



THE LIVES WE TOUCH

SUSTAINABILITY REPORT EXECUTIVE SUMMARY FISCAL 2013



KEURIG™
GREEN MOUNTAIN

“At Keurig Green Mountain, we are passionate about our business and look for ways to be more sustainable in everything that we do. Our growth and evolution blends a socially responsible, premium coffee roaster with a high-tech, innovative appliance maker, making our unique and powerful business model possible.”

BRIAN P. KELLEY, PRESIDENT AND CHIEF EXECUTIVE OFFICER



WELCOME TO THE KEURIG GREEN MOUNTAIN, INC. FISCAL 2013 SUSTAINABILITY REPORT EXECUTIVE SUMMARY.

We have a long legacy of leadership as a socially responsible company. Making a positive social impact is integral to who we are and what we do. Our commitment to sustainability, which has been one of our core business strategies since our inception, is unwavering. In fiscal 2013, we began implementation of the sustainability strategy we launched in fiscal 2012. With this report, we are announcing a suite of ambitious new targets that we believe will take our performance to the next level. We have reorganized internally to integrate sustainability activity more deeply into our organization and more holistically across our business. We are driving accountability for sustainable choices and behaviors into every core function — from product design and material selection to our choice of suppliers to more efficient operating procedures that eliminate waste and optimize our use of resources.

Our new 2020 targets demonstrate what we want to invest in today and where we want to be in the future. We believe that the focus, transparency, and accountability that come with public target-setting will propel our strategy forward. As we have worked to define a bold vision for our future, we have aligned our sustainability aspirations with that vision. Our new targets are business-driven and future-oriented and demonstrate a greater willingness to collaborate beyond our own corporate walls. Put another way: Reaching these 2020 targets isn't something that is "nice to have" — it's a business imperative for our Company.

This executive summary highlights our key sustainability strategy work and initiatives for fiscal 2013. More comprehensive information is available at www.KeurigGreenMountain.com/Sustainability.

Engage 1 million people in our manufacturing and agriculture supply chains to significantly improve their livelihoods.

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

Provide access to clean water to 1 million people worldwide.



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

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

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.

RESILIENT SUPPLY CHAIN

Our Company Purpose: Create the ultimate beverage experience in every life we touch, from source to cup — transforming the way the world understands business.

837k

Number of individuals within our supply chain receiving support through Keurig Green Mountain-funded partner projects

56.8M

Pounds of Fair Trade coffee purchased in fiscal 2013, up from about 51 million pounds in fiscal 2012. For the third year in a row, we were the world's largest purchaser of Fair Trade coffees.

35k+

Workers employed at assessed supplier factories

We value our connections to our supplier communities, forging long-term relationships that build trust and produce the highest-quality products. This engagement helps us grow our business while also promoting responsible practices. We are addressing challenges within our supply chain communities, leveraging the relationships we have with our direct suppliers to identify opportunities to create positive change. Keurig Green Mountain aims to build a foundation of resilience that will benefit these communities while strengthening our business in the years to come.

In 2013, we began an update of our Keurig Green Mountain Responsible Sourcing Supplier Guidelines, which we started rolling out in early 2014. We'll follow that with translations and targeted communications to help suppliers understand our expectations and best practices.

WORKING WITH FARMERS

Our broad-scale, holistic outreach efforts cover a wide range of needs. We offer immediate aid for disaster relief and recovery, such as providing support for rebuilding after a natural disaster. But we also look beyond the farm to fund longer-term community development that enables resiliency in the face of complex social and environmental challenges.

We focus our efforts on the water-energy-food nexus: providing tools, training, and materials to help families combat the “thin months” of food scarcity; enabling communities to improve and manage their water resources for the long term; and diversifying farm families’ income sources to improve their economic outlook. Sourcing products that meet high standards of certification, such as Fair Trade and Rainforest Alliance Certified™ farms, is one way we work to build a more resilient and sustainable agricultural supply chain.

WORKING WITH MANUFACTURERS

Though our manufacturing supply chain may look different from our agricultural supply chain, our long-term, relationship-based approach is very similar. Last year, we continued using three kinds of factory assessments that focus on labor and environmental practices. These include factory self-assessments, assessments that we conduct on site, and third-party assessments. We also invested outside the factory walls, partnering with a large contract manufacturer in China to hold life skills training classes for workers. We anticipate those classes will reach up to 8,000 employees over the course of a year.

Our International Manufacturing Summits, meanwhile, convene key contract manufacturing suppliers to recognize best practices and discuss pressing issues, such as our sustainability approach, social issues, health and safety, and other business and manufacturing concerns including product quality and delivery. With these summits, we work to advance labor practices and manufacturing innovations while respecting confidentiality and fair competition.



TACKLING “LA ROYA”

Coffee rust disease — known as “La Roya” in Latin America — can kill coffee trees and cripple coffee-growing communities. In fiscal 2013, we co-financed an emergency meeting of coffee industry leaders to address the most recent outbreak. We also committed \$1.9 million toward a \$7 million public-private partnership that will provide 200,000 members of coffee-farming communities with resources and aid to help recover from the effects of La Roya. The initiative, a collaborative venture between Keurig Green Mountain, the Multilateral Investment Fund of the InterAmerican Development Bank, and the Skoll Foundation, supports the nonprofit lender Root Capital’s Coffee Farmer Resilience Initiative.

SUSTAINABLE PRODUCTS

To ensure scientific rigor in the way we approach product impact, we have conducted life cycle assessments for several of our products to better understand the environmental impacts along the life cycle of each.



K-CUP® PACKS

We are working on multiple fronts to meet our 2020 target of making 100% of K-Cup® packs recyclable. For instance, we are considering the type of plastic we use and looking for ways to make the components of the pack easier to separate. We are also working with recyclers to understand barriers to effective recycling in community recycling programs and how we can develop solutions to address them.



We take pride in the fact that our products are an enjoyable part of the daily routines of millions of people. And we know that for our beverages and brewing systems to be truly satisfying — for our customers and consumers as well as for us as a company — we need to continually improve the environmental performance of our products. To demonstrate our commitment to creating high-quality products that are more sustainable, we recently set three bold targets for our operations and our products.

OUR PRODUCTS

From the design of our brewers and the cultivation of coffee and tea all the way through end-of-life disposal, our aim is to address environmental impact and leave communities and people better off as the result of our business. Our Grounds to Grow On™ take-back program offers U.S. workplace customers an option for addressing the end-of-life waste associated with used K-Cup® packs. We've also taken steps to operate our manufacturing facilities more efficiently by installing technology that allows us to track and monitor energy use in real time and by expanding programs that divert waste from landfills through recycling, composting, repurposing, and waste-to-energy conversion. Our target is to achieve zero waste-to-landfill at our owned and operated manufacturing and distribution facilities by 2020.

We have undertaken greenhouse gas and water footprinting studies to better understand our overall impact and focus our efforts moving forward, and we're developing partnerships across industries to address broader issues such as packaging and waste. Our 2020 target is to reduce life-cycle greenhouse gas emissions of brewed beverages by 25% versus a 2012 baseline.

OUR CONSUMERS

We encourage our consumers to use their purchasing power to favor products such as certified coffee and tea that support farmers and help to build strong, healthy communities around the world. Fair Trade, Rainforest Alliance, and organic certifications allow us to use the power of our business to make the world a better place. The more consumers purchase these products, the more we can increase our impact in farming communities.

In fiscal 2013, we leveraged our brands' influence to help educate consumers about the power of these certifications; we partnered with music superstar Kelly Clarkson on a trip to Peru to raise awareness of Fair Trade. In addition, our Van Houtte® café-bistros became the first coffee chain in Ontario to serve only 100% Fairtrade Canada certified coffee.

Keurig Green Mountain takes a comprehensive approach to supporting certified coffee and other agricultural products, and we are committed to increasing the amount of certified coffees we purchase each year, both by introducing new certified product lines and by achieving certification for our existing products.

\$1M

Estimated amount of community development funds provided to coffee producers as a result of our Fair Trade purchases for Nantucket Blend® coffee

83%

Waste diverted from landfills in fiscal 2013 (U.S. only)

23%

Increase in the number of K-Cup® packs we can fit on each truck we ship between our plants and distribution centers by reconfiguring pallets to make more efficient use of space

THRIVING PEOPLE & COMMUNITIES

We encourage our employees to engage with their local community and organizations by giving them the time and the opportunities to do so. Together, our Company and our people can make a difference, while benefitting our business as a whole.



92%

2013 employee retention rate

6,100

Approximate number of Keurig Green Mountain employees

16%

Decrease in our 2013 North American manufacturing injury severity rate

62%

Percentage of employees volunteering through the Employee Volunteer Program

We believe strongly that when our people thrive, our business thrives. And when our business thrives, so do our communities. Our culture and organizational strengths have been key enablers of our tremendous growth in recent years and are a source of pride for each of us. Fiscal 2013 was a year of continued evolution as we look toward our future and build upon the values that have made us so successful. We modified our corporate structure, clarified our key business objectives, and further refined our values to achieve our mission of a Keurig® brewer on every counter and a beverage for every occasion.

OUR PEOPLE

Our people are the reason for our success, and we are focused on developing them to their full potential and engaging each individual in meaningful ways both at work and within their broader communities. This is especially important in relation to one of our new 2020 sustainability targets: Engage 100% of our employees to understand our vision and values and present opportunities that allow them to contribute.

We seek to empower our people so they feel valued at work and so they can develop and advance their careers. We invest in our employees with a robust suite of learning and development programs that enable personal and professional growth and aid in our organizational development. These programs are one of many reasons why our employees enjoy working for — and stay working at — our Company. Our strong retention rate has hovered around 90% since fiscal 2007.

OUR COMMUNITIES

Giving back has been part of our Company philosophy since our beginning. Our approach to sustainability has evolved over time, and we are expanding our existing programming to better align with the world in which we operate and with the future direction of our business. As we move toward a more holistic and strategic philanthropic approach, we will continue to engage and support local communities and nonprofits through grants, volunteerism, and product donation programs that benefit our communities, engage our employees, and strengthen our business. We aim to make as great an impact as possible on important social and environmental challenges, while encouraging our employees to connect more deeply to the issues and with their communities.



RESHAPING OUR VALUES

In fiscal 2013, we asked all of our employees to help us rethink the Keurig Green Mountain values. Out of 6,100 employees, more than 3,500 responded. Responses were synthesized to 40 common characteristics and then winnowed down to 15. Ultimately, four new values were rolled out internally in August:

- We Partner for Mutual Success,
- We Innovate with Passion,
- We Play to Win,
- We Brew a Better World.

BREWING A BETTER WORLD™



THE IMPORTANCE OF WATER

Water is a critical natural resource that is of strategic importance to our business, our stakeholders, and the communities in which we operate. Through our products, operations, and supply chain, we strive to be water stewards and create a positive impact on both the quality and the availability of water. By combining our strengths in sustainability and innovation, and partnering with organizations with complementary strengths, we believe our Company can uniquely contribute to local and global water challenges. In fact, by 2020 we aim to provide access to clean water to 1 million people worldwide.

At the same time, we're looking at the contributions our products can make. The Keurig® Brewing System uses water from the tap and only uses amounts of water that will be consumed. Smart use of water is so important in a world where millions of people lack access to clean water. Our innovative system means we don't ship water around, and we don't throw out water in the form of wasted coffee.

\$37_M

SUSTAINABILITY PROGRAMMING

In fiscal 2013, Keurig Green Mountain allocated 5% of pre-tax income to social and environmental programs. In addition to outreach projects within our supply chain communities and employee communities, we continued our commitment to employee engagement by funding volunteerism programs, matching donations, and employee benefits that encourage responsible energy use by offsetting the costs of home energy efficiency investments.

Funding for sustainability programs and initiatives totaled approximately \$37 million in fiscal 2013. This includes money for cash grants and donations, Fair Trade costs — including an awareness campaign — employee volunteerism programs, and corporate sustainability expenses.

AWARDS & RECOGNITIONS FISCAL 2013

“World’s Largest Purchaser of Fair Trade Certified™ Coffee”
Fair Trade USA

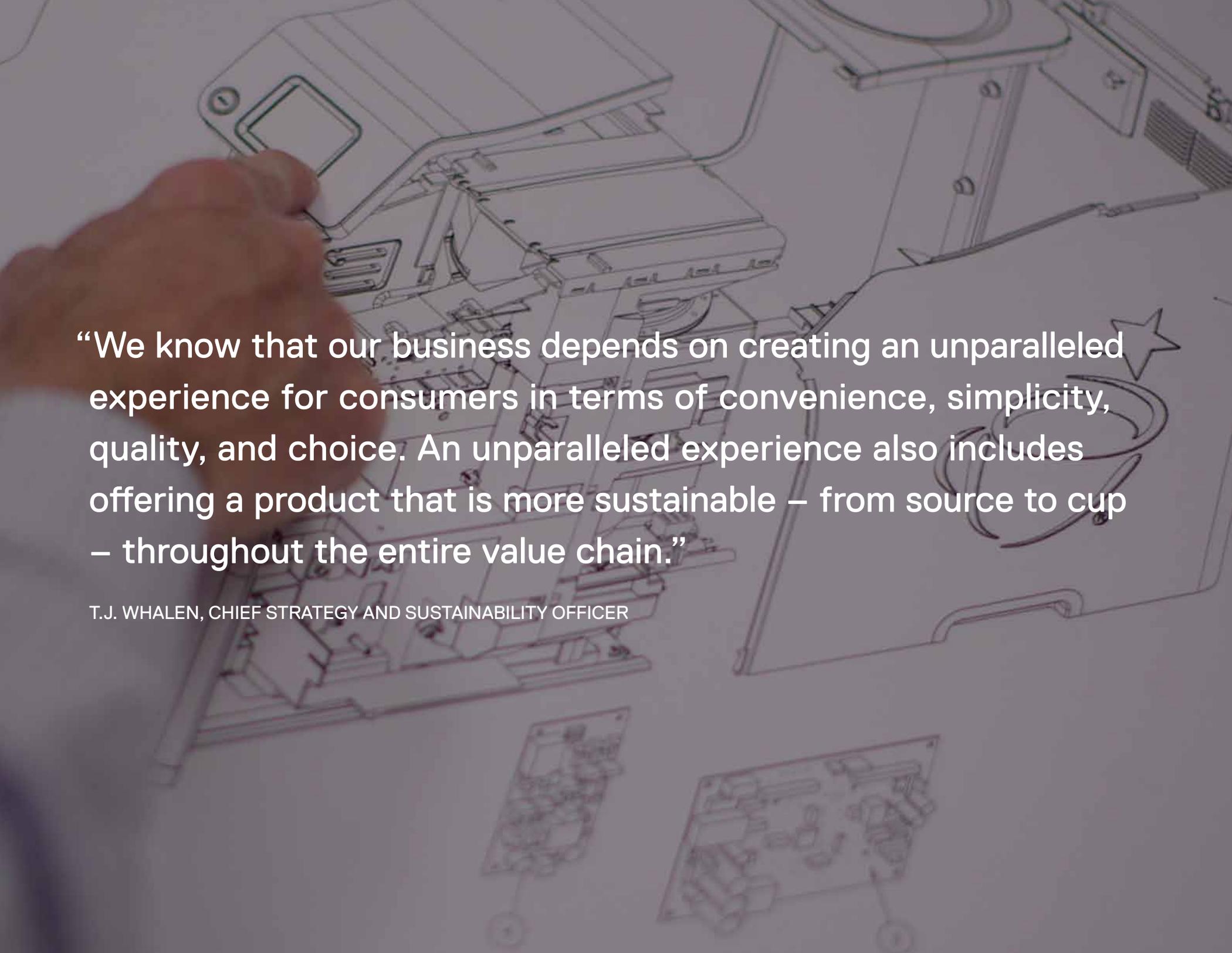
“100 Best Corporate Citizens 2013”
CR Magazine

“Fastest-Growing Companies” (U.S.)
FORTUNE Magazine

“Global 100 Fastest-Growing Companies”
FORTUNE Magazine

“Most Trustworthy Public Company for 2012”
Trust Across America™

“Northeast Business Leader for Energy Efficiency” (2013)
Northeast Energy Efficiency Partnerships (NEEP)

A hand is pointing to a technical drawing of a coffee machine. The drawing is a detailed line drawing showing the internal components of the machine, including the boiler, pump, and various valves. The drawing is on a white background and is partially obscured by the hand. The hand is pointing to a specific part of the machine, likely the boiler or pump area. The drawing is a technical drawing, showing the internal components of a coffee machine. It includes a boiler, a pump, and various valves and pipes. The drawing is on a white background and is partially obscured by the hand. The hand is pointing to a specific part of the machine, likely the boiler or pump area. The drawing is a technical drawing, showing the internal components of a coffee machine. It includes a boiler, a pump, and various valves and pipes. The drawing is on a white background and is partially obscured by the hand. The hand is pointing to a specific part of the machine, likely the boiler or pump area.

“We know that our business depends on creating an unparalleled experience for consumers in terms of convenience, simplicity, quality, and choice. An unparalleled experience also includes offering a product that is more sustainable – from source to cup – throughout the entire value chain.”

T.J. WHALEN, CHIEF STRATEGY AND SUSTAINABILITY OFFICER

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CONTENT

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DESIGN

Celery Design Collaborative

www.CeleryDesign.com

