UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 100983 / September 10, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22100

In the Matter of **KEURIG DR PEPPER INC.,** **Respondent.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), against Keurig Dr Pepper Inc. ("Keurig" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

SUMMARY

1. This matter involves statements made by Keurig in its annual reports filed with the Commission for fiscal years 2019 and 2020 regarding the recyclability of its K-Cup beverage pods ("pods") used to make coffee and other beverages in Keurig's single-serve brewing systems.

2. Beginning in or around 2016, Keurig performed tests of its pods at various recycling facilities, in which Keurig tracked the progress of pods throughout the recycling facilities. Keurig also sought and received feedback from recycling industry participants, including the recycling companies involved in the testing, concerning curbside recycling of pods. While the testing demonstrated that pods typically could be successfully sorted from other materials at an early stage of the process within the recycling facilities, two large recycling companies provided negative feedback concerning the commercial feasibility of curbside recycling of pods at that time. However, in Keurig's annual reports filed with the Commission for fiscal years 2019 and 2020, Keurig stated, without qualification, that its testing with recycling facilities "validate[d] that [pods] can be effectively recycled" and did not disclose that two large recycling companies had indicated that they did not presently intend to accept pods for recycling. By not including this additional information, Keurig's statements about the conclusion to be drawn from the testing concerning recyclability of pods were incomplete and therefore inaccurate.

3. As a result of the conduct described above, Keurig violated Section 13(a) of the Exchange Act and Rule 13a-1 thereunder.

RESPONDENT

4. **Keurig Dr Pepper Inc.**, a Delaware corporation based in Burlington, Massachusetts, and Frisco, Texas, is a beverage company and producer of single-serve brewing systems. Keurig's stock is registered under Section 12(b) of the Exchange Act and trades on NASDAQ.

FACTS

5. In 2014, Keurig Green Mountain Inc. ("Keurig Green Mountain"), now a subsidiary of Keurig, released its Sustainability Report, announcing certain sustainability goals, one of which was to make 100% of pods that it manufactured recyclable by 2020.

6. In fiscal year 2019, sales of pods comprised a significant percentage of net sales of Keurig's coffee systems business segment, and the coffee systems business segment represented a significant percentage of Keurig's net sales across all of its business segments. Consumer research conducted by Keurig Green Mountain in 2016 indicated that, for certain consumers, environmental concerns were a significant factor, among others, considered when deciding whether to purchase a Keurig brewing system.

7. Keurig Green Mountain researched options for changes that could be made to its pods to achieve its goal of making pods recyclable. Following this research, Keurig determined that pods made of polypropylene number 5 plastic ("PP5"), sold in packaging with certain specific consumer recycling instructions, would achieve this goal.

8. According to Keurig, all pods that it manufactured for sale in the United States and Canada were made of PP5 by the end of 2020.

9. In part to address concerns in the recycling industry that small items, like its pods, could not be processed and recycled at recycling facilities, Keurig Green Mountain performed tests at various recycling facilities in the United States and Canada beginning in 2016. These tests involved using radio frequency identification readers at various points in the recycling process to follow the movement of pods tagged with a tracking chip. These tests enabled Keurig to track the flow of pods through the facility, including the ultimate destination of pods, and assess whether pods were processed and sorted correctly at the various recycling facilities. These tests reflected that pods typically could be successfully sorted from other materials to make it to a stage of the recycling process from which items have the potential to be sorted into groups of various materials for purchase by parties who might further process the materials for their potential reuse.

10. After Keurig completed its testing, two recycling companies involved in the testing nonetheless conveyed significant negative feedback to Keurig regarding the commercial feasibility of curbside recycling of pods at that time. For example, one recycling company wrote to Keurig: "Currently, there simply is not a sufficient benefit for small format materials, and/or hard-to-recycle materials – including K-Cup pods – to make the financial case for inclusion as part of curbside recycling programs." The recycling companies also indicated to Keurig that they did not presently intend to accept pods at their own recycling facilities.

11. The two recycling companies that provided negative feedback to Keurig are among the nation's largest recycling companies, operating more than one-third of recycling facilities in the United States. An internal Keurig document described one such recycling company as "one of the largest and newest [recycling companies] in the country" with "high tech machinery that is able to sort items well."

12. Notwithstanding this negative feedback, in Keurig's Form 10-K for the fiscal year ended December 31, 2019, filed with the Commission on February 27, 2020, Keurig stated: "we have conducted extensive testing with municipal recycling facilities to validate that [pods] can be effectively recycled."

13. Similarly, in Keurig's Form 10-K for the fiscal year ended December 31, 2020, filed with the Commission on February 25, 2021, Keurig stated: "we have conducted extensive testing with municipal recycling facilities to validate that [pods] can be effectively recycled. We continue to engage with municipalities and recycling facilities to advance the quantity and quality of recycled polypropylene and have committed $10 million toward the advancement of polypropylene recycling in the U.S. through the Polypropylene Recycling Coalition, an effort led

by The Recycling Partnership and funded by leading brands, recyclers, converters and producers of polypropylene."

14. Keurig's statements in these Forms 10-K that its recyclability testing had validated that pods could be "effectively recycled" were incomplete and inaccurate because they did not also disclose the negative feedback received from recycling companies involved in the testing concerning the recyclability of pods.

15. Keurig's subsequent Forms 10-K, starting with the Form 10-K for the year ended December 31, 2021, filed with the Commission on February 24, 2022, did not contain any discussion of its recyclability testing.

VIOLATIONS

16. As a result of the conduct described above, Keurig violated Section 13(a) of the Exchange Act and Rule 13a-1 thereunder, which, among other things, require every issuer of a security registered pursuant to Section 12 of the Exchange Act to file with the Commission complete and accurate annual reports.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that**:**

A. Pursuant to Section 21C of the Exchange Act, Respondent Keurig cease and desist from committing or causing any violations and any future violations of Section 13(a) of the Exchange Act and Rule 13a-1 thereunder.

B. Keurig shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of $1,500,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Keurig Dr Pepper Inc. as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to John Dugan, Associate Director, Division of Enforcement, Securities and Exchange Commission, 33 Arch Street, 24th Floor, Boston, MA 02110.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary