



Green Mountain Coffee Roasters, Inc.
Corporate Social Responsibility Report Fiscal 2010



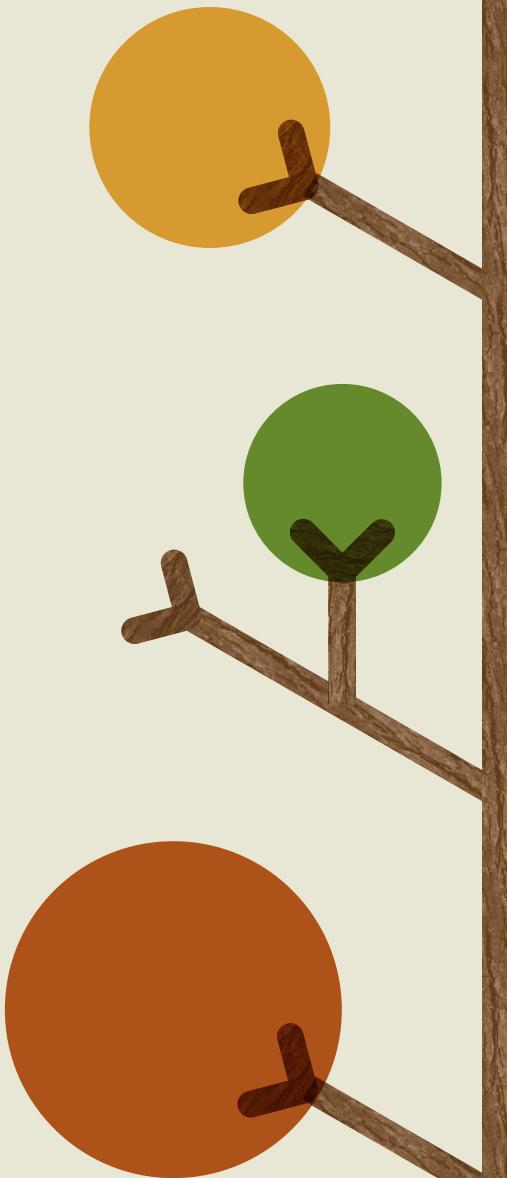
FROM TREE TO CUP





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Corporate Social Responsibility Report Fiscal 2010



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OUR COMMITMENT AND VISION

Larry Blanford

**LARRY BLANFORD,
PRESIDENT AND CEO**

FRIENDS,

By conventional measures, fiscal 2010 was tremendously successful. We enjoyed significant growth and strengthened our leadership in coffee makers and specialty coffee. We invested in our business and brands, and expanded our product portfolio. We delivered great value to our consumers, customers, and shareholders.

But that's only part of the story. When we look back at the year, we must also consider how we met our commitments to reduce our impact on the environment, do right by our suppliers, collaborate with communities, and support the development and well-being of our employees. This Corporate Social Responsibility (CSR) Report – our fifth – shares and assesses our performance in these and other areas in fiscal 2010. It also demonstrates our continued commitment to the United Nations Global Compact principles on human rights, labor, anti-corruption and the environment.

I'm proud of the progress we made this year on long-standing social and environmental priorities. Rising to the challenges that come with rapid growth and intense change, our employees not only maintained our momentum but increased it. Whether by helping local communities through their service, uncovering opportunities to save energy and cut waste in our operations, or exploring innovative ways to reduce the environmental footprint of our products, our employees showed the purpose and passion that have fueled our company's success since the beginning.

Consider some of our milestones and highlights of the past year:

- ➔ The overall growth in our philanthropic giving, from \$3.7 million to \$6.9 million.
- ➔ The expansion of our work relating to food security in coffee-growing communities, encompassing new partners, new on-the-ground projects, and new activities to raise awareness of the issue and bring more resources to bear on finding solutions.
- ➔ Increased activity regarding the mitigation of the environmental impact of single-serve packaging, notably, a pilot program for K-Cup® pack take-back and disposal in the Away-From-Home channel and our Returns Management Initiative pilot, whereby returned Keurig® brewers are diverted out of landfills.

➔ The evolution of our domestic grant-making programs to incorporate more and deeper leadership from local employees, more effective customization to meet local needs, and specific emphases on strong local systems, environmental stewardship, and economic prosperity; and

➔ The broadening of our sustainable coffee portfolio beyond Fair Trade Certified™ and certified organic coffees to include Rainforest Alliance Certified™ coffee through Timothy's World Coffee®, Emeril's® Gourmet Coffee, and Caribou® brands.

Our expanding supply chain offers more opportunities to work closely with our suppliers to promote sustainable business practices. Coffee-growing communities still struggle with hunger, and we want to do more to ease their economic uncertainty. We are improving the strategic alignment of our grant making to increase the reach and effectiveness of our support. And we continue to pursue viable solutions for reducing the environmental impact of our Keurig® Single Cup Brewing System and K-Cup® pack.

There are no simple or quick answers to these issues. They require new thinking, new relationships, and new technologies. We're committed to working through these issues, and we're energized by the opportunity to make positive and enduring change.

As you read about our CSR initiatives and performance in fiscal 2010, I encourage you to share your ideas, insights and comments with us. Your feedback is invaluable to our continued improvement as a company.

Above all, I hope our report furthers your thinking about the opportunities and challenges present in addressing complex packaging requirements, building more sustainable supply chains, engaging meaningfully with local communities, reducing environmental impact, increasing the availability of sustainable products, and creating an exceptional workplace. These are key dimensions of sustainability for our global society and our business, and our future well-being and prosperity depend on our collective commitment to improvement.

Sincerely,

**Larry Blanford,
President and CEO**



OUR JOURNEY

Michael Dupee

**MICHAEL DUPEE, VICE PRESIDENT,
CORPORATE SOCIAL RESPONSIBILITY**

FRIENDS,

Every journey begins with choices — Which direction? How far? How fast? — that are revisited along the way, sometimes prompting a change in course or even destination. This was particularly true for Green Mountain Coffee Roasters, Inc. (GMCR) in fiscal 2010. In a time of tremendous growth and far-reaching opportunity, we took a hard look at choices we'd made to guide our company's ongoing journey in CSR.

From reducing our environmental impact and managing our supply chain, to engaging with local communities and empowering our employees, we realized that if we were to continue to create positive change, our approach to CSR had to keep pace with our business. As a result, fiscal 2010 was a year of examination and evolution. Even as we made progress toward our goals and remained true to our core values, we worked to better understand the reach and effectiveness of our CSR priorities, programs, and processes.

As often happens when you look closely at programs and initiatives with expansion in mind, we find we have more questions than answers. So this year we focused on evaluation and resetting goals, reimagining programs, and redefining success. One insight quickly became clear: When we take a systemic view of CSR across our organization, we dramatically increase its impact and value to the diverse stakeholders and communities we serve and to our business.

A systems view isn't new to us, but it's never been more important. Our mission has always been to deliver excellence from tree to cup. That includes developing sustainable solutions to address environmental and social challenges every step of the way. For example:

- ➔ We're partnering with on-the-ground organizations to help eradicate hunger and mitigate the effects of climate change in coffee-growing communities.
- ➔ We're examining the lifecycle of our products to find ways to reduce their environmental footprint.
- ➔ We're committed to providing employees with learning and development opportunities that lead to sustainable employment rather than just a job.

All companies have sustainability challenges. We believe and hope that what makes us different is that we endeavor to use the tension between where we are today and where we want to be tomorrow to our advantage.

Along with growth comes opportunity for even greater leadership. To seize those opportunities, we need to continue integrating how we think about, implement, measure, and share our CSR goals and initiatives.

When faced with this sort of challenge, the first impulse is often to try to simplify the questions, move forward, and demonstrate quick results. But that would be a mistake. The issues at hand are complex and require solutions that we can't necessarily develop in the near-term.

For instance, we recognize that our Keurig® Single Cup Brewing Systems present challenges concerning the environment. We're committed to creating a solution that addresses the full scope of the challenge. It's a difficult undertaking, but we are confident that our expertise in developing sustainable packaging will help us minimize the environmental impact of the Keurig system while meeting our customers' expectations for quality and convenience.

Thank you for your interest in our company and for your support of our commitment to social and environmental responsibility. For more information, please visit us at www.BrewingABetterWorld.com.

Sincerely,

Michael Dupee,
Vice President, Corporate Social Responsibility

ABOUT OUR COMPANY

Since 1981, we've worked to create and share the ultimate coffee experience with you. It goes beyond assuring quality in every cup. Delivering the ultimate coffee experience — and now, much more than coffee — includes our commitment to social and environmental responsibility. It encompasses all the relationships — with consumers, customers, employees, suppliers, and the communities where we live and work — that help us deliver on our goals.





- Canadian Business Unit
- Keurig Business Unit
- Specialty Coffee Business Unit
- Enterprise Staff

* Waterbury, Essex Junction, and Williston, VT

Throughout fiscal 2010, our operations were managed through two business units. The Specialty Coffee Business Unit (SCBU) produces coffee, tea, hot cocoa, and other beverages in various packaging formats, including in K-Cup® packs for use with the Keurig® Single Cup Brewing System from its family of brands, including Green Mountain Coffee®, Tully's Coffee®, Timothy's World Coffee®, Diedrich®, and Coffee People®, as well as Newman's Own® Organics coffee, a licensed brand. The Keurig Business Unit (KBU) is a pioneer and leading manufacturer of gourmet single cup brewing systems.

In December 2010, we acquired LJVH Holdings, whose Canadian brands include Van Houtte®, Brûlerie St. Denis®, Les Cafés Orient Express Coffee® and Brûlerie Mont Royal® and operated it as GMCR's Canadian Business Unit. The Canadian Business Unit also produces K-Cup® packs for the Keurig® Single Cup Brewing System under the Van Houtte®, Bigelow®, and Wolfgang Puck® K-Cup® brands. Since this acquisition occurred in fiscal 2011, we do not address any activities related to the Canadian Business Unit in this report.

OUR STRATEGY

Our business model is centered on driving awareness of single cup brewing, which we do through extensive product sampling efforts and increased product distribution, in addition to traditional advertising and public relations.

We capitalize on this awareness in three ways. First, we drive sales of Keurig® brewers and developing strong partnerships with other coffee maker brands to offer brewers featuring “Keurig Brewed®” technology. Second, we drive K-Cup® pack usage by ensuring broad availability, developing new usage occasions, and introducing or acquiring more proprietary brands. Third, we enhance our customer relationships by innovating and improving their experience through technological advances.

Supporting all of this strategic activity is a core focus on fundamentals:

- ➔ Strengthening and improving our business processes and systems;
- ➔ Investing in the training and development of our employees, enhancing their view of GMCR as an exceptional place to work;
- ➔ Building our North American manufacturing and distribution infrastructure

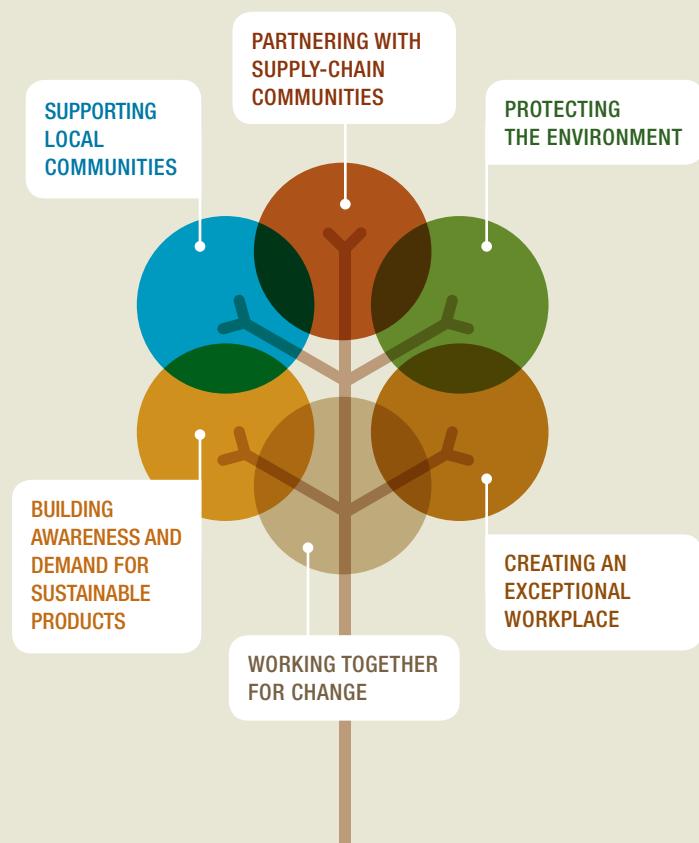
Our commitment to responsible corporate citizenship is simultaneously a key component of, and a support structure for, our overall strategic approach.

OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

We believe business can be a powerful force for positive change. Companies of all sizes drive economic growth, create jobs and enhance lives. But by taking more strategic and sophisticated approaches to how they do — produce goods and services, innovate and design, build brands, manage opportunities and risks, and cultivate talent — they can also help address many of the world’s shared social and environmental challenges.

While delivering the highest-quality coffee and beverage products, we strive to create a lasting, positive impact on the world.

Our approach to CSR encompasses initiatives integrated and embedded in our business as well as philanthropic giving. Our six key practice areas, addressed in this report, include:



● A HISTORY OF CORPORATE RESPONSIBILITY

1983

Began composting coffee grounds in our retail shops.

1984

Informal group of employees took on environmental projects and started a recycling program.

1986

Conducted a retail market test with our first organic coffee, Organic Peruvian Select.

1989

Developed "Earth-Friendly" Coffee Filters that are oxygen-whitened and dioxin-free.



INTERSECTION OF BUSINESS AND CSR

CSR PRACTICE AREAS

	BUSINESS STRATEGY					
	Drive awareness	Drive brewer adoption	Drive pack usage	Improve processes and systems	Employee training and development	Infrastructure development
Partnering with Supply-Chain Communities	Effective, strategic supply chain grantmaking helps our suppliers build a more sustainable future for themselves and a more sustainable supply chain for our business.			Supporting supply-chain communities on their journey towards sustainability helps us strengthen relationships and manage risk in our supply chain, a critical component of our business.		
Supporting Local Communities	When our employees drive focused and relevant efforts in their local communities through programs like grantmaking, volunteerism, and product donations; the community benefits, our employees become even more engaged, and our enterprise and brands grow stronger.			Employee engagement in local communities provides many opportunities to build new skills.	Our employees care deeply about our commitment to social and environmental responsibility – this commitment surfaces new development opportunities and contributes meaningfully to a more fulfilling and rewarding career.	Our commitment to social and environmental responsibility helps us build strong relationships in new communities, get operations up and running effectively and efficiently, and begin contributing in those communities quicker.
Protecting the Environment	Our responsible energy use and waste reduction programs reduce our environmental footprint and help us save money.					
Building Demand for Sustainable Products	Our Fair Trade Certified™, Rainforest Alliance Certified™, and certified organic coffees taste great and strengthen our bottom line while they help strengthen communities and care for the land where our products are grown.			Challenging ourselves to build demand for more sustainable products helps us get better and better at everything we do, from marketing to finance.		
Working Together for Change	We extend our reach and impact through partnerships and honor our commitments to sustainability-focused multi-stakeholder organizations like the United Nations Global Compact and the Global Reporting Initiative that help all businesses become more responsible.			Developing capacity to work with broader process and system boundaries helps improve the strength and resilience of our processes and systems.		
Creating an Exceptional Place to Work	Together with our employees, we create an exceptional place to work through programs that promote personal development, career advancement, financial security, health & wellness, and workplace safety.			Our commitment to our employees helps drive a culture of shared ownership, where we all take responsibility for improving processes and systems.		

1990

Introduced Rain Forest Nut coffee, made with Brazil nuts from the Amazon rainforest. Ten percent of profits went to Conservation International and the Rainforest Alliance.

1992

Created the Stewardship® Program, our first quantifiable effort to promote coffee quality, a healthy environment and respectful treatment of our coffee supply-chain workers.

1996

Developed the industry's first biodegradable bag for bulk coffee purchases.

We undertake our activities with four core principles in mind:

- 1.** We believe in synergy. We understand that our most successful initiatives deliver on specific social or environmental goals and support our employees and contribute to the financial health of our overall business at the same time.
- 2.** We align our actions with facts. A fact-based, scientific approach guides our selection of initiatives.
- 3.** We focus on areas of unique contribution. Given our limited reach and resources, we want to conduct our work in areas where we can make a genuine difference.
- 4.** We take a whole-systems approach to problem solving. We endeavor to avoid situations where a seemingly successful project ultimately and unintentionally causes negative impacts on the larger system that may be worse than the initial problem we were trying to solve.

We believe the most successful organizations build stronger business models and enjoy better business results by embracing the opportunity to help make the world a better place. That's how we approach CSR at GMCR.



Our social and environmental responsibility initiatives are overseen at the Board level by our Corporate Social Responsibility Committee, established in fiscal 2008. Daily execution of social and environmental initiatives is led by Michael Dupee, Vice President for Corporate Social Responsibility, and Paul Comey, Vice President for Environmental Affairs. Both Mr. Dupee and Mr. Comey report directly to Larry Blanford, President and Chief Executive Officer of GMCR. Additional information regarding GMCR's overall corporate governance structure is available at <http://investor.gmcr.com>.

A HISTORY OF CORPORATE RESPONSIBILITY

1997

Introduced Organic Peruvian Select, the first coffee in our certified organic coffee line.

1998

Expanded our certified organic line to five coffees.

2000

Signed an agreement with Fair Trade USA (formerly Transfair USA) to certify our organic coffees as Fair Trade Certified™.

2001

Expanded our certified organic line to 27 coffees.



OUR INTEGRATED AND PHILANTHROPIC INITIATIVES

Integrated initiatives are efforts to improve core business processes and practices in ways that support our commitment to social and environmental responsibility. These initiatives focus on:

- ➔ Reducing energy use
- ➔ Using and supporting renewable energy
- ➔ Reducing the solid waste we generate and diverting it out of landfills
- ➔ Developing more sustainable packaging
- ➔ Managing and mitigating our greenhouse gas emissions
- ➔ Building more sustainable supply chains
- ➔ Sourcing and selling Fair Trade Certified™, Rainforest Alliance Certified™, and certified organic coffees.
- ➔ Providing valued and useful employee benefits and fair compensation
- ➔ Increasing workplace safety
- ➔ Promoting employee wellness, learning, and personal development

We contribute 5% of our pre-tax profits every year to support socially and environmentally responsible initiatives. In fiscal 2010, our contributions totaled nearly \$7 million.

Philanthropic initiatives generally fall into three types of programs: cash giving, workplace volunteerism, and product donations. Our cash-giving efforts involve:

- ➔ Grants to support our supply-chain communities around the world and the local communities where our employees live and work
- ➔ Grants that address specific social and environmental opportunities while strengthening our core brands
- ➔ Specific employee-related programs such as corporate matching donations

Workplace volunteerism includes:

- ➔ A program offering employees the opportunity for paid volunteerism during customary work hours
- ➔ A mini-grant program that recognizes and supports significant employee volunteer commitments during non-work hours

Our product donations program supports numerous nonprofits across the U.S.A. by providing:

- ➔ Raffle or auction items such as a Keurig® brewer with four boxes of K-cup® packs or a gift basket
- ➔ Giveaway items, including coffee samples
- ➔ Coffee to be served at an event
- ➔ Coffee and related products to nonprofit foodbanks and to organizations that support U.S. military troops

2002

Began sourcing and roasting Fair Trade Certified™ organic coffee for Newman's Own® Organics.

2002

Conducted our first internal, company-wide environmental assessment.

2003

Began offsetting our greenhouse gas emissions by purchasing renewable energy credits.

2004

Offset 100% of our estimated greenhouse gas footprint.

OUR PURPOSE & PRINCIPLES

We create the ultimate coffee experience in every life we touch from tree to cup — transforming the way the world understands business.

APPRECIATING DIFFERENCES / Finding opportunity

in conflict: Opportunity comes from welcoming different opinions and ideas with mutual respect.

BUSINESS SUCCESS / Financial strength: We deliver steady growth in share, sales, and profit. Financial strength benefits employees, stockholders, and communities worldwide.

COMMUNICATION / Open dialogue: In our thriving, healthy organization, we share information, ideas, and successes.

CONTINUOUS LEARNING / For today and tomorrow:

Our competitive strength comes from the continuous improvement of all that we do. We actively seek out and apply best practices.

DECISION-MAKING / At the most effective level: We make timely, informed, criteria-based decisions aligned with our business goals. Our decisions are made with personal commitment, ownership, and accountability.

ETHICS / Do the right thing: Integrity is the foundation of all our decisions, actions, and relationships.

LEADERSHIP / At every level: We develop leaders that demonstrate a high level of competence, generate trust, and bring out the best in themselves and those around them.

PARTNERSHIPS / Success for all: We collaborate with our partners for mutual benefit. Our relationships are based on respect, honesty, openness, reliability, and trust.

PASSION FOR COFFEE / From farmer to cup: We roast great coffees and are committed to ensuring that everyone who encounters Green Mountain Coffee has an outstanding coffee experience.

PERSONAL EXCELLENCE / Strong organizations

rely on strong individuals: We are responsible to do our personal best for ourselves, our co-workers, and our company. Personal excellence is built on a high level of skills, knowledge, self-awareness, self-motivation, and respectful intentions toward all.

PLANNING & MEASURING / To understand and improve: We focus on integrated planning throughout the organization to align our strategies. We gain insights into our successes and challenges by measuring and evaluating the results of our actions.

SHARED OWNERSHIP / Thinking and acting like owners: We meet our commitments and appreciate the contributions of each other. We are stewards of our collective resources. We share equitably in our successes.

SUSTAINABILITY / Pathway to our future: We use resources wisely and make decisions that take into account the well-being of people, profit, and the planet.

VIBRANT WORKPLACE / A place where you can make a difference in the world: We create and maintain a culture that fosters teamwork, fun, personal growth, career paths, financial rewards, and a healthy work-life balance.

WORLD BENEFIT / Creating positive change: We are a force for good in the world. We celebrate and support the power of businesses and individuals to bring about positive changes, locally and globally.

● A HISTORY OF CORPORATE RESPONSIBILITY

2004

Launched Anti-Idling Initiative to save fuel and reduce the amount of time our trucks spend idling.

2006

Introduced the ecotainer™, the first hot-to-go paper cup and cold beverage cups and lids made with poly-lactic acid (PLA), a renewable biopolymer.

2006

Sent burlap bags and coffee "chaff" to Intervale compost facility.

2007

Converted all Waterbury, Vermont-based route trucks and facilities vehicles to biodiesel.



WHEN OUR COMPANY GROWS, SO DO THE RESOURCES WE HAVE AVAILABLE TO BENEFIT OUR SOCIAL AND ENVIRONMENTAL PROGRAMS.

Fiscal 2010 was a year of growth, opportunity, and impact — as our net sales and income grew, so did our resources for social and environmental programs.

KEY ENTERPRISE METRICS (DOLLARS IN MILLIONS)¹

	Fiscal 2008 ²	Fiscal 2009 ²	Fiscal 2010
Consolidated net sales	492.5	786.1	1,356.8
Consolidated income before income taxes	35.5	88.0	133.2
Total resources allocated to social and environmental programs	1.91	3.70	6.93
Total resources allocated to social and environmental programs as percentage of pre-tax income	5.4%	5.2% ³	5.2%

¹ For complete access to our financial statements and other publicly available investor-related information, go to <http://investor.gmcr.com>.

² These numbers have been revised to reflect Green Mountain Coffee Roasters, Inc.'s restatement of its financial statements for its 2006, 2007, 2008, and 2009 fiscal years, and each of the quarters in its 2009 fiscal year and the first three fiscal quarters of its 2010 fiscal year, all as more fully set forth in its Annual Report on Form 10-K for the fiscal year ended September 25, 2010 filed with the Securities and Exchange Commission on December 9, 2010.

³ One time litigation settlement payment of \$17MM not included to the calculation of resource allocation to social and environmental programs for fiscal 2009.

**2007**

Converted Newman's Own® Organics and Single Origin 10-oz. bags to 19.4% polylactic acid (PLA), a polymer derived from corn starches.

2007

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

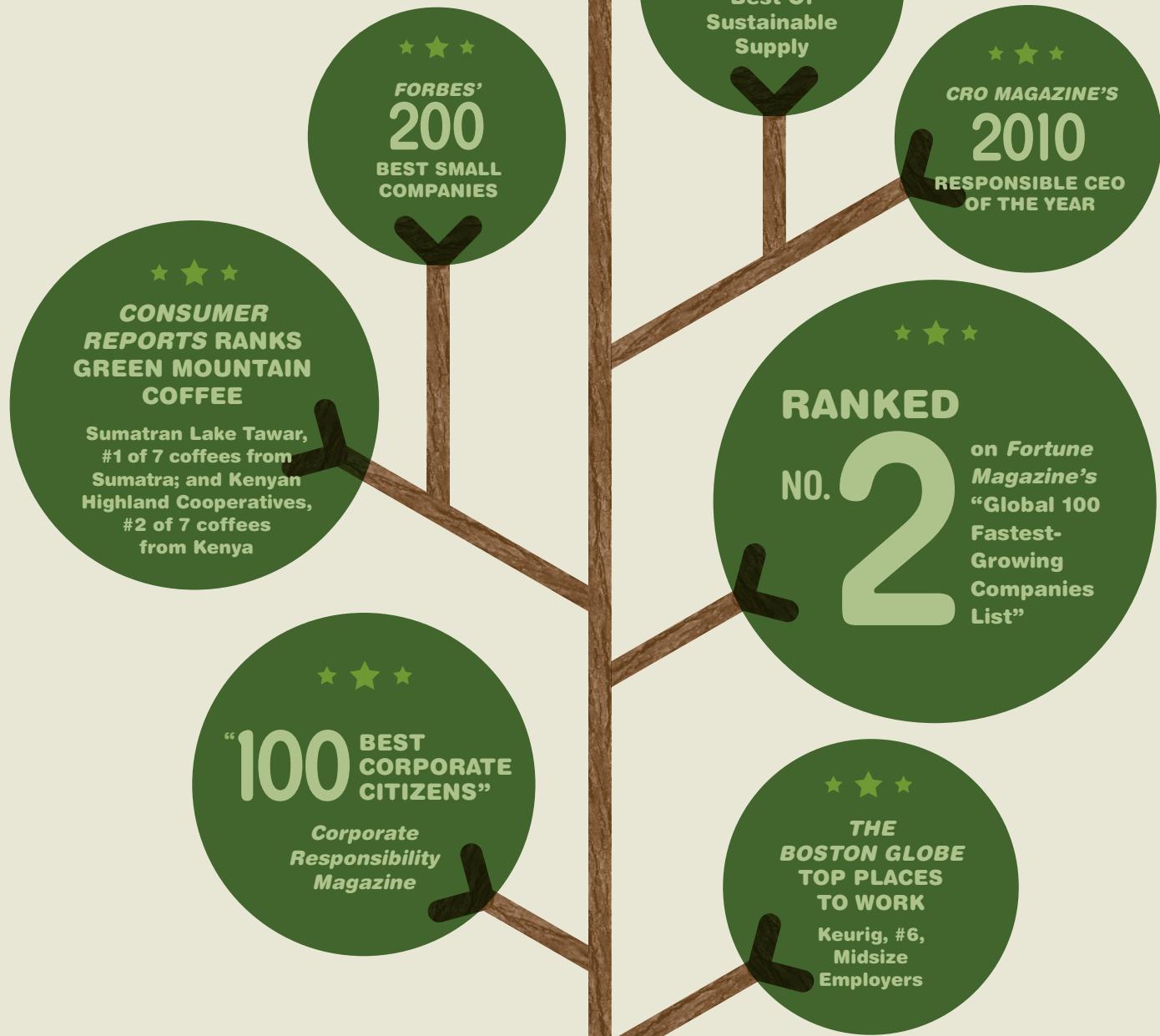
2008

Converted all 10- and 12-oz. bags to 19.4% PLA.

2008

Established Corporate Social Responsibility Committee on the Board of Directors.

PUBLIC RECOGNITION



A HISTORY OF CORPORATE RESPONSIBILITY

2009

Installed a 100kW photovoltaic array, which sends solar energy collected from the roof of GMCR's Waterbury distribution center to help power its facility.

2009

Launched Changing Climate Change program, an enterprise-wide effort focused on reducing and mitigating GMCR's carbon footprint through operational incentives, grant-making programs, carbon offsets and employee benefits.

2010

Partnered with International Paper to launch an ecotainer hot cup lid made from PLA, a renewable biopolymer.



ABOUT THIS REPORT

This report covers fiscal 2010, from September 27, 2009 to September 25, 2010. The data cited refer to fiscal 2010 or the last day of fiscal 2010, unless otherwise indicated. Data from previous years, when included for historical context, address our operational activities in the United States and Canada as well as our supply-chain activities globally. During fiscal 2010, we acquired Timothy's Coffees of the World, Inc. (November 2009) and Diedrich Coffee, Inc. (May 2010).

In December 2010, we acquired LJVH Holdings, whose Canadian brands include Van Houtte®, Brûlerie St. Denis®, Orient Express®, and Brûlerie Mont-Royal® and operated it as GMCR's Canadian Business Unit. The Canadian Business Unit also produces K-Cup® packs for the Keurig® Single Cup Brewing System under the Van Houtte, Bigelow, and Wolfgang Puck K-Cup® pack brands. Since this acquisition occurred in fiscal 2011, we do not address any activities related to the Canadian Business Unit in this report.

For all references to 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. The average number of full-time employees is calculated 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.

We used the G3 guidelines of the Global Reporting Initiative (GRI) to frame this report. A registered Organizational Stakeholder of the GRI since July 2005, we support the GRI's mission to develop globally accepted sustainability reporting guidelines through a worldwide, multi-stakeholder process. We believe that everyone benefits from generally accepted principles of measurement and comparison, and the GRI Guidelines serve this purpose. We have validated the contents of this report through:

- ➔ Independent audits of our financial statements, including the disposition of our 5% philanthropic resources.
- ➔ Verification of our Fair Trade Certified™, organic and Rainforest Alliance Certified™ coffee purchases by appropriate accreditation bodies.
- ➔ Verification of our organic coffee purchases and our production plants' organic status, provided by Quality Assurance International.
- ➔ Verification of our production plants' kosher status, provided by Orthodox Union.

2010

Became a charter supporter of the Greensburg Wind Farm, a wind energy project in Greensburg, Kansas, developed with NativeEnergy, Inc.

2010

Announced conversion of two of our most popular and widely distributed coffee varieties — Our Blend and Vermont Country Blend® — to be Fair Trade Certified™ in time for National Fair Trade Month in October 2010.

2010

Recognized as largest purchaser of Fair Trade Certified™ coffee in the world in calendar 2010, based on purchases of over 26 million pounds of Fair Trade Certified™ coffee.

PARTNERING WITH SUPPLY-CHAIN COMMUNITIES

When our suppliers and their local communities thrive, so do we. We expect and depend on suppliers to provide quality products. In turn, we continually work to improve our sourcing system to ensure suppliers get a fair price for their products, live in healthy, environmentally-sound communities, and feel empowered to make business decisions that support their families.

The rapid growth of our business is increasing the size, complexity, and geographical reach of our supply chain. This raises new challenges and opportunities in how we address social and environmental conditions as well as labor and safety issues, and how we manage our supplier base responsibly. We must be consistent in our approach, while recognizing and responding to local conditions.

With that in mind, we examined our supply chain in fiscal 2010 with an eye on identifying opportunities to increase efficiencies, promote sustainable business practices, and strengthen relationships with suppliers and their communities. In fiscal 2011, we intend to apply these insights to improve our outreach in our coffee and manufacturing supply chains, as well as lay the foundation for strong outreach programs in new and growing supply chains, such as cocoa, tea, and sweeteners.

▼ We initiated support of educational projects that we expect will provide approximately 900 primary scholarships for students attending school in and around Jinotega, Nicaragua, and 13 four-year scholarships for students in the Chajul area of Guatemala to attend the Universidad Del Valle, in Solala, Guatemala.

▼ We highlighted the challenges of food insecurity in coffee-growing communities in several forums, including presenting during the Specialty Coffee Association of America's Symposium and Annual Conference (April 2010), participating in a food security panel at the Practical Solutions on Sustainable Agriculture (August 2010), and contributing to a piece in TIME magazine (October 5, 2009) that highlighted food insecurity in coffee-growing communities.

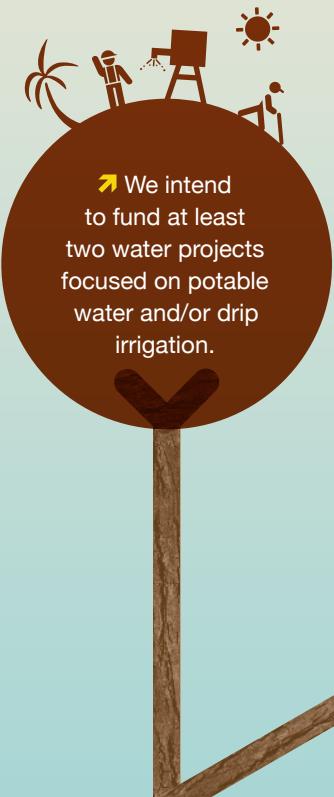
▼ We began funding food security projects in Ethiopia, Kenya, Rwanda, and Sumatra (Indonesia). Combined, these projects are expected to assist 65,600 individuals improve their access to nutritious food throughout the year.

▼ We expanded our support of health care projects to include two Partners in Health projects focused on health promotion in Mexico and Guatemala, and a project focused on improving child and maternal health being managed by Medicines For Humanity in Rwanda.

▼ WHERE WE'VE BEEN IN FISCAL 2010



↗ WHERE WE'RE GOING IN FISCAL 2011



↗ We intend to fund at least two water projects focused on potable water and/or drip irrigation.



↗ We will deepen our focus on food insecurity in coffee-growing communities, seeking to pilot innovative ways to raise awareness, bring additional resources to bear, and share best practices for addressing this challenge.



↗ We intend to create the GMCR Monitoring and Evaluation Guide for Funded Projects, a common reporting protocol and template, to all our supply-chain grantees.



↗ We will continue developing outreach initiatives in our manufacturing supply chain and will evaluate outreach opportunities in other supply chains.



↗ We intend to expand food security support to at least an additional 10,000 families in our supply chain by initiating additional food security projects or expanding current projects during fiscal 2011.

FISCAL 2010 NUMBERS AT A GLANCE

Purchasing	Fiscal 2008¹	Fiscal 2009¹	Fiscal 2010
Fair Trade Certified™ non organic lbs. purchased (in thousands)	3,585	5,105	6,897
Fair Trade Certified™ organic lbs. purchased (in thousands)	9,112	11,037	16,603
All Fair Trade Certified™ organic and non organic lbs. purchased (in thousands)	12,697	16,142	23,501
Rainforest Alliance Certified™ non organic lbs. purchased (in thousands)	0	0	2,690
All organic lbs. (no other certification) purchased (in thousands)	0	0	83
Farm Identified lbs. purchased (in thousands) ³	3,511	4,520	5,468 ²
Conventionally sourced lbs. purchased (in thousands)	24,444	28,462	52,807
Total coffee lbs. purchased (in thousands)	40,651	49,123	84,548
Fair Trade Certified™ non organic lbs. purchased as a percentage of total lbs. purchased	8.8%	10.4%	8.2%
Fair Trade Certified™ organic lbs. purchased as a percentage of total lbs. purchased	22.4%	22.5%	19.6%
All Fair Trade Certified™ organic and non organic lbs. purchased as a percentage of total lbs. purchased	31.2%	32.9%	27.8%
Rainforest Alliance Certified™ non organic lbs. purchased as a percentage of total lbs. purchased	0%	0%	3.2%
All organic lbs. (no other certification) purchased as a percentage of total lbs. purchased	0%	0%	0.1%
Farm Identified lbs. purchased as a percentage of total lbs. purchased ³	8.6%	9.2%	6.5%
Conventionally sourced lbs. purchased as a percentage of total lbs. purchased	60.1%	57.9%	62.5%
Pricing	Fiscal 2008¹	Fiscal 2009¹	Fiscal 2010
Fair Trade Certified™ non organic lbs. - average price per lb.	\$1.84	\$1.94	\$2.21
Fair Trade Certified™ organic lbs. purchased - average price per lb.	\$2.07	\$1.96	\$2.22
All Fair Trade Certified™ organic and non organic lbs. purchased - average price per lb.	\$2.01	\$1.96	\$2.21
Rainforest Alliance Certified™ non organic lbs. purchased - average price per lb.	\$0	\$0	\$1.80
Organic lbs. (no other certification) purchased - average price per lb.	\$0	\$0	\$2.23
Farm Identified only - average price per lb. ³	\$1.75	\$1.75	\$2.26
Conventionally sourced - average price per lb.	\$1.64	\$1.74	\$1.80
Total coffee purchases - average price per lb.	\$1.76	\$1.81	\$1.94
Grantmaking	Fiscal 2008¹	Fiscal 2009¹	Fiscal 2010
Total resources allocated to social and environmental programs (dollars in thousands)	\$1,910	\$3,666	\$6,931
Total resources allocated to social and environmental programs as a percentage of income before taxes	5.4%	5.2%	5.2%
Total grant / matching donation resources (dollars in thousands)	\$1,155	\$2,686	\$5,946
Total grant / matching donation dollars to supply-chain communities (in thousands)	\$864	\$1,712	\$3,214

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

² Timothy's was acquired partway through fiscal year 2010 and did not, upon acquisition, use Farm Identified as a category of coffee purchasing although they did buy from identified farms that will be tracked and accounted for in reporting going forward.

³ For the purposes of this report, Farm Identified coffee is categorized as coffee purchased from an identified farm that does not carry certifications such as fair trade or organic. Certified coffees do also come from identified sources and thus, if considering all coffees purchased from identified sources, the total percentage would be 38% as disclosed in Green Mountain Coffee Roasters, Inc.'s Annual Report on Form 10-K for the fiscal year ended September 25, 2010.



OUR APPROACH

In fiscal 2010, we continued to support a wide array of sustainability initiatives in our supply chain. All our coffee-growing community outreach programs aim to create impact in the communities surrounding the organizations that supply us with coffee and other raw materials through programs that directly aid coffee farmers and their families. Additionally, we worked with our manufacturing supply chain to understand and support their efforts to build sustainable processes and procedures, by employing a suite of tools we've designed that communicate our expectations and highlight best practices.

IMPROVING THE WELL-BEING OF OUR COFFEE SUPPLY-CHAIN PARTNERS

During the rainy season, many coffee-growing communities struggle with *los meses flacos* — the “thin months” between harvests when money and food are scarce.

Families often cope with hunger by eating less; buying cheaper, less healthy foods; or borrowing against future earnings to make ends meet.

We learned about the thin months from our efforts in fiscal 2006 and fiscal 2007 to better understand social challenges in our supply chain. That research prompted us to reevaluate our criteria for making grants in coffee-growing communities. We now seek to fund work that directly benefits local communities by promoting human and economic development in the areas of food security, health, education, and financial literacy.

FOOD SECURITY

When food is scarce, the health and nutrition of the family is at risk and their quality of life suffers. Farmers are less productive and children struggle with learning in school. This realization fuels our deep and vested interest in reducing hunger and actively assisting food-security projects in coffee-growing regions around the world.

In fiscal 2010, we added three food security projects in Africa and continued our support of multiyear programs managed by cooperatives and non-governmental organizations. These fiscal 2010 programs helped an estimated 25,000 families — approximately 137,000 people — gain more reliable access to healthy food.

ADDRESSING CLIMATE CHANGE IN COFFEE-GROWING COMMUNITIES

The threat posed to coffee-growing communities by climate change is serious. Severe weather patterns that shift or disrupt growing seasons can lead to greater economic uncertainty for coffee growers and their families.

To help coffee farmers understand and proactively adapt to climate change, we provide grant money to support the Coffee Under Pressure: Climate Change and Adaptation in Mesoamerica (CUP) project. CUP is an initiative of the Centro Internacional de Agricultura Tropical (CIAT) in partnership with Catholic Relief Services (CRS).

CUP operates in Mexico and Central America, educating smallholder farmers about the potential impact of climate change on their livelihood. CUP uses a set of educational tools to help farmers and co-ops improve their agricultural decision-making and develop adaptation strategies to mitigate the effects of climate change.

“The whole coffee supply chain needs to get ready for climate change – and quickly,” says CIAT’s Dr. Peter Laderach, Ph.D., Central America Leader of the Decision and Policy Analysis Program.

“The only answer is swift, well-considered investments in adapting production, and improving the resilience not just of the coffee plantations, but of the chain itself.”

SUPPLY-CHAIN PARTNERSHIPS

As our supply chain spans the globe, so does our supply-chain outreach. Below are highlights of our outreach efforts in fiscal 2010.





WHERE WE BUY COFFEE



FOCUS ON NICARAGUA

Nicaragua is among the most important coffee-growing countries in the world, but it suffers from extreme food insecurity. Despite having the largest land mass and the smallest population in Central America, the country's economic health is declining, saddling Nicaraguans with some of the lowest annual per capita incomes.

Economic conditions may become more difficult given the potential impact of climate change on Nicaragua's coffee farms. Research indicates that, in part because of higher temperatures and changes in precipitation, the optimal altitude for growing coffee is expected to rise from around 4,000 feet today to more than 5,000 feet by 2050 (see sidebar on page 17). Such a dramatic change in a relatively short time will reduce the land available for growing coffee, creating greater economic hardship for farmers.

It won't be simple or even possible to shift all coffee production to higher elevations, as much of that land is designated as forest reserves. Identifying and preparing new areas suitable for growing coffee requires strategic research and investment.

Our funding for the CUP project is helping develop a clearer picture of how climate change will affect nearly 7,000 farmers in Nicaragua and other Central American countries. Project partners engage with farmers to develop strategies for coping with the loss of arable coffee-growing land, such as diversifying crops, growing more fresh food so families can rely less on coffee profits, and exploring new business ventures.

We have found that joining forces with other organizations enhances our ability to help farming families become more self-sufficient. We worked with the Community Agroecology Network (CAN) on a food security project in northern Nicaragua. This project combines the strength of a fair-trade cooperative with the agility of a local nonprofit to focus on coffee replanting and diversification into honey, cacao, and other crops. About 750 families, or 4,500 people, will directly benefit from our joint efforts.

We also continue to support a Save the Children project in the Tuma la Dalia area of Nicaragua that is benefiting an estimated additional 750 families. Save the Children helps families secure their access to food through improved technology, family gardening, and in times of crisis, simply making food available. Their programs help organize farmers into cooperatives, improve their agricultural techniques, and enhance their small businesses.

Project partners engage with farmers to develop strategies for coping with the loss of arable coffee-growing land, such as diversifying crops, growing more fresh food so families can rely less on coffee profits, and exploring new business ventures.





ADDITIONAL FOOD SECURITY PROJECTS IN FISCAL 2010

In addition to our efforts in Nicaragua, in fiscal 2010, we also assisted numerous food security projects throughout Central and South America, and Africa.

→ **HEIFER INTERNATIONAL** is a nonprofit organization that provides livestock and training to help families improve their nutrition and generate income in sustainable ways. In fiscal 2010, we supported a Heifer International project in Jaltenango, Chiapas, Mexico, aimed at eradicating the thin months by helping farming families develop alternative sources of food and income. We also extended additional funding for two new food-security projects in Honduras and Peru, which assisted families by adopting similar strategies as in Chiapas. www.Heifer.org

→ Our partnership with **CATHOLIC RELIEF SERVICES**, the official international humanitarian agency of the Catholic community in the United States, involved three new projects in Ethiopia, Kenya, and Rwanda. Each project enables coffee-growing families to improve their food security through microcredit, crop diversification, soil fertility improvements and water management. These projects are expected to benefit over 8,000 families, or 48,000 people. www.CRS.org

→ We backed a number of **COFFEE KIDS** projects. Coffee Kids helps coffee-growing families become less dependent on coffee as their sole source of income. Our initiatives in fiscal 2010 included health projects in Guatemala and Peru; and microcredit projects in Veracruz and Oaxaca, Mexico; Chajul, Guatemala; and Nicaragua. www.CoffeeKids.org

→ Our projects with **THE COFFEE TRUST** benefited a largely indigenous population in the Ixil Triangle, a severely economically depressed area of Guatemala. The Coffee Trust focuses grassroots development at the source of the coffee supply chain — the coffee growers and their communities. Our assistance is helping improve food security, education, and income diversification in beekeeping and honey production. We're also backing a microcredit program and building capacity for Fundacion Ixil, a local nonprofit that supports comprehensive education. We anticipate that over 1,500 people will benefit from these programs managed by The Coffee Trust. See sidebar for more information about our work with The Coffee Trust. www.CoffeeTrust.org

THE COFFEE TRUST

Founded by long-time environmental and social advocate Bill Fishbein, The Coffee Trust is a nonprofit serving some of the most impoverished and least supported areas of Guatemala. We help fund a Coffee Trust project in the Ixil Triangle — a name given to three towns in a remote and isolated area of western Guatemala — to improve food security and income diversification.

During Guatemala's civil war (1960–1996), the Ixil area was ravaged and thousands of civilians were killed. Though the population has rebounded, extreme poverty is widespread, with scarce opportunities for education or employment. On the positive side, the area is ideal for coffee growing and produces some of the finest-quality organic Fair Trade coffee that we purchase regularly.

The Coffee Trust has partnered with Fundacion Ixil, a local nonprofit, to build an education program spanning kindergarten to college. Although the area has many basic needs, The Coffee Trust considers education a fundamental starting point for economic and agricultural security. The self-sufficiency and sense of independence that come from being educated have a tremendous positive impact on future development in the community. Additional Coffee Trust projects in the area include a vocational training program, health care training with the help of local midwives, and economic development through microcredit to assist small businesses.



HEALTH

Because good health is a cornerstone of thriving communities, we continue to support a number of health projects, including:

→ **GROUND FOR HEALTH** is a nonprofit organization that provides health care to women in coffee-growing communities.

Grounds for Health is working to combat cervical cancer in Mexico, Central America, and Tanzania. In calendar 2010, more than 2,000 women were screened for cervical cancer at four program sites over the course of seven trips from the United States. Grounds for Health takes a single-visit approach, providing immediate treatment to women with abnormal test results, which means that poor women living in remote regions do not have to return. Of the 2,000-plus women screened, over 350 had abnormal results, and more than 230 women received same-day treatment for precancerous conditions. www.GroundsForHealth.org

→ We also back several **PARTNERS IN HEALTH** projects run by two PIH partner organizations – small, autonomous groups that have long-term relationships with PIH. The first project trains health-care workers and provides basic health-care education in Chiapas, Mexico, for remote communities of coffee workers. The program also provides assistance with food security by helping families plant home gardens. The second project is in Huehuetenango, Guatemala, where we fund a program that is developing a system of Environmental Health Promoters (EHPs). EHPs work with local communities to decide which projects will provide the most impact in fostering healthy environments. Their process of determination is structured around the four elements of earth (organic compost, planting gardens/trees), water (latrines, biodigesters for coffee pulp), air (improved stoves) and fire (preventing forest fires, establishing fire brigades). www.PIH.org

→ In Rwanda we've provided funds to help **MEDICINES FOR HUMANITY** begin a pilot project to improve health care for children. Rwanda has the ninth highest rate of child mortality in the world. Medicines for Humanity is working to reduce the child mortality rate by combating malaria, malnutrition, diarrhea, intestinal parasites, measles, respiratory infection, HIV/AIDS, and the lack of prenatal care in three communities — Gakoma, Simbi and Gisagara — with a total population of about 132,000 people. www.MedicinesForHumanity.org

EDUCATION

We support programs that promote education and financial literacy in coffee-growing communities. Helping young people get an education can lead to economic opportunities, create jobs, and fuel entrepreneurship that improve the well-being and prosperity of local communities.

For example, we fund a **COFFEE KIDS** program that will provide nearly 900 scholarships over four years to students in northern Nicaragua. In the first year of the program, 170 scholarships will be funded; in year two, 228; in year three, 238; and in year four 258, for a total of 894 scholarships supporting up to 258 students.

FINANCIAL LITERACY

As with any company, the success of smallholder farms and entrepreneurial ventures in coffee-growing communities depends on sound financial planning. Small business owners need to understand lending processes, raise capital, and obtain the many skills it takes to build and run their businesses.

→ **ROOT CAPITAL** is a nonprofit social investment organization that provides education and finances for grassroots businesses in developing countries. During fiscal 2010, we continued our support of a Root Capital program that provides financial training and coaching to help coffee farmers in Latin America develop alternative sources of income.

We plan to expand this work in fiscal 2011 by assisting cooperatives in developing credit facilities and extending business planning services to help farmers diversify their incomes and strengthen their businesses. www.RootCapital.org





For fiscal 2011, we intend to benchmark best practices and leading organizations around supplier transparency to identify opportunities for improvement as our global supply chain grows in size and complexity.



COLLABORATING WITH OUR MANUFACTURING SUPPLY CHAIN

We have high expectations of our manufacturing suppliers, and we work with them to advance sustainable business practices throughout the supply chain. We've developed a set of tools and processes to clearly communicate our expectations and share best practices with our suppliers, including the following:

- ➔ Supplier expectations outlining legal, compliance, labor conditions, and environmental responsibility requirements, also known as our Supplier Guidelines
- ➔ Self-assessment questionnaire covering an array of issues, which we have requested of suppliers since fiscal 2007
- ➔ On-site assessments conducted by our staff in cooperation with supplier management
- ➔ Audits of supplier facilities performed by contract service providers

In fiscal 2010, we continued the practice of using the self-assessment questionnaire to understand our suppliers' social and environmental practices. The questionnaire is based on our Supplier Guidelines, which are informed by internationally recognized standards for human rights and environmental performance.

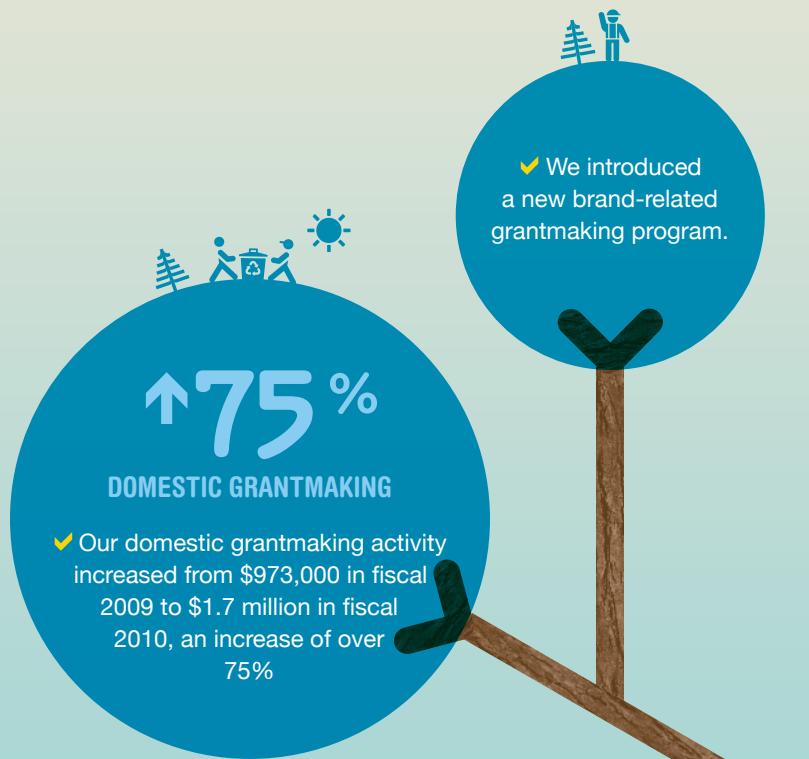
We continued to partner with Simatelex in fiscal 2010 to manufacture our Keurig® Single Cup Brewing Systems. We conducted our third satisfactory assessment of social and environmental conditions and practices at two factories Simatelex operates in Shenzhen, Guangdong, China.

For fiscal 2011, we intend to benchmark best practices and leading organizations around supplier transparency to identify opportunities for improvement as our global supply chain grows in size and complexity. We will also continue to improve our supplier orientation tools and better integrate them into our standard procurement procedures.

SUPPORTING LOCAL COMMUNITIES

Domestic Grantmaking, Volunteering, and Donations

As our business grows, we are refining how we support local communities to make a greater difference. While our approach remains the same — we focus on local social and environmental issues that are most urgent — in fiscal 2010 we became more targeted in awarding grants, volunteering, and donating products.



WHERE WE'VE BEEN IN FISCAL 2010





↗ We will continue implementation and refinement of our new employee community grantmaking framework and brand-inspired grantmaking program.

↗ WHERE WE'RE GOING IN FISCAL 2011



OUR GOAL:
25,000
TOTAL HOURS VOLUNTEERED

↗ We intend to grow volunteerism by 61%, maintaining average employee volunteerism within a rapidly growing employee base and achieving 25,000 hours of contributed employee time

FISCAL 2010 NUMBERS AT A GLANCE

Grantmaking

	Fiscal 2008 ¹	Fiscal 2009 ¹	Fiscal 2010
Total resources allocated to social and environmental programs (dollars in thousands)	\$1,910	\$3,666	\$6,931
Total resources allocated to social and environmental programs as a percentage of pre-tax income	5.4%	5.2%	5.2%
Total grant / matching donations (dollars in thousands)	\$1,155	\$2,686	\$5,946
Total grant / matching donation dollars to local communities (in thousands)	\$291	\$973	\$1,703

Employee Volunteerism

	Fiscal 2008 ¹	Fiscal 2009 ¹	Fiscal 2010
# of Employees volunteering through CAFE Time	439	770	1,126
# of Employees volunteering through Dollars-4-Doers Program	20	26	26
Total employees volunteering time through workplace volunteerism programs	459	796	1,152
Hours volunteered through CAFE Time	5,708	9,331	14,878
Hours volunteered through Dollars-4-Doers Program	500	650	650
Total hours volunteered through workplace volunteerism programs	6,208	9,981	15,528
Average Number Full-Time Employees	1,043	1,343	2,103
Employees volunteering through workplace volunteerism programs as a percentage of average full-time employees	42.09%	59.3%	54.8%
Average hours volunteered per full-time employee	6.0	7.4	7.4
Dollars allocated to CAFE Time volunteer program (dollars in thousands)	\$134	\$219	\$355
Dollars allocated to Dollars-4-Doers volunteer program (dollars in thousands)	\$5	\$7	\$7
Total dollars allocated to workplace volunteerism programs (dollars in thousands)	\$139	\$225	\$361

In-Kind Donations

	Fiscal 2008 ¹	Fiscal 2009 ¹	Fiscal 2010
Product Donations (allocated dollars at cost, in thousands)	\$271	\$339	\$619
Donations of Equipment and Administrative Supplies (allocated dollars at cost, in thousands)	\$9	\$7	\$11

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



GRANTMAKING

We operate two grantmaking programs under the umbrella of domestic community outreach: Employee Community Grants and Brand-Inspired Grants.

EMPLOYEE COMMUNITY GRANTS

Because our employees understand their local communities' needs firsthand, we empower them to make a difference through our Employee Community Grants. To guide grantmaking decisions, employees at each of our major locations in the United States and Canada work with leaders in their local communities to identify and bring resources to their most pressing social and environmental issues.

Total contributions through our Employee Community Grants program were \$358,000.

→ VERNONT ENERGY AND CLIMATE ACTION NETWORK (VECAN) / Waterbury, Vermont

VECAN's mission is to empower Vermont towns to come together to save energy, reduce waste and curb greenhouse emissions. We will grant \$90,000 over three years (\$30,000 per fiscal year beginning in fiscal 2010) to support existing town Energy Committees (ECs) and to help create new ECs. VECAN supports and fosters the startup and grassroots efforts of ECs by serving as a technical resource, and developing and providing access to tools, resources, and training to implement energy-saving and greenhouse-gas-reducing programs.

www.VECAN.net

→ FOOD WORKS AT TWO RIVERS CENTER /

Waterbury, Vermont We will grant \$75,000 over three years (\$25,000 per fiscal year) to help Food Works end hunger in Vermont and beyond. Through long-term hunger-prevention strategies and initiatives, Food Works empowers low-income Vermonters with the knowledge and skills to grow, prepare, and preserve their own nutritious fresh foods.

www.FoodWorksVermont.org



→ ROSIE'S PLACE / Boston, Massachusetts

We provided \$11,500 to Rosie's Place, whose mission is to provide a safe and nurturing environment that helps poor and homeless women maintain their dignity, seek opportunity, and find security in their lives. The grant is being used for the Women's Education Program, providing access to education to enhance self-esteem and promote independence.

www.RosiesPlace.org

→ SECOND HARVEST / Knoxville, Tennessee

We pledged a three-year \$25,000 grant to Second Harvest to assist with its Food for Kids program in East Tennessee. The program provides kid-friendly food to at-risk students over the weekends. Our grant makes it possible for three schools to enroll in the program.

www.SecondHarvesttn.org

→ IJAMS NATURE CENTER / Knoxville, Tennessee

We pledged a three-year \$15,000 grant to support the Ijams Nature Center's River Rescue program. This program educates the public about the importance of maintaining healthy rivers and encourages community members to become environmental stewards by volunteering to remove trash from local waterways.

www.Ijams.org

→ FOCUS THE NATION / Sumner, Washington

We granted \$20,000 to Focus the Nation to sponsor Clean Energy Forums in the Seattle area. Focus the Nation works to foster connections between generations and empower young people through education and civic engagement. This project brings together groups of students from two local colleges to study the future of clean energy and help accelerate our country's transformation to a clean energy future.

www.FocusTheNation.org

GMCR GRANTS AND VOLUNTEERISM



LEGEND





BRAND-INSPIRED GRANTS

Our growth has made more resources available to expand existing grant programs and strengthen our brands' ties to local communities. Brand-inspired grantmaking supports our commitment to social and environmental responsibility while helping us build brand awareness and equity, strengthen consumer loyalty, and increase sales in key regions. As our brands benefit, so do local communities.

Following are highlights from our Brand-Inspired Grants in fiscal 2010, which totaled \$1.345 million.



GREEN MOUNTAIN COFFEE BRAND-INSPIRED GRANTS

→ **ASHOKA CHANGEMAKERS** We partnered with Ashoka Changemakers, an organization supporting collaborative action to solve the world's most pressing social problems. We contributed \$392,000 to "Revelation to Action," a competition to find and fund the best ideas and organizations for strengthening communities in Maine, New York, Rhode Island, Vermont, New Hampshire, Connecticut, and Massachusetts. Entrants were judged on their project's innovation, social impact, and organizational stability. Three overall winners were selected by the public, and we selected an additional seven state winners. www.ChangeMakers.org

→ **FAIR TRADE USA** We contributed \$50,000 to help launch the Fair Trade University campaign, which is designed to reinvigorate the Fair Trade student movement through outreach, guidance, and tools for student groups. The campaign also works to raise the visibility of Fair Trade, to generate new Fair Trade accounts for leading licensees and to increase demand for Fair Trade products. Ultimately, the goal is to highlight the positive impact of Fair Trade on farming families around the world. www.FairTradeUSA.org



KEURIG BRAND-INSPIRED GRANTS

→ LEONARD FLORENCE CENTER FOR LIVING (LFCL) / Boston, Massachusetts

We designated \$100,000 over four years to support this organization's work on behalf of individuals with Amyotrophic Lateral Sclerosis (ALS), commonly known as Lou Gehrig's disease. The LFCL opened the first-in-the nation ALS Residence in February 2010. This house is part of the LFCL Green House® nursing home, a model that deinstitutionalizes care while providing skilled nursing assistance in a home environment. The ALS Residence provides unprecedented independence and freedom to those living with this devastating disease. www.LeonardFlorenceCenter.org

→ HEADING HOME / Boston, Massachusetts

We contributed \$50,000 to advance Heading Home's mission to end homelessness by providing housing in conjunction with effective support services to help change the conditions that create homelessness. The grant assisted the innovative Heading Home Partnership (HHP) to End Family Homelessness program. HHP builds upon the Commonwealth's emergency-oriented response to homelessness by providing a comprehensive path to housing, higher education and employment. HPP leverages public resources and joins with community-service providers in an innovative collaboration that provides homeless families with opportunities to achieve self-sufficiency and long-term success. Currently, approximately 40 families throughout Greater Boston are enrolled in HHP. www.HeadingHomeInc.org

→ UNITED WAY OF KING COUNTY / Seattle, Washington

The United Way works to improve lives of people around the world through programs designed to improve education, increase financial stability and promote health. Our \$25,000 grant supported the United Way of King County's Response for Basic Needs Program, which promotes housing stability, alleviates hunger, and helps those eligible secure tax credits and public benefits. www.UWKC.org



→ RONALD McDONALD HOUSE CHARITIES OF CHICAGOLAND AND NORTHWEST INDIANA (RMHC-CNI) / Chicago, Illinois

(RMHC-CNI) / Chicago, Illinois We helped fund construction of the largest Ronald McDonald House® in the country through a \$100,000 grant to RMHC-CNI. The organization improves the health, well-being and education of children in the Chicago area through three key programs:

- Ronald McDonald House provides a “home away from home” to keep families of hospitalized children together.
- Ronald McDonald Care Mobile provides free medical care to underserved youth.
- RMHC-CNI Scholarship Program provides college scholarships to academically outstanding high-school students. www.RMHcni.org

→ CHICAGO WOMEN'S BUSINESS DEVELOPMENT CENTER (WBDC) / Chicago, Illinois

Chicago, Illinois The WBDC works to economically empower women, their families and their communities by supporting women-owned businesses. We contributed \$75,000 to help the center achieve its general mission of accelerating the growth of women's business ownership and microenterprise and provide specific support for WBDC's Entrepreneurial Training and Technical Assistance Program, which offers training, coaching and other assistance to women who are launching a business venture. www.WBDC.org

→ CENTER FOR ECONOMIC PROGRESS / Chicago, Illinois

Chicago, Illinois We contributed \$20,000 to help low-income families achieve financial security through tax and financial counseling. We also supported the center's activities in leading a national coalition of organizations that promote economic progress and advance policies and practices to create a just and equitable financial system for low-wage workers and their families.
www.EconomicProgress.org

→ A HOME AWAY FROM HOMELESSNESS /

San Francisco, California This organization helps homeless children find safe places that respect who they are and foster each individual's unique abilities. Our \$20,000 grant supported two programs. The Beach House provides hundreds of children with a respite from crowded shelters — a place to spend several hours hiking, exploring tide pools, flying kites, and learning about nature while also enjoying the freedom to “be a kid” for a while. The School House offers after-school programs for middle- and high school students. Participants get daily academic tutoring, cultural and artistic enrichment, and emotional support. When students have a positive place for study and teachers who can assist them, they can build the skills and knowledge to succeed in school and beyond. www.HomeAway.org



TULLY'S BRAND-INSPIRED GRANTS

→ MOUNTAINS TO SOUND GREENWAY TRUST /

Washington State We granted \$25,000 to the Mountains to Sound Greenway Trust. This organization leads and inspires action to conserve and enhance the spectacular landscape from Seattle across the Cascade Mountains to Central Washington, ensuring a long-term balance between people and nature. Our grant sponsored the Greenway Days 2010 Festival. The festival engages thousands of families throughout the Puget Sound region in activities that highlight and build an appreciation for the mountain terrain. www.MtsGreenway.org

→ SEATTLE WORKS / Washington State

We provided \$15,000 in operational support to Seattle Works, an organization that informs, connects and inspires people in their 20s and 30s to take action in their community. The support of the Tully's brand is helping Seattle Works encourage young people to be active volunteers, informed voters, savvy charitable donors, and knowledgeable community leaders.
www.SeattleWorks.org

→ NORTHWEST HARVEST / Washington State

Our \$5,000 grant helped Northwest Harvest meet the unprecedented need for hunger relief in Washington. The organization's primary goal is to secure more than 12,000 tons of nutritious food for distribution to a statewide network of over 300 partner food banks, meal programs, and elementary schools. www.NorthwestHarvest.org

VOLUNTEERISM

We foster a spirit of volunteerism because it benefits both our business and our employees. For our employees, volunteering offers an opportunity to develop skills, deepen connections with their communities, and feel even better about themselves and their work. As a company, we benefit from happier, more motivated, and more skilled employees with a stronger connection to our greater community.

It's why we support employees who want to volunteer for nonprofit and community organizations. Through our Community Action for Employees (CAFE) Program, employees can spend up to 52 hours per year volunteering in their communities during customary working hours. Additionally, through our Dollars-For-Doers program, we recognize employees who volunteer at least 25 hours at one organization outside of their normal work hours with a \$250 mini-grant in their names. In fiscal 2010, employees volunteered over 15,000 hours of time in local communities, valued at over \$361,000.

Following are highlights from fiscal 2010 of how our employees made a difference through their service in local communities.



→ **RIVER CLEANUP / Waterbury, Vermont** More than 150 employees participated in the 6th annual River Cleanup, which collected over 4.5 tons of refuse from a 15-mile stretch of the Winooski River. Over the last six years employees have recovered almost 1,000 tires and used almost 750 hours of volunteer time during this event. We are now working with American Rivers to develop a signature event similar to this at all of our sites for possible rollout in fiscal year 2011.

www.WinooskiRiver.org/River_Cleanup



→ **HABITAT FOR HUMANITY / Bedford, Massachusetts**

Habitat for Humanity provides affordable housing for people in need. Our Reading employees volunteered to help Habitat for Humanity build a home in Bedford, Massachusetts. During August and September 2010, teams of 15 employee volunteers worked at various times on the house, taking great pride and pleasure in seeing the progress made after each work session. www.HabitatBoston.org



→ GIVE A GREEN DAY / Castroville, California Our Castroville employees organized their first volunteer opportunity for employees at the Monterey Regional Park District. Employee volunteers collected trash and harvested seeds that nourish an endangered species of butterfly native to the Monterey area. www.mprpd.org

→ THE LAKWOOD AREA SHELTER ASSOCIATION (LASA) / Sumner, Washington A group of Sumner employees spent a day refurbishing a house used by the Lakewood, Washington, shelter association. LASA works to prevent homelessness by encouraging families to get help before they're without shelter. LASA offers rental assistance and transitional housing, medical and dental care, employment searches, and placement for children in schools.

www.LakewoodAreaShelter.org

→ THE KNOXVILLE RIVER RESCUE / Knoxville, Tennessee In April, local employees collected approximately 1,500 pounds of trash from the Tennessee River, including food containers, drink bottles, and larger items such as car hoods, bicycles, commodes, and fuel tanks.

PRODUCT DONATIONS

Product donations are an important part of our company's commitment to local communities. Our product donations program offers coffee, coffee gift baskets, Keurig® Single Cup Brewing Systems and other giveaway packages for community events, raffles and auctions. Because of increasing demand for product donations, we developed an online process for requesting donations in fiscal 2010 to broaden the reach of our program and more effectively serve organizations. www.gmcr.com/productdonations

EMPLOYEE GIVING

In fiscal 2010, we matched employee contributions to qualifying nonprofit organizations up to \$500 per fiscal year (raised to \$1,000 in fiscal 2011). In total, we matched over \$90,000 in employee contributions in fiscal 2010. Notably, the catastrophic earthquake that struck Haiti in January 2010 galvanized our employee community. We made a special \$25,000 cash donation to Save the Children to support their relief work in Haiti. We also set up a special payroll-deduction program for employees who wanted to contribute to Save the Children's relief fund, and matched additional employee contributions totaling over \$8,000. Finally, our employee sites held fundraising events to support Haiti relief efforts, and we matched the funds raised up to \$2,000 per site. In total, these efforts raised over \$45,000 to support Save The Children's work on the ground in Haiti.

FOCUS ON HOLY JOE'S CAFÉS

Holy Joe's is a nonprofit organization that operates cafés for troops stationed in Iraq and Afghanistan. We donate coffee to the cafés, where soldiers can find a welcome respite, spiritual guidance and entertainment. In fiscal 2010, we partnered with Holy Joe's and the Vermont National Guard to deliver coffee to Vermont troops in the field unable to visit the cafés. Through our relationship with Holy Joe's we also donated Keurig® Single Cup Brewing Systems to eight hospital sites overseas, and are donating K-Cup® packs to these sites on an ongoing basis.

www.VCC.org/justice/coffee-project



"We are currently in Afghanistan and we have been receiving your coffee support from Holy Joe's Café. I have to say that the support that you are providing for our soldiers is tremendous. We have 300–500 soldiers come through the coffee house on a daily basis. When they come in, they smell the coffee and are reminded of the coffee shops back home. Your coffee has brought many people in, so that they are able to "get away" from work and forget that they are in a combat zone."

Chaplain Robert Lee with the 7th Battalion, 101st Aviation Regiment

PROTECTING THE ENVIRONMENT

As our business grows, we continue working to better understand and reduce our impact on the planet. We're making strides in using energy more responsibly and decreasing waste.

Our progress is as important to strengthening our business as it is to protecting the environment. By developing and implementing solutions that cut energy use and waste, we can create efficiencies, save money and meet rising stakeholder expectations, while doing our best to ensure the healthy world on which our business depends.

We focus most of our efforts at responsible energy use and waste reduction on our Specialty Coffee Business Unit.

✓ We processed and recycled 350 tons of material from returned brewers that would have otherwise ended up in landfills through our pilot Returns Management Initiative.

✓ We piloted a new program for recovering brewed K-Cup® packs from office environments and redirecting the waste into composting and waste-to-energy uses.

✓ WHERE WE'VE BEEN IN FISCAL 2010

↓19.3%

OVERALL ENERGY REDUCTION
IN THE SPECIALTY COFFEE
BUSINESS UNIT

✓ We reduced our overall Specialty Coffee Business Unit energy metric by 19.3% as compared to fiscal '09.

✓ Within the Vermont operations of our Specialty Coffee Business Unit, we realized a 4.3% reduction in our energy metric as compared to fiscal '09, just short of our 5% reduction goal.

✓ Also within the Vermont operations of our Specialty Coffee Business Unit, we achieved a 16.9% reduction in our waste metric as compared to fiscal '09, exceeding our 10% reduction goal.



WHERE WE'RE GOING IN FISCAL 2011



✓ We plan to expand our K-Cup® pack recovery pilot to a broader geographic reach.

✓ We plan to divert 1,700 tons of waste out of the landfill in fiscal 2011 through an expansion of our Returns Management Initiative.

FISCAL 2010 NUMBERS AT A GLANCE

	Fiscal 2008 ³	Fiscal 2009 ³	Fiscal 2010
Waste¹ Solid waste to landfill as a percentage of revenue (tons / \$1,000,000) ¹	2.16	1.58	1.64
Energy¹ Direct energy use as a percentage of revenue (therms / \$1,000) ¹	4.80	3.70	3.2
Emissions²			
Scope 1 - direct emissions (short tons) Enterprise Total	7,385	7,915	13,988
Scope 2 - purchased electricity (short tons) Enterprise Total ⁴	1,614	3,430	-
Scope 3 - indirect emissions (short tons) Enterprise Total	21,138	29,174	52,169
Total estimated emissions	30,137	40,519	66,167
Emissions offset (short tons)	36,037	40,519	72,738

¹ Specialty Coffee Business Unit only. Fiscal 2010 includes facilities in CA, MA, TN, VT, WA, and Toronto, CAN. Fiscal 2009 includes facilities in TN, VT, and WA. Fiscal 2008 includes facilities in TN and VT.

² GMCR purchases “forward stream” offsets from NativeEnergy. These offsets are produced over time, up to 20 years in some cases. We have made a conscious decision to buy forward stream offsets because our purchase helps to build new projects that need up-front funding to be built. This ensures that our purchases make a difference by enabling new project construction. While these projects reduce emissions as they operate over time, greenhouse gases in the atmosphere are a long-term problem, and helping to build clean infrastructure is an essential part of the solution.

³ These numbers have been revised to reflect Green Mountain Coffee Roasters, Inc.’s restatement of its financial statements for its 2006, 2007, 2008, and 2009 fiscal years, and each of the quarters in its 2009 fiscal year and the first three fiscal quarters of its 2010 fiscal year, all as more fully set forth in its Annual Report on Form 10-K for the fiscal year ended September 25, 2010 filed with the Securities and Exchange Commission on December 9, 2010.

⁴ We are committed to offsetting 100% of estimated emissions from our measured carbon footprint. Our Fiscal 2010 estimate of total greenhouse gas emissions includes the benefit of our purchase of approximately 26,000 megawatt-hours in renewable energy certificates, which reduces our estimated Scope 2 emissions by approximately 6,600 tons. In late October of 2011, the U.S. Environmental Protection Agency’s (EPA) Green Power Partnership released a draft white paper on the Environmental Value of Purchasing Renewable Energy Certificates voluntarily. The EPA advised “An organization buying RECs that meet the Green Power Partnership eligibility criteria can claim to be buying zero-emission, renewable electricity, which reduces or avoids its indirect emissions from purchased electricity. EPA also encourages organizations that purchase RECs voluntarily to express the REC’s environmental benefit as a reduction in the organization’s carbon footprint.”



CALCULATING ENERGY USE

We calculate energy use by dividing our total consumption by our nonconsolidated net sales for the fiscal year by business unit. Because our SCBU and KBU have distinct energy requirements and operational footprints, we track their performance separately. We report GMCR's total energy use (see table below), but our efforts to reduce consumption are managed within the business units.

For SCBU energy use, we include the electricity and fuel we use to power and heat our buildings, the fuel we use to process coffee beans, and the fuel consumed by our transportation fleet, employee commuting and corporate travel. For KBU energy use, we include energy used to power and heat office space, and fuel corporate travel and employee commuting. For both business units, we express our energy use in therms per \$1,000 of net sales, which we believe offers a more meaningful comparison year-over-year as our company grows.

WHAT IS A THERM?

A therm is a unit of heat energy equal to 100,000 British Thermal Units (BTUs). It is approximately the energy equivalent of burning 100 cubic feet of natural gas.

ENERGY (THERMS)

Specialty Coffee Business Unit

	Fiscal 2008 ²	Fiscal 2009 ²	Fiscal 2010	Change Year-Over-Year
Scope 1 - direct energy	961,100	1,085,975	1,748,615	
Scope 2 - purchased electricity	321,525	493,429	802,987	
Scope 3 - indirect energy	746,809	884,966	1,432,201	
Total therms ¹	2,029,434	2,464,370	3,983,804	
Normalized energy metric (therms / \$1,000 sales)	6.3	5.2	4.3	-17%

Keurig Business Unit

	Fiscal 2008 ²	Fiscal 2009 ²	Fiscal 2010
Scope 1 - direct energy	60,290	48,622	43,388
Scope 2 - purchased electricity	24,580	29,914	36,191
Scope 3 - indirect energy	248,851	238,911	296,943
Total therms ¹	333,721	317,447	376,521
Normalized energy metric (therms / \$1,000 sales)	1.4	0.7	0.4

GMCR

	Fiscal 2008 ²	Fiscal 2009 ²	Fiscal 2010
Scope 1 - direct energy	1,021,390	1,134,597	1,792,003
Scope 2 - purchased electricity	346,105	523,343	839,178
Scope 3 - indirect energy	995,660	1,123,877	1,729,144
Total therms ¹	2,363,155	2,781,817	4,360,325
Normalized energy metric (therms / \$1,000 sales)	4.8	3.7	3.2

¹ Columns may not total due to rounding

² These numbers have been revised to reflect Green Mountain Coffee Roasters, Inc.'s restatement of its financial statements for its 2006, 2007, 2008, and 2009 fiscal years, and each of the quarters in its 2009 fiscal year and the first three fiscal quarters of its 2010 fiscal year, all as more fully set forth in its Annual Report on Form 10-K for the fiscal year ended September 25, 2010 filed with the Securities and Exchange Commission on December 9, 2010.

SCBU ENERGY USE

Our SCBU accounts for the majority of our energy use. We cut our energy use SCBU-wide by 17% in fiscal 2010 compared with fiscal 2009, to 4.34 therms/\$1,000 of net sales. This means that while our overall consumption went up, it grew at a slower pace than our unconsolidated net sales attributed to the SCBU.

Going forward, we will set goals and report on each SCBU facility separately, tracking each site's operational electricity and fuel use relative to the sales dollars allocated to that location. Calculating energy use on a site-specific basis and tying it to individual production and distribution arrangements allows us to better track our performance and identify and respond to opportunities for improvement. It also allows us to more fully understand the impact of outsourcing, pricing, and other variables on our energy use.

In fiscal 2010, we had a 5.0% energy reduction goal for our three Vermont SCBU facilities, while we used fiscal 2010 to establish energy consumption baselines at our other facilities. Our actual result for the three Vermont SCBU facilities was a 4.3% reduction, falling just short of our goal. We attribute this shortfall to initiatives that either were not fully operational in fiscal 2010 or did not deliver expected results.

In fiscal 2010, we gathered baseline data for our newer facilities and used that data to create facility-specific energy reduction goals for fiscal 2011:

FACILITY LOCATION	FY11 ENERGY SAVING GOAL
All Vermont facilities	0% maintenance
Knoxville, TN	10% reduction
Sumner, WA	10% reduction
Toronto, Canada	10% reduction





Highlights of **SCBU** efforts to reduce energy use in fiscal 2010 include:

→ **WE COMPLETED LIGHTING RETROFIT**

PROJECTS at our three Vermont facilities in partnership with Efficiency Vermont, a nongovernmental organization that helps consumers and businesses reduce their energy use.

→ **WE IMPLEMENTED A “POWER FACTOR**

CORRECTION” PROJECT at our Waterbury production facility. Power factor describes the percent of electrical power that does useful work. Through this project, we reduced utility costs and improved the efficiency of our systems. However, because power factor correction does not change our use of “real power” – it didn’t decrease our energy metric.

→ **WE INITIATED A PILOT PROJECT TO**

SUBMETER ELECTRICITY USE in our Waterbury facility to improve our ability to measure our overall energy efficiency. Our goal is to measure electricity use based on individual workflows such as roasting, grinding, and packaging. With this data we can set goals to drive improvements for specific processes. The metering system is nearly installed and should be fully operational in fiscal 2011.

KBU ENERGY USE

Inside the KBU, we use energy to power and heat office space, and fuel corporate travel and employee commuting. Our metric does not include the energy used to manufacture our Keurig® Single Cup Brewing Systems, which we outsource. We reduced KBU energy use by 37% in fiscal 2010 compared with fiscal 2009, to 0.42 therms per \$1,000 of net sales.



Calculating energy use on a site-specific basis and tying it to individual production and distribution arrangements allows us to better track our performance and identify and respond to opportunities for improvement.

CARBON DIOXIDE EMISSIONS

Our carbon footprint is linked to our energy use, and the steps we take to cut consumption help reduce emissions. We are also pursuing other solutions — such as purchasing carbon offsets and using renewable sources of energy — to reduce the greenhouse emissions associated with our operations.

In fiscal 2010, our total greenhouse gas emissions increased by approximately 60%, to 66,167 tons. This total includes our estimated fuel consumption (by facilities and via transportation), electricity use, air travel, outbound and inbound freight that we pay for, and employee commuting.

GREENHOUSE GAS EMISSIONS (SHORT TONS)¹

Specialty Coffee Business Unit	Fiscal 2008	Fiscal 2009	Fiscal 2010
Scope 1 - direct emissions	6,955	7,558	13,673
Scope 2 - purchased electricity ³	1,114	2,821	0
Scope 3 - indirect emissions	15,211	21,118	37,707
Total estimated emissions ²	23,280	31,497	51,381
Keurig Business Unit	Fiscal 2008	Fiscal 2009	Fiscal 2010
Scope 1 - direct emissions	430	357	324
Scope 2 - purchased electricity ³	500	609	0
Scope 3 - indirect emissions	5,926	8,056	14,462
Total estimated emissions ²	6,857	9,022	14,787
GMCR	Fiscal 2008	Fiscal 2009	Fiscal 2010
Scope 1 - direct emissions	7,385	7,915	13,998
Scope 2 - purchased electricity ³	1,614	3,430	0
Scope 3 - indirect emissions	21,138	29,174	52,169
Total estimated emissions ²	30,137	40,519	66,167
Total offset commitment (as % of emissions)	100%	100%	100%

¹ GMCR purchases “forward stream” offsets from NativeEnergy. These offsets are produced over time, up to 20 years in some cases. We have made a conscious decision to buy forward stream offsets because our purchase helps to build new projects that need upfront funding to be built. This ensures that our purchases make a difference by enabling new project construction. While these projects reduce emissions as they operate over time, greenhouse gases in the atmosphere are a long-term problem, and helping to build clean infrastructure is an essential part of the solution.

² Columns may not total due to rounding.

³ We are committed to offsetting 100% of estimated emissions from our measured carbon footprint. Our Fiscal 2010 estimate of total greenhouse gas emissions includes the benefit of our purchase of approximately 26,000 megawatt-hours in renewable energy certificates, which reduces our estimated Scope 2 emissions by approximately 6,600 tons. In late October of 2011, the U.S. Environmental Protection Agency’s (EPA) Green Power Partnership released a draft white paper on the Environmental Value of Purchasing Renewable Energy Certificates voluntarily. The EPA advised “An organization buying RECs that meet the Green Power Partnership eligibility criteria can claim to be buying zero-emission, renewable electricity, which reduces or avoids its indirect emissions from purchased electricity. EPA also encourages organizations that purchase RECs voluntarily to express the REC’s environmental benefit as a reduction in the organization’s carbon footprint.”



Most of our greenhouse gas emissions are attributable to our SCBU. In fiscal 2010, the unit's carbon footprint grew by more than 19,150 tons, or 59%, over fiscal 2009. This jump was largely due to activities associated with additional production and distribution facilities (Sumner, Washington; Castroville, California; and Toronto, Ontario), including the use of more fuel for roasting coffee and heating. Our geographical growth has likewise brought more employee commuting, common carrier transport, and air travel.

Emissions associated with the KBU also went up, but remain relatively low compared with our SCBU. Air travel, employee commuting, and brewer transport account for most of its greenhouse gas emissions, representing about 98% of the business unit's total measured footprint.

RENEWABLE ENERGY AND CARBON OFFSETS

We support renewable energy primarily through our greenhouse gas emissions offset program, which we launched in fiscal 2003. The program covers the estimated emissions from our production and distribution operations, our offices, delivery fleet, business travel, and commuting, as well as direct emissions from the inbound and outbound carriers and freight services for which we pay.

We purchase "forward stream" offsets from NativeEnergy (www.NativeEnergy.com), or offsets that are produced over time (up to 20 years in some cases). We specifically buy forward stream offsets to make a tangible difference in supporting wind, biogas, and hydro projects that require upfront funding.

For example, we are a charter supporter of a 12.5-megawatt wind farm that was developed in Greensburg, Kansas. The town of Greensburg was destroyed by a massive tornado in 2007. We and others have helped make the Greensburg wind farm possible by pledging upfront revenue to help the project meet key financial milestones. In fiscal 2010, we expanded our role by committing to purchase 240,000 tons of carbon dioxide offsets through fiscal 2012.

Based on new guidance from the United States Environmental Protection Agency, fiscal 2010 marks the first year that we are recognizing our purchase of Renewable Energy Credits (RECs) as a zero-emission electricity source. As a result we now state our scope 2 emissions — the emissions generated in producing the electricity we use — as zero.

Even though we had purchased RECs tied to our actual power use as part of our participation in the EPA Green Power Partnership, we previously expressed emissions from electricity use as a function of the CO₂ emission rate of power systems in the states where we do business, and the RECs as a mitigation effort.

In October 2010, the EPA Green Power Partnership released a draft white paper on the Environmental Value of Purchasing Renewable Energy Certificates Voluntarily (www.epa.gov). The EPA advised, "An organization buying RECs that meet the Green Power Partnership eligibility criteria can claim to be buying zero-emission, renewable electricity, which reduces or avoids its indirect emissions from purchased electricity." The EPA also encourages organizations that purchase RECs voluntarily to express the REC's environmental benefit as a reduction in the organization's carbon footprint.



ONSITE GENERATION OF RENEWABLE ENERGY

We are also investing to produce clean energy onsite. Fiscal 2010 was the first full year of operation for solar panels we have installed at our Waterbury, Vermont, distribution center. The installation features 572 panels that are expected to supply about 9% of the center's annual electricity. At peak generation on a sunny day, the installation can meet approximately half of the facility's demand for power. In addition to generating clean electricity for use in our facility, the array also demonstrates the feasibility of solar panels for producing power in Vermont.

WASTE STREAM

Specialty Coffee Business Unit ¹	Fiscal 2008	Fiscal 2009	Fiscal 2010
Solid waste composted (tons)	394	426	651
Solid waste composted (tons) / \$1,000,000 SCBU unconsolidated net sales	1.23	0.90	0.71
Solid waste recycled (tons)	406	786	2,396
Solid waste recycled (tons) / \$1,000,000 SCBU unconsolidated net sales	1.27	1.66	1.77
Solid waste to landfill (tons)	691	749	1,506
Solid waste to landfill (tons) / \$1,000,000 SCBU unconsolidated net sales	2.16	1.58	1.64
Total solid waste (tons composted, recycled, and landfilled)	1,491	1,961	4,553
Total solid waste (tons composted, recycled, and landfilled) / \$1,000,000 SCBU unconsolidated net sales	4.66	4.13	4.97

¹ Specialty Coffee Business Unit - VT Facilities only. The Keurig Business Unit generates only office waste which is immaterial relative to our manufacturing facility waste.

WASTE AND RECYCLING

Reducing the waste we produce and send to landfill is a top priority, particularly as our business grows, and we are focusing on site-specific programs for greater, more immediate impact.

We only track waste generated by the SCBU. The KBU generates small amounts of office waste that are relatively immaterial.

SCBU WASTE AND RECYCLING

In fiscal 2010, the SCBU generated 1.64 tons of waste per \$1 million of net sales, up from 1.58 tons in fiscal 2009, an increase of 3.85%. By total volume, our seven production and distribution facilities sent 1,506 tons of waste to the landfill in fiscal 2010. This increase in the SCBU-wide metric is due to the addition of three production facilities in fiscal 2010 with nascent waste management programs. Going forward, we will evaluate and strengthen the existing recycling and waste diversion programs of the facilities we acquired.

Although we produced more waste, we also increased our recycling. In fiscal 2010, recycling was up dramatically — more than 1.7 tons per \$1 million of net sales, or 80% (even excluding the Castroville site, for which data was not available). We also continued our composting programs, though the rate of composting was down about 10% relative to sales.

Other highlights from fiscal 2010 included:

➔ Our Sumner, Washington, facility launched a comprehensive program in partnership with a new recycler. We performed an audit of our waste stream to identify and then divert recyclable and compostable components. Our staff and multiple vendors worked together to develop and promote the program, which included efforts to compost chaff and coffee, and recycle burlap. As a result, the Sumner facility improved its waste diversion performance, diverting solid waste out of landfills at a rate of 82% by the end of fiscal 2010, as compared to 72% at the beginning of the fiscal year.

➔ At our Knoxville, Tennessee, facility we also began a composting program for the chaff and burlap bags used to ship green coffee beans.

➔ We laid the groundwork for a recycling program at our Toronto, Ontario, facility, which should be operational in the first quarter of fiscal 2011.

In fiscal 2010, we set a 10% reduction target for our waste-to-landfill metric for our three Vermont facilities and we exceeded it, cutting waste sent to landfill by 16.9% relative to net sales allocated to these specific locations. Additionally, as with our energy-reduction work, we used fiscal 2010 to set waste-generation baseline data for our other SCBU facilities:

FACILITY LOCATION	FY11 WASTE REDUCTION GOAL
All Vermont facilities	10% reduction
Knoxville, TN	15% reduction
Sumner, WA	30% reduction
Toronto, Canada	50% reduction



ENERGY FROM WASTE

Rather than send waste to landfill — where it decomposes and generates methane, a greenhouse gas — we're exploring alternatives, such as waste to energy.

Our Waterbury, Vermont plant participated in a two-month pilot program with Covanta Energy (www.CovantaEnergy.com) in fiscal 2010 that diverted more than 40 tons of non-recyclable waste to a waste-to-energy facility. According to Covanta Energy, the process yields a net reduction in carbon dioxide over using conventional fossil fuels, such as coal, oil, and gas. It also releases fewer pollutants, such as sulfur dioxide and nitrogen oxide.

The program was a big reason why our three Vermont facilities surpassed their collective waste-reduction goal in fiscal 2010. Overall, Waterbury sent 230 tons of waste to landfill in fiscal 2010, down from 358 tons in fiscal 2009 — with approximately one-third of that drop coming from the waste-to-energy program. This reduction was achieved while growing production.

As a result, we continue to divert a portion of our non recyclable and non compostable solid waste from our Waterbury, Vermont plant into waste-to-energy programs.

ISO CERTIFICATION INITIATIVE

Late in fiscal 2010, we launched an initiative to pilot an International Organization for Standardization (ISO) 14001 certification of the environmental management system in our Waterbury, Vermont operations site. ISO 14001 certification is a voluntary effort to develop a framework for improving environmental performance. The standard assists in developing this framework, meeting objectives and goals, and subsequently monitoring and measuring.

To launch our ISO initiative we:

- ➔ Convened a two-day session with key operations staff to familiarize them with the specific elements of the standard, and discussed implementation plans.
- ➔ Participated in three offsite sessions with peer companies in the Northeast to learn from their experience in implementing ISO 14001-certified systems.
- ➔ Conducted an environmental audit of our Waterbury facility by a third-party auditor in partnership with a cross-functional team representing CSR, facilities, engineering and environmental health and safety.
- ➔ In fiscal 2011, we will assemble a steering team to guide the ISO certification process, prepare a timeline for implementation, and train employees.

REDUCTION OF HAZARDOUS SUBSTANCES (ROHS)

The RoHS Directive is a set of European regulations designed to reduce the potentially harmful or toxic effects of electronic equipment on the waste stream. Europe is at the forefront of introducing regulations to better protect the environment. While the United States is catching up, GMCR has moved forward with implementing the RoHS directive in all our brewers. We are fully compliant on all Keurig® Single Cup Brewing Systems designed for home and office. The tables below detail the date of compliance for each brewer model.



At Home Brewer / Model Series	RoHS Compliance Date
Mini/Mini Plus B30/B31	September 2010
Elite/Classic Brewer B44/B45	June 2009
Special Edition Brewer B65/B66	June 2009
Platinum Brewer B76	June 2009
Select Brewer B77	April 2009

Away From Home Brewer / Model Series	RoHS Compliance Date
DESKPRO® B130	September 2010
OFFICEPRO® B140/B145	June 2009
B150/B155	December 2009
B200	September 2010
B3000	September 2010

ADDRESSING THE ENVIRONMENTAL IMPACT OF THE KEURIG® SINGLE CUP BREWING SYSTEMS

The rapid growth of the Keurig® Single Cup Brewing System poses some important — and complex — environmental challenges. The success of the Keurig® system demonstrates that demand is strong for the convenience of single cup brewing solutions. However, brewed K-Cup® packs add to the waste stream, and brewers returned by consumers to our customers must be disposed of responsibly to limit their environmental impact.

Developing commercially viable solutions that deliver on both our customers' high expectations for quality and the need to reduce and reclaim waste presents some significant technical and operational challenges. We made notable progress in fiscal 2010 on both fronts and will continue to invest in research and development and expand our pilot programs in fiscal 2011.

RESPONSIBLE DISPOSAL PILOT PROGRAMS

We continue to look for solutions to dispose of brewed K-Cup® packs in ways that mitigate the overall environmental impact of the Keurig® Single Cup Brewing System. Because the materials we currently use to assure the consistency and quality of the K-Cup® packs' performance are not recyclable, we're exploring alternatives.

As a result of the first phase of a pilot program implemented in fiscal 2010, we identified processes for capturing coffee grounds from brewed K-Cup® packs and converting the packaging materials into energy. We worked with two partners in this pilot program to divert recoverable material out of the waste stream and then use the remainder as fuel in waste-to-energy facilities. A small number of office coffee distributors in the Northwest and Northeast participated in this pilot, as did our offices in Waterbury, Vermont and Reading, Massachusetts.

The K-Cup® pack responsible disposal phase one pilot program ran for twelve months starting June 2010. Based on the results, we commissioned a lifecycle analysis to better understand the environmental impact of the new processes, the potential environmental benefits and cost efficiencies compared with landfill disposal. We used the results of this analysis as well as customer feedback to improve the program and in fiscal 2011, we intend to pilot this new program with an expanded group of customers throughout the United States.

Because corporate consumers brew more K-Cup® packs each day than consumers at home, we expect this to be a productive test of our alternative disposal initiative.



RETURNS MANAGEMENT INITIATIVE

In fiscal 2010, the KBU developed a Return Management pilot program to responsibly track and dispose of materials recaptured from returned brewers. The KBU identified two important reasons for moving from a “destroy in field” policy to a return process:

→ **Quality Evaluation and Diagnostic** By processing and evaluating returned brewers, we gain a more robust analysis and clearer understanding of the issues that caused the return.

→ **Socially Responsible Disposal** Returning brewers to a processing partner assures proper disposal of components.

Through the pilot program, a sample of brewers returned by retail partners was processed by a qualified return management facility that certifies appropriate disposition of the materials.

The processing facility disassembled returned Keurig® Single Cup Brewers and segregated materials for recycling. Over 90% of returned brewers were recycled. The facility also diagnosed returned brewers and shared the information with Keurig’s Quality and Engineering department to help improve future products.

The pilot program concluded in September 2010. Based on its success, we plan to launch a broader return process program in fiscal 2011. The expanded initiative will involve six key U.S. retailers, representing over 55% of the forecasted brewer return volume for the year. The program will harvest diagnostic data and recycle Keurig® Single Cup Brewers, diverting an estimated 1,700 tons of material from the landfill.



BUILDING DEMAND FOR SUSTAINABLE PRODUCTS

The success of sustainable products hinges on their ability to deliver economic value. They must perform as well as conventional products at a competitive price. In a global marketplace that rarely recognizes the full social and environmental costs of products, this is an ongoing challenge. Yet consumers consistently say they prefer products that are produced in an ethically and environmentally responsible manner. (See sidebar on page 49.)

We see this as an opportunity, for both our business and the world at large. By raising awareness of the advantages of products such as Fair Trade Certified™, Rainforest Alliance Certified®, and organic coffees, we can help build demand for, while broadening adoption of, sustainable business practices that create better lives for people throughout our value chain.

Momentum is growing. More and more consumers are recognizing the importance — and value — of sustainable products. Many are willing to pay slightly more for the assurance of a high-quality product that benefits a larger community and broader economy. We now have retail and channel customers who buy certified sustainable products because their customers demand it. And many retail customers choose our products to support their organizational commitment to sustainability.

We work to increase public awareness of responsibly grown coffee through certification programs, such as Fair Trade (www.FairTradeUSA.org), which assures farmers a higher price for their coffee if they demonstrate respect for local communities and land, and Rainforest Alliance (RFA) (www.RA.org), which encourages farmers to grow crops sustainably over the long term.

We also drive demand for sustainable products through community outreach, consumer education, product donations, and other promotional efforts. These ongoing programs are integrated throughout our business, helping us reach more customers, ensure the quality of our products, and build strong relationships throughout our supply chain.



OVER
SEVENTEEN MILLION POUNDS
OF FAIR TRADE CERTIFIED™
COFFEE SHIPPED

- ✓ The amount of Fair Trade Certified™ coffee shipped in fiscal 2010 increased by over 66% - an increase of 8 million lbs. over fiscal 2009.



NEARLY
TWELVE MILLION POUNDS
OF CERTIFIED ORGANIC
COFFEE SHIPPED

- ✓ The amount of certified organic coffee shipped increased by over 50% to nearly 12 million lbs., an increase of over 4 million lbs. as compared to fiscal 2009.



- ✓ In our first full year selling Rainforest Alliance Certified™ coffees, we shipped 345,000 lbs.



↗ WHERE WE'RE GOING IN FISCAL 2011



↗ We intend to broaden and deepen our commitment to sourcing and selling certified coffees.



FISCAL 2010 NUMBERS AT A GLANCE

Sales	Fiscal 2008	Fiscal 2009	Fiscal 2010
Fair Trade Certified™ nonorganic lbs. shipped (in thousands)	2,341	3,674	5,433
Fair Trade Certified™ organic lbs. shipped (in thousands)	6,433	8,292	11,884
All Fair Trade Certified™ lbs. organic and nonorganic lbs. shipped (in thousands)	8,774	11,966	17,318
All Rainforest Alliance Certified™ lbs. shipped (in thousands)	0	0	345
Organic (no other certifications) coffee lbs. shipped (in thousands)	0	0	50
Enterprise total coffee pounds sold (in thousands)	30,782	39,543	70,000
Fair Trade Certified™ nonorganic lbs. shipped as a percentage of total lbs. sold	7.61%	9.29%	8.0%
Fair Trade Certified™ organic lbs. shipped as a percentage of total lbs. sold	20.90%	20.97%	17.5%
All Fair Trade Certified™ organic and nonorganic lbs. shipped as a percentage of total lbs. sold	28.50%	30.26%	25.5%
All Rainforest Alliance Certified™ lbs. shipped as a percentage of total lbs. sold	0%	0%	0.5%
Organic (no other certifications) coffee lbs. shipped as a percentage of total lbs. sold	0%	0%	0.1%



PROMOTING SUSTAINABILITY THROUGH PUBLIC AWARENESS AND EDUCATION

We provide a variety of educational opportunities for our employees and the members of our supply chain, and we also acknowledge the value of education to our consumers and customers. We look for opportunities to share what we know and what we do to promote social and environmental sustainability with a wider public audience.

On www.GreenMountainCoffee.com visitors can learn more about the difference between fair trade and conventionally sourced coffee. They'll learn about where the coffee in their cup originates and what it takes to produce quality coffee. They'll discover the many ways that coffee connects consumers to the rest of the world.

We also educate consumers through events such as Eat, Drink, and Be Fair (www.EatDrinkBeFair.com), which we hosted in Boston in October 2009 as a celebration of fair trade month. Four prominent Boston-area chefs competed in a cook-off creating meals cooked entirely with fair trade ingredients.

One goal of this event was to raise awareness of fair trade and the benefits of purchasing products with the Fair Trade Certified™ label. Through the event web site we emphasized the importance of fair trade as a business model that encourages economic independence for small-scale farmers by providing a fair price for their products.

The proceeds benefited a local chapter of Artists for Humanity (www.AFHboston.com). The organization partners young people with professional artists to teach respect and responsibility through creative collaboration.



VALUES AND PURCHASES

Even in tough economic times, consumers are searching for ways to bring their values into their purchasing decisions. While energy, food prices, and a challenging economic environment are at the top of everyone's list of concerns, consumers still have high expectations of the companies from which they purchase:

91%

Say it's important that companies pay farmers and workers fairly.*

83%

Say companies should apply internationally accepted labor and environmental standards.*

80%

Say companies should contribute to community development.*

* Source: Fair Trade USA/Globescan research, 2010



PROMOTING CERTIFIED COFFEES

We offer Fair Trade Certified™, certified organic, and Rainforest Alliance Certified™ coffees.

Fair trade is an innovative, market-based approach to sustainability that restores balance to the power dynamic in the coffee supply chain. The Fair Trade Certified™ (www.FairTradeUSA.org) designation means co-ops and their farmers get a fair price for their beans. They can count on at least \$1.35 per pound for conventionally grown and \$1.55 per pound for organic. These prices exceed the co-op's cost of production, which increases resources for health care and education and helps farmers feed their families.

To qualify for fair trade certification, farmers must belong to a democratically organized co-op. Because they get a fair price, these small family farmers can grow coffee with respect for the community and the land, avoiding cost-cutting practices that sacrifice quality and the environment's health. Fair trade certification also includes strong environmental standards that promote conservation, agricultural diversification, biodiversity, responsible use and handling of agrochemicals, proper disposal of both organic and hazardous waste, land management, soil fertility, and the avoidance of genetically modified organisms.

Certified organic coffees are grown and prepared using methods and materials that have a low impact on the environment. Organic farmers use ecologically-based pest control methods, and take steps to minimize soil erosion and promote plant diversity and wildlife habitats.

Rainforest Alliance Certified™ coffees are grown using methods that help promote and preserve biodiversity, conserve scarce natural resources, and build sustainable livelihoods for coffee farmers. Learn more at www.Rainforest-Alliance.org.

In fiscal 2010, the quantity of Fair Trade Certified™ coffee pounds shipped increased by over 66% to over 17 million lbs., representing an increase of 8 million lbs. over fiscal 2009. In the same time frame, the quantity of certified organic coffee shipped increased by over 50% to nearly 12 million lbs., representing an increase of over 4 million lbs. as compared to fiscal 2009. Finally, in our first full year selling Rainforest Alliance Certified™ coffees, we shipped 345,000 lbs.

FARM IDENTIFIED COFFEE

We launched our Farm Identified program in 1992 based on a simple idea: when we know who produces our coffee, we are much closer to knowing how they produce it. That insight enables us to make more informed purchase decisions in striving to meet our commitment to social and environmental responsibility.

The Farm Identified program is a cornerstone of our sourcing strategy — an alternative to conventional sourcing through the anonymous commodity market. It represents our overall commitment to working with our supply-chain partners, and not simply buying from them. In fiscal 2010, 45% (38 million lbs.) of the coffee we purchased was Farm Identified.

Farm Identified suppliers are estates and cooperatives that produce coffee of the highest quality. When the marketplace price for coffee declines, the quality of conventionally sourced coffee often declines as well. Maintaining relationships with individual farms enables us to ensure high-quality coffee for our customers and consumers. It also allows us to weather shifts in the marketplace without having to compromise our high standards. And since we are willing to pay more for quality, the farms benefit as well.

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 to the marketplace and assist them as they work toward sustainability. In this way our Farm Identification program can serve as an incubator, providing coffee-producing organizations with the support and stability they need to transition to organic production, or to meet the requirements for fair trade certification.



Fair Trade Certified™ coffee is a leading choice for many consumers. Among coffee sustainability certifications, fair trade is second only to organic in terms of overall awareness and positive impression among beverage drinkers.

Source: 2010 National Coffee Drinking Trends, National Coffee Association, pg. 53-54



CONVENTIONALLY SOURCED COFFEE

Purchasing coffee through the commodity marketplace — otherwise known as conventional sourcing — provides short-term benefits for much of the coffee industry, including us, but the long-term costs can be high. With conventional sourcing, we often have little or no knowledge of who produced the coffee, how they produced it, or how much of our purchase price actually reached the producer.

We are committed to increasing our purchases of sustainably produced coffee, but we compete with many companies that are not. We must continue to source coffee in a way that keeps us competitive economically, while advocating for changes in the global system that the entire coffee industry supports. By working with others who share our commitment to sustainability, we can address social and environmental issues fairly and effectively, helping to break the cycle of poverty, injustice, and environmental degradation in our industry.

In fiscal 2010, about 55% of our coffee was sourced conventionally. We continue to expand our Fair Trade Certified™ and Fair Trade Certified™ Organic lines with the intent of reducing the share of conventional sourcing in our total coffee purchases.

44 % OF CONSUMERS

Feel that an independent third-party certification is the best way to verify a product's claims.

Source: Fair Trade USA/Globescan research, 2010

DEVELOPING SUSTAINABLE CUPS AND PRODUCT PACKAGING

Improving the environmental impact of our packaging supports our commitment to sustainability and enables our customers to reduce their environmental impact.

In fiscal 2007, together with International Paper, we helped develop and bring to the marketplace the ecotainer™, the coffee industry's first to-go, hot beverage cup made with paper and biopolymers in place of petroleum-based products. The ecotainer is a preferred option for customers looking for a simple way to make a meaningful difference for the environment.

We believe in building sustainability into our products. We continue to research and develop more environmentally friendly approaches to our cup and product packaging. In fiscal 2010:

- ➔ We partnered with International Paper to launch an ecotainer hot-cup lid made with polylactic acid, a renewable resource.
- ➔ We continued developing and launched an initial consumer trial of a tea product in a paper-based K-Cup® pack. Ultimately, this new package did not meet our quality standards and we discontinued it, but we continue to explore other alternative packaging materials.
- ➔ We use recycled paperboard in packaging products.



WORKING TOGETHER FOR CHANGE

Many of our sustainability efforts — from production to disposal — demonstrate our belief that individuals, companies, communities, and organizations can achieve more working together than apart. Sharing ideas and perspectives, developing joint guidelines and collaborating on solutions provide opportunities for everyone involved to benefit.

With this in mind, we build strong ongoing relationships with farmers, suppliers, and manufacturers throughout our global supply chain. We seek out the opinions of our employees, and provide benefits and programs that attract and retain the best people. We reach out to local organizations through our grantmaking, volunteer, and product-donation programs. These efforts not only help keep us connected to communities where we live and work in meaningful ways, but they also fuel growth and drive profitability for our company.

✓ Working together for change has been part of how we approach all our work.



**↗ WHERE WE'RE GOING IN FISCAL 2011**

↗ We intend to benchmark best practices in supply chain transparency and develop a recommendation for expanding and improving our Supplier Guidelines



↗ We intend to develop a policy and implement programs related to the United Nations' recent expansion of the Universal Declaration of Human Rights to include the Human Right to Water.

UNITED NATIONS GLOBAL COMPACT

In March 2004, Green Mountain Coffee Roasters, Inc. became the first coffee company to sign the United Nations Global Compact. The Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment, and anti-corruption.

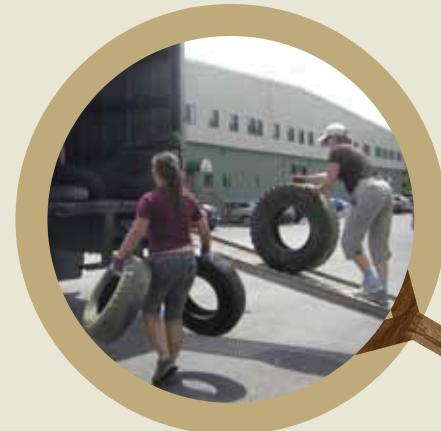
In signing the Global Compact, we agreed to:

- ➔ Support the Global Compact and its principles;
- ➔ Revise our business operations so that the Global Compact and its principles become part of our strategy, culture, and day-to-day operations;
- ➔ Publicly advocate the Global Compact and its principles via communication vehicles such as press releases, speeches, etc.; and
- ➔ Publish in our annual report or similar corporate report (e.g., sustainability report) a description of the ways in which we support the Global Compact and its principles.

In signing the UN compact, we recognized that many of our environmental and corporate sustainability efforts supported its guiding principles. The overlay of the Global Compact is another effective tool for tracking our success and planning future initiatives.

We meet the commitments of the compact in a variety of ways, from the expectations we set for our vendors and our code of ethics, to our investment in Fair Trade products. Each specific effort falls under one of the broader categories of human rights, labor standards, environment, and anti-corruption. We have provided highlights of those efforts here and a full UNGC Index can be found on our website, www.brewingabetterworld.com.

In signing the UN compact, we recognized that many of our environmental and corporate sustainability efforts supported its guiding principles. The overlay of the Global Compact is another effective tool for tracking our success and planning future initiatives.





HUMAN RIGHTS

Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2 Businesses should make sure that they are not complicit in human rights abuses.

HOW WE SUPPORT THESE PRINCIPLES:

Code of Ethics

In our operations, we maintain a Code of Ethics. Every employee is required to read, understand and acknowledge compliance with our Code, which advocates respect for individual rights and property, and provides mechanisms such as anonymous hotlines for employees to report unethical behavior.

Our Code of Ethics speaks to a variety of circumstances in which corruption could occur. For all employees, our code requires:

- ➔ Accurate reporting;
- ➔ Compliance with all laws, rules, and regulatory requirements;
- ➔ Good faith during all interactions with local, state, and federal organizations;
- ➔ Communication that is direct, honest, and in accordance with all rights and responsibilities relevant to our company and its operations when communicating with any government officials and in connection with any lobbying activities;
- ➔ Avoidance of potential and actual conflicts of interest;
- ➔ Responsible stewardship of corporate assets and opportunities; and
- ➔ Fair dealing, specifically with respect to anti-trust laws and fair competitive practices.

We stand behind the Global Compact's Human Rights Principles in coffee-growing communities through our support for and investment in Fair Trade Certified™ coffees.

Many of our social and environmental responsibility programs and initiatives speak directly to human rights. In all cases, they help create an environment in which quality of life and respect for human rights can be supported. For example, in fiscal 2010, our efforts led to the following:

➔ Fair Trade Certified™ coffee was 25.5% of our total coffee pounds shipped;

➔ We substantially achieved enterprise-wide goals and programs around energy use and solid waste;

➔ We supported 52 grants in our supply chain in support of human and economic development, 34 of which started in fiscal 2010, including:

➔ **An education program** in partnership with Coffee Kids that will provide nearly 900 scholarships over four years to students in northern Nicaragua.

➔ **A financial training program** directed by Root Capital providing financial education and coaching to help coffee farmers in Latin America develop alternative sources of income.

➔ **A health project** with Grounds for Health combating cervical cancer in Mexico, Central America and Tanzania.

➔ **A climate change initiative** with Coffee Under Pressure to better understand how climate change will affect nearly 7,000 farmers in Nicaragua and other Central American countries.

➔ **A food security project** with Heifer International in Chiapas, Mexico, helping farming families develop alternative sources of food and income.

Other efforts that promote respect for human rights and address quality of life issues include our Supplier Guidelines. Developed in fiscal 2007, these guidelines set clear standards for our supply-chain partners that focus on providing employees with safe and legal labor conditions. In the past two years we've worked to share and measure supplier compliance by creating tools, self-assessments, surveys, and on-site assessments by our staff as well as commissioned audits of vendor facilities. In doing so, we become better partners, working together with our suppliers to build stronger, more sustainable business practices.

LABOR STANDARDS

Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4 Businesses should support the elimination of all forms of forced and compulsory labor.

Principle 5 Businesses should support the effective abolition of child labor.

Principle 6 Businesses should support the elimination of discrimination in respect of employment and occupation.

HOW WE SUPPORT THESE PRINCIPLES:

We support the Global Compact's labor standards principles in coffee-growing communities through our investment in Fair Trade Certified™ coffees. The Fair Trade certification process sets requirements for labor standards, including:

- ➔ Compliance with International Labor Organization (ILO) Convention 111, which prohibits discrimination on the basis of race, color, sex, religion, political opinion, national extraction, or social origin;
- ➔ No forced and compulsory labor;
- ➔ Child labor on a farm producing Fair Trade Certified™ coffee is restricted to children aged 15 years or older, provided that their work is safe and appropriate and does not jeopardize their schooling or moral or physical development; and
- ➔ Compliance with ILO Conventions 87 and 88, which provide for the right to organize, to self-govern such organizations and to be protected from anti-union discrimination.

We operate under applicable labor laws in states where we have operations. These laws prohibit a company from terminating an individual because the person has chosen to enter into a union or collective bargaining. We have not developed a written policy independent of these laws, which are regulated by state and government agencies.

We maintain a specific policy prohibiting discrimination on the basis of race, color, ancestry, religion, gender, age, marital or civil union status, national origin, sexual orientation, place of birth, veteran status, disability, or any other legally protected classification.

Our Supplier Guidelines, developed in fiscal 2007, for our supply-chain partners, outline legal compliance regarding forced labor, child labor, wages and benefits, hours of work, freedom of association, discrimination and abuse, health, safety, and environmental responsibility.

ENVIRONMENT

Principle 7 Businesses should support a precautionary approach to environmental challenges.

Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.

HOW WE SUPPORT THESE PRINCIPLES:

The Precautionary Principle

Our commitment to the Global Compact's environmental principles is aligned with the Precautionary Principle, which states that "[w]here there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

We support the Precautionary Principle through:

- ➔ Our commitment to the reduction of solid waste and reduction of energy consumption:

- ➔ In fiscal 2010, we set a 10% reduction target for our waste-to-landfill metric for our three Vermont facilities and we exceeded it, cutting waste sent to landfill by 16.9% relative to net sales allocated to these specific locations.

- ➔ We reduced our overall Specialty Coffee business unit metric by 19.3% as compared to fiscal '09.

- ➔ Our greenhouse gas offset program, which offsets 100% of our greenhouse gas emissions through the purchase of renewable-energy certificates (RECs). Our REC purchases support the development of green energy infrastructure, such as wind farms and methane-recapture facilities.

- ➔ The installation of a 100kW solar array on the roof of our Waterbury, Vermont distribution center. On a sunny day this solar array is capable of generating enough electricity to supply more than half of the Waterbury facility's average demand.



→ The installation of a 10,000-gallon biodiesel fueling tank at our Waterbury facility. Today, all of our Waterbury-based delivery fleet runs on biodiesel.

→ Our ongoing research into alternative packaging materials for our K-Cup® packs.

→ Our introduction of both hot and cold “to-go” cups and lids made with renewable corn-based materials.

→ Our introduction of packaging film made with over 19% renewable plant-based materials.

→ The replacement of light fixtures in our Waterbury, Vermont distribution center and production plant with high-efficiency lamps.

ANTI-CORRUPTION

Principle 10 Businesses should work against all forms of corruption, including extortion and bribery.

HOW WE SUPPORT THIS PRINCIPLE:

We fully support the Global Compact's principles related to anti-corruption through strict adherence to our internal code of ethics, which requires compliance with all laws, rules, and regulatory requirements.

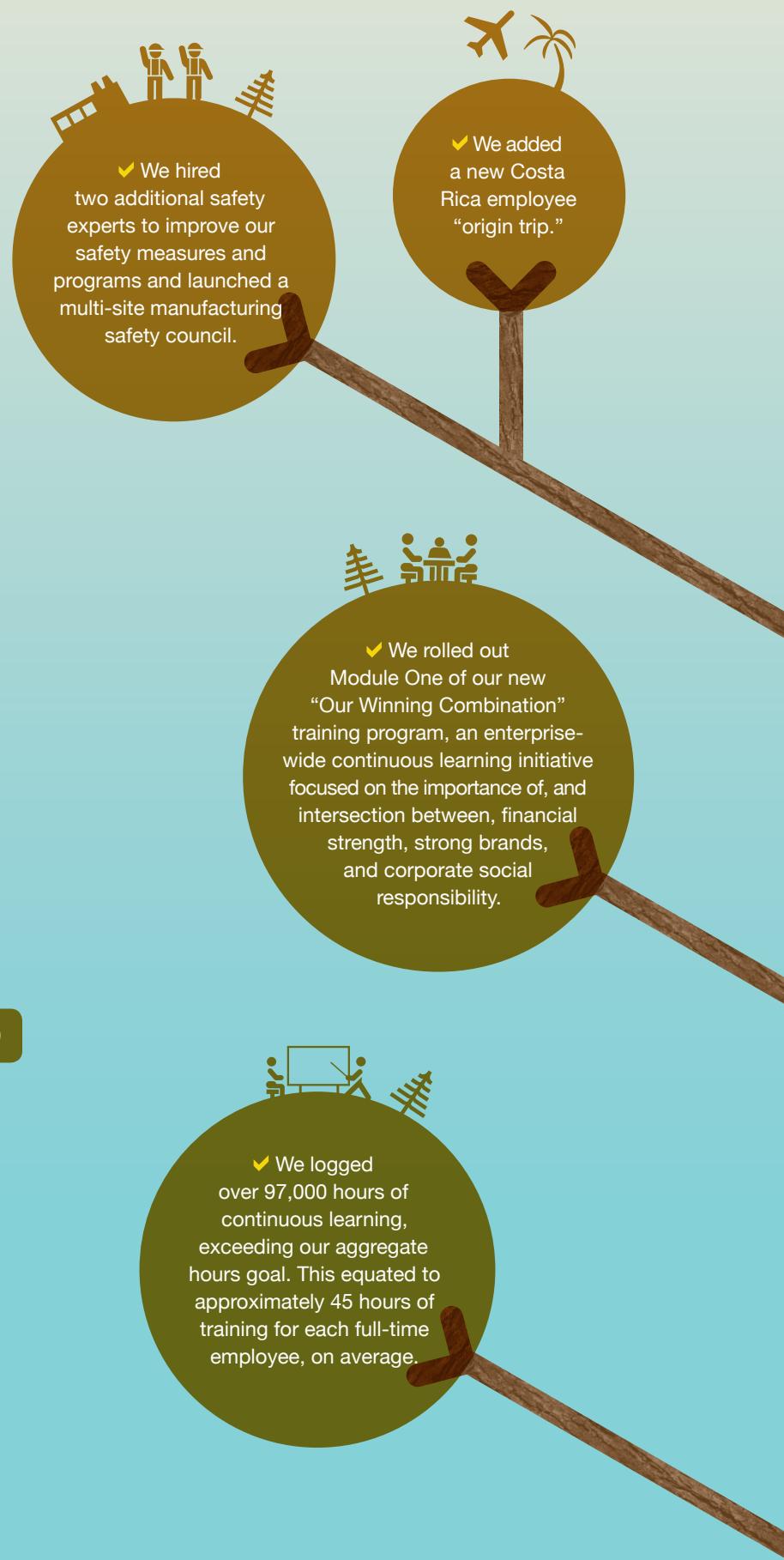


CREATING AN EXCEPTIONAL WORKPLACE

Our commitment to sustainability and healthier lives and economies extends to our own workplace. Creating an exceptional workplace is a shared responsibility that contributes to the success of both our company and our employees. We foster opportunities for our people to learn, develop, and advance in their careers and lives. In turn, our employees recognize their responsibility in taking advantage of these opportunities to benefit themselves as well as the company.

The results are good for everyone. For example, when employees are engaged and motivated, they are more productive and enjoy longer tenures with a company. When our work environment supports learning and development, we are better able to attract and retain the best people. And when we cultivate leaders from within the company, we provide growth opportunities for employees while strengthening our organization.

Some of the opportunities our employees enjoy help instill a personal commitment to sustainability. When employees feel personally connected to our core values they can help innovate solutions to further company goals.



WHERE WE'VE BEEN IN FISCAL 2010

↗ WHERE WE'RE GOING IN FISCAL 2011

↗ We will deliver two additional modules of the “Our Winning Combination” training program.

↗ We intend to deliver at least 30 hours of educational training for each employee.

↗ We intend to fill 20% of our new positions internally.

↗ We intend to pilot a new Colombia employee “origin trip.”



❖ FISCAL 2010 NUMBERS AT A GLANCE

	Fiscal 2008 ²	Fiscal 2009 ²	Fiscal 2010
Compensation and Benefits			
Company payment of insurance premiums (percentage, on average)	90% ¹	90%	90%
Dollars spent on medical benefits as a percentage of payroll ¹	13.6%	13.4%	12.80%
Hiring and Development			
Internal hiring ¹	19%	18.6%	23%
Average training hours per full-time employee	49 ¹	46	45
Percentage of full-time employees who have visited coffee-growing communities	18.0%	13.3%	10.80%
Percent of full-time employees who reached or exceeded our goal of 30 hours of training each year	NM	NM	58%
Safety			
Injury severity (DART rate) ¹	4.68	4.23	3.21
Workers' compensation claims	81	97	145
Injury frequency (total recordable incidence rate) ¹	4.90	5.06	4.03
Occupational fatalities	0	0	0
Interstate experience modification factor ¹	.89	1.9	.98
Retention and Satisfaction			
Employee Retention ¹	91%	92%	91%
Percentage employees agreeing that GMCR is an "Overall Great Place To Work"	88%	93%	75%
Percentage employees agreeing that "We have special and unique benefits here"	86%	91%	88%

¹ Specialty Coffee Business Unit only

² These numbers have been revised to reflect Green Mountain Coffee Roasters, Inc.'s restatement of its financial statements for its 2006, 2007, 2008, and 2009 fiscal years, and each of the quarters in its 2009 fiscal year and the first three fiscal quarters of its 2010 fiscal year, all as more fully set forth in its Annual Report on Form 10-K for the fiscal year ended September 25, 2010 filed with the Securities and Exchange Commission on December 9, 2010.



UNDERSTANDING EMPLOYEE PERSPECTIVES

To deliver on our responsibility to create a exceptional place to work, it's essential that we understand the needs, expectations, and perspectives of our employees. We regularly gather their feedback through surveys and other diagnostic tools, and use this information to set goals and priorities, measure progress, identify opportunities for improvement, and enhance programs.

Our fiscal 2010 goals included:

- ➔ Continuing the goal of at least 30 hours of educational training per employee.
- ➔ Hiring two additional safety experts to improve programs and to launch a multi-site safety council.
- ➔ Filling 20% of our new positions internally.
- ➔ Continuing to support employee coffee source trips and adding Costa Rica as a new destination.
- ➔ Establishing a partnership with Global Corporate College to provide training programs to all our sites.
- ➔ Launching our GMCR Leadership Model to senior leaders and directors enterprise-wide. Through this model we solicit feedback locally, probing on important issues relevant to specific sites.
- ➔ Launching Our Winning Combination, a culture-building employee experience highlighting the interdependency of financial success, strong brands and CSR.

THE GREAT PLACE TO WORK TRUST INDEX -

A periodic company-wide survey that measures employee pride, camaraderie, respect, credibility, and fairness.

www.GreatPlaceToWork.com



GREAT PLACE TO WORK TRUST INDEX

Focus areas of the Great Place to Work Trust Index

	Fiscal 2006 ¹	Fiscal 2008	Fiscal 2009	Fiscal 2010
Credibility	75%	78%	83%	78%
Respect shown in the workplace	79%	81%	84%	79%
Fair treatment within the organization by management	77%	78%	81%	77%
Pride in work and company	85%	87%	91%	86%
Camaraderie with peers	85%	84%	88%	81%
Overall, this is a Great Place to Work	85%	88%	93%	75%

¹ Specialty Coffee Business Unit Only

GREEN MOUNTAIN COFFEE ROASTERS, INC. – EMPLOYEE BENEFITS

Paid Time Off

Vacation time

Holidays

Sick leave

Health Care Coverage

Covers employee, spouse/domestic partner, and family

Includes options for dental and vision coverage

Includes Flexible Spending Accounts for health care and child care

90% employer paid on average

Basic Insurance

Includes Life, AD&D, Short-Term Disability, and Long-Term Disability

100% employer paid

Employee Assistance Program

Adoption Assistance

→ Up to \$4,500

→ Maximum two adoptions

Parental leave

→ Paid maternity leave

→ Unpaid maternity and paternity leave

Bereavement Leave

Education Assistance

→ Extensive onsite learning opportunities

→ Employees eligible for up to \$3,000 in tuition assistance annually

→ Dependent children eligible for \$2,000 scholarships

(24 offered annually)

Relocation Assistance

Wellness Reimbursement

→ Up to \$500 per year

→ Activities of family members eligible as well

Financial Benefits

→ Employee stock purchase program

→ Profit-sharing bonus program

→ 401(k) program, with employer matching up to 6%¹

Energy Efficiency Assistance

→ Reimbursement up to \$1000 per year for eligible energy efficiency improvements in employees' homes

A HOLISTIC APPROACH TO EMPLOYEE BENEFITS

Our goal is to provide employees with the opportunity for sustainable employment. While their job or responsibilities may change over time, we want them to be able to learn and grow with the company.

This commitment includes offering total compensation that goes beyond just a livable wage and providing programs that enhance the lives of employees beyond what a paycheck can deliver, including:

→ **Flexible Work Arrangements:** as determined by job and location, ranging from compressed work weeks to paid time off.

→ **New Ways of Looking at Cash Compensation:** programs to reduce employee expenses, such as our wellness program, sliding-scale insurance contributions, profit sharing, and standards-based pay rates.

→ **Beyond Cash Compensation:** company-assisted health, dental, and vision insurance; company-paid life and disability insurance plans; an employee hardship fund; flexible-benefit and health-savings plans; dependent-care assistance plan; tuition reimbursement; referrals for services such as an Employee Assistance Plan; and 401(k) plans.



¹ U.S. employees only



COMPENSATION

Drawing on the work of Vermont Businesses for Social Responsibility (www.VBSR.org) and its Livable Jobs Toolkit, we apply regional and state economic data to create a compensation model that more accurately accounts for the full range of benefits — financial and nonfinancial — that we offer our employees.

As we do each year, in fiscal 2010, we analyzed full-time pay rates by region under this model to understand and implement needed adjustments.

HEALTH AND WELLNESS

Because wellness is the cornerstone of a healthy workplace, we offer employees a variety of programs that promote good health including breathing, meditation, and stretching into employees' daily schedules; on-site and company-paid screenings for blood pressure, cholesterol, and biometrics; annual flu shots; and a wellness reimbursement of up to \$500 to support health-club memberships, massage, weight-loss programs, and smoking cessation.

Each year, we host educational Wellness Fairs at our major locations to motivate healthy behaviors. We reward employees who engage in preventive actions related to taking care of themselves. We also encourage healthy lifestyle choices to support employees' health and wellness both in the workplace and at home.

SAFETY

Our priority is to ensure the safety of all employees. Each year, our goal is to reduce accidents and other safety-related incidents by 10%. We met this goal in fiscal 2010 by providing employees with extensive training and education. We expect all employees to understand and comply with our stringent safety policies. Various formal policies include safety procedures for all manufacturing buildings, a policy on visitors in the workplace, safety expectations for each job, and pre-employment physicals to ensure jobs can be completed safely.

During orientation all new employees tour a manufacturing plant and receive training on safety basics. We also hold two additional in-depth orientations on safety for employees who work in manufacturing or supply-chain jobs.

If an accident does occur in the workplace, we adhere to our incident reporting procedures. We have workers' compensation insurance for job-related incidents as well as disability insurance for incidents outside the workplace that disrupt an employee's ability to work. All GMCR buildings are equipped with an Automated External Defibrillator (AED), and we have trained employees on hand to administer the AED in case of an emergency.

GMCR EMPLOYEE SAFETY

	Fiscal 2008	Fiscal 2009	Fiscal 2010
Injury severity (DART rate) ¹	4.68	4.23	3.21
Workers' compensation claims	81	97	145
Injury frequency (total recordable incidence rate) ¹	4.9	5.06	4.03
Occupational fatalities	0	0	0
Interstate experience modification factor ¹	0.89	1.9	.98

¹ Specialty Coffee Business Unit Only



OUR WINNING COMBINATION

Our Winning Combination is a new interactive learning experience we developed in fiscal 2010. The program engages teams of employees on the topics of financial strategy, brand strategy, and corporate social responsibility. Participants learn about the important concepts in each topic, how those concepts relate to our business, and, most importantly, how our success in each area supports success in the other two areas. We rolled out the first module of Our Winning Combination to all employees in fiscal 2010 and we plan to deliver two additional modules in fiscal 2011, again to all employees.

LEARNING AND DEVELOPMENT

Continuous learning enables and drives our employees' personal growth as well as improvements in our corporate bottom line. Training and education prepare our workers to thrive in a competitive, constantly changing economy by keeping them nimble, adaptable, and prepared for jobs of the future. To support ongoing learning, we offer a wide array of training opportunities, from extensive coursework in leadership, supervisory, and personal development, to writing skills and safety training. Employees can attend stand-alone workshops and workshop series, or take self-study courses offered online and via CDs.

In fiscal 2010, our goal was to deliver 30 hours of education or training to every full-time employee. Our organization totaled 97,131 hours of training for the year, an average of 45 training hours per full-time employee. 58% of full-time employees met or exceeded this goal in FY10.

We pay up to \$3,000 per year for tuition, books, equipment, or fees for work-related classes for our employees. In fiscal 2010, 50 employees received tuition assistance, for a total benefit of \$110,000 (as compared with 57 employees and a total benefit of \$63,957 in fiscal 2009).

Also in fiscal 2010, we awarded twelve \$2,000 scholarships for post-secondary education in college and vocational programs for the children of our full-time employees who have at least one year of service with our company. These scholarships were selected by a neutral third party, Scholarship Management Services.

Since 1992, we have given employees the opportunity to travel to coffee-growing communities to learn firsthand how coffee is grown and harvested. These "source trips" are a way for us to reward tenure or outstanding performance, build teamwork, and allow employees to directly experience coffee from tree to cup. Today, we send approximately 48 employees each year on four trips — to Mexico, Guatemala, Costa Rica, and Nicaragua. At the end of fiscal 2010, 10% of our current full-time employees had participated in a company-sponsored source trip.

CONTINUOUS LEARNING

	Fiscal 2008 ¹	Fiscal 2009	Fiscal 2010
Total recorded hours	48,422	69,912	97,131
Average training hours per full-time employee	49	46	45
% employees met or exceeded 30 training hours	NA	NA	58%

¹ Specialty Coffee Business Unit Only





SHARED FINANCIAL SUCCESS

Employees from all business units are eligible to participate in our Stock Purchase Plan. The plan allows staff to use payroll deductions over six months to purchase company stock at a 15% discount to the market price on the first or last day of the program, whichever is lower. The program has two entry dates per year. In fiscal 2010, 65% of our full-time workers used this program.

Our 401(k) plan provides an opportunity for U.S.-based full-time employees to defer up to 100% of their compensation before taxes, subject to federal limits, in annual 401(k) plan contributions. The company matches 50% (for up to a 6% deferral) and offers more than 40 mutual fund options for employee investment, including socially responsible mutual funds. Seventy-three percent of full-time U.S.-based employees participated in our 401(k) program in fiscal 2010, compared with 75% in fiscal 2009.

FAMILY

We reimburse eligible adoption expenses incurred by full-time employees from all business units, up to \$4,500 for each adoption per family for up to two adoptions. Eligible expenses include adoption agency fees, placement fees, lawyers' fees, and other required legal fees. In the past we've had employees take full advantage of this benefit, but in fiscal 2010, no employees applied for assistance.

DIVERSITY

Women made up 33.4% of management and 36.3% of our total workforce. Employees self-identifying themselves as non-white made up of 7.0% of our management and 15.5% of our total workforce. We define management as employees in the official Equal Employment Opportunity categories of Executive/Senior Level Officials/Managers and First/Mid-Level Officials and Managers.

Two women served on our eight-member Board of Directors at the end of fiscal 2010. The Boston Club recognized us in their 2003 and 2005 Corporate Salute, in which they honor companies with two or more women on their boards of directors. Two of our six Executive Officers and three of eight direct reports to the Chief Executive Officer are women.

Partners of our full-time employees all qualify equally for our benefits, whether they are spouses, domestic partners, or partners through a civil union. This policy, established in 1999, embodies the kind of respect for human dignity we expect in our workplace, and we believe it will help us attract a more diverse workforce, especially in areas outside Vermont.

2010 HIGHLIGHTS

Fiscal 2010 was a year of tremendous growth and leadership. We invested in our business and brands and expanded our product offering with great success. When we look back, it's clear that 2010 was also a time of assessing and revisiting programs and choices we've made along the path of our CSR journey. Here are some of the highlights of what we accomplished in 2010:

SUPPORTING LOCAL COMMUNITIES

Our grants funded programs for local and national organizations with a focus on improving the lives of women and children as well as on social and environmental issues. In fiscal 2010, our employees gained even more opportunity to volunteer during work-day hours.

PARTNERING WITH SUPPLY-CHAIN COMMUNITIES

We worked to improve food security in Africa and Indonesia, furthered educational opportunities for students in Nicaragua, and expanded our support of health care projects in Guatemala and Rwanda.

PROTECTING THE ENVIRONMENT

The growth of our enterprise this year offered up an opportunity for careful reevaluation of the tools and processes we use to determine our environmental performance. Over the course of the year, while evaluating where we would like to go with our enterprise, we made strong progress reducing our SCBU overall energy metrics.

BUILDING AWARENESS AND DEMAND FOR SUSTAINABLE PRODUCTS

Our focus for fiscal 2010 centered on continuing to build demand for responsibly grown coffees and sustainable products. We also pursued research and development to increase sustainability in our product line and packaging.



CREATING AN EXCEPTIONAL WORKPLACE

We acted on our commitment to maintain a healthy workplace this year in several ways. Most notably, we provided ongoing education and training opportunities for every employee, increased safety measures and programs, and offered leadership development and opportunity for growth within the company.

WORKING TOGETHER FOR CHANGE

When individuals, companies, communities, and organizations work together, significant change is possible. We take that approach every day within company walls and beyond. We build strong relationships with our employees, suppliers, and manufacturers in order to create sustainable practices and provide opportunities that benefit everyone.

CREDITS

Writing

Alling Henning Associates Inc.
www.Aha-Writers.com

Photography

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

Page 21 photo by David Estrada.

Design

Free Range Studios
www.FreeRange.com

Printing

Villanti & Sons Printers / Milton, VT
www.Villanti.com

Paper

Mohawk
www.MohawkConnects.com



FSC Logo

Green E Logo

ENVIRONMENTAL BENEFITS STATEMENT

This report uses 2,097 lbs. of paper which has a post-consumer recycled percentage of 100%. The savings below are achieved when post-consumer recycled fiber is used in place of virgin fiber.

-  20 trees preserved for the future
-  58 lbs. waterborne waste not created
-  8,552 gallons wastewater flow saved
-  946 lbs. solid waste not generated
-  1,863 lbs. net greenhouse gases prevented
-  14,259,600 BTUs energy not consumed
-  Savings from the use of emission-free wind-generated electricity:
946 lbs. air emissions not generated
-  Displaces this amount of fossil fuel:
1 barrel of fuel oil not used
-  In other words your savings from the use of wind-generated electricity are equivalent to:
not driving 936 miles or planting 64 trees

Paper Specifications

Mohawk Options 100% PC White Smooth

Technical Notes and Sources

Calculations to demonstrate the environmental benefits of using recycled fiber in lieu of virgin fiber are based primarily upon information publicly available at:

http://www.environmentaldefense.org/documents/1687_figures.pdf

Calculations to demonstrate the benefits of supporting offsite wind generated electric power and carbon emission reduction projects are based primarily upon Mohawk's corporate-wide greenhouse gas emissions inventory. This inventory was developed to include Scope 1 and Scope 2 emissions according to the US EPA Climate Leaders Program technical guidance which is publicly available at: <http://www.epa.gov/stateply/resources/index.html>

Calculator outputs specifically represent Mohawk operations and its unique greenhouse gas emissions profile. They cannot be considered representative of other organizations.



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