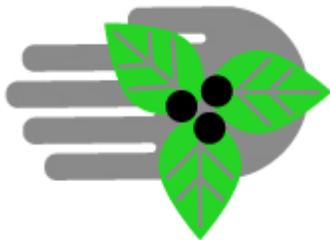


KEURIG GREEN MOUNTAIN SUSTAINABILITY REPORT FISCAL 2013

At Keurig Green Mountain, Inc., we are passionate about our business and look for ways to be more sustainable in everything that we do. Over the past several years we have grown rapidly and today we are a leading personal beverage system company. 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.

Resilient Supply
Chain



Sustainable Products



Thriving People &
Communities



We're setting ambitious 2020 sustainability targets.

Resilient Supply Chain



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.

Sustainable Products



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



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



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

Thriving People and Communities



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



Provide access to clean water to 1 million people worldwide.

We're working in our global supply chain.

WATER STEWARDSHIP

Blue Harvest Project

We committed \$2.5 million to a project with Catholic Relief Services focused on coffee-producing communities in Central America. The effort encourages farming practices and political processes that restore and protect local water supplies.



FOOD SECURITY

Catholic Relief Services

We committed \$5.4 million to Catholic Relief Services for a project that promotes food security, financial training, and income diversification for more than 10,000 coffee producers across Central America and East Africa.



AGRICULTURAL ECOSYSTEMS

Tackling La Roya

Coffee leaf rust — “La Roya” — is a huge threat to Latin America’s coffee farmers. We committed \$1.9 million to Root Capital and sponsored a gathering of global experts to share solutions with the region’s farmers.



COMMUNITY WELL-BEING

Partners in Health

We committed more than \$1.3 million to a partnership with Partners in Health to improve health care in rural Mexico’s coffee-growing communities. In fiscal 2013 alone, six new health clinics opened that reached 18,000 patients.



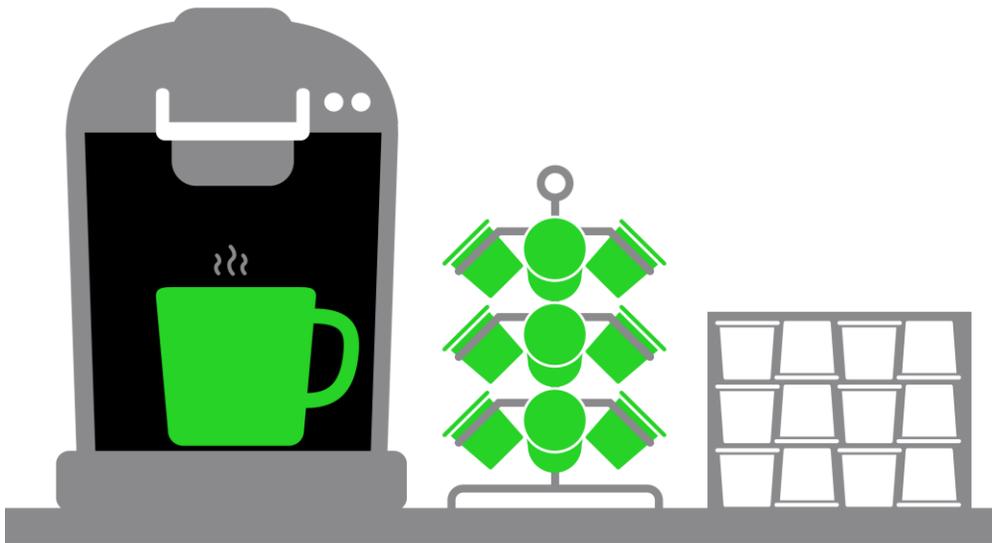
FACTORY LIVELIHOODS

Life Skills

We funded a grant to the Institute of Contemporary Observation (ICO) for life-skills training classes at contract manufacturing sites. In total, ICO conducted 14 trainings in fiscal 2013, educating employees on topics such as managing money and career development.



We're focusing on our products.



GHG EMISSIONS

Target: By 2020 reduce life-cycle greenhouse gas emissions of brewed beverages by 25% vs. 2012 baseline.

ASSESSING PRODUCT IMPACT

Life cycle assessments of our Keurig® brewers, K-Cup® packs, and Brew Over Ice technology have helped to guide our product development process as we seek to understand and address our environmental impact.

2020 TARGET: 100% RECYCLABLE K-CUP® PACK

We are working on multiple fronts to reach our target, including evaluating plastics options and alternative materials and looking for ways to make the components of the pack easier to separate.

GROUNDS TO GROW ON™

The Grounds to Grow On™ program allows workplace customers in the U.S. using commercial Keurig® machines to return used K-Cup® packs to our disposal partner for composting and waste-to-energy processing.

DISTRIBUTING

By reconfiguring the pallets we ship between our plants and distribution centers, we have been able to make more efficient use of truck space, increasing the number of K-Cup® packs we can fit on each truck by 23%.

We're tapping into the passion and talent of our employees.

Each year, we send dozens of employees on Company-sponsored "origin trips" to visit coffee-growing communities. We are expanding these trips to include our manufacturing supply chain.

All manufacturing site shifts begin with a mandatory work readiness stretch aimed at reducing the risk of injury. The program includes specifically designed stretching, breathing, and relaxation exercises.

In fiscal 2013, our employees participated in five River Cleanup events, removing 30,000 pounds of trash, 6,000 pounds of metal, and 500 tires.

As part of Employee Appreciation Day in September 2013, hundreds of our people packaged 75,000 meals for Stop Hunger Now, an international hunger relief agency.

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.

Our employees enjoy working for – and stay working at – our Company. Our strong retention rate has hovered around 90% since fiscal 2007.



OVERVIEW

Welcome to the Keurig Green Mountain, Inc. (Keurig Green Mountain) fiscal 2013 sustainability report.

At Keurig Green Mountain, we are passionate about our business and look for ways to be more sustainable in everything that we do. Over the past several years we have grown rapidly and today we are a leading personal beverage system company. 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.

We have a long legacy of leadership as a socially responsible company. Our Green Mountain Coffee brand, for example, is synonymous with quality, strong community relationships, and socially and environmentally friendly business practices. 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.

(Read more [here](#) about our recent name change from Green Mountain Coffee Roasters, Inc. to Keurig Green Mountain.)

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. With new leaders at our helm, 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

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. With new leaders at our helm, 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 values are the key to our success and to our purpose: Creating the ultimate beverage experience in every life we touch, from source to cup — transforming the way the world understands business. We aim to achieve this transformation in every interaction we have and specifically in the following three areas:

- [Resilient Supply Chain](#) — Invest in the people and places that are critical to our sourcing, both from agriculture and from manufacturing.
- [Sustainable Products](#) — Reduce the environmental impact of our products.
- [Thriving People and Communities](#) — Enable our employees and communities to thrive in a changing world.

Please explore this overview section to learn more about our Company and our [new 2020 targets](#).

Our Values – (for more on our values, see the Employee section)

- We partner for mutual success. Our boundaryless approach to collaboration creates benefits for all.
- We innovate with passion. With courage and curiosity, we are shaping the future by redefining the consumer experience.
- We play to win. Our team sets ambitious goals and meets each challenge with unified purpose and character.
- We brew a better world. We use the power of business to make the world a better place.

CEO Letter

Dear Friends,



Consumers today, particularly younger generations of consumers, purchase a company's values as much as they buy a company's product. A company must have strong values, with an underpinning of transparency, if it wants to be successful and sustainable.

Here at Keurig Green Mountain, we believe in doing business for the good of all. Our values-oriented culture is one of the things that makes us who we are. Since our beginnings in 1981, we have operated to benefit our people, our communities, and our earth. How have we done this? By instilling our values, ethics, and integrity into all we do. Instead of living for the moment — choosing what is easy or accepted — we train our eyes on the future and consider the long-term effects of our decisions. We want to create the ultimate beverage experience in every life we touch — but never at the expense of our values. How we do our work matters.

One thing we have learned along the way is that transparency can't be a halfway measure. Beyond talking about the areas where we excel, we must also communicate where we face challenges and opportunities.

This is why I'm particularly pleased to introduce this fiscal 2013 Sustainability Report. With the launch of this report, we have committed to a series of ambitious new targets that will take our Company to the next level as a

responsible, global corporate citizen. The targets put renewed focus on areas where we already have a strong track record —such as improving livelihoods within our supply chain — while spotlighting places where we have great room for improvement — such as recyclability of our K-Cup® pack.

Let's start with the livelihoods of those who work in our supply chain. Without a resilient supply chain, our business is at risk. If farmers worry about putting food on the table, they can't concentrate on growing high-quality beans. If they can't make a living growing coffee, they'll leave their farms to do something else. And if they're vulnerable to a changing climate, water shortages, and crop diseases, their harvests will suffer. As a responsible business, we cannot afford to ignore the challenges facing the people at the very beginning of our supply chain.

We have been working hard for years to improve incomes and overall quality of life of our supply chain partners. About a dozen years ago we became one of the first U.S. roasters to sign on with Fair Trade USA, which rewards farmers with additional price premiums. For three years running, we were recognized as the largest purchaser of Fair Trade Certified™ coffee in the world. Our new targets push us even further, committing us to sourcing 100% of our primary products according to our responsible sourcing guidelines and to engaging 1 million people — both within our agricultural and in our manufacturing supply chains — to significantly improve their livelihoods.

And what about those areas where we can do better? The lack of recycling options for used K-Cup® packs stands out front and center, and we're tackling it head-on. We have pledged that, by 2020, 100% of K-Cup® packs will be recyclable. This is an area where our customers and consumers have been asking for greater progress, especially as our Keurig® Brewing Systems continue to grow in popularity and as we look to expand to global markets.

We want to use our products to impact the world in a positive way. We absolutely believe that being a more sustainable company will help us sell more

brewers and more K-Cup® packs. And selling more of our products will lead us toward achieving our targets.

As we look toward the future, we're a newly reorganized company with a new corporate identity. In 2006, Green Mountain Coffee Roasters, Inc. joined forces with Keurig, Incorporated. Our name change to Keurig Green Mountain demonstrates the integration of the two and symbolizes the strength of our business and the unity of our team. When the two companies came together, it combined a socially responsible, premium coffee roaster with a high-tech, innovative appliance maker, making possible our unique and powerful business model.

The Green Mountain Coffee® brand is synonymous with quality, strong community relationships, and socially and environmentally friendly business practices. This commitment to quality and sustainability is unwavering, and sustainability will continue to be a cornerstone of our culture and our business performance as we create value for consumers, customers, and shareholders.

I encourage you to read the pages of this report to learn more about our new targets, our approach to sustainability, and our recent accomplishments and challenges within our three key areas of Resilient Supply Chain, Sustainable Products, and Thriving People and Communities.

Sincerely,

Brian P. Kelley
President and CEO
March 7, 2014

Chief Strategy and Sustainability Officer Letter

Dear Friends,

At Keurig Green Mountain, one of the elements of our Company's purpose is to transform the way the world understands business. As a fundamental part of our business model, we seek out and forge powerful relationships — from small, independent farmers in our agricultural supply chain to large-scale contract manufacturers in Asia to major global beverage brands. No matter whom we interact with, we have the opportunity to influence others by modeling responsible business practices every day.



We are leveraging our partnering skills and expertise to make a difference in all aspects of our work, analyzing where there's a link between our business and critical global sustainability challenges. 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 challenges, especially related to water use, preservation, and access.

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.

Over the last year, we have increased our focus on areas where we can make the biggest difference, strengthening our sustainability programs and practices

and more firmly embedding them into our core business strategy. We're seeking a deeper understanding of our impacts across our value chain by conducting comprehensive water and greenhouse gas footprint studies. Most important, we're putting stakes in the ground on some of our biggest challenges, including recyclability of the K-Cup® pack.

We are now putting our innovative focus, along with significant investments and resources, into finding ways to make our operations more sustainable. For the K-Cup® pack, for example, we're looking at different types of plastics and exploring how to separate the components — the lid, filter, and cup — to make recycling more feasible. Meanwhile, at our manufacturing facilities, we're analyzing our systems to better understand our footprint and make the adjustments that will improve our energy efficiency and reduce the waste we send to landfill. We're working to build an operating framework that aligns to our products, adds value to the business, and engages our employees.

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. Stakeholders who have been following our sustainability efforts will know that, for many reporting cycles, we have published yearly targets and tracked our progress against them. Those targets have now been expanded significantly to include more robust and meaningful longer-range targets for the year 2020. We will be reporting against the new 2020 targets in future years and look forward to sharing our progress as we continue our efforts to Brew a Better World.

Sincerely,

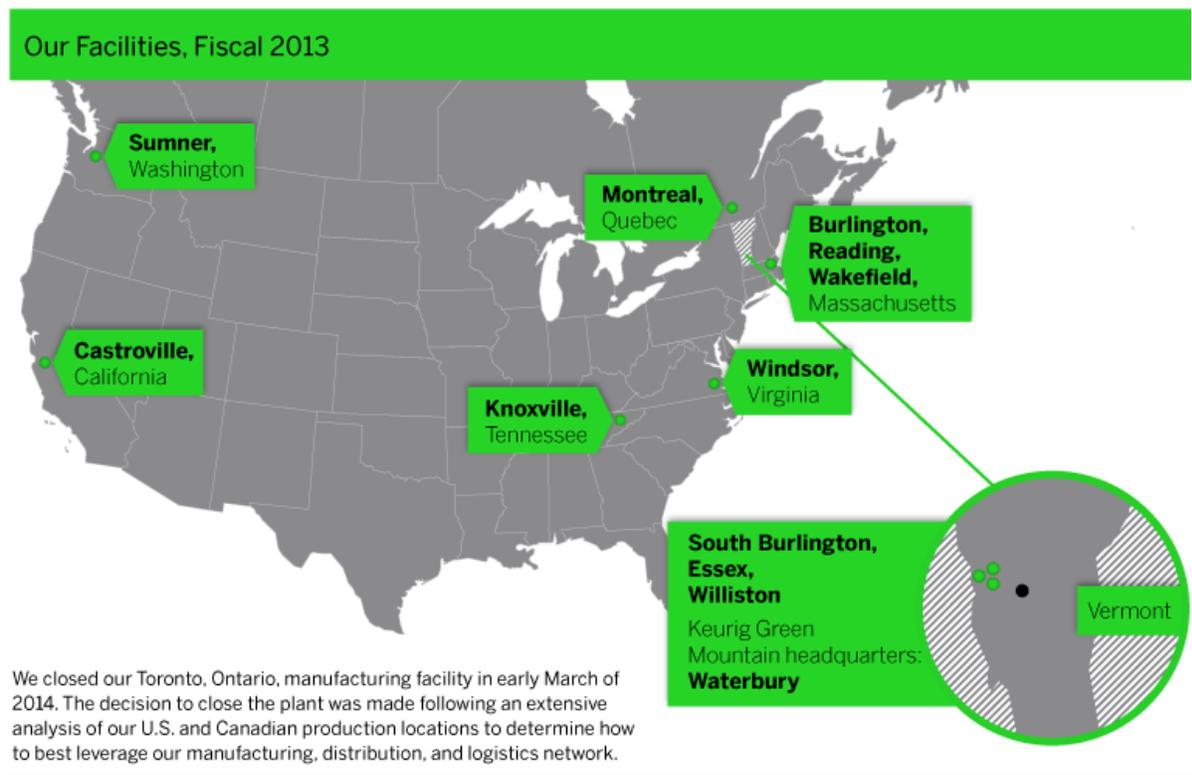
T.J. Whalen

Chief Strategy and Sustainability Officer

March 7, 2014

Our Company

Keurig Green Mountain is a leader in providing high-quality, innovative beverages. We have been widely recognized for our advances in brewing technology, our award-winning coffees, and our commitment to environmentally and socially responsible business practices. Keurig Green Mountain’s multi-brand portfolio and multi-channel distribution strategy are aimed at changing the way consumers prepare their favorite beverages both at home and away from home.

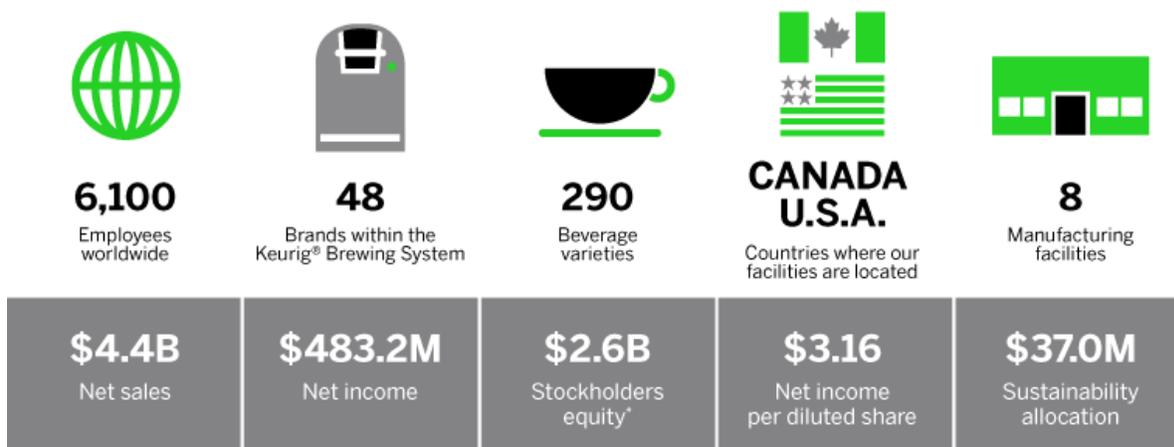


Through our Keurig® Brewing System, we have fostered extraordinary growth by building a portfolio of our own brands and partnering with other world-class brands. Today, the Keurig® brand has more than 35 owned, licensed, partner, and private label brands.

The Company’s Keurig® Brewing System, embodied by a premium brewer

portfolio and an expanding family of quality beverage brands, provides consumers the benefits of convenience, variety, and consistent great taste. Our mission is to achieve a brewer on every counter and a beverage for every occasion.

Our Operations, Fiscal 2013



*The fiscal 2013 stockholders' equity balance reflects common shares acquired under a purchase program authorized by the Board of Directors.

Governance and Management

At Keurig Green Mountain, we are committed to operating our business with integrity and high ethical standards. We have put in place strong governance and management systems that drive effective oversight of, and accountability for, the way we conduct our business.

This oversight and accountability start at the very top with our Board of Directors. Our Board consists of eleven members; ten of whom are independent (as defined by the NASDAQ Listing Rules and current as of March 1, 2014.) The Board's work is guided by our detailed Corporate Governance Principles and conducted via four committees: Audit and Finance, Governance and Nominating, Compensation and Organizational Development, and Sustainability.

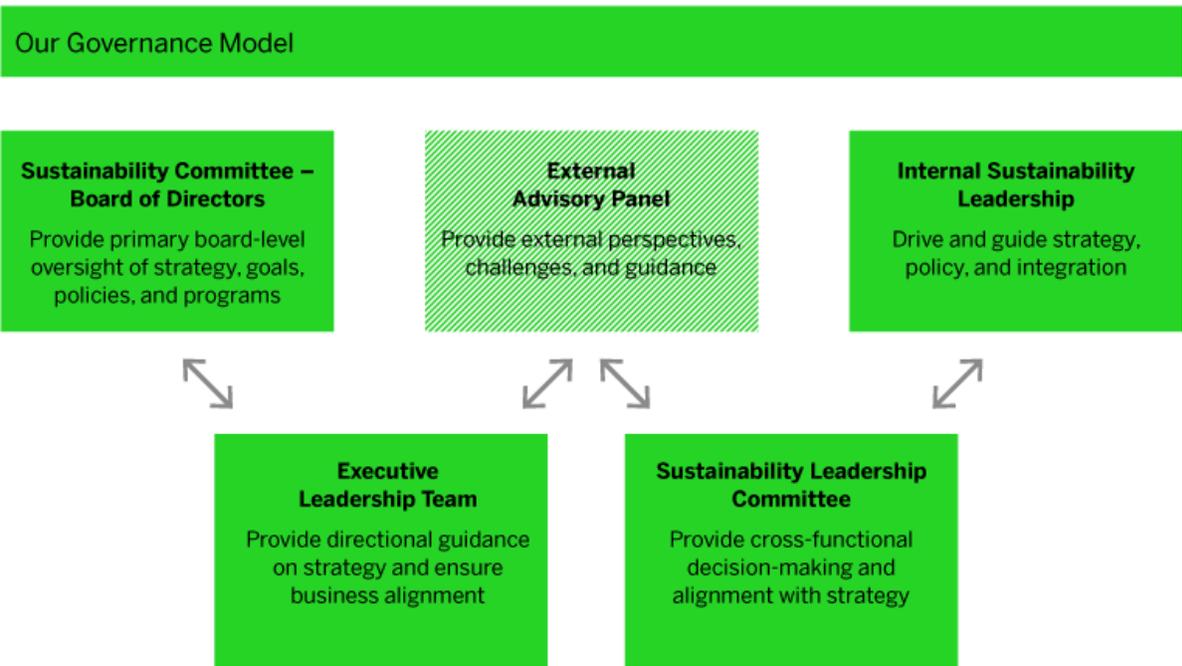
The Sustainability Committee, which was established in 2008, oversees all of Keurig Green Mountain's social and environmental initiatives. The Committee supports alignment between the Company's activities and its sustainability goals and reviews and approves this sustainability report, among other responsibilities.

The daily execution of Keurig Green Mountain's social and environmental initiatives is led by T.J. Whalen, our Chief Strategy & Sustainability Officer. Mr. Whalen, who was appointed to this role in May 2013, reports directly to Brian Kelley, our President and Chief Executive Officer. See the Our Strategy section for more on our sustainability structure.

Our corporate Code of Conduct, which was updated in early 2014, helps us to create a corporate culture that values ethics and integrity. The Code, which explains how to integrate our purpose, mission, and values into daily decisions, provides guidance to all of our employees on everything from legal compliance and respect for human rights to avoiding anti-competitive behavior and conflicts of interest. Employees are trained on the Code when they join the Company and employees certify annually that they have read and understood the Code. The Code underscores that how we do our work matters and that our personal decisions can have far-reaching consequences for all of our stakeholders.

For more information regarding Keurig Green Mountain's corporate governance, including our Corporate Governance Principles, the Sustainability Committee's charter, and our Code of Ethics, see

<http://investor.keuriggreenmountain.com/corporate-governance.cfm>.



Our Strategy

Sustainability is an essential element of our culture and of our business performance. We believe strongly in the power of business to make the world a better place.

Through much of 2013, we focused on building a comprehensive strategic planning process — what we call “Brewing a Bold Vision” — to identify how we can most quickly achieve our purpose and our updated mission of “A Keurig® brewer on every counter and a beverage for every occasion.”

We have identified three primary objectives to help get us there.

- Earn sustained growth through continuous innovation and passionate advocacy for our brands;
- Achieve operational excellence, every day, to delight our customers and consumers; and

- Develop talent and culture to achieve our purpose and strategy.

One major component of our strategy realignment was to consolidate business units and bring our key brands closer together. The change was designed to enhance teamwork, communication, customer focus, and our ability to execute toward our goals.

In recent years, our growth in sales has been driven predominantly by the growth and adoption of Keurig® single cup brewing systems, which include both the brewer and the related portion packs. In fiscal 2013, approximately 92% of our consolidated net sales were attributed to the combination of portion packs and Keurig® single cup brewers and related accessories. We believe we can continue to grow sales by focusing on these strategies:

- Growing our Keurig® hot brewing system in North America,
- Launching new brewer technologies,
- Entering new beverage categories,
- Expanding in current channels,
- Offering new brands,
- Entering new geographies, with an initial focus on four countries worldwide,
- Executing operationally by focusing on continued quality improvement and lowering overall costs.

For more information on our business and our business strategy, please see our fiscal 2013 annual report.

We have evaluated sustainability priorities related to these growth opportunities using several key processes. We analyzed and identified our material issues and mapped them against our value chain. Working with the company leadership and functional management, we developed a suite of 2020 targets to push our performance to the next level. These targets – as well as annual targets - are

integrated to the plans and objectives of our business and our internal functions.

Integrated sustainability approaches risk becoming disjointed as each functional area develops projects and programs to move toward meeting common goals. We have instituted a governance and operating structure to prevent this and to enable communication and cooperation. (see graphic below)

The Sustainability Leadership Committee is comprised of direct reports to the Executive Leadership of the Company and serves as the cross-functional decision-making body for Sustainability at Keurig Green Mountain. Operating committees for each practice area meet monthly and align activity with goals across the organization, providing timely updates and recommendations to the Leadership Committee.

Keurig Green Mountain Integrated Sustainability Model

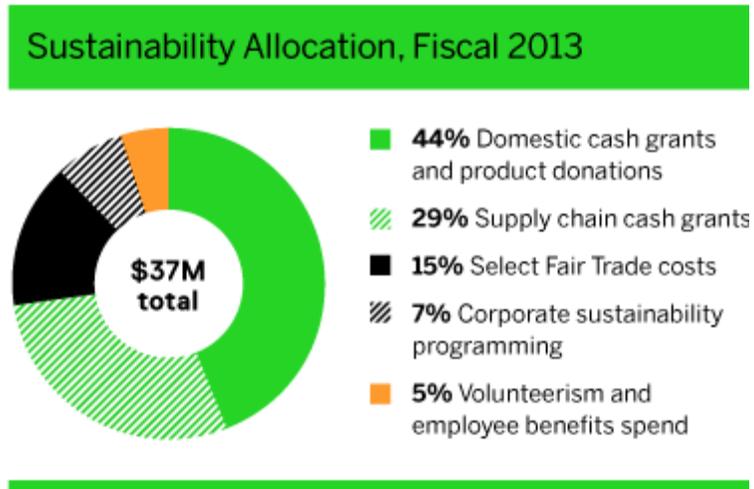
The Keurig Green Mountain integrated sustainability model is managed by the cross-functional Sustainability Leadership Committee and executed by operating committees aligned with each practice area.



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. Considering the 2020 targets that we have set for ourselves, we have also identified the need to fund new or expanded areas of activity that address some of our key sustainability challenges, such as recyclability.



Materiality Matrix

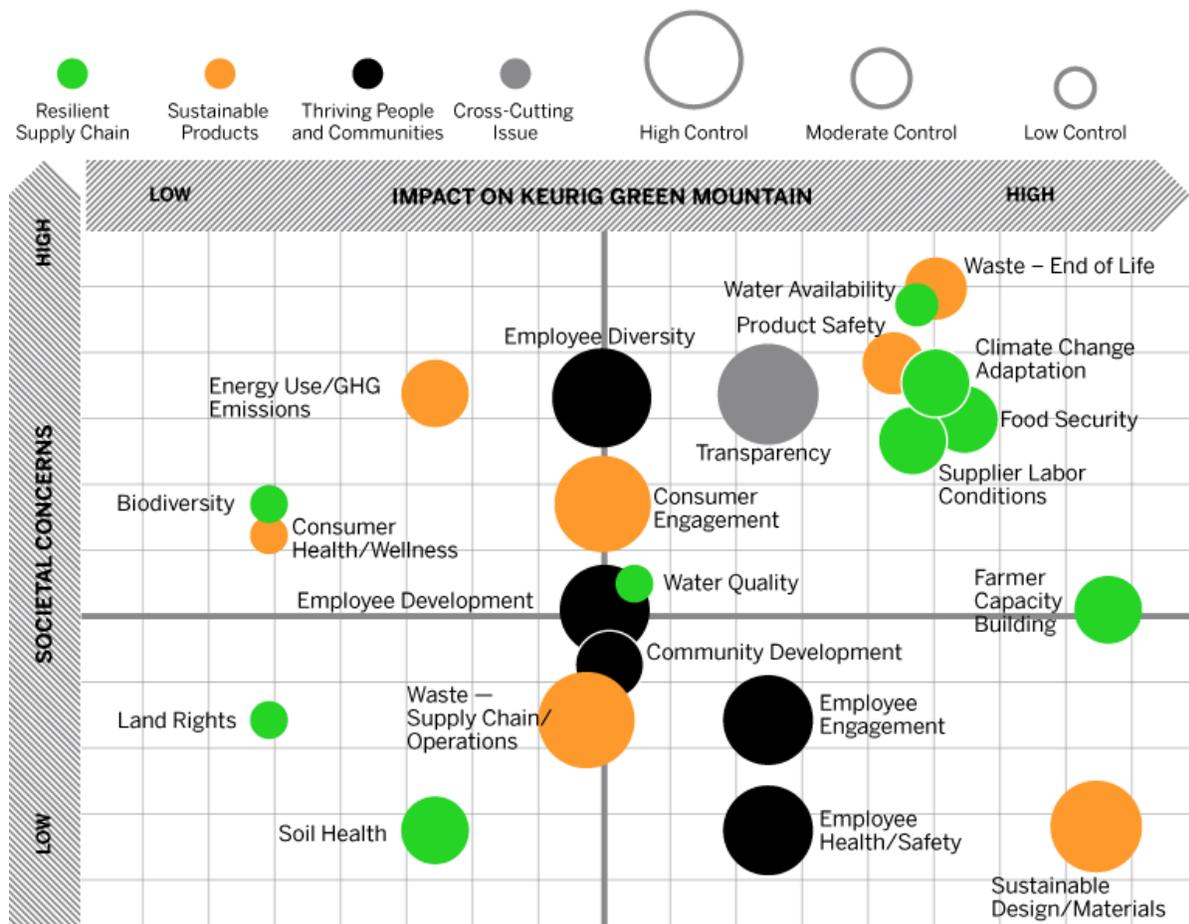
Our Materiality Matrix was developed as part of our fiscal 2012 efforts to update our sustainability strategy. After identifying the most material issues to our Company, they were further assessed for their impact on Keurig Green Mountain and level of concern to society. The resulting map of issues has been reviewed by both top executives of the Company and external stakeholders. The analysis helped elevate some issues in priority and identify areas where there is a need to better understand the connections between issues. The analysis also helped

inform the development of our strategy framework and the structure and content of this report, which is an important way we communicate to employees and other stakeholders about sustainability at Keurig Green Mountain.

See also the [material issues across our value chain analysis](#). Learn how we define the [stages of our value chain](#).

Keurig Green Mountain's Materiality Matrix

We used a structured process to identify the sustainability issues of greatest concern to society and highest impact on Keurig Green Mountain. The issues in the upper right of the diagram are considered the most material to address through our sustainability strategy.



Material Issues Across the Value Chain

Material sustainability issues must be managed strategically across the entire value chain. Our value chain encompasses both agriculture and manufacturing; in this table, we share our view on which issues apply in each part of the value chain. Learn how we [define the value chain stages](#) and create synergy throughout the value chain.

Agriculture:  Manufacturing: 

VALUE CHAIN STAGES							
	CULTIVATION	DRYING/ PACKAGING	PROCESSING	PACKAGING	DISTRI- BUTION	USE/ CONSUMPTION	END OF LIFE
RESILIENT SUPPLY CHAIN							
Farmer Capacity Building							
Food Security							
Climate Adaptation							
Supply Chain Labor Conditions							
Land Use							
Biodiversity							
Soil Health							
Water Availability							
Water Quality							

Waste							
SUSTAINABLE PRODUCTS							
Sustainable Design and Materials							
Product Safety							
Energy/GHG Emissions							
Consumer Engagement							
Consumer Health and Wellness							
Water Quality							
Waste							
THRIVING PEOPLE AND COMMUNITIES							
Employee Engagement							
Employee Health and Safety							
Employee Diversity							
Employee Development							
Community Development							
TRANSPARENCY IS ASSOCIATED WITH ALL CATEGORIES ACROSS THE VALUE CHAIN							

Fiscal 2013 Key Data Summary

The chart below summarizes our fiscal 2013 key performance indicators (KPIs). In fiscal 2014 we will update our KPIs to align with our newly announced [2020 Targets](#).

RESILIENT SUPPLY CHAIN		FISCAL 2011	FISCAL 2012	FISCAL 2013
Manufacturing	Supplier Workplace Assessments			
	Suppliers included in Keurig Green Mountain risk assessment process (by percent of total spend)	44%*	46%	41%
	Number of workers employed at assessed supplier factories	Not Applicable	30,000+*	35,000+
Agricultural	Coffee Sourcing			
	All Fair Trade certified organic and non-organic lbs. sourced (in thousands) and percentage of total lbs. sourced	45,956 / 23.1%	50,919 / 24.6%	56,843 / 26.3%
	Rainforest Alliance Certified™ lbs. sourced (in thousands) and percentage of total lbs. sourced	17,853 / 9.0%	15,499 / 7.5%	10,591 / 5.0%
	All organic lbs. (no other certification) sourced (in thousands) and percentage of total lbs. sourced	199 / 0.1%	14 / 0.0%	42 / 0.0%
	Farm Identified lbs. sourced including all certified coffees (in thousands) and percentage of total lbs. sourced	83,293 / 41.8%	97,238 / 47.1%	147,416 / 68.4%
	Total coffee lbs. sourced (in thousands)	199,149	206,635	215,640
	Supply Chain Outreach			
	Total grant donation dollars to supply chain communities (in thousands)	\$8,152	\$10,154	\$10,586
	Number of individuals within our supply chain receiving support through Keurig Green Mountain-funded partner projects	Not applicable**	Not applicable**	837,000

*Baseline year.

**Fiscal 2013 was the first year we tracked total number of individuals within our supply chain receiving support through Keurig Green Mountain-funded partner projects. In previous years we reported total number of individuals receiving food security support only.

SUSTAINABLE PRODUCTS		FISCAL 2011	FISCAL 2012	FISCAL 2013
Consumers	Marketplace			
	All Certified coffee lbs. sold (in thousands) and percentage of total lbs. sold	36,234 / 27.7%*	46,269 / 24.8%	65,858 / 30.5%
Operations**	Waste			
	Solid waste to landfill as a percentage of revenue (tons/\$1,000,000)	1.2	1.0	0.8
	Energy			
	Direct energy use as a percentage of revenue (therms/\$1,000)	3.6	3.0	3.0
	Emissions (short tons, in thousands)***, ****			
	Scope 1 - Direct emissions	36	35	34
	Scope 2 - Purchased electricity*****	0	0	0
	Scope 3 - Indirect emissions*****	72	97	123
Total estimated greenhouse gas emissions	108	132	156	

*Starting in fiscal 2012, we reported according to coffee "sold" on a going-forward bases. Previous years were tracked and reported based on coffee lbs. "shipped," defined as finished goods that have left possession of Keurig Green Mountain and entered into possession of a customer. Not all shipments result in a "sale" in the same fiscal year. Shipped coffee may also be used for samples, donations, and other non-sale applications.

**Fiscal 2011 operational metrics included facilities in Calif., Mass., Tenn., Vt., Wash., and Toronto, Ontario. Fiscal 2012 included all operational facilities. Progress in measurement across recently acquired facilities allows for retroactive inclusion of more sties for Sustainability reporting (for fiscal 2011) than we covered in our Annual Report for the same fiscal years.

**We look to a variety of best practices and resources to calculate emissions, including GHG protocol, U.S. Energy Information Administration (EIA) Voluntary Reporting of GHG, and Emissions and Generation Resource Integrated Database (eGRID).

***We currently track and report carbon dioxide emissions only.

****We offset 100% of estimated emissions from our measured carbon footprint through the voluntary purchase of Renewable Energy Certificates. Consistent with EPA guidance we began recording zero scope 2 emissions based on purchased offsets in fiscal 2010.

*****Scope 3 includes energy used in transportation of raw material and finished goods by third-party logistics partners to and from Keurig Green Mountain-owned or leased facilities, employee commuting and corporate travel, which includes reimbursed miles, rental car emissions, and air travel. It does not include energy used to manufacture our Keurig® Brewing Systems, which is outsourced.

THRIVING PEOPLE AND COMMUNITIES		FISCAL 2011	FISCAL 2012	FISCAL 2013
People	Employee Development			
	Average training hours per full-time employee*	44	49	43
	Safety			
	Injury severity (Days Away Restricted or Transferred, DART) rate**	2.88	3.44	2.64
	Incidence frequency (Total Recordable Incidence, TRI) rate**	4.80	4.23	3.31
	Occupational fatalities	0	0	0
	Retention and Satisfaction			
	Employee Retention	93.5%*	89.3%	92.1%
Communities	Domestic Community Grantmaking			
	Total grant/matching donation dollars to local communities (in thousands)	\$1,248	\$2,890	\$3,620
	Volunteerism			
	Total hours volunteered through Employee Volunteer Program (EVP)	30,590	71,610	64,250
	Employees volunteering through EVP (as a percentage of average full-time employees)	59.4%	64.9%	62.0%
	Total dollars allocated to EVP	\$663	\$1,435	\$1,395
	In-Kind Donations			
	Donations of product, equipment, and administrative supplies (cost of goods sold, in thousands)	\$1,459	\$1,658	\$848

*U.S. Only

**Data for Fiscal 2011 is for U.S. manufacturing sites only. Fiscal 2012 data is for North American manufacturing sites only. Fiscal 2013 data includes all Company.

Stakeholder Engagement

"Knowing where Keurig Green Mountain's values lie as it expands and being bold enough to execute on these values will be the company's greatest challenge and opportunity."

-Monica Ellis, Collaborator, CEO, Global Environment & Technology Foundation (GETF), Johns Hopkins University Global Water Program

Keurig Green Mountain has always welcomed our stakeholders' feedback and we value the insights we gain from engagement. As we implement our refreshed approach to corporate sustainability, we have formalized and expanded our stakeholder engagement. In fiscal 2013 and early 2014, we established an External Advisory Panel and pursued engagement with action-focused, collaborative groups such as the Sustainability Consortium and AIM Progress. With these moves, we are opening ourselves up to a broader and more global level of engagement.

The Keurig Green Mountain External Advisory Panel is an eight-member group that includes noted sustainability professionals, academics, and leaders of civil society groups such as Conservation International and the Global Water Program. Establishing the formal panel was preceded by an initial engagement with an even wider array of subject matter experts in October 2013. This session was designed to sharpen our understanding of, and responses to, critical and emerging sustainability issues and to identify opportunities for further innovation and collaboration. The initial group was also asked for feedback on our 2020 targets. The Panel will meet in person or via teleconference three times annually with our Sustainability Leadership Committee.

The panel includes the following individuals:

- Dan Viederman, CEO, Verite
- Greg Norris, Co-Director, SHINE, Adjunct Lecturer on LCA, Harvard
- Christine Bader, Author and Lecturer, Columbia University, Human Rights Advisor at BSR
- Monica Ellis, Collaborator, CEO, Global Environment & Technology Foundation (GETF), Johns Hopkins University Global Water Program
- Ron Gonen, Deputy Commissioner, New York City Department of Sanitation
- Bambi Semroc, Senior Strategic Advisory, Conservation International
- Willy Foote, Founder and CEO, Root Capital
- Keith Sutter, Senior Product Manager, Johnson & Johnson

"The greatest challenge for Keurig Green Mountain is thinking through how to go beyond getting rid of the negative and move towards creating value in the long term."

-Keith Sutter, Senior Product Manager, Johnson & Johnson

STAKEHOLDER	HOW WE ENGAGE	SAMPLE INITIATIVES/OUTCOMES FISCAL 2013
<p>Employees</p> <ul style="list-style-type: none"> • 6,100 employees 	<ul style="list-style-type: none"> • Employee satisfaction surveys • Quarterly Town Hall meetings • Origin trips • CEO location visits • Employee volunteerism 	<ul style="list-style-type: none"> • Approximately 60% of employees responded to a new Organization Health Index survey we added for fiscal 2013. We're addressing areas where employees told us we could do better. • 63 Employees participated in origin trips in fiscal 2013 • 62% of employees volunteered through the Employee Volunteer program <p>More info: Thriving People and Communities</p>
<p>Communities</p> <p><i>We have the following significant facilities in 6 U.S. states and 4 Canadian provinces:</i></p> <ul style="list-style-type: none"> • 8 manufacturing facilities • 2 research and development centers <p><i>We support projects in agricultural communities in 16 countries where we source coffee.</i></p>	<ul style="list-style-type: none"> • "Most Significant Change" surveys of supply chain grant beneficiaries • Ongoing dialogue with NGO grant recipients • Employee Community Grant program • Employee volunteerism 	<ul style="list-style-type: none"> • Feedback has led to more targeted grantmaking • Employee Community Grant program now fully operational in U.S. and Canadian sites. <p>More info: Resilient Supply Chain Thriving People and Communities</p>

STAKEHOLDER	HOW WE ENGAGE	SAMPLE INITIATIVES/OUTCOMES FISCAL 2013
<p>Investors</p> <ul style="list-style-type: none"> • <i>More than 90% of Keurig Green Mountain's shares are held by institutional investors.</i> 	<ul style="list-style-type: none"> • Quarterly earnings announcements and press releases • Analyst/investor presentations and meetings • Webcasts and conference calls • Annual meetings • Participation in investor conferences; road shows, one-on-one meetings and investor visits to Keurig Green Mountain • Socially responsible investment surveys 	<ul style="list-style-type: none"> • Approximately 182 stockholders attended the fiscal 2013 annual meeting • This report provides Keurig Green Mountain's investors with insight into the business value of our sustainability strategy and approach. <p>More info: Keurig Green Mountain's investor pages</p>
<p>Suppliers</p> <ul style="list-style-type: none"> • <i>5,000+ suppliers</i> 	<ul style="list-style-type: none"> • Outreach and communication about Keurig Green Mountain Supplier Guidelines • Supplier assessments and follow-up dialogue 	<ul style="list-style-type: none"> • Held manufacturing summits in Asia with Keurig Green Mountain and brewer manufacturers • Released updated supplier guidelines with this report. <p>More info: Resilient Supply Chain</p>
<p>Customers</p> <ul style="list-style-type: none"> • <i>At-home and away-from-home coffee and other beverage consumers</i> • <i>Retailers, grocers, etc. that sell our products to consumers</i> 	<ul style="list-style-type: none"> • Regular customer surveys 	<ul style="list-style-type: none"> • New partnerships announced in response to customer feedback for greater choice in products. • Grounds to Grow On K-Cup® pack take-back program expanded due to customer interest. <p>More info: Sustainable Products</p>

STAKEHOLDER	HOW WE ENGAGE	SAMPLE INITIATIVES/OUTCOMES FISCAL 2013
<p>NGOs</p> <ul style="list-style-type: none"> <i>We work with a number of NGO partners in our agricultural community development work and domestic operations.</i> 	<ul style="list-style-type: none"> Regular consultations with NGOs that we partner with to improve conditions in agricultural supply chain communities and communities that host our facilities Gather feedback from NGO partners through our Monitoring and Evaluation (M&E) Guide for Funded Projects 	<ul style="list-style-type: none"> Engaged with NGOs, growers, and governments to begin to address the La Roya (coffee rust) crisis Updated our M&E Guide, which resulted from engagement with NGOs Keurig Green Mountain funding for projects carried out by NGO partners <p>More info: Resilient Supply Chain</p>
<p>Government</p>	<ul style="list-style-type: none"> Our Supply Chain Community Outreach team partners with U.S. Agency for International Development (USAID) in Latin America around projects of joint interest, e.g. food security. 	<ul style="list-style-type: none"> Was a primary sponsor of an emergency La Roya summit in Guatemala, convened in part by government officials Partnership with USAID and Save the Children on Food Security Goat Center project in Guatemala

Our Targets

With this report, we are announcing a series of seven ambitious targets that we intend to reach by 2020. These 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.

The new targets are as follows:

RESILIENT SUPPLY CHAIN

- 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.

SUSTAINABLE PRODUCTS

- 100% OF K-CUP® PACKS WILL BE RECYCLABLE.
- REDUCE LIFE-CYCLE GREENHOUSE GAS EMISSIONS OF BREWED BEVERAGES BY 25% VERSUS 2012 BASELINE.

- ACHIEVE ZERO WASTE-TO-LANDFILL AT OUR OWNED AND OPERATED MANUFACTURING AND DISTRIBUTION FACILITIES.

THRIVING PEOPLE AND COMMUNITIES

- 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.

Now that we have established the targets, we are developing integrated mechanisms to track and report our progress against them. Each of our business functions is defining objectives, interim targets, strategies, and measurements to get us to our 2020 commitments. We will continue to refine these measurements internally in fiscal 2014 and expect to report more fully on the progress in our next sustainability report.

Our Commitment to Water Stewardship

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. In fact, brewing with the Keurig® hot platform saves 25 liters of water per 8 ounce cup compared with brewing a full pot of coffee.

In addition, for many years, we have focused within our supply chain on the water-energy-food nexus — a critical intersection for building a resilient supply chain. In fiscal 2013, we launched several long-term projects to help supply chain communities improve [their water stewardship](#).

Closer to home, our employees volunteer within [our communities](#) on projects to restore local waterways.

Within our own operations, we recently undertook a [water footprinting exercise](#) to gain a better understanding of our overall impact. We do not currently track our direct water use on an ongoing basis because we use relatively little water to manufacture our products. We will begin to report our water use if it becomes more material to our operations.

Read our [Water Policy here](#).

Awards and Recognition

Below is a list of Sustainability specific awards and recognition. For a full list of Keurig Green Mountain awards see [Media: Awards and Recognition](#)

- Fair Trade USA – “World’s Largest Purchaser of Fair Trade Certified™ Coffee” for calendar year 2012
- Northeast Energy Efficiency Partnerships (NEEP) – “Northeast Business Leader for Energy Efficiency” (2013)
- Knoxville Area Urban League – Knoxville, Tenn., facility, “Corporate Leadership Award”

- PR News – Human Rights Communications, “CSR Award”
- PR News – CSR/Green Focus, Honorable Mention
- CR Magazine – “100 Best Corporate Citizens 2013”
- FORTUNE Magazine – “Fastest-Growing Companies (U.S.)
- FORTUNE Magazine – “Global 100 Fastest-Growing Companies”
- Trust Across America – “Most Trustworthy Public Company for 2012”
- Millennium Challenge Corporation – “MCC’s Corporate Award”
- Edison Awards – Keurig® Vue® brewing system, “Gold Award”
- American Business Awards – 2012 Fair Trade Campaign, Bronze “Stevie® Award”
- Vermont Business Magazine – “5x5x5 Growth Award”
- Named Winning “W” Company on 2020 Gender Diversity Index by Women on Boards

About this Report

This report covers fiscal 2013, from September 30, 2012, to September 28, 2013. We used the G3.1 Sustainability Reporting Guidelines and Food Processing Sector Supplement of the Global Reporting Initiative (GRI) at a self-declared B level. [Click here](#) to see the GRI index. We also started the process of migrating to the GRI G4 Guidelines by analyzing gaps with G4 reporting and beginning to fill them. Our most recent previous report was published in March 2013, covering our 2012 fiscal year.

This report also serves as our annual Communication on Progress to the United Nations Global Compact (UNGC), providing an overview of our implementation of the 10 principles of the UNGC and our support of broad UN development goals. [Click here](#) to see the UNGC index.

The data cited refer to fiscal 2013 or the last day of fiscal 2013 unless otherwise indicated. Data are for our wholly owned business units. In addition, we provide selected data and other information about our supply chain activities globally.

For all references to an average or a percentage of employees participating in certain activities, we use an average number of full-time employees within the fiscal year as the denominator in the calculation. We calculate the average number of full-time employees by dividing the sum of the full-time employees at the beginning of the fiscal year and at the end of the fiscal year by two. This differs from the approach taken in our Annual Reports, which utilize total year-end number of employees.

We have validated the contents of this report through the following measures:

- Independent audits of our philanthropic fund, including all dispositions
- Verification of our Fair Trade Certified, Fairtrade Certified, organic, and Rainforest Alliance Certified coffee purchases, provided by appropriate accreditation bodies
- Verification of our organic coffee purchases and our production plants' organic status, provided by Quality Assurance International or Organic Crop Improvement Association International
- Verification of our production plants' kosher status, provided by Orthodox Union, Jewish Community Council of Montreal, and Kosher Supervision of America.

We welcome your feedback on this report at CSR@gmcr.com.

Resilient Supply Chain

The world is changing quickly, with technological advances, economic insecurity, and a changing climate all converging to alter the global landscape. In our agricultural and manufacturing supply chains alike, these changes can lead to uncertainty, instability, and, at times, great individual hardship. At Keurig Green Mountain, we are actively engaged in addressing the challenges within our supply chain communities by leveraging the relationships and influence we have with our direct suppliers and looking for opportunities to effect positive change through further investments into those communities.

We have committed to a pair of targets that we believe will substantially enhance the resiliency of our supply chain. These targets, which we aim to achieve by 2020, are as follows:

- 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.

During 2013, we expanded our responsible sourcing program, which previously focused on our manufacturing supply chain, into our agricultural supply chains. Going forward, we will assess our key agricultural suppliers to evaluate their social and environmental practices. The release of our updated [Supplier Guidelines](#) will be a key tool to shape this work.

OUR SUPPLY CHAIN

GREEN COFFEE

MANUFACTURING

Our commitment to producing coffees that deliver the richest aromas and flavors begins at the start of the sourcing process. The quality of our coffee is directly related to the quality of the relationships we build with coffee farmers around the world.



THE BEAN BELT

Generally, coffee is grouped into three major growing areas: the Americas, Africa, and Indonesia, within 1,000 miles of the equator, in a band that circles the middle of the earth.



FARM IDENTIFIED

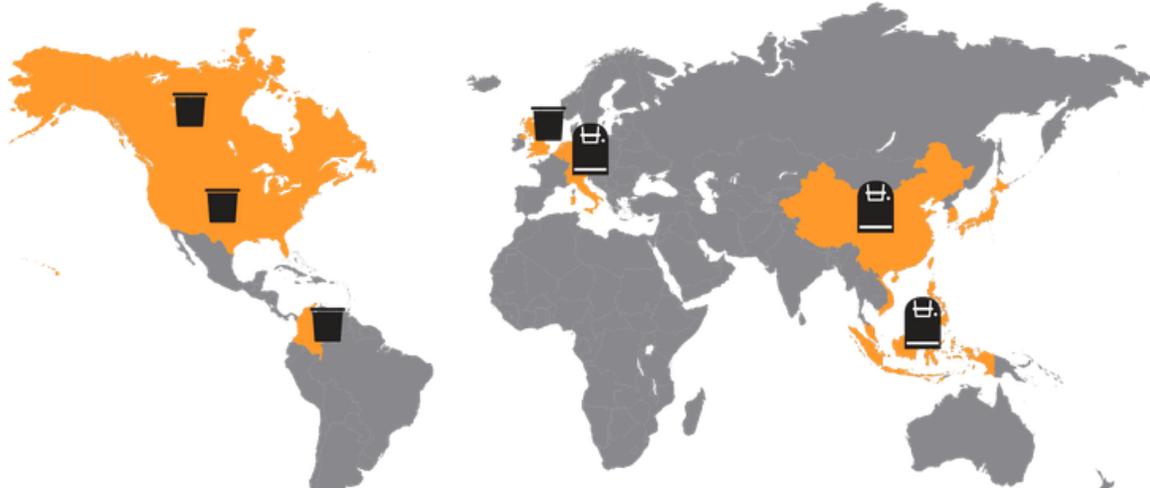
Our Farm Identified program is based on a simple principle: When we know who grows our coffee, we can develop long-term relationships with farmers to achieve our sustainability targets. In fiscal 2013, 68% of our coffee purchases were Farm Identified.

OUR SUPPLY CHAIN

GREEN COFFEE

MANUFACTURING

Our manufacturing supply chain is very different from our agricultural supply chain. But whether farm or factory, our approach remains consistent: we engage with suppliers directly and build trusting relationships through long-term commitments.



PACKAGE SOURCING

Plastic cups, filter paper and other materials for packaging K-Cup® packs come from a network of suppliers in countries including Canada, Colombia, the U.S., and the U.K.



BREWER SOURCING

Our Keurig® brewers are built by contract manufacturers in factories across China and Malaysia. The component suppliers are typically local to Asia Pacific and Europe.

Through our supply chain outreach efforts, we work to provide our suppliers, their employees and families, and their communities with the skills and tools to meet the challenges that may lie ahead. We aim to build a foundation of resilience that will benefit these communities while simultaneously strengthening our business in the years to come.

One area of focus for us is water stewardship. Enhanced water stewardship in the supply chain will, in part, increase resiliency. In fiscal 2014, we will identify water risks and promote responsible water stewardship as a core practice across our supply chain. We will also assist supply chain communities in expanding and

maintaining access to clean water for those who live and work near the farms and factories that produce our agricultural ingredients, brewers, and related components.

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. We look beyond the work site — whether farm or factory — to fund longer-term community development that enables resiliency in the face of complex social and environmental challenges that can make even the most successful business stumble.

We pride ourselves on being connected to our supplier communities and on developing long-term relationships that build trust and produce the highest-quality products. Our people are talking to farmers in their fields, walking the factory floors, and collaborating with in-country development partners who understand local needs. In this way, we engage and build relationships with the individuals who help us grow our business and simultaneously drive responsible practices. However diverse our work, our supply chain approach remains consistent to maximize success. We listen to local voices to identify the most pressing social, economic, and environmental needs and collaborate to find the best solutions. We also partner with suppliers and nonprofit organizations to fund high-impact development projects.

This section focuses on our work to build [resiliency on farms](#) and in [factories](#) and highlights the continued progression and refinement of our [Supplier Guidelines](#) and responsible sourcing program.

INTERCAMBIO EVENTS

One way that Keurig Green Mountain works to strengthen our relationships with our suppliers, and create higher-quality products in the process, is through the use of Intercambio events. Intercambio (“exchange” in Spanish) events offer an innovative platform for Keurig Green Mountain to convene all of our value chain stakeholders (producers, lenders, exporters, importers, certifiers, nongovernmental organizations and others) from our supplying countries to discuss the previous harvest and plan for the next harvest. During these meetings, we talk about quality standards, conduct business reviews, address challenges, and celebrate our successes. These events are an efficient way to manage our business in a particular country and highlight the importance of transparency and collaboration in a face-to-face setting. To date, Keurig Green Mountain has hosted Intercambio gatherings in Brazil, Colombia, Peru, Sumatra, and Nicaragua, and we are planning more in 2014.

Supplier Guidelines

We developed our Keurig Green Mountain Responsible Sourcing Supplier Guidelines in 2007 to promote fair and respectful supplier working conditions. In early 2014, after extensive internal discussion and external consultation, we [released an updated version of the guidelines](#) that includes greater definition of our expectations regarding migrant workers, child labor, business integrity, the rights of indigenous people, and raw material sourcing (including conflict minerals). The guidelines are applicable to all aspects of our supply chain and fully align with international standards, including the following:

- International Labor Organization (ILO) Conventions and Recommendations
- United Nations Universal Declaration of Human Rights
- United Nations Millennium Development Goals
- United Nations Global Compact
- Ceres Principles
- Sustainable Agriculture Network
- Fairtrade Labeling Organizations International (FLO) Standards
- Stockholm Convention, Rotterdam Convention on Persistent Organic Pollutants.

We want to be sure that suppliers fully understand our guidelines and how to align their practices so they are in accordance with internationally recognized standards and, thus, our expectations. To achieve this, we are developing communications for use with buyers and suppliers, using various communication channels and targeting specific audiences with the information they need to understand our expectations and best practices. We translated the 2007 version of the guidelines into Mandarin, and the updated guidelines will be translated into French, Mandarin, and Spanish, which will cover the majority of local languages where we have supply chain partners.

KEURIG GREEN MOUNTAIN RESPONSIBLE SOURCING SUPPLIER GUIDELINES

Our Supplier Guidelines provide detailed expectations in each of the following areas:

- **Business integrity and legal compliance:** Businesses shall have policies and procedures in place to ensure that they conduct business in an ethical manner and follow the laws that govern their operations.
- **Grievance mechanisms:** Employees should have access to grievance mechanisms that are confidential, easily understood, and available at all levels within the organization.
- **Rights of indigenous people:** Businesses should engage with local indigenous communities, make employees aware of the rights of indigenous populations, and provide redress if their operations have a negative impact to indigenous peoples' rights.
- **Freely chosen employment:** No person should be forced to perform work against his or her will, and workers' freedom of movement must never be restricted.
- **Child labor:** Children under the age of 18 should not participate in work that is likely to harm their health, safety, or morals. Work should be subject to a minimum age of 15, or the legal minimum, whichever is greater (other than light work where allowed by law).
- **Wages and benefits:** Employees at a minimum should receive legally required compensation for their efforts.
- **Hours of work:** Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.
- **Freedom of association and collective bargaining:** Businesses should recognize and respect the rights of workers to freely associate and

bargain collectively in accordance with laws of the countries in which they are employed.

- **Freedom from discrimination and abuse:** All employees should be treated with dignity, equality, respect, and inclusion.
- **Health and safety:** Operations should be conducted in a manner that respects the health and safety of employees, communities, and the environment as a whole.
- **Environmental responsibility:** Businesses should demonstrate environmental responsibility in all aspects of their operations.
- **Raw Material Sourcing and Conflict Minerals:** Keurig Green Mountain and its subsidiaries are committed to sourcing components and materials from companies that share our values regarding respect for human rights, ethics, and environmental responsibility.
- **Animal testing:** We do not perform any animal testing and do not knowingly fund any testing using animals. We strongly endorse efficient and effective research that does not include the use of animals.

[Download the guidelines.](#)

Working with Farmers

"Keurig Green Mountain brings to its supply chain outreach work a willingness to go and learn where and how farmers in their supply chains face challenges like food insecurity. The company's dedicated support for diverse, innovative community projects — backed by a rigorous learning agenda — offers an inspiring example of how companies can be effective partners for change."

— Don Seville, Co-Director, Sustainable Food Lab

We believe that the best beverages — whether coffee, cocoa, cider, or tea — come from farmers who can earn a decent living and contribute to resilient, healthy communities. As we chart our course for the long term, our Company's ability to continue to expand and innovate our beverage offerings will depend on maintaining reliable supplies of top-quality, sustainably sourced products. That is why we aim to build long-term relationships with agricultural communities and use the power of our business to improve farmers' quality of life while further strengthening our supply chain.

The agricultural communities within our supply chains face a daunting set of interconnected challenges, including limited access to food, clean water, health care, education, and alternative economic opportunities. Climate change is accelerating many of these threats to livelihoods, further diminishing the quality of life in farm communities and driving even more young people off the farm toward urban centers.

The new sustainability assessments we will be conducting as part of our expanded [responsible sourcing program](#) are one way we can identify risks and weaknesses within our agricultural supply chain and build long-term relationships based on continuous improvement. Similar to our work within our manufacturing supply chains, agricultural suppliers will be evaluated based on risk, and then we will undertake an appropriate level of assessment — ranging

from self-assessments to comprehensive third-party audits — to start a dialogue and set the direction to move forward. Our initial focus will be on the highest-risk suppliers, which we will determine by evaluating each supplier across several dimensions, from their importance to our business and any inherent risks in their industry to their specific environmental impacts and their treatment of workers. We will then expand our assessments to cover all agricultural suppliers of key commodities, including coffee, cocoa, sugar, dairy products, and fruit.

Our supply chain grantmaking to partner organizations — including NGOs, universities, research institutions, and cooperatives in agricultural communities — has long been directed at supporting and improving farm families' quality of life. Addressing their holistic needs is a vital step in creating resilient agricultural communities and a new generation of coffee farmers who are as committed to growing great coffee as the current generation.

Our new 2020 target pledges to engage 1 million people in our manufacturing and agriculture supply chains to significantly improve their livelihoods.

"Livelihoods" encompasses people, their capabilities, and their means of living, including food, income, and tangible and intangible assets¹¹. To achieve this livelihoods target, we will focus on building the capacity of farming families and the organizations that support them to achieve economic viability and food security, promoting health and nutrition, access to potable water, and gender equity. We have identified metrics to measure the impact of each outreach project and will be reporting our progress against these measurements in future reports.

As we work toward our 2020 targets, we will place additional emphasis on addressing the nexus of water, energy, and food — three issues that are closely connected, with each one critical to building a resilient supply chain. In addition, we will continue to work with our suppliers to address the most pressing

¹¹Chambers, R. and G. Conway (1992) *Sustainable rural livelihoods: practical concepts for the 21st Century*. Discussion Paper. 220. Institute for Development Studies (IDS), University of Sussex: Brighton.

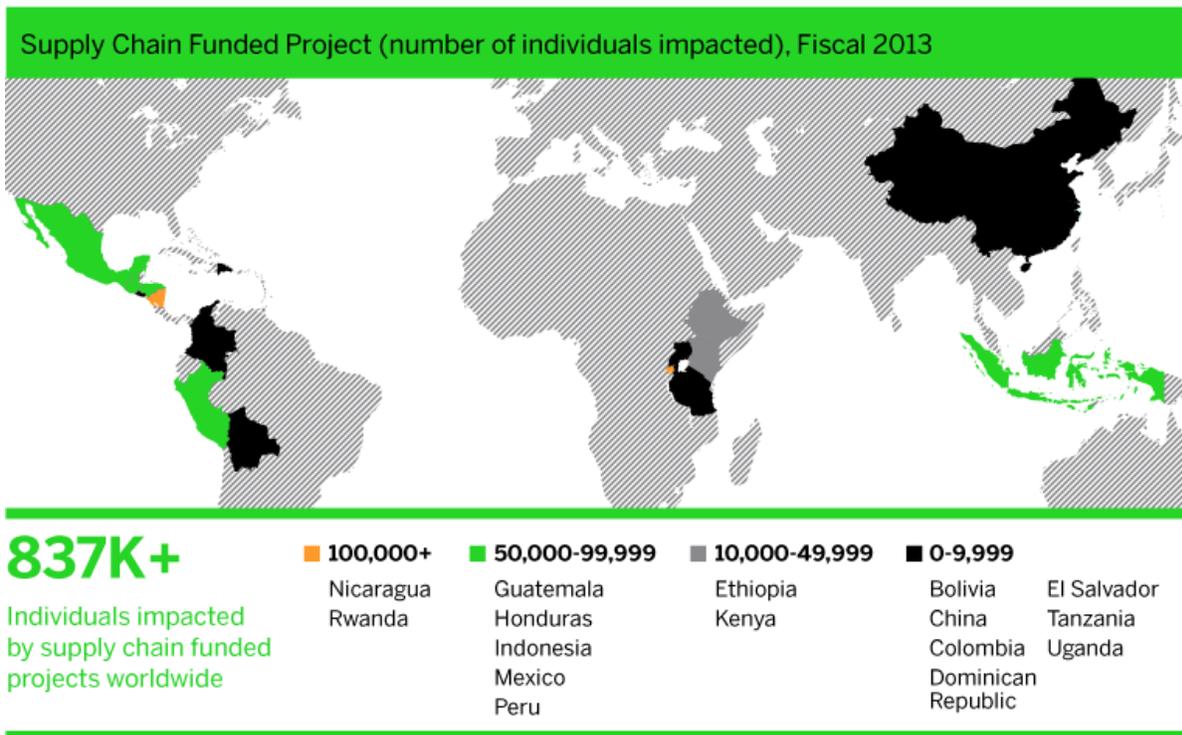
livelihood challenges they face. Water stewardship is an important part of our work and will provide a new lens and focus through which to view past, current, and future projects.

SOURCING PRODUCTS THAT MEET HIGH STANDARDS OF CERTIFICATION, SUCH AS FAIR TRADE AND RAINFOREST ALLIANCE, IS ONE WAY WE CAN HELP ADDRESS SOME OF THE FUNDAMENTAL CHALLENGES FACING AGRICULTURAL COMMUNITIES. THESE PROGRAMS ENCOURAGE SOCIALLY AND ENVIRONMENTALLY SUSTAINABLE AGRICULTURAL PRACTICES AND REWARD COFFEE PRODUCERS WITH ACCESS TO MARKETS AND, IN THE CASE OF FAIR TRADE, A PRICE PREMIUM FOR THEIR HARD WORK. (LEARN MORE ABOUT OUR WORK WITH CERTIFIED PRODUCTS IN THE [BUILDING STRONGER COMMUNITIES THROUGH AGRICULTURAL STANDARDS](#) SECTION.

Focus Areas for Supply Chain Projects, Fiscal 2013



In fiscal 2013, we provided over \$10.6 million in grant funding to 56 projects in 16 countries; these projects touched the lives of more than 837,000 people. We focus our funding on impacts at the household level, working directly with on-the-ground partners to identify the greatest needs of individuals and families in these communities. Focus areas include [food security](#), [water stewardship](#), [community well-being](#), and [care for agricultural ecosystems](#).



Water Stewardship

As we work to increase the resiliency of our supply chain, one critically important focus area is the tightly linked nexus of water, energy, and food. The effects of climate change — often in the form of water-related events, whether droughts or floods — are already being felt in our supply chain communities and will likely increase in the coming years.

These impacts, which include changes to water availability and crop production, can result in further shortages of food and water for farm families. Shortages of clean water threaten the integrity of our products, but they also greatly imperil the health and well-being of the communities from which we source our ingredients. As a result, we are committed to helping our supply chain communities manage their water resources so that there is sufficient clean water to sustain livelihoods and grow crops. Work in this area helps farmers and farm

communities weather short-term fluctuations and long-term changes in climate and business alike.

Keurig Green Mountain sees the need for water stewardship at all levels of our supply chain, which requires innovation everywhere we work. Since fiscal 2011, we have publicly supported the Human Right to Water and demonstrated our commitment by funding various projects at the farm and cooperative level that address enhanced water stewardship. Our [Water Policy](#) was recently updated to provide more clarity on how we define water stewardship. It focuses on five key elements: expanding access to clean water, protecting water resources, fostering innovation, raising awareness of our collective impact on water resources, and collaborating with others to amplify the positive contributions we make.

In fiscal 2013, Keurig Green Mountain launched a number of long-term projects to help supply chain communities to ensure the safety, sufficiency, and accessibility of precious water resources. (You can read more about our overarching water commitments in the [Overview](#).)

WATER FOR PEOPLE

At the end of fiscal 2012, Keurig Green Mountain committed \$1.25 million over five years to Water for People (WFP) to support a clean water project in communities in Nicaragua from which we source coffee. Water for People takes an innovative approach to holistic water management, making the organization an ideal partner for our work in supply chain communities. Water for People looks beyond infrastructure needs, such as drilling a new well for a community, and works to ensure there are robust maintenance systems and water-management committees in place to maintain the long-term health of the water supply.

In this project, following WFP's "Everyone Forever" model, we will work with several partners, including three coffee cooperatives, on an ambitious five-year

plan to provide clean water year-round for every household in the entire municipality of San Rafael del Norte — 2,126 families, 38 schools, and three medical clinics — by 2017. The project, which will bring running water to everyone in the community, also includes residential water meters for each home, encouraging responsible water use over the long term. Water for People has committed to monitoring the project for ten years after completion, which can make all the difference in sustaining the water supply for future generations.

CII-ASDENIC

Another water stewardship project builds upon a food security project launched in fiscal 2011 with the Nicaraguan nonprofit CII-ASDENIC, the Association of Social Development of Nicaragua. We partnered with the nonprofit and a large coffee cooperative, PRODECOOP, on a food security project that expanded to include water management. We expanded the project's focus to include providing clean water to the community, which previously relied on a mountaintop water source for all its water needs. Local residents had to hike 2 kilometers uphill and carry pails of water back down every day for cooking, cleaning, and drinking needs. The first phase of the project with CII-ASDENIC involved getting the whole community to dig a trench from the source to the village, saving 800 families the long hike to get water. Phase two involved bringing spigots right to the door of every home in the community, greatly improving families' quality of life. While this project was underway, community members discovered another source of water further up the hill, which they agreed to use to bring drip irrigation to a large community tomato-growing project, using the proceeds from strong coffee years to invest in the tomato crop, and vice versa.

BLUE HARVEST PROJECT

At the beginning of fiscal 2014, Keurig Green Mountain committed \$2.5 million to launch the Blue Harvest Project, a partnership with the Global Water Initiative to restore and manage water resources in coffee-producing areas in El Salvador, Honduras, and Nicaragua. The Blue Harvest Project is a two-pronged effort that will promote sustainable coffee production; Catholic Relief Services (CRS), our partner on the project, will work with coffee growers and other community members to develop farming practices that restore and protect water resources while also promoting the social and political processes necessary to enable effective and sustainable local management of water resources.

These projects are just part of our commitment to improve water management and quality in our supply chain and beyond. We are continually exploring opportunities to work with partners on larger-scale, municipal-level water projects that will impact broader populations as well as finding ways to minimize the water impacts of coffee production. We are currently studying how to integrate water-management key performance indicators into our supplier assessments and Monitoring and Evaluation (M&E) Guide for Funded Projects. (For more about the M&E Guide, see the [Measuring our Impacts](#) section.)

Due to the interrelated nature of water and food security, many of our ongoing efforts to improve access to food year-round in our supply chain also advance local water management practices. (See the [Food Security](#) section for more information about these projects.)

Food Security

"In the last 10 years, hunger in the coffeelands has gone from an overlooked problem to one that is at the core of the coffee industry's sustainability push. How did this happen? Largely because Keurig Green Mountain had the curiosity to ask tough questions and publish the answers — and then committed to act to address the issue."

— Michael Sheridan, Borderlands Coffee Project, Catholic Relief Services

In the agricultural communities within our supply chain, [water](#), food, and [community well-being](#) are intertwined. We believe that consistent access to high-quality, nutritious food is a hallmark of a sustainable livelihood, so we consider farmer food security one of the top priorities in our work across our supply chain.

Addressing the issue of food security means taking on a complex, global problem that can only be solved through the concerted, coordinated efforts of many organizations. To address this ongoing challenge, in fiscal 2012 we pledged more than \$5.3 million in grants to support food security efforts by NGO partners throughout our supply chain.

Seasonal hunger is a major threat to our agricultural supply chain, with 67% of coffee growers interviewed in Nicaragua, Mexico, and Guatemala in a baseline [2007 study](#) facing extreme scarcity of food for three to eight months of the year. We conducted the study in partnership with the International Center for Tropical Agriculture (CIAT), a multi-stakeholder collaboration, to better understand farmer welfare in Central America and Mexico.

In fiscal 2013, we revisited these regions with CIAT and the University of Vermont Agroecology and Rural Livelihoods Group (ARLG) to update our understanding of these communities and assess whether there had been a

change. Over the course of interviewing more than 100 families — many of whom were participants in our first survey — we found many improvements, although there remains plenty of work to be done. For instance, these families had increased their number of income sources, often by incorporating food crops in their farming activities. By adding more diverse crops that they can sell, families are more resilient in the face of extreme changes in coffee prices and have steadier incomes year-round.

In addition, our 2013 survey found that the average time in each of these three countries where families faced chronic lack of food — “the thin months,” or “los meses flacos” in Spanish — dropped from 4.2 months per year to 2.8 months per year. These improvements can be partially attributed to efforts to diversify income sources, as well as increased coffee yields from better growing practices.

Our funding of food security projects includes the following strategies:

- INCREASING HOME FOOD PRODUCTION AND IMPROVING STORAGE: SUPPORT FARMERS TO GROW FOOD FOR HOME CONSUMPTION, INCLUDING STAPLE CROPS, NUTRITIOUS FRUITS AND VEGETABLES, AND LIVESTOCK, AS WELL AS TO PRESERVE AND STORE FOOD FOR LATER USE OUT OF SEASON.
- DIVERSIFYING INCOME: GIVE FARMERS THE TOOLS AND TRAINING TO ENGAGE IN OTHER INCOME-GENERATING ACTIVITIES, SUCH AS SELLING SURPLUS FOOD CROPS OR EGGS, BEEKEEPING, OR RUNNING SMALL BUSINESSES. MANY FARMERS ARE OVERLY RELIANT ON COFFEE AS THEIR ONLY SOURCE OF INCOME. GROWING OTHER CROPS ON THEIR LAND FOR THEIR FAMILY’S CONSUMPTION OR TO SELL CAN REDUCE THEIR DEPENDENCE ON COFFEE AND HELP BRING IN MUCH-NEEDED FOOD AND/OR INCOME DURING “THE THIN MONTHS.”

- IMPROVING ACCESS TO MARKETS: HELP FARMERS TO UNDERSTAND AND ACCESS NEW MARKETS FOR THEIR DIVERSIFIED PRODUCTION, SUCH AS SURPLUS FRUIT AND VEGETABLE CROPS.

We fund a number of organizations to implement these approaches. In fiscal 2013, three notable projects included the following:

- STRENGTHENING LIVELIHOODS:

In partnership with Catholic Relief Services (CRS), Keurig Green Mountain has funded two multi-year, multi-country initiatives to diversify livelihoods and improve food security in the coffee-growing regions of Central America and East Africa. This \$5.4 million commitment supports more than 10,000 coffee producers from El Salvador, Ethiopia, Guatemala, Honduras, Kenya, Nicaragua, and Rwanda to increase and diversify their sources of income and assets and to improve their financial stability and resilience in the face of coffee price volatility. In the second year of the Central America project, CRS reports that more than 900 families have begun harvesting new crops from garden plots for home consumption, more than 1,100 farm plots have been improved and diversified with agroforestry practices to generate new crops and new sources of income, and more than 2,000 community members have joined savings groups, putting away a collective total of more than \$65,000 for use during “the thin months.” In the third year of our East Africa project, CRS reports that 5,509 farmers have increased crop production for consumption or sale, and 356 new savings and loan groups have been formed.

- FOOD SECURITY AND SOVEREIGNTY:

In fiscal 2013, Keurig Green Mountain wrapped up a three-year initiative funded in northern Nicaragua with a long-time partner, the Community Agroecology Network (CAN). The project worked closely with a coffee

cooperative, PRODECOOP, to develop community-based grain and produce distribution centers, provide capacity building for agro-ecological coffee production and crop diversification, and establish community-based seed banks. The final report indicated that since Keurig Green Mountain began funding the project in 2010, the average length of “the thin months” decreased from three months to two months, and chronic malnutrition among children under 5 decreased from 43.2% to 25%. This data shows that we are on the right track, but there is much more work to be done in these communities. As a result, in fiscal 2013, Keurig Green Mountain supported the second phase of the project with approximately \$760,000 in funding. In addition to helping coffee growers in the cooperative bring their products to market, PRODECOOP has incorporated a number of these projects into its strategic plan, demonstrating that members’ food security is a critically important part of its mission, rather than a responsibility that falls outside the cooperative’s jurisdiction.

- VEGETABLE GARDENS AND WATER MANAGEMENT:

In fiscal 2013, we completed a three-year partnership with Sustainable Harvest to improve the food security for 500 coffee-growing families during the dry season (June to November) in Kigoma, Tanzania, through the use of drip irrigation technology. In addition to helping diversify farm families’ food supplies and income sources, Sustainable Harvest provided training on water management to residents of six Tanzanian villages, giving them the tools and education necessary to maintain their water resources for the long term.

LEADING THE COFFEE INDUSTRY TO TACKLE HUNGER

Keurig Green Mountain advocates for collective action within the coffee industry as the best way to address the many challenges facing our coffee supply chain.

We are pleased to report that, in fiscal 2012, Keurig Green Mountain and four other industry-leading companies — Counter Culture Coffee, Farmer Brothers Co., Starbucks Coffee Company, and Sustainable Harvest Coffee Importers — formed the [Coffeelands Food Security Coalition](#) (CFSC). In 2013, S&D Coffee & Tea and the Specialty Coffee Association of America joined the CFSC. Together, we are working with the global humanitarian organization Mercy Corps and the Nicaraguan organization Asociación Aldea Global to help combat seasonal hunger among coffee-farming families in the Department of Jinotega — the source of 60% of Nicaragua’s coffee.

Improving Community Well-Being

When we look holistically at how to improve the livelihoods of 1 million people across our supply chain by 2020, we see the critically important water-energy-food nexus as having a significant impact on [sustainable livelihoods of farmers](#). Moreover, individual farmers live within communities that must provide access to services and protection of rights in order to promote the sustainable livelihoods of individuals who live there. When weak, these services — like health care and education — can negatively impact quality of life and reduce productivity as much as a degraded climate, poor water quality, or lack of sufficient nutrition.

As part of our approach to building stronger communities, Keurig Green Mountain has supported a number of innovative health care and health maintenance projects in recent years. The farmers we work with often live in rural areas that lack hospitals, making the use of locally based community health workers vitally important. Providing resources to projects that provide preventative and early treatment care to community members can eliminate the need for expensive medical treatments down the road that can destroy a family’s ability to save for the future.

We also strive to support projects that focus on women's health and empowerment. Women play a critical role in coffee-growing communities, often comprising a majority of the coffee-farm labor while also managing the daily affairs of the farm and family. At the same time, women rarely own the land or equipment for coffee farming, leaving them more vulnerable to changes in coffee harvests or prices. In order for the projects we support to create lasting change, we must ensure that women in these communities receive equal or even preferential access to services. We recognize the importance of including women in our projects as a way to boost the resilience of coffee-growing communities, and we have included improving gender equity as an element of our livelihoods target for 2020.

Below are some of the ways we are working to support farmer livelihoods and community well-being within our agricultural supply chain.

MEXICO:

In fiscal 2013, Keurig Green Mountain committed more than \$1.3 million over the course of three years to a project with Partners in Health (PIH), an innovative health care development organization. The work aims to strengthen access to, and the quality of, primary health services in the rural Sierra Madre region of Chiapas, Mexico — one of the poorest regions in the nation. The project follows a three-pronged strategy of comprehensive education and support for medical professionals, strategic investments in infrastructure and supplies, and data collection to measure results and gauge success.

With support from Keurig Green Mountain, PIH and its sister organization, Compañeros En Salud CES, saw remarkable results in a very short period of time, launching six public clinics and providing health care to 18,000 patients during 2013 alone. The groups plan to open an additional four clinics in 2014.

RWANDA:

In fiscal 2012, Keurig Green Mountain funded a four-year project with Medicines for Humanity (MFH) to reduce infant and child mortality in three coffee-growing regions of southern Rwanda. MFH is working with three health centers to train a team of community health workers in basic but essential medical skills, like diagnosing malnutrition and diarrhea, enabling them to treat the major causes of child deaths and to support pregnant women and families with young children to take advantage of the primary health care services available at the clinics. Through this project, we are also supporting an innovative effort to provide health insurance to the poorest households, enabling them to access health care services — many for the first time.

In fiscal 2013, MFH and its partners built on their successes from the first year of the project, training an additional 525 community health workers, performing more than 77,000 home visits, offering health insurance for 415 new families, and providing more than 11,000 treatments for children in just the first six months of this second year of the project.

INDONESIA:

In fiscal 2013, we completed a three-year project in partnership with Mercy Corps called the Community Health and Investment for Livelihood Initiative (CHILI) in Aceh, Indonesia. During the first two-and-a-half years of this project, CHILI has strengthened community support for breastfeeding mothers, conducted financial literacy classes for farmers and their families, and helped coffee cooperatives offer financial services to their members. For the third and final year, Mercy Corps has been able to expand its activities to include additional nearby communities in need of similar services. Over the course of the project, CHILI has provided financial literacy training to more than 3,600 coffee farmers and has helped three of the four coffee cooperatives in these

communities establish government-licensed savings and loan facilities.

PERU, NICARAGUA, AND TANZANIA:

We have been working for over 14 years with Grounds for Health to support the organization's efforts to greatly improve screening and treatment of cervical cancer in coffee-growing communities. Cervical cancer is one of the few cancers that can be easily prevented through screening and cured through early treatment. In 2011, we provided Grounds for Health with a three-year, \$900,000 grant to address the high incidence of cervical cancer in Mexico, Nicaragua, Peru, and Tanzania.

During the second year of the project, nearly 3,000 women have taken advantage of services offered by Grounds for Health-trained providers through local health centers. In Peru and Nicaragua, Grounds for Health partnered with coffee cooperatives to raise awareness about cervical cancer and ways to prevent it. And in Mexico and Tanzania, Grounds for Health achieved its long-term goals of building local capacity for continuing the project and transferred ownership of the project to its local partners, ensuring that these life-saving services will continue long into the future.

Measuring Our Impacts

"The Keurig Green Mountain M&E Guide is a great resource that goes beyond providing guidelines and standard metrics for reporting. The Guide includes a variety of indicators to choose from, as well as sample data collection tools and reports. We found the information and tools helpful and easy to integrate into our overall M&E plan. Through this guide, we have been better able to document our results and communicate our impact in both numbers and stories to our partners in the field and the broader global health community."

— Kayla Moore, Senior Program Officer, Grounds for Health

We take great pride in the long-term relationships we have developed with our agricultural suppliers, and we can see positive changes taking place every time we visit these communities. We know, however, that it's important to measure progress accurately and objectively so we can refine and improve the projects we support. Our comprehensive [Monitoring and Evaluation \(M&E\) Guide for Funded Projects](#) helps us understand the impact of our investments on the ground.

Keurig Green Mountain has begun updating the M&E Guide to help us meet our overarching 2020 supply chain targets, particularly those that focus on water stewardship. This evolution of our M&E Guide, which will likely include the creation of new indicators to measure progress on water management and gender inclusion, will help us continue to make the greatest possible improvements wherever we do business.

The M&E Guide, developed with the support of the University of Vermont Agroecology and Rural Livelihoods Group (ARLG) and several nonprofit partners, has given us clearer insight into some of the quantitative and qualitative results of the projects we have funded. Our partners provide us with regular reports that include indicators measuring progress towards the impact goals for the projects Keurig Green Mountain has funded. Since the launch of the M&E Guide in October 2011, we have seen great improvements in the quality of data we receive and the commitment to reporting on impact instead of activities only.

Another ongoing improvement that has resulted from our partners' use of the Guide is the inclusion of "Most Significant Change" stories from every project we fund. Grant recipients are asked to supply first-person accounts of "the most significant change in the quality of people's lives in this home or community." With each story our partners share with us, we can see the positive consequences of our support. You can read some highlights of the "Most Significant Change" stories from fiscal 2013 below.

HIGHLIGHTS FROM THE “MOST SIGNIFICANT CHANGE” STORIES:

TANZANIA:

Wilbroad William Kidege, one of the participants in a 2011 home food production training conducted by Sustainable Harvest, did not put his new skills to work until he began to see his neighbors earning significant income from their 15-square-meter garden plots. In 2012, Kidege began planting tomatoes in earnest and was able to make a big difference in his family's livelihood. “When I got this plot and decided to till it this year, I was able to produce a very good harvest of tomatoes,” Kidege said. “Every week I was harvesting 12 buckets. I started selling one bucket for \$3.15 (U.S.), then \$3.75, and later \$4.40. And I got enough tomatoes for my family without buying from the market.” Kidege now helps train others in the community in the gardening techniques he learned through Sustainable Harvest.

INDONESIA:

Siti Khadijah, one of the members of the Baburrayan cooperative in central Aceh, explained that since she enrolled in a financial literacy training conducted by our partner Mercy Corps, “I have started planning for savings and targeting how much I should set aside after each harvest. Together with my husband, we are now planning to rebuild our house and buy a new coffee plantation in the next two years.”

EL SALVADOR:

As part of the “Bridges from Scarcity to Sufficiency ” project we have supported with Catholic Relief Services, Rosa de los Ángeles Ávila Linares explained how the trainings she received through the project empowered her to first grow and sell foods at the local market, then team with other women to launch a cafeteria business that provides healthy, nutritious food to their community. “Now we

understand a lot better that we have more possibilities for changing our reality by working together and that, by being here, we can help other women with our example since this is not just a job, it is a political space that we should use to become leaders.”

Building Stronger Communities Through Agricultural Standards

The Green Mountain Coffee® brand is proud to embrace Fair Trade as an integral part of the brand and continues to drive awareness and sales of Fair Trade Certified™ coffee throughout the United States. Thanks to the growth of our Green Mountain Coffee® brand, and the [transition of our Nantucket Blend® coffee to Fair Trade Certified™](#), Keurig Green Mountain was recognized by Fair Trade USA as the largest purchaser of Fair Trade Certified™ coffee in the world for calendar years 2010, 2011, and 2012. Since we began our involvement with Fair Trade organizations in 2000, we have delivered more than \$22 million in community development premium funds to coffee farmers through our Fair Trade Certified™ coffee purchases.

These purchases make a great difference in coffee-growing regions around the world. During calendar year 2012, Keurig Green Mountain’s purchases of almost 50 million pounds of Fair Trade Certified™ coffee delivered more than \$9.9 million in premiums to these communities. These premiums were spent on projects that improved business operations for these farmers; provided improved access to food, clean water, and education; and helped reduce the environmental impacts of coffee farming.

For example, in Indonesia, the Tunas Indah Coffee Farmers Cooperative has put their Fair Trade premiums to work by providing members with professional trainings to help increase coffee production and quality, distributing new

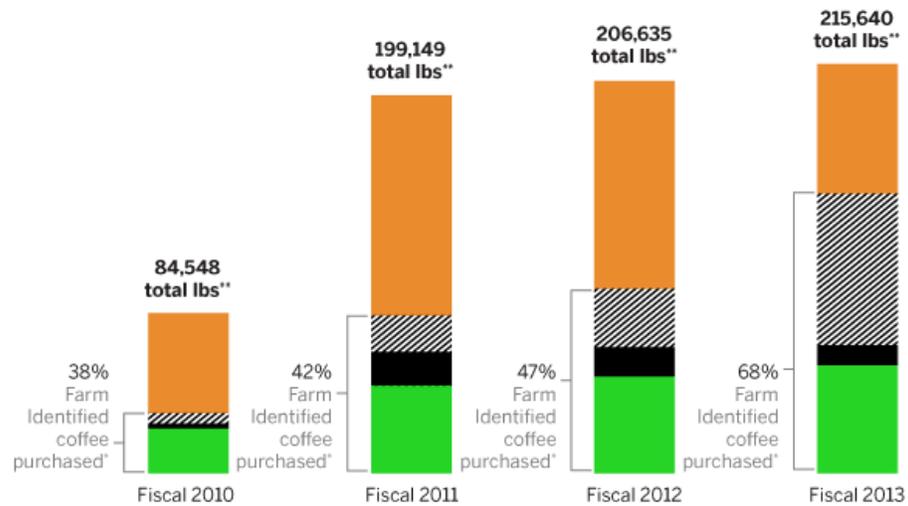
varieties of coffee plants, and delivering food staples to families.

In La Florida, Peru, the Cooperativa Agraria Cafetalera put its premiums to work by investing in an expansion of and regular maintenance for its mills and drying stations, as well as providing 900 members of the cooperative with labor and materials to install or improve bathrooms, kitchens, and bedrooms in their homes.

And in Huatusco, Mexico, the local cooperative of small coffee producers used their Fair Trade premiums to invest in [coffee rust prevention workshops](#), training and supplies for community health workers, and reducing the water used by the cooperative to process coffee.

In addition to Fair Trade, we also embrace other coffee certifications, including Rainforest Alliance and USDA Organic (for more, see the [Field Guide to Coffee Certifications](#) and [Our Consumers](#) sections).

Coffee Sourced (thousands of lbs)*



	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Conventionally sourced	52,807	115,855	109,398	68,224
Farm Identified – no certification	5,468	19,285	30,806	79,941
Rainforest Alliance Certified™	2,690	17,853	15,499	10,591
All organic certified (no other certification)	83	199	14	42
All Fair Trade Certified	23,501	45,956	50,919	56,843

*All Farm Identified pounds purchased includes all certified coffee pounds purchased as well as pounds purchased from identified farm sources without certification.
 ** Any discrepancies are due to rounding.

We are steadily increasing the amount of certified coffees we purchase. In fiscal 2013, we saw a number of coffee-buying trends continue. We purchased a greater amount of coffee — more than 215 million pounds in fiscal 2013, up from about 206 million pounds in fiscal 2012. As we grew our purchases, we also increased the amount of Fair Trade certified and Fair Trade Organic certified coffees we purchased.

We also saw an increase in the amount of coffee in our [Farm Identified program](#). The Farm Identified program is based on the simple principle that when we know who grows our coffee, we have the potential for a long-term relationship where we can work with the grower to achieve our sustainability

targets. In fiscal 2012, 47% of our coffee pounds were Farm Identified; in fiscal 2013, that number grew to 68%, which includes the 31% of total pounds purchased that are externally certified. Our future plans include achieving 100% Farm Identified purchases by the end of 2016.

EXPANDING OUR WORK BEYOND COFFEE COMMUNITIES

At Keurig Green Mountain, we are building a more diverse portfolio of beverages to offer to our consumers. As we expand beyond the coffee-growing communities where we have worked for years, we are also expanding our engagement efforts in new parts of the world.

While we work to trace the source of our products, we are learning about the overarching issues that impact the farmers of these diverse crops. For African cocoa farmers, for example, lack of infrastructure and a largely unorganized pool of small farmers make traceability and large-scale sustainability investments difficult. During 2014, we will explore ways we can use collaboration to engage in the issues facing the cocoa farmers in our supply chain.

Keurig Green Mountain is also an active member of the [Sustainable Food Lab](#), a consortium of business, nonprofit, and public organizations dedicated to creating market-based solutions to economic and environmental challenges that farm communities face. In fiscal 2013, we joined the Food Lab's advisory board and have participated in forums on sustainable sugar and cocoa production to learn more about the complexities of producing these crops, what challenges these farmers face, and if there are solutions that Keurig Green Mountain and our partners can help support.

Caring for Agricultural Ecosystems

Preserving and improving agricultural ecosystems in the regions from which we source our products is a priority in our supply chain work. Addressing the risks and impacts of climate change is a crosscutting theme in many of our projects. Our new 2020 sustainability targets will further strengthen our commitment to agricultural ecosystems through promoting climate resiliency and water stewardship as a way to improve livelihoods in our supply chain.

Many of our investments are intrinsically linked to ecosystem resilience and a community's ability to adapt to climate change, particularly at the water-energy-food nexus. For example, we are encouraging farmers to use agroecological farming practices, like planting fruit trees that boost nutrition while also creating shade that can lower temperatures on coffee plantations, in our food security projects. We are helping farmers to deal with coffee leaf rust disease, which affected coffee ecosystems throughout Latin America and was exacerbated by climate change. We are also helping farmers to protect watersheds and water resources that are critical to the future of coffee farming and farmer livelihoods.

Over the past several years, Keurig Green Mountain has co-funded eight organic fertilizer facilities with coffee cooperatives in our supply chain. Supporting the construction of these facilities helps encourage the use of organic inputs, which improves farm yields and coffee quality but equally importantly, restores soil health. Our partners working directly on these projects collect evidence of the impact of these facilities through practical studies carried out by farmer scientists and entrepreneurs. For example, in a Nicaraguan facility, 80% of the cooperative members use the compost, and they have reported productivity increases of 70% since the facility was installed. The farmers also use fewer insecticides and pesticides, which lowers their costs.

In fiscal 2013, some of the money from our carbon offset purchases went

toward The Honduras Clean Water Project, which will install hundreds of Hydraid® water filters in homes across the Trojes region, raising the standard of living. The installation of these water filters avoids potential greenhouse gas (GHG) emissions by preventing the burning of wood, which had been necessary to boil and sterilize the water. These carbon offsets provide essential upfront funding for education, installation, and long-term use of Hydraid® water filters, bringing clean water to families across the Trojes region while reducing GHGs.

TACKLING LA ROYA

One of the biggest threats facing coffee growers in Latin America in fiscal 2013 was a widespread outbreak of coffee leaf rust disease. Called “La Roya” in Latin America, this fungus attacks the leaves of a coffee plant and, if not treated quickly, may kill the plant. La Roya has been exacerbated by climate change, with warmer weather and increased humidity creating conditions that allow La Roya to spread quickly and to move from the lowlands to the highlands where more specialty coffees are grown. According to the International Coffee Organization, the current epidemic of coffee leaf rust is the highest incidence in 40 years, with more than half of Central America’s coffee farms infected and losses reaching \$1 billion in the 2012 – 2013 harvest. In the wake of a La Roya outbreak, farmers are experiencing a drastic reduction in yields and income. In fiscal 2013, it caused between a 20 percent and a 30 percent reduction in crops, and in fiscal 2014 the effects are expected to be worse.

Because we source our coffee from locations around the globe, La Roya does not pose a direct threat to the sufficiency of Keurig Green Mountain’s coffee supplies. However, it has the potential to cripple coffee-growing communities in Central America and Peru, which are traditional origins in our sourcing mix. In El Salvador, for example, the coffee-harvesting season has shrunk from the usual two months to just three weeks, dramatically reducing families’ income. This could lead to longer and more severe food shortages throughout the year in

these communities. La Roya is poised to exacerbate food insecurity in already tenuous regions and to increase migration away from coffee farms.

To begin to address the coffee rust crisis, Keurig Green Mountain was a primary sponsor of an emergency La Roya gathering, the first International Coffee Rust Summit, which took place in Guatemala City, Guatemala, in April 2013. The summit, organized by World Coffee Research, brought together coffee-industry leaders, NGOs, government agencies, coffee growers and cooperatives, and others to identify strategies to halt and reverse the extensive economic and social impacts that La Roya is already having. In addition to outlining longer-term strategies for addressing the La Roya outbreak, summit participants agreed that the immediate solution was to encourage farmers to use integrated disease management strategies that include proper use of fungicides, development of a warning system for the rust disease, and replanting of coffee farms.

In fiscal 2013, we supported projects to raise awareness about La Roya and to develop strategies to address the outbreak. These include funding for the Roya Recovery Toolkit. Developed by Sustainable Harvest Coffee Importers, the toolkit's Spanish-language DVD and manual explain the causes and symptoms of coffee rust and outline methods to minimize or eliminate the damage caused by the disease, including La Roya-resistant coffee varieties and coffee-cultivation techniques that can prevent its spread. In early fiscal 2014, we also participated in "Let's Talk Roya," a three-day meeting hosted by Sustainable Harvest Coffee Importers and held in El Salvador, which addressed the implications of La Roya on the ground. "Let's Talk Roya" brought together more than 330 attendees from across the coffee supply chain, including farmers, cooperative leaders, roasters, importers, financiers, and agronomists from 12 countries. Participants discussed the current outbreak, learned about La Roya mitigation techniques, and tasted some of the affected coffees to understand the impact of climate change throughout the supply chain.

Our biggest initiative to combat La Roya in our supply chain involves a grant of \$1.9 million to support the creation of a \$7 million public-private partnership with Root Capital, the Multilateral Investment Fund (MIF) of the InterAmerican Development Bank, and the Skoll Foundation. The initiative aims to reach approximately 200,000 members of farm communities in Latin America, providing financing, tools, and education to more successfully confront the disease. Through this project, we are helping to provide long-term lending to finance the replacement of coffee trees affected by the fungal disease, as well as short-term trade credit, financial management training, climate-smart agronomic assistance, and household-level income diversification.

This initiative gives Keurig Green Mountain and our partners the opportunity to help farmers in the affected regions plan for the long term, particularly for the effects that climate change may have on farm communities. As the planet warms, the suitable altitudes for growing specialty coffees will climb up the mountainsides — and many of our long-time suppliers could be left behind unless they adapt. As this partnership helps farmers rehabilitate or replace coffee plants affected by La Roya, we are able to work with them to plan a broader farming strategy that will help their families and communities thrive in a warmer climate.

The network that Keurig Green Mountain has developed on the ground in La Roya-affected countries is helping farmers be more resilient in responding to the impacts of La Roya. In fiscal 2013, we supported 26 food security projects in Central America and Peru. These projects were able to quickly mobilize training and tools for farmers dealing with this crisis. One of the farmers involved in our Heifer project in Honduras explained the benefits in this way: “We have made up for the coffee rust with these projects [livestock to raise and avocados and bananas to grow and sell]. We are thinking about other things; we no longer think only about coffee. Now that we have major problems [with La Roya], those

of us who have these projects are not going to feel the impact so harshly.”

Working with Manufacturers

As a company that innovates across technologies and beverages, we rely on two very different supply chains. While our beverage ingredients come from farming communities around the world, our single-serve Keurig® brewers are built by contract manufacturers in factories across Asia. The packaging for K-Cup® packs and Vue® packs comes from an even more extensive network of suppliers. But whether farm or factory, our supply chain approach remains consistent: We engage with suppliers directly and build trusting relationships through long-term commitments.

We believe the relationships we build and the support we provide our contract manufacturers can help to improve working conditions, bolster communities, and reduce environmental impact. In 2013, we began an update and expansion of our [Keurig Green Mountain Responsible Sourcing Supplier Guidelines](#), which promote fair and respectful supplier working conditions. We are releasing those updated guidelines in conjunction with this report. We also deepened our relationships with suppliers and broadened our reach by engaging [factory workers](#) with life skills training classes and holding two [collaborative summits](#) for our manufacturers to educate them and share best practices.

To reinforce our commitment to our manufacturers, we have set two related targets that we intend to reach by 2020. They are as follows:

- 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 OUR KEURIG GREEN MOUNTAIN

RESPONSIBLE SOURCING SUPPLIER GUIDELINES.

Learn more about our [2020 targets](#).

**Summary of Suppliers Assessed
as of Fiscal 2013**

5K+

Keurig Green Mountain suppliers

41%

Suppliers included in Keurig Green Mountain's risk assessment process (percent of total spend)

35K+

Workers employed at assessed supplier factories

Historically, we have been focused mainly on the manufacturers of our brewers. In fiscal 2013, we conducted seven third-party [factory assessments](#) in addition to the eight assessments we conducted directly and the seven self-

assessments our suppliers completed. These assessments provide an opportunity for us to engage our suppliers and provide them with the support they need to align with our expectations.

To meet our 2020 sourcing target, we plan to expand our direct engagement with suppliers in both depth and breadth. The ability to trace the source of our brewer components upstream in the supply chain (beyond our Tier 1, or our direct, suppliers) is an important activity that gives us visibility into environmental and social challenges throughout our supply chain. As a part of this, in fiscal 2013, we initiated a thorough analysis of our brewers and component suppliers to determine whether [conflict minerals](#) legislation applies to us.

Supporting Factory Workers

To help our suppliers continuously improve, we share best practices, promote transparency, and communicate industry changes and legal requirements. We also encourage our suppliers' efforts to develop employees' capabilities and contribute to local economies. We want to move beyond compliance to focus more on building capabilities at our suppliers' operations. To that end, we work with our suppliers at their factories to help them strengthen areas where we see opportunities for improvement based on direct engagement, audits, or surveys.

We encourage two-way dialogue to learn from our suppliers' experience and insight, and we use that knowledge to further refine our strategy and engagement approach. Through open communication and long-term commitment, we can support lasting change and real investment in programs that improve working conditions and lessen environmental impacts.

We look beyond the factory walls too, seeking to improve the livelihoods of those in our supply chain at home as well as at work. For example, we have partnered with one of our large Keurig® brewer manufacturers in China to host a series of 20 life skills training classes (14 of which we completed in fiscal 2013) on topics ranging from interpersonal relationships and communication to managing money, career planning, and conflict resolution. The goal of the classes is to provide continuous education on fundamental livelihood needs and improve workers' confidence and morale in the workplace and at home. We strive to provide skills that help workers adjust to new environments since many workers migrate to distant locations to find jobs that will support them and their families. It's important to us that we do our part to support the people within our supply chain who produce our products and, therefore, help our business and our suppliers' businesses grow while providing our customers with high-quality Keurig® brewers. Over the course of a year, we anticipate that up to

8,000 employees may benefit from these classes.

ENGAGING OUR EMPLOYEES

Internally, we want our employees who work with suppliers to be familiar with the social and environmental issues that could occur within our supply chains. In 2012 and 2013, a director-level council worked to align processes around purchasing decisions. In early 2014, we established a cross-functional operating committee to explore how these processes intersect with sustainability strategies and integrate the two. Our procurement department is regularly engaged on supplier assessment and engagement results, changes to policies such as our Supplier Guidelines, and other emerging issues relevant to our supply chains and to business decisions.

We also intend to initiate training for employees who manage suppliers within our organization. Using our Supplier Guidelines as a foundation, we will teach employees how to recognize sourcing practices that are not responsible and help them gain a greater understanding of social and environmental issues especially relevant to our supply chain.

Raw Materials Sourcing and Conflict Minerals

Keurig Green Mountain and its subsidiaries are committed to sourcing components and materials from companies that share our values regarding respect for human rights, ethics, and environmental responsibility. Suppliers are expected to comply with all applicable local, country, and international laws regarding material content for the materials supplied to Keurig Green Mountain. At Keurig Green Mountain's request, suppliers are expected to provide to Keurig Green Mountain reports on the occurrence of substances in any materials supplied to Keurig Green Mountain that may be restricted by, or require disclosure to, governmental bodies, customers, and/or recyclers.

We support ending the violence and human rights violations in the mining of certain minerals from a location described as the Conflict Region, which is situated in the eastern portion of the Democratic Republic of the Congo (DRC) and surrounding countries. The U.S. Securities and Exchange Commission (SEC) adopted final rules to implement reporting and disclosure requirements related to conflict minerals, as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"). The Dodd-Frank Act requires that all publicly traded companies subject to SEC rules report annually on the presence of conflict minerals in the products they manufacture or contract to manufacture, and demonstrate the proper level of due diligence in determining whether these minerals originated from the DRC or an adjoining country or from scrap or recycled sources.

The definition of conflict minerals refers to gold, as well as tin, tantalum, and tungsten, the derivatives of cassiterite, columbite-tantalite, and wolframite, regardless of where they are sourced, processed, or sold. We support these requirements to further the humanitarian goal of ending violent conflict in the DRC and in surrounding countries, which has been partially financed by the exploitation and trade of conflict minerals.

Keurig Green Mountain is committed and responsible to these goals:

- Support the aims and objectives of the U.S. legislation on the disclosure of conflict minerals
- Not knowingly procuring conflict minerals that originate from facilities in the Conflict Region that are not certified as conflict free
- Ensure compliance with these requirements.

Our suppliers shall be committed and responsible to do the following:

- Undertake reasonable due diligence with their supply chains to assure that conflict minerals are being sourced only from mines and smelters outside the Conflict Region or mines and smelters that have been certified by an independent third party as conflict free if sourced within the Conflict Region
- Provide written evidence documenting that raw materials used to produce gold, tin, tantalum and tungsten, used in the materials to manufacture components and products supplied to Keurig Green Mountain, originate from outside the Conflict Region, or if they originate from within the Conflict Region, that the mines or smelters be certified as conflict free by an independent third party
- Cooperate in a timely manner in providing diligence requests to Keurig Green Mountain.

The aim is to ensure that only conflict-free materials and components are used in products that we procure. Suppliers are expected to adopt policies and management systems with respect to conflict minerals and to require their suppliers to adopt similar policies and systems. We advocate supplier use of existing and internationally vetted resources such as the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

If we discover the use of these minerals produced in facilities that are considered to be non-conflict free, in any material, parts, or components we procure, we will take appropriate actions to transition the product to be conflict free.

Keurig Green Mountain is in the process of obtaining information from our

current metal suppliers concerning the origin of the metals that are used in the manufacture of Keurig® brewers.

Factory Assessments

We have established a process for assessing our manufacturing suppliers' alignment with our expectations. When suppliers fall short of our Supplier Guidelines, we work closely with them to identify the root causes of any shortcomings and identify plans to correct and prevent them in the future. Our staff spends time on the ground with factory workers and managers to understand how to best implement those plans. This approach is summarized in the graphic below.



We use three types of assessments to understand and promote continuous improvement of our suppliers' practices and operations: self-assessments, which are filled out by the factory's management; on-site assessments performed by Keurig Green Mountain; and assessments performed by third-party auditors. We consider all of our assessments to be tools that provide the foundation for a

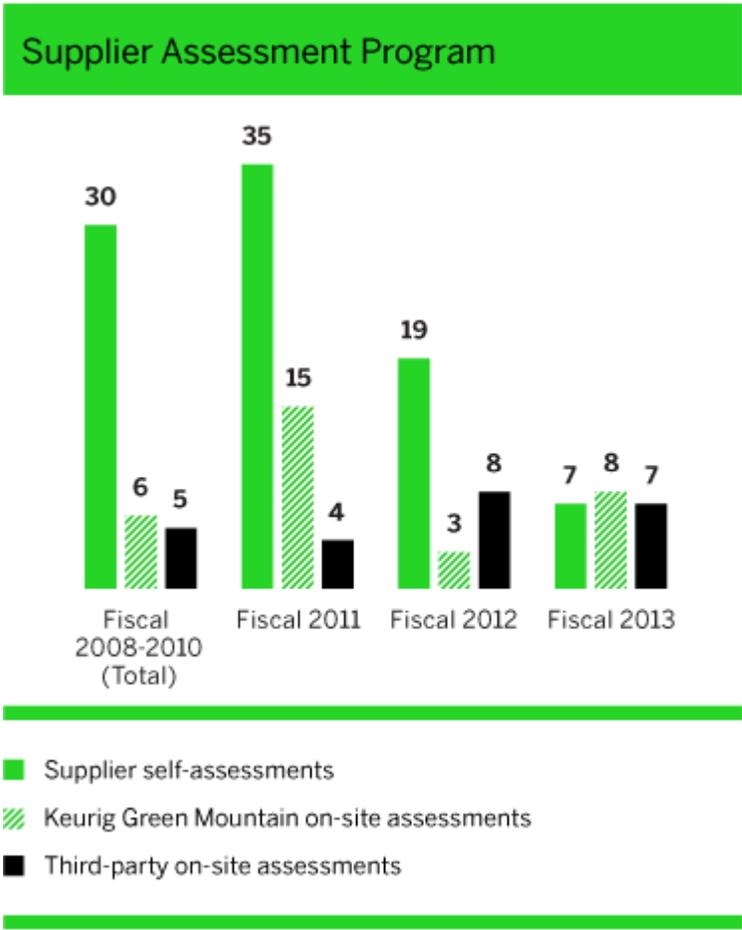
dialogue around our Supplier Guidelines. Key areas of focus for the assessments are labor — including the respect of human rights — and environmental practices.

Our assessment procedures range from reviewing relevant supplier documents, to touring factories and housing facilities (if present), to physically observing the execution of the supplier's policies and procedures.

In combination, these assessments provide us with an opportunity for in-depth understanding of our suppliers, their business operations, and the local laws and culture. Armed with firsthand knowledge, we tailor our assessment approach, and any corrective action plans stemming from the assessments, to maximize our engagement efforts and positive impacts.

To make sure we work on the most pressing social and environmental issues within our supply chains, we prioritize suppliers and identify which assessment, or combination of assessments, will be most useful in understanding and addressing any issues. In fiscal 2013, 41% of our suppliers were included in the assessment program. We prioritize suppliers based on the type and amount of work we do with them, regulatory requirements, any previously identified challenges, and opportunities for collaboration within the community. We also consider the geographic region where the supplier is located in terms of local environmental or social issues. We currently assess 100% of our highest-priority manufacturing suppliers.

The table below demonstrates the evolution of our assessment program over the past five years.



We believe our assessment approach has resulted in a range of improvements in our manufacturing supply chain, which include the following:

- Improved workers’ awareness of their rights
- Heightened protection for migrant workers
- Reimbursement of money owed to workers
- Elimination of discriminatory employment practices
- Provision of benefits entitled to workers by law.

Responsible supply chain practices are often a reflection of broader industry activity. In 2013, we joined AIM Progress — an industry group that helps build

mutual recognition of social and environmental audits among peer companies and provides a collaboration platform for supplier capability building related to working conditions and environmental management. These issues can be a challenge to tackle individually, and the more we can align with our peers on these important areas, the more we and our suppliers will benefit. By pooling resources, we can reach more suppliers and streamline processes to reduce audits, minimize the audit fatigue that many suppliers are facing from redundant requests, and reduce the resources required of individual companies when seeking to provide training and engagement opportunities to global suppliers.

We recognize that assessing suppliers is not an end in itself, and we are learning how to effectively use capability building as a step on the path toward further engagement, development, and support of suppliers in continuous improvement of their practices as well as the practices of their own suppliers. To that end, we don't wait for assessments to interact with our suppliers. We are constantly engaging with manufacturers through a range of activities, including both informal conversations and formal events such as our [International Manufacturing Summits](#). This two-way dialogue helps us to gain insight into our suppliers' operations and to understand how we can support them to meet our expectations.

Encouraging Manufacturing Collaboration

We are always looking for opportunities to evolve and innovate in the way we connect with our suppliers and the wider industry. To help improve conditions across our industry, we continue to take on a number of initiatives that cut across competitive lines within our supply chain, engaging stakeholders externally and internally on manufacturing best practices.

One of the ways we have demonstrated this is through bi-annual International Manufacturing Summits we hold for our Asian appliance manufacturing partners. We started hosting these events beginning in early fiscal 2012. Through this platform, we're able to convene key contract manufacturing suppliers — some of which compete against each other for the same business. During the summits, we educate suppliers, recognize best practices, and discuss pressing issues, such as our sustainability approach, social issues, health and safety, conflict minerals, and other business and manufacturing concerns such as product quality and delivery. By bringing competing manufacturers together, we believe we can help to collectively advance labor practices and manufacturing innovations while respecting confidentiality and fair competition.

Sustainable Products

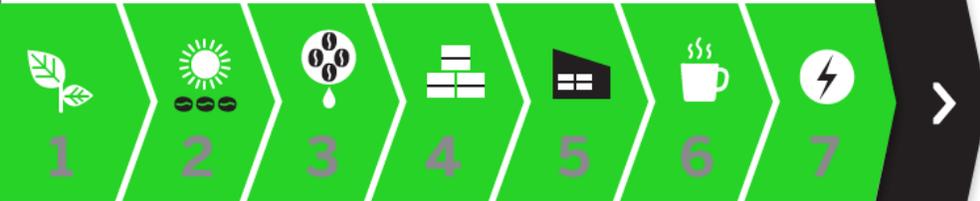
We take pride in the fact that our products are an enjoyable part of the daily routines of millions of people. And we know that for our beverages and brewing systems to be truly satisfying — for our customers and consumers as well as for us as a company — we need to continually improve the environmental performance of our products.

We believe that our products can be designed, sourced, and manufactured in ways that are good for people and good for the environment. We are dedicated to creating high-quality products that are more sustainable. To demonstrate our commitment, we recently set three bold targets, which we plan to achieve by 2020:

- 100% OF K-CUP® PACKS WILL BE RECYCLABLE.
- REDUCE LIFE-CYCLE GREENHOUSE GAS (GHG) EMISSIONS OF BREWED BEVERAGES BY 25% VERSUS A 2012 BASELINE.
- ACHIEVE ZERO WASTE-TO-LANDFILL AT OUR OWNED AND OPERATED MANUFACTURING AND DISTRIBUTION FACILITIES.

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 understand our impacts and leave communities and people better off as the result of our business. We are innovating across our value chain — from offering recycling programs to developing recyclable portion packs and addressing the environmental impact of our operations. In addition, we've undertaken greenhouse gas and water footprinting studies to better understand our overall impact, and we're developing partnerships across industries to address broader issues such as packaging and waste. We also 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.

OUR VALUE CHAIN



For the coffee side of our business, there are seven basic stages in the value chain. From the cultivation of coffee beans to the perfect cup of coffee and end-of-life disposal, we seek to understand the impacts of our business and collaborate with others to make meaningful and lasting contributions to solving social and environmental challenges.

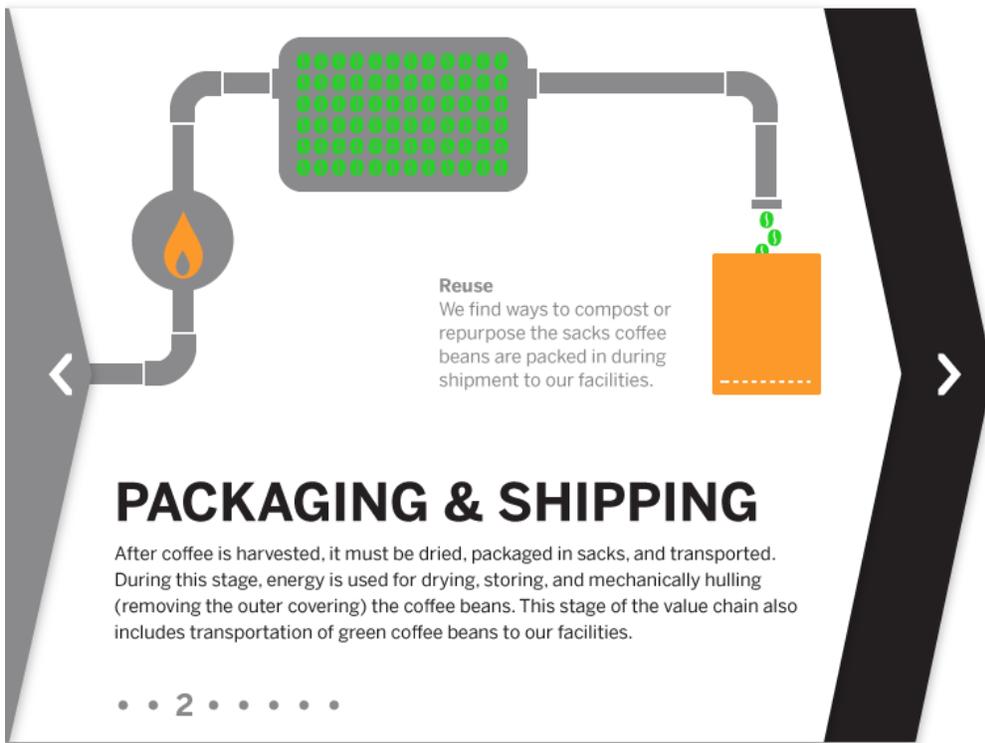


Water Irrigation
Water irrigation isn't used often in our coffee cultivation because much of the water needed for coffee growing comes from rainfall.

CULTIVATION

Farm management techniques — including fertilizer and pesticide applications along with water and energy use — can affect coffee cultivation. In addition to following our own sourcing guidelines, we also source coffee from Fair Trade, organic, and Rainforest Alliance™ certified farms. These certification programs encourage socially- and environmentally-responsible farming and business practices.

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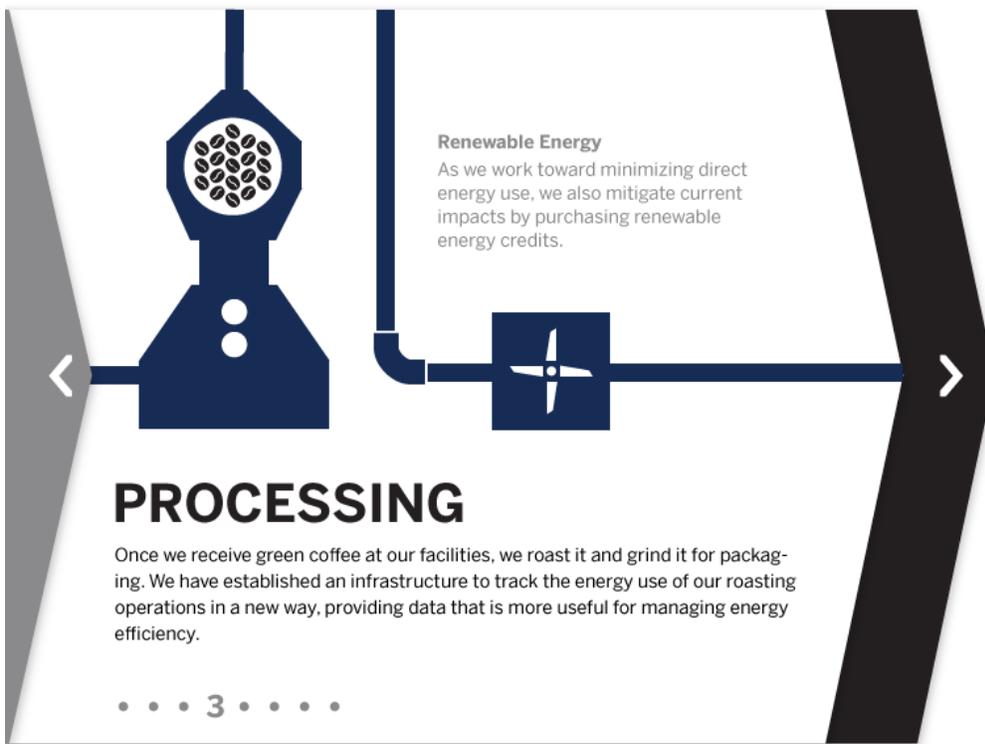
The diagram illustrates the packaging and shipping stage of coffee production. It features a central grey rectangular container filled with green coffee beans. To the left, a grey pipe leads to a circular burner with a flame, representing energy used in the process. To the right, another grey pipe leads to an orange sack with a dashed line at the bottom, representing coffee beans being packed. The entire scene is framed by a grey arrow pointing left and a black arrow pointing right.

Reuse
We find ways to compost or repurpose the sacks coffee beans are packed in during shipment to our facilities.

PACKAGING & SHIPPING

After coffee is harvested, it must be dried, packaged in sacks, and transported. During this stage, energy is used for drying, storing, and mechanically hulling (removing the outer covering) the coffee beans. This stage of the value chain also includes transportation of green coffee beans to our facilities.

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The diagram illustrates the processing stage of coffee production. It features a central blue circular hopper filled with coffee beans. To the left, a blue pipe leads to a circular burner with a flame, representing energy used in the process. To the right, another blue pipe leads to a square turbine or windmill icon, representing renewable energy. The entire scene is framed by a grey arrow pointing left and a black arrow pointing right.

Renewable Energy
As we work toward minimizing direct energy use, we also mitigate current impacts by purchasing renewable energy credits.

PROCESSING

Once we receive green coffee at our facilities, we roast it and grind it for packaging. We have established an infrastructure to track the energy use of our roasting operations in a new way, providing data that is more useful for managing energy efficiency.

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Managing Waste
 Each of our production facilities looks for ways to reduce product scrap at the source and sets targets for diverting waste from landfills through recycling, composting, and waste-to-energy programs.

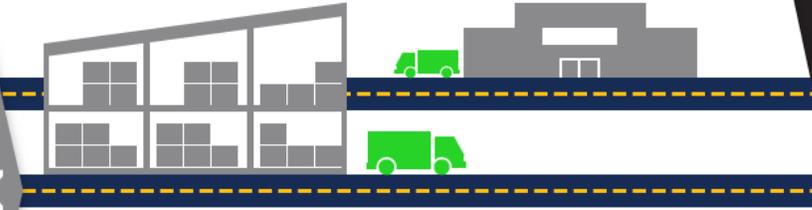


PACKAGING

After we roast our coffee, we package it. This stage of the value chain includes the physical packaging of the roasted coffee as well as the upstream material requirements for the packaging itself (e.g., plastic, foil, filter paper). Addressing the environmental impact of our packaging materials is a top priority for us.

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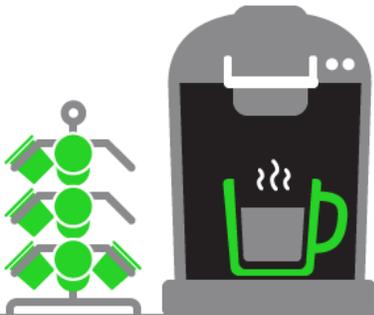
Transportation
 By reconfiguring the pallets we ship between our plants and distribution centers, we have increased the number of K-Cup® packs we can fit on each truck by 23%. This helps us reduce the number of truckloads necessary to transport the same amount of product.



DISTRIBUTION

After packaging, coffee is stored in a warehouse before being distributed. Environmental impacts of this stage include the energy use of warehouses and retail locations as well as fuel to transport the coffee to its destination and to transport consumers to retail locations.

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Single-Cup Brewing
 When looking at water use across the value chain, brewing with the Keurig® Hot platform saves 25 liters of water per 8 oz. cup compared with brewing a full pot of coffee.

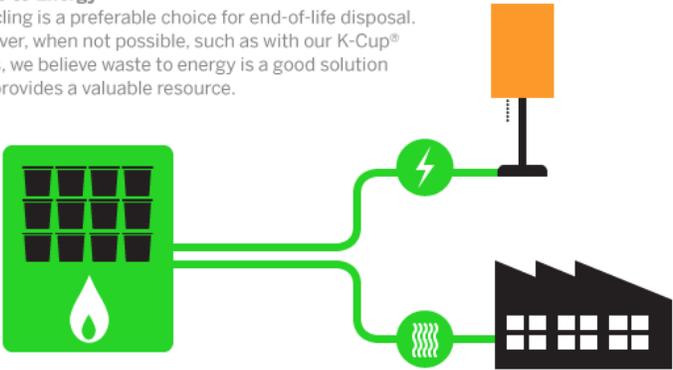
CONSUMPTION/USE

Brewing a K-Cup® pack requires energy and water. However, when it comes to limiting coffee waste, single-cup brewing may minimize negative value chain impacts. About 12-15% of brewed batch coffee is thrown away without being served,¹ wasting resources used from cultivation to brewing.

¹Keurig/Godfrey Study Waste Coffee, May 2009

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Waste to Energy
 Recycling is a preferable choice for end-of-life disposal. However, when not possible, such as with our K-Cup® packs, we believe waste to energy is a good solution that provides a valuable resource.



END OF LIFE

Once a K-Cup® pack is used, the packaging and grounds must be disposed of. While we continue working on end-of-life alternatives for single-cup packs, we also offer programs to help customers responsibly dispose of our current products.

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Our Products

Keurig Green Mountain makes specialty coffees and other beverages including tea, hot cocoa, and hot apple cider, along with the innovative Keurig® Brewing System to serve them.

In fiscal 2013, we reorganized our company to better integrate sustainability, laying the groundwork that will help us accelerate our efforts to reach the ambitious 2020 targets we've set of making 100% of K-Cup® packs recyclable and reducing the life-cycle greenhouse gas emissions of our brewed beverages by 25%.

In combination with research and analysis, we are establishing a Design for Environment discipline that will incorporate environmental considerations into the innovation, design, and product supply processes. Over the years, we have conducted a number of [lifecycle assessments](#) to better understand the environmental impact of our products, which we will use to inform our Design for Environment approach and criteria. We're also [expanding our collaboration](#) with others, and in 2013 we joined The Sustainability Consortium — a cross-industry group focused on product sustainability and life-cycle approach. We hope to learn from and contribute to the work of the Consortium as we bring the industry and internal work closer together over the next year.

In addition to the foundation we're laying for future innovation, we continued to support and maintain programs already underway that ensure [product safety and quality](#) and address the [end-of-life waste](#) of our products.

Reducing Product Waste

At the end of their usable life, our products must be recycled or disposed of in some way. Though lifecycle analysis suggests that end-of-life is only a small share of the overall environmental impact of our products, this is an important stage of the value chain for us and for our consumers. With that in mind, we have developed a number of products and programs to help reduce end-of-life waste, and we will continue to explore solutions to meet our consumers' interests and our own desire for more sustainable products.

K-CUP® PACKS

As Keurig® Brewing Systems continue to grow in popularity, addressing the system's environmental impact is a critical priority for us. Currently, our K-Cup® packs are not recyclable for a couple of reasons, which we are working to overcome. First, the plastic packaging must be separated from the lid and filter in order to empty the cup and then recycle the plastic. Since the filter is sealed to the cup, it makes separating the lid, filter, and cup difficult. In addition, the polyethylene coating on the filter and foil make them both complex materials that are not readily recyclable.

One of our targets for 2020 is to make 100% of K-Cup® packs recyclable. We are pursuing multiple avenues to achieve this target.

One area we're considering is the type of plastic we use. At this time, the plastic cups in the majority of our K-Cup® packs are made with layers of varying materials, which qualify them as #7 plastic. We are strongly considering converting more of these cups to #5 plastic — a material often used in common household items, such as yogurt and butter containers. Of the six recyclable plastic resins, #5 performs the best in our brewing system. In addition, it's a stable material with a good outlook for long-term demand in the recycling

stream.

We're also looking for ways to solve the problem of separating the lid, filter, and cup to make it easier for consumers to prepare those cups for recycling. We are also aware that some recycling facilities have difficulty sorting small items such as K-Cup® packs and, therefore, may not be able to recycle them. This varies by region and by facility and is often contingent on the equipment used to sort recycled materials at recycling facilities. So, to make sure that the products we design are not just recyclable in theory but will be able to be effectively recycled in community recycling programs, we are working with recyclers to understand the barriers and how we can develop solutions to address them.

Beyond plastics, we are also researching other innovative possibilities such as biodegradable and/or compostable material that might be used successfully in a K-Cup® pack, and we are exploring biomimicry (a design discipline that looks to nature for inspiration to help solve tough design challenges).

We are confident that we will meet our 2020 target and find solutions that allow K-Cup® packs to be recycled after use while still delivering the high-quality, great-tasting beverages that our consumers expect from us.

While we continue to work toward a 100% recyclable K-Cup® pack, we also offer programs for responsible disposal of the K-Cup® packs that are currently on the market. Our [Grounds to Grow On™](#) program allows our workplace customers in the United States (e.g., those using our commercial Keurig® machines in their business and office settings) to collect used K-Cup® packs and return them to our disposal partner for composting and energy-from-waste processing. The program, which began in fiscal 2010 as a small-scale pilot, expanded in 2013 to include all of the United States, except Alaska and Hawaii. In fiscal 2013, the Grounds to Grow On™ program recovered an estimated 4.7 million used K-Cup® packs, composting 131,000 pounds of coffee grounds and saving an

estimated 176 kilowatt hours.

In 2013, we conducted an environmental impact study of our Grounds to Grow On™ program. We found that when we work with partners to convert the waste from K-Cup® packs into energy, there is a lower environmental impact than if we had recycled the plastic. The products we've identified to date that can be made from recycled K-Cup® pack waste would not displace virgin plastic, and those products made from K-Cup® packs have a high potential to end up in landfills at the end of their useful life. We are continuing to evaluate the benefits and impacts of the program so that we can provide the best possible solution to our customers.

In Canada, we have established local programs in several cities in British Columbia and Ontario to help customers who use K-Cup® packs away from home to recycle their used K-Cup® packs. Customers who receive new K-Cup® packs through our coffee service programs in Kamloops, Toronto, and Vancouver can return used K-Cup® packs to their delivery driver for return to the distribution center. We then send those K-Cup® packs to local waste-to-energy facilities where they can be used as alternative fuel sources.

In fiscal 2013, we also sent K-Cup® packs from our Toronto plant that were rejected during the packaging process to a waste-to-energy facility. We introduced a similar program at our Montreal plant in early fiscal 2014.

OTHER SINGLE SERVE PACKS

We also offer our Vue® pack, which features a peel-away lid, filter paper, and base cup made from polypropylene #5 plastic. Polypropylene #5 plastic is accepted for recycling in over 60% of all communities in the United States. Customers can find communities that recycle #5 plastic by using the Earth911.com search engine through VueRecycling.com. For those areas without

appropriate recycling infrastructure, we have partnered with the [Gimme 5 Preserve program](#), which allows consumers to mail their brewed Vue® pack plastic cups to Preserve to be recycled.

In addition, consumers can purchase the [My K-Cup® accessory](#), which has a reusable filter assembly that we designed to be easily cleaned, refilled, and placed into home Keurig® brewing systems.

BREWER RETURNS PROGRAM

We take steps to ensure our Keurig® brewers are manufactured to [high-quality standards](#) to minimize returned products and maximize their lifespan. In addition, through our Brewer Returns program, we work with various retail partners to take back any returned Keurig® brewers. The brewers are evaluated for functionality and are either refurbished for internal use (such as marketing demonstrations and in-store displays) or are sent to recycling companies to be disassembled. Our recycling partners have a zero waste-to-landfill policy and break down all components of the brewer and its packaging for reuse. All the recyclers we work with in the United States are certified by [R2 Solutions](#). In fiscal 2013, we reused approximately 15,824 brewers for internal marketing purposes and recycled another 148,605 brewers for a total of 2,630,864 pounds of material diverted from landfills.

Product Safety and Quality

One of our most important commitments is to product safety and quality. Quality is an aspect of sustainability and vice versa. This concept applies equally to our brewers and our beverages.

KEURIG® BREWERS

We continually innovate to make great brewers that deliver top-quality cups of

coffee. High-quality machines also equate to fewer returned brewers, less waste due to the disposal of faulty products, and a stronger bottom line. Each returned brewer contains a chip that records any failures that may have occurred, allowing us to improve brewer design and construction. By making our brewers better, we increase their total lifespan, decreasing the number of brewers that might end up in landfill earlier than anticipated. The materials we use to package our brewers are designed to sustain being dropped from a height of 36 inches (the industry standard), which also helps us to minimize return rates for damaged products.

We follow the Restriction of Hazardous Substances (RoHS) directive, European regulations that reduce harmful or toxic effects of electronic equipment in waste streams, and the water path components in the brewer are completely BPA-free.

BEVERAGES

As it does for our brewers, quality-testing our beverages and their ingredients reduces the amount of damaged or returned product, which decreases our risk for wasted resources. In our Coffee Department in Waterbury, Vt., a team of professional coffee tasters, known in the industry as “cuppers,” taste thousands of coffee samples a year to ensure that every cup is up to our exacting standards.

Coffee evaluators, or “Licensed Q-Graders” who have been certified by the nonprofit Coffee Quality Institute, evaluate composite samples from coffee beans that are shipped to us in approximately 42,000-pound containers. Before we roast the beans for sampling, we first measure their moisture levels. We also do a visual inspection, checking for uniformity of color and size and keeping an eye out for any damage.

We use the Specialty Coffee Association of America's "cupping sheet" to tally up scores based on a host of criteria: fragrance/aroma, flavor, acidity, body, aftertaste, balance, uniformity, and sweetness, among others. Each of our cuppers typically tastes upward of 4,000 samples of coffee a year. Every sample that we cup was also tested by the importer, the exporter, and the cooperative or farm of origin.

We also test K-Cup® packs in a variety of brewers to make sure that each batch meets our high expectations.

Assessing Product Impact

One of our top priorities is to address the environmental impacts of our products. To ensure scientific rigor in the way we approach product impact, we have conducted life cycle assessments (LCAs) for several of our products to better understand the environmental impacts along the life cycle of each. We take all impacts seriously and use LCAs as key tools to identify phases in our value chain with the most environmental impact. This helps us target our efforts in the areas with the greatest potential for improvement.

We are also establishing a Design for Environment approach to incorporate sustainability considerations into our innovation, design, and product supply processes.

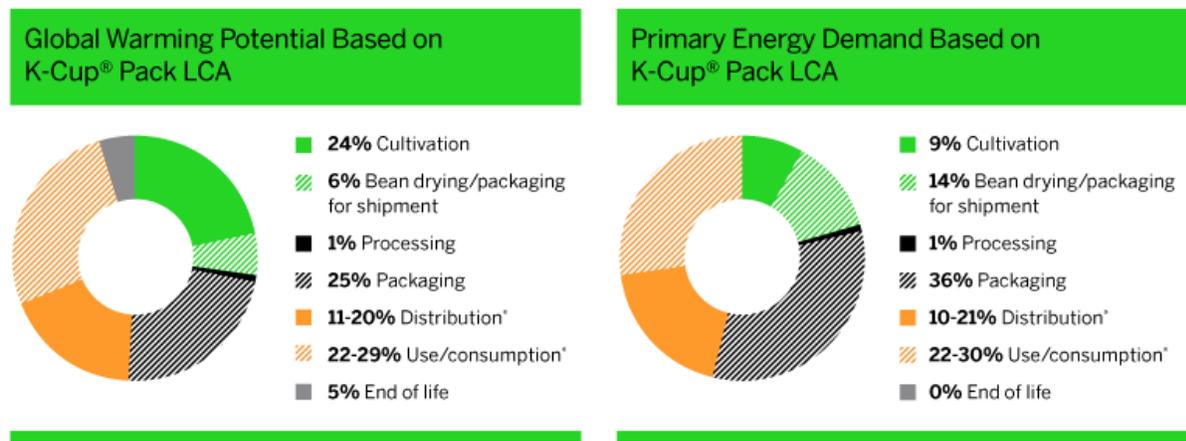
K-CUP® PACK LCA

In 2012, we conducted an LCA of our coffee K-Cup® packs, evaluating them across all stages of the life cycle from cultivation of coffee beans through end of life. We estimated the environmental impacts, including Global Warming

Potential (GHG emissions), Acidification Potential, Eutrophication Potential, and Primary Energy Demand.²

Through this analysis, we learned that the disposal of the product packaging after use of a K-Cup® pack represents a relatively small portion of the total environmental impact. Significant impacts occur in the cultivation of coffee beans, use of brewing systems, and the material used in the products' packaging. We also learned that, compared with competitive coffee systems³ that brew a full pot of coffee, the Keurig® Brewing System uses less energy.

On average, when compared with competitive batch brewers,³ customers waste less brewed coffee when they use a single serve Keurig® brewer than when they brew a full pot of coffee. On average, about 12% to 15% of home- and office-brewed batch coffee is wasted.⁴



*Range of percentage impact reflects use of the Keurig® brewer in a home versus an away from home usage.

² GHG is a measure of the emissions that lead to the greenhouse effect. Acidification potential is the measure of emissions that contribute to a decrease in the pH in the atmosphere. Eutrophication potential is the measure of emissions that lead to excessive nutrient intake into the water and land. Primary Energy Demand, while not a true environmental impact category, shows the total amount of energy that is being extracted from the earth, or produced via renewable methods.

³ For this study, we compared our brewers against top competitors. We compared our Away From Home brewer with similar models from BUNN and FETCO, and we compared our At Home Brewer with Mr. Coffee DW13.

⁴ Keurig/Godfrey Research Study on Waste Coffee, May 2009.

BREWER LCA

In 2013, we conducted an LCA for the Keurig® K40 brewer. The purpose of the LCA was to identify “hot spots” across the life cycle and more fully understand the current environmental impact of the brewer in order to inform future product development. We discovered that the “hot spots” are the electricity consumption during the use phase of the product and the materials and manufacturing of the circuit boards within the brewer. These insights will help to focus our energy in future product development cycles so that we can reduce the overall impact of our brewers.

BREW OVER ICE LCA

In 2011, we conducted an LCA to compare a single serve Brew Over Ice iced tea beverage made with a Keurig® Single Cup brewer with a ready-to-drink iced tea beverage in either a glass or plastic bottle. Based on the results, it is clear that there is less environmental impact associated with consuming iced tea from the Keurig® system compared with the traditional ready-to-drink beverages in glass or plastic bottles.

The LCA revealed that the Brew Over Ice system had the lowest impact of the three systems examined in terms of global warming potential and primary energy demand. The ready-to-drink beverage from the glass bottle had the worst environmental performance of the three systems, and the impact from the ready-to-drink beverage from the plastic bottle fell between the Brew Over Ice system and ready-to-drink glass bottle. The most significant environmental impacts for the Brew Over Ice system are associated with tea cultivation and transport.

Collaboration

We collaborate with companies that face similar challenges and opportunities to gain knowledge useful to reducing our own environmental impacts and to advance ideas and solutions that help other organizations.

In 2013, we joined [The Sustainability Consortium](#) as members of the Food, Beverage, and Agriculture working group and the Packaging working group. We will also participate in the General Merchandise Committee, which focuses on identifying ways to improve the environmental and social impacts that occur within the life cycle of small appliances, such as personal coffee makers.

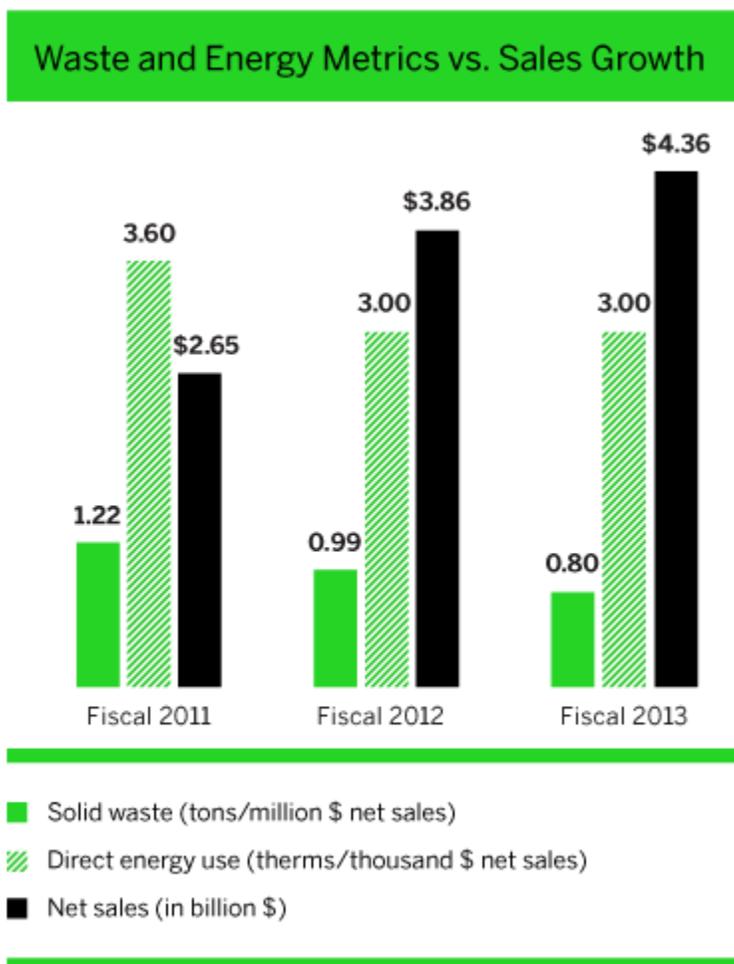
We belong to [The Association of Postconsumer Plastic Recyclers](#), which includes recyclers, brand owners, and plastics converters seeking to solve problems and understand issues related to plastics recycling. We are current members of the Rigid Plastic committee (the K-Cup® pack is considered a rigid plastic), which works to advance recycling of rigid plastics across North America. Not only does this membership allow us to work collaboratively with others toward more effective recycling solutions across industries, it also provides us with a connection to recycling experts who can tell us the end-of-life implications of new packaging materials we may be considering.

We also belong to the [Sustainable Packaging Coalition](#) and co-chair the Meaningful Marketing Claims Industry Leadership Committee. Working with the Sustainable Packaging Coalition in this capacity helps us make informed decisions with regard to sustainability product claims and gives us the opportunity to help others also make substantive, meaningful claims about their own products.

Our Operations

Within our own operations — the stage of our value chain over which we have the most control — we work to use resources efficiently and reduce our environmental impacts through a focus on [energy use](#), [greenhouse gas \(GHG\) emissions](#), and [waste generation](#), which are the operational environmental impacts most material to our business. We see water as a critical global issue and one with significant impacts in our value chain. However, because coffee processing is a relatively dry process, we are not a heavy user of [water in our facilities](#). We will begin to report our water use if it becomes more material to our operations.

Our approach to environmental management is guided by [our environmental policy](#), which was updated in fiscal 2011. During fiscal 2013, we continued to look to the International Organization for Standardization (ISO) 14001 environmental management standard as a guide as we further develop our environmental management systems. Our operations



management has engaged production, distribution, and facilities groups to recognize and better manage the activities, products, and services that have significant impact on the environment or that are subject to environmental compliance requirements.

We're committed to finding ways of decoupling the growth of our business from environmental impact. We experienced a 13% year-over-year increase in net sales in fiscal 2013. Sales growth means increased roasting and packaging of our products. This growth is reflected in an increase in our total energy use and waste generation during production. Over the past several years, we have implemented a variety of changes in our product design and operations in our quest to increase energy efficiency and the proportion of waste that can be diverted from landfill by taking advantage of composting and recycling options.

Energy Use and Greenhouse Gas Emissions

Using energy efficiently is one of our top operational priorities. Beyond the benefits to the bottom line, reducing energy use wherever possible also reduces greenhouse gas emissions (GHG) and our contribution to climate change.

In fiscal 2012, we updated our sustainability strategy to reflect changes in our Company and the global environment. We also developed a [materiality matrix](#), identifying the sustainability issues within our value chain of greatest concern to society and highest impact on Keurig Green Mountain. Through this process, we determined that energy use and GHG emissions from our operations present a relatively low risk to our Company, but they represent a high concern to society. Climate change is not a problem that can be solved by a single entity — be it government, business, civil society, or individuals. We believe the long-term solution will come from the combined efforts of all of these actors. While government will play an important role, we don't need to wait for government direction to take steps to understand, reduce, and mitigate our share of GHG

emissions. (Read our recently updated [Climate Change Policy](#).)

In early 2014, we completed our first comprehensive GHG footprint analysis, which will help us understand emissions related to our business and extended supply chains and prioritize reduction, mitigation, and adaptation measures across our value chain for the greatest impact.

Most of the energy that we use in our facilities is for roasting and packaging coffee and other beverages, although we also use energy in office spaces. Our greatest use of electricity is in our K-Cup® packaging operations, which we mitigate by purchasing Green e-certified renewable energy certificates (RECs). We buy certified RECs to match 100% of our annual direct energy use from our own operations. The two primary contributors to our GHG emissions are our roasting operations and the Canadian vehicle fleet.

During fiscal 2013, we took a number of steps to manage our operational energy use and increase our energy efficiency. For instance, we continued installing sub-meters to track energy use on a per-machine basis on our packaging lines, and we established an infrastructure to track the energy use of our roasting operations in a new way that provides data that is more useful for managing energy efficiency. In addition, we bought renewable electricity through RECs, to reduce the impact of our indirect (purchased) energy use.

We also purchased offsets for 100% of U.S.- and Canada-estimated emissions from our production and distribution operations, our offices, delivery fleet, business travel, and commuting, as well as a portion of direct emissions from the inbound and outbound carriers and freight services for which we are charged. The offsets will be generated during the next 10 years by projects to which we provided essential funding with our offset purchases. The projects include the introduction of safe water to a coffee community in Honduras, reforestation in Canada, and new wind generation in the United States. The

projects will meet the standards set by either The Gold Standard or the Verified Carbon Standard, leading independent offset certification bodies.

We expect the greenhouse gas footprinting analysis we completed in early 2014 will help us identify the most effective ways to use our resources to reduce emissions directly.

As a growth company, we track normalized energy use. The energy use of our facilities varies greatly, driven by sales and other factors beyond the energy efficiency of the equipment and operations. Normalizing is the process of removing the impact of these factors on energy use to objectively compare the energy performance of facilities and operations.

During fiscal 2013, our total energy use rose by about 14.7%, reflecting growth in our business, including increased coffee roasting and packaging, and the addition of new facilities, while our normalized energy metric remained stable.

TOTAL ENERGY USE (THERMS)	FISCAL 2011	FISCAL 2012	FISCAL 2013
Scope 1 - direct energy	4,943,304	5,089,117	5,155,214
Scope 2 - purchased electricity	1,910,187	2,431,929	4,354,877
Scope 3 - indirect energy*	2,766,998	4,021,444	3,728,394
Total Therms	9,620,488	11,542,490	13,238,485
Normalized energy metrics (therms/\$1,000 net sales, including affiliate sales)	3.6	3.0	3.0
Energy metric change year-over-year	13%	-17%	0%

**Scope 3 includes energy used in transportation of raw material and finished goods by third-party logistics partners to and from Keurig Green Mountain-owned or leased facilities, employee commuting, and corporate travel, which includes reimbursed miles, rental car emissions, and air travel. It does not include energy used to manufacture our Keurig® Brewing Systems, which is outsourced.*

ENERGY INITIATIVES

Through our 2013 fiscal year, we tracked energy performance by calculating total energy use for a facility or business unit in therms and normalizing or dividing this number by sales (see related data tables above). We establish targets in this way to decouple the growth of our business and energy-efficiency improvements. As our business continues to grow, year-over-year energy use will continue to increase. We set energy-use targets that allow for this growth while focusing on energy-efficiency projects.

Moving forward, we plan to begin tracking our energy performance through two lenses — roasting and packaging. These two areas represent distinct, controllable, energy-intensive processes. For roasting, we will measure how much energy we are using to roast a pound of coffee. For packaging, we will look at the amount of energy needed to package a single serving of beverage. This new measurement method will help us understand our energy performance in a way that is neither affected by product mix changes nor impacted by changes in the market price of our final products. In addition, it will help us better account for coffee that is roasted by partner companies but sent to us for K-Cup® pack assembly.

In 2013, we installed much of the infrastructure to track our U.S. roasting operations in this new way. We will use 2014 to capture baseline data and begin reporting on energy use related to our roasters. We set a fiscal 2014 goal for each U.S. manufacturing site to reduce its fuel consumption per pound of roasted coffee by 5%. We plan to begin installing the infrastructure for our Canadian roasting and packaging operations in fiscal 2015.

In fiscal 2013, we also continued installing sub-meters to track energy use on an individual machine basis. This allows our employees to monitor production lines and alert our engineering, maintenance, and facilities staff to issues we need to

address or to make adjustments to reduce energy use in real time. [Learn more.](#)

In 2013, we were named a "[Northeast Business Leader for Energy Efficiency](#)" by Northeast Energy Efficiency Partnerships, a nonprofit, energy efficiency advocacy organization. The award highlights energy-saving achievements of organizations throughout the region. We were recognized for our efficient approaches to lighting, heating, cooling, ventilation, and industrial process equipment in our Vermont plants at Waterbury, Essex, and Williston; the energy-efficient features of our South Burlington, Vt., facility; and our ongoing monitoring of energy use.

GREENHOUSE GAS EMISSIONS

Our Canadian operations own and operate a fleet of vehicles, which makes reducing transportation-related carbon dioxide (CO₂) emissions a particular priority for that region. In 2012, we piloted a GPS project with 10 vehicles in four cities to monitor idling, speeding, and route efficiency for the fleet. We expanded the program in 2013 to outfit all vehicles with a GPS device and to establish a baseline that we can measure against in future years.

In 2013, we also converted additional vehicles to propane fuel, bringing the total number of converted vehicles to 45, which is approximately 11.5% of our fleet. In fiscal 2014, we expect to convert another 21 vehicles, reaching 17% of our fleet. The GHG emissions for each vehicle we convert drops by 25%.

Based on these improvements, our goal is a 6% reduction in CO₂ GHG emissions per kilometer in fiscal 2014 compared with our fiscal 2013 baseline.

In addition, in 2013, we reconfigured the pallets we ship between our plants and distribution centers, increasing the number of K-Cup[®] packs we can fit on each truck by 23%. When we make more efficient use of truck space, we're able to reduce the number of truckloads necessary to ship the same amount of product. Our customers benefit as well because they can get the same amount of

product from fewer trucks, which simplifies their logistics processes.

In fiscal 2013, our total GHG emissions rose by 38% compared with fiscal 2012. We attribute this to the growth of our business.

GREENHOUSE GAS EMISSIONS* ^{**} (SHORT TONS IN THOUSANDS)	FISCAL 2011	FISCAL 2012	FISCAL 2013
Scope 1 - direct emissions	36	35	34
Scope 2 - purchased electricity ^{***}	0	0	0
Scope 3 - indirect emissions ^{****}	72	97	123
Total estimated emissions	108	132	156
Total GHG emissions growth year-over-year	63%	22%	38%
Percentage of estimated greenhouse gases offset through "forward stream" purchase from NativeEnergy (direct and indirect from operations)	100%	100%	100%

**We look to a variety of best practices and resources to calculate emissions, including GHG protocol, U.S. Energy Information Administration (EIA) Voluntary Reporting of GHG, and Emissions and Generation Resource Integrated Database (eGRID).*

***We currently track and report carbon dioxide emissions only.*

****We offset 100% of estimated emissions from our measures carbon footprint through the voluntary purchase of Renewable Energy Certificates. Consistent with Environmental Protection Agency (EPA) guidance, we began recording zero scope 2 emissions based on purchased offsets in fiscal 2010.*

*****Scope 3 includes energy used in transportation of raw material and finished goods by third-party logistics partners to and from Keurig Green Mountain-owned or leased facilities, employee commuting, and corporate travel, which includes reimbursed miles, rental car emissions, and air travel. It does not include energy used to manufacture our Keurig[®] Brewing Systems, which is outsourced.*

For fiscal 2013, we continued to purchase offsets for 100% of U.S.- and Canada-estimated emissions from our production and distribution operations, our offices, delivery fleet, business travel, and commuting, as well as a portion of direct emissions from the inbound and outbound carriers and freight services for which we are charged. The offsets will be generated during the next 10 years by projects to which we provided essential funding with our offset purchases. The projects include the introduction of safe water to a coffee community in

Honduras, reforestation in Canada, and new wind generation in the United States. The projects will meet the standards set by either The Gold Standard or the Verified Carbon Standard, leading independent offset certification bodies. We purchased offsets equivalent to approximately 156,000 short tons of GHG emissions.

Moving forward, our emissions management strategy will align with our [Climate Change Policy](#), which includes three primary components: adaptation, mitigation, and engagement. Mitigation will focus on understanding GHG emissions throughout the value chain and reducing GHG emissions where the opportunity for emissions reduction is the greatest.

We will also be adjusting the way we account for Scope 3 emissions. As we evaluate the results of our greenhouse gas footprinting analysis, we expect the data to help inform our selection of the most meaningful areas to include in our Scope 3 emissions reporting.

Reducing Operational Waste

We recently introduced a new target to achieve zero waste-to-landfill at our owned and operated manufacturing and distribution facilities by 2020. Most of our waste results from coffee roasting and packaging.

Reducing waste is something that's been important to us for many years, and our facilities already have many programs in place to divert waste from landfills by increasing our recycling, composting, repurposing, and waste-to-energy conversion. In fiscal 2013, for example, our roasting plant in Toronto, Canada, diverted 99.8% of all waste from entering landfills using a combination of recycling, composting, and waste-to-energy programs.

We will continue to pursue multiple waste reduction efforts and to try new diversion strategies as we stretch toward our 2020 target.

Diverted Waste

The waste we divert from landfill disposal includes items such as cardboard boxes, plastic and burlap bags, scrap left over from cutting filters for K-Cup® packs, scrap metal foil from machine turnover and packaging, metal can containers, coffee bean chaff (the outer layer left over after roasting), and scrap organic material.

We collaborate with a wide range of partners to reduce waste. In Sumner, Wash., many of the private recycling firms we partner with are local to our facilities.

Where possible, we divert burlap sacks that coffee beans arrive in to local communities for recycling or reuse initiatives. For example, the Sumner plant provides burlap sacks for many community uses: They are used to hold soil for construction projects; as a wheelchair pathway for kids at a children's playground in Seattle, Wash.; and to wrap organic material that filters rainwater before the runoff goes into the Puget Sound. In Waterbury, Vt., burlap is made available to the community via self-serve bins behind the production plant.

In fiscal 2013, we began a composting program in Montreal, Canada. We were able to compost 119 short tons of coffee silverskin (chaff) and rejected coffee. As a result, the plant's diversion rate went from 53% in 2012 to 66% in 2013.

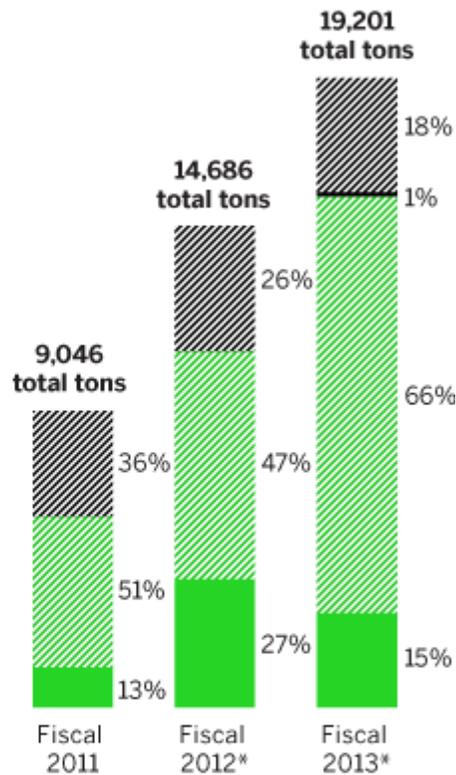
Our Toronto, Canada, plant achieved its 99.8% diversion rate through waste-to-energy programs and by recycling cardboard and burlap bags. We intend to close the Toronto plant in the first quarter of 2014, moving the majority of production volume to our Montreal manufacturing facility. The example the Toronto plant set in waste diversion is impressive and we are using the lessons we learned there in our other facilities.

In fiscal 2013, our overall waste generation increased, but the amount of material diverted from the landfill increased at a greater rate. In fiscal 2012, we

diverted 79% of manufacturing byproducts from landfills through comprehensive recycling, composting, and waste-to-energy programs. In fiscal 2013, we expanded these programs at each site and achieved a diversion rate of 83%, surpassing our goal for the year.

WASTE DIVERSION RATES FOR U.S. FACILITIES		
SITE	FISCAL 2012	FISCAL 2013
Castroville, Calif.	50%	76%
Essex, Vt.	66%	70%
Knoxville, Tenn.	79%	84%
Sumner, Wash.	91%	93%
Waterbury, Vt.	79%	77%
Williston, Vt.	74%	85%
Windsor, Va.	0%	76%
Average diversion rate for U.S. facilities	79%	83%

Waste Generation and Management (tons)



▨ Solid waste to landfill	3,223	3,820	3,493
■ Waste to energy	0	0	126
▨ Solid waste recycled	4,617	6,965	12,719
■ Solid waste composted	1,206	3,901	2,863

*Includes waste diverted from third-party logistics locations.

Water Use

We are undertaking a comprehensive water footprinting exercise in fiscal 2014 to understand the full impact our business has on water resources throughout the value chain. Aside from a modest amount of water we use to cool coffee beans after roasting, our roasting and packaging are dry processes. Because we use relatively little water in the manufacturing of our products, we do not track our direct water use on an ongoing basis. However, we recognize that water availability and quality is a critical issue in the regions where coffee beans are grown. We continue to monitor the long-term availability of water, especially in the face of changing climatic conditions, to ensure we are using water responsibly, and we will begin to report our water use if it becomes material to our operations. Learn more about our [water commitment](#) and the work we're doing in our [agricultural supply chain](#).

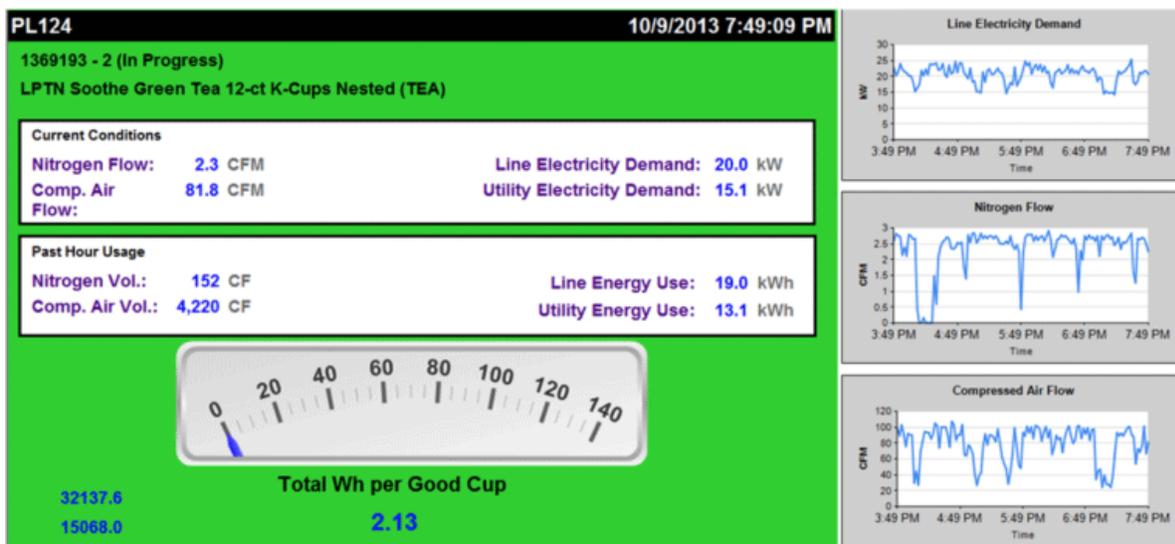
Case Study: Using Real-Time Data To Cut Energy Use

There are several ways we work to manage our energy use. First, we try to make our infrastructure highly efficient, from lighting to heating and air conditioning systems and beyond to the systems that provide compressed air and nitrogen to our plants. We also install high-efficiency equipment for our roasting processes and packaging lines. And, finally, we make sure we use the equipment in a way that will lower our energy use as much as possible. But the one thing we can't do is get in-the-moment information about the energy we might be wasting without even knowing it, right? Wrong — for a small but growing number of our production lines, we've installed real-time energy monitoring.

The production lines in our packaging facilities use energy to power motors, run

compressed air units, and pump nitrogen into packages to keep coffee fresh. The individuals who operate the lines can monitor equipment and make incremental adjustments as necessary to ensure quality and efficiency. Over the last few years, we've been working on a way to gather real-time information about how our production line equipment is performing and then put that information into the hands of the employees who operate the lines. The idea is to give those operators the ability to see a problem as it's happening, so they can contact our maintenance or engineering teams to address the issue and increase the efficiency of the line.

To accomplish this, we began installing sub-meters in 2012 to track energy use on an individual machine basis. We then came up with a way to give our packaging line operators access to real-time data about energy use and trends for compressed air and nitrogen. We ran a pilot project at the beginning of fiscal 2014, installing dashboards on two packaging lines with visual cues to show both current and past hour data related to nitrogen and compressed air volume as well as line and utility electricity demand.



Results from the pilot show that having a visual cue has led to a reduction in

the amount of nitrogen used per K-Cup® pack. Since we make nitrogen on site, this means we are also reducing energy use associated with the system. The dashboards are also alerting operators to other problems, for instance, a leaking nitrogen line that we were able to fix before it became a problem. We believe we'll also be able to use the data to evaluate how well the equipment is running and use it to help guide future equipment purchases.

We plan to expand on this work, installing sub-meters and dashboards on the lines at all our manufacturing plants by the end of calendar year 2014. In fact, sub-meters have already been installed for roasting at most sites. We also plan to set reduction goals based on the findings from the pilot.

Our Consumers

At Keurig Green Mountain, we use the power of our business to make the world a better place. This value is especially evident in the high-quality, sustainably sourced products we invest in and provide to our consumers. Across our line of beverages, we aim to source ingredients in ways that contribute to better communities wherever the ingredients are produced. (Read more about our work in our supply chain communities in the [Resilient Supply Chain](#) section.)

We participate in certifications including Fair Trade, organic, and Rainforest Alliance because their requirements help to improve the social welfare, environmental protection, and economic viability of farmers and their communities. And the more consumers purchase these products, the more we can increase our impact in coffee-growing communities.

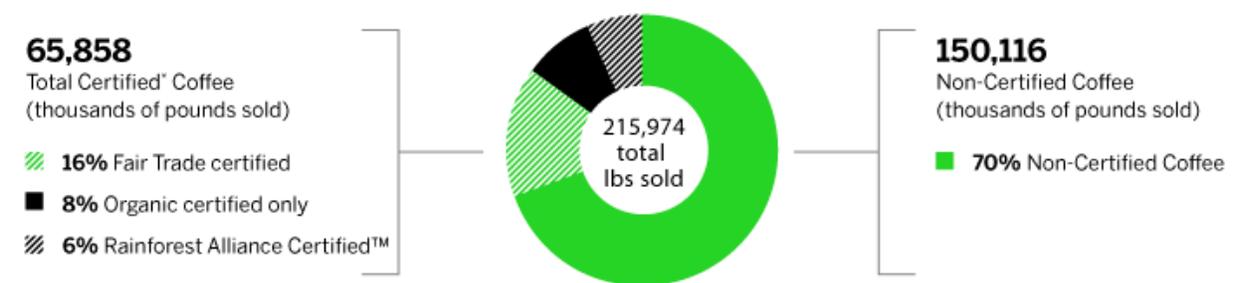
We take a comprehensive approach to supporting and expanding certified coffee and other agricultural products, and we are committed to increasing the amount of certified coffees we purchase each year. (Read more about our purchases of certified products in the [Building Stronger Communities Through Agricultural Standards](#) section.) We also work in a number of ways to educate

our consumers about the benefits of these certifications and to encourage them to buy certified coffees. (Read more about our outreach efforts in the [Increasing Consumer Awareness](#) section.) And then we leverage that increased consumer demand to sell more certified coffees. (See the [Our Commitment to Certifications](#) section.)

Awareness of and demand for certified products continue to grow: In 2012, Fair Trade Certified™ coffee imports to the United States reached an all-time high of 163 million pounds. We are proud to have played a big role in that growth: For the third consecutive year, Keurig Green Mountain was recognized by Fair Trade USA as the world’s largest purchaser of Fair Trade Certified™ coffee for calendar year 2012. In fiscal 2013 we purchased almost 57 million pounds of Fair Trade coffee.

These certified purchases make a big difference in the lives of coffee farmers and their communities. Since the debut of our first Fair Trade Certified™ coffee in 2000, our purchases have delivered more than \$22 million in community development funds to coffee farmers. (See the [Resilient Supply Chain](#) section for more about the impacts our business has in communities across our supply chain.)

Coffee Sales, Fiscal 2013



*Any discrepancies are due to rounding.

Throughout this section, you can read more about the ways that [we actively engage](#) with Fair Trade, Rainforest Alliance, USDA Organic, and other certifications.

In fiscal 2013, we sold over 33.7 million pounds of Fair Trade coffee (including both Fair Trade Certified™ from Fair Trade USA and Fairtrade Certified from Fairtrade International), more than 18.2 million pounds of organic-only coffee, and nearly 13.9 million pounds of coffee from Rainforest Alliance Certified™ farms. This trend continues to highlight our focus on expanding our sales of Fair Trade, organic, and Rainforest Alliance Certified™ lines, while reducing the share of conventionally sourced coffee in our total sales. (Read more about our product certifications in the [Our Commitment to Certifications](#) section.)

Increasing Consumer Awareness

As we expand the number of certified products we offer to our consumers, we must also increase awareness about, and demand for, products that earn these certifications. During fiscal 2013, several of our brands continued working to educate consumers about the power their purchases can have.

"There is genuine interest in fairness when it comes to the products we purchase. Consumers value the ideals of fair compensation, safe working conditions, and protecting the environment, yet they don't always know how to make a difference. Once consumers become aware of and understand the benefits of Fair Trade, they're much more likely to choose products with the Fair Trade Certified™ label and reward the companies that support Fair Trade."

- Mary Jo Cook, Chief Impact Officer, Fair Trade USA

Green Mountain Coffee®

For many years, the Green Mountain Coffee® brand has used the month of October as a time to celebrate Fair Trade certification — a time that coincides with Fair Trade USA's Fair Trade Month celebrations. We take this opportunity to reach out to consumers about the importance and benefits of Fair Trade Certified™ products. In fiscal 2013, we continued our partnerships with celebrity musicians, this year teaming with Grammy-award winning singer-songwriter Kelly Clarkson.

We sent Clarkson to Peru, where she visited a coffee-farming community in the village of Agua Azul and learned about what it takes to produce Fair Trade Certified™ coffee. While she was there, Clarkson saw firsthand how Fair Trade Certified™ products improve the quality of life for everyone in coffee-growing communities. During her June 2013 trip, Clarkson picked coffee cherries and learned about every step involved in producing a cup of coffee.

Upon her return, Clarkson served as an ambassador for the Green Mountain Coffee® brand to share the benefits of Fair Trade with consumers and the media alike. In October, she performed an exclusive benefit concert in New York City's Highline Ballroom. Tied to the event, we conducted extensive online outreach, giving consumers — and Clarkson's fans — the opportunity to enter a sweepstakes for a chance to win tickets to the concert. We also streamed the concert online through our Facebook page. The campaign earned widespread media coverage, generated more than 100,000 "likes" on our Facebook page, and sent more than 60,000 people to learn more about Fair Trade certification on ChooseFairTrade.com.

The reality is that people at Keurig Green Mountain value the positive impact we can have on the world. Bringing an additional \$1 million in Fair Trade community development funds to coffee growers is huge. It was a complex project, but we knew we could change the lives of farmers, and we all felt good about choosing our Green Mountain Coffee® Nantucket Blend®, one of our

most popular blends, [to transition to Fair Trade](#).

Timothy's World Coffee®

Timothy's World Coffee® brand has long embraced Rainforest Alliance certification as a key platform for creating sustainable products. In fiscal 2013, we continued our support of the Rainforest Alliance's globe-spanning "Follow the Frog" week, increasing our efforts to raise awareness about the benefits of Rainforest Alliance certification and our commitment to the organization. For the first time, Timothy's World Coffee® organized a "Follow the Frog" event, providing consumers in Scarborough, Ontario, with free cups of our coffees over the course of three days.

In another first, we encouraged owners of all 80 of our Timothy's World Coffee® cafés to brew only Rainforest Alliance Certified® coffees during "Follow the Frog" week and to engage their employees in spreading the word about Rainforest Alliance. We provided café owners with promotional and educational materials to display during the week. During a trip to Honduras earlier in 2013, we also produced a short informational video helping shoppers understand what Rainforest Alliance certification means and how it makes a real difference for coffee farmers.

In 2013, more than 70% of the coffee sold by our Timothy's World Coffee® brand came from Rainforest Alliance Certified™ farms.

Van Houtte®

For the third year in a row, Van Houtte® supported Fairtrade Canada's "Fair Trade Fortnight" during the first two weeks in May. We used the event to highlight the benefits of Fair Trade certification and underline our commitment to Fairtrade Canada. Our efforts included public outreach in grocery stores and public areas, through social media and the Van Houtte® blog, and in each of

our 61 Van Houtte® café-bistros, where we educated employees to communicate the benefits of Fairtrade certification with customers. We also participated for the first time in the Fair Trade Campus week, sending 1,000 samples of Van Houtte® coffee to colleges and universities across Canada to promote our Fairtrade Certified coffee. During “Fair Trade Fortnight 2013,” Van Houtte® Coffee Services provided promotional material to its client Federated Co-op Ltd. for Fair Trade Coffee Day on May 10. All the revenues from their sales of Fairtrade Certified coffee during that day — totaling more than \$5,700 — were sent to Union Majomut, a cooperative of coffee farmers in Chiapas, Mexico.

In recognition of our continued support of Fairtrade in Canada, we are proud to have received for the second year in a row the Fairtrade Award from Fairtrade Canada for the category Café, Restaurant or Food Service Provider – Large National or Regional Chain.

Capping off a year of efforts, in October 2013, all of our Van Houtte® café-bistros across Quebec began serving only Fairtrade Certified coffees, the first coffee chain in Quebec to make such a commitment. As part of our transition to serving only Fairtrade Certified coffees, we created a number of educational tools to help educate our customers about the benefits of Fairtrade certification.

During a trip to Honduras in fiscal 2013, our team created a video highlighting the positive impacts that Fairtrade certification can bring to coffee-growing communities. You can [watch our video](#) highlighting Van Houtte® and Fairtrade on Van Houtte®'s YouTube channel .

Coffee Certifications Field Guide

FAIR TRADE

Fair Trade certification is an innovative, market-based approach to sustainability

that restores the balance of power between coffee growers and buyers while promoting social benefits in local communities and protecting the environment. To qualify for Fair Trade certification, farmers must adhere to strict environmental and social standards designed to strengthen communities and protect fragile ecosystems.

In support of these efforts, farmers receive a guaranteed minimum price for their beans. Keurig Green Mountain pays competitive prices for all of our coffees, with a minimum price of \$1.60 per pound for Fair Trade certified coffee beans and a minimum of \$1.90 per pound for Fair Trade organic. Both of these prices include a 20 cent premium per pound that goes directly to a community development fund. (Certified organic coffees also earn an additional 30 cent per pound premium.) The additional income provided to farmers via Fair Trade certification may also support quality improvement initiatives, enabling farmers to earn even higher prices for their beans. We paid an average of \$2.33 per pound of coffee in fiscal 2013, with an additional commercial coffee premium ranging from 8 cents to 35 cents per pound, depending on the certification earned.

FAIR TRADE USA AND FAIRTRADE INTERNATIONAL

[Fair Trade USA](#) was a member of the global [Fairtrade International](#) network until January 2012, when it parted ways in order to include larger coffee estates and independent producers in its certification, which goes beyond the smallholder cooperatives required for the Fairtrade International certification.

We believe both Fair Trade USA and Fairtrade International (previously known as FLO) are committed to improving the lives of coffee farmers, yet we understand there are differences in perspective between the two organizations on how to achieve their common goal. We value our relationships with both Fair Trade USA and Fairtrade International. We respect the continued role Fairtrade International plays as a leading voice in the global Fair Trade movement and the vital role

Fairtrade International and the certifying body FLO-CERT have played in certifying coffee cooperatives. We also support Fair Trade USA in its efforts to innovate and expand the Fair Trade model to allow more farmers and workers to benefit, and to increase consumer engagement with Fair Trade.

While Keurig Green Mountain is not yet purchasing estate-grown coffees to label as Fair Trade for our products, we are working with Fair Trade USA, through grants, to measure the effectiveness of the estate-grown pilots. In this way, we can continue to support innovation in Fair Trade while also holding it to a high standard and waiting to see results before making a full commitment. We remain excited by the current momentum of Fair Trade in the United States and the energy behind Fair Trade USA's vision.

ORGANIC

In the most basic sense, organic means grown or raised more naturally, without the use of chemical pesticides or fertilizers. For crops, this means that no prohibited chemicals, sewage sludge, radiation, or genetic engineering are used on the product. The USDA defines organic as "an ecological production management system that promotes and enhances biodiversity, biological cycles, and soil biological activity. It is based on minimal use of off-farm inputs and on management practices that restore, maintain, or enhance ecological harmony."

As defined by the USDA, the primary goal of organic agriculture is to "optimize the health and productivity of interdependent communities of soil life, plants, animals and people." At the same time, organic agriculture does not make claims that a product is free of something, nor does it render judgment about the quality, safety, or nutrient value of a product. Our certifier of organic coffee in the United States is Quality Assurance International (QAI); in Canada, it is the Organic Crop Improvement Association (OCIA). Organic is often coupled with other certifications, such as Fair Trade.

FAIR TRADE ORGANIC

Fair Trade organic certified coffees meet the standards of both Fair Trade and certified organic coffee.

RAINFOREST ALLIANCE CERTIFICATION

[The Rainforest Alliance](#) is a nonprofit organization working to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices, and consumer behavior. It links the protection of forests to the economic prosperity of local farmers, communities, and businesses; and ensures workers receive proper training and enjoy safe conditions, proper sanitation, health care, and housing.

Coffee from Rainforest Alliance Certified™ farms is grown using methods that help promote and preserve biodiversity, conserve scarce natural resources, and help farmers build sustainable lives. The certification standards guide farmers toward sustainable farm management and provide independent auditors a measure for evaluating social and environmental improvements.

FARM IDENTIFIED

The Farm Identified program is a cornerstone of our sourcing strategy — an alternative to conventional sourcing through the anonymous commodity market. It is based on a simple idea: When we know who produces our coffee, we are closer to knowing how they produce it. That insight enables us to make more informed purchasing decisions as we strive to meet our commitment to corporate responsibility.

At the core of our Farm Identified program is the belief that greater engagement with our farm partners has a positive impact on the social and environmental communities for farm workers, their families, and our Company. When we work with our Farm Identified suppliers, we have the opportunity to

connect them with the marketplace and assist them as they work toward sustainability.

Our Commitments to Certifications

We are committed to selling products that meet the high standards of Fair Trade, organic, and Rainforest Alliance certifications. In addition to continuing our outreach to consumers about the impacts and importance of these certifications, our goal is to increase the number of coffees we sell that meet these certifications, particularly Fair Trade USA and Fairtrade International, both through the introduction of new product lines that are Fair Trade and by achieving certification for our existing products.

In fiscal 2013, we successfully converted our signature Green Mountain Coffee® Nantucket Blend® coffee to 100% Fair Trade Certified™ — a move that represents approximately 5 million pounds of Fair Trade Certified™ coffee and delivers an estimated \$1 million in Fair Trade social premiums each year in the form of investments in community health, education, and development projects. (Read more about what it takes to earn Fair Trade certification for a coffee product like our Nantucket Blend® below).

In 2012, we announced a goal that every new Green Mountain Coffee® product we produce and launch for broad distribution will be Fair Trade Certified™. In fiscal 2013, we introduced three new varieties of Fair Trade Certified™ Green Mountain Coffee®: Three Continent Blend, Colombian Fair Trade Select Decaf, and English Toffee. In total, 95 Keurig Green Mountain products are now Fair Trade certified.

These steps, which mark a strengthening of our relationships with both Fair Trade USA and Fairtrade International, will enable us to have a positive impact on the lives of more coffee farmers — which is the reason we first embraced the

Fair Trade concept more than a decade ago.

In fiscal 2013, we continued to prioritize sales of certified products for our Green Mountain Coffee®, Newman's Own® Organics, Caribou Coffee®, Timothy's World Coffee®, Van Houtte®, and Emeril's® brands. For instance, Newman's Own® Organics coffee, a licensed brand for which we buy and roast all coffees, is 100% Fair Trade Certified™ and organic.

In addition to setting sales goals for certified coffees, we are committed to increasing the number of our products that earn certification each year — for new and existing products alike. In fiscal 2013, our Timothy's World Coffee® brand increased the amount of Rainforest Alliance Certified™ coffee in 10 of our blends, achieving 100% certification in seven of them.

CASE STUDY: FAIR TRADE: A LOOK BEHIND ONE BLEND'S TRANSITION

[Nantucket Blend®](#) is our second most-popular coffee and our most complicated blend. Sourced from coffee farms in Central America, South America, Africa, and Indonesia, and including both light and dark roasts, it is sold to consumers in a number of forms: whole beans, ground beans, and K-Cup® and Vue® packs for hot and Brew Over Ice coffee.

So when we decided to transition it in fiscal 2013 to 100% Fair Trade Certified™, it was no small undertaking.

Typically, when we create a new Fair Trade Certified™ product or transition a product to Fair Trade, we start small, sourcing the beans and launching the product in one product format first, then slowly scaling it up as demand and supply increase. But Nantucket Blend® was an entirely different story. We wanted to transition the entire blend — all 5 million pounds of coffee beans in all of the blend's forms — all at once.

In order to make this transition seamless for our consumers, we had to

undertake activities on a number of simultaneous fronts. We had to approach our suppliers to ensure there was enough supply of Fair Trade Certified™ beans for our needs. We had to prepare our coffee-production facilities to handle large shipments of Fair Trade Certified™ beans. And we had to put our team of coffee tasters to work to exactly match the flavor profile of the new Fair Trade Certified™ Nantucket Blend® with the taste of the old blend that our consumers already loved.

Each of these steps was complex. But project manager Jennifer Harris said that her colleagues were enthusiastic right from the start. “The reality is that people at Keurig Green Mountain value the positive impact we can have on the world. Bringing an additional \$1 million in Fair Trade community development funds — the extra 20 cents per pound that goes directly to economic and environmental improvements in coffee-growing communities — to coffee growers is huge. It was a complex project, but we knew we could change the lives of farmers, and we all felt good about choosing one of our most popular blends to transition to Fair Trade.”

Perhaps the most complex and important transition aspect involved working with our suppliers in Africa. Although we have had relationships with African coffee producers for many years, we had made limited purchases of Fair Trade coffees from Africa. So one of the first steps was to identify suppliers in Africa who could help us meet this demand. We place an emphasis on long-term commitments to our suppliers, allowing us to create relationships over time that result in the best possible products. For Fair Trade Certified™ producers, these long-term relationships also result in a stable source of income that community members can use to address large-scale problems — such as hunger, lack of access to education and health care, and environmental degradation — that can't be solved in a single season.

In fiscal 2013 alone, our Fair Trade purchases for Nantucket Blend® coffee provided an estimated \$1 million in community development funds to the coffee producers that supply us with these green coffee beans. In Africa, the cooperatives that supply us with our beans received \$255,000 in community development funds in fiscal 2013 and put these funds to work in improving their businesses, communities, and livelihoods. For example, one cooperative in Malawi earmarked almost \$50,000 to build a new rural hospital for cooperative members and their families. In Uganda, farmers from one cooperative distributed community development funds to improve local schools and upgrade the cooperative's headquarters with electricity and tap water. And in Ethiopia, one of our suppliers built a new grain mill for the community as well as three new elementary schools that serve 1,200 students.

Each producer — often a cooperative group of farmers — is responsible for determining as a group how to spend these community development funds. Ed Canty, one of our coffee buyers who was closely involved with the Nantucket Blend® transition, explains how this plays out on the ground: "Once people develop the skills to vote on the use of these funds, they not only get that immediate benefit, but they also start to think, 'what else can we do?' — and that's the real empowerment. We see them start to evolve and ask, 'what else can we as a community do to help our community?'"

Thriving People and Communities

The Keurig Green Mountain of today is an innovative, technology-driven personal beverage system company with more than 6,100 employees across the United States and Canada. That's quite a shift from our modest beginnings 30-plus years ago as a small, Vermont-based café that aspired to serve exceptional coffee.

Our culture and organizational strengths have been key enablers of our tremendous growth 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 by moving from three separate business units to an integrated and aligned unified company; clarified our key business objectives; and further refined our values to achieve our updated mission of a Keurig® brewer on every counter and a beverage for every occasion. (See the [Overview](#) section for more on our strategy and realignment.)

Our people are the reason for our success, and we focus on [developing](#) them to their full potential and [engaging](#) each individual in meaningful ways both at work and within his or her broader communities. This is especially important in relation to one of our new 2020 sustainability targets:

- ENGAGE 100% OF EMPLOYEES TO UNDERSTAND OUR VISION AND VALUES AND PRESENT OPPORTUNITIES THAT ALLOW THEM TO CONTRIBUTE TO OUR TARGETS.

We believe strongly that when our people thrive, our business thrives. And so do our communities.

Keurig Green Mountain has a deep history of creating positive and sustainable change for communities and the environment in the places where we operate.

As part of our updated sustainability strategy, we have set an ambitious new global target:

- PROVIDE ACCESS TO CLEAN WATER TO 1 MILLION PEOPLE WORLDWIDE BY 2020.

(Please see the [Overview](#) section for more details on our work related to water.)

As we move toward a more holistic and strategic philanthropic approach, we will continue to support local communities and nonprofits through [grants](#), [volunteerism](#), and [product donation](#) programs that benefit our communities, engage our employees, and strengthen our business.

Please see the [Resilient Supply Chain](#) section for information about our programs and activities that contribute to our supplier communities (e.g., at the farms that grow the raw ingredients for our beverages and at the manufacturing facilities that assemble our beverage brewers).

Thriving People

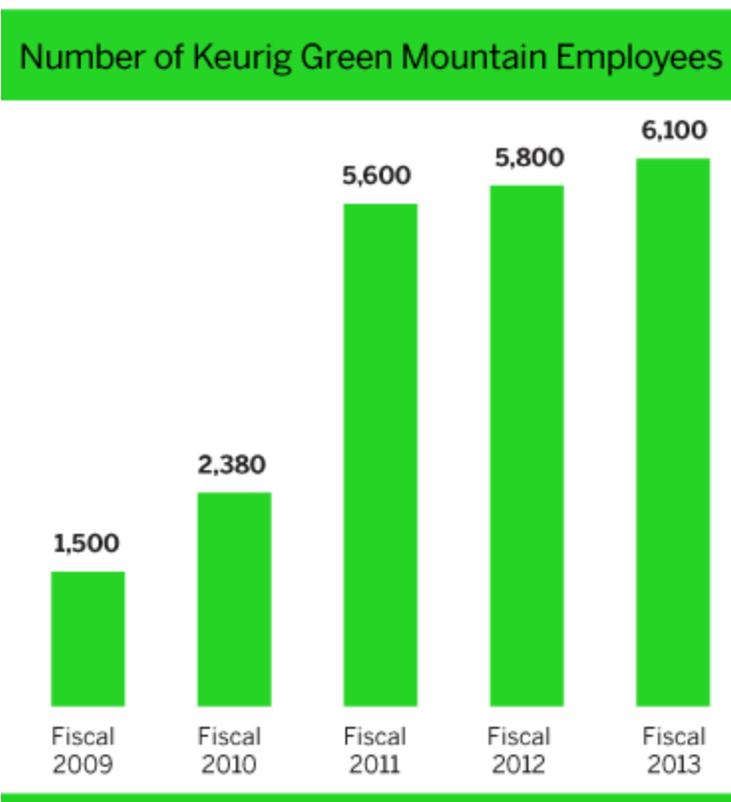
Keurig Green Mountain's rapid progression from a regional coffee roaster into a major personal beverage system company could only have happened with our culture of collaboration, engagement, and mutual respect.

To move our Company into the future, we restructured our business and modified our organizational structure. The changes, which took us from three separate business units into one singular company, were designed to improve our ability to execute our objectives, build communication, and enhance teamwork. We shifted our mindset to that of one company to increase the efficiency of our work style and create new opportunities for our people to grow and thrive.

As part of our strategic refresh, we outlined three primary objectives that will enable us to achieve our purpose of creating the ultimate beverage experience in every life we touch — from source to cup — transforming the way the world understands business. These objectives are as follows:

- Earn sustained growth through continuous innovation and passionate advocacy for our brands;
- Achieve operational excellence, every day, to delight our customers and consumers; and
- Develop talent and culture to achieve our purpose and strategy.

Number of Keurig Green Mountain Employees



Through growth and acquisition, Keurig Green Mountain has stayed focused on providing a meaningful and supportive work environment for all of our employees, whether they have been with us for decades or have recently joined our team. Approximately 30% of our people have been with us for two years or less.

Employee Engagement

We recognize that employees who are engaged at work are happier with their jobs, more successful in their careers, and make more meaningful contributions to our Company. Employee engagement has always been an essential element of our people strategy. But following our reorganization and as we look ahead toward a future of bold innovation, it has become ever more critical.

Regular employee feedback surveys tell us that our people are passionate about their workplace and communities and proud to be a part of Keurig Green Mountain. In fiscal 2013, we added a new employee survey, called the Organizational Health Index (OHI), to help us understand more about our employees' viewpoints on the strength of our organization, particularly around workplace culture. Approximately 60% of our employees responded and told us that they feel we have a very open and trusting culture — that people genuinely care about their colleagues and treat them as family — and that they feel connected to their communities. Keurig Green Mountain scored in the top quartile of the global benchmark in regards to company culture and climate. This stood out as a strength for Keurig Green Mountain: employees create a family atmosphere that people are proud of. External orientation also scored in the top quartile, with people indicating that they choose to work with us to “contribute to the greater good.

Many survey respondents talked about our Company as a supportive “family” where, in the words of one employee, colleagues “live our purpose to change the way the world understands business.” Employees also said they feel motivated at work and positive about our Company’s innovation focus.

Areas where our employees told us we could do better were around increasing accountability, clarity of roles, and increasing coordination across business units. We are already addressing these issues through our reorganization and updated

strategy, which now includes clear goals and pathways to achieve them. (See the [Overview](#) section for more details.) We continue to emphasize developing people and providing ongoing tools and resources.

In addition to the OHI, we surveyed our people through the Great Place to Work® index in 2010 and 2012. (See chart for 2010 and 2012 results below.)

Other key mechanisms for employee engagement include [volunteerism](#) in the communities of our operations and our Company-sponsored “origin trips” for employees to visit coffee-growing communities. In fiscal 2013, we sent 63 employees to five different countries. In fiscal 2014, we will be expanding our origin trips to include our manufacturing supply chain.

GREAT PLACE TO WORK TRUST INDEX®*	FISCAL 2010	FISCAL 2012
Taking everything into account, I would say this is a great place to work.	75%	83%
Average of all Great Place to Work® Model® Statements	79%	73%
Number of Responses	1,547	4,616

**The Great Place to Work® Trust Index® is a periodic company-wide survey that measures employee pride, camaraderie, respect, credibility, and fairness. We did not administer the survey in fiscal 2011 or 2013.*

RESHAPING OUR VALUES COLLABORATIVELY

Values form the core of a company’s culture. They help to articulate a common purpose while defining expectations and behaviors. To be meaningful, values must be authentic and need to resonate with employees at all levels of an organization.

For the better part of a decade, Keurig Green Mountain had a lengthy set of 15 values. In fiscal 2013, we decided to look at them with fresh eyes. It wasn’t that they no longer rang true. The trouble was, very few of our people could

remember them all and therefore incorporate them into their everyday working lives. So, using the Organizational Health Index survey as our tool, we asked all of our employees to help us identify where we could strengthen and build upon the existing values.

Out of 6,100 employees, more than 3,500 responded with the words they thought best described our values now and how they would want to see the values in the future. We synthesized these responses to come up with 40 common characteristics that were then shared with 250 director-and-above-level leaders at Keurig Green Mountain. Over the course of a daylong workshop, these directors winnowed the 40 characteristics down to 15. Finally, our 14-member Executive Leadership Team selected the following four values, which were launched internally in August:

- WE PARTNER FOR MUTUAL SUCCESS: OUR BOUNDARYLESS APPROACH TO COLLABORATION CREATES BENEFITS FOR ALL.
- WE INNOVATE WITH PASSION: WITH COURAGE AND CURIOSITY, WE ARE SHAPING THE FUTURE BY REDEFINING THE CONSUMER EXPERIENCE.
- WE PLAY TO WIN: OUR TEAM SETS AMBITIOUS GOALS AND MEETS EACH CHALLENGE WITH UNIFIED PURPOSE AND CHARACTER.
- WE BREW A BETTER WORLD: WE USE THE POWER OF BUSINESS TO MAKE THE WORLD A BETTER PLACE.

Many of our people told us that they appreciated the opportunity to participate. We're now working on ways to embed the new values into the everyday activities of all employees. One of our [2020 targets](#) is to engage 100% of our employees to understand our vision and values so they can help contribute to our targets.

Employee Retention and Development

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.

92%

Fiscal 2013 Employee Retention Rate

As part of our recent strategic refresh, we have been creating new leadership development programs that will develop the skills in our leaders that are necessary to achieve our purpose, mission, and strategies. Under our previous system of three business units, each division of the Company had its own leadership training curricula. Now, we are moving to a unified leadership development structure that will help build business acumen, improve leadership capabilities, enhance marketplace expertise, and boost technical competence.

We continue to develop our extensive employee development programs and offer programs that are aligned with our strategy. Programs range from courses on project management and process improvement to yoga and mindful meditation.

*In fiscal 2013, our U.S. employees logged nearly 191,000 hours of training — an average of 43 hours per person.**

**Does not include employees in Keurig Green Mountain's Canadian sites.*

Cumulative hours are for regular, full-time employees as of the last day of fiscal 2013.

Compensation and Benefits

Keurig Green Mountain has a strong compensation and benefits package that goes well beyond cash remuneration. In addition to our competitive base pay program, we offer an incentive plan for all employees where targets are aligned to the marketplace. Incentive pay is determined considering Company performance goals and individual or team achievements.

We are committed to offering thoughtful programs that are aligned with our purpose and values and that improve the overall health and total well-being of our employees. An effective compensation and benefits plan is critical to ongoing employee engagement and is an important tool in attracting and retaining talented individuals. We want to deliver plans that contribute to our reputation as a top place to work. Our compensation programs and benefit plans are evaluated annually to ensure our philosophy is aligned with our business strategies and that our total remuneration is market competitive in aggregate.

In fiscal 2013, we developed a more focused and strategic wellness platform to accomplish our goal of building a healthy, happy, and high-performing workforce. For many years, we have offered great health benefits at affordable costs — and we will continue to do so. Our new platform works toward a culture shift, helping employees become more informed health consumers. We want our people to make healthier choices so they can thrive. Small changes can add up to big differences.

We have known for a long time that there is much more to wellness than biometrics and physical activity, and we recognize that individual growth and happiness lead to corporate growth and happiness. Our new strategy focuses on personal, professional, physical, and financial wellness to improve the health, well-being, and productivity of our employees and our Company as a whole.

In July 2013, we launched an internal web site that encourages employees to complete wellness assessments, develop health targets, and participate in challenges. The idea is to create one central location where employees can engage in wellness goals that are meaningful to them. To encourage participation, we awarded points to employees for completing various aspects of the wellness platform, including on-site health screenings for blood pressure, cholesterol, and other health indices. Those with a certain number of points were entered in a raffle, and we gave away iPads, iPods, and home gym and outdoor adventure equipment. Incentive strategies that consider outcomes and goals are developed annually.

Considering that the enhanced well-being program was in place for just six months in 2013, we were extremely pleased with a 50% participation rate, based on the number of employees in our U.S. locations with activated accounts.

Our robust compensation and benefits packages include the following:

- Cash programs with competitive base pay and incentive plans
- Healthcare coverage with a choice of plans, including low co-pays and deductibles and health savings plans with no employee contributions
- Stock purchase and profit-sharing programs
- Dental, vision, travel accident, life insurance, and disability plans
- Wellness activities
- On-site flu shots and Company-paid screenings for blood pressure, cholesterol, and other biometrics
- Wellness reimbursement of up to \$500 (in some locations) to support health club memberships, weight-loss programs, smoking cessation, and other wellness related activities
- Sliding-scale insurance contributions
- Employee assistance programs
- Retirement savings plans with Company match

- Energy efficiency assistance of up to \$1,000 a year for employees' home improvements (U.S. locations)
- 52 hours a year of paid volunteer time and a matching donations benefit
- Competitive education assistance program
- Scholarship opportunities for the children of full-time employees with at least one year of Keurig Green Mountain employment
- Adoption assistance and parental leave
- Beverage benefit and product discounts
- Voluntary plans, such as pet insurance
- Various employee discount offers on merchandise and activities, such as fitness memberships, ski passes, and purchases of goods ranging from tires to computers.

ENERGIZING OUR EMPLOYEES

What's one of the keys to employee engagement? Physical and emotional well-being. In fiscal 2013, we piloted a new program aimed at recharging our employees. [The Energy Project](#) asks participants to take a baseline "Energy Audit™" to measure how effectively individuals manage their personal energy across four key aspects — physical, emotional, mental, and spiritual. The higher the score, the less effectively the individual is managing his or her energy and, thus, the greater the likely impact on work performance over time.

Four Keurig Green Mountain teams learned how to improve their "energy rituals" to sustain high performance by building rituals to renew themselves and improve their lives and performance both at work and at home. Solutions could be as simple as going to bed earlier each night or taking a walking break during the day. Participants took a second audit six to eight weeks later to compare results against the baseline. All groups experienced a positive change in their

scores.

“Training was not only inspiring but motivating,” said Danielle Barry, a learning coordinator in our Massachusetts office. “It was a session packed with ways to help improve our physical, emotional, mental, and spiritual ways of thinking. I truly took a lot out of this session and will continue to practice what I learned on and off the job.”

We plan to roll out the Energy Project to another 1,000 employees in fiscal 2014.

Diversity and Inclusion

Keurig Green Mountain fosters a diverse and inclusive environment, recognizing that diversity strengthens our business. Diversity leads to a more vibrant workplace, richer interactions, and ultimately a better business model. We provide equal employment opportunities to all qualified people regardless of ethnicity, religion, gender, age, marital/civil union status, sexual orientation, veteran status, disability, or other legally protected classification.

In fiscal 2013, U.S. employees self-identifying as minority made up 9% of management and 17% of our total workforce. Women made up 37% of management and 36% of employees overall. Among our 11-member Board of Directors, three are women. Of our executive officers, approximately one-third are women.

Across all locations and business units, the majority of Keurig Green Mountain employees said in our 2012 employee engagement survey that they feel people are treated fairly at our Company, regardless of ethnicity, religion, gender, age, marital/civil union status, sexual orientation, veteran status, disability, or other legally protected classification. As a signatory to the United Nations Global Compact, we strive to uphold the elimination of discrimination in respect of

employment and occupation.

DIVERSITY*	FISCAL 2011	FISCAL 2012	FISCAL 2013
Women in management	32.3%	36.7%	37.0%
Women in workforce	33.9%	34.5%	36.1%
Minorities in management	6.7%	9.6%	8.9%
Minorities in workforce	17.7%	19.7%	17.5%

**U.S. Only*

Health and Safety

Keeping our people safe on the job is one of the most important things we can do as a company. Our rapid growth in recent years has challenged us to reevaluate our safety procedures and management systems to ensure we have the most effective — and the most consistent — programs across our enterprise. More than 4,600 individuals became Keurig Green Mountain employees between the beginning of fiscal 2010 and the end of fiscal 2013 — many of them in Canada, which did not use the same types of health and safety systems as we did in the United States.

Improving the behavioral safety culture is a critical element of our program. We reinforce that employees have responsibility for their own safety and that of their co-workers. Our updated safety vision (see box aside), which was recently rolled out to all employees, emphasizes empowerment, collaboration, accountability, and improvement.

Building a safety culture will ultimately help us to achieve stronger safety results. We have been implementing new observational training programs that reinforce positive behaviors and provide constructive feedback for those who stray from our strict safety protocols. By working proactively, we hope to address unsafe

behaviors before they become problems. Plant manufacturing teams now have targets for how many safety observations must be done in any given week.

In addition to our culture work, we spent much of fiscal 2013 focusing on data management to verify the accuracy of our metrics and establish more consistency in the way we report and investigate an incident. In the chart below, our fiscal 2013 Company rates include all of North America. We began reporting our Montreal manufacturing facilities in 2012; the data for 2013 now include all Canadian manufacturing and non-manufacturing operations.

Overall, our health and safety rates have been steadily improving in the two categories we track for the U.S. Occupational Safety and Health Administration. In 2013, our North American manufacturing injury severity rate decreased by 16% while our injury frequency rate dropped by 17%.

In fiscal 2012, and extended for fiscal 2013, we set a goal for our manufacturing plants to have injury incidence frequency and severity rates below industry averages: 30% below the coffee and tea industry (Bureau of Labor Statistics [BLS] 2010) for the Total Recordable Incidence (TRI) rate; and 10% below for the Days Away Restricted or Transferred (DART) rate. The BLS 2011 industry data had moved higher. Although we reduced injuries for fiscal 2013, we did not meet our overall targets in comparison to our extended BLS 2010 industry benchmarks above.

EMPLOYEE SAFETY	FISCAL 2011*	FISCAL 2012**	FISCAL 2013
Injury severity (Days Away Restricted or Transferred, DART) rate	2.88	3.44	2.64
Incidence frequency (Total Recordable Incidence, TRI) rate	4.80	4.23	3.31
Industry DART (coffee and tea)	3.60	1.80	N/A
Industry TRI rate (coffee and tea)	4.90	4.10	N/A
Occupational fatalities	0	0	0

*Includes only U.S. manufacturing sites.

**Includes North American manufacturing sites only. Fiscal 2013 data include all Company. Industry data for 2013 were not yet available at time of publication.

North American Manufacturing Injuries by Type, Fiscal 2013



KEURIG GREEN MOUNTAIN SAFETY ASPIRATION

We aspire to make Keurig Green Mountain one of the world’s safest places to work. We follow safe practices and seek out, learn, and adopt new ways to improve the safety of our processes, ourselves, and others. To accomplish this, we empower and encourage each other to take the following actions:

- Serve as role models for safe behavior,
- Be proactive and caring in engaging our co-workers and others about safety,
- Hold each other accountable for safety commitments.

As we continue to build and strengthen the Keurig Green Mountain safety culture, we recognize and celebrate how our actions protect not only ourselves and our co-workers but also our families, communities, customers, businesses, and the planet itself.

HEALTH AND SAFETY MANAGEMENT

Our companywide Safety Council sets strategy for Keurig Green Mountain's safety programs. Comprised of about 40 members from all facets and levels of our operations, including senior management, plant directors, and other safety professionals, the council meets quarterly.

We have a team of 18 safety professionals who work closely with each manufacturing site to train staff and implement new strategies. In addition to the companywide Safety Council, each manufacturing site has a health and safety committee to drive safety improvements. Safety is a component of our performance management goals.

All new employees who work at or near one of our manufacturing sites tour a manufacturing plant and receive training on safety basics. We also hold two in-depth orientations on safety for new employees who work in manufacturing or supply chain jobs.

Supervisors go through a new Safety Observation program that focuses on observation and feedback. The course sets clear expectations on the feedback process from supervisor to employee so we can improve safety at our Company. Another new program we have implemented offers a library of more than 250 courses that contain safety and quality training for our U.S. and Canadian employees.

In fiscal 2013, our people logged 95,390 hours in safety training — a big jump up from the approximately 61,300 hours the prior year. We accomplished this

through a dynamic Safety Training Platform that provides a platform for industry standard and custom company application education, training, and testing on workplace, food, and environmental safety.

Our work in fiscal 2013 focused especially on ergonomics and engineering. Over the last two years, Keurig Green Mountain has invested more than \$10 million across nearly 100 individual projects targeting safety throughout our portion pack manufacturing plants. Recent areas have included building infrastructure enhancements, packaging and roasting equipment improvements, beverage flavor processing, ventilation, and suspended load management. Our current focus revolves around reducing ergonomic risks from repetitive motions.

All manufacturing site shifts are started with a mandatory work readiness stretch with a stated purpose of reducing the risk of injury. The stretching and work readiness program includes specifically designed stretching, breathing, and relaxation exercises to prepare the mind and body for work, increase body awareness, increase mental focus, and promote relaxation and renewal. This program has also been adopted in some office areas and certain learning programs.

Other safety program upgrades in 2013 included the following:

Upgraded Safety Programs and Trainings

- Wrote 25 additional safety programs and developed more than 20 safety trainings,
- Increased companywide safety awareness through monthly safety awareness/tips,
- Conducted internal auditing of safety programs and facilities' inspections.

Standardized Work Processes

- Benchmarked best industry practices on personal protective equipment,

such as eye protection and reinforced shoes, and began to standardize such equipment in facilities across North America,

- Improved data management.

Built a Stronger Safety Culture

- Continued to focus on personal behavior observations of employees across all manufacturing sites as part of our new Supervisory Safety Observation program,
- Launched a new process for identifying, investigating, and correcting incidents where serious injuries occurred.

Thriving 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 donations](#) programs that benefit our communities, engage our employees, and strengthen our business. (See the [Resilient Supply Chain](#) section for our approach to grantmaking within our supply chain communities.)

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.

Volunteerism

Volunteering is an important part of our Company's culture, and our employees take pride in giving back. 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. For our employees, volunteering provides avenues to apply skills and deepen connections with local nonprofit organizations. Employees often cite volunteerism as a valuable piece of our culture and a meaningful part of their work. As a Company, we benefit when our employees are happy, motivated, and engaged.

Our Sumner, Wash., facility, had a remarkable 90% employee volunteerism rate for fiscal 2013, the highest of all of our locations.

We offer many ways for our employees to give back, and we empower them to choose the opportunities that are most meaningful to them. Our unique Community Action For Employees program — better known as CAFE — allows our people to spend up to 52 paid hours each year volunteering in their communities during customary working hours. In fiscal 2013, 62% of our total workforce — based on the average number of full-time employees for the year — participated in one of our volunteer programs. That was a slight decrease from 65% employee participation the previous year. In the United States, the CAFE program saw a strong employee participation rate of 75% in fiscal 2013; CAFE continued to gain traction within our Canadian operations.

Community Relations Liaisons at our sites in the United States promote volunteer initiatives and work with their fellow employees to coordinate volunteer events and encourage greater participation. In Canada, we are working toward establishing and formalizing roles for employees to act as key contacts to help identify volunteer activities and encourage employee participation. We

are also introducing programs, such as our CAFE Captain program, that enable employees to become leaders for volunteerism at their sites. CAFE Captains typically lead two activities a year and help educate their peers about Keurig Green Mountain’s volunteer programs and outreach.

Separately, our Dollars-4-Doers program recognizes employees who volunteer at least 25 hours per year (outside of normal work time) with one organization. Keurig Green Mountain contributes \$250 to that organization on the employee’s behalf. We also match individual employee donations to charitable organizations at 100% (up to \$1,000 per fiscal year). In fiscal 2013, we contributed more than \$174,600 through the matching donations program.

Our employees volunteer their time for a wide range of causes that are meaningful to them, from cleaning up beaches and rivers, to planting gardens, to organizing and distributing food at foodbanks. Many employees volunteer on projects supported by our Employee Community Grants, resulting in more meaningful relationships with local nonprofit organizations.

In fiscal 2014, we’ll continue to enhance the volunteerism program to have a deeper impact on our communities by engaging more employees and piloting skills-based volunteerism opportunities.

EMPLOYEE VOLUNTEERISM	FISCAL 2011	FISCAL 2012	FISCAL 2013
Total hours volunteered through Employee Volunteer Program (EVP)	30,590	71,610	64,250
Average hours volunteered per full-time employee	8.9	12.7	11.0
Employees volunteering through EVP (as a percentage of average full-time employees)	59.4%	64.9%	62.0%
Total dollars allocated to EVP	\$663,000	\$1,434,900	\$1,395,100

RESTORING OUR WATERWAYS

Our sustainability efforts have long focused on water stewardship, both with our product innovation and with our community outreach. We plan to elevate that focus as we look ahead, building upon the strong connection to local rivers and shorelines we have already established in our communities. In fiscal 2013, for example, employees in five of our locations worked together to remove trash, metal, and tires from waterways near several of our sites.



EMPLOYEE APPRECIATION DAY

Every September, Keurig Green Mountain employees celebrate Employee Appreciation Day. In September 2013, employees at three of our U.S. locations had the opportunity to volunteer some of that time to help hungry children and families around the world.

Hundreds of our employees packaged 75,000 meals for Stop Hunger Now, an international hunger relief agency. Amid carnival games and photo booths, employees worked on an assembly line, combining rice, soy, and dehydrated vegetables into small meal packets that are then distributed to countries around the world.

Product Donations

Product donations are an important part of our Company's support of our communities.

Our product donations program offers in-kind donations to nonprofit community, and

municipal organizations within our operating communities. These donations promote strong relationships with key community partners, generate goodwill, and build brand loyalty and advocacy, contributing to a strong local reputation.

We also work closely with foodbanks and other organizations to ensure excess inventory goes to good use. By partnering with foodbanks near our plants and distribution centers, we create a connection with our communities and reduce the environmental and economic impacts of shipping the product long distances. We also have a relationship with the largest hunger relief organization in the United States, Feeding America. When quantities of donations are too large for local foodbanks, we work through Feeding America to distribute them across the organization's national network. We have a similar relationship with Foodbank Canada.

To request a product donation, click [here](#).

4.2M
Approximate cups
of coffee donated in
fiscal 2013



93,446
Pounds of coffee
donated in fiscal 2013



PRODUCT DONATIONS	FISCAL 2011	FISCAL 2012	FISCAL 2013
Donations of product, equipment and administrative supplies (cost of goods sold, in thousands)	\$1,459	\$1,658	\$848

Employee Community Grants

Our Employee Community Grant Program is designed to be employee-driven, harnessing the knowledge of our workforce while engaging employees in our programs as directly as possible. Teams of employees at our locations in the United States and Canada work together with their fellow employees and with leaders in their local communities to identify and bring resources to the communities' most pressing social and environmental issues.

Grants help address specific issues aligned with our business values and community needs. To increase our impact, we also strive to connect with our partners through volunteerism and product donations. We want to help solve problems, not just respond to them. The program supports local organizations, engages employees, builds local relationships, and enhances the Company's reputation in our operating communities.

The Employee Community Grant Program has supported proven regional approaches and innovation in areas that range from energy to education and, in fiscal 2014, will place particular emphasis on water stewardship and sustainable food systems. Grant-making teams comprised of eight to 12 employees review proposals and award funding to local organizations.

In fiscal 2013, the Employee Community Grant Program became active in all of our Canadian locations, awarding 35 grants worth approximately \$750,000 (USD). Many of the Canadian grants focused on water projects, such as programs that educate students about water resources. Overall for the United States and Canada, the grant program contributed \$3.45 million to a variety of projects.

STRENGTHENING FOOD SYSTEMS

The availability of nutritious food can contribute to healthier and more sustainable communities, more productive and engaged citizens, and a more food-secure population. When the emphasis is on local sourcing, benefits also include a healthy local agriculture economy, better quality food, and reduced energy needs for packaging and transportation.

Keurig Green Mountain supports a number of projects that represent facets of a sustainable food system, ranging from community gardens and food access programs to regional foodbank support. Some of our food systems grants to organizations in our local communities in fiscal 2013 included funding for the Culinary Kitchen Academy in Vermont, which combines culinary job training and job placement for low-income individuals with prepared meals that are distributed through Vermont Foodbank, and funding in the Seattle area to support the Trust for Public Land's Shellfish Industries & Shoreline Protection project. In the Greater Boston area, we supported the Northeast Organic Farming Association on a community-supported agriculture project that makes fresh, local foods more accessible to inner-city families. We provided support to the East Tennessee Children's Hospital Fresh Harvest program, which is a community gardening initiative that works with children and families. And in Canada, we supported Winnipeg Harvest's Blue Box Gardening program, which teaches clients and volunteers how to plant and grow nutritious produce using a limited amount of space.

SUPPORTING WATERWAYS

The water stewardship initiatives that we support work to create clean water and healthy rivers, lakes, and shorelines in our communities. In fiscal 2013, this included support for the David Suzuki Foundation's work in Montreal's Blue Belt, as well as funding for the Nansemond River Preservation Alliance in the

Windsor, Va., region. We also supported the Elkhorn Slough Foundation's water stewardship programs near our Castroville, Calif., facility, which included gully re-contouring and native plant restoration on the Elkhorn Slough's Estuarine Reserve.