

Report on Risks Related to Obesity 2018 – Dr. Pepper Snapple Group, Inc.

Consumers are becoming more discerning about what they eat and are seeking healthier options of the food and drinks they consume. Heightened regulatory and consumer attention has increased focus on the food and beverage sector's contribution to the obesity epidemic, which can have a damaging reputational and financial impact on those companies that are singled out as marketing unhealthy products to consumers, especially children. The growing demand for healthier food, poses a real market opportunity for Dr. Pepper Snapple Group to adopt a greater focus on healthy options in its product portfolio.

According to the US Centers for Disease Control's National Center for Health Statistics November 2015 data brief, obesity affects over one-third of American adults over 20. The World Health Organization reports that obesity has reached epidemic proportions, with nearly 2 billion people overweight, including 41 million children.

The US Department of Agriculture's "Dietary Guidelines for Americans 2015-2020" states that added sugars account for "more than 13 percent of calories per day in the U.S. population." Current intakes of added sugar "are particularly high among children, adolescents and young adults. The major source of added sugars in typical U.S. diets is beverages, which include soft drinks, fruit drinks, sweetened coffee and tea, energy drinks, alcoholic beverages, and flavored waters. Beverages account for almost half (47%) of all added sugars consumed by the U.S. population."

Our company's 2016 annual report named increased government regulation proposed as a result of "concerns about the public health consequences and health care costs associated with obesity" as one of the key trends and uncertainties that could affect our company's business.

As of October 2017, at least seven local jurisdictions in the US have adopted soda taxes as a way to raise revenue for community priorities while encouraging residents to avoid sugary drinks that contribute to diabetes, heart disease and other chronic health issues.

As consumers increasingly opt for healthier foods, "healthy" food categories are seeing growth ahead of categories perceived to be less healthy. As the focus, and consumer demand, turns away from high-sugar, high-fat products to higher-quality food and beverages, companies will have to adapt and evolve.

Our company's two main competitors, Coca-Cola Co. and Pepsico, have adopted policies and made commitments to address public health concerns around obesity. While Dr. Pepper Snapple Group participates in the American Beverage Association's pilot program, Balance Calories Initiative, our company has not published its commitments and strategies to address obesity.

Companies that are applying strong nutrition policies globally are in a better position to reduce the risk of increasing regulation and to take full advantage of changing consumer trends towards healthier living.

RESOLVED: Shareowners of Dr. Pepper Snapple Group request that the board of directors issue a report, at reasonable cost and omitting proprietary information, on company-wide efforts to address the

risks relate to obesity. The report should include aggressive quantitative metrics around reduction of added sugars in its products and development of healthier product offerings.