

Re: California Transparency in Supply Chains Act (SB 567)

On January 1, 2012, the California Transparency in Supply Chains Act of 2010 (SB 657) (“Act”) will go into effect in the State of California. The Act seeks the elimination of slavery and human trafficking from product supply chains and requires that companies disclose their efforts to ensure that their supply chains are free from slavery and human trafficking.

To this end, Dr Pepper Snapple Group (“DPSG”) 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. The ETI standards are incorporated into our Ethical Sourcing Code of Conduct, a copy of which can be found under the Ethical Sourcing link at www.dps-supplier-bev.net. Both the ETI and our Ethical Sourcing Code of Conduct require that employment is freely chosen and not forced in addition to other similar commitments to ensure that our suppliers are not engaging in forced or child labor.

As a responsible corporate citizen, we seek to ensure that quality and safety standards are maintained throughout our supply chain by well-treated, fairly compensated workers in accordance with all applicable laws. We conscientiously integrate the standards and commitments of the ETI into the way we run our businesses to address such concerns and have undertaken the following efforts to ensure and verify the absence of slavery and human trafficking in our supply chain:

Acknowledgment of Standards: Each of our suppliers is required to commit to us that they adhere to the ETI standards. Verification of supplier adherence is done internally with some suppliers through their execution of our Code of Conduct. Verification of ETI standard adherence for other suppliers is conducted externally, through such supplier’s membership in Sedex, the Supplier Ethical Data Exchange, a third party organization. Sedex is a non-profit organization linking global businesses with suppliers and focuses on labor standards, health and safety, environmental and business integrity.

Risk-based assessments and audits: In addition, we review our supplier base and assess all potential suppliers to determine the level of risk associated with each supplier with respect to compliance with the ETI.

As stated in our Corporate Sustainability report, by 2015 we will conduct annual third-party risk assessments of all suppliers and audit any high-risk suppliers to ensure full compliance with our Ethical Sourcing Code of Conduct. Our progress is updated annually and can be reviewed in our Corporate Sustainability Report located on our corporate website, www.drpeppersnapple.com.

In our first year of the process, we have seen strong initial progress toward ensuring that our suppliers are in compliance with our Ethical Sourcing Code of Conduct.

The first step in this process was the segmentation and identification of our direct material suppliers into low-, medium- and high-risk categories based on our knowledge of their industries and country of origin. In 2012, we expect to undertake the review of indirect suppliers.

With respect to audits, our process includes the audit of our high-risk suppliers. While high-risk suppliers make up a low percentage of our total direct supplier base, it is these suppliers that we intend to focus on in order ensure compliance with our standards. Whether it is through supplier acceptance of our Ethical Sourcing Code of Conduct, participation in the Supplier Ethical Data Exchange, and/or on-site audits, we are holding our high-risk suppliers accountable. In the first year of our review, we have confirmed compliance with our standards by over half of our high risk suppliers.

Audits will be undertaken internally, by DPSG personnel, as well as externally by third party auditors and through Sedex membership audit submissions. In most cases the audits will be announced.

Non compliance: If we believe that a supplier is not in compliance with our standards with respect to our Ethical Sourcing Code of Conduct, which includes the elimination of slavery and human trafficking, we 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 our standards, we will seek to eliminate such supplier from our supply chain.

Capability building and training programs: DPSG partners with third party providers to develop and maintain a robust process to allow us to identify and help reduce or eliminate risk of non-compliance with our Ethical Sourcing Code of Conduct.

We train employees from Supply Chain Procurement to identify and respond to supply chain risk issues such as forced or child labor as part of our procurement process. Team leaders were trained in 2011 and the remainder of the team members will be trained by the end of the first quarter 2012. We will provide regular updates and refreshers as necessary.

Additionally, all employees are required to acknowledge and adhere to our Business Code of Conduct & Ethics. The Code includes the requirement to comply with all laws in all places where DPSG does business and a violation of the Code may result in penalties including termination.

DPSG believes that the elements of this approach will help prevent human trafficking and slavery within our supply chain.