

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Keurig Dr Pepper (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 is designed to satisfy virtually any consumer need, any time, and includes Keurig®, Dr Pepper®, Green Mountain Coffee Roasters®, Canada Dry®, Snapple®, Bai®, Mott's®, CORE® and The Original Donut Shop®. Through its powerful 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. For more information, visit, www.keurigdrpepper.com.

We compile this report amidst an extraordinary global health crisis and as our nation tackles issues of equality and justice. During these tumultuous times we reaffirm our commitment to listening, learning, revising and responding to the changing needs of the many stakeholders across our value chain. Against this backdrop, we are proud of how quickly and effectively our 26,000 employees have united to keep each other safe and healthy, deliver for our customers and consumers and provide for our communities. Our response reflects our commitment to harness the collective power of our business to make a positive impact in the lives we touch.

In 2019, we introduced our new corporate responsibility platform, Drink Well. Do Good. Through this platform we established multiyear goals and initiatives for our supply chain, the environment, health and wellbeing and our communities. To meet these ambitious commitments, we designed a comprehensive and flexible program, allowing us to direct resources toward opportunities that are meaningful to our planet, our business and our people.

The impacts and volatility of COVID-19 are expected to be significant in 2020, and the timing and pacing of re-opening all or parts of the economy are highly uncertain. Our priorities during the COVID-19 pandemic are protecting the health and safety of our employees, maximizing the availability of our products for our consumers and Fueling the Frontline to provide our products to first responders who are fighting the COVID-19 pandemic.

Throughout this response, we refer to our "hot business" and our "cold business". The "hot business" reflects our coffee segment which consists of our single-serve brewing system appliances, K-Cup® pods and other coffee products, and the "cold business" includes our packaged beverages, beverage concentrates, and Latin America beverages segments with CSDs, NCBs, other ready-to-drink beverages, and apple products.

Cautionary Statement: Certain statements contained herein are "forward-looking statements" which by their nature address matters that are, to different degrees, uncertain, such as statements regarding the estimated or anticipated future actions of Keurig Dr Pepper Inc. These statements are based on the current expectations of our management and are not predictions of actual performance, and are subject to a number of risks and uncertainties regarding the company's business and actual results may differ materially. Any forward-looking statement made herein speaks only as of the date of this document. We are under no obligation to, and expressly disclaim any obligation to, update or alter any forward-looking statements, whether as a result of new information, subsequent events or otherwise, except as required by applicable laws or regulations.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2019	December 31 2019	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

- Canada
- China
- China, Hong Kong Special Administrative Region
- Luxembourg
- Mexico
- Republic of Korea
- Singapore
- Switzerland
- United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

- USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

- Operational control

C-AC0.6/C-FB0.6/C-PF0.6

(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?

	Relevance
Agriculture/Forestry	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Processing/Manufacturing	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Consumption	Yes [Consumption only]

C-AC0.6b/C-FB0.6b/C-PF0.6b

(C-AC0.6b/C-FB0.6b/C-PF0.6b) Why are emissions from agricultural/forestry activities undertaken on your own land not relevant to your current CDP climate change disclosure?

Row 1

Primary reason

Do not own/manage land

Please explain

KDP sources coffee, sugar, apples, and other beverage commodity ingredients from North America and around the globe via importers based on a number of factors like quality, certifications, and cost. The company is not vertically integrated in its agricultural supply chain and does not own any farms/crop production land or agricultural processing. Emissions from agricultural/forestry activities undertaken on land that is not owned/managed by KDP are outside of the boundary for GHG reporting.

C-AC0.7/C-FB0.7/C-PF0.7

(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodity

Other, please specify (Coffee)

% of revenue dependent on this agricultural commodity

20-40%

Produced or sourced

Sourced

Please explain

KDP's hot business consists of our single-serve brewing system appliances, K-Cup® pods and other coffee products. A very small proportion of our hot beverage portfolio includes cocoa, tea, powdered drinks, and dairy, but coffee represents the majority of the hot beverage portfolio.

Agricultural commodity

Other, please specify (Apples)

% of revenue dependent on this agricultural commodity

Less than 10%

Produced or sourced

Sourced

Please explain

Apples are the primary ingredient in our Mott's® branded applesauce products. (Apple juice products are dependent on apple juice concentrate, not considered in the scope for this response).

Agricultural commodity

Sugar

% of revenue dependent on this agricultural commodity

Less than 10%

Produced or sourced

Sourced

Please explain

We source cane sugar for several of our beverage brand products.

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board Chair	KDP's Executive Chairman and CEO has ultimate oversight for the performance of the business including its sustainability strategy and goals. This position's responsibility for climate-related issues covers potential risk impacts to the organization as part of overall enterprise risk management and oversight; emissions and energy targets approval; and performance against these public goals.
Chief Executive Officer (CEO)	KDP's Executive Chairman and CEO has ultimate oversight for the performance of the business including its sustainability strategy and goals. This position's responsibility for climate-related issues covers potential risk impacts to the organization as part of overall enterprise risk management and oversight; emissions and energy targets approval; and performance against these public goals.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding risk management policies Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	KDP's Board of Directors reviews matters of the Company's corporate sustainability efforts bi-annually, including climate-related issues (but also: environment including water, waste, and packaging, health and wellness, philanthropy, and responsible sourcing). This process informs the Board's oversight of progress against goals and targets as well as the implementation of risk-management policies.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Sustainability Officer (CSO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Half-yearly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Chief Sustainability Officer (CSO) reports to the Chief Corporate Affairs Officer and leads Corporate Responsibility (CR) (also referred to as Sustainability) for KDP including development of vision and strategy as well as the day-to-day management, collaborating with a cross-functional team of employees across the organization, including such areas as procurement, supply chain, research and development, quality, facilities, human resources and legal, to drive execution and measurement of the CR strategy. Our rationale for having responsibility for climate-related issues lie with these positions is that they each have enterprise-wide scope, allowing them to assess risk and opportunity across the organization and its value chain, which is appropriate given the potential for climate issues to affect the company as a whole.

In addition to this key role, the Chief Sustainability Officer convenes the Sustainability Governance Committee, comprised of key functional Executive Leadership Team (ELT) members, which monitors progress monthly and approves key, cross-functional CR initiatives. The Committee's responsibilities for climate-related issues are to review information on greenhouse gas emissions of the company, climate scenario assessment informing the company's newly-approved science-based target, and related topics. The full KDP ELT ensures our program aligns with the long-term objectives of the business and maintains broad oversight of programs and progress.

Our rationale for having responsibility for climate-related issues lie with the Sustainability Governance Committee is because it is the appropriate body to own these responsibilities since it can view the information cross-functionally from an executive perspective, act to guide the company's response to the issues, and consider climate within the full scope of sustainability impact of the company. Further, the members serve to actively integrate the sustainability vision and strategy into relevant functions. For example, the teams led by the Chief Supply Chain Officer and the Chief R&D Officer – both members of the Governance Committee – collaborate to select packaging material such as PET plastic for our bottled CSDs. The teams have aligned the organization to evaluate and source recycled content PET (rPET) which will reduce the Scope 3 emissions associated with our packaging. The Corporate Affairs executive directs interaction with and response to investors on climate topics and oversees the submission of information contained in this disclosure in the interest of transparency and communication with investors.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Chief Sustainability Officer (CSO)	Non-monetary reward	Emissions reduction target	Achievement of progress against our CR goals is recognized internally for all employees involved through acknowledgement in company-wide meetings, internal news items, or team events. Our CSO oversees energy and emissions targets and practices that are integrated to relevant functions and included in their annual performance goals.
Buyers/purchasers	Non-monetary reward	Environmental criteria included in purchases	KDP purchases coffee that is managed under certification schemes such as Fair Trade, Rainforest Alliance, and UTZ Certified, which encourage practices with climate change mitigation or adaptation benefits. Our goal is that by 2020, 100% of our green coffee purchases will meet one of those certification programs. In addition, KDP funds projects with specific suppliers to support the implementation of these practices. For Procurement, we capture the percentage of coffee that is responsibly sourced. Progress towards our responsible sourcing goals is publicized and buyers/purchasers are responsible via their annual goals to deliver to annual targets for traceability and responsibly sourced coffee. Accordingly, they receive recognition for their contributions.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	These are the timeframes that our legal & internal audit function utilizes when evaluating appropriate horizons over which to focus their work on risk assessment.
Medium-term	1	3	These are the timeframes that our legal & internal audit function utilizes when evaluating appropriate horizons over which to focus their work on risk assessment.
Long-term	3	10	These are the timeframes that our legal & internal audit function utilizes when evaluating appropriate horizons over which to focus their work on risk assessment. Much of our sustainability-focused strategy fits in the long-term time horizon, for example in 2019 we set 2025 targets. Please note - long-term is anything beyond 3 years, 10 was selected as proxy for this. It depends on the issue and relevance over time as to what timeframe beyond 3 years would be considered, and it could be more than 10 years.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

KDP defines 'substantive impact' at the corporate level as a risk that could cause material financial change to our business. This definition is inclusive of direct and indirect impacts to operations, services and our supply chain. This distinction is in line with other KDP ERM risk assessment and audit processes. An impact that constitutes a quantifiable indicator of climate-related substantive change could be based on any or a combination of the following:

- Frequency of impact - a single or multiple occurrences over a 10-year time horizon.
- Disruption to production - at our manufacturing or distribution facilities as well as facilities of our suppliers, bottlers, contract manufacturers or distributors.
- U.S. and international laws and regulations could adversely affect our business.
- Weather, natural disasters, climate change legislation and the availability of water could adversely affect our business.
- Costs and supply for commodities, such as raw materials and energy, may change substantially and shortages may occur.
- Damage to our reputation - Product safety and quality concerns could negatively affect our business.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

At KDP, a variety of approaches and processes lend themselves to identifying, assessing and responding to climate-related risks and opportunities, applied at relevant frequencies for the related topics. At KDP, Enterprise Risk Management (ERM) is a periodic process designed to identify potential risk events that may significantly impact the achievement of the company's objectives and to manage those risks to be within the company's risk tolerance (i.e. willingness and/or ability to take risks). Through this process climate change, particularly around its potential for operations disruption impacts and the issue of water security, was identified as a potential risk area. As stated in the risk factors section of our annual Form 10K which was filed with the Securities and Exchange Commission on February 27, 2020, weather, natural disasters, water availability and climate change or related legislation could adversely affect our business. Climate-related risks could lead to substantive impact through one or more of the following: 1) physical damage 2) increased regulatory constraints, 3) impacts to operations or services, or 4) damage to our reputation. KDP further defines 'substantive impact' at the corporate level as a risk that could cause material financial change to our business. This definition is inclusive of direct and indirect impacts to operations, services and our supply chain. This distinction is in line with other KDP ERM risk assessment and audit processes. An impact that constitutes a climate related substantive change could be based on any or a combination of the following: • Frequency of impact - a single (or multiple) occurrence over a 10-year time horizon. • Disruption to production - at our manufacturing or distribution facilities as well as facilities of our suppliers, bottlers, contract manufacturers or distributors. • U.S. and international laws and regulations could adversely affect our business. • Weather, natural disasters, climate change legislation and the availability of water could adversely affect our business. • Costs and supply for commodities, such as raw materials and energy, may change substantially and shortages may occur. • Damage to our reputation - Product safety and quality concerns could negatively affect our business. Risks and opportunities related to climate change are identified via three different mechanisms: our EHS process, carbon inventorying, and our Environmental KPI Scorecard: •EHS process: KDP utilizes audit tools and 3rd party compliance assessments to ensure all sites comply with applicable local and states laws, including environmental laws relating to air pollution and clean water. •Carbon inventorying and Energy Star Benchmarking: Through our partners, KDP tracks and calculates the carbon output from our U.S.-based buildings and manufacturing on a monthly basis, and that information is added to annual carbon emissions data from our fleet, Mexico operations, third-party logistics, and currently captured value-chain carbon. Understanding our asset level carbon data, and associated trending, gives KDP decision makers relevant information from which to make possible mitigation decisions. Moreover, our Plano corporate headquarters building's energy consumption is reported to the U.S. EPA's Energy Star Portfolio Manager, which assists in benchmarking our buildings' energy usage (our Plano TX and Burlington MA headquarters buildings are LEED Gold certified). •Environmental KPI Scorecard: We collect data on water, waste, and energy to integrate into our Environmental Scorecard, which is produced on a monthly basis. This process assists KDP in quickly and proactively identifying outliers to resolve possible environmental issues. Our sustainability strategy is based on the most important sustainability issues for our Company and for our stakeholders. We utilize sustainability materiality analysis to prioritize the risks and opportunities, and we take into account the above data, tools, and context in developing our responses and actions to manage each issue identified, including climate. One example of how the climate-related risk assessment process has been applied to physical risks is our decision to cascade resource consumption, pollution prevention and waste minimization guidelines to our suppliers through our Supplier Code of Conduct. These guidelines state that business shall be conducted in a manner which proactively embraces sustainability. Suppliers shall optimize their consumption of natural resources, including energy and water. Compliance with these guidelines also presents a climate-related opportunity as it results in resource conservation and improved environmental quality for our suppliers and nearby communities. One example of how the climate-related opportunity assessment process is applied to transitional opportunities is our goal that by 2020, 100% of our green coffee purchases will be responsibly sourced and meet one of the following accepted sustainability programs: Fair Trade USA, Fairtrade International, Rainforest Alliance or UTZ. KDP is committed to high standards of social and environmental responsibility and ethical conduct. We believe this presents an opportunity for KDP to strengthen the resilience of our suppliers, as well as establishing ourselves and our products as an ethical choice to increasingly informed and discerning consumers and investors alike.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Concern over climate change has led to legislative and regulatory initiatives directed at limiting greenhouse gas ("GHG") emissions. For example, proposals that would impose mandatory requirements on GHG emissions continue to be considered by policy makers in the countries in which we operate. Laws enacted that directly or indirectly affect our production, distribution, packaging, cost of raw materials, fuel, ingredients and water could all negatively impact our business and financial results, which is why KDP considers regulatory risk in our climate-related risk assessment. At KDP, Enterprise Risk Management (ERM) is a process designed to identify potential risk events that may significantly impact the achievement of the company's objectives and to manage those risks to be within the company's risk tolerance. Risks relating to current regulation are relevant and always included in that process.
Emerging regulation	Relevant, always included	Concern over climate change will continue to lead to legislative and regulatory initiatives directed at limiting greenhouse gas ("GHG") emissions. For example, emerging proposals that would impose mandatory requirements on GHG emissions continue to be considered by policy makers in the countries in which we operate. Laws enacted that directly or indirectly affect our production, distribution, packaging, cost of raw materials, fuel, ingredients and water could all negatively impact our business and financial results, which is why KDP considers regulatory risk in our climate-related risk assessment. At KDP, Enterprise Risk Management (ERM) is a process designed to identify potential risk events that may significantly impact the achievement of the company's objectives and to manage those risks to be within the company's risk tolerance. Risks relating to emerging regulation are relevant and always included in that process.
Technology	Relevant, always included	We use a significant amount of energy in our business, and therefore may be significantly impacted by changes in fuel costs due to the large truck fleet we operate in our distribution business and our use of third-party carriers. As part of our 2025 sustainability targets, we have committed to procuring 100% renewable electricity for our operations, and in 2020 we set a science-based target (SBT). We evaluate risks and opportunities across our value chain, therefore, to be able to meet an SBT. For example, one opportunity is the use of alternative fuel or electric vehicles in our fleet. Alternative fuel, hybrid and electric vehicle and charging infrastructure technology is still maturing in North America, particularly for long-haul trucks, and may not be available in the locations or in the volume required to adapt our fleet. This means we continue to rely on fossil fuels and the associated business risks of fuel costs, which is why KDP considers technology risk in our climate-related risk assessment. Risks relating to technology are relevant and always included in the process of identifying risks and opportunities related to climate change.
Legal	Relevant, always included	From time to time we may be a party to various litigation claims and legal proceedings. From time to time we may be a defendant in class action litigation. Plaintiffs in class action litigation may seek to recover amounts that are large and may be indeterminable for some period of time. We evaluate litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and estimate, if possible, the amount of potential losses. We will establish a reserve as appropriate based upon assessments and estimates in accordance with our accounting policies. We will base our assessments, estimates and disclosures on the information available to us at the time and rely on legal and management judgment. Actual outcomes or losses may differ materially from assessments and estimates. Costs to defend litigation claims and legal proceedings and the cost and any required actions arising out of actual settlements, judgments or resolutions of these claims and legal proceedings may negatively affect our business and financial performance. Any adverse publicity resulting from allegations made in litigation claims or legal proceedings may also adversely affect our reputation, which in turn could adversely affect our results of operations, which is why KDP considers legal risk in our climate-related risk assessment. At KDP, Enterprise Risk Management (ERM) is a process designed to identify potential risk events that may significantly impact the achievement of the company's objectives and to manage those risks to be within the company's risk tolerance. Legal risks are relevant and always included in that process.
Market	Relevant, always included	The industries in which we operate are highly competitive and continue to evolve in response to changing consumer preferences. Competition is generally based upon brand recognition and perception, taste, quality, price, availability, product selection, performance and convenience. Brand recognition and perception may be impacted by the effectiveness of our advertising campaigns and marketing programs, as well as our use of social media and online ratings and reviews of our its products, including our appliances. In addition, our success in maintaining, extending and expanding our brands' image will depend on our ability to adapt to a rapidly changing media environment, including an increasing reliance on social media and online dissemination of advertising campaigns and marketing programs. Within the LRB category, we compete with multinational corporations with significant financial resources. For example, our two largest competitors in the LRB category are Coca-Cola and PepsiCo, each of which has a significantly higher share of the U.S. LRB category than us. Large competitors can use their resources and scale to rapidly respond to competitive pressures and changes in consumer preferences by introducing new products, changing their route to market, reducing prices or increasing promotional activities. Within the LRB category, we also compete with a number of smaller brands and a variety of smaller, regional and private label manufacturers. Smaller companies may be more innovative, better able to bring new products to market and better able to quickly exploit and serve niche markets. We also compete for contract manufacturing with other bottlers and manufacturers. In Canada, Mexico and the Caribbean, we compete with many of these same international companies as well as a number of regional competitors. If we are unable to compete effectively, our sales could decline. As a result, we would potentially reduce our prices or increase our spending on marketing, advertising and product innovation, which could negatively affect our business and financial performance, which is why KDP considers market risks in our climate-related risk assessment. At KDP, Enterprise Risk Management (ERM) is a process designed to identify potential risk events that may significantly impact the achievement of the company's objectives and to manage those risks to be within the company's risk tolerance. Market-related risks are relevant and always included in that process.
Reputation	Relevant, always included	Consumers' preferences can change due to a variety of factors, including the age and ethnic demographics of the population, social trends, negative publicity, economic downturn or other factors. For example, in the LRB industry, consumers are increasingly concerned about health and wellness, focusing on the caloric intake associated with regular CSDs, the use of artificial sweeteners in diet CSDs and the use of natural, organic or simple ingredients in LRB products. As such, the demand for CSDs has decreased as consumers have shifted towards NCBs, such as water, ready-to-drink coffee and teas, and sports drinks. A key component of our growth strategy is continuing to develop, partner with or acquire products to cater to the next wave of consumer preferences, including NCBs and other growing beverage categories. If we do not effectively anticipate these trends and changing consumer beverage preferences and quickly develop new products or partner with a current or new brand partner in the relevant category in response, our sales could suffer. Developing and launching new products can be risky and expensive. Consumers are also increasingly focused on sustainability, with particular attention to the recyclability of product packaging, reducing consumption of single-use plastics and non-recyclable materials, and the environmental impact of manufacturing operations. If we do not meet consumer demands by providing recyclable packaging options and focusing on sustainability throughout our manufacturing operations, our sales could suffer. If we are not successful in timely response to changing markets and consumer preferences, and/or some of our competitors are better able to respond to these changes, our business and financial performance will be negatively affected, which is why KDP considers reputational risks in our climate-related risk assessment. At KDP, Enterprise Risk Management (ERM) is a process designed to identify potential risk events that may significantly impact the achievement of the company's objectives and to manage those risks to be within the company's risk tolerance. Reputational risks are relevant and always included in that process.
Acute physical	Relevant, always included	A disruption in production at our beverage concentrates manufacturing facility, which manufactures almost all of our concentrates, or at our other facilities, could have a material adverse effect on our business. In addition, a disruption could occur at any of our other facilities or those of our suppliers, bottlers, contract manufacturers or distributors. The disruption could occur for many reasons, including fire, natural disasters, weather, water scarcity, manufacturing problems, disease, epidemics, strikes, transportation or supply interruption, contractual dispute, government regulation, cybersecurity attacks or terrorism. For example, our Houston, TX plant closed for ~4 days following Hurricane Harvey in 2017 due to heavy flooding. As the severity of extreme weather events increase, we acknowledge the inherent risks to production capacity and incorporate those assessments into our Enterprise Risk Management processes accordingly. Moreover, if demand increases more than we forecast, we will need to either expand our capabilities internally or acquire additional capacity. Alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more than existing facilities or may take a significant time to start production, each of which could negatively affect our business and financial performance, which is why KDP considers acute physical risks in our climate-related risk assessment. At KDP, Enterprise Risk Management (ERM) is a process designed to identify potential risk events that may significantly impact the achievement of the company's objectives and to manage those risks to be within the company's risk tolerance. Acute physical risks are relevant and always included in that process.
Chronic physical	Relevant, always included	Unusual weather, natural disasters or long-term climate changes may negatively impact the price or availability of raw materials, energy and fuel, our ability to produce and demand for our products. Unusually cool weather during the summer months or unusually warm weather during the winter months may result in reduced demand for our products and have a negative effect on our business and financial performance. Global climate change poses a serious threat to communities, businesses, farmers and ecosystems. Climate change is already affecting the agricultural sector, and disruptions to crop growing conditions are expected to increase with extreme weather events, increasing temperatures, and changing water availability. The competition for water among domestic, agricultural and manufacturing users is increasing in the countries where we operate, and as water becomes scarcer or the quality of the water deteriorates, we may incur increased production costs or face manufacturing constraints which could negatively affect our business and financial performance. Even where water is widely available, water purification and waste treatment infrastructure limitations could increase costs or constrain our operations. We are also faced with the impact of disruptions to crop growing conditions as a result of changing weather patterns, which can cause changes in geographical ranges of crops, as well as weeds, diseases and pests that affect those crops. For example, in 2012, an outbreak of Coffee Leaf Rust – the highest incidence in 40 years – infected more than half of Central America's coffee farms and caused losses reaching \$1 billion in the 2012 – 2013 harvest, according to the International Coffee Organization. Root Capital launched the Coffee Farmer Resilience Initiative in partnership with Keurig Green Mountain, USAID, and others. These impacts may limit availability or increase the cost of key agricultural commodities, such as coffee and corn and tea, which are important sources of ingredients for our products, which is why KDP considers chronic physical risks in our climate-related risk assessment. At KDP, Enterprise Risk Management (ERM) is a process designed to identify potential risk events that may significantly impact the achievement of the company's objectives and to manage those risks to be within the company's risk tolerance. Chronic physical risks are relevant and always included in that process.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**Identifier**

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods
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Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Severe weather including tornadoes, snowstorms, hurricanes and flooding could affect our operations and sales. According to the 2014 National Climate Assessment, "there has been a substantial increase in most measures of Atlantic hurricane activity since the early 1980s...including...intensity, frequency, and duration as well as the number of strongest (Category 4 and 5) storms. By late this century, models, on average, project an increase in the number of...Category 4 and 5...hurricanes. Models also project greater rainfall rates in hurricanes in a warmer climate, with increases of about 20% averaged near the center of hurricanes." A disruption to our operations could occur for many reasons, including but not limited to fire, natural disasters, weather including extreme precipitation, water scarcity, epidemics, transportation or supply interruption. These physical risks could negatively impact our direct operations, potentially decreasing production for a period of time. Severe weather could also result in increased demand as people stock up before a storm, and reduced demand due to grocery/retail closures following a storm. As the severity of extreme weather events increase, we acknowledge the inherent risks to production capacity and incorporate those assessments into our Enterprise Risk Management processes accordingly. While our inventory planning and geographically diverse production and distribution sites to ship from can provide a buffer against temporary plant shutdowns, sales are nevertheless affected when retail stores are forced to temporarily close. We undertake numerous actions before, during, and after storm events to minimize disruption to our customers.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

90000

Potential financial impact figure – maximum (currency)

105000

Explanation of financial impact figure

To estimate potential financial impact, we assume a portion of sales are lost in a regional market in the Southeast in the week following a storm. We use syndicated IRI regional sales data for 1 week during hurricane season (June to November) in Miami and Houston adjusted for stockouts and estimated lost operating income, and including distribution from alternate sourcing locations. This impact could range from \$90,000 to \$105,000.

Cost of response to risk

0

Description of response and explanation of cost calculation

Any disruption in production or inability of our manufacturing sites to produce adequate quantities to meet our needs, whether as a result of a natural disaster or other causes, could significantly impair our ability to meet demand for packaged beverage products. We have operations across the Southeastern U.S. which is a region often in the path of hurricanes. For example, our Houston, TX plant closed for ~4 days following Hurricane Harvey in 2017 due to heavy flooding. After Hurricane Harvey, many area sales outlets were closed for days. We have a business continuity plan that mitigates risk in case of a business disruption. The plan has a two-pronged approach that utilizes company manufacturing sites and supplier manufacturing sites to make products in the event of a business disruption. Intellectual property is protected in this process to avoid any risk to our brands. Cost data of this management method is proprietary. Precise cost data would be highly dependent on the exact scenario of weather impacts, the products and the routes to market affected. In the case of hurricanes when there is typically ample warning, we work in advance to adjust inventory, distribution, and product mix to limit the effects of any retail disruptions or closures. The low costs of management for this risk are associated with the full-time employees who manage inventory and distribution planning, as part of regular business, and therefore, even as severe weather events require response, the cost of management is not incremental to business as usual and we indicate the cost of response as \$0.

Comment**Identifier**

Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns
------------------	---

Primary potential financial impact

Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

The principal raw materials used in our business are packaging materials and agricultural commodities including green coffee, paper products, juices, teas, fruit, sweeteners, as well as water, and other ingredients. These ingredients and packaging costs can fluctuate substantially and comprise almost 60% of our cost of sales. According to the IPCC and the U.S. National Climate Assessment, climate change is already affecting the agricultural sector, and disruptions to crop growing conditions are expected to increase with extreme weather events, increasing temperatures, and changing water availability. This may cause changes in geographical ranges of crops, as well as weeds, diseases and pests that affect those crops. Agricultural commodity prices could increase as a result of these or other climate impacts. While changing prices or climate-related disruptions to supply for any of KDP's inputs could materially and adversely affect our business, we provide examples here related to green coffee. The rationale for this focus is that coffee is a significant agricultural raw material for our Coffee Systems segment (which contributed 38% of 2019 net sales and 51% of 2019 income from operations for KDP) and climate change is having obvious impacts on the success of coffee cultivation and thus on the livelihoods of coffee farmers. KDP recognizes the threat of climate change as a long term risk to its coffee supply chain and to the farming communities the company depends upon. Specifically, the risk comes from decreased or shifting agricultural productivity in coffee-growing regions as a result of increasing temperatures, changes in precipitation patterns, and extreme variability in weather patterns. Coffee crops are highly sensitive to changes in weather, which can decrease both quantity and quality of harvests. These changes could potentially pose a substantive risk to KDP in the form of increased prices and availability of the type, quality and quantity of coffee beans we require. As these climate-related changes constrain coffee, diseases could be harder to manage. For example, in 2012, an outbreak of Coffee Leaf Rust – the highest incidence in 40 years – infected more than half of Central America's coffee farms and caused losses reaching \$1 billion in the 2012 – 2013 harvest, according to the International Coffee Organization.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

50000000

Potential financial impact figure – maximum (currency)

70000000

Explanation of financial impact figure

This financial estimate assumes the risk of the change in agricultural commodity prices is entirely unhedged. KDP utilizes commodities derivative instruments and supplier pricing agreements to hedge the risk of movements in commodity prices for limited time periods and certain commodities. For the purpose of this response, we note that as of December 2019, the impact of a 10% change (increase or decrease) in agricultural commodities market prices is estimated to be approximately \$70M, again, assuming no hedging or other adjustments are implemented.

Cost of response to risk

418000

Description of response and explanation of cost calculation

To mitigate the risk of climate change and the implications on the cost of raw agricultural materials, KDP is expanding its responsible sourcing program and we anticipate that supporting additional climate-focused initiatives for other agricultural commodities will be appropriate. Our response here highlights a key coffee initiative. For coffee, we work with farmers and industry coalitions to ensure positive impact in our supply chain on three levels: (1) Traceability: Understanding our risks and opportunities for supporting farming communities. By working with our suppliers, we have achieved a milestone of 97% of our beans being traceable back to the exporter, mill, group, or farm. (2) Compliance: Engaging our suppliers in understanding and complying with responsible sourcing standards. These range from a commitment to our Supplier Code of Conduct to purchasing coffee that is responsibly sourced. (3) Beyond Compliance: Investing in coffee communities and in coffee R&D helps us address larger challenges like climate change, farmer profitability, and the need to keep young people in farming. For example, among many organizations we support to drive climate resiliency in coffee and for coffee farmers, 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 stress. A core element of its research strategy is identifying and/or creating coffee varieties that will be climate resilient and disease resistant, while maintaining high productivity and quality. During 2019, WCR launched two free best practice guides for nurseries and seed producers worldwide, completed the first production harvest of experimental hybrids in Central America, completed a breakthrough new genome assembly of Coffee Leaf Rust, and expanded their global network of farmer field trials dedicated to improving farmer profitability. Keurig Green Mountain was a founding member and now, as KDP, we are one of the organization's largest donors, having invested more than \$3.3 million since 2012. Thus, we have invested on average approximately \$418,000 a year in WCR (\$3.3M/8 yrs = ~\$418k/yr). KDP not only invests in WCR's work, but also contributes to its strategic direction by serving on the Board of Directors.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Mandates on and regulation of existing products and services
---------------------	--

Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Emerging legislation requiring post-consumer recycled (PCR) plastic content in packaging poses potential risks if we are unable to secure sufficient supply at required quality levels on a timeline to comply. To illustrate an example of the risk for PCR, we describe polyethylene terephthalate (PET) plastic usage and availability. In 2019, PET bottles made up 69% of our plastic packaging footprint. Studies have shown that bottles made with recycled PET plastic (rPET) have lower greenhouse gas (GHG) emissions than those made with virgin PET (for example, Benavides et. al. 2018 found 20% lower GHG for 35% rPET bottles). In an analysis of the U.S. markets for rPET, The Recycling Partnership (TRP) found that there is a significant gap between the available supply of rPET and the demand created by the goals that brands have set to use rPET. Specifically, using 2017 data, TRP notes a 1.6 billion pound shortfall of rPET bottle supply in the U.S. if all brands using PET in bottles, on average, target 25% recycled PET by 2025. We expect there to be competition for the available supply of food-contact suitable rPET as well as continued rPET demand for other applications such as textiles. The same risks could also affect others in our value chain such as suppliers and bottlers. These challenges introduce risk to our ability to deliver on our PCR goal and its associated carbon emissions reduction, and could impact our ability to comply with emerging regulation. For example, California's 2019 draft legislation AB793 would set minimum PCR plastic content levels for plastic bottles, such as beverage containers. The draft legislation would impose graduated fines for violations if companies only partially achieve the PCR requirements. Higher fines would be imposed on a company that uses 25% of the PCR required by the legislation than on a company that achieves 75% of the required usage.

Time horizon

Medium-term

Likelihood

Unlikely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

360000

Potential financial impact figure – maximum (currency)

1500000

Explanation of financial impact figure

Due to the various risks to rPET supply or other limitations, we estimate that for use of up to 75% of the PCR pounds mandated by the draft legislation, the financial impact would be between approximately \$360K and \$1.5M per year for compliance in the state of California. KDP PET and rPET volumes are public in CA.

Cost of response to risk

100000000

Description of response and explanation of cost calculation

This figure represents the entire industry fund to which KDP and the other companies have contributed to improve plastic recycling in North America. It is not a KDP-only number. \$100M x 100% of this multi-partner industry fund = \$100M. Regardless of pending legislation which we monitor, KDP is working to ensure all of our packaging is designed to be recyclable by 2025. This includes working to replace or re-design components of packaging that may prove detrimental to collection, sortation, or re-processing. Additionally, KDP is working with specific rPET manufacturers to secure supply of high quality rPET resin that will meet the needs for our bottles. KDP supports numerous initiatives that improve recycling, such as our recent work at the beverage industry level. In October 2019, KDP together with Coca-Cola and PepsiCo launched the Every Bottle Back initiative, a breakthrough effort to reduce the industry's use of new plastic by making significant investments to improve the collection of the industry's valuable plastic bottles so they can be made into new bottles. Critically, the initiative will improve the quality and availability of recycled plastic in key regions of the country by directing the equivalent of \$400 million to TRP and Closed Loop Partners through a new \$100 million industry fund that will be matched three-to-one by other grants and investors. The investments will be used to improve sorting, processing and collection of recyclables in areas with the biggest infrastructure gaps to help increase the amount of recycled plastic available to be remade into beverage bottles.

Comment**C2.4****(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

C2.4a**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.****Identifier**

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

We are focused on reducing our energy use and greenhouse gas (GHG) emissions to lessen our environmental impact. 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. KDP uses a significant amount of energy in our business operations. For example, in 2019 KDP consumed 1,687,000 MWH of various types of energy. KDP uses electricity and natural gas in order to convert raw materials such as coffee, tea, and apples into beverages. In 2019, KDP consumed 1,062,000 MWH for electricity and natural gas. Increased resource efficiency could result in substantial cost savings through reduced operating costs.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

28000000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

For our science-based target (SBT) analysis, we used a 10+ year time horizon to 2030 (a common practice for SBT development) to estimate energy efficiency opportunities. These are high-level estimates that will need to be further validated. We have extrapolated from our audits that continuing and expanding current energy efficiency programs could deliver net savings of approximately \$28M in costs for natural gas and electricity over a time horizon to 2030. The cumulative net savings total recognizes ongoing savings in future years through 2030 of prior year efficiency gains (not just one-year energy cost savings).

Cost to realize opportunity

1000000

Strategy to realize opportunity and explanation of cost calculation

As part of our analysis of opportunities to set and achieve an SBT, we have identified energy efficiency at our manufacturing sites as an opportunity to reduce our Scope 1 and 2 emissions. We have conducted a set of internal energy audits of our facilities and have identified opportunities including LED lighting and potential for greater efficiency in our compressed air systems. Pursuing energy efficiency will be a key strategy for our implementation of our science based target. The carbon reduction estimates from these initiatives depends on the degree to which we then reduce electricity emissions through renewable energy and renewable energy certificate (REC) purchases. We estimate they would be in the range of 20,000 to 50,000 metric tons CO2e. The net savings for the opportunity are after estimated opex and capex spend of approximately \$12.5M (~\$1M/year).

Comment**Identifier**

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of recycling

Primary potential financial impact

Other, please specify (Investing in collection and recycling will support the circular economy and reduce risk of emerging regulation penalties)

Company-specific description

KDP acknowledges that demonstrating continued improvement and building opportunities to reduce value chain emissions will enhance our reputation with stakeholders and potentially contribute business benefit. Circular solutions are at the heart of our sustainable packaging efforts and we continue to focus on three priority areas: design, increased recovery, and use of recycled materials. We believe that action in each of these areas contributes to a circular economy, has the potential to reduce emissions, and enables us to meet or exceed requirements outlined in emerging draft regulations. Regulators, such as the State of California, are considering PCR content requirements. To the extent we are prepared with packaging that already contains PCR at the levels required, we have an opportunity to avoid potential fines. For example, California's 2019 draft legislation AB793 would set minimum PCR plastic content levels for plastic bottles, such as beverage containers. The draft legislation would impose graduated fines for violations if companies only achieve the PCR requirements for certain portions of their volume. For example, higher fines would be imposed on a company that uses 25% of the PCR required by the legislation than on a company that achieves 75% of the required usage.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

360000

Potential financial impact figure – maximum (currency)

1500000

Explanation of financial impact figure

We expect that if we successfully incorporate PCR in advance of regulatory penalties being imposed, we could avoid non-compliance fees. We estimate that those fees could be between approximately \$360K and \$1.5M per year, if we did not meet the full regulatory requirements for PCR usage. Therefore, the financial benefit of avoiding these fines would be the same, between approximately \$360K and \$1.5M per year.

Cost to realize opportunity

30000000

Strategy to realize opportunity and explanation of cost calculation

Overall, KDP has committed over \$30 million to collaborative projects and partnerships across the value chain in North America to encourage the circular economy since 2015. This commitment is calculated as the total of KDP's investments and contributions to initiatives and organizations such as the Closed Loop Fund, The Recycling Partnership, WWF, and Keep America Beautiful. We take a portfolio approach to circular solutions and invest in both product innovation and infrastructure for material recovery. End-of-life product recovery and recycling is as important as innovative product design in supporting the circular economy. KDP has taken action by making investments with partners that focus on recovery and recycling. Using our strength in forming partnerships, we collaborate closely with a number of industry groups, NGOs, investment firms and communities. For example, KDP was an initial investor in the \$100 million Closed Loop Fund to enhance recycling infrastructure and sustainable manufacturing technologies, and this investment to date has supported keeping 1.3 million tons of waste out of landfills and avoiding 3 million tons of greenhouse gas emissions.

Comment**Identifier**

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient modes of transport

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

As part of the analysis supporting our science based target, we have modeled fleet efficiency as a long-term strategy to 2030. Emissions from our combined fleet were approximately 152K MTCO₂e, which was about 42% of our scope 1 and 2 emissions in 2019. Converting to more fuel-efficient technologies may provide an opportunity to reduce emissions. We actively manage transportation of our products using our fleet of approximately >7,500 vehicles in the U.S. and Mexico, as well as third party logistics providers. Additionally, the sales fleets for our Van Houtte Coffee Services in Canada has approximately 300 vehicles.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1200000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Modeling of this opportunity assumes that KDP pursues 12.5% total fuel efficiency within its cold truck fleet from 2020 through 2030, increasing evenly each year up to 12.5% total. The savings from fuel efficiency measures are calculated as an assumed fuel price per gallon saved, for a total of \$16M. The estimated cost of new efficiency technologies is \$4M for net savings of \$12M. \$12M divided by 10 years is \$1.2M per year.

Cost to realize opportunity

400000

Strategy to realize opportunity and explanation of cost calculation

We have modeled fleet efficiency as a long-term strategy to 2030. Investigating and implementing efficiency technologies and practices such as aerodynamic devices and idling reduction is underway at KDP and will continue to evolve along with advances in these technologies. This is high-level modeling from today's standpoint and various factors such as performance of specific technologies will affect the actual implementation of efficiency measures in the fleet, and could change the estimates in either direction. If all technologies under investigation are implemented and estimated costs hold, the cost estimate for technologies under investigation for the fleet is \$4M. \$4M divided by 10 years is \$400,000 per year.

Comment

Cost to realize opportunity is an annual figure

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

No, but we anticipate using qualitative and/or quantitative analysis in the next two years

C3.1c

(C3.1c) Why does your organization not use climate-related scenario analysis to inform its strategy?

As of 2019, KDP has not yet used climate-related scenario analysis to inform business strategy because our science-based target does not take effect until the following year. However, KDP has set an approved science-based target (to take effect in 2020) to reduce our emissions and has undertaken an assessment to understand the implications of doing so. As part of this process, we selected the Well-Below 2°C Scenario (WB2DS) given the scientific, political and societal alignment around the need to meet that target. We also assessed the 1.5°C Scenario. By considering multiple scenarios for forecasted growth of our business and for “business as usual (BAU)” reductions (e.g., ongoing efficiency measures and grid carbon intensity reductions) and resulting further reduction needs to achieve the Well-Below 2°C and 1.5°C by 2030, we were able to identify specific risks and opportunities for us to address and pursue. KDP used climate-related scenario analysis to inform business strategy as it pertains to our science-based target.

Time horizons considered: 2018 – 2030.

Breadth of the analysis: The SBT assessment applies to our organization as a whole, utilizing inputs from specific business owners throughout the organization to evaluate growth trajectories with regard to KDP’s Scope 1, 2, and 3 footprint (including raw material inputs, suppliers, facilities, fleet, production, sales, customer use of our products, and end of life).

Results: Based on the SBT work that was done in 2017-2019, we found that even with a conservative growth projection and 100% RECs to offset Scope 2, there will be a significant gap to achieve the WB2DS by 2030. We have identified options for closing the gap, and estimated costs and savings associated with implementing these options. Results of the scenario analysis work provided insights on where our emissions are likely to grow and focus our efforts where they can have the biggest impact over the short, medium and long term while also providing financial and strategic business benefits. As we evaluate project portfolios, consider targets and set focus areas, the analysis is a fundamental building block in informing those decisions. For example, for Scope 3, we identified that the energy intensity of our brewer appliances is an important contribution to our footprint, which prompted us to investigate how to reduce the energy use of our brewers without compromising quality. Our brewer appliance development teams have learned about the benefit to our emissions profile of default auto-off settings, and in fiscal 2017 began implementing changes across new appliance introductions which were further implemented across the portfolio in 2018 and 2019. Additionally, to meet our 2020 target of 100% of our KCup® pods being recyclable, we are changing the plastic material of the cup portion of the pod to be made from polypropylene vs. a multi-layered polystyrene material.

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	KDP acknowledges that demonstrating continued improvement and building opportunities to reduce emissions associated with our products and services will enhance our reputation with our consumers. Climate-related risks and opportunities have influenced several key environmental sustainability goals set by the company, including water efficiency, as well as packaging material reductions. These efficiency improvements help us meet our energy/emissions reduction targets in the short-term. Some examples of strategic decisions KDP has made with regard to our products and services include: reducing packaging material impact by changing the material in our K-Cup® pods from a multi-layer plastic to polypropylene, and helping our customers to reduce their energy usage and greenhouse gas emissions through our coffee brewer default settings that save energy.
Supply chain and/or value chain	Yes	Climate-related risks and opportunities have influenced KDP’s business objectives and strategy as it relates to our supply chain in a number of ways. Coffee is a significant agricultural raw material for our coffee systems business (which contributed 38% of 2019 net sales and 51% of 2019 income from operations for KDP) and climate change is having obvious impacts on the success of coffee cultivation and thus on the livelihoods of coffee farmers. For example, KDP purchases supply chain risk data that includes climate impact and resilience data for the countries of origin of our key raw materials. This data helps us to understand where we have supply chains that operate in high risk environments. For coffee, the data show that the risk of quality and supply disruptions is high within most countries of origin over the next 20-50 years. An example of a substantial strategic decision in this area is our commitment to 100% responsibly sourced coffee. To us, responsibly sourced coffee is coffee grown and sold in adherence to a credible, sustainable sourcing program that aligns with our KDP Supplier Code of Conduct. To date, these programs have included Fairtrade International, Fair Trade USA, Rainforest Alliance and Utz. Each of these programs includes specific water- and climate-smart agricultural practices as part of achieving the certification. In order to sell coffee to KDP (and other buyers seeking sustainably sourced coffee), suppliers must achieve and maintain the certification, including the criteria focused on climate.
Investment in R&D	Yes	Therefore, circular solutions are at the heart of our sustainable packaging efforts, and we continue to focus on three priority areas: innovative design, increased recovery and use of recycled materials. We know driving demand for recycled plastics by increasing our use of PCR content is critical to supporting the broader circular economy, in addition to reducing our use of virgin plastic and our own carbon footprint. One example of a strategic decision KDP has made with regard to investment in R&D is that in 2019, we manufactured our first brewers with PCR plastic and are exploring ways to increase its use across our brewer portfolio. In 2019, 20% of our overall packaging was PCR, and we are investing in initiatives to increase the quantity and quality of recycling as we march toward our goal to use 30% PCR content across our portfolio by 2025.
Operations	Yes	Climate-related risks and opportunities have influenced KDP’s business objectives and strategy as it relates to our operations. As part of the analysis supporting our science-based target, we have modeled fleet efficiency as a long-term strategy to 2030. Emissions from our combined fleet were about 42% of our scope 1 and 2 emissions in 2019. Converting to more fuel-efficient technologies may provide an opportunity to reduce emissions. An example of a substantial strategic decision in this area is that we actively manage transportation of our products using our fleet (owned and leased) of approximately 6,000 and 1,700 vehicles in the U.S. and Mexico, respectively, as well as third party logistics providers. Investigating and implementing efficiency technologies and practices such as aerodynamic devices and idling reduction is underway at KDP and will continue to evolve along with advances in these technologies.

C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Capital expenditures Capital allocation	Consumers are increasingly focused on sustainability, with particular attention to the recyclability of product packaging, reducing consumption of single-use plastics and non-recyclable materials, and the environmental impact of manufacturing operations. If we do not meet consumer demands by providing recyclable packaging options and focusing on sustainability throughout our manufacturing operations, our sales could suffer. If we are not successful in timely responding to changing markets and consumer preferences, and/or some of our competitors are better able to respond to these changes, our business and financial performance will be negatively affected. As part of our packaging strategy, we have committed to using 30% post-consumer recycled (PCR) material across all our packaging materials portfolio by 2025. Our procurement practices have been influenced. As we focus on the continuous improvement of our manufacturing and distribution, new construction capital and equipment purchasing decisions are made with environmental efficiency in mind. For example, we have modeled fleet efficiency as a long-term strategy to 2030. Converting to more fuel-efficient technologies may provide an opportunity to reduce emissions. At KDP's new Texas headquarters under construction in a growing area just north of Dallas, our sustainability commitments will be brought to life for employees and visitors as we implement actions aimed at reducing the building's environmental impact. The facility is targeting a high LEED certification (for Commercial Interiors), and will integrate recycled material, including recycled KDP packaging, into furniture and surfaces throughout the space. Inspirational signage and branding in all areas of the new facility will inform and educate our teams and our guests about our sustainability journey and commitments. In addition, our new Spartanburg manufacturing site has achieved LEED Certification making it the Largest Industrial Manufacturing Facility certified under LEEDv4 BD+C in North America (as of July 1, 2020). Our facilities have been impacted. As we seek to continuously improve our understanding of our environmental performance and reduce our impacts, everything from lighting projects to employee behavior change can impact operating costs. Our transition to recyclable K-Cup® pods requires changes to our existing production lines and some supply chain components.

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2019

Target coverage

Business activity

Scope(s) (or Scope 3 category)

Scope 1

Intensity metric

Metric tons CO2e per unit of production

Base year

2019

Intensity figure in base year (metric tons CO2e per unit of activity)

0.00009896

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

0.58

Target year

2020

Targeted reduction from base year (%)

2

Intensity figure in target year (metric tons CO2e per unit of activity) [auto-calculated]

0.0000969808

% change anticipated in absolute Scope 1+2 emissions

0.14

% change anticipated in absolute Scope 3 emissions

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.00009843

% of target achieved [auto-calculated]

26.7784963621664

Target status in reporting year

New

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Please explain (including target coverage)

We have set an approved Science-Based Target that will be active in 2020. In the interim, our most material operational emissions come from roasting coffee, and we set annual efficiency improvement targets. The 2% efficiency improvement is on >80% of our coffee roasting facilities' Scope 1 emissions. Over the lifetime of these annual targets, we have improved our roasting efficiency by 32% (tracked via the natural gas energy use in therms per pound of coffee roasted).

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2019

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

Percentage

Target denominator (intensity targets only)

<Not Applicable>

Base year

2018

Figure or percentage in base year

28

Target year

2025

Figure or percentage in target year

100

Figure or percentage in reporting year

47

% of target achieved [auto-calculated]

26.3888888888889

Target status in reporting year

Underway

Is this target part of an emissions target?

Yes

Is this target part of an overarching initiative?

RE100

Please explain (including target coverage)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*		
Implementation commenced*		
Implemented*	1	40215
Not to be implemented		

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy consumption	Other, please specify (Solar and Wind RECs)
-------------------------------	---

Estimated annual CO2e savings (metric tonnes CO2e)

40215

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

180000

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

This year's renewable energy certificate (REC) purchase included Green-e wind and solar RECs. A portion of the RECs were intentionally selected from grids that have less renewable power and where KDP has operations.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	
Dedicated budget for other emissions reduction activities	We annually budget for the purchase of RECs.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Polypropylene recyclable K-Cup® pods

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify (GaBi software used to inform and estimate)

% revenue from low carbon product(s) in the reporting year

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

To meet our 2020 target of 100% of our K-Cup® pods being recyclable, we are changing the plastic material of the cup portion of the pod to be made from polypropylene vs. a multi-layered polystyrene material. We have used GaBi data to quantify this.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1 2018

Base year end

December 31 2018

Base year emissions (metric tons CO2e)

273576

Comment

Scope 2 (location-based)

Base year start

January 1 2018

Base year end

December 31 2018

Base year emissions (metric tons CO2e)

166484

Comment

Scope 2 (market-based)

Base year start

January 1 2018

Base year end

December 31 2018

Base year emissions (metric tons CO2e)

137560.36

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

268712

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

162746

Scope 2, market-based (if applicable)

97345

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Fugitive emissions from vending and HVAC

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

No emissions excluded

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why this source is excluded

HFC emissions from this source are considered to be de minimus

Source

Some small international commercial offices are excluded

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

No emissions excluded

Relevance of market-based Scope 2 emissions from this source (if applicable)

Please select

Explain why this source is excluded

Considered to have a de minimus impact

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

4048579

Emissions calculation methodology

Hot side: Coffee, packaging and brewer impact calculated from numbers purchased and LCA data for coffee production or for each type of packaging or brewer. Nitrogen use estimated from prior inventories. Environmentally Extended Input-Output emission factors applied to expenditure on other Purchased Goods and Services. Cold side: Includes product ingredients and in-house packaging; ingredients, consumer packaging, IO are based on primary data. Remainder of results have been estimated from studies of representative products. Environmentally Extended Input-Output emission factors applied to expenditure on other Purchased Goods and Services.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

86

Please explain

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

34831

Emissions calculation methodology

Hot and Cold side: Environmentally Extended Input-Output emission factors applied to expenditure on Capital Goods.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

93618

Emissions calculation methodology

Emission factors from DEFRA and IEA were applied to fuel consumption based on fuel type and to electricity consumed in 2019.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

380842

Emissions calculation methodology

Hot side: Calculated from reports of weights and distances moved by mode. Relevant emission factors applied to total tonne-km or vehicle-km as appropriate. Previous year's activity data applied as proxy. Cold side: Value US EPA Smartway report of 3rd party freight.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

80

Please explain

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

6120

Emissions calculation methodology

Emissions based on reported operations waste total tonnages for various waste streams were multiplied by relevant emission factors per the GHG protocol.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

9335

Emissions calculation methodology

Emissions from air travel are accounted for in this category. Data on distance travelled were obtained and categorized into long, medium and short haul. US EPA Emission factors were then applied for each type (US EPA 2020, Emission factors for Greenhouse gas inventories, Version 26 March 2020).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

53681

Emissions calculation methodology

Total number of employees was multiplied by an average distance of 11.5 miles per one-way trip. It was assumed that 85% of the total trips made was by car (Source: 2018 National Household Travel Survey) with the other 15% by train. Emission factors applied corresponding to Passenger Car and Commuter Rail were adopted from US EPA 2020 (Emission factors for Greenhouse gas inventories, Version 26 March 2020).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

KDP does not lease any upstream assets.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

960902

Emissions calculation methodology

Cold side: Retailer chilling, distribution of all goods including 3rd party bottlers and Allied brands. Estimated from studies of representative products based on actual sales data.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

We calculate emissions from this category for the cold side of the business only.

Processing of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2648284

Emissions calculation methodology

Cold side: Estimated from studies of representative products multiplied by sales figures. Includes third-party bottling, including packaging for 3rd party bottled products (plus manufacturing waste).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

We calculate emissions from this category for the cold side of the business only. Actual sales data informs estimates for emissions.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

381773

Emissions calculation methodology

Hot side: Brewer use was estimated from technical data about power ratings and estimates of lifetime hours in use for each brewer type. Relevant country electricity emission factors were applied to the total kWh. Cold side: Estimated from studies of representative products multiplied by actual sales figures.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

For the hot side of the business, this includes some proxy data used for brewer type. For the cold side of the business, actual sales data informs estimates for emissions.

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

131058

Emissions calculation methodology

Hot side: Assumed all brewers produced will be landfilled apart from those returned to the company, which are recycled. EOL impact derived from brewer LCA. Actual quantities of coffee, coffee packaging with assumed rates for EOL streams. Cold side: Has been estimated from studies of representative products multiplied by sales figures.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

75

Please explain

Based on a limited amount of product data.

Downstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO2e

700

Emissions calculation methodology

Fugitive emissions from downstream leased vending and cold drink equipment were determined to be de minimis. Assumed 1.5% leakage per year with, primarily, R-134a as the refrigerant.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

KDP does not have franchises.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Investments are not a material contribution to our total S3 emissions.

Other (upstream)

Evaluation status

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Other (downstream)

Evaluation status

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

C-AC6.6/C-FB6.6/C-PF6.6

(C-AC6.6/C-FB6.6/C-PF6.6) Can you break down your Scope 3 emissions by relevant business activity area?

Yes

C-AC6.6a/C-FB6.6a/C-PF6.6a

(C-AC6.6a/C-FB6.6a/C-PF6.6a) Disclose your Scope 3 emissions for each of your relevant business activity areas.

Activity

Agriculture/Forestry

Scope 3 category

Purchased goods and services

Emissions (metric tons CO2e)

869182

Please explain

This number represents emissions from raw ingredients for the hot and cold sides of the business. Total weight of raw coffee purchased was multiplied by a Gabi emission factor for coffee growing to give total agriculture emissions for coffee used in the hot side. For the cold side, estimates of the impacts of sugar, fruit, fruit juice, coffee and natural sweeteners were made based on LCAs of typical soft drink products multiplied by actual sales figures for relevant types of product.

Activity

Processing/Manufacturing

Scope 3 category

Processing of sold products

Emissions (metric tons CO2e)

262362

Please explain

This number represents energy impacts from outsourced manufacturing for the cold side of the business. The outsourced manufacturing impact was estimated based on LCAs of typical soft drink products multiplied by actual sales figures for different types of product.

Activity

Distribution

Scope 3 category

Downstream transportation and distribution

Emissions (metric tons CO2e)

960902

Please explain

We calculate emissions from this category for the cold side of the business. The impact of downstream distribution was estimated based on LCAs of typical soft drink products multiplied by actual sales figures for different types of product.

Activity

Consumption

Scope 3 category

Use of sold products

Emissions (metric tons CO2e)

381773

Please explain

For the hot side of the business, brewer use was estimated from technical data about power ratings and estimates of lifetime hours in use for each brewer type. Relevant country electricity emission factors were applied to the total kWh. For the cold side of the business, this has been estimated based on LCAs of typical soft drink products multiplied by actual sales figures for different types of product.

Activity

Consumption

Scope 3 category

End of life treatment of sold products

Emissions (metric tons CO2e)

131058

Please explain

For the cold side of the business, this has been estimated from LCAs of typical soft drink products multiplied by actual sales figures for different types of product. For the hot side of the business, it is assumed all brewers produced will be landfilled apart from those returned to the company, which are recycled. EOL impact derived from brewer LCA and multiplied by actual sales figures. It is assumed that all pods and coffee will be landfilled except for those coffee pods that are sent to the take-back scheme, which are recycled and the coffee content is composted. Quantities of coffee and pod material were multiplied by emission factors derived from WARM (EPA model) in line with GHG Protocol.

C-AC6.8/C-FB6.8/C-PF6.8

(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?

No

C-AC6.9/C-FB6.9/C-PF6.9

(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?

Agricultural commodities

Other (Coffee)

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

Total weight of raw coffee purchased was multiplied by a Gabi emission factor for coffee growing to give total agriculture emissions for coffee used in the hot side.

Agricultural commodities

Other (Apples)

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

For the cold side, we calculate emissions based on LCAs multiplied by purchased quantities for relevant types of product.

Agricultural commodities

Sugar

Do you collect or calculate GHG emissions for this commodity?

Yes

Please explain

For the cold side, estimates of the impacts of sugar and natural sweeteners were made based on LCAs of typical soft drink products multiplied by purchased quantities for relevant types of product.

C-AC6.9a/C-FB6.9a/C-PF6.9a

(C-AC6.9a/C-FB6.9a/C-PF6.9a) Report your greenhouse gas emissions figure(s) for your disclosing commodity(ies), explain your methodology, and include any exclusions.

Sugar

Reporting emissions by

Total

Emissions (metric tons CO2e)

45779

Denominator: unit of production

<Not Applicable>

Change from last reporting year

This is our first year of measurement

Please explain

For the cold side, estimates of the impacts of sugar and natural sweeteners were made based on LCAs of typical soft drink products multiplied by purchased quantities for relevant types of product.

Other

Reporting emissions by

Total

Emissions (metric tons CO2e)

28775

Denominator: unit of production

<Not Applicable>

Change from last reporting year

About the same

Please explain

Total weight of raw coffee purchased was multiplied by a Gabi emission factor for coffee growing to give total agriculture emissions for coffee used in the hot side.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000329188

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

366057.23

Metric denominator

unit total revenue

Metric denominator: Unit total

1112000000

Scope 2 figure used

Market-based

% change from previous year

11.73

Direction of change

Decreased

Reason for change

11% decrease in combined Scope 1 and 2 emissions and an increase in revenue

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	267079.08	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	109.29	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	1523.57	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United States of America	245624.27
Canada	10162.26
Mexico	12925.41

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
United States of America - hot business	20384.69
United States of America - cold business	225239.58
Canada - hot business	10162.26
Mexico - beverages	12925.41

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Hot side	30546.95
Cold side	238164.99

C-AC7.4/C-FB7.4/C-PF7.4

(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?

Yes

C-AC7.4b/C-FB7.4b/C-PF7.4b

(C-AC7.4b/C-FB7.4b/C-PF7.4b) Report the Scope 1 emissions pertaining to your business activity(ies) and explain any exclusions. If applicable, disaggregate your agricultural/forestry by GHG emissions category.

Activity

Processing/Manufacturing

Emissions category

<Not Applicable>

Emissions (metric tons CO2e)

116080.99

Methodology

Default emissions factor

Please explain

This number represents all stationary emissions

Activity

Distribution

Emissions category

<Not Applicable>

Emissions (metric tons CO2e)

128949.89

Methodology

Default emissions factor

Please explain

This number represents emissions from diesel trucks

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United States of America	125148.9	63151.69	344154.51	184038.02
Mexico	33990.83	33990.83	71075.24	0
Canada	3407.41	5.95	23233.94	23101.98
Republic of Korea	1.92	1.92	3.56	0
China, Hong Kong Special Administrative Region	14.39	14.39	19.75	0
China	119.29	119.29	189.43	0
Switzerland	17.52	5.06	145.29	0
Luxembourg	31.55	42.09	92.19	0
Singapore	14.08	14.08	35.5	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
US – Hot business	25890.75	196.83
US - Cold business	99488.56	63157.63
Canada - Hot business	3375.74	0
Mexico - beverages	33990.83	33990.83

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Hot business	29266.5	196.83
Cold business	133479.39	97148.46

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	40215	Decreased	9.78	RECs were purchased to cover 100% electricity emissions from Hot side and our Plano facility, and 39% of electricity emissions from all other Cold side facilities. The change in emissions between the current reporting year and 2018 was calculated as (97,345 tCO2e - 137,560 tCO2e / 411,136 tCO2e = -9.78%).
Other emissions reduction activities	4864	Decreased	1.18	During 2019, Scope 1 emissions decreased by 1.18% primarily due to emissions reductions from fleet vehicles and business travel, largely a result of our ongoing fleet efficiency initiative. The decrease was calculated as (268,712 tCO2e - 273,576 tCO2e / 411,136 tCO2e = -1.18%).
Divestment		<Not Applicable >		
Acquisitions		<Not Applicable >		
Mergers		<Not Applicable >		
Change in output		<Not Applicable >		
Change in methodology		<Not Applicable >		
Change in boundary		<Not Applicable >		
Change in physical operating conditions		<Not Applicable >		
Unidentified		<Not Applicable >		
Other		<Not Applicable >		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	182.24	1248107.77	1248290
Consumption of purchased or acquired electricity	<Not Applicable>	207140	231809.42	438949.42
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	207322.24	1479917.19	1687239.42

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Distillate Oil

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1430.88

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

10.24268

Unit

kg CO2e per gallon

Emissions factor source

EPA, "Emission Factors for Greenhouse Gas Inventories," Table 1 Stationary Combustion Emission Factors, March 26, 2020

Comment

Fuels (excluding feedstocks)

Diesel

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

506723.16

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

10.21

Unit

kg CO2 per gallon

Emissions factor source

EPA, "Emission Factors for Greenhouse Gas Inventories," Table 1 Stationary Combustion Emission Factors, March 26, 2020

Comment

Fuels (excluding feedstocks)

Natural Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

623645.82

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.18107

Unit

metric tons CO2e per MWh

Emissions factor source

EPA, "Emission Factors for Greenhouse Gas Inventories," Table 1 Stationary Combustion Emission Factors, March 26, 2020

Comment

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

38225.81

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

8.78

Unit

kg CO2 per gallon

Emissions factor source

EPA, "Emission Factors for Greenhouse Gas Inventories," Table 2 Mobile Combustion CO2 Emission Factors, March 26, 2020

Comment

Fuels (excluding feedstocks)

Propane Gas

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

12863.07

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

5.74081

Unit

kg CO2e per gallon

Emissions factor source

EPA, "Emission Factors for Greenhouse Gas Inventories," Table 1 Stationary Combustion Emission Factors, March 26, 2020

Comment

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

56659.68

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

5.68

Unit

kg CO2 per gallon

Emissions factor source

EPA, "Emission Factors for Greenhouse Gas Inventories," Table 2 Mobile Combustion CO2 Emission Factors, March 26, 2020

Comment

Fuels (excluding feedstocks)

Jet Kerosene

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

6852.05

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

9.75

Unit

kg CO2 per gallon

Emissions factor source

EPA, "Emission Factors for Greenhouse Gas Inventories," Table 2 Mobile Combustion CO2 Emission Factors, March 26, 2020

Comment

Fuels (excluding feedstocks)

Compressed Natural Gas (CNG)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

1597.83

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

0.18576

Unit

metric tons CO2 per MWh

Emissions factor source

EPA, "Emission Factors for Greenhouse Gas Inventories," Table 2 Mobile Combustion CO2 Emission Factors, March 26, 2020

Comment

Fuels (excluding feedstocks)

Other, please specify (Ethanol)

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization

182.24

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

5.75

Unit

kg CO2 per gallon

Emissions factor source

EPA, "Emission Factors for Greenhouse Gas Inventories," Table 2 Mobile Combustion CO2 Emission Factors, March 26, 2020

Comment

Fuels (excluding feedstocks)

Residual Fuel Oil

Heating value

HHV (higher heating value)

Total fuel MWh consumed by the organization109.48

MWh fuel consumed for self-generation of electricity

<Not Applicable>

MWh fuel consumed for self-generation of heat

<Not Applicable>

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Emission factor

11.30645

Unit

kg CO2e per gallon

Emissions factor source

EPA, "Emission Factors for Greenhouse Gas Inventories," Table 2 Mobile Combustion CO2 Emission Factors, March 26, 2020

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Wind

Country/region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed accounted for at a zero emission factor

194407

Comment

Energy attribute certificates, Renewable Energy Certificates (RECs)

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Solar

Country/region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed accounted for at a zero emission factor

6198

Comment

Energy attribute certificates, Renewable Energy Certificates (RECs)

Sourcing method

Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type

Other, please specify (low-carbon technology)

Country/region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed accounted for at a zero emission factor

6535

Comment

Energy attribute certificates, Renewable Energy Certificates (RECs)

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2019 CDP Climate Change Statement KDP_18Aug2020.pdf

Page/ section reference

page 1

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2019 CDP Climate Change Statement KDP_18Aug2020.pdf

Page/ section reference

page 1

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2019 CDP Climate Change Statement KDP_18Aug2020.pdf

Page/ section reference

page 1

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Employee commuting

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

ERM CVS 2019 CDP Climate Change Statement KDP_18Aug2020.pdf

Page/section reference

Page 1

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Energy consumption	ISAE 3000	Total direct energy usage (MWh) and total indirect energy usage (MWh) have been verified. To validate our external reporting, we obtained third-party assurance from ERM CVS in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) at limited assurance level. The assurance statement is attached to this filing and this question. ERM CVS 2019 CDP Climate Change Statement KDP_18Aug2020.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

96

% total procurement spend (direct and indirect)

68

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

For this section, we have focused the scope on green coffee. The rationale is that coffee is a significant agricultural raw material for our coffee systems business (which contributed 38% of 2019 net sales and 51% of 2019 income from operations for KDP) and is also one where climate change is having obvious impacts on the success of coffee cultivation and thus on the livelihoods of coffee farmers. For example, KDP purchases supply chain risk data that includes climate impact and resilience data for the countries of origin of our key raw materials. This data helps us to understand where we have supply chains that operate in high risk environments. For coffee, the data show that the risk of quality and supply disruptions is high within most countries of origin over the next 20-50 years. As part of our commitment to 100% responsibly sourced

coffee, we are increasing our purchases of certified/verified sustainably sourced coffee. The rationale for coverage (i.e. percentage of suppliers and percentage total procurement spend) is based on the number of suppliers that participate in our responsible sourcing commitment and the % of spend represented by the 65% of our total volume that we purchased as Responsibly Sourced in 2019

Impact of engagement, including measures of success

The partners we currently work with on our Responsible Sourcing Program are Fair Trade USA, Fairtrade International, Rainforest Alliance and Utz. Each of these programs includes specific water- and climate-smart agricultural practices as part of achieving the certification. In order to sell coffee to KDP (and other buyers seeking sustainably sourced coffee), suppliers must achieve and maintain the certification, including the criteria focused on climate. The information requested of suppliers relates specifically to the compliance criteria and codes of practice required by each certification scheme. They include data around climate change adaptation and mitigation (e.g. soil management, shade cover, farm management plans, etc.). This information feeds the certification status of each farm/group, which is what KDP relies on in order to purchase 'responsibly sourced' coffee from that farm/group. Success for KDP is measured by the % of responsibly sourced coffee that is delivered to us each fiscal year (65% in 2019). Success at the farm level is measured by the actual performance metrics around climate-smart agriculture. KDP is also supporting coffee farms (via investments) to increase their climate- and water-smart practices and this work in turn supports farmers to achieve and maintain their certification status.

Comment

This response pertains to our green coffee business only.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change
Other, please specify (Investments)

% of suppliers by number

28

% total procurement spend (direct and indirect)

2

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

KDP engages with coffee farmers throughout the regions from which it sources coffee. Climate change poses a significant risk to the coffee industry and will not only impact our ability to deliver the quality coffee that our consumers know and love, but will have a significant impact on the communities where coffee is grown. As weather patterns change, the areas where it can be grown are being threatened, endangering future crops. KDP invests in agronomy programs that directly support farmer capacity-building to adapt to climate change. Since 2003, we've invested more than \$63 million with partners towards efforts to improve livelihoods and one of our main focus areas for these investments is Climate Adaption and Water Stewardship. For the coverage noted above, we used the % of our suppliers that source coffee for us from the farmer groups engaged in the referenced Climate Projects and the % of our total procurement spend those purchases represent. The impact of these programs is to improve the resilience of coffee farmers and farms to risks associated with climate change.

Impact of engagement, including measures of success

The impact of these programs is to improve the resilience of coffee farmers and farms to risks associated with climate change. We measure success through common metrics such as the number of farmers who have adopted climate smart agricultural practices promoted by the project. Some examples of our Climate Projects are: (1) Blue Harvest: KDP has invested more than \$5.6 million in Blue Harvest over the last six 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 3,000 farmers to apply water- and climate-smart practices on their coffee farms, protected more than 40,000 hectares of critical watersheds, and improved drinking water for more than 150,000 people. (2) Heifer Mexico: KDP has supported Heifer to work with 750 farmer households in Chiapas to improve coffee productivity and quality, diversify on-farm production, and implement climate-smart practices. (3) Colombia Farmer Capacity Building (2 programs): Programs provide training to farmers on climate-smart agricultural practices and subsidize infrastructure to manage coffee wastewater, working with over 2000 farmer households.

Comment

This response pertains to our green coffee business only.

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services
Other, please specify (Development)

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

World Coffee Research (WCR) is an industry-backed agricultural Research & Development organization focused on growing, protecting and enhancing coffee as a global crop. KDP was a founding member of WCR and is one of the organization's largest donors, having invested more than \$3.3 million since 2012. Thus, we have invested on average approximately \$418,000 per year in WCR. KDP not only invests in WCR's work, but also contributes to its strategic direction by serving on the Board of Directors. Due to WCR's extensive, global network of partners, and more than 294+ trials across 15 countries, the impact of WCR's coffee agricultural research covers the entirety of our green coffee sourcing.

Impact of engagement, including measures of success

A core element of WCR's research strategy is identifying and/or creating coffee varieties that will be climate resilient and disease resistant, while maintaining high productivity and quality. WCR also conducts the field work to test these varieties (for example, farmer field trials), addresses systemic barriers to adoption (for example, nursery infrastructure), and brings scientific rigor to other critical research (for example, pest and disease). During 2019, WCR launched two free best practice guides for nurseries and seed producers worldwide, completed the first production harvest of experimental F1 hybrids in Central America, completed a breakthrough new genome assembly of Coffee Leaf Rust, and expanded their global network of farmer field trials dedicated to improving farmer profitability. KDP also works to directly connect our suppliers to WCR's resources, and in 2019 continued to fund 30 on-farm technology trials with KDP suppliers. These trials are designed to test new combinations of varieties and climate-smart agronomy practices against the farmer's current practices to support real-world learning for both our suppliers and the global coffee community, through the aggregated data.

Comment

This response pertains to our green coffee business only.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.**Type of engagement**

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number**% of customer - related Scope 3 emissions as reported in C6.5****Portfolio coverage (total or outstanding)**

<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement

Walmart is an important customer and has led a charge to reduce supply chain emissions via its Project Gigaton. We joined the campaign as Keurig Green Mountain in FY17 and have retained "Giga-Guru" status as listed on their site: <https://www.walmartsustainabilityhub.com/supplier-recognition>. We regularly share sustainability information including our GHG footprint and efforts to reduce it with other customers during business meetings.

Impact of engagement, including measures of success

The engagement has strengthened internal awareness of Walmart's campaigns and the importance of our emissions work. In 2019, we won Walmart's Sustainability Award in the Packaged Goods category, one of just a few awards given among thousands of global suppliers, for our joint efforts on end-to-end supply chain, decreasing emissions by reducing the number of trucks on the road, responsible sourcing and recyclability. We have been happy to be listed as a "Giga-Guru" on their site: <https://www.walmartsustainabilityhub.com/supplier-recognition>. Together, these represent two of the metrics of success we aimed for: both internal and external recognition. Further, aligned with the overall project's mission, we are happy to complete this disclosure and note the small decrease in our emissions vs. last year. This strategic initiative has had a positive impact on our reputation with our customers.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

KDP strategically engages with multiple partners in our value chain in several countries around the world including upstream suppliers, primarily in coffee farming. Our engagement strategy focuses on improving farming techniques, addressing local water issues, planning for changes in climate and strengthening farmer organizations. A large majority of spend is directly on, or in service of, climate readiness. KDP currently collaborates with international organizations to work with upstream coffee suppliers and growers to raise awareness and prepare them for future weather-related effects anticipated by climate change. To date, we have engaged more than 783,000 people in our coffee supply chain to improve their lives through projects that we fund. For example, we have an enduring 20-year partnership with Root Capital, a non-profit agricultural lender. Root Capital provides smallholder enterprises with access to resources and expertise (including climate advisory services) to develop independence, sustainability and competitiveness. Since 2017, we invested \$2 million in Root Capital through the Partnership for Sustainable Coffee, co-funded by the United States Agency for International Development (USAID). Through this program, Root Capital has reached 141 coffee enterprises, fueling business growth and strengthening the livelihoods of more than 300,000 smallholder farmers in Colombia, Honduras, Peru, Rwanda, Uganda, and Indonesia.

Another example of KDP's climate-related engagement strategy with partners in our value chain is with World Coffee Research (WCR), an industry-backed R&D organization focused on growing, protecting and enhancing coffee as a global crop. During 2019, WCR launched two free best practice guides for nurseries and seed producers worldwide, completed the first production harvest of experimental F1 hybrids in Central America, completed a breakthrough new genome assembly of Coffee Leaf Rust, and expanded their global network of farmer field trials dedicated to improving farmer profitability. Keurig Green Mountain was a founding member and now, as KDP, we are one of the organization's largest donors, having invested more than \$3.3 million since 2012. KDP not only invests in WCR's work, but also contributes to its strategic direction by serving on the Board of Directors. We have also worked to connect our suppliers to WCR's resources, and in 2019 continued to cofund 30 on-farm technology trials with KDP suppliers.

In addition, KDP has invested more than \$5.6 million in Blue Harvest over the last six 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 3,000 farmers to apply water- and climate-smart practices on their coffee farms, protected more than 40,000 hectares of critical watersheds, and improved drinking water for more than 150,000 people.

Going downstream from our operations in our value chain, we work with additional partners. KDP has taken action by making investments with partners that focus on challenges and appropriate solutions related to improving recycling access and infrastructure. 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. For example, KDP 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 keeping 1.3 million tons of waste out of landfills, and 3 million tons of greenhouse gas emissions avoided.

C-AC12.2/C-FB12.2/C-PF12.2

(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?

Yes

C-AC12.2a/C-FB12.2a/C-PF12.2a

(C-AC12.2a/C-FB12.2a/C-PF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.

Management practice reference number

MP1

Management practice

Other, please specify (Prioritized list provided in "Description of management practice")

Description of management practice

Agroforestry – Managing shade trees and improving number and variety of tree stocks on coffee farms. Diversifying farmer income – Encouraging household food production for consumption and sale. Encouraging diverse income sources. Fertilizer Management – Conducting soil analysis to determine fertilization plan. Using organic compost. Implementing practices to reduce runoff. Pest management – Preventing, monitoring and responding early to pest and disease outbreaks. Implementing IPM strategies. Seed variety selection – Understanding seed varietal characteristics and selecting varieties that will perform according to the micro-climate of the farm and the market of the farmer. Waste Management – minimizing waste from coffee process, and treating wastewater before it is released back into ecosystem.

Your role in the implementation

Financial
Procurement

Explanation of how you encourage implementation

Financial: Funder of climate-change programs. Procurement: Buyer of certified or verified coffees.

Climate change related benefit

Emissions reductions (mitigation)
Increasing resilience to climate change (adaptation)
Increase carbon sink (mitigation)
Reduced demand for fossil fuel (adaptation)
Reduced demand for fertilizers (adaptation)
Reduced demand for pesticides (adaptation)

Comment

KDP purchases coffee that is managed under certification schemes such as Fair Trade, Rainforest Alliance, UTZ Certified which encourage practices with climate change mitigation or adaptation benefits. In addition, KDP funds projects with specific suppliers to support the implementation of these practices. Example: Blue Harvest program. For Procurement, we capture the % of coffee responsibly sourced. For Financial, we capture the number of farmers who have adopted climate or water-smart agricultural practices as a result of our project. This is a measure of increasing resilience.

C-AC12.2b/C-FB12.2b/C-PF12.2b

(C-AC12.2b/C-FB12.2b/C-PF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged?

Yes

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Trade associations
Funding research organizations

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

American Beverage Association

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

As published on the ABA's website, the association pursues a range of environmental initiatives and commitments, including reducing greenhouse gas emissions. "We're working to improve energy efficiency and reduce greenhouse gas emissions. Climate change affects us all. That's why America's beverage companies have worked to improve energy efficiency and reduce greenhouse gas emissions. From our factories to our fleets to our vending machines, we've made significant changes. And we're committed to doing even more."

How have you influenced, or are you attempting to influence their position?

KDP employees serve on a variety of committees at the ABA, including the environmental committee. KDP works collaboratively with other ABA members to advance the industry's sustainable practices.

Trade association

Consumer Brands Association

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

One of CBA's strategic priorities is to "Enhance Packaging Sustainability". In its own words, "The industry plays a crucial role in creating a more sustainable future by reducing packaging material, increasing recyclability. "

How have you influenced, or are you attempting to influence their position?

Our Executive Chairman and CEO is on the Board of the CBA, and champions our efforts for more sustainable packaging, which will in turn be beneficial for our greenhouse gas footprint reduction efforts as packaging currently comprises a large component of our Scope 3 emissions.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

As stated in our Political Engagement Approach available on our website, Keurig Dr Pepper (KDP) is committed to sourcing, producing and distributing our beverages responsibly, while making a positive impact on our consumers, customers, communities, employees and various other stakeholders. We consider it our duty and responsibility to support this commitment through our efforts to engage in the political process and the development of public policy.

Our political activities and contributions comply with all applicable U.S. laws and regulations and related disclosure requirements. We participate in trade associations for a variety of reasons, including their ability to provide a unified voice in legislative and regulatory matters and monitor industry policies and trends. The majority of our public policy advocacy work is done through our membership in the American Beverage Association (ABA), which is the trade association of the non-alcoholic beverage industry in the United States, as well as affiliated state level beverage associations. These groups represent the beverage industry in the United States at the national, state and local levels on issues that are of critical importance to our business, including our licensed bottlers.

Our participation in these trade associations, including membership on a trade association board, does not mean that we agree with every position a trade association takes on an issue. From time to time, our corporate positions may differ from those of the trade associations of which we are members. When we take positions that differ from our trade associations, we engage with the associations to express our views.

Every year, we disclose the trade associations to which KDP pays annual dues or membership fees, as well as those associations that received more than \$25,000 per year in non-deductible fees for federal lobbying expenditures. We update this list on an annual basis.

Absent approval from KDP, trade associations, such as the ABA or the Consumer Brands Association, may not use company funds for independent campaign expenditures or contributions to any federal, state or local candidate, ballot measure, party committee, non-candidate organization (such as political convention host committee) or organization organized under Section 527 of the Internal Revenue Code.

KDP takes a cross functional approach to sustainability, and deliberately integrates sustainability work and accountability throughout the organization. Our sustainability function is part of our overall Corporate Affairs team, responsible for enterprise-wide oversight and response to key issues. The Chief Sustainability Officer convenes the Sustainability Governance Committee, comprised of key functional Executive Leadership Team (ELT) members, which monitors progress monthly and approves key, cross-functional CR initiatives. This provides oversight and drives accountability down to each function across the organization, eliminating obstacles for collaboration and reducing redundancy while ensuring that no aspect of sustainability is overlooked. Additionally, our sustainability and government affairs teams connect on a regular basis to ensure awareness and alignment across all issues. These regular meetings thus surface any inconsistencies with policy and commitments, and are the forum for developing actions to re-align activities to be consistent with the policy and commitments.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

KDP 2019 Annual Report (2).pdf

Page/Section reference

Page 17 of 10-K (page 32 of pdf file)

Content elements

Risks & opportunities

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

KDP-CR-Report-2019.pdf

Page/Section reference

Pages 5-6: goals Pages 16-17: overview Page 21: supply chain engagement

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Comment

C13. Other land management impacts

C-AC13.2/C-FB13.2/C-PF13.2

(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation?

Yes

C-AC13.2a/C-FB13.2a/C-PF13.2a

(C-AC13.2a/C-FB13.2a/C-PF13.2a) Provide details of those management practices implemented by your suppliers that have other impacts besides climate change mitigation/adaptation.

Management practice reference number

Please select

Overall effect

Positive

Which of the following has been impacted?

Biodiversity

Soil

Water

Yield

Description of impacts

Nearly all the management practices implemented by our suppliers have multiple intended outcomes such as improving yield, soil health, and preserving biodiversity. One key water example is provided here: Water security is not only essential for growing coffee, but for quality of life. One of our 2020 targets is to improve the quality of life for one million people in our supply chain. Connecting people to clean water is an integral part of that. To accomplish this, we're collaborating with key partners who are working to ensure good water management and access to clean water in coffee communities. Our investments in key supplier regions are enabling research, infrastructure, support tools, training in good agronomic practices, and more. Better water management not only improves the quality of the coffee, but the livelihoods of our coffee farmers and their neighbors downstream. Water is an essential input across our value chain, from coffee trees to bean processing to brewing beverages. It is also critical to the resilience of coffee farmers and their communities. In fact, upwards of 9 million people in Central America depend on coffeelands for their water supply. Because coffee grows optimally at high altitudes in agroforestry systems, farmers have the opportunity and ability to be stewards of vital water resources for the entire watershed. Well-managed coffee systems can protect and restore watersheds that provide potable water for rural and urban communities downstream. This is the aim of the Blue Harvest program, a four-year initiative coordinated by Catholic Relief Services (CRS), to which Keurig Green Mountain, a founding funder, has invested more than \$5.6 million over the last six 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 3,000 farmers to apply water- and climate-smart practices on their coffee farms, protected more than 40,000 hectares of critical watersheds, and improved drinking water for more than 150,000 people.

Have any response to these impacts been implemented?

Yes

Description of the response(s)

"Support from Keurig makes Blue Harvest's work possible. We partner with local stakeholders to improve water stewardship and make farming more profitable for the hardworking farmers of the Central American coffeelands. Throughout the project, we've mobilized local governments, water service providers, local water committees, national government agencies, and the private sector to co-invest and to collaborate on restoring and protecting critical watersheds." — MAREN BARBEE, Blue Harvest Central America Regional Manager, CRS (published in FY16 sustainability report).

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

At Keurig Dr Pepper, our corporate responsibility commitments aim to ensure our beverages make a positive impact with every drink. Our broad portfolio of products and nearly 26,000 employees give us many opportunities to drive change and be a catalyst for good. We take a strategic approach to channeling our energy and resources into those opportunities where we can have the greatest impact.

We're pushing harder than ever to tackle climate change and build the resilience of our business and supply chain. In 2019, we laid the groundwork for important new climate goals to reduce greenhouse gas (GHG) emissions from the 2018 baseline developed for our newly merged company. This foundation included a corporate policy, governance structures and greater transparency, including reporting to CDP Climate.

In 2020 we have set new science-based climate targets. We commit to:

- Reduce absolute Scope 1 and 2 GHG emissions by 30% by 2030
- Reduce absolute Scope 3 emissions in select categories by 15% by 2030
- Ensure our suppliers and bottlers representing 50% of our emissions will have Science Based Targets by 2024

These targets have been approved by the Science Based Targets initiative (SBTi) and are in line with the reductions that are required to meet the Paris Agreement on climate change goal of keeping global warming below 2 degrees Celsius. Our new climate goals provide a clear path for us to reduce our share of greenhouse gas emissions through continuation of existing efforts and the development of new focus areas, such as packaging improvements and value chain engagement.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Sustainability Officer	Chief Sustainability Officer (CSO)

SC. Supply chain module