



A black and white photograph showing numerous cans of various Dr Pepper and Snapple Group brands stacked in rows. The cans are slightly out of focus, creating a textured background.

2015  
SUSTAINABILITY  
UPDATE

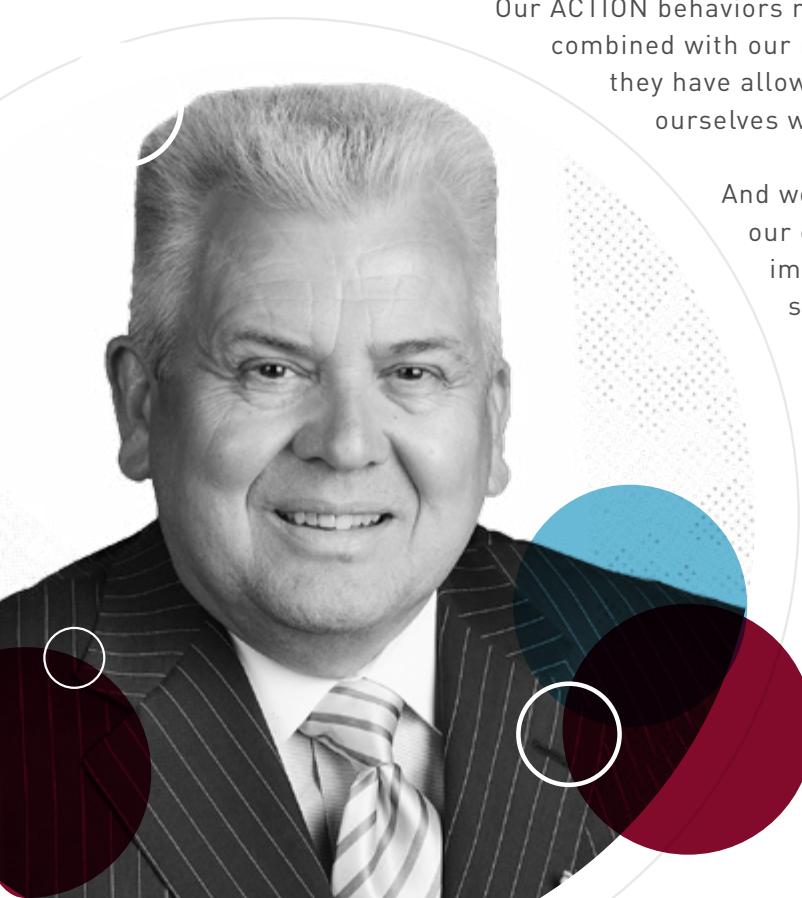
WE DO GOOD  
THINGS WITH  
FLAVOR

DR PEPPER · SNAPPLE  
GROUP

# A MESSAGE FROM OUR PRESIDENT AND CEO



IN 2010, DR PEPPER SNAPPLE GROUP PUBLISHED OUR FIRST-EVER SUSTAINABILITY REPORT – AN IMPORTANT MILESTONE FOR A YOUNG PUBLIC COMPANY. WE SET OUR 2015 GOALS IN THAT REPORT, AN AMBITIOUS UNDERTAKING COVERING EVERYTHING FROM EMPLOYEE SAFETY TO REDUCING THE AMOUNT OF PLASTIC IN OUR PACKAGING.



Our ACTION behaviors remain at the heart of our company, and combined with our rapid continuous improvement mindset, they have allowed us to make great strides and position ourselves well for the future.

And we are continuing to learn. Understanding our organization's environmental and social impacts was just a first step in our ongoing sustainability journey. Putting the processes in place to hold ourselves accountable for operating responsibly and tracking our performance in every aspect of our business has given us a strong footing for the future.

We also have looked outside our company to external stakeholders for guidance, including everyone from non-governmental organizations to institutional investors. DPS has always been focused on our business, our people and our communities, and the feedback and

input from all of these sources has given us a compass for the path ahead.

As you will see in this report, we have made progress in each of our focus areas – achieving many of our goals. Where we fell short, our work continues to find the strategies and tactics to break through and meet our objectives. Our efforts so far have helped us establish a new baseline as we set new, higher bars to achieve. In addition, you will see us engaging even more with indices such as the Carbon Disclosure Project, taking our transparency to the next level.

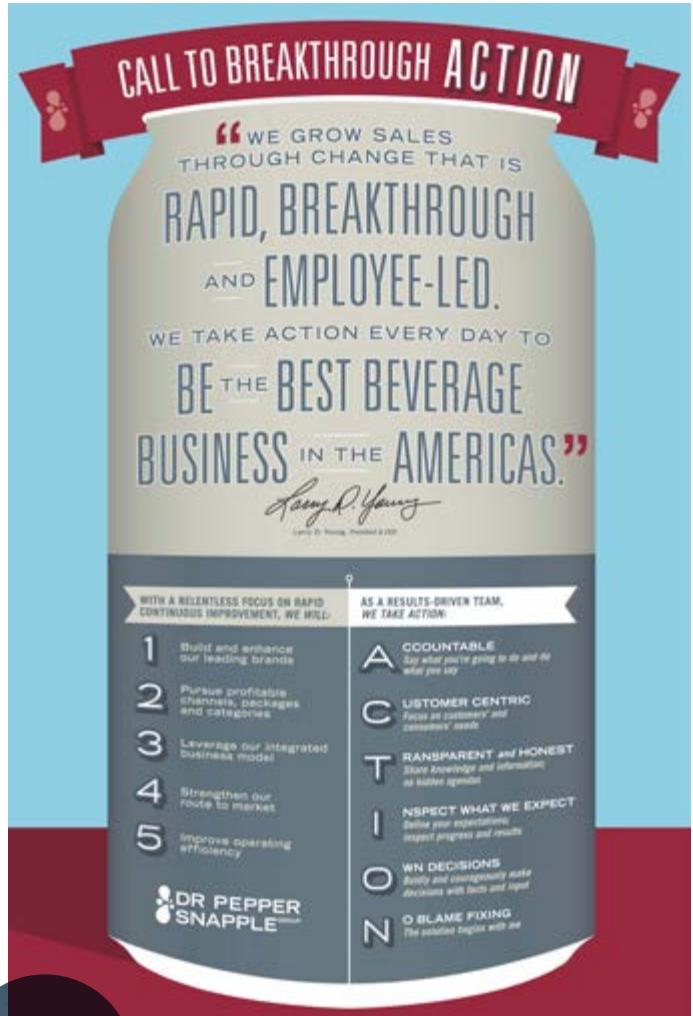
We are more committed than ever to Be the Best Beverage Business in the Americas. As we enter the next phase of our sustainability journey, we will continue to seek a free and open dialogue with those who impact or are impacted by our business. As always, I welcome your thoughts, feedback and suggestions as DPS continues to take ACTION on corporate social responsibility. Please send them to [DPS.communications@dpsg.com](mailto:DPS.communications@dpsg.com)

Regards,

**LARRY D. YOUNG**

# WE GROW SALES THROUGH CHANGE THAT IS **RAPID, BREAKTHROUGH & EMPLOYEE-LED.**

WE TAKE ACTION EVERY DAY TO BE THE  
**BEST BEVERAGE BUSINESS IN THE AMERICAS.**



## **ENVIRONMENTAL SUSTAINABILITY**

- Improve energy efficiency and reduce CO<sub>2</sub> from emissions in manufacturing by 10% per gallon of finished product.
- Increase product shipments per gallon of fuel used by 20%.
- Replace 60,000 vending machines and coolers with Energy Star-rated equipment.
- Reduce manufacturing water use and wastewater discharge by 10% per gallon of finished product.
- Recycle 90% of manufacturing solid waste.
- Conserve more than 60 million pounds of plastic through PET package lightweighting and redesigns.



## **HEALTH AND WELLNESS**

- Continue to provide a full range of products, with at least 50 percent of innovation projects in the pipeline focused on reducing calories, offering smaller sizes and improving nutrition.
- Support local and/or national programs that encourage active lifestyles and fitness.



## **PHILANTHROPY**

- Contribute a total of 100,000 volunteer hours and attain an annual giving level of \$10 million in charitable donations, with majority of support focused on fit and active lifestyles, environmental initiatives, emergency relief and hometown giving.



## **WORKPLACE**

- Maintain team leader engagement score comparable to or better than those of other high-performing companies.
- Reduce lost time injury rate by 25%.



## **ETHICAL SOURCING**

- Conduct a regular risk assessment of our supply base and audit any high-risk suppliers identified to ensure full compliance with our Ethical Sourcing Code of Conduct.

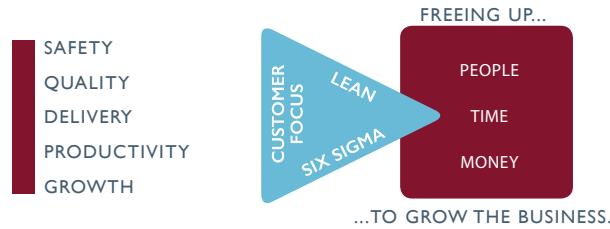
# ENVIRONMENTAL SUSTAINABILITY



## ENERGY CONSERVATION

In 2011, improvements in our data collection allowed us to set a new baseline for our electrical usage goal: 0.17 kWh per gallon of finished product. Progress against this goal has remained flat, falling short of the 0.15 kWh target, as improvements in energy efficiency have been offset by declines in our production volume.

## RAPID CONTINUOUS IMPROVEMENT AN ENABLER OF GROWTH



The improvements we have seen have been driven by a variety of best practices put in place locally and companywide. Thermal imaging has been used at many of our sites to identify "hotspots" where energy is being wasted. Our engineering and procurement teams purchase new equipment, including everything from the bottle fillers to office copiers, with energy efficiency in mind.



Our Victorville, Calif., manufacturing facility and our Plano, Texas, headquarters remain two of our stand-out buildings. In Victorville, our plant received Leadership in Energy and Environmental Design (LEED®) Silver Certification, while our Plano office received LEED® Gold Certification for a multiuse building as well as Energy Star certification by the Environmental Protection Agency (EPA). DPS's relationship with the EPA will continue to expand as we submit more and more of our sites' annual electrical use data to the Energy Star program, providing an important foundation for our future goal setting.

**SINCE 2009, WE HAVE REMOVED  
162 MILLION LBS  
OF CO<sub>2</sub> FROM THE ATMOSPHERE**

Rapid continuous improvement (RCI) continues to be a huge driver of energy savings in our distribution centers. Our RCI mindset is now in its fifth year of implementation, and through improved inventory management, we are reducing the warehousing space required to deliver our products to customers.

In 2013, we met and exceeded our goal to replace 60,000 vending machines and coolers with Energy Star-rated equipment. With 20,000 additional units replaced in 2014, we have replaced nearly 90,000 units since 2009. Each unit represents an energy savings of up to 30 percent, yielding more than 162 million pounds of CO<sub>2</sub> removed from the atmosphere, as much as would be produced by 13,500 cars, since we began the replacement program.

## FUEL CONSERVATION

In 2012, we set a baseline for our goal of increasing product shipments per gallon of fuel used by 20 percent by 2015. This baseline was set at 40.1 cases per gallon of fuel used, with a goal of 48.5 cases per gallon by 2015. In 2014, we shipped 40.6 cases per gallon of fuel. This improvement represents a 4 percent decrease in our fleet's emissions.

While progress toward our fleet goals has been relatively flat, DPS continues to leverage improvements in our logistics and intermodal transportation to reduce overall fuel use. For example, we have continued to improve driver check-in and check-out times, which has taken



60 delivery trucks off the road to date with no reduction in sales deliveries or customer service. In our supply chain, we have utilized the tools of RCI to improve our sourcing footprint, which will reduce more than 1,000 truckloads of internal distribution transfers per year.

In addition, DPS continues to reduce total mileage and leverage EPA SmartWay certified carriers in our third-party logistics. In 2014, we reduced equivalent CO<sub>2</sub> emissions in our third-party logistics by more than 29 percent. DPS also remains a SmartWay member in good standing, proactively reporting fuel usage data each year since 2010.



## WE REDUCED EQUIVALENT CO<sub>2</sub> EMISSIONS IN OUR THIRD-PARTY LOGISTICS BY MORE THAN 29 PERCENT

## WATER CONSERVATION

As a beverage company, DPS relies on water to make our products, and we recognize the important role we play in water stewardship.

In 2011, we used 1.97 gallons of water per gallon of finished product, and our wastewater discharge was approximately 0.88 gallons per gallon of finished product. These numbers formed the baselines for our 2015 goal. Our targets have been 1.77 gallons of water used per gallon of finished product and 0.79 gallons of wastewater discharged per gallon of finished product.

In the intervening years, our progress has been flat to negative, driven by volume declines and our inventory reduction efforts, which have required more frequent production line changeovers and more water to clean and rinse the production lines. In 2014, we reversed this trend and have begun to see the benefits of our multiyear water efficiency efforts, including everything from the installation of air rinsers to the reuse of discharged water in our cooling towers. In 2014, we used 1.98 gallons of water per gallon of finished product, with a wastewater discharge of 0.92 gallons per gallon of finished product. We also have conducted companywide training on best practices in water usage, and all new equipment purchases are made with total utility use reduction in mind. In our Irving, Texas, manufacturing plant, for example, we replaced three boilers with highly efficient, closed-loop systems that recycle the condensate from the boiling process, reducing the amount of energy needed for heating, the amount of water needed for boiling and the treatment the water needs.

In 2015, our Ottumwa, Iowa, manufacturing plant is following in the footsteps of our Houston, Texas, facility with the installation of Baswood's BioViper wastewater treatment system, which will allow us to minimize our impact on local

wastewater treatment operations and increase the city's capacity to treat wastewater from other industrial customers.

## REDUCING WASTE

At DPS, we know that it is good business to reduce, reuse and recycle the plastic, aluminum and other materials we use to get our products to consumers. In 2010, we set a goal of recycling 80 percent of our manufacturing solid waste. When we met this goal the following year, we increased our aim to 90 percent. We have made progress each year, and in 2014, we recycled 86 percent of our manufacturing solid waste.

In addition, our focus on reducing PET in our own packaging has continued to see results. We met our goal of conserving 60 million pounds of PET through lightweighting and redesigns in 2013, and we conserved nearly 16 million additional pounds in 2014, driving our total conservation since 2007 to 76.6 million pounds. This represents more than \$52 million in cost savings to the company.

Our leadership in bringing the "1881 Standard" packaging finishes and closures to the market and our continued offering of the lightest 2-liter bottle in the industry paved the way for this success, and we'll continue to see new successes and innovation in the future. The handles of our Hawaiian Punch gallon bottles and for double-packs of some Mott's and Clamato flavors, for example, are now made of 100 percent post-consumer recycled (PCR) material.

# HEALTH AND WELLNESS



HEALTHY LIFESTYLES ARE BUILT ON BALANCE, AND AT DPS, WE OFFER A MIX OF MORE THAN 50 BRANDS TO FIT ANY CONSUMER'S PREFERENCES. WE'RE CONTINUING TO DRIVE ADDITIONAL OPTIONS FOR CONSUMERS WITH MORE THAN HALF (54 PERCENT IN 2014) OF THE PRODUCTS IN OUR INNOVATION PIPELINE DEDICATED TO REDUCED CALORIES, SMALLER PORTION SIZES OR IMPROVED NUTRITION.

DPS has the diverse product offerings and innovations to provide consumers with the choices and options that fit their needs. Since our last report, these have included:

- National launches of Canada Dry and Schweppes sparkling waters, comprising zero-calorie, all-natural choices for water drinkers looking for more flavor.
- Launch of Snapple Straight Up Tea nationally in 2015, giving tea lovers a product with fresh-brewed tea taste in unsweetened, "Sorta Sweet" and sweetened varieties.
- Introduction of smaller-portion Hawaiian Punch pouches for moms looking for on-the-go convenience.
- Roll out of Peñafiel, Mexico's No. 1 mineral water, to key Hispanic markets in the U.S.

- Continued growth of our broad mix of allied brands such as Bai5, BODYARMOR, Fiji, Fruit 2O and others, bringing low-calorie options and other benefits to consumers of all sorts.

Along with great-tasting options, various package sizes and reduced and no-calorie choices, we also have enacted front-of-pack calorie labeling, improved calorie information on vending machines and added more detailed product and ingredient information on DPSGProductFacts.com. This increased transparency supports DPS's growing mix of brands and flavors.

In 2014, DPS continued its commitment to fit and active lifestyles through an expansion of Let's Play, an initiative to provide kids and families with the tools, places and inspiration to make active play a daily priority. DPS now has committed more than \$28 million through

Let's Play since the program launched in 2011, impacting millions of youth-serving organizations across the U.S., as well as Canada, Mexico and the Caribbean.

For more information on Let's Play and DPS's goal to provide nearly 10 million children across North America with new opportunities to play and be active by 2017, please read the "Philanthropy" section of this report.



## BALANCE CALORIES INITIATIVE

Following these successes, DPS is excited to join with others in our industry in the Balance Calories Initiative, the largest voluntary initiative by an industry to address obesity. Working with the Alliance for a Healthier Generation and the William J. Clinton Foundation, America's leading beverage companies have set a goal to reduce beverage calories consumed per person nationally by 20 percent by 2025.

The initiative will be both national and local in scope. Nationally, beverage companies will leverage their marketing, innovation and distribution strengths to increase and sustain consumer interest in and access to smaller portion sizes, water and no- and lower-calorie beverages. Calorie counts and calorie awareness will be promoted on all beverage company-controlled point-of-sale equipment nationwide, and a first-of-its kind national consumer awareness and engagement program - Mixify™ - will bring the message home with consumers, specifically teens.

Through the American Beverage Association and a third-party evaluator, the industry is establishing baselines while launching local programs and measuring results in pilot communities across the country. We have put special focus on communities where access to and awareness of reduced calorie choices is limited, beginning with Los Angeles, New York City and Little Rock, Ark.

Target communities will see even more coordinated industry activation, including radio, newspaper, digital and out-of-home ads, local community engagement and specially developed



DPS HIT OUR GOAL FOR A THIRD YEAR BY FOCUSING  
54 PERCENT OF OUR INNOVATION PIPELINE ON  
HEALTH AND WELLNESS.



awareness materials. Merchandising, product placement and couponing are just a few of the tactics we will use to drive interest in and improve access to no- and lower-calorie beverages. We will work with retailers to implement these efforts and make a lasting impact in the community.

Put simply, the Balance Calories Initiative is designed to remind consumers of the choices they have to help them stay in balance throughout their day – to “Balance What You Eat and Drink With What You Do.” You can learn more about this initiative by visiting [DeliveringChoices.org](http://DeliveringChoices.org) and [MyMixify.com](http://MyMixify.com)

## PHILANTHROPY



The mission of ACTION Nation, our corporate philanthropy program, is to foster physically active, engaged and sustainable communities where our employees, customers and consumers live and work. We pursue that mission through four focus areas:

- Fit and active lifestyles
- Environmental initiatives
- Emergency relief
- Hometown giving

After five years of taking ACTION in our communities, DPS has seen some amazing results. The end of 2014 marked the achievement of a major philanthropy milestone for DPS – more than 106,000 volunteer hours and nearly \$40 million donated over the course of five years to projects and nonprofits that align with our ACTION Nation platform. In 2014 alone, DPS employees volunteered more than 9,300 hours and the company gave



### ACTION NATION TAKING ACTION. IMPROVING COMMUNITIES.

approximately \$8.8 million in cash and \$2.9 million in product donations in support of our philanthropy goals.

In addition, the company spent more than \$2.3 million on cause-related marketing benefiting organizations such as the Muscular Dystrophy Association, Box Tops for education and Project 7.

In 2014, the cumulative impact of our efforts was recognized for the third consecutive year by the Civic 50, which reaffirmed our position among the top S&P 500 companies that best use time, talent and resources to improve the quality of life where they do business.

## DPS HAS GIVEN MORE THAN **106,000 VOLUNTEER HOURS** NEARLY \$40 MILLION OVER FIVE YEARS.

## FIT AND ACTIVE LIFESTYLES

In 2014, DPS said “Let’s Play some more!” The company has entered a new phase of Let’s Play, a DPS-led community partnership designed to get kids and families active nationwide. Following the completion of the first Let’s Play initiative (a \$15 million, three-year partnership with KaBOOM! to build or fix up more than 2,000 playgrounds), DPS committed another \$11 million to provide tools, places and inspiration to make active play a daily priority.



By 2017, it is our goal to provide nearly 10 million children across North America with new opportunities to play and be active through Let’s Play. To accomplish this, DPS has extended our partnership with KaBOOM! through 2016 with a \$10 million commitment to build new playgrounds and improve existing ones. In addition, DPS entered a two-year, \$2 million partnership with Good Sports to provide athletic gear, footwear and equipment to community organizations coast to coast.



And we're off to a great start. In 2014 alone, Good Sports grants provided physical education kits, recess kits, after-school sports programs and youth sports and fitness programs to enable more than 1.5 million kids to engage in 24 different sports.

Meanwhile, KaBOOM! continues to engage communities and our own employees around the country. Of the 133 playgrounds built or improved by KaBOOM! in 2014, nine were DPS-led, with our employees providing more than 6,000 volunteer hours in support of play. Whether we're partnering with customers like Walgreens in Johnson City, Tenn., or community

organizations like the Boys and Girls Club of South Central Kansas, DPS's playground builds continue to be one of our most impactful community projects.

In Mexico, Grupo Peñafiel also has completed several Let's Play builds, and they continue to support those efforts and communities once the playgrounds are completed. In Tlajomulco, employees completed a tree-planting project at a local park, and in Tehuacan, volunteers led a Children's Day event that included the distribution of company products to residents of the area around the playground.

In 2014, KaBOOM! went beyond the traditional playground with a broad array of innovative play opportunities supported by DPS. These include everything from soccer mini-pitches to imagination playgrounds (portable, foam-constructed playspaces) to large-scale building kits called "rigamajigs," which comprise a hands-on, interactive building experience.

## ENVIRONMENTAL INITIATIVES

DPS remains committed to taking an active role in the stewardship of our natural resources, and our philanthropic partnerships are allowing us to put sustainability in ACTION at the national and local levels. As a beverage company, we focus on watershed protection and recycling in our philanthropic efforts.

In 2014, our partnership with The Nature Conservancy continued to support and expand watershed protection in areas around Dallas, Houston and San Antonio. More than 3,600 acres of watershed land have been added or are in the process of being added to



The Nature Conservancy's permanent protection. In addition to land management and preservation work that DPS's partnership supports, the research being done on these lands will support conservation for decades to come. The Nature Conservancy is working with the



Texas City Prairie

Blackland Prairie Research Institute, for example, to compare water infiltration rates between cotton fields and virgin, undisturbed or restored prairies. This kind of research will gain us better understanding of the value these lands provide and their role in a healthy ecosystem.



## KEEP AMERICA BEAUTIFUL

DPS renewed our commitment to Keep America Beautiful in 2014, following up our past donations with an additional pledge of \$300,000 to fund a recycling program that deploys recycling bins in public parks, giving consumers greater access to local recycling systems. At the completion of our second full year of the partnership, our grants had distributed more than 1,600 bins across the U.S., giving more than 100,000 people new, daily access to recycling. A portion of our grants were focused on parks near waterways or DPS operating

facilities, and more than 70 percent of grantees had no recycling capabilities before our bin placements.

This partnership was renewed again in 2015, and in addition to bin grants, DPS will support KAB's partnership with Purdue University to identify tactics that will influence improved recycling participation in public spaces.

## EMERGENCY RELIEF

Our commitment to the American Red Cross Annual Disaster Giving Program has enabled us to provide assistance to communities in need following natural disasters. In 2014, our support of the world's top international aid organization contributed to their services providing more than 1.1 million meals and snacks, 2,000 shelters and 1.1 million relief items to those impacted by everything from the floods in Colorado to the wildfires throughout the Western states.

Beyond financial support, DPS also provided volunteer power as part of our support of the American Red Cross. DPS employee Sallie Fisher, for example, serves on the board of directors for the Western New York Region of American Red Cross, providing expertise and local corporate support to the cause. Our St. Louis plant held multiple blood drives in 2014, while dozens of Dallas employees were trained in CPR.



## American Red Cross

We help our own employees in times of crisis through the Employee Relief Fund (ERF), which provides financial assistance to DPS employees and their families who experience a disaster or emergency hardship. In 2014, through the generosity of our employees raising funds via local activities and United Way donations, we contributed nearly \$132,000 toward the ERF.



## HOMETOWN GIVING

Since 2008, DPS and our employees have donated nearly \$11 million to the United Way, with \$2.4 million donated in 2014 alone. Our "Homeruns for Hometowns" United Way campaign drove record participation in our company, with 71 percent of our employees participating, and more than half of our sites achieving 100 percent participation rates. Working in tandem with our United Way campaign, our ACTION Nation volunteerism drive yielded 4,400 donated hours and \$69,000 for local United Way chapters.

IN 2014, DPS RAISED THE BAR AGAIN, GIVING  
**\$2.4 MILLION IN DONATIONS TO UNITED WAY**

And our commitment to volunteerism doesn't stop there. Our Women's Employee Resource Group at the Plano, Texas, headquarters, for example, built on the momentum of its United Way activities to forge a partnership with Girls Incorporated of Metropolitan Dallas (Girls Inc.), beginning with a drive to replenish art supplies for the organization's summer camps, which employees went on to support with more volunteer hours in 2015.



2014 also saw the launch of True Heroes, a partnership between Dr Pepper Snapple Group, the Military Warrior Support Foundation

(MWSF), GameDay Productions and Walmart, which is helping to rebuild the lives of combat-wounded veterans by supporting a program that put 22 veterans across the country into 100 percent mortgage-free homes. DPS took the partnership a step further online, donating \$1 to MWSF every time a consumer used the hashtag #ThanksGiveItUp, up to \$25,000.



# WORKPLACE



## DIVERSITY

Under the leadership of the Diversity Leadership Council, made up of members of our executive leadership team and senior management, DPS has established a strategy to attract, retain and promote diversity within the company. We have created regional diversity councils in both the central and east regions, with the final council coming onboard in the western region in 2016.

These councils include participants from every function of the business, with a focus on executing DPS's diversity strategies in their respective locations. In our Northlake, Ill., facility, for example, the regional council held its first Women's Forum, a development opportunity featuring strength assessments, networking opportunities and presentations from a panel of senior women within the organization.

In addition, DPS is supporting an inclusive workplace with our five employee resource groups. These are voluntary, employee-led groups that provide opportunities to participate in professional development events, expand leadership skills, mentor and network with others. They are open to all DPS employees and support our regional councils in executing internal diversity strategies while reaching beyond our walls to work with community partners on educational and philanthropic activities.



Female employees account for more than 13 percent of the total DPS workforce in the U.S. and Canada while minority employees account for more than 46 percent. DPS also employs more than 400 veterans. We will continue to leverage our partnerships with veteran organizations such as Vocational Rehabilitation Services, Grace After Fire, Hire for Heroes, Veterans Affairs and State Veteran Commissions along with military bases nationwide to recruit qualified military applicants.

On the recruiting front, our employee referral program focused on recruiting diverse candidates has seen early success, especially in sales and operations, and we continue to leverage our emerging leaders and mentoring programs to assist diverse employees in advancing into management positions.

IN 2014, DPS WAS NAMED “BEST PLACE FOR DIVERSE MANAGERS AND WOMEN TO WORK” BY DIVERSITY MBA MAGAZINE.

DPS continues to garner recognition for our diversity efforts. In 2014, DPS was named “Best Place for Diverse Managers and Women to Work” by Diversity MBA magazine. We were also named “Best of the Best” by Black EOE Journal. For four years running, DPS has been honored

with the 2020 Women in Leadership Award, a national campaign dedicated to increasing the percentage of women in corporate leadership by 20 percent by 2020.

## SAFETY

Since 2012, DPS's Drive to Zero safety campaign has focused our employees on reducing work injuries and accidents. In 2013, we surpassed our safety goal for the first time. In 2014 we surpassed our goal for the second consecutive year, with a lost-time injury frequency rate of 1.4 per 200,000 hours worked, representing a reduction of 32 percent from our 2009 baseline.



This number is the result of the maturation of a Safety Accident Reporting for Employees (SAFE) system enabling effective, efficient and accurate accident reporting and root-cause analysis. The DPS Safety Board, launched three years ago, is continuing to act on these learnings, directing our safety efforts including employee orientations and trainings, local safety committees and accident investigations with a focus on corrective actions.

# DPS HAS EXCEEDED ITS SAFETY GOAL FOR 2 CONSECUTIVE YEARS

This is more than just a one-off campaign – safety is, in fact, the top priority in the rapid continuous improvement (RCI) mindset, now in its fifth year of implementation. Our ongoing “5S DPS” program establishes a standardized environment for the implementation of our safety agenda. The 5S’s (Sort, Set in Order, Shine, Standardize and Sustain) are a process for creating and maintaining an organized, clean, and high-performing workplace, forming the foundation for continuous improvement, zero defects, cost reduction and, most importantly, a safe work environment.

In the future, DPS will focus its safety efforts on our overall reportable accident frequency rate, integrating our safety efforts into everything we do and setting baselines as we explore new areas for continuous improvement.

## WELLNESS

Our “Take ACTION for Your Health” program continues to help DPS employees develop into good consumers of health care.

In 2014, approximately 54 percent of employees either participated in a “Know Your Numbers” biometric screening at their work site or got a physical through their own physician. With knowledge of health numbers such as blood pressure, body mass index and cholesterol, employees are better equipped to make health choices that are right for them.

During the same period, more than 6,500 employees took advantage of DPS's Personal Rewards incentive program, earning themselves more than \$1.6 million to encourage healthy habits and personal health awareness.





In 2015, DPS took our support of employee health a step further. DPS employees and covered spouses/domestic partners will be able to avoid up to \$1,500 in health insurance premiums if they complete a free health screening.



## LEARNING AND DEVELOPMENT

Since our last report, DPS has taken major steps to grow our people to position our business for success. Our goal is to build capable, dedicated and enthusiastic leaders that embody the leadership principles necessary to drive our Call to Breakthrough ACTION behaviors. Our development programs have grown to include:

- **Emerging Leader Program** – one or two-year rotational programs to build the next generation of leaders within DPS and extend our company's bench strength. This program focuses on developing high-potential employees, sourced both internally and externally, into leaders who will guide our business toward success in the future as either sales or supply chain leaders.

- **Developing Leader Program (DLP)** – a one-year experience to create an ever-expanding group of leaders at the manager and director level that can recognize and eliminate waste within the business and drive breakthrough change through RCI while developing their leadership and change management skills.
- **Mentorship Program** – a development initiative designed to give employees an opportunity to network, receive coaching and develop their skills through one-on-one professional relationships with our most talented leaders. It provides leaders a chance to refine their coaching abilities and connect with people at different levels and areas of the business.

## LEADERSHIP DEVELOPMENT BUILDING BLOCKS



EMERGING  
LEADER  
PROGRAM



DEVELOPING  
LEADER  
PROGRAM



MENTORING  
PROGRAM

DPS Campus, the e-learning system covering everything from basic office skills to retail partnership strategies to managing self-doubt in the workplace, entered a new phase of its life with the launch of DPS Campus 2.0. Available for the first time on mobile devices and tablets anywhere with Internet access, the new Campus is reaching more employees than ever before. With an average of 3,000 video views on a monthly basis, as well as enhanced searchability and interactive commenting features, DPS Campus continues to enhance our bench strength and build a solid pipeline for future DPS leaders.

We also are taking steps to make sure that DPS is providing fulfilling work for our employees in an environment that encourages and empowers them to reach their full potential. To that end, DPS recently deployed an employee engagement survey using a combination of online and paper surveys to capture candid, confidential feedback. Using a survey from a respected third-party assessor, we surveyed all of our U.S. and Canada employees, building on work already completed in Mexico, where Grupo Peñafiel has received the Great Place to Work® certification by the Great Place to Work® Institute. The results will identify areas of strength and opportunity within our business and set a baseline for improvement.

WE BELIEVE A TRUE LEADER IS SOMEONE THAT  
BRINGS TOGETHER IDEAS AND COACHES THEIR TEAM  
IN ACHIEVING EXCELLENCE.



## ETHICAL SOURCING



AT DPS, OUR SUPPLY BASE EXTENDS ACROSS THE GLOBE. WHILE OUR OPERATIONS ARE PRIMARILY BASED IN NORTH AMERICA, OUR INGREDIENTS AND PACKAGING MATERIALS ARE TRULY INTERNATIONAL.

Our consumers hold us accountable through their purchasing choices, not only for the quality of our products, but also for ethical and responsible production. As such, responsible sourcing is an integral part of our business.

In 2010, we set our first ethical sourcing goal, which evolved into our current commitment to "conduct a regular risk assessment of our supply base and audit any high-risk suppliers identified to ensure compliance with our Ethical Sourcing Code of Conduct." We have done more

than just achieve this goal: We now have made it business as usual for our company going forward.

Our Ethical Sourcing Code of Conduct has always formed the backbone of our efforts. Among other requirements, we expect our direct suppliers to commit to us that employment is freely chosen with no forced, bonded or involuntary labor; that working conditions are safe, hygienic and compliant with industry standards; that wages and benefits meet

minimum national legal standards; that working hours comply with national laws and industry benchmarks; and that no discrimination is practiced in any employment-related decision. We seek commitment to our Ethical Sourcing Code of Conduct, which includes all of the foregoing requirements, and expect our direct suppliers to sign and comply with this Code or participate in the Supplier Ethical Data Exchange (SEDEX) and meet the compliance requirements that are part of the SEDEX process.

We are pleased to announce that in 2014, 100 percent of our direct suppliers across all regions of our business committed to our Ethical Sourcing Code of Conduct, either through acceptable audits maintained in

# OUR ETHICAL SOURCING CODE OF CONDUCT FORMS THE BACKBONE OF OUR EFFORTS.



Our risk assessment process includes a quantitative evaluation of each supplier's performance on key third-party indices, including the United Nations Human Development Index, the Heritage Foundation's Index of Economic Freedom and the Labor Rights Index of the International Labour Association.

Any suppliers still seen to be "high-risk" as a result of this process are subjected to a direct audit or required to provide results of an audit from a reputable third-party human rights auditors. As of 2014, 100 percent of our high-risk suppliers had been audited. Looking ahead, DPS has developed an e-learning course to help our supply chain procurement and management in supply

chain management identify and help reduce or eliminate risk of non-compliance with our Ethical Sourcing Code of Conduct. Team leaders were initially trained in 2011, and training is updated regularly.

With these tools in place, DPS is well equipped to maintain this goal in the years ahead and embed our ethical sourcing approach and values even further across the organization.

SEDEX or direct agreement with our Code. During the risk assessment process, we segment our direct material suppliers into low-, medium- and high-risk categories based on our knowledge of their industries and country of origin. Every two years, DPS reassesses the country-of-origin risk based on the most current UL-RS Country Risk Index risk index to ensure we have properly evaluated the risk level of suppliers and to determine if additional actions are needed in order to ensure commitment from certain suppliers to our Ethical Sourcing program.



# ECONOMIC IMPACT



## NET SALES

\$6.1 billion

## GOODS PURCHASED

\$2.5 billion

## TAXES PAID

\$345 million  
U.S. Federal: \$275 million  
State/Local: \$41 million  
International: \$29 million

## WAGES, BENEFITS AND PAYROLL TAXES

\$1.050 billion (Note: Some additional people costs are represented in Goods Purchased.)

## COMMUNITY INVESTMENTS

Financial Contributions: \$11.1 million  
(Philanthropic: \$8.8 million; cause-related marketing: \$2.3 million)

## PRODUCT DONATIONS

\$2.9 million

## VOLUNTEERISM

9,300

## RETURNS TO SHAREHOLDERS

In 2014, DPS returned \$717 million to shareholders in the form of share repurchases (\$400 million) and dividends (\$317 million).



# FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, in particular, statements about future events, future financial performance, plans, strategies, expectations, prospects, competitive environment, regulation, and cost and availability of raw materials. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "may," "will," "expect," "anticipate," "believe," "estimate," "plan," "intend" or the negative of these terms or similar expressions.

These forward-looking statements have been based on our current views with respect to future events and financial performance. Our actual financial performance could differ materially from those projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and our financial performance may be better or worse than anticipated. Given these uncertainties, you should not put undue reliance on any forward-looking statements.

All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014, and our other filings with the Securities and Exchange Commission. Forward-looking statements represent our estimates and assumptions only as of the date that they were made. We do not undertake any duty to update the forward-looking statements, and the estimates and assumptions associated with them, after the date of this release, except to the extent required by applicable securities laws.

