumni & Friends Club with a three-year, \$1 million commitment that was fulfilled this past year. Our support was directed at the "Stay Connected" program, preparing recent high school graduates for college and careers with online tools, tips and resources, and connecting members to a global network of alumni who provide guidance and mentorship.

## Community Relations

Keurig Dr Pepper believes that being a good corporate citizen also means being a good neighbor. Outside of our corporate philanthropy programs, we support community needs through sponsorships and in-kind or monetary donations. Our community relations initiatives provide aid to families and communities in need and support causes in our hometowns. In 2018, our teams contributed to a wide range of organizations throughout North America, including Homes for Our Troops, Ronald McDonald House Charities, and many other deserving associations and causes.

As part of being a good neighbor, we aim to ensure that, when disaster strikes, we are leveraging our people and resources to help in recovery and rebuilding opportunities. This past year, during the California wildfires, Hurricane Florence and gas explosions in Massachusetts, we provided water, coffee, brewers and financial support to do our part in relief efforts.



## → Our Brands Give Back

Many of our brands also support cause-related marketing initiatives that align with their specific brand values and priorities. In 2018, Dr Pepper celebrated the 10th anniversary of its Tuition Giveaway Program during the College Football Conference Championship weekend, awarding \$1 million in tuition to students who competed at halftime during five marquee games. Over the past 10 years, the program has awarded over \$10 million to deserving students.



## Charitable Employee Engagement

Our more than 25,000 passionate employees are a powerful force for good. In addition to monetary and product donations, we know encouraging our employees to contribute their time through volunteering supports our culture of giving back.

This past year, our programs empowered our employees to put their commitment into action locally. In 2018, our employees contributed over 36,000 hours through company-sponsored volunteerism programs, supporting activities ranging from helping at a blood drive to stocking a local food pantry. In addition, we amplified the generosity of our employees by rewarding their volunteer service with supplemental grants.



## It's OK to Play on the Job

In 2018, our employees volunteered more than 2,800 hours as part of our Let's Play initiative. In a survey sent to employees after the volunteer activity, 100% of respondents said that our Company's support of their volunteer efforts made them proud to work for Keurig Dr Pepper. When asked about participating in a Let's Play project, one employee said, "My favorite part was the sense of teamwork and a project bigger than us. Giving back is what it's all about."

## Day of Service with Keep America Beautiful

Together with our partner Keep America Beautiful, more than 800 employees volunteered across five states to help complete 12 community park and garden projects in 2018. By supporting our partner's vision of maintaining a country in which every community is a clean, green and beautiful place to live, KDP employees are able to help create a lasting legacy for our neighbors to return to year after year.



## Employee Engagement

Providing a workplace in which all of our employees can take pride is fundamental to our business success. We are committed to creating a great place for our employees to work, which also helps us recruit and retain top talent.

From programs that keep our employees safe to ensuring their voices are heard, we know investing in our employees creates a cycle of engagement and improvement, as well as a culture of openness and community. KDP's "Speaking Up" policy provides a way for employees to anonymously report a breach or potential breach of the Code of Conduct, laws or KDP policies, without concern for retaliation. Employees are provided with an address, telephone hotline and website to which they can report concerns.

As a company, we strive for a fully engaged workforce. We are committed to making continuous progress by regularly listening to employees, taking action and measuring improvement.

Our annual employee engagement survey provides an important forum for employees, managers and leaders to provide candid feedback about what's working and where we can improve. We then mobilize employee-led teams to build action plans against these areas. Outside of this regular cycle, we encourage open and honest feedback throughout our organization and see every day as an opportunity to implement positive change in ourselves and to provide support to our peers to take action and grow together as an organization.

## The Value of Diversity and Inclusion

We know companies are stronger when they build an inclusive culture that gives voice to people with different backgrounds, experiences and perspectives. We are committed to fostering a diverse workplace in which we understand, respect and leverage our individual differences, to the benefit of our employees and our business.

Gender pay equality is a priority at KDP. The average base pay for women slightly exceeds men at the levels of non-manager, senior manager or manager and senior director or director, and is only slightly lower at the levels of supervisor and vice president and above.



We are evolving our unified mission and strategy for KDP in this important area and building a plan to bring this vision to life.



Full engagement requires us to care about one another and provide prompt constructive feedback that is translated into enthusiastic action and growth.

**Fernando Cortes**  
Chief Supply Chain Officer

## → Drink Big

In July 2018, the merger of Keurig Green Mountain and Dr Pepper Snapple Group brought together two distinctive cultures representing 25,000+ employees in locations across North America and beyond. From day one, we encouraged a mindset focused on new, bold ambitions. By prioritizing initiatives including leadership conferences, quarterly town halls and new corporate branding and signage, we aimed to unite as one team focused on working with speed to deliver on not only our commitments, but also our ambitions.



## Employee Health and Safety

KDP's commitment to the health and safety of our employees is steadfast, and we want everyone invested and accountable for making our workplace as safe as possible.

Beginning in 2018, we measured our Lost Time Incident Rate (LTIR), which is a true indication of Total Recordable Injuries (TRI) severity.<sup>10</sup> Compared to the prior year, we reduced our LTIR by 56% to 0.17 injuries per 100 employees and decreased our TRI rate by 5.5% to 1.21 injuries per 100 employees, across our beverage manufacturing facilities. These results were achieved by focusing on reducing risk and improving systems throughout our operations. In our cold beverage operations, we embedded the Risk Reduction Number process into our Lean Daily Management system to identify and eliminate risk at all levels of the organization. In our hot beverage plants, we implemented a Peer-to-Peer Safety Observation process to drive out at-risk behavior where the work happens. We will reapply these best practices in 2019 for further progress.

The systems used in our hot and cold beverage plants to manage safety programs in 2018 included injury/illness databases, online safety data sheet (SDS) systems, training systems and technology services to respond to work-related injuries and illnesses. We are now determining which systems are best suited for our combined manufacturing network.

In 2019, we are working toward one health and safety standard in our corporate Environmental Health & Safety (EH&S) strategy. We are focusing on areas of highest potential risk, including powered industrial truck standards, machine guarding standards and common procedures for isolating hazardous energy. We are building improved health and safety capabilities through training, teamwork and best practice sharing throughout the organization.



### Safety Record

	2018	2017
Lost Time Injury Rate (LTIR)	0.17	0.39
Workplace fatalities	0	0
Total Recordable Injury Rate (TRIR)	1.21	1.28

*Note: Rates are calculated as frequency of injuries per 100 employees*



We reduced LTIR by  
**56%**  
 in our beverage  
 manufacturing facilities  
 in 2018.

<sup>8</sup> Prior to 2018, we used the Occupational Safety and Health Administration's (OSHA) Days Away, Restricted or Transferred (DART) metric. LTIR is a subset of DART.



Keurig Dr Pepper welcomes questions about and feedback on our corporate responsibility work.

Please contact our team at [sustainability@kdrp.com](mailto:sustainability@kdrp.com)

