

Modern Slavery Statement 2019

Our Business

Keurig Dr Pepper, Inc. (KDP) is a leading beverage company in North America, with annual revenue in excess of \$11 billion and nearly 26,000 employees. KDP holds leadership positions in soft drinks, specialty coffee and tea, water, juice and juice drinks and mixers, and markets the #1 single serve coffee brewing system in the U.S. and Canada. The Company's portfolio of more than 125 owned, licensed and partner brands includes Keurig®, Dr Pepper®, Green Mountain Coffee Roasters®, Canada Dry®, Snapple®, Bai®, Mott's®, CORE® and The Original Donut Shop®. Through its extensive sales and distribution network, KDP can deliver its portfolio of hot and cold beverages to nearly every point of purchase for consumers. The Company is committed to sourcing, producing and distributing its beverages responsibly through its *Drink Well. Do Good.* corporate responsibility platform, including efforts around circular packaging, efficient natural resource use and supply chain sustainability.

KDP recognizes its responsibility to protect human rights and is committed to exemplifying good human rights and labor practices throughout our business activities. This statement sets out the steps taken by KDP during 2019 to prevent, identify and address human rights and modern slavery risks in our operations and supply chains. It is designed to meet the requirements of the California Transparency in Supply Chains Act of 2010 (SB 657).

KDP Policy and Governance

KDP's enterprise-wide [Corporate Code of Conduct](#) outlines the company's commitments to stakeholders and the expectations of our company and personnel to act in a professional, ethical and legal manner in all their dealings. This includes internal accountability standards and procedures for employees to meet company expectations, including on the topics of sourcing responsibly and respecting human rights. The KDP Corporate Code of Conduct references KDP's governing policies which, in the area of modern slavery, include the KDP Supplier Code of Conduct. All KDP employees are trained on the Corporate Code of Conduct and are required to regularly certify their understanding and commitment to adhere thereto.

KDP's supply chains span the world, from farms producing coffee, corn and apples to the facilities that process those raw materials and the factories that build our appliances. We are committed to identifying and working to address any and all forms of forced or compulsory labor or human trafficking within KDP's supply chains. We are also committed to working in collaboration with the various stakeholders involved in these complex issues. While our most extensive work to date has occurred in our coffee and appliance supply chains, approaches to other key supply chains are under development, starting with cocoa, apple juice concentrate and corn.

The [KDP Supplier Code of Conduct](#) sets out universal requirements applicable to suppliers from any part of the world and for any product supplied to KDP. For our most important supply chains, we go further by specifying product-specific standards such as independent raw material certifications and manufacturing standards. For example, in our appliance supply chains, we specify that all suppliers are expected to follow the [Responsible Business Alliance](#) (RBA) Code of Conduct. The RBA is the world's largest industry coalition focused on corporate social responsibility in global supply chains. For our coffee supply chains, we require adherence to certifications or verifications such as Fair Trade, Rainforest Alliance or UTZ.

The intent behind this approach is not only to ensure a set of clear expectations applying to all KDP's suppliers, but also to recognize that the diversity of our supply chains demands more detailed and product-specific standards, especially as issues such as modern slavery vary greatly by context. All approved product-specific standards are independent programs with their own stakeholder engagement approaches and regular review processes. KDP has developed a rigorous set of requirements for acceptance of product-specific standards across KDP's supply chains, which includes clear expectations around program governance.

Both the Corporate Code of Conduct and the Supplier Code of Conduct are reviewed and approved annually by KDP's Executive Policy Review Group (EPRG). This group ensures consistency across and integration of KDP's Policies and is made up of KDP's Chief Legal Officer, Chief Human Resources Officer, Chief Supply Chain Officer, SVP Corporate Controller and Senior Corporate Counsel.

The KDP Sustainable Supply Chains lead is responsible for supplier policy content and implementation, with oversight by the Chief Sustainability Officer. If any concerns are raised regarding supplier compliance, they are escalated to appropriate members of the relevant leadership team, depending on the severity of the issue, as well as to the Sustainability Governance Committee which is comprised of the Chief Sustainability Officer, Chief Corporate Affairs Officer, Chief Legal Officer, Chief Supply Chain Officer, Chief R&D Officer, Chief Marketing Officer and a Finance executive leader. Regular updates of the action and decisions of this Committee are reported to the Chairman and CEO and full executive leadership team on a regular basis and to the Board of Directors twice annually. As a new company formed in mid-2018, KDP leadership and Board discussions relative to modern slavery have been focused on establishing appropriate policy, procedures and implementation.

Specific to coffee, KDP has also created a Brazilian Coffee Purchasing Policy that requires suppliers of Brazilian coffee to regularly cross check their upstream supply chains against the Brazilian Ministry of Labor and Employment's Dirty List (the "Dirty List"). This list publishes the names of Brazilian estates found to be profiting from conditions of forced labor, and KDP requires suppliers to certify their compliance to the Policy when updates to the Dirty List are published. This policy is sponsored by Keurig Trading, a Switzerland Limited Liability Company (Sàrl), a KDP subsidiary, which manages KDP's procurement of green coffee. Implementation of this policy is owned by the KDP Sustainable Supply Chains lead and any violations or findings are escalated to the Managing Director of Keurig Trading, Sàrl and to the KDP Chief Procurement and Sustainability Officers. Further escalation will follow the previously stated process and includes established Committees and KDP leadership.

Training

KDP regularly trains employees and select targeted suppliers on our expectations regarding social and environmental responsibility. In 2019 we:

- Trained 100% of our Procurement staff on the new KDP Supplier Code of Conduct as well as the unique role played by Procurement in both enforcing the Code and engaging suppliers via a partnership versus policing approach that can result in better collaboration on difficult labor issues¹.
- Paid for six of our appliance suppliers to attend RBA-led Code of Conduct trainings in China and Thailand, resulting in a total of 20 unique suppliers attending KDP-funded training since 2018.
- Required approximately 50 KDP employees, new hires or new to their roles in 2019 and who interact with our appliance suppliers, to complete an e-learning module on the RBA Code of Conduct. 250 employees have been trained since 2018.
- Trained our Brazilian coffee exporters (Tier 2 suppliers to KDP) on the risk of forced labor in their operations and on best practices to mitigate this risk. Led by Verité, this work included conducting field research on labor conditions and then sharing the results with our suppliers. Verité then administered a self-assessment survey to the suppliers and provided individual consultation on the results to support suppliers to improve their own management systems.

Traceability and Risk Assessment

KDP's Supplier Performance Management (SPM) Program creates focused and impactful category strategies, manages and improves supplier performance, and proactively assesses and mitigates supplier risk. The program scope includes Tier 1 and selected Tier 2 and Tier 3 suppliers. To

¹ Elevate. "The Effectiveness of Compliance-Driven versus Partnership-Oriented Responsible Sourcing." Sep. 2017, <https://www.elevatelimited.com/engage/webinars/the-effectiveness-of-compliance-driven-vs-partnership-oriented-responsible-sourcing/>

administer the SPM program, cross-functional internal category teams coordinate to ensure strategies are aligned and business requirements are being met. Social and environmental considerations are an important part of this program and are integrated into the tools and processes of the SPM Program as described below.

- Risk assessments: Suppliers are evaluated on a number of criteria, including labor and human rights risks. KDP utilizes third party risk data purchased from Verisk Maplecroft in order to assess inherent risks at a country and sub-national level, including scores for relevant topics such as forced labor, migrant labor and child labor. If risks are flagged in these areas, the supplier may be selected for a Responsible Sourcing audit.
- Performance monitoring via supplier scorecards: Social and environmental metrics are integrated alongside other commercial metrics. Supplier scores bring visibility to key issues and influence purchasing strategies and decisions.
- Third party assessments: For key Tier 1 and 2 and, in some cases, Tier 3 suppliers, third party assessments are performed based on priority as determined by the SPM Program's evaluation of the supplier's importance to the business and identified risk. The results of these assessments, beyond informing sourcing status, also help us refine our risk assessment for these suppliers and the category overall.
- Supplier Recognition: Superior supplier performance on social and environmental issues also results in recognition of suppliers at KDP supplier award ceremonies.

KDP is aware that significant social and environmental risks exist further upstream than our Tier 1-3 suppliers. As such, we also purchase Verisk Maplecroft commodity-specific risk reports for key raw material inputs focused on the earliest stage of the supply chain. We pair this data with traceability and transparency in our upstream supply chains. In 2019, we achieved upstream visibility to exporter or beyond for 97% of our coffee volume.

Based on a combination of Verisk Maplecroft risk data and our internal data, four key raw materials with a high risk of forced labor are coffee, cocoa, apple juice concentrate and corn. In 2019, we sourced coffee from over 20 countries², cocoa primarily from West Africa³, apple juice concentrate from 11 countries⁴ and corn syrup from the USA and Mexico.

For coffee, we have invested in deeper research on forced labor risk in KDP supply chains within four prioritized coffee producing countries. The highest risks are at the farm level and include child labor, lack of labor inspectors and legal enforcement, vulnerable migrant workers and poor working conditions. In addition to addressing these risks via our product-specific standards, this research supported in-depth root cause analysis to uncover key systemic issues that drive risk, including the use of labor brokers and piece-rate payments resulting in low wages.

For cocoa, the highest risks reside at the farm level and include child labor and a lack of labor inspectors and legal enforcement, especially in West Africa. Though cocoa is a minor raw material input for KDP, we believe the social and environmental risks it carries make it a high priority for our company.

For apple juice concentrate, high risks at the farm level include the presence of vulnerable migrant workers and exploitive recruitment agents. At the processing level, working hours and overtime are key issues for factories in specific high-risk countries like China.

² In 2019, we sourced coffee from the following countries: Brazil, Burundi, China, Colombia, Costa Rica, the Democratic Republic of the Congo, El Salvador, Ethiopia, Guatemala, the United States (Hawaii), Honduras, India, Kenya, Laos, Mexico, Nicaragua, Papua New Guinea, Peru, Rwanda, Indonesia, Tanzania, Uganda and Vietnam.

³ In 2019, our suppliers sourced cocoa primarily from Ivory Coast, Ghana, Nigeria and Cameroon.

⁴ In 2019, we sourced apple juice concentrate from the following countries: USA, China, Poland, Ukraine, Germany, Italy, Argentina, Chile, New Zealand, Turkey and Mexico.

For corn, the highest forced labor risk resides at the farm level and is focused on vulnerable migrant workers.

We will continue to refine our approach to addressing these risks in coffee and are actively developing approaches for cocoa, apple juice concentrate and corn.

Purchasing Practices

KDP recognizes that its purchasing practices, such as supplier contracts and product specifications, play an important role in setting and enforcing expectations for the upstream supply chain. Since the creation of our KDP Supplier Code of Conduct in 2019, we have been rolling out new supplier contracts that include Supplier Code compliance as a business requirement. The Supplier Code is also referenced in our Terms and Conditions, which are linked on all formal Purchase Orders. This provides further coverage in cases where no formal contract is in place (e.g. with minor, transactional suppliers or spot purchases). In addition, we require our most important coffee, appliance, packaging and ingredient suppliers to certify each year that they understand and agree to adhere to the KDP Supplier Code of Conduct. Failure by a supplier to certify their adherence is reflected in the Sustainable Supply Chain section of the SPM Supplier Scorecard described above. These scorecards are then evaluated by the cross-functional category team to identify next steps.

For coffee, we utilize our public commitment to 100% responsibly sourced coffee to specify that all green coffee must meet product specifications that include forced labor compliance. In 2019, we achieved 65% responsibly sourced coffee via purchases of Fair Trade, Rainforest Alliance and Utz certified coffee. We are on track to hit 100% responsibly sourced coffee by the end of 2020, which is in addition to requiring suppliers to adhere to our Brazilian Coffee Purchasing Policy (see Policy section above). Each of our currently approved sustainable sourcing programs for coffee is an ISEAL Alliance member and addresses forced labor.

We go further in coffee by making farm-level social impact investments on key topics such as climate adaptation, access to finance, farmer income diversification and forced labor. Our social impact investment program has existed since 2003 and has invested more than \$63 million toward improving the livelihoods of coffee farmers. In 2019, we managed a portfolio of 17 investment projects globally. Our forced labor work was implemented with Verité and focused on understanding labor conditions across four prioritized coffee producing countries. This work also involved supporting the development of a multi-stakeholder working group⁵ focused on improving labor conditions in the Brazilian coffee sector.

For appliances specifically, we reinforce our commitment to responsible sourcing by requiring that 100% of our high-risk Alliance and Strategic appliance suppliers⁶ complete RBA Validated Assessment Program (VAP) audits and achieve Silver Level status within the RBA VAP Recognition Program⁷. By working closely with these suppliers on health and safety, labor, environmental management, ethics and management systems, we considered 63% of our in-scope suppliers to be responsibly sourced at the end of 2019.

As we solidify our approaches within other supply chains, we will continue to utilize assessments as appropriate to achieve our goals and address forced labor risk.

Labor Recruitment

Given the high risk associated with labor recruitment, KDP takes a strong stance on the issue as evidenced by our Supplier Code language ensuring that our Code applies to “all workers providing

⁵ InPacto's “Mesa de Café Brasil”

⁶ As defined by our SPM program cited above, these include our most important appliance finished goods, component, accessory and appliance packaging suppliers

⁷ While we require our suppliers considered high risk to meet the RBA Silver level, we also require medium-risk suppliers to complete an RBA Self-Assessment questionnaire with a passing score, and low-risk suppliers to sign off on our Supplier Code of Conduct. In 2019, all in-scope suppliers were considered high risk.

work at a supplier location, such as under an employment agency or service provider. It also applies to any subcontractors and third-party labor agencies.” This includes workers who are directly hired by our suppliers, and those that work at our supplier facilities, but are officially employed by a third party.

Our Code also specifies that workers shall not pay recruitment fees, or other related expenses, for their employment. This is a requirement that has been recently enforced within our appliance supply chain, where one of our Asian suppliers relies on migrant labor from various countries. When KDP’s audits identified evidence of recruitment fees being paid by workers, we engaged our supplier to agree on a remediation plan that included repayment of the funds to the workers. A total of 141 workers benefited from this action. We have also enforced this requirement for health exam fees that were charged to workers at other supplier facilities.

More broadly, KDP has made significant efforts to support responsible recruitment in our appliance supply chain via participation in the Responsible Labor Initiative (RLI) of the RBA. We engaged the appliance supplier mentioned above to participate in the Responsible Workplace Program (part of the RLI), that includes providing training to workers and management on worker rights, as well as anonymous worker surveys conducted at regular intervals. We engaged the same supplier to enroll its recruitment agencies into the Responsible Recruitment Program, which provided training to these agencies on how to ensure compliance with customer Codes of Conduct. Positive and concrete outcomes from our auditing and these engagements with this supplier over recent years have resulted in the return of passports to workers, recruitment fee repayments, and other improvements to their responsible recruitment management systems.

Outside of our appliance supply chain, risk of worker recruitment violations is focused beyond our Tier 1 and 2 suppliers, generally at the farm/factory level. For coffee, this is where our product-specific standards come into play, as all have provisions around responsible recruitment, including ensuring freedom of movement. KDP will continue to pay specific attention to recruitment as we expand our efforts across other KDP supply chains.

Audits, Monitoring and Corrective Actions/Remedy

KDP views audits and corrective actions as an important part of our strategy across all supply chain tiers. Whether they are implemented by us, or by our sustainable sourcing partners such as third-party certifications, they provide useful data to assess risk, inform mitigation strategies and address the root causes of key issues. That said, we undertake audits within an overall approach of partnership with suppliers, meaning we support suppliers to continuously improve with the goal of meeting our expectations.

For the first, second and, in some cases, third tier suppliers in scope for our SPM program, KDP conducts third-party assessments based on priority. Priority is determined by the SPM Program’s evaluation of the supplier’s importance to the business and potential risk.

To date, most of these assessments have been in our appliance supply chain due to their relative level of risk within our portfolio. We regularly assess our appliance suppliers against the RBA Code of Conduct using the RBA’s Validated Assessment Program (VAP).

As a beverage company, KDP is heavily reliant on agricultural inputs where the highest labor risks reside upstream, often at farm level. As such, KDP partners with sustainable sourcing programs that operate at or near the farm level and assess compliance to product-specific or agriculture-focused codes. To date, we have utilized this approach in coffee, and we are considering the role to be played by audits in other key supply chains.

In our green coffee supply chains, assessments at farm level are conducted via third party certification standards such as Fair Trade, Rainforest Alliance and UTZ. At the end of 2019, we determined that 65% of the green coffee delivered to us was responsibly sourced under these certification standards. We are on track for 100% of the green coffee delivered to us to be responsibly sourced, as measured under these certification standards, by the end of 2020.

KDP also provides a hotline for any violations of our Corporate Code of Conduct or our Supplier Code of Conduct. The hotline is shared with stakeholders within the Code documents. If a violation from the supply chain is received via this hotline, the third party who manages the hotline would communicate directly with KDP's Legal team. The Legal team would then bring it to the attention of the Procurement and Sustainable Supply Chain team leaders to determine next steps. Depending on the severity of the issue, it would be brought to the Sustainability Governance Committee which is comprised of the Chief Sustainability Officer, Chief Corporate Affairs Officer, Chief Legal Officer, Chief Supply Chain Officer, Chief R&D Officer, Chief Marketing Officer and a Finance executive leader.

Industry Collaboration and Stakeholder Engagement

At the supply chain level, KDP has engaged most directly with local stakeholders on labor risks in our coffee supply chains. We have been working with Verité since 2015 to research labor dynamics and support our strategy to address risks in key green coffee origin countries. This work involves: a) improving awareness and understanding for KDP, our suppliers, and other coffee stakeholders of the nature, scale, and scope of farm labor issues, and b) developing and refining tools to identify and address risks and to engage in constructive, inclusive, practical dialogue at the sector level. As part of this effort, we are now collaborating with Verité on the Cooperation on Fair, Free, Equitable Employment (COFFEE) Project focused on addressing labor risks in Colombia, Mexico, and Brazil.

At the industry level, we are engaging in several multi-stakeholder initiatives focused on forced labor. We are active members of the [Sustainable Coffee Challenge](#) (SCC) and hold a seat on their Advisory Council. Within the SCC, we participate in a working group focused on enabling the coffee sector to take concrete, collective action to eradicate forced and child labor in coffee and ensure working conditions that enable all workers involved in coffee production to prosper. This group plans to launch its first collective action project in 2020.

For appliances, leveraging our membership in the [Responsible Business Alliance \(RBA\)](#), we participate in their Responsible Labor Initiative (RLI) working group including the [Responsible Workplace Program \(RWP\)](#), which aims to transform the market for ethical recruitment practices. Several of the labor brokers used by this supplier also participated in the [RLI's Responsible Recruitment Program \(RRP\)](#).

Finally, in 2019 we joined [Business for Inclusive Growth \(B4IG\)](#), a new coalition of multinationals supported by the OECD and launched at the G7 Leaders' Summit in Biarritz. The coalition aims to accelerate concrete projects to fight inequalities in companies and global supply chains. We are members of the Working Group on Advancing Human Rights focused on Forced and Child Labor and expect the group to launch its first collective actions in 2020.

Additional information on our sustainable supply chain programs can be found on the [KDP website](#).