

Modern Slavery Statement 2018

Keurig Dr Pepper Inc. (KDP) is committed to doing business the right way and to its responsibility to protect human rights. KDP strives to be an example of good human rights and labor practices throughout our business activities. This statement sets out the steps taken by KDP during the course of 2018 to prevent, identify and address human rights and modern slavery risks in our operations and supply chains. It meets the requirements of the California Transparency in Supply Chains Act of 2010 (SB 657) and the UK Modern Slavery Act of 2015.¹

Background on the Formation of KDP and Legacy Anti-Slavery Policies

In July 2018, the parent company of Keurig Green Mountain, Inc. (KGM) merged with a wholly owned subsidiary of Dr Pepper Snapple Group, Inc. (DPS) to form KDP (the "Merger"). During the 2018 reporting period, including following the Merger, KGM's modern slavery policies were governed by the KGM Responsible Sourcing Supplier Guidelines, and DPS' modern slavery policies were governed by the DPS Supplier Code of Conduct. As distinct modern slavery policies, as well as distinct due diligence, training, and certification procedures, applied to each legacy business in 2018, separate disclosures for each business are provided below. KDP believes that the approach undertaken by each business helps prevent human trafficking and slavery within its supply chains.

Internal Accountability

Upon completion of the Merger, KDP published a new, enterprise-wide [Corporate Code of Conduct](#). The new KDP Corporate Code of Conduct provides internal accountability standards and procedures for employees to meet company expectations, including the standards around sourcing responsibly and respecting human rights. The KDP Corporate Code of Conduct references KDP's governing policies, which in the areas of modern slavery includes the legacy-company policies described above (KGM's Responsible Sourcing Supplier Guidelines and DPS' Supplier Code of Conduct). All KDP employees are trained on the Corporate Code of Conduct and are required to regularly certify their understanding and commitment to adhere thereto.

Implementation of KDP Supplier Code of Conduct

As a newly combined company, we are committed to continuing to be an example of good human rights and labor practices throughout our business activities. A new KDP Supplier Code of Conduct and due diligence program is under development which will apply across the combined organization. KDP expects to adopt and implement the new Supplier Code of Conduct, which will cover all of KDP's suppliers, in the 2019 reporting year. Once implemented, KDP plans to train all of its procurement employees on the new KDP Supplier Code of Conduct and how best to ensure its implementation across all of KDP's supply chains.

The KDP Supplier Code of Conduct will set out universal requirements applicable to suppliers from any part of the world and for any product supplied to KDP. For our most important supply chains, we will go further by specifying tailored product-specific standards such as independent raw material certifications and manufacturing standards. For example, in our brewer supply chains, the KDP Supplier Code of Conduct will specify that all suppliers are expected to follow the [Responsible Business Alliance \(RBA\)](#) Code of Conduct, which KDP has already begun implementing in its KGM practices as described below. For our coffee supply chains, we will require adherence to certifications such as Fair Trade, Rainforest Alliance or UTZ, or to other verification programs. Approaches for other key supply chains are under development.

¹ The UK subsidiary of KDP that meets the UK reporting criteria, and thereby adopt this group statement, is Keurig UK Limited.

Historical KGM Policy and Due Diligence

KGM's supply chains span the world, from farms in the coffee bean belt to the factories that build our appliances. We are committed to ensuring that no form of forced or compulsory labor or trafficking of persons exists within KGM's supply chain. We aim to educate our employees and suppliers on KGM's [Responsible Sourcing Supplier Guidelines](#), which were informed by international standards and include requirements on freely chosen employment. Our guidelines apply to all of KGM's supply chains and clearly communicate to KGM's suppliers their responsibilities in the way they conduct business and manage their workforces. KGM's efforts in the specific area of forced or compulsory labor or trafficking of persons are outlined below under Risk Assessment, Audits, Certification, Training and Industry Collaboration.

Risk Assessment

KGM's Supplier Performance Management (SPM) Program was developed to create focused and impactful category strategies, manage and improve supplier performance, and proactively assess and mitigate supplier risk. The program allows for a comprehensive business evaluation of suppliers and gives each internal function a voice in deciding who does business with KGM. Social and environmental considerations are an important part of this program and are integrated into the tools and processes of the SPM Program as described below.

- Risk assessments: Suppliers are evaluated on a number of criteria including labor and human rights risks
- Performance monitoring via supplier scorecards: Social and environmental metrics are integrated alongside other commercial metrics
- Third party assessments: For key first, second and, in some cases, third tier suppliers, third party assessments are performed based on priority as determined by the SPM Program's evaluation of the supplier's importance to the business and potential risk.

Audits

KGM regularly assesses key suppliers to determine whether they're measuring up to our responsible sourcing expectations.

- We are a member of the [Responsible Business Alliance](#) (RBA), the world's largest industry coalition focused on corporate social responsibility in global supply chains. We regularly assess our brewer suppliers against the RBA Code of Conduct using the RBA's Validated Assessment Program (VAP) and, if and or when they fall short of our expectations, we work closely with them to help them improve. We have a 2020 target to responsibly source our brewers. The suppliers we consider in scope for our 2020 target are our Alliance and Strategic brewer suppliers, according to the criteria of our Supplier Performance Management Program, described above². These include our most important brewer finished goods, component, accessory and packaging suppliers. We consider suppliers to meet the responsible sourcing criteria when they achieve the RBA VAP Recognition Program [Silver level](#)³. By working closely with these suppliers on health and safety, labor, environment, management systems and ethics, we considered 50% of our in-scope suppliers to be responsibly sourced at the end of 2018.
- In our green coffee supply chains, assessments at farm level are conducted via third party certification standards such as Fair Trade, Rainforest Alliance and UTZ. At the end of 2018, we determined that 31% of the green coffee delivered to us was responsibly sourced

² The segmentation step of the SPM program results in supplier ratings of Alliance, Strategic, Core or Transactional (in order of impact and importance to our business).

³ We require our suppliers considered high risk to meet the RBA Silver level. We require medium-risk suppliers to complete an RBA Self-Assessment questionnaire with a passing score, and low-risk suppliers to sign off on our Responsible Sourcing Supplier Guidelines. In 2018, we had one low risk supplier. Remaining suppliers were considered high risk.

under these certification standards. We are on track for 100% of the green coffee delivered to us to be responsibly sourced, as measured under these certification standards, by the end of 2020.

Certification

In fiscal 2015, KGM began asking its most important coffee, appliance, packaging and ingredient suppliers to certify each year that they understand and agree to adhere to KGM's Responsible Sourcing Supplier Guidelines via a supplier survey. Failure by a supplier to certify their adherence is reflected in the Responsible Sourcing section of the SPM Supplier Scorecard described above.

Training

KGM regularly trains employees and select targeted suppliers on our expectations with regard to social and environmental responsibility. For example, in 2018 we:

- paid for and encouraged 14 of our brewer suppliers to attend RBA-led Code of Conduct training in China and Malaysia;
- required approximately 200 KDP employees who interact with our brewer suppliers to conduct an e-learning module on the RBA Code of Conduct; and
- conducted in-depth research on labor flows in the green coffee supply chains in key countries of origin. This research will support deeper engagement (including trainings) with our suppliers in these areas in 2019 and beyond.

Industry Collaboration

Through our membership in the [Responsible Business Alliance \(RBA\)](#), we participate in the Responsible Labor Initiative (RLI) working group and have actively engaged a supply chain partner for the second year in RLI's [Responsible Workplace Program \(RWP\)](#), which aims to transform the market for ethical recruitment practices. Several of the labor brokers used by this supply chain partner are also enrolled in [RLI's Responsible Recruitment Program \(RRP\)](#).

We are active members of the Sustainable Coffee Challenge (SCC) and hold a seat on their Advisory Council. Within the SCC, we participate in a working group focused on enabling the coffee sector to take concrete, collective action to eradicate forced and child labor in coffee and ensure working conditions that enable all workers involved in coffee production to prosper. Additional information on our sustainable supply chain programs can be found on the [KDP website](#).

Historical DPS Policy and Due Diligence

DPS supports the corporate codes of practice set forth by the Ethical Trading Initiative ("ETI"), implementing human rights, ethical labor practices and environmental protection standards. These are available at www.ethicaltrade.org. DPS' Supplier Code of Conduct is modeled after the ETI standards. Both the ETI and the DPS Supplier Code of Conduct require that employment is freely chosen and not forced, in addition to other similar commitments, to help ensure that our suppliers are not engaging in forced or child labor.

As a responsible corporate citizen, DPS seeks to ensure that quality and safety standards are maintained throughout our direct material supply chain by well-treated, fairly-compensated workers in accordance with all applicable laws. DPS conscientiously integrates the standards and commitments of the ETI into the way we run our businesses, to address such concerns. DPS' efforts in the specific area of forced or compulsory labor or trafficking of persons are outlined below under Risk Assessment, Audits, Certification and Training.

Risk Assessment

The DPS due diligence process includes the identification and segmentation of its direct material suppliers into low-, medium- and high-risk categories based on DPS' knowledge of the industries and country of origin of the suppliers. DPS periodically updates the country-level risk assessment of suppliers to determine if additional actions are needed, in order to ensure commitment to the DPS Ethical Sourcing program. In addition to segmentation, suppliers may be assessed using any of the following processes:

- If a supplier is utilizing the Sedex (Supplier Ethical Data Exchange) system, the supplier must complete the ethical sourcing self-assessment questionnaire (SAQ). If the Risk Assessment Score is High, a third party audit is required to determine compliance; or
- If the supplier engages in any practice that is inconsistent with the DPS Supplier Code of Conduct and/or with DPS Terms of Business, the supplier must submit a request to DPS to acknowledge the inconsistency. Such request is not an indication of DPS' consent. Any inconsistency with the Code of Conduct must be approved by the Procurement Director and the Legal Department; or
- DPS may conduct random audits of suppliers who have acknowledged commitment to the DPS Code of Conduct and are considered high risk suppliers.

Audits

DPS may conduct audits of any high-risk suppliers to ensure full compliance with DPS' Supplier Code of Conduct. Audits may be undertaken internally, by DPS personnel, or externally by third party auditors and through Sedex membership audit submissions.

If DPS believes that a supplier is not in compliance with the DPS Supplier Code of Conduct, DPS will provide such supplier with the opportunity to remedy any potential non-compliance through the implementation of a corrective action plan, and we will conduct a subsequent audit. Should the supplier continue to fail to meet DPS' standards, DPS will seek to eliminate such supplier from its supply chain.

Certification

In order to ensure awareness among DPS' direct material suppliers, with respect to the requirements in DPS' Supplier Code of Conduct, including those prohibiting slavery and human trafficking, DPS asks its new and existing suppliers to certify via signature of the DPS Supplier Code of Conduct or DPS Terms of Business that they understand and agree to the respective terms.

Training

DPS trains employees from Supply Chain Procurement and those in senior supply chain management to identify and respond to supply chain risk issues, such as forced or child labor, as part of our procurement process. Training is conducted via an online platform and completion tracking is included.

Approval

This statement has been reviewed and approved by the Board of Directors of Keurig Dr Pepper Inc. on September 13, 2019.



Robert J. Gamgort
Chairman and Chief Executive Officer of Keurig Dr Pepper Inc.