



TRANSFORMATION

Green Mountain Coffee Roasters, Inc.
Corporate Social Responsibility Report

FY '09

GREEN MOUNTAIN COFFEE ROASTERS, INC. PURPOSE STATEMENT

**CREATING THE ULTIMATE COFFEE EXPERIENCE
IN EVERY LIFE WE TOUCH FROM TREE TO CUP,
TRANSFORMING THE WAY THE WORLD
UNDERSTANDS BUSINESS.**

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We've been working nearly 30 years at creating and sharing the ultimate coffee experience with you. For us, the ultimate coffee experience goes beyond simply the quality in the cup to encompass the quality of both our environment and all the relationships that help us deliver on our goals – it involves our consumers, customers, employees, suppliers, local and supply-chain communities, and all our stakeholders. It is an experience that we aim to make environmentally sound, socially equitable, and undeniably delicious.

Corporate Social Responsibility at Green Mountain Coffee Roasters, Inc. (“GMCR” or “Green Mountain Coffee Roasters”) has evolved over the years, transforming from small grassroots initiatives to initiatives that take on more technically-demanding challenges, address more sophisticated problems, help us manage both opportunities and risks in a more integrated way, and contribute to a better business model:

- 1983** Began composting coffee grounds in our retail shops.
- 1989** Developed Earth-Friendly Coffee Filters. Oxygen-whitened and dioxin-free.
- 1996** Developed the industry's first biodegradable bag for bulk coffee purchases.
- 2000** Signed an agreement with TransFair USA to certify our organic coffees as Fair Trade Certified.™
- 2003** Began offsetting our greenhouse gas emissions by purchasing renewable energy credits.

2006 Developed an eco-friendly hot paper cup, and introduced cold beverage cups and lids made from renewable resources.

2007 Funded research through the University of Vermont demonstrating the connection between effective employee volunteerism programs and higher employee satisfaction metrics.

2008 Established the Corporate Social Responsibility Committee (initially the Social and Environmental Responsibility Committee) of the Green Mountain Coffee Roasters Board of Directors.

2009 Installed a 100kW photovoltaic array, which uses solar energy collected from the roof of our Waterbury distribution center to power the facility.

We contribute 5% of pre-tax profits every year to support socially and environmentally responsible initiatives – our contributions totaled over \$3.6 million in FY '09.

Our initiatives are organized into six practice areas that span our value chain and are communicated under the banner of Brewing a Better World: Partnering with Supply-Chain Communities, Supporting Local Communities, Protecting the Environment, Building Demand for Sustainable Products, Working Together for Change, and Creating a Great Place to Work.


In this short summary of highlights from fiscal 2009, we hope to share with you a little of what we're all about, where we've been, and where we're going in the future. You can find much more detail at our web site:

www.BrewingABetterWorld.com.

We hope you'll join us on our journey.



PARTNERING WITH SUPPLY-CHAIN COMMUNITIES

Helping to ensure a healthy and prosperous supply chain, from coffee-growing communities in Latin America, Indonesia, and Africa, to manufacturing operations in China – it's the right thing to do and it makes sense for our business. 





✓ Where We've Been

- Together with the Simatelex Charitable Foundation, we committed to funding a \$100,000 scholarship endowment at the New Jersey Institute of Technology. The scholarship will be available to deserving students in need from mainland China, Hong Kong, or a coffee-growing community.
- We approved the largest grant in our history (\$500,000 over three years) to support a Save the Children® project in northern Nicaragua focused on bringing sustainable solutions to annual, cyclical months of food insecurity that range from 2-8 months per year.
- We committed \$140,000 over four years to support a partnership with the University of Vermont to monitor and evaluate the CECOCAFEN food security project in Nicaragua.
- We worked with a researcher from the International Center for Tropical Agriculture to help coffee farmers in northern Peru overcome the problem of "tired" soil. With our support, cooperative farmers are building a plant to provide locally produced, effective, low-cost organic fertilizer.

➔ Where We're Going

- We plan to expand our support of food security projects to Africa and Indonesia, helping more families within our value chain to transform their lives for a healthier, more sustainable future.
- We hope to provide funding to support educational scholarships for at least 200 young people in our value chain.
- Because chronic food insecurity in coffee-growing communities is too big a challenge for us to take on alone, we plan to initiate conversations about chronic food insecurity within the Specialty Coffee Association of America (SCAA), the world's largest coffee trade association.
- We will seek to expand our support of healthcare initiatives within our value chain in Latin America and Africa.



Numbers at a Glance

Purchasing	FY '07	FY '08	FY '09
Fair Trade Certified™ lbs. (nonorganic) purchased (in thousands)	2,593.6	3,584.9	5,104.9
Fair Trade Certified™ organic lbs. purchased (in thousands)	6,988.4	9,111.9	11,036.9
All Fair Trade Certified™ lbs. (organic and nonorganic) purchased (in thousands)	9,582.0	12,696.7	16,141.7
Farm Identified lbs. (non-Fair Trade Certified™) purchased (in thousands)	3,356.4	3,510.9	4,519.6
Conventionally sourced lbs. purchased (in thousands)	20,196.7	24,443.6	28,461.7
Total coffee lbs. purchased (in thousands)	33,135.0	40,651.1	49,123.1
Fair Trade Certified™ lbs. (nonorganic) purchased as a percentage of total lbs. purchased	7.83%	8.82%	10.39%
Fair Trade Certified™ organic lbs. purchased as a percentage of total lbs. purchased	21.09%	22.41%	22.47%
All Fair Trade Certified™ lbs. (organic and nonorganic) purchased as a percentage of total lbs. purchased	28.92%	31.23%	32.86%
Farm Identified lbs. (non-Fair Trade Certified™) purchased as a percentage of total lbs. purchased	10.13%	8.64%	9.20%
Conventionally sourced lbs. purchased as a percentage of total lbs. purchased	60.95%	60.13%	57.94%
Pricing	FY '07	FY '08	FY '09
Fair Trade Certified™ lbs. (nonorganic) - average price per lb.	\$1.53	\$1.84	\$1.94
Fair Trade Certified™ organic lbs. purchased - average price per lb.	\$1.74	\$2.07	\$1.96
All Fair Trade Certified™ lbs. (organic and nonorganic) purchased - average price per lb.	\$1.69	\$2.01	\$1.96
Farm Identified only - average price per lb.	\$1.41	\$1.75	\$1.75
Conventionally sourced - average price per lb.	\$1.32	\$1.64	\$1.74
Total coffee purchases - average price per lb.	\$1.46	\$1.76	\$1.81
Grantmaking	FY '07	FY '08	FY '09
Total resources allocated to social and environmental programs (dollars in thousands)	\$1,150	\$1,910	\$3,666
Total resources allocated to social and environmental programs as a percentage of pre-tax income ¹	5.4%	5.4%	5.2%
Total grant/matching donation resources (dollars in thousands)	\$700	\$1,155	\$2,686
Total grant/matching donation dollars to supply-chain communities (dollars in thousands)	\$443	\$864	\$1,712

¹ These numbers have been revised to reflect Green Mountain Coffee Roasters, Inc.'s restatement of its financial statements for its 2006, 2007, 2008, and 2009 fiscal years, and each of the quarters in its 2009 fiscal year and the first three fiscal quarters of its 2010 fiscal year, all as more fully set forth in its Annual Report on Form 10-K for the fiscal year ended September 25, 2010 filed with the Securities and Exchange Commission on December 9, 2010.



SUPPORTING LOCAL COMMUNITIES

Our commitment to contribute positive economic, social, and environmental impact begins at home, with grantmaking, employee volunteerism, in-kind donations of products and equipment, and matches of employees' charitable donations. 🏠





✓ Where We've Been

- ⚡ We increased the resources allocated to our domestic outreach programs by over 200%, from \$291,000 in FY '08 to \$973,000 in FY '09.
- ⚡ We logged nearly 10,000 hours of volunteer time, exceeding our goal of 8,000 hours. A highlight was our annual participation in National River Cleanup™ Week, where over 125 employees logged more than 650 hours of volunteer time, pulling almost 200 tires and nearly two tons of waste out of a 7.5-mile stretch of the Winooski River in Vermont.
- ⚡ We began expanding our domestic outreach programs to include the communities surrounding new production facilities as well as key geographies for our brands.

➔ Where We're Going

- ⚡ We hope to log at least 14,000 hours of volunteer time in FY '10.
- ⚡ We will design and execute a pilot grant program to recognize and help support organizations and individuals focused on making their communities better places.
- ⚡ We will design and begin implementing a new framework for outreach in the communities surrounding our production facilities. This new framework will encourage strong local employee leadership, help develop clear areas of focus, and facilitate employee engagement and sharing across all our production facilities.



Numbers at a Glance

Grantmaking	FY '07	FY '08	FY '09
Total resources allocated to social and environmental programs (dollars in thousands)	\$1,150	\$1,910	\$3,666
Total resources allocated to social and environmental programs as a percentage of pre-tax income ¹	5.4%	5.4%	5.2%
Total grant / matching donations (dollars in thousands)	\$700	\$1,155	\$2,686
Total grant / matching donation dollars to local communities (in thousands)	\$257	\$291	\$973
Workplace Volunteerism	FY '07	FY '08	FY '09
Employees volunteering through CAFE Time	235 ²	439	770
Employees volunteering through Dollars-For-Doers program	NA	20	26
Total employees volunteering time through workplace volunteerism programs	235 ²	459	796
Hours volunteered through CAFE Time	3,904 ²	5,708	9,331
Hours volunteered through Dollars-For-Doers program	NA	500	650
Total hours volunteered through workplace volunteerism programs	3,904 ²	6,208	9,981
Average number of full-time employees	737 ²	1,043	1,343
Employees volunteering through workplace volunteerism programs as a percentage of average full-time employees	31.9% ²	44.0%	59.3%
Average hours volunteered per average full-time employee	5.3 ²	6.0	7.4
Dollars allocated to CAFE Time (in thousands)	\$94.1 ²	\$134.4	\$218.9
Dollars allocated to Dollars-For-Doers program (in thousands)	NA	\$5.0	\$6.5
Total dollars allocated to workplace volunteerism programs (in thousands)	\$94.1 ²	\$139.4	\$225.4
In-kind Donations	FY '07	FY '08	FY '09
Product donations (allocated dollars at cost) (in thousands)	\$319.0 ²	\$271.4	\$339.3
Donations of equipment and administrative supplies (allocated dollars at cost) (in thousands)	\$9.8 ²	\$8.9	\$7.0

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² Specialty Coffee Business Unit only



PROTECTING THE ENVIRONMENT

Protecting the environment and reducing our environmental footprint are central to our mission and our business model. Indeed, we all depend on the earth for life. This is true in places where coffee is grown, like Indonesia, Guatemala, and Rwanda. It is true in China, where our Keurig® Brewers are manufactured. And it's true at our headquarters in Vermont, our production and distribution facilities across the United States and Canada, and in any of the thousands of locations where our products are sold. 🌲





Where We've Been

- § We reduced our Specialty Coffee Business Unit energy metric in FY '09 by 23%, exceeding our goal of 10%.
- § We reduced our Specialty Coffee Business Unit waste-to-landfill metric in FY '09 by 26%, exceeding our goal of 2%.
- § We launched Changing Climate Change, a new enterprise-wide initiative aimed at better understanding, mitigating, and reducing our carbon footprint. Through the initiative, we awarded \$800,000 total over five years in four separate grants to projects led by Ceres, the National Parks Conservation Association, the New England Transportation Institute, and a joint project of the International Center for Tropical Agriculture and Catholic Relief Services. The initiative also includes employee incentives, operational initiatives, and the continued purchase of renewable energy certificates to offset our estimated emissions.



Where We're Going

- § We aim to achieve an additional 5% reduction in our energy metric and an additional 10% reduction in our waste-to-landfill metric for our Vermont-based facilities, and develop baseline data for both categories for new facilities outside Vermont.
- § We intend to introduce a new K-Cup® portion pack made in part with renewable materials.



Numbers at a Glance

Waste	FY '07	FY '08	FY '09
Solid waste to landfill as a percentage of revenue (tons / \$1,000,000) ^{1,2}	2.31	2.16	1.58
Energy	FY '07	FY '08	FY '09
Direct energy use as a percentage of revenue (therms / \$1,000) ¹	6.3	4.8	3.7
Emissions	FY '07	FY '08	FY '09
Scope 1 - direct emissions (short tons)	7,193	7,385	7,915
Scope 2 - purchased electricity (short tons)	993	1,614	3,411
Scope 3 - indirect emissions (short tons)	18,476	21,138	29,129
Total estimated emissions	26,662	30,137	40,455
Emissions offset (short tons) ³	21,219	36,037	40,455

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² Specialty Coffee Business Unit only - FY '07 - Vermont facilities; FY '08 - Vermont and Tennessee facilities; FY '09 - Vermont, Tennessee, and Washington facilities.

³ Green Mountain Coffee Roasters, Inc. purchases "forward stream" offsets from *NativeEnergy*. These offsets are produced over time, up to 20 years in some cases. We have made a conscious decision to buy forward stream offsets because our purchase helps to build new projects that need up-front funding to be built. This ensures that our purchases make a difference by enabling new project construction. While these projects reduce emissions as they operate over time, greenhouse gases in the atmosphere are a long-term problem, and helping to build clean infrastructure is an essential part of the solution.





BUILDING DEMAND FOR SUSTAINABLE PRODUCTS

Consumers have an enormously powerful role to play in encouraging businesses to move towards sustainability, both in how they operate and the products and services they provide. By engaging consumers with our mutual sustainability challenges, increasing their awareness of the issues we face, and boosting consumer demand for more sustainable products, we contribute to the global conversation on corporate social responsibility and deepen its strategic integration into our business model. 🧑🏻‍🧑🏻‍🧑🏻





✓ Where We've Been

- § The amount of Fair Trade Certified™ coffee pounds shipped increased by over 35% to nearly 12 million pounds. As a percentage of total pounds shipped, over 30% was Fair Trade Certified™, a slight increase over FY '08.
- § The amount of certified organic coffee pounds shipped increased by over 28% to more than 8 million pounds. As a percentage of total pounds shipped, 21% was certified organic, level with FY '08 results.

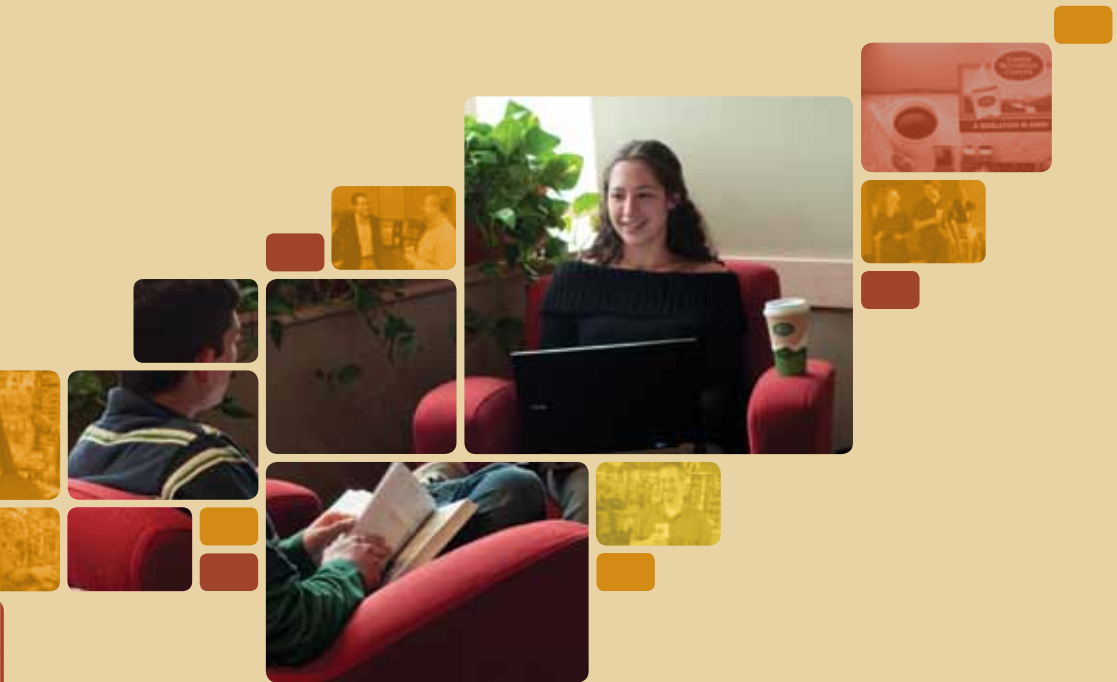
➔ Where We're Going

- § We intend to keep our percentage of Fair Trade Certified™ coffee pounds shipped at 30% or higher, growing the absolute amount of pounds sold along with the rest of our business.



Numbers at a Glance

Sales	FY '07	FY '08	FY '09
Fair Trade Certified™ lbs. (non-organic) shipped (in thousands)	1,634	2,341	3,674
Fair Trade Certified™ organic lbs. shipped (in thousands)	5,706	6,433	8,292
All Fair Trade Certified™ lbs. (organic and non-organic) shipped (in thousands)	7,340	8,774	11,966
Total coffee lbs. shipped (in thousands)	26,818	30,782	39,543
Fair Trade Certified™ lbs. (non-organic) shipped as a percentage of total lbs. shipped	6.1%	7.6%	9.3%
Fair Trade Certified™ organic lbs. shipped as a percentage of total lbs. shipped	21.3%	21.0%	21.0%
All Fair Trade Certified™ lbs. (organic and non-organic) shipped as a percentage of total lbs. shipped	27.4%	28.5%	30.3%





WORKING TOGETHER FOR CHANGE

Working with others to create change leads to better outcomes. Why? Because more informed perspectives mean more complete, more appropriate, and more effective ideas. Getting the whole system into the room, involving others in creating solutions leads to better results, whether you are trying to reduce hunger, use energy more efficiently, or increase profitability. 🧑🏻‍🤝‍🧑🏻





MUST BE RECYCLED



CREATING A GREAT PLACE TO WORK

Creating a great place to work is a shared responsibility. As a company, we have the responsibility to create opportunities for our employees to learn, grow, and develop themselves and their careers. As employees, we have the responsibility to take advantage of those opportunities. When this shared responsibility is being met, great things happen for us as individuals and for the organization. 😊





✔ Where We've Been

- ⌘ We exceeded our goal of at least 30 hours of training per full-time employee by over 50%, logging in 46 hours of training on average.
- ⌘ We filled 18.6% of our positions internally, just off our goal of 20%.
- ⌘ We achieved our goal of a 10% reduction in our Injury Severity rate, while experiencing a slight rise in our Injury Frequency rate.
- ⌘ We developed “Our Winning Combination,” a new enterprise-wide, three-module educational program that explores how corporate social responsibility supports — and is supported by — our financial success and strong family of brands.

➔ Where We're Going

- ⌘ We aim to maintain at least 30 hours of education and training for every employee.
- ⌘ We intend to achieve our goal of filling at least 20% of our new positions internally.
- ⌘ We intend to hire two additional safety experts to improve our safety measures and programs and launch a multi-site manufacturing safety council.
- ⌘ We will roll out at least one of the three modules of the new “Our Winning Combination” training program.
- ⌘ We intend to enhance our employee “origin trip” program by adding a fourth destination to the program.





Numbers at a Glance

Compensation and Benefits	FY '07	FY '08	FY '09
Company payment of insurance premiums (percentage, on average)	90%	90%	90%
Dollars spent on medical benefits as a percentage of payroll ¹	13.80%	13.60%	13.82%
Hiring and Development	FY '07	FY '08	FY '09
Internal hiring ¹	25.0%	19.0%	18.6%
Hours in training / continuing education	40 ¹	49 ¹	46
Percentage of full-time employees who have visited coffee-growing communities	18.50%	18.00%	13.30%
Safety	FY '07	FY '08	FY '09
Injury Severity (DART Rate) ¹	4.61	4.68	4.23
Workers' Compensation Claims	84	81	97
Injury Frequency (Total Recordable Incidence Rate) ¹	4.73	4.9	5.06
Occupational Fatalities	0	0	0
Interstate Experience Modification Factor ¹	0.88	0.89	1.09
Retention and Satisfaction	FY '07	FY '08	FY '09
Employee retention ¹	91%	91%	92%
Percentage of employees agreeing that Green Mountain Coffee Roasters is an "Overall Great Place To Work"	NM ²	88%	93%
Percentage of employees agreeing that "We have special and unique benefits here"	NM ²	86%	91%

¹ Specialty Coffee Business Unit only

² We did not use the Great Place to Work[®] Index in FY '07

CREDITS

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Photography

Many of the photos in this report were taken by employees volunteering through our CAFE Time program or while visiting coffee-growing communities around the world. We thank them for sharing their experiences with us.

ENVIRONMENTAL BENEFITS STATEMENT

Green Mountain Coffee Roasters, Inc., saved the following resources by using 1,752 pounds of Imagination (FSC), made with an average of 100% recycled fiber and an average of 100% post-consumer waste, processed chlorine free, designated Ancient Forest Friendly™ and manufactured with electricity that is offset with Green-e® certified renewable energy certificates: 23 fully grown trees, 10,383 gallons of water, 8 million BTUs of energy, 630 pounds of solid waste, and 2,156 pounds of greenhouse gases. Calculations based on research by Environmental Defense Fund and other members of the Paper Task Force.

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23 Fully Grown Trees Saved



10,383 Gallons of Water Saved



630 Pounds of Solid Waste Not Generated



2,156 Pounds of Greenhouse Gases Prevented



8,000,000 BTUs of Energy Not Consumed

NEW LEAF PAPER®

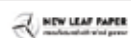
ENVIRONMENTAL BENEFITS STATEMENT *of using post-consumer waste fiber vs. virgin fiber*

Green Mountain Coffee Roasters, Inc. saved the following resources by using 1752 pounds of Imagination (FSC), made with 100% recycled fiber and 100% post-consumer waste, processed chlorine free, designated Ancient Forest Friendly™ and manufactured with electricity that is offset with Green-e® certified renewable energy certificates.

trees	water	energy	solid waste	greenhouse gases
23 fully grown	10378 gallons	7 Million BTUs	630 pounds	2155 pounds

Calculations based on research by Environmental Defense and other members of the Paper Task Force.

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FSC Logo FPO.
Knock out logo
and type to white.



Knock out
logo and type
to white.



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