RECYCLABILITY UPDATE

RECYCLABLE K-CUP® POD LAUNCH

Now available at Keurig.ca and AFH channels.

Limited quantities of pods are available. For the moment, only the Van Houtte® Original House Blend is offered.

Our recyclable K-Cup® pod deliver on our rigorous beverage quality and performance criteria.

Our new pod is made from #5 plastic, accepted in 93% of Canadian communities.

We are working with plastics and recycling experts to demonstrate that it can be sorted with existing recycling infrastructures, despite its relatively small size.

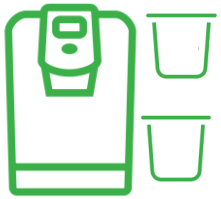
FANTASTIC NEWS

- Keurig Canada has been prioritized for the roll-out of recyclable K-Cup pods in our North-American network.
- We have already started the conversion process of our first production line in Montreal.
- Additional capacity is coming soon, with availability in 2017.
- Keurig Canada aim to reach the 100% completion target in 2018.

OUR RECYCLABLE K-CUP® POD

Keurig's recyclable K-Cup® pod offers several advantages

5
PP



Sensory & Performance: Meets our oxygen barrier and puncture requirements to ensure beverage freshness and quality performance in our brewers

Lower Impact: Has a lower environmental/LCA impacts than current #7 pods and other #6 pods in energy demand and global warming potential

Greater Recycling Access: #5 polypropylene is accepted for recycling in the majority of communities (93%) in Canada

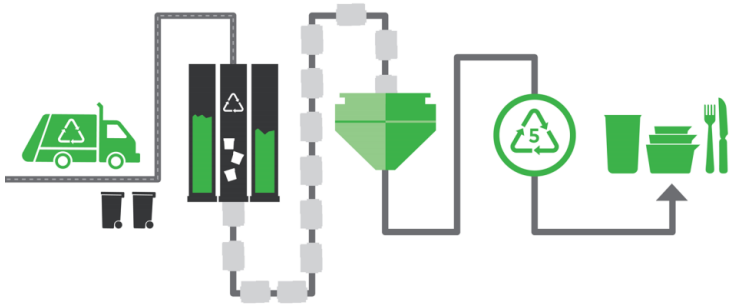
High Value: #5 polypropylene is valuable material to recyclers and can be used in a variety of products such automobile parts and buckets

KEURIG CANADA

- Internal Sensory Panel Testing
- Internal screening LCA
- APR Recyclability, Resource Recycling
- Moore/RRS/SPC/ACC 2016 Access Study

CONCEPT VALIDATION AND TESTING CONFIRMED THE VIABILITY OF THE RECYCLABLE K-CUP®

Collaboration with MRFs, Reclaimers and Experts informed our design

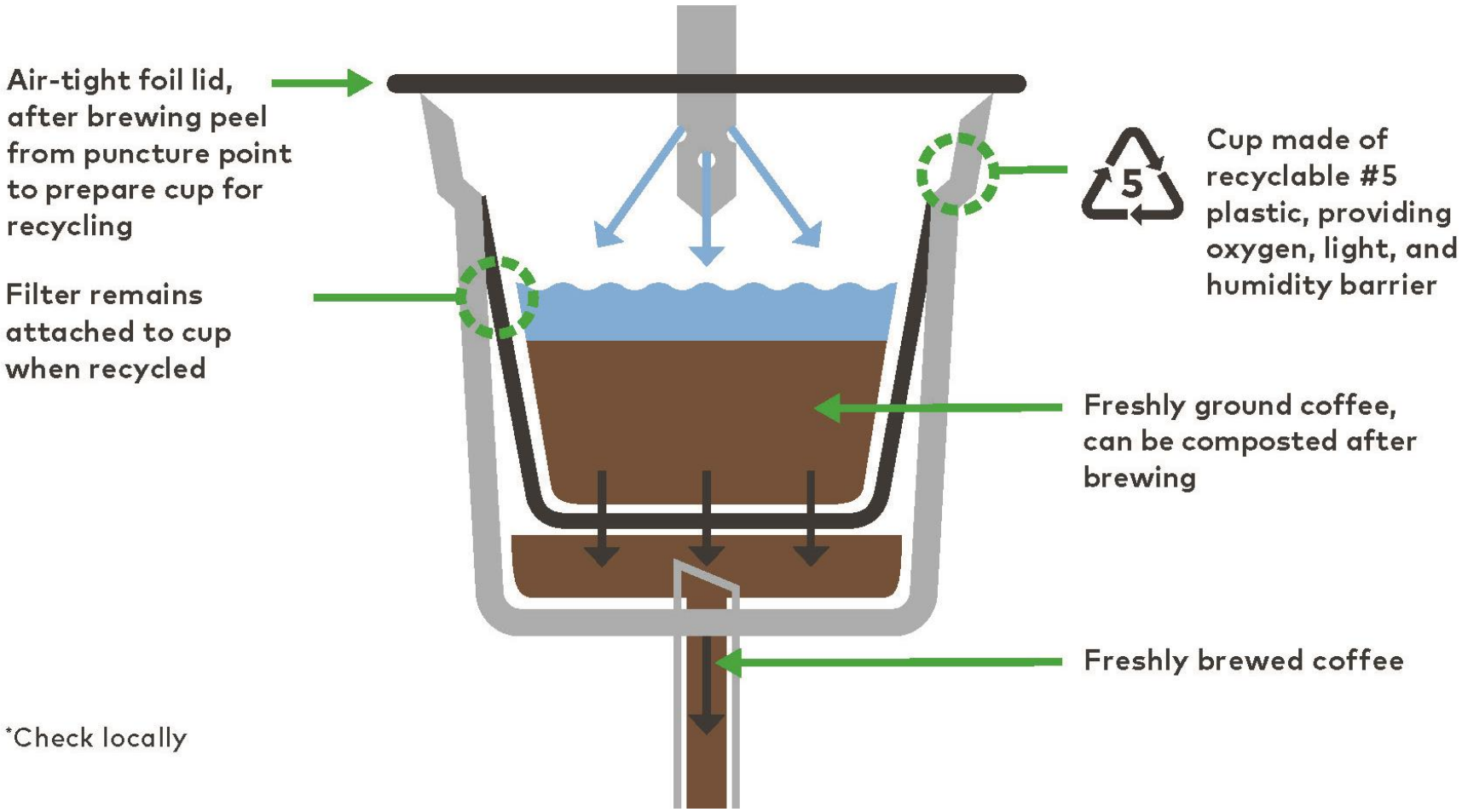


Consumer experience throughout the recycling process is a key factor

Insights uncovered during testing confirmed our design assumptions

- Pods are **not too small** to be recovered.
- **Filter paper** being attached to the pod is not a problem for recovery or recycling.
- **Polypropylene (#5) plastic** is a highly recyclable and desirable material.
- Preference to have **grounds emptied** from the pod prior to collection.
- RFID technology used during testing protocol provides **100% traceability of pods** through any MRF
- **Optical sorter optimization** is possible to increase capture rate of K-Cup® pods
- **Crushing of the pods** increases overall capture rate
- Increased MRF and industry engagement has led to development of **small item recovery working group**

INSIDE OUR NEW RECYCLABLE* K-CUP® POD



*Check locally

3 SIMPLE STEPS TO RECYCLE

PEEL
lid and dispose.

EMPTY
contents or compost.
Filter can remain.

RECYCLE

OTHER RECYCLABLE PODS ON THE MARKETPLACE

At Keurig, the challenge has been to create a recyclable K-Cup® pod format that doesn't compromise on beverage taste or pod performance.

- We have stringent pod requirements including:
  - Compatibility with ALL Keurig® brewers with 99.999% efficiency
  - Sufficient oxygen barrier to keep pod contents fresh
  - Top and bottom pod puncturability
  - Manufacturability within our current network of more than 100 packaging lines
  - **No incremental cost to the consumer**
- **We have not found any other solution available on the market now that meets all these criteria.**
- **Our tests show freshness/quality issues with other recyclable/compostable pods.**

RECYCLABLE OR COMPOSTABLE?

Most compostable products currently in the marketplace don't degrade in home settings, but require sophisticated municipal facilities which are not common across Canada.

- **We believe the infrastructure around recycling is stronger, and therefore we wanted to ensure we selected a pod material that had strong value to recyclers and strong potential to find a second life in another product.**
- Our work with plastics and recycling industry experts led us to select polypropylene for products today, and by focusing on recyclability, we will reach more consumers and have a bigger impact.
- In an effort to drive continued innovation, we are pursuing tomorrow's innovations, including use of recycled content, fiber and bioplastics.

COMPOSTABLE BUT NOT ACCEPTED IN FACILITIES

The practice of composting packaging materials is not widely accepted and placing plastic packaging in composting bins is discouraged in many areas.*

- Compostable containers are not automatically accepted in composting sites. Whether a product or a container is accepted is managed by each and every composting facility.
- For example, the Vancouver area requests that all *plastics, even those marked biodegradable or compostable be removed from the yard trimming and food scrap collection bins*. Excessive plastic contamination in collection bins may cause the entire load to be landfilled.
- In a 2015 study, out of 75 composting facilities in Canada, only 15 mentioned they could accept “food service ware” aka the BPI certified plastic pods.

* For reference, see the Globe&Mail in 2015 and CBC article 2016

SUSTAINABILITY AT KEURIG

OUR 2020 SUSTAINABILITY TARGETS:

100% of K-Cup® pods will be recyclable.

Engage 1 million people in our supply chains to significantly improve their livelihoods including water security and climate resilience.

Source 100% of primary agricultural and manufactured products according to established Keurig Green Mountain responsible sourcing guidelines.

Achieve zero waste-to-landfill at our owned and operated manufacturing and distribution facilities.

Reduce life-cycle greenhouse gas emissions of brewed beverages by 25% vs. 2012 baseline.

Engage 100% of employees to understand our vision and values and present opportunities that allow them to contribute to our targets.

Balance the water in our 2020 brewed beverage volume of all our beverages, ounce for ounce.

PRODUCTS THAT USE RESOURCES SMARTLY

By brewing only what you need, the Keurig® system helps use water and energy smartly, especially in a workplace setting.