



# Sustainability *focus*

## Message from our CEO

2013



Welcome to the Sunny Delight Beverages Co.'s Sixth Annual Sustainability Report. This will be a streamlined report versus what we have done in previous years. We are doing this because – as our program has matured – our results and trends have become more stable. This means that the annual report would take lots of time and cost a fairly significant amount to create without shedding much light on our changes and improvements as previous reports have. As such, we have chosen to do the exhaustive diligence required to produce a more complete report when warranted by more substantial changes in our results.

Over the past year, we have focused our efforts on harvesting the fruits of the seeds we planted over the past couple of years – squeezing out the inefficiencies created during the disruption of our major capital investment. This required use of all the techniques and tools

we developed over the last six years to go after waste and inefficiency created by our disruption.

A very good example of that is our work to reduce the amount of corrugate we use. Corrugate is the classic secondary packaging material: it exists to facilitate the transportation of the product through the supply chain, but it inherently adds no real value to the juice drinking experience for our consumers. During our recent supply chain capital investment program, we focused on reducing the amount of corrugate we designed into our shipping containers and made a sizeable reduction. Now fully operational with these new containers, we realize that we are still wasting significant amounts of corrugate in our operations since it gets damaged in transit or due to atmospheric conditions (high humidity) in transit or storage. As a result, we discard large amounts of corrugate even before it is used – the ultimate definition of waste.



Our Atlanta plant is tackling this issue and making significant progress. We have dramatically reduced inventories and damage — reducing not only the amount of corrugate we use, but also eliminating significant downtime on our lines which wastes water, electricity, and labor hours. We are now rolling this out to our other plants.

Another breakthrough area for us has been our work to improve line efficiencies with the goal of reducing water and energy usage and saving valuable employee time. The most significant improvement we made there was on our aseptic PET production line which has seen its productivity more than triple over the past year. This has taken the dedicated efforts of many talented employees over a long period of time, but the results are incredible.

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## Message from our CEO ... continued

Taken individually, efforts like these can get lost in our financial and sustainability reports. But collectively these types of efforts have continued our progress — leveraging the skills we have acquired and the innate understanding by our teams of the costs of inefficiency and the benefit of reducing wastes — not just to us, but to the broader community.



Externally, we have continued our support for several important organizations. Our most important, long standing relationship is with Keep Cincinnati Beautiful and our collaborative effort to help them get Cincinnati Public Schools to Zero Waste to Landfill. This program keeps growing each year and has the dual benefit of significant waste reduction while teaching the children in our hometown the importance of “Reduce, Reuse, Recycle”.



Separately, we engaged one new, impressive external partner this year. 4 Paws for Ability is a local Cincinnati organization that trains service dogs for children and military veterans who have special needs that aren't ordinarily met by service dogs. For example, they train dogs to recognize impending seizures in children so that the child's safety can be protected. And they train dogs that can insure children with autism remain safe rather than wandering off inadvertently. They place about 100 dogs per year and have a 98% success rate. They are one of the few agencies that will place dogs with children regardless of age. Their work is inspiring, innovative and incredibly useful. We admire their efforts.



Our involvement with 4 Paws for Ability is through one of our employees who serves on their Board and through a gift we made to kick off the process to design and build a new, larger facility. Our financial gift was modest, but it came early in a very important process and enabled the organization to reach the next step in their journey to a better home. We are proud of the contribution our employee makes and thrilled that we could contribute to their mission.

This is how we view our social responsibility: We like to support activities that serve children and where our employees are actively involved. As we say, if an activity is not important enough for one of our employees to invest their own time, then we are probably better off investing our money somewhere else.



We welcome any feedback or input you have on our Sustainability Journey and look forward to reporting our progress again next year.

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BILLY CYR

## 2013 Achievements At-A-Glance

Highlighted below are our 2013 Achievements across our measurable goals in all three pillars of sustainability — profit, planet and people. “I am proud of our achievements to date and of our unwavering commitment to continue making progress on this journey without end,” said Ellen Iobst, Chief Sustainability Officer and Senior Vice President of Manufacturing & Technology for Sunny Delight Beverages Co.



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ELLEN IOBST



### ECONOMIC

*Continue to deliver annual, sustained growth by offering consumer-preferred products and by increasing revenue, volume and earnings before interest, taxes, depreciation and amortization (EBITDA).*

- ⇒ Introduced three new products that we believe will help us increase revenue and volume as consumers become aware of and purchase them—SunnyD pouches geared toward the lunchbox occasion; SunnyD Chillers to satisfy consumers during thirst-quenching occasions; and Sparkling Fruit<sub>2</sub>O to provide consumers with the excitement of carbonation married with natural fruit flavors and a trusted brand name.
- ⇒ Significantly increased the use of aseptic packaging capability—a process generating great tasting, preservative free products.

*Continue to improve the wholesomeness of our product portfolio.*

- ⇒ Reduced average number of calories per serving from 92 in 2007 to 48 today—a 48% reduction.
- ⇒ Based on total volume, we removed 183 billion calories from the American diet in 2013, or the equivalent of 52.3 million pounds of potential weight gain per year.
- ⇒ Lowered sugar content in 100% of our beverages containing added sugar.
- ⇒ Offered schools smaller portion sizes with fewer calories to help reduce childhood obesity. These offerings have also been fortified to better serve children's needs.



### ENVIRONMENTAL\*

*Reduce packaging materials by 25 million pounds by 2015 (from 2005).*

- ⇒ Exceeded this goal as we already have reduced our packaging materials by 37 million pounds since 2005. Our corrugated reduction alone represented 26 million pounds.
- ⇒ Test market launch of SunnyD in 6 oz. pouches is a 14% material reduction versus our 200ml bottle.

*Improve shipping efficiency to reduce carbon footprint.*

- ⇒ 94.5% of our transportation miles were on SmartWay-certified carriers.
- ⇒ Continued use of a compressed natural gas (CNG) delivery fleet in the Los Angeles area creating annualized savings of 320,000 gallons of diesel fuel.
- ⇒ Realized a 23% reduction in carbon inventory versus previous year.

*Reduce per-unit non-product related water usage by 25% by 2015 (from adjusted baseline).*

- ⇒ 13% reduction in per-unit non-product related water usage.
- ⇒ Reused, re-circulated or recycled 3.1 billion gallons of water in 2013.

*Reduce per-unit energy usage by 25% by 2015 (from adjusted baseline).*

- ⇒ 4.4% reduction in per-unit energy usage.





## ENVIRONMENTAL\*

*Continued ..*

***Reduce per-unit carbon footprint by 25% by 2015 (from adjusted baseline).***

⇒ 19% reduction in per-unit carbon footprint.

***Maintain zero waste to landfill at all manufacturing facilities.***

- ⇒ Continuing to send zero waste to landfill.
- ⇒ Diverting more than 47 million pounds of waste from landfills to date.
- ⇒ Re-directing 91% of waste to recycling for an annual savings of +\$150,000.

*\*South Brunswick, NJ data excluded as 2013 is this plant's baseline year.*



## SOCIAL

***Continue to enhance the wellbeing of our employees.***

- ⇒ Motivated healthy behavior changes by rewarding employees up to \$300/year for maintaining/improving specific biometric measures.
- ⇒ Developed innovative competitions using employees' Nike+Fuelbands to encourage exercise.

***Continue to improve the communities in which we operate.***

- ⇒ Contributed \$744,000 in monetary and product donations to more than 100 national and local organizations.
- ⇒ Donated another 234,000 books to classrooms through SunnyD Book Spree, for a total donation of more than \$6 million worth of books since the program began in 2009.
- ⇒ Provided 85,000 meals to school children who rely on the school system for weekend meals through SunnyD's Blessings in a Backpack promotion, which was a Partnership with the Blessings organization.

## OUR BUSINESS

### Sunny Delight Beverages Co. At-A-Glance

Sunny Delight Beverages Co. remains one of the leading producers of juice-based beverages in North America. The Company remains dedicated to helping moms improve the vitality of their families by creating and marketing more wholesome beverages. SDBC has its own sales force, but sells its brands through independent distributors as well.



#### Brands:

SunnyD Citrus Punch / Fruit<sub>2</sub>O flavored water /  
Elations dietary supplement for joint health /  
VeryFine 100% juices and juice drinks

**Net Sales** \$372 Million

**Ownership:** Privately held

**Headquarters:** Cincinnati, OH

**Employees:** 615

**Manufacturing:** Anaheim, CA; Atlanta, GA; South Brunswick, NJ;  
Littleton, MA; Sherman, TX

**Product Sales:** United States, Canada, Mexico, Puerto Rico,  
Bahamas



<b>Trust</b>	We count on each other.
<b>Teamwork</b>	We bring out the best in each other to collectively solve problems.
<b>Respect</b>	We show our respect for the strong capabilities and differing viewpoints of our people, customers, competitors and consumers.
<b>Leadership</b>	We value leaders who get ahead of issues and make timely and effective decisions.
<b>Mastery</b>	We recruit, train, develop and recognize mastery so we can win frequently.
<b>Innovation</b>	Our customers and consumers recognize us as a company that is consistently meeting their emerging needs.
<b>Community</b>	We enjoy our work and the people we work with.



#### Vision:

We build brands of great tasting, more wholesome beverages that have become staples for our consumers. As a result, we are among the fastest growing beverage companies in the world.

#### Mission

Energize. Grow. Flourish. Achieve.



**We are on the Web!**

<http://ww2.sunnyd.com/company/overview.shtml>