



TOGETHER, WE CAN...





TOGETHER, WE CAN...

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OUR COMMITMENT AND VISION

LARRY BLANFORD, PRESIDENT AND CEO

Friends,

The performance of our business was outstanding in fiscal 2011. We increased our market leadership in coffee makers and specialty coffee, offered consumers and customers greater choice with innovative product offerings, and drove significant growth by delivering exceptional products through our portfolio of top brands. We also strengthened our presence in Canada, made investments across our enterprise for long-term competitive advantage, and continued to foster the well-being and success of our people. Our success is testament to the momentum behind our business strategy and the tremendous capabilities of our organization.

As our business grows, our opportunities to make a difference are growing. In 2011, we have again dedicated 5% of our pretax earnings to advance social and environmental initiatives. In fiscal 2011, that amounted to approximately \$15.2 million — more than double the previous year. We also have more diverse relationships, greater influence in our industry and in the marketplace, and deeper expertise to contribute to solving social and environmental challenges. In this, our sixth Corporate Social Responsibility (CSR) report, we share and assess our social and environmental performance for fiscal 2011, and describe the opportunities we see ahead.

We believe companies like Green Mountain Coffee Roasters, Inc. (GMCR) can be a catalyst for positive change. It's why we were the first coffee company to sign the United Nations Global Compact in 2004, and why we continue to support its universal principles addressing human rights, labor, environment and anti-corruption.

Our longstanding commitment to improving lives and protecting the environment, is not only central to what we stand for and how we work, it is also vital to our success. We focus on issues that strengthen our business by creating efficiencies, reducing risk, sparking innovation, and more deeply engaging our employees and many stakeholders.

Battling the chronic challenge of hunger in coffee-growing communities is a prime example of how we're tackling a pervasive social problem to both help others and meet our

business goals. In countries such as Nicaragua where poverty is high, many growers and their families are vulnerable to food insecurity. As a result, growers can't invest in their business, children have difficulty learning in school, and the well-being of entire communities declines. Since learning about food insecurity, we have been supporting nonprofit organizations that focus on this issue, sharing what we've learned with others, and raising awareness in our industry and beyond.

We work with other organizations to find ways to reduce the environmental footprint of our operations and improve the performance of our products. Every potential solution comes with difficult choices and trade-offs, and we continue to make investments to protect and preserve the environment while delivering the performance and quality our shareholders and customers expect.

Rapid growth brings complex challenges, and we understand there's more we can do to enhance our work in sustainability and amplify the difference we make. For instance, we are taking steps to better support our growing number of suppliers in adopting sustainable business practices.

We intend for this report to be more than an accounting of our sustainability activities. As you read it, we hope it prompts a better understanding of the values that shape virtually everything we do. We also encourage you to share your ideas and comments with us. Your feedback is crucial to our continued efforts. Please contact us by emailing csr@gmcr.com.

Looking forward, I ask you to consider what more you can do to make a meaningful and lasting difference in the lives you touch. It's a question we constantly ask ourselves. We are proud of our legacy of collaboration to help others, and recognize that our greatest opportunities remain ahead of us.

Sincerely,

A handwritten signature in green ink that reads "Larry Blanford".

Larry Blanford
President and CEO



OUR JOURNEY

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

Friends,

Our Corporate Social Responsibility (CSR) report this year focuses on what we can achieve by working together. This relationship ethic is at the heart of our Company Purpose, particularly in our ultimate goal to transform how the world understands business. By collaborating with diverse organizations, our growing number of suppliers and their communities, and our many customers and consumers in North America, we can make more meaningful and lasting contributions to solving social and environmental challenges.

Our measure of success is based on delivering successful and sustainable growth to all our stakeholders. For us, that means strong financial results, valuable development opportunities for our people, and positive social and environmental impact. And we can only be successful in all of these areas when we work effectively together with those we impact — and those who impact us — toward shared goals.

Fiscal 2011 was another year of exceptional growth for Green Mountain Coffee Roasters, Inc. (GMCR). Often today, the goals of financial success and behaving in a socially and environmentally responsible manner are understood to be in conflict or even mutually exclusive. Rather, we believe financial growth and corporate responsibility support each other, both complementing and challenging each other.

For example, by building close relationships with our suppliers and ensuring those relationships are more than purely transactional, we are able to manage supply chain risk more effectively. We can develop and leverage greater insight into the challenges our vendors are facing and potentially help them to address and mitigate those challenges.

Similarly, more and more consumers care about the integrity of the company with which they do business, and not just about the product or service they are purchasing. Strong social and environmental

programs add dimension, depth, and strength to the relationships between consumers and our brands, helping us enhance our market leadership. This extends to our employees and operations. Many people want to be deeply invested in their work and proud of the organization for which they work.

Our programs also help us lighten our environmental footprint while strengthening our business. Environmental innovation — both for our products and in our operations — can lower costs as well as lifecycle impacts by reducing energy consumption, waste, and carbon emissions.

Financial growth and our CSR efforts complement each other, but they can also challenge each other, and prompt us to fundamentally rethink how we operate, work with partners, and set priorities.

For instance, aligning financial growth with CSR demands a more holistic analysis of systems and processes across our business. It also challenges us to be more sophisticated in how we design and manage our CSR initiatives.

Over the course of fiscal 2011, the dynamic between our financial growth and our commitment to CSR was a powerful catalyst for progress. In the wake of far-reaching change, one constant was our conviction that strong, mutually beneficial relationships are the foundation for success. With that in mind, we continue to focus on building and deepening relationships with our stakeholders to make even greater impact in fiscal 2012 and beyond.

Sincerely,

Mike Dupee
Vice President, Corporate Social Responsibility



ABOUT OUR COMPANY

In fiscal 2011, we celebrated the 30th anniversary of Green Mountain Coffee Roasters, Inc. (GMCR). While our business has changed and grown dramatically over the years, our drive to create and share the ultimate coffee experience has remained constant. 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. We believe that by working together with consumers, customers, employees, suppliers, and the people in the communities where we live and work, we can meet our business goals and make a lasting and positive difference.

Today, GMCR is recognized as a leader in specialty coffee and coffee makers, and acknowledged for its award-winning coffees, innovative Keurig® brewing technology, and environmentally and socially responsible business practices. Through a combination of strategic partner relationships, its prior acquisitions, and internal beverage development efforts, GMCR is cultivating a portfolio of brands representative of the geographic taste preferences of beverage consumers across the United States and Canada.



OWNED BRANDS

NON-OWNED BRANDS

(Licensing/Manufacturing Agreements)





Canadian Business Unit

Keurig Business Unit

Specialty Coffee Business Unit

* Waterbury, Essex Junction, and Williston, VT

GMCR operates from three business units: the Specialty Coffee Business Unit, which includes our portfolio of coffee and beverage brands including Green Mountain Coffee®, Barista Prima®, Tully's Coffee®, Timothy's World Coffee®, and Coffee People® coffee brands; the Keurig Business Unit, where the Keurig® single cup brewing system was created; and the Canadian Business Unit, which is responsible for all GMCR sales in Canada and includes the Van Houtte® business and Timothy's® brand. For more information about our business and family of brands, please refer to our fiscal 2011 annual report and most current quarterly financial statements, which are available at <http://investor.gmcr.com/financials.cfm>.



Our Purpose and Principles

We create the ultimate coffee experience in every life we touch from tree to cup — transforming the way the world understands business. To learn more about the principles that guide how we work together — encompassing everything from communications and leadership to shared ownership and sustainability — please visit www.gmcr.com/purpose-and-principles.html.

Our Strategy

Our business model centers on increasing single cup brewing in North American households and offices. We do this by driving awareness and adoption of our Keurig® single cup brewing systems, which in turn creates ongoing demand for K-Cup® packs.

We believe that the value proposition we can offer our customers is based on three key competitive advantages:

1. Quality: To meet rising consumer expectations, the Keurig® system delivers high-quality and consistently produced beverages every time.

2. Convenience: The Keurig® system prepares beverages generally in less than a minute, at the touch of the button, with no mess.

3. Choice: We offer more than 200 varieties of K-Cup® packs to encourage consumers to explore different brands and products. In addition to the variety of brands of coffee and tea, we also produce and sell hot apple cider fruit brew, iced teas and coffees, hot cocoa, and other dairy-based beverages in K-Cup® packs.

Our Performance

Fiscal 2011 was a year of strong growth for GMCR. Our revenue increased 95%, and we were recognized by *Fortune* magazine, which named GMCR #2 on its list of “100 Fastest-Growing Companies” for the second consecutive year. For more information, see the Enterprise Metrics section of our fiscal 2011 annual report, *30 Years of Brewing a Better World Together*, available at <http://investor.gmcr.com/financials.cfm>.



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 for the GMCR brand.

1989

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

1990

Introduced GMCR 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.

1998

Expanded our GMCR certified organic line to five coffees.

2000

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

2001

Expanded GMCR certified organic line to 27 coffees.

2002

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

2003

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

2004

Offset 100% of our estimated greenhouse gas footprint.

2004

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

2006

Introduced the ecotainer® by International Paper, 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.

2007

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

2008

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

2008

Established Corporate Social Responsibility Committee on the Board of Directors.

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, grantmaking programs, carbon offsets, and employee benefits.

2010

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

2010

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

2010

Recognized by Fair Trade USA as largest purchaser of Fair Trade Certified™ coffee in the world in calendar 2010 and 2011, based on purchases of Fair Trade Certified™ coffee.

2011

Funded or expanded funding for 20 food security projects that reached 19,000 families in our supply chain.



OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

We believe business can be a powerful force for change by driving economic growth, creating jobs, and enhancing lives. By taking more balanced approaches to how they do what they do — produce goods and services, innovate and design, build brands, manage opportunities and risks, and cultivate talent — companies can also help address many of the world's shared social and environmental challenges.

This belief is foundational to our approach to CSR. While delivering the highest-quality coffee and beverage products, we strive to have a lasting, positive impact on the world.

The power of working together — across our company, throughout our portfolio of brands, and with our suppliers, partners, customers, and consumers — is vital to making a meaningful difference. On issues where we share a vested interest with others, such as promoting food security in coffee-growing communities and providing access to clean water, we continue to look for ways to collaborate and amplify impact.

Through the integration of sustainable initiatives throughout our business, we improve core business processes and practices in ways that support our commitment to social and environmental responsibility. We are aligning efforts internally, such as with supply-chain management and marketing communications, to promote consistency and increase the efficiency of our efforts.

For example, enabling supply-chain communities to meet their basic needs throughout the year — and plan for sustaining a higher standard of living in the future — helps us strengthen relationships with current and potential suppliers as well as manage risk in our supply chain, which is critical to our success. In our own operations, reducing energy use and diverting waste from landfills not only helps shrink our environmental footprint, but also contributes to higher efficiency and greater profitability. Our commitment to social and environmental responsibility meets rising consumer expectations, helping differentiate our company and brands. And supporting our employees' desire to make a difference in local communities helps build skills and contributes to our values-driven culture.



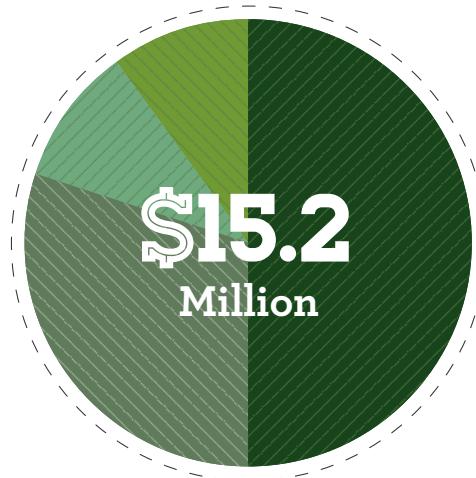
Our Guiding Principles for CSR

We rely on four principles to help guide our activities:

- 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.
- We align our actions with facts: We follow a fact-based approach in designing and/or choosing initiatives we want to support.
- 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.
- We take a whole-systems approach to problem solving: We strive to ensure our efforts to solve social and environmental challenges do not lead to new and more daunting challenges.



PHILANTHROPIC GIVING FISCAL 2011 APPROXIMATE ALLOCATION



~50%
Supply Chain Outreach

~30%
Domestic Community Outreach

~10%
Signature Cause

~10%
Other (environmental / innovation projects, relationships, etc.)

Philanthropic Initiatives

In fiscal 2011, we contributed 5% of our pre-tax earnings to support socially and environmentally responsible initiatives. We allocated approximately \$15.2 million in resources to our sustainability programs in fiscal 2011 — more than double what we provided in fiscal 2010.

Philanthropic initiatives generally fall into three types of programs: cash giving, workplace volunteerism, and product donations. These programs are managed by area. Areas include Supply Chain Outreach, Domestic Outreach, and Signature Cause.

www.gmcr.com/csr

Our cash-giving efforts involve:

- Grants to support our supply-chain communities around the world (Supply Chain Outreach)
- Grants to support the local communities where our employees live (Domestic Community Outreach)
- Grants that address specific social and environmental opportunities while strengthening our core brands (Signature Cause)
- Employee-related programs such as corporate matching donations (Domestic Community Outreach)

Workplace volunteerism programs include:

- The opportunity for 52 hours of paid volunteerism during customary work hours (Domestic Community Outreach)
- A mini grants program that recognizes and supports significant employee volunteer commitments during non-work hours (Domestic Community Outreach)

Our product donations program supports numerous nonprofits across the United States and Canada by providing:

- Raffle or auction items
- Giveaway items, including coffee samples
- Coffee and other beverages to be served at an event; or
- Coffee and related products to nonprofit food banks and to organizations that support U.S. military troops

Product donations are generally managed within our Domestic Community Outreach area.



SUMMARY OF PROGRESS

KEY



Achieved



Partially Achieved and/or In Progress



Missed

↗ STATED GOAL - FISCAL 2011

→ RESULTS - FISCAL 2011

✓ ASSESSMENT

👉 PARTNERING WITH SUPPLY-CHAIN COMMUNITIES

↗ We intend to fund at least two water projects in fiscal 2011.

→ We funded three new water projects in Nicaragua (2) and Tanzania (1) while continuing to support multi-year water projects in Peru, Nicaragua, and Guatemala.

↗ We will deepen our focus on food insecurity in coffee-growing communities, seeking to pilot innovative new ways to raise awareness, bring additional resources to bear including the provision of food security support to an additional 10,000 families, and share best practices for addressing this challenge.

→ We supported the production and distribution of *After the Harvest: Fighting Hunger in the Coffeelands*, a documentary that explores the challenge of food insecurity in coffee-growing communities.



↗ We intend to finalize and distribute the GMCR Monitoring and Evaluation Guide for Funded Projects, a common reporting protocol and template.

→ We finalized our Monitoring and Evaluation Guide for Funded Projects.



👉 SUPPORTING LOCAL COMMUNITIES

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

→ We continued to grow our employee community grantmaking programs via the establishment of locally focused teams at Castroville and Toronto sites.



↗ We intend to grow volunteerism by 61%, achieving 25,000 hours of contributed employee time.

→ Through our employee volunteerism programs, we contributed more than 29,000 hours of volunteer time.



👉 PROTECTING THE ENVIRONMENT

↗ Energy Reduction Goals:

Toronto, Ontario, Canada, Operations: -10%
Knoxville, Tennessee, Operations: -10%
Sumner, Washington, Operations: -10%
Vermont Operations: Maintain

→ Energy Reduction Results:

Toronto, Ontario, Canada, Operations: +2%
Knoxville, Tennessee, Operations: - 16%
Sumner, Washington, Operations: -26%
Vermont Operations: +3%



↗ Waste Reduction Goals:

Toronto, Ontario, Canada, Operations: -50%
Knoxville, Tennessee, Operations: -15%
Sumner, Washington, Operations: -30%
Vermont Operations: -10%

→ Waste Reduction Results:

Toronto, Ontario, Canada, Operations: +2%
Knoxville, Tennessee, Operations: -49%
Sumner, Washington, Operations: -37%
Vermont Operations: +1%



Continued >



SUMMARY OF PROGRESS

KEY



Achieved



Partially Achieved and/or In Progress



Missed

↗ STATED GOAL - FISCAL 2011

→ RESULTS - FISCAL 2011

✓ ASSESSMENT

PROTECTING THE ENVIRONMENT

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

→ We expanded our K-Cup® pack recovery pilot in the U.S. to 22 states.



↗ We plan to divert 1,700 tons of waste out of the landfill through expansion of our Returns Management Initiative.

→ We processed and recycled all returned Keurig® brewers in the U.S. resulting in 1,106 tons of material diverted from landfills.



BUILDING DEMAND FOR SUSTAINABLE PRODUCTS

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

→ Further progress has been made in our efforts to deepen our commitment to certified coffees by increasing our overall percentage of certified coffees shipped from 25% to 28%, at the same time overall coffee sales increased by 52% to approximately 136 million pounds. Fair Trade Certified™ coffee shipments increased from approximately 17 million pounds to over 26 million pounds in fiscal 2011. Rainforest Alliance Certified™ coffee sales increased from 345,000 pounds to over 9 million pounds.



WORKING TOGETHER FOR CHANGE

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

→ We completed a benchmarking study of supply-chain transparency best practices.



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

→ We formally committed to uphold the United Nations' Human Right to Water through the development and communication of a GMCR policy.



FOSTERING WORKPLACE EXCELLENCE

↗ We will deliver the remaining two modules of the "Our Winning Combination" business literacy program.

→ We completed two modules of the "Our Winning Combination."



↗ We intend to deliver at least 30 hours of educational training for each employee in fiscal '11.

→ We accomplished more than 152,000 hours of continuous learning, an average of 44 hours for each full-time employee.



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

→ We filled 21.2% of our new positions internally.



↗ We intend to pilot a new Colombia "origin trip."

→ We sent 46 employees on "origin trips" to 5 countries including Colombia.





CSR Governance

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

PUBLIC RECOGNITION

We were pleased to be recognized in fiscal 2011 for our ongoing efforts to create both profit and positive change.

- Readers' Choice Award New Products of the Year (Best Cold Beverage), *Automatic Merchandiser Magazine*, for Green Mountain Coffee® Brew Over Ice K-Cup® pack
- "100 Fastest-Growing Companies List," *Fortune* magazine (Ranked #2)
- Humanitarian of the Year Award, Medicines for Humanity
- Largest Purchaser of Fair Trade Certified™ Coffee in the World, 2010
- Leader of Change Award, Foundation for Social Change and United Nations (UN) Office for Partnerships
- Business of the Year Award, Northeastern Economic Developers Association

ABOUT THIS REPORT

This report covers fiscal 2011, from September 26, 2010 to September 24, 2011. The data cited refer to fiscal 2011 or the last day of fiscal 2011, 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. The Van Houtte® business is reflected as the Canadian Business Unit (CBU) in the data and coverage for this report for the last three quarters of fiscal 2011 reflecting the period of time for which they were owned by GMCR. Our most recent previous report was released in June 2012.

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

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

This report also serves as GMCR's annual United Nations Global Compact (UNGC) "Communication on Progress." It provides an overview of our implementation of the ten principles of the UNGC and our support for broad UN development goals. Please see the UNGC Index at www.gmcr.com/ungcindex for information on where the UNGC principles are covered in this report.





PARTNERING WITH SUPPLY-CHAIN COMMUNITIES



Having strong supply chains is crucial to our success, and we expect and depend on our suppliers to provide quality products. In turn, we believe that as we thrive, suppliers and their local communities

should too. Our approach is to support nonprofit organizations that work to help suppliers receive a fair price for their products, make business decisions that support their families, and build healthy, environmentally sound communities through monetary grants.

As our supply chains increase in size, complexity, and geographic reach, our aim is to be consistent in addressing complex social and environmental issues while recognizing and responding to local conditions. We also target our contributions to address shared

needs, risks, and opportunities. In this section, we highlight examples from fiscal 2011 across issues such as food security, water, financial literacy, health, and education that affect supply-chain communities as well as our business.

For fiscal 2012, we plan to widen our supply-chain community outreach focus areas into non-coffee supply chains, raise general awareness of challenges that affect our supply-chain communities, and share best practices with our program partners. We also seek to align our community outreach and supply-chain transparency initiatives. By sharing information and resources more effectively across these efforts, we can better identify opportunities to make a greater impact.



WHERE WE'VE BEEN IN FISCAL 2011



- ✓ We started or expanded 20 food-security projects that reached approximately 19,000 families in our supply chain.
- ✓ We supported the production and distribution of *After the Harvest: Fighting Hunger in the Coffeelands*, a documentary that explores the challenge of food insecurity in coffee-growing communities.

- ✓ We funded three new water projects in Nicaragua (2) and Tanzania (1) while continuing to support multi-year water projects in Peru, Nicaragua, and Guatemala.
- ✓ We finalized our Monitoring and Evaluation Guide for Funded Projects, a common reporting protocol and template for our supply-chain grantees.

WHERE WE'RE GOING IN FISCAL 2012



- We expect to bring food-security support to at least an additional 20,000 families in our supply chain by expanding or initiating food-security projects during fiscal 2012.
- We will work to find innovative ways to raise awareness and rally the coffee industry around food-security issues, and continue to promote and screen *After the Harvest*.

- We plan to maintain our support of water projects and advance our understanding of their impact, with the intent of evolving our strategy by the end of fiscal 2012.
- We expect to release our Monitoring and Evaluation Guide for Funded Projects to our supply-chain grantees, translate the guide into Spanish, and further support our grantees through workshops on implementing the guide.



FISCAL 2011 NUMBERS AT A GLANCE

Purchasing

	Fiscal 2009 ¹	Fiscal 2010 ¹	Fiscal 2011
Fair Trade Certified™ non-organic lbs. purchased (in thousands)	5,105	6,897	19,207
Fair Trade Certified™ organic lbs. purchased (in thousands)	11,037	16,603	26,749
All Fair Trade Certified™ organic and non-organic lbs. purchased (in thousands)	16,142	23,501	45,956
Rainforest Alliance Certified™ non-organic lbs. purchased (in thousands)	0	2,690	17,853
All organic lbs. (no other certification) purchased (in thousands)	0	83	199
Farm Identified lbs. purchased (in thousands) ³	4,520	5,468 ²	19,285
Conventionally sourced lbs. purchased (in thousands)	28,462	52,807	115,855
Total coffee lbs. purchased (in thousands)	49,123	84,548	199,149
Fair Trade Certified™ non-organic lbs. purchased as a percentage of total lbs. purchased	10.4%	8.2%	9.6%
Fair Trade Certified™ organic lbs. purchased as a percentage of total lbs. purchased	22.5%	19.6%	13.4%
All Fair Trade Certified™ organic and non-organic lbs. purchased as a percentage of total lbs. purchased	32.9%	27.8%	23.1% ⁴
Rainforest Alliance Certified™ non-organic lbs. purchased as a percentage of total lbs. purchased	0.0%	3.2%	9.0%
All organic lbs. (no other certification) purchased as a percentage of total lbs. purchased	0.0%	0.1%	0.1%
Farm Identified lbs. purchased as a percentage of total lbs. purchased ³	9.2%	6.5%	9.7%
Conventionally sourced lbs. purchased as a percentage of total lbs. purchased	57.9%	62.5%	58.2%

Pricing

	Fiscal 2009 ¹	Fiscal 2010 ¹	Fiscal 2011
Fair Trade Certified™ lbs. (non-organic) - average price per lb.	\$1.94	\$2.21	\$2.95
Fair Trade Certified™ organic lbs. purchased - average price per lb.	\$1.96	\$2.22	\$3.29
All Fair Trade Certified™ lbs. (organic and non-organic) purchased - average price per lb.	\$1.96	\$2.21	\$3.15
Rainforest Alliance Certified™ non-organic lbs. purchased - average price per lb.	-	\$1.80	\$3.06
All organic lbs. (no other certification) purchased - average price per lb.	-	\$2.23	\$2.93
Farm Identified only - average price per lb. ³	\$1.75	\$2.26	\$3.01
Conventionally sourced - average price per lb.	\$1.74	\$1.80	\$2.88
Total coffee purchases - average price per lb.	\$1.81	\$1.94	\$2.97

Grantmaking

	Fiscal 2009 ¹	Fiscal 2010 ¹	Fiscal 2011
Total resources allocated to social and environmental programs (dollars in thousands)	\$3,666	\$6,931	\$15,155
Total resources allocated to social and environmental programs as a percentage of income before taxes	5.2% ⁵	5.2%	5.0%
Total cash contributions (dollars in thousands)	\$2,686	\$5,946	\$12,133
Total grant / matching donation dollars to supply-chain communities (in thousands)	\$1,712	\$3,214	\$8,152

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 of Form 10-K for the fiscal year ended September 25, 2010, filed with the Securities and Exchange Commission on December 9, 2010.

2) 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 significantly higher as more fully set forth in Green Mountain Coffee Roasters, Inc.'s Annual Report of Form 10-K for the fiscal year ended September 24, 2011, filed with the Securities and Exchange Commission on November 14, 2011.

3) Timothy's World Coffee® was acquired part way through fiscal 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 reported.

4) This number has been revised to reflect acquisitions and new information available.

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



OUR APPROACH

In fiscal 2011, we continued to support initiatives that directly benefit supply-chain communities. Our aim is to fund organizations and their work through monetary grants that promote food security, clean water for consumption and irrigation, economic development, health, education, and environmental stewardship. In fiscal 2011, we supported projects with 41 grantees associated with 74 projects in 15 countries.

Increasing Food Security to Improve the Well-Being of Suppliers

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 and less healthy foods, or borrowing against future earnings to make ends meet.



RAISING AWARENESS ABOUT HUNGER IN COFFEE-GROWING COMMUNITIES

The threat posed to coffee-growing communities from annual food shortages is serious, but the problem is not widely known. Not only does the lack of food and proper nutrition affect the health of communities, but it also affects the productivity of farmers and their families and contributes to the growing urban migration. The struggle to meet daily needs makes it more difficult for farmers to manage and build their business, for children to learn in school, and for families to develop solutions that address the root causes of hunger.

To raise awareness about and galvanize the industry around this issue, we funded production of a 21-minute documentary, which made its world premiere in April 2011 at the Specialty Coffee Association of America Annual Conference. Shot in Mexico and Central America and narrated by Susan Sarandon, the film documents the day-to-day challenges coffee farmers and their families face during “the thin months”. It also shares the successes of creative projects aimed at eliminating seasonal hunger.

We screened the film in the United States, Canada, and Nicaragua in 2011, and it was highlighted in 30 publications. We also shared the film widely with dozens of industry professionals and NGOs, and made it available to view on the film’s unbranded web site, www.AfterTheHarvest.org. In 2012, we hope to participate in additional screenings and film festivals. To reach a broader audience, we are making the film and related food-security resources available in Spanish on the film’s web site.



FOOD-SECURITY SUPPORT WITHIN SUPPLY-CHAIN COMMUNITIES

	Resources	Impact - Families	Impact - Individuals
Total Committed in Fiscal 2008	\$435,397	876	5,256
Total Committed in Fiscal 2009	\$1,314,866	2,889	16,681
Total Committed in Fiscal 2010	\$3,936,432	17,035	88,161
Total Committed in Fiscal 2011	\$8,624,970	19,062	96,371
Total	\$14,311,665	39,862	206,469

When we learned about the thin months, while examining the social challenges in our supply chain in fiscal 2007, we began to re-evaluate our criteria for making grants in coffee-growing communities. Today, this issue fuels our deep and vested interest in reducing hunger in coffee-growing regions worldwide.

For several years, we have worked with our partners to address seasonal hunger by supporting “food-security” projects at the household level — that is, projects that help farmers grow or have the means to buy sufficient, nutritious food on a day-to-day basis. In fiscal 2011, we scaled our support toward many larger, multi-national programs managed by nongovernmental organizations (NGOs). We provided grants for 20 programs in 11 countries, which, in this year alone helped approximately 96,371 people gain more reliable access to healthy food. From fiscal 2008 to fiscal 2011, we funded 36 food-security programs, increasing the number of families involved in the programs from 876 to more than 19,000, helping approximately 206,000 people to date. Below are highlights of our contributions in fiscal 2011 aimed at improving the well-being of suppliers.

We continued our support for food security programs run by Save the Children, an organization focused on improving the health, education, and economic opportunities of children and families around the world. In addition to supporting existing multi-year projects in Bolivia, Sumatra, Honduras, and Nicaragua, we also initiated two new projects in Nicaragua and Guatemala. In Nicaragua, we broadened the scope of our project to include 1,150 participating families in an initiative that promotes healthy eating, more diverse and space-efficient household gardens, and better food storage techniques. In Guatemala, we funded

a new livestock project that builds on a USAID program to introduce goat milk as a much-needed source of animal protein for children. This project will improve goat breeding and increase milk production, offering more children nutritious food while enabling the surplus to be sold to a new goat processing center for income. This three-year project will help about 2,200 families.

www.SaveTheChildren.org



We continued to fund Catholic Relief Services, the official international humanitarian agency of the Catholic community in the United States to assist the poor and vulnerable populations overseas. We funded an extension of our project in East Africa that focuses on improving food security and agricultural production, along with income diversification and financial education. In total, this project will aid about 7,916 households in Kenya, Rwanda, and Ethiopia. In addition, we initiated a three-year project with parallel goals in Central America that will serve approximately 3,200 families in Nicaragua, Guatemala, El Salvador, and Honduras. www.CRS.org

We also supported four projects run by Heifer International, an organization that works to end hunger and poverty in communities through sustainable agriculture initiatives and education. Our funding in fiscal 2011 helped approximately 4,140 families via programs aimed at improving food security and livelihoods in communities in Peru, Guatemala, Honduras, and Mexico. www.Heifer.org



Focus on Guatemala

Guatemala is among the top coffee-growing nations in the world, but more than half the country's people live below the national poverty line¹ and almost one in two people suffers from persistent malnourishment.² During Guatemala's civil war (1960–1996), many rural communities, including those in coffee-growing regions, were ravaged and thousands of civilians were killed. Though the population has rebounded, opportunities for education or employment are still scarce. As a result of the country's economic conditions, many of its people face serious food and clean water challenges.

Solving these complex issues in Guatemala will not be a quick fix, but there is reason for optimism. Guatemala's climate is suitable for many types of agriculture and in many areas is ideal for growing coffee, which gives residents the opportunity to grow their own food and generate income from agriculture.

Because Guatemala is one of our top coffee suppliers and has one of the highest levels of food insecurity in the Western Hemisphere, Guatemalan-based projects were one of our top recipients of grant funding in fiscal 2011. The challenges in Guatemala are diverse and far-reaching, so we support a range of complementary programs offered by organizations working to make a difference in local communities throughout the country.

Our continued support of Heifer International and its new project in Huehuetenango, Guatemala, is a prime example of our work in the region. Heifer International's projects help families improve their nutrition and generate income in sustainable ways. The organization's unique model includes "Passing on the Gift," which motivates families who receive livestock and training to become donors as they pass on these gifts to other families in need. The animals serve as "living loans" because in exchange for their livestock and training, families agree to give one of its animal's offspring to another family in need. The Guatemalan project will address a variety of issues including generating income from livestock, establishing family gardens, nutrition education, and watershed management. In total, it will reach 1,050 families over the next five years.

Working with our supply-chain partners has taught us that an important component in improving food

security is promoting education and economic development in coffee-growing communities. As a result, we expanded our partnership in fiscal 2011 with The Coffee Trust to support a five-year project run by Fundacion Ixil and other local NGOs that is aimed at improving the lives of farmers and their families. This project will focus on strengthening local community resources and diversifying local economies by providing access to microcredit, financial literacy, community development, health care through traditional medicine and medicinal herbs, food security resources, and educational opportunities for middle school through university students. www.CoffeeTrust.org and www.FundacionIxil.org

In addition, we also backed a Guatemalan coffee cooperative-led project that will build an organic bio-fertilizer plant. Our grant will not only support construction of the facility, but also provide startup funding for the necessary staffing and training for the farmers. This project is designed to improve coffee yield and economic development in the community, while providing resources that promote organic agriculture.

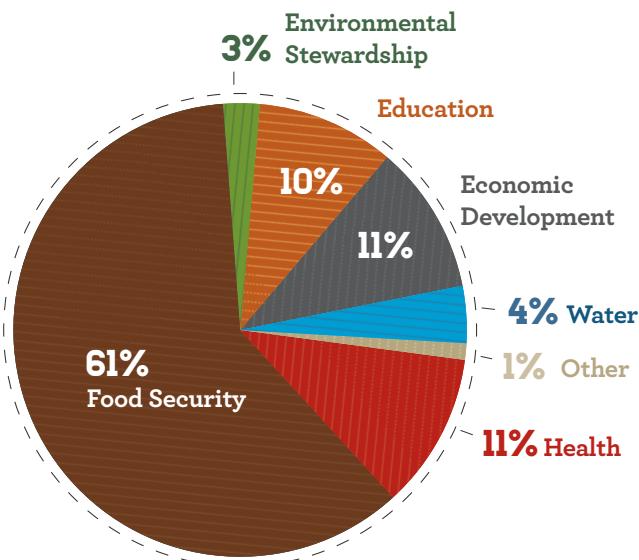


1) U.S. Central Intelligence Agency, 2012. www.cia.gov

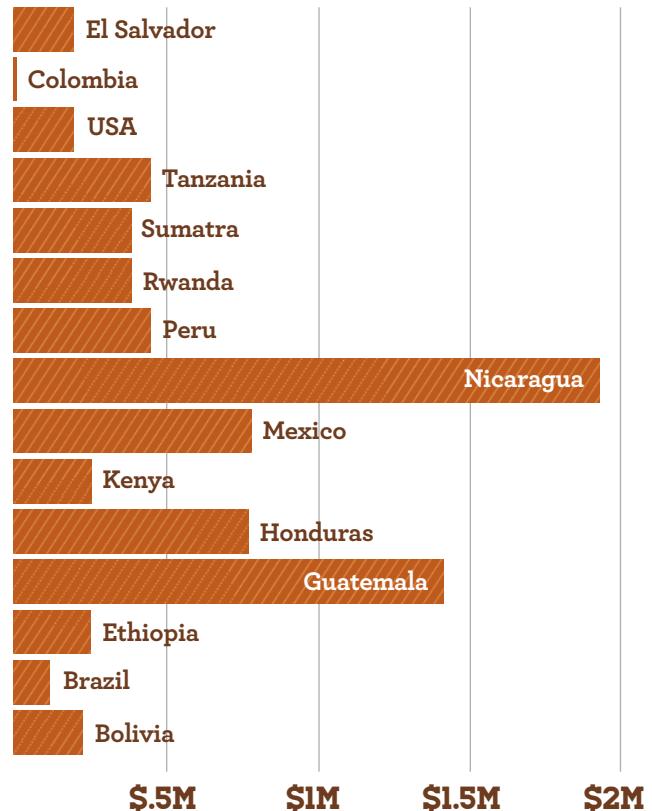
2) USAID. 2012. www.usaid.gov



SUPPLY-CHAIN PROJECTS BY OUTREACH AREA IN FISCAL 2011



SUPPLY-CHAIN PROJECTS FUNDED IN FISCAL 2011



WHERE WE BUY COFFEE





In fiscal 2011, we also continued our support of Pueblo a Pueblo, a nonprofit whose mission is to empower indigenous Guatemalans to improve their quality of life through literacy, health, and nutrition education. Our funding supported a project that teaches children about organic gardening and nutrition. The food they grow will be used to supplement school lunches, and our funding will also support the current school lunch programs in three schools.

www.PuebloAPueblo.org

We believe investing in opportunities for younger generations is vital to addressing the root causes of social and economic challenges. In fiscal 2011 we continued our support of a three-year mentorship program offered by Starfish One by One, an organization focused on opening up educational opportunities for rural, Mayan adolescent girls in Guatemala.

www.StarfishOneByOne.org

SPOTLIGHT ON WATER

Water is essential to the health and prosperity of communities. Our work on water issues has risen from two particular needs in coffee-growing communities: access to clean drinking water, which supports good health and nutrition; and consistent availability of water for irrigation, which supports local food and coffee production.

In fiscal 2010, we set a goal to fund at least two water projects in fiscal 2011. We met that goal by backing three new water projects in Nicaragua (2) and Tanzania (1), while continuing to support multi-year projects addressing clean water access in Peru, Nicaragua, and Guatemala.

A global nonprofit, Water For People brings together local entrepreneurs, civil society, governments, and communities to create solutions that allow people to build and maintain their own reliable improved water systems. We backed a Water For People project in Nicaragua that will provide potable water and hygiene resources to six communities in Wiwili, Nicaragua. Water For People places a strong emphasis on sustainable systems by building capacity of local water committees and monitoring their projects for 10 years after they are complete. www.WaterForPeople.org

Also in Nicaragua, we funded a project with CII ASDENIC, a Nicaraguan NGO focused on addressing economic, environmental, social, and educational challenges of communities. With our support, they will



be able to develop a project to bring potable water and drip irrigation to the initiatives that improve food security in the homes, schools, and communities of small farmers in Nicaragua. www.CIISDENIC.net

Sustainable Harvest Coffee Importers uses the “relationship coffee model” to bring partners together for mutual benefit by integrating coffee sourcing and importing with farmer training and community development. We funded a water management and food-security program in Tanzania with this company in fiscal 2011. The program is working with 500 families to help test and improve drip irrigation technologies, while looking at new ways to improve community water-resource management and support dry-season vegetable production in coffee-growing communities. The knowledge gained from this process will be used to design an irrigation model, so local farmers can scale water use to fit the season. www.SustainableHarvest.com

Over the past two years, our support of various food-security and water projects has helped us learn about solutions for clean water and water filtration in our supply-chain communities. We will continue to refine our approach with the aim of better identifying local water needs and reaching more families in fiscal 2012.

Our efforts will reflect our company’s commitment to the GMCR policy on the Human Right to Water, including every person’s right to safe, accessible, and affordable water. In fiscal 2011, we implemented this corporate policy, which is discussed in the Working Together for Change section.



HEALTH, EDUCATION, AND ECONOMIC DEVELOPMENT

Health, education, and economic development are essential elements of self-sufficient, productive communities. In fiscal 2011, we provided support to organizations working in coffee-growing communities focused on each of these vital issues. The following sections offer some examples of this work.

Health

A healthy community is the foundation for a thriving community, and we fund projects that provide families in supply-chain communities improved access to health care services and education.

In Mexico, we supported a Partners In Health program designed to revitalize rural health care clinics in the southern mountains of Chiapas. The program will help provide remote communities with a full range of quality primary health care services that are both permanent and reliable. It will also serve to train community health workers and promote preventative methods for common diseases. www.PIH.org

We also funded the efforts of Grounds for Health, a nonprofit organization that works with coffee cooperatives to improve cervical cancer prevention and treatment services in coffee-growing communities in Mexico, Nicaragua, and Tanzania. Our support in 2010 and 2011 helped more than 4,000 women get screened for cervical cancer at three program sites by training local providers in the low-cost, effective screen-and-treat methodology. Of the women

screened, more than 400 received same-day treatment for pre-cancerous lesions. www.GroundsForHealth.org

While Rwanda's child mortality rate has improved in the past few years, approximately one in ten Rwandan children still does not reach their fifth birthday. We funded a new project that continues our support of a Medicines for Humanity initiative aimed at saving the lives of Rwandan children. The organization's four-year Child Survival Project will help train community health workers. It will also work to identify and aid malnourished children and pregnant mothers by supplying them with food, water purification products, and health education. In fiscal 2011, GMCR received the Medicines for Humanity Humanitarian of the Year award, recognizing that "GMCR has established a global footprint of caring and demonstrated proactive concern for the well-being of the world's neediest children.³" www.MedicinesForHumanity.org

Our grant funding also assisted HELPS International, an organization focused on improving health care, education, community and economic development, and agricultural innovations in order to better the quality of life of indigenous people in Latin America. In fiscal 2011, we funded the provision of HELPS' ONIL stoves and water filtration equipment for 170 families in Guatemala and Nicaragua. These enhanced household products are designed to improve air quality and cooking safety, as well as reduce firewood consumption by up to 70%. www.HelpsIntl.org

3) <http://investor.gmcr.com/releasedetail.cfm?ReleaseID=606697>.



Economic Development

Small business owners everywhere need to understand how to raise capital and run a business, and coffee farmers are no different. The success of smallholder farms and entrepreneurial ventures in coffee-growing communities depends on sound financial planning and access to financial services.

That is why we support organizations like Root Capital, a nonprofit social investment organization that provides education and financial services for grassroots businesses in developing countries. In 2006, with support from GMCR, Root Capital launched Financial Advisory Services (FAS) to deliver financial training to rural enterprises. Since then, FAS has successfully strengthened the financial management capacity of nearly 190 producer organizations. These engagements have confirmed that rural business leaders, when equipped with sound financial management practices and processes, are better positioned to access credit, compete in the marketplace, grow their enterprises, and support improved livelihoods for farm households.

During fiscal 2011, we continued our support of Root Capital to provide financial training to 30 coffee cooperatives in Central America and Peru. Included in this was a newly funded Root Capital program, called Root Link, which will bolster internal credit programs for 12 coffee cooperative partners in Central America. These internal credit programs provide loans to farmers and their families to help them purchase food and farming equipment and to fund income diversification efforts. About 8,000 to 9,000 smallholder farmers will directly benefit from this program. www.RootCapital.org

During fiscal 2011 we also began a project with Mercy Corps, which is dedicated to alleviating suffering, poverty, and oppression by helping people build secure, productive, and just communities. We are supporting the organization's work to improve financial literacy and promote better health in Indonesian coffee-growing communities. Through Mercy Corps' integrated approach, households learn how to increase their savings, access credit, and better manage their finances, as well as practice behaviors that promote better health and well-being like exclusive breastfeeding. This project is expected to benefit 3,000 families, representing approximately 18,000 people, over three years. www.MercyCorps.org

In addition to our efforts focused on diversifying livelihoods and stimulating income generation, we support initiatives with coffee cooperatives that seek to maximize earnings from coffee. For the farmers in our supply chain, coffee is often their only source of income and we seek to improve their financial success by supporting agronomy extension services and training programs.

For example, we initiated a project focused on agriculture with a Colombian cooperative in fiscal 2011. This project will help farmers maximize yields and income through workshops about organic agriculture and food production, agronomy training for farmers, and the development of a technical assistance manual for members of the cooperative.



Education

We support programs promoting education and youth leadership in coffee-growing communities. Helping young people get an education can lead to economic opportunities, create jobs, and fuel entrepreneurship that improves the prosperity of local communities.

For example, we funded a program offered by Coffee Kids, an organization working to improve the lives and livelihoods of coffee-growing families through education, health care, economic diversification, food security, and capacity building. Our support will provide more than 1,100 scholarships over four years to students in northern Nicaragua. In fiscal 2010, the program's first year, 170 scholarships were funded; in fiscal 2011 we funded 436; in year three we will fund 238; and in year four 258. www.CoffeeKids.org

We also backed efforts by Community Agroecology Network (CAN) to support youth leadership initiatives focused on increasing sustainable food production in and around Huatusco, Mexico, and San Ramon, Nicaragua. This project will work to foster community-based sustainable food production and healthy consumption cultures by creating school, community, and family gardens. It will also help support youth capacity

COFFEE KIDS

Our support will provide more than 1,100 scholarships over four years to students in northern Nicaragua.

building, the development of fruit tree nurseries, and community food festivals and campaigns promoting nutrition and sustainable agriculture. In addition, CAN promotes local and sustainable practices at the farm level by supporting on-the-farm technical assistance, farmer exchanges, and the planting of fruit trees, while building an international network of community youth leaders working on these efforts. www.CanUnite.org



SUPPORTING LOCAL COMMUNITIES



DOMESTIC GRANTMAKING, VOLUNTEERING, AND DONATIONS

As our business grows, we are refining how we support local communities to make a greater impact on urgent social and environmental issues. During fiscal 2011 we continued to build on a redesigned strategic focus for all programs that began in fiscal 2010. Our approach allows us to engage employees more effectively and position ourselves for making meaningful contributions to our employees, our brands, and the communities where we live and work. We began expanding these program initiatives to all employee sites in the United States and Canada in fiscal 2011 and will continue these efforts in fiscal 2012.





WHERE WE'VE BEEN IN FISCAL 2011



- ✓ The total value of grants and donated products we made in the United States and Toronto, Canada, exceeded \$2.96 million in fiscal 2011.
- ✓ We continued to grow our employee community grantmaking programs via locally focused teams that promote strong local systems, environmental stewardship, and economic prosperity.

- ✓ We evolved our brand-inspired grant-making program into our Signature Cause program, with specific emphasis on supporting the Green Mountain Coffee® and Tully's Coffee® brands in fiscal 2011.
- ✓ Through our employee volunteerism programs, we contributed more than 29,000 hours of volunteer time, an increase of nearly 100% from fiscal 2010.

WHERE WE'RE GOING IN FISCAL 2012



- We will fully implement our Employee Community grant program at all U.S. sites, and introduce the program to our new Windsor, Virginia, site. We will also work with our Canadian Business Unit (CBU) to begin implementing the program at sites in Canada.
- We plan to increase employee participation in our Community Action For Employees (CAFE) programs at all sites and launch the CAFE and Dollars-for-Doers programs at sites across the CBU.

- We will begin to implement a more targeted approach to product donations that develop and support specific long-term partnerships.
- Our Tully's® and Green Mountain Coffee® brands will continue to expand their Signature Cause initiatives, and we will begin developing signature causes for our Keurig® and Van Houtte® brands.



FISCAL 2011 NUMBERS AT A GLANCE

	Fiscal 2009¹	Fiscal 2010¹	Fiscal 2011
Grantmaking			
Total resources allocated to social and environmental programs (dollars in thousands)	\$3,666	\$6,931	\$15,155
Total resources allocated to social and environmental programs as a percentage of pre-tax income	5.2% ²	5.2%	5.0%
Total cash contributions (dollars in thousands)	\$2,686	\$5,946	\$12,133
Total grant / matching donation dollars to local communities (in thousands)	\$973	\$1,703	\$1,248
Employee Volunteerism			
# of Employees volunteering through CAFE Time	770	1,126	2,015
# of Employees volunteering through Dollars-For-Doers Program	26	26	29
Total employees volunteering time through workplace volunteerism programs	796	1,152	2,018 ³
Hours volunteered through CAFE Time	9,331	14,878	29,861
Hours volunteered through Dollars-For-Doers Program	650	650	725
Total hours volunteered through workplace volunteerism programs	9,981	15,528	30,586
Average Number Full-Time Employees ⁴	1343	2,103	3,443
Employees volunteering through workplace volunteerism programs as a percentage of average full-time employees	59.3%	54.8%	59.4%
Average hours volunteered per full-time employee ⁴	7.4	7.4	8.9
Dollars allocated to CAFE Time volunteer program	\$218,909	\$354,554	\$655,336
Dollars allocated to Dollars-For-Doers volunteer program	\$6,500	\$6,500	\$7,250
Total dollars allocated to workplace volunteerism programs	\$225,409	\$361,054	\$663,000
In-Kind Donations			
Donations of products, equipment, and administrative supplies (allocated dollars at cost)	Fiscal 2009¹ \$346,267	Fiscal 2010¹ \$630,000	Fiscal 2011 \$1,459,000

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 of Form 10-K for the fiscal year ended September 25, 2010, filed with the Securities and Exchange Commission on December 9, 2010.

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

3) Total is not additive due to employees participating in both CAFE and Dollars-For-Doers Programs.

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



RECOVERING FROM TROPICAL STORM IRENE

Tropical Storm Irene left a path of destruction across the East Coast and New England in August 2011. The storm hit Vermont especially hard. Like many of our neighbors to the south, residents and businesses in Waterbury, Vermont, suffered significant flood damage.

To help local communities respond to the disaster, we contacted a number of emergency service providers in Vermont and Massachusetts to determine where our financial contribution would have the greatest impact. As a result, we pledged \$300,000 to support the following relief and recovery efforts:

American Red Cross of Vermont and the New Hampshire Valley

We donated \$200,000 to the American Red Cross to support direct emergency relief efforts in Vermont and a project that will assist Vermont communities in developing and operating local shelters during future disasters.

American Red Cross of Central Massachusetts and American Red Cross of Eastern Massachusetts

In Massachusetts, we gave the American Red Cross \$50,000 to support emergency relief efforts after Tropical Storm Irene.



AMERICAN RED CROSS: LOCAL DISASTER SHELTER INITIATIVE

Tropical Storm Irene caught many rural communities in Vermont and New Hampshire unprepared. The night before the storm, the American Red Cross opened 13 regional shelters, but then received requests from 30 communities for additional, smaller shelters. Due to storm conditions and volunteer limitations, the American Red Cross was not able to assist every community, leaving hundreds of people without adequate housing for the night.

The lessons learned from these events prompted our company to support the American Red Cross' Local Disaster Shelter Initiative. This program will help provide communities in Vermont and New Hampshire's Upper Valley with the resources to open their own disaster shelters. Our funding will help to buy cots, blankets, lighting, water, and other supplies to establish a self-sufficient shelter for 72 hours. Our support will also go toward training volunteers to help operate the shelters during an emergency.

This initiative will reach an estimated 132 towns. All towns in the region are welcome to participate, but the Red Cross anticipates about half will do so. This initiative is important to our company, because we want to ensure the communities where our employees live and work are prepared should disaster strike again.



Waterbury Good Neighbor Fund and Revitalizing Waterbury

Our hometown in Vermont experienced significant damage from Tropical Storm Irene. We donated \$50,000 directed toward Waterbury recovery efforts. Two local organizations, the Waterbury Good Neighbor Fund and Revitalizing Waterbury, received these funds to directly support community members and businesses that were affected by flooding.

In the days and weeks following the storm, many of our employees in Vermont volunteered for relief projects. Employees were involved in cleanup efforts in Waterbury and surrounding areas, helping to remove mud, salvage belongings, and rebuild homes and businesses that were inundated by flood waters. In addition to volunteer efforts, the company provided financial assistance, insurance counseling, and essential supplies to employees who were directly affected by the storm, and worked with local organizations to ensure that employees had access to housing.

We held a concert in Burlington to benefit flood victims and highlight organizations that were involved with relief efforts. Proceeds from the event benefited the Vermont Foodbank.

EMPLOYEE COMMUNITY GRANTS

Because our employees understand their communities and their 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 were \$1,179,953 for fiscal 2011.

The following are representative Employee Community Grants from each of our sites in fiscal 2011.

Rancho Cielo Youth Campus/ Castroville, California

The Rancho Cielo Youth Campus' mission is to deliver programs and services that inspire at-risk youth to learn new skills and build self-confidence. Our grant of \$25,000 is assisting their Drummond Culinary Academy program, which is aimed at helping youth transform their lives through learning new skills, on-the-job training, and professional mentorship.

www.RanchoCieloYC.org

Tribe One/ Knoxville, Tennessee

We granted \$25,000 to Tribe One, which partners with the Children's Defense Fund and local organizations to provide life-enriching programs for children in disadvantaged communities. This grant is being used for a reading program and an urban garden program, where each child will learn how to grow and cook fresh produce.

www.TribeOne.com

The Food Project/Reading, Massachusetts

The Food Project's mission is helping youth and adults from diverse backgrounds learn how to work together to create sustainable food systems. We pledged \$15,000 to support an urban agriculture program, which provides a platform for local educational and youth development programs.

www.TheFoodProject.org

Facing the Future/ Sumner, Washington

The primary goal of Facing the Future is to engage students in learning by making academics relevant to their lives. We pledged \$20,000 to provide teacher training and curriculum resources to educators as they help more than 50,000 students to succeed in school, understand complex sustainability issues, and engage in positive action to build healthy, sustainable communities.

www.FacingTheFuture.org





Evergreen/Toronto, Canada

Evergreen's mission is to bring communities and nature together for the benefit of both. We provided \$25,000 to support watershed restoration and stewardship projects at Evergreen Brick Works and Downsview Park.

www.Evergreen.ca

Friends of the Winooski River/Vermont

We donated \$22,000 to Friends of the Winooski River to support the enhancement of streamside vegetation, which reduces erosion, improves bank stability, and intercepts pollutants; and road-crossing improvements that will improve fish habitat. We also made a parallel grant of \$20,000 for this project to the Intervale Center in support of their conservation nursery, which provides plants and planting crews for restoration projects in Vermont.

www.WinooskiRiver.org and www.Intervale.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.

Through our 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 contribution to that organization on their behalf. In fiscal 2011, employees volunteered more than 29,000 hours of time in their local communities, valued at more than \$655,000.

The following are examples highlighting our employees' service efforts in fiscal 2011. They include events that align with our Employee Community Grant program's focus areas.



Save Our Shores Beach Cleanup/ Castroville, California

Our Castroville facility adopted a beach through Save Our Shores, an organization leading efforts to protect and preserve the Monterey Bay Marine Sanctuary. In fiscal 2011, employees completed cleanups on Sunset Beach as part of the Adopt-a-Beach program.

www.SaveOurShores.org

Ijams Nature Center's River Rescue/ Knoxville, Tennessee

Our employees in Knoxville partnered with Ijams Nature Center's River Rescue to clean up 50 miles of shoreline along the Tennessee River. In total, 95 employees committed 497 volunteer hours and helped remove 4,600 pounds of trash from two sites on the river, including 256 tires and a 400-pound oil tank.

www.Ijams.org

Winooski River Cleanup/Vermont

Approximately 170 employees participated in the 7th Annual Winooski River Cleanup, which collected nearly three tons of refuse, 800 tires, and almost four tons of metal from a three-mile stretch of the Winooski River. In fiscal 2011, employees at our Waterbury site gave almost 740 hours of volunteer time to the event and removed record amounts of debris. Our cleanup is one of many that happen across the United States as part of the American Rivers National River Cleanup® program. We partnered with American Rivers to help our employees learn more about why clean rivers are important.

www.AmericanRivers.org/cleanup



Other employee volunteer efforts in fiscal 2011 include:

American Red Cross/Knoxville, Tennessee

Forty-five employees from our Knoxville site participated in an American Red Cross initiative called Holiday Mail for Heroes. Our employees volunteered their time to make holiday cards for U.S. military service members, their families, and veterans all over the world. In total, the group made 58 cards during the program. www.RedCross.org/support/get-involved/holiday-mail-for-heroes

Food Project/Reading, Massachusetts

In the greater Boston area, 50 employees volunteered at four different sites to help the Food Project, an organization we also supported through grant funding in fiscal 2011. This organization's mission is to help diverse communities work together to build and maintain sustainable food systems. For this project, employees spent two-and-a-half days preparing gardens for planting. www.TheFoodProject.org



Northwest Harvest/Sumner, Washington

During November and December of fiscal 2011, our employees in western Washington volunteered to support Northwest Harvest, a food bank serving the state of Washington and a recipient of our grant funding in fiscal 2011. The employees helped sort and bag food items during the holiday season, and the Sumner facility donated coffee and volunteers to support the food bank's efforts during Thanksgiving. Throughout the year, a regular group of employees also volunteered to help organize and distribute food at Northwest Harvest. www.NorthWestHarvest.org



Evergreen/Toronto, Canada

Employees from the Toronto roasting plant spent eight hours planting and mulching trees in Toronto's Downsview Park to help Evergreen, a nonprofit organization that also received grant funding from our company in fiscal 2011. The employees' efforts helped support Evergreen's mission of connecting urban communities to the natural environment, through community stewardship and restoration projects, and education. www.Evergreen.ca

Grounds for Health/Vermont

Employees at our Vermont site donated their time to the 5th Annual Grounds for Health Car Wash. Their efforts washing cars, directing traffic, and scooping free Ben & Jerry's ice cream helped bring in more than \$3,000 in donations over four hours. The money raised helped to support Grounds for Health's mission of improving cervical cancer prevention in coffee-growing communities. www.GroundsForHealth.org



2011 GMCR GRANTS AND VOLUNTEERISM HIGHLIGHTS





SIGNATURE CAUSE

Our growth has made more resources available to expand existing grant programs and strengthen our brands' ties to local communities. In fiscal 2011, we took a strategic step forward and established the Signature Cause grant program, which will designate a specific cause for select brands in the GMCR family. This initiative will help focus our continued commitment to social and environmental responsibility, while helping us build brand awareness and equity, strengthen consumer loyalty, and increase sales in key regions.

The following are highlights from the Signature Cause grant programs we established in fiscal 2011. We will continue to develop the program and extend it to additional brands in the upcoming year.



Green Mountain Coffee Signature Cause

GMCR is a pioneer in supporting Fair Trade and was the largest purchaser of Fair Trade Certified™ coffee in the world in 2010 and 2011.⁴ Because of the company's strong, historic connection with this issue, we have chosen Fair Trade to be the Green Mountain Coffee® brand's signature cause.

To back the brand's long-term efforts toward its signature cause, we have partnered with Fair Trade USA to support its Fair Trade Towns and Fair Trade Colleges & Universities programs. These programs organize volunteers in local communities and colleges to encourage Fair Trade purchases, and increase consumer understanding of the role Fair Trade products play in fighting poverty and protecting the environment.

4) September 2011 Press Release by Fair Trade USA:
<http://fairtradeusa.org/press-room>



In fiscal 2011, we pledged \$300,000 to support the programs' efforts, which included the creation of online outreach tools and digital materials that Fair Trade organizers can use to increase awareness and sales of Fair Trade products. We also supported the implementation of Fair Trade procurement policies on college campuses and an evaluation of the impact of Fair Trade USA's outreach efforts. These initiatives were complemented by a marketing campaign on the Green Mountain Coffee® Facebook page that increased awareness of the brand and Fair Trade, and included celebrity messaging, coffee sampling, and Fair Trade educational components.

In addition to our program support, we also helped fund Fair Trade USA's Fair Trade Towns and Fair Trade Colleges & Universities National Conference in Philadelphia, Pennsylvania. To broaden the audience for the event, we awarded a \$5,000 grant to provide scholarships to students who might otherwise not be able to attend the conference. www.FairTradeUSA.org



Tully's Coffee Signature Cause

Tully's Coffee® is developing a signature cause around community building. In fiscal 2011, Tully's Coffee® partnered with the nonprofit Pomegranate Center to create a new program that uses the power of community to create positive change. Through an innovative engagement process, the Pomegranate Center inspires and trains community leaders and volunteers to work together in new ways to design and build dynamic gathering places. These places are envisioned and designed to be a path toward stronger communities.

We donated \$350,390 to the Pomegranate Center to help it launch the Taste of Community program.

This program is designed to promote

Pomegranate Center's community space development and revitalization efforts through project grants for community improvement, social media campaigns, a how-to toolkit for building community spaces, and coffee events.



The GMCR grant helped build four community gathering spaces in the greater Seattle-Tacoma, Washington, metro area. Upon completion, we supported a series of onsite events to showcase the projects. In addition, Tully's Coffee® held a Facebook campaign to find a community for a Pomegranate Center project in 2012. www.PomegranateCenter.org

PRODUCT DONATIONS

Product donations are an important part of our company's commitment to support local communities. Our product donations program offers coffee 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. In fiscal 2011 we continued to improve and enhance our online donation process to broaden its reach. Looking to fiscal 2012, we plan to implement a more targeted donation strategy that will help us develop and support long-term partnerships.





PROTECTING THE ENVIRONMENT



The rapid growth of our business presents tough challenges as we work to better understand and reduce our impact on the environment. Acquisitions and expansion, new products, and different processes all affect how we measure, manage, and report our performance. For example, in fiscal 2011, we formed the Canadian Business Unit (CBU) following our acquisition of LJVH Holdings and its Canadian brands. The CBU includes all Green Mountain Coffee Roasters, Inc. (GMCR) facilities in Canada except for our Toronto plant, which was a part of our Specialty Coffee Business Unit (SCBU) for fiscal 2011. Fiscal 2012 will bring a consolidation of all Canadian-based operations into a single, unified business unit.

As we manage the challenges that come with growth, our environmental priorities remain clear. We continue to focus on decreasing waste sent to landfill, using energy more responsibly in our coffee production and distribution facilities, and improving our environmental management systems to meet the demands of our growing business.

Our progress on these priorities is as important to strengthening our business as it is to protecting the environment. By developing our environmental management systems, we are better prepared to meet regulatory requirements, cut energy use and waste, create operational efficiencies, save money, and meet our stakeholders' rising expectations. Our efforts also help promote a healthy planet, which is essential for the sustainability of our business.



WHERE WE'VE BEEN IN FISCAL 2011



- ✓ We expanded our program for recovering brewed K-Cup® packs from office environments in the U.S. to 22 states and redirected the waste from landfill into composting and energy-from-waste uses.
- ✓ We processed and recycled 1,106 tons of material from returned Keurig® brewers in the U.S. that would have otherwise ended up in landfills through our pilot Returns Management Initiative.

- ✓ We reduced our energy use metric by 16% at our Knoxville, Tennessee, and by 26% at our Sumner, Washington, facilities, surpassing each site's goal of 10%.
- ✓ We exceeded our targets for waste reduction at two of our SCBU facilities. Knoxville cut its waste metric by 49% (versus its goal of 15%) and Sumner reduced its waste metric by 37% (versus its goal of 30%).

WHERE WE'RE GOING IN FISCAL 2012



- We've set goals to reduce our energy use metric at our Castroville, California, and Knoxville, Tennessee, facilities by 5% and 3%, respectively.
- We plan to reduce our waste sent to landfill metric at our Castroville, Knoxville, Sumner, and Vermont facilities by 2% to 15%, depending on location.
- We are addressing prioritized environmental aspects of our Waterbury operations that we identified in fiscal 2011.

- We will continue to advance our Environmental Management Systems for our Waterbury production and distribution operations with the ultimate goal of ISO 14001 certification.
- We anticipate processing 2,000 tons of Keurig® brewers for reuse and recycling through our Returns Management Initiative in the U.S.

FISCAL 2011 NUMBERS AT A GLANCE

	Fiscal 2009^{1,2}	Fiscal 2010^{1,2}	Fiscal 2011¹
Waste			
Solid waste to landfill as a percentage of revenue (tons / \$1,000,000)	1.6	1.6	1.2
Energy			
Direct energy use as a percentage of revenue (therms / \$1,000)	3.7	3.2	3.6
Emissions³			
Scope 1 - direct emissions Enterprise Total (short tons in thousands)	8	14	36
Scope 2 - purchased electricity Enterprise Total (short tons in thousands) ⁴	3	-	-
Scope 3 - indirect emissions Enterprise Total (short tons in thousands) ⁵	29	52	72
Tons of greenhouse gases emitted and offset (direct and indirect from operations, estimated, in thousands)	41	66	108

1) Fiscal '09 included facilities in TN, VT, and WA. Fiscal '10 and '11 included facilities in CA, MA, TN, VT, WA, and facilities in Toronto, Ontario. As we have been working across GMCR facilities in the U.S. and Canada, we have encouraged measurement and tracking such that we are able to retroactively include more sites in the reported measurements for fiscal years 2010 and 2011 CSR reporting than we covered in our Annual Report for the same fiscal years.

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 of Form 10-K for the fiscal year ended September 25, 2010, filed with the Securities and Exchange Commission on December 9, 2010.

3) GMCR numbers are reflective of our purchases of "forward stream" offsets from NativeEnergy, and we currently track and report carbon dioxide (CO₂) emissions only.

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

5) Scope 3 emissions include transportation of raw material and finished goods by third-party logistics partners to and from GMCR owned or leased facilities, employee commuting, and corporate travel, which includes reimbursed miles, rental car emissions, and air travel.



CALCULATING ENERGY USE

We calculate energy use by dividing our total consumption by our nonconsolidated net sales for the fiscal year. This metric helps us compare year-over-year performance as our business evolves and grows. While we report our total energy use for all of GMCR, we also track performance by our business units. They have different operational footprints and associated energy requirements, and our efforts to reduce consumption are managed separately by each business unit.

In past reports, we disclosed energy use for our SCBU and KBU. Beginning in fiscal 2011, we are also providing data for our Canadian Business Unit (CBU). See the table below for details.



ENERGY (THERMS)

	Fiscal 2009 ¹	Fiscal 2010 ¹	Fiscal 2011
Specialty Coffee Business Unit			
Scope 1 - direct energy	1,085,975	1,748,615	3,511,661
Scope 2 - purchased electricity	493,429	802,987	1,511,923
Scope 3 - indirect energy	884,966	1,432,201	2,135,813
Total therms ²	2,464,370	3,983,804	7,159,397
Normalized energy metric (therms / \$1,000 sales) ²	5.2	4.3	4.7
Keurig Business Unit³			
Scope 1 - direct energy	48,622	43,388	55,625
Scope 2 - purchased electricity	29,914	36,191	47,928
Scope 3 - indirect energy	238,911	296,943	323,579
Total therms ²	317,447	376,521	427,131
Normalized energy metric (therms / \$1,000 sales) ²	0.7	0.4	0.3
Canadian Business Unit			
Scope 1 - direct energy	NA	NA	1,376,018
Scope 2 - purchased electricity	NA	NA	350,336
Scope 3 - indirect energy	NA	NA	307,606
Total therms ²	NA	NA	2,033,960
Normalized energy metric (therms / \$1,000 sales) ²	NA	NA	5.3
GMCR (Total of all business units)			
Scope 1 - direct energy	1,134,597	1,792,003	4,943,304
Scope 2 - purchased electricity	523,343	839,178	1,910,187
Scope 3 - indirect energy	1,123,877	1,729,144	2,766,998
Total therms ²	2,781,817	4,360,325	9,620,488
Normalized energy metric (therms / consolidated net \$1,000 sales) ²	3.7	3.2	3.6

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 of Form 10-K for the fiscal year ended September 25, 2010, filed with the Securities and Exchange Commission on December 9, 2010.

2) Columns may not total due to rounding.

3) The KBU uses energy to power and heat office space and to fuel corporate travel and employee commuting. The metric does not include the energy used to manufacture our Keurig® single cup brewing systems, which is outsourced.



SCBU Energy Use

Our SCBU accounts for the majority of our energy use. In fiscal 2011, total energy consumption by the SCBU increased by 4% over 2010, to 4.66 therms per \$1,000 of net sales. We attribute this increase to operational growth and acquisitions.

In our 2010 report, we announced we were establishing an energy consumption baseline for each of our SCBU facilities that we would use to set site-specific energy reduction goals for fiscal 2011. The goals are linked to the annual sales allocated to each site. Calculating each site's operational electricity and fuel use relative to its sales enables us to better track 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 that affect our energy use.

We surpassed our energy reduction goals for our Knoxville and Sumner facilities, but saw energy use rise slightly at our Vermont and Toronto locations relative to allocated sales. Although we partnered with Efficiency Vermont on energy reduction programs, the addition of new equipment to our Vermont facility increased overall consumption. We attribute the increase in Toronto to higher consumption of natural gas used to roast a greater volume of coffee beans.

KBU Energy Use

The KBU uses energy to power and heat office space and to 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. In fiscal 2011, KBU energy use was 0.30 therms per \$1,000 of sales, down from 0.40 therms the prior year.

CBU Energy Use

CBU energy consumption is associated with customer service, coffee roasting, manufacturing, and distribution activities, as well as occupancy of office space. In fiscal 2011, the CBU consumed 5.27 therms per \$1,000 of sales.

In fiscal 2011, we conducted the first partial energy inventory of our CBU operations. We are building on that work in fiscal 2012 by gathering baseline data that will help set future energy use reduction goals.

SCBU ENERGY USE BY FACILITY, RELATIVE TO ALLOCATED SALES

	Fiscal 2011 Target	Fiscal 2011 Actual
All Vermont Facilities	0%	3%
Knoxville, TN	-10%	-16%
Sumner, WA	-10%	-26%
Toronto, Canada	-10%	2%

WHAT IS A THERM?

A therm is a unit of heat energy equal to 100,000 British thermal unit (BTU). It is approximately the energy equivalent of burning 100 cubic feet of natural gas. The average U.S. household uses about 49,000 therms of natural gas each year.¹

1) Source: U.S. Environmental Protection Agency





GREENHOUSE GAS EMISSIONS⁵ (SHORT TONS)¹

Specialty Coffee Business Unit	Fiscal 2009	Fiscal 2010	Fiscal 2011
Scope 1 - direct emissions (in thousands)	8	14	22
Scope 2 - purchased electricity (in thousands) ²	3	-	-
Scope 3 - indirect emissions (in thousands) ³	21	38	52
Total estimated emissions (in thousands) ⁴	31	51	73
Keurig Business Unit	Fiscal 2009	Fiscal 2010	Fiscal 2011
Scope 1 - direct emissions (in thousands)	0	0	0
Scope 2 - purchased electricity (in thousands) ²	1	-	-
Scope 3 - indirect emissions (in thousands) ³	8	14	18
Total estimated emissions (in thousands) ⁴	9	15	18
Canadian Business Unit	Fiscal 2009	Fiscal 2010	Fiscal 2011
Scope 1 - direct emissions (in thousands)	NA	NA	14
Scope 2 - purchased electricity (in thousands) ²	NA	NA	-
Scope 3 - indirect emissions (in thousands) ³	NA	NA	2
Total estimated emissions (in thousands) ⁴	NA	NA	16
GMCR (Total of all business units)	Fiscal 2009	Fiscal 2010	Fiscal 2011
Scope 1 - direct emissions (in thousands)	8	14	36
Scope 2 - purchased electricity (in thousands) ²	3	-	-
Scope 3 - indirect emissions (in thousands) ³	29	52	72
Total estimated emissions (in thousands) ⁴	41	66	108
Total offset commitment (as % of emissions) ²	100%	100%	100%

1) GMCR numbers are reflective of our purchases of “forward stream” offsets from NativeEnergy.

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

3) Scope 3 emissions include transportation of raw material and finished goods by third-party logistics partners to and from GMCR owned or leased facilities, employee commuting, and corporate travel, which includes reimbursed miles, rental car emissions, and air travel.

4) Columns may not total due to rounding.

5) We currently track and report carbon dioxide (CO₂) emissions only.

GREENHOUSE GAS (GHG) EMISSIONS

Because our carbon footprint is linked to our energy use, cutting consumption helps reduce GHG emissions that contribute to climate change. Beyond improving efficiency, we are also pursuing other solutions — such as purchasing carbon offsets and using renewable sources of energy — to reduce the GHG emissions associated with our operations.

In fiscal 2011, our total GHG emissions were an estimated 108,000 tons.⁵ This number includes our CBU, which was not represented in our 2010 emissions due

to the timing of its acquisition. As defined by the EPA, scope 3 emissions include those from sources not, “owned or directly controlled by the entity but related to the entity’s activities.” The emissions captured in GMCR’s scope 3 emissions are the transportation of raw material and finished goods by third party logistics partners to and from GMCR owned or leased facilities, employee commuting, and corporate travel, which includes reimbursed miles, rental car emissions, and air travel.

5) We currently track and report carbon dioxide (CO₂) emissions only.



Most of our GHG emissions are attributed to the SCBU. In fiscal 2011, its carbon footprint was an estimated 73,000 tons, up from 51,000 tons in fiscal 2010. The jump reflects the dramatic growth of our business and changes in how we manage our operations.

Emissions associated with our KBU were 18,000 tons in fiscal 2011. Air travel, employee commuting, and shipping of Keurig® brewers accounted for most of its GHG emissions, representing about 98% of the business unit's total measured footprint.

In fiscal 2011, the CBU conducted its first partial direct GHG emissions inventory of its operations. It calculated an estimated 16,000 tons of emissions for the year. Our goal is to fully quantify the CBU's environmental impact in fiscal 2012 so it can be more fully represented in GMCR's environmental performance reporting. All emissions will be accounted for by the purchase of carbon offsets.

RENEWABLE ENERGY AND CARBON OFFSETS

We support renewable energy primarily through our GHG 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 are charged.

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 support wind, biogas, and hydro energy sources, and specifically buy these forward stream offsets because our purchases supply vital upfront funding. 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.



RENEWABLE ENERGY CERTIFICATES

In October 2010, the EPA Green Power Partnership released a draft white paper called the "Environmental Value of Purchasing Renewable Energy Certificates Voluntarily."⁶ The EPA advised, "An organization buying RECs 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 RECs' environmental benefit as a reduction in the organization's carbon footprint.

⁶⁾ See: http://www.epa.gov/greenpower/documents/gpp_basics-recs_voluntary.pdf

For example, we are a charter supporter of a 12.5-megawatt wind farm 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 CO₂ offsets through fiscal 2012. GMCR purchases more than 50% of the total offsets available through the Greensburg wind farm installation.

Based on guidance from the United States Environmental Protection Agency (EPA), fiscal 2010 marked the first year we recognized our purchase of Renewable Energy Certificates (RECs) as a zero-emission electricity source. In fiscal 2011, we continue to state our Scope 2 emissions — the emissions generated in producing the electricity we use — as zero.

WASTE AND RECYCLING

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

In past reports, we disclosed waste volume data for our SCBU and KBU. Beginning in fiscal 2011, we are also providing data for our CBU, which we acquired in 2010. See our Waste Stream table for details.

Our SCBU and CBU generate the bulk of our waste stream. The KBU generates small amounts of waste from office activities. The amount is largely immaterial relative to the volume generated by our manufacturing facilities.

In fiscal 2011, we began tracking waste diversion, which is the percentage of total waste kept out of landfill through recycling, composting, and waste-to-energy programs. This metric provides a more complete accounting of our efforts to reduce our environmental impact.

ONSITE GENERATION OF RENEWABLE ENERGY

We invest to produce clean energy onsite. Solar panels at our Waterbury, Vermont, distribution center generated more than 87,000 kilowatt-hours (kwh) of energy in fiscal 2011, representing about 8.4% of the facility's total energy use. Fiscal 2010 was the first full year of operation for the installation, which features 572 panels. At peak generation on a sunny day, the solar panels can meet approximately half of the facility's instantaneous 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	Fiscal 2009^{1,2}	Fiscal 2010^{1,2}	Fiscal 2011¹
Solid waste composted (tons)	426	651	1,203
Solid waste composted (tons) / \$1,000,000 SCBU unconsolidated net sales	0.90	0.71	0.78
Solid waste recycled (tons)	786	2,396	4,052
Solid waste recycled (tons) / \$1,000,000 SCBU unconsolidated net sales	1.66	1.77	2.64
Solid waste to landfill (tons)	749	1,506	2,440
Solid waste to landfill (tons) / \$1,000,000 SCBU unconsolidated net sales	1.58	1.64	1.59
Total solid waste (tons composted, recycled, and landfilled)	1,961	4,553	7,695
Total solid waste (tons composted, recycled, and landfilled) / \$1,000,000 SCBU unconsolidated net sales	4.13	4.97	5.01
Canadian Business Unit	Fiscal 2009¹	Fiscal 2010	Fiscal 2011¹
Solid waste composted (tons)	NA	NA	3
Solid waste composted (tons) / \$1,000,000 SCBU unconsolidated net sales	NA	NA	0.01
Solid waste recycled (tons)	NA	NA	565
Solid waste recycled (tons) / \$1,000,000 SCBU unconsolidated net sales	NA	NA	1.46
Solid waste to landfill (tons)	NA	NA	783
Solid waste to landfill (tons) / \$1,000,000 SCBU unconsolidated net sales	NA	NA	2.03
Total solid waste (tons composted, recycled, and landfilled)	NA	NA	1,351
Total solid waste (tons composted, recycled, and landfilled) / \$1,000,000 SCBU unconsolidated net sales	NA	NA	3.50
GMCR Total Waste Stream	Fiscal 2009^{1,2}	Fiscal 2010^{1,2}	Fiscal 2011¹
Solid waste composted (tons)	426	651	1,206
Solid waste composted (tons) / \$1,000,000 SCBU unconsolidated net sales	0.90	0.71	0.45
Solid waste recycled (tons)	786	2,396	4,617
Solid waste recycled (tons) / \$1,000,000 SCBU unconsolidated net sales	1.66	1.77	1.74
Solid waste to landfill (tons)	749	1,506	3,223
Solid waste to landfill (tons) / \$1,000,000 SCBU unconsolidated net sales	1.58	1.64	1.22
Total solid waste (tons composted, recycled, and landfilled)	1,961	4,553	9,046
Total solid waste (tons composted, recycled, and landfilled) / \$1,000,000 SCBU unconsolidated net sales	4.13	4.97	3.41

1) Fiscal '09 included facilities in TN, VT, and WA. Fiscal '10 and '11 included facilities in CA, MA, TN, VT, WA, and a facility in Toronto, Ontario. As we have been working across GMCR facilities in the U.S. and Canada, we have encouraged measurement and tracking such that we are able to retroactively include more sites in the reported measurements for fiscal years 2010 and 2011 CSR reporting than we covered in our Annual Report for the same fiscal years.

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 of Form 10-K for the fiscal year ended September 25, 2010, filed with the Securities and Exchange Commission on December 9, 2010.



SCBU Waste and Recycling

The SCBU sent 2,440 tons of waste to landfill in fiscal 2011. Though absolute volume grew as our business expanded, we reduced the waste sent to landfill relative to revenue. The SCBU sent 1.59 tons of waste per \$1 million of net sales to landfill, down from 1.64 tons in fiscal 2010.

We improved our performance by increasing the volume of waste that was recycled and composted. The SCBU recycled 2.64 tons and composted 0.78 tons of waste per \$1 million of net sales in fiscal 2011, up from 1.77 and 0.71, respectively.

As with energy, in fiscal 2011 we began tracking progress against site-specific waste reduction goals for the SCBU. These goals are based on data we collected in fiscal 2010 and are linked to the allocated sales for each site. We exceeded our waste reduction goals at two SCBU locations — Knoxville, Tennessee, and Sumner, Washington — but saw slight increases in waste at our three facilities in Vermont and at our Toronto, Canada, location. See our SCBU Waste table.

SCBU WASTE BY FACILITY, RELATIVE TO ALLOCATED SALES

	Fiscal 2011 Target	Fiscal 2011 Actual
All Vermont Facilities	-10%	1%
Knoxville, TN	-15%	-49%
Sumner, WA	-30%	-37%
Toronto, Canada	-50%	2%

CBU Waste and Recycling

In fiscal 2011, the CBU generated 3 tons of waste per \$1 million in net sales. This total includes waste sent to landfill, as well as waste that was recycled and composted.

In 2011, the CBU launched a recycling action plan at its coffee roasting plant in Montreal to divert more waste from landfill. The plant now recycles cardboard boxes and film cores, filter paper scraps, plastic bags and packaging, hard plastic barrels, and metal. The CBU also launched an upcycling program for burlap bags. For fiscal 2011, the CBU recycled 1.46 tons of waste per \$1 million in net sales.

Composting was minimal, but the CBU is currently evaluating options for composting coffee bean chaff, the outer layer collected during the roasting process.



ENERGY FROM WASTE

Rather than send waste to landfill — where it decomposes and can be a source of methane, a greenhouse gas — we're exploring alternatives, such as using waste to generate energy.

In fiscal 2011, the SCBU plant in Waterbury, Vermont, continued a pilot program with Covanta Energy (www.CovantaEnergy.com). The facility diverted 25 tons of non-recyclable waste in August and September 2011 to an energy-from-waste (EfW) facility. According to the U.S. EPA, EfW achieves, on average, a net reduction of 1 ton of GHG emissions as CO₂ equivalents, per ton of municipal solid waste managed.⁷ In addition, each ton of waste processed generates approximately 550 kwh of electricity. When evaluated on a lifecycle basis, this electrical generation has lower emissions than coal or oil for sulfur dioxide, nitrogen oxide, and particulate, and is comparable to natural gas.⁸

FOCUS ON MANAGEMENT SYSTEMS

We took numerous steps in fiscal 2011 to strengthen our systems and processes to better manage our environmental performance.

Corporate Environmental Policy Update

We revised our corporate environmental policy in fiscal 2011. It was formally adopted by the leadership of the SCBU and Vermont operations, and is available on our web site www.gmcr.com/enviropolicy.

Our multi-site Environmental Affairs team led educational initiatives to raise employee awareness of our updated corporate environmental policy and our environmental management systems. It delivered a series of presentations underscoring the importance of conforming to our policy to all employees at our Vermont facilities, and updated and expanded the environmental component of our new employee orientation process.

7) U.S. EPA, Air Emissions from MSW Combustion Facilities webpage, accessed June 6, 2012
<http://www.epa.gov/osw/nonhaz/municipal/wte/airem.htm>

8) Kaplan, P.O., J. DeCarolis, and S. Thorneloe, 2009, Is it better to burn or bury waste for clean electricity generation? *Environ. Sci. Technology* 43 (6) pp1711-1717. Available at:
<http://pubs.acs.org/doi/abs/10.1021/es802395e>



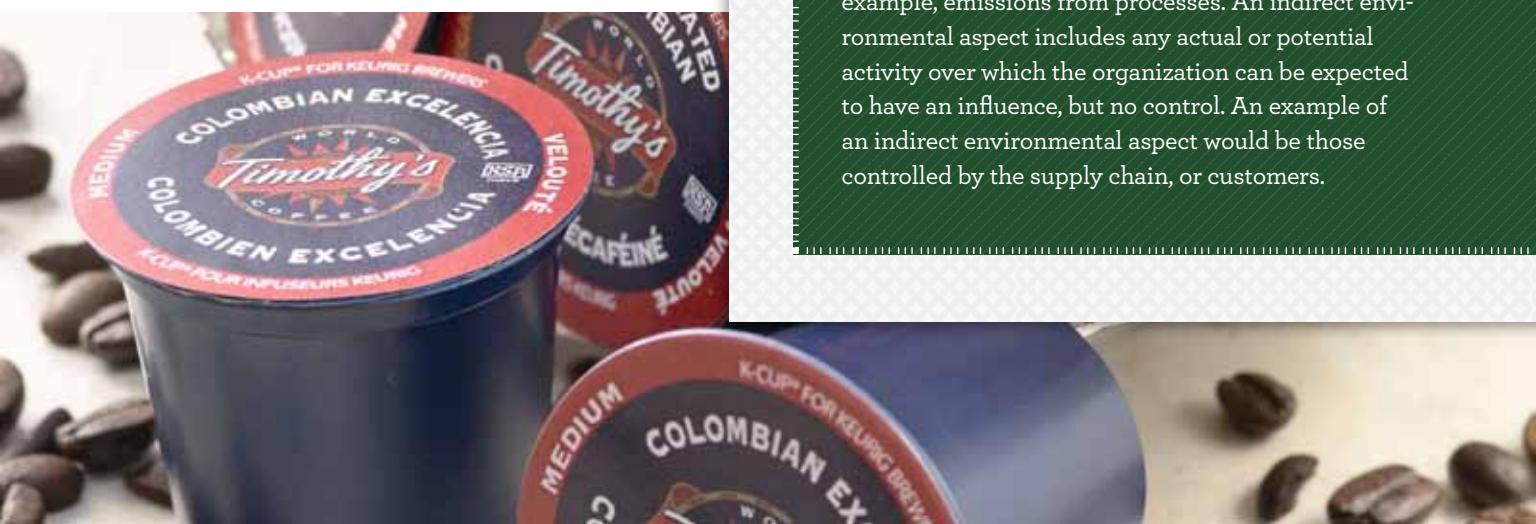
Review of Environmental Aspects

We conducted an in-depth review of the environmental aspects of our Waterbury operations in fiscal 2011. Our multi-site Environmental Affairs team and members of the Waterbury production, distribution, and facilities groups categorized and inventoried the activities, products, and services within the control of the Waterbury facility that have the potential to impact the environment or are subject to an environmental compliance requirement. The exercise identified 160 environmental aspects, which we prioritized for action in fiscal 2012 based on frequency and severity of impact, degree of our control, risk of noncompliance, and stakeholder concern.

ISO Certification Initiative

Late in fiscal 2010, we began a pilot initiative to achieve 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 performance.

In fiscal 2011, we assembled a steering team representing our Waterbury site and members of the multi-site Environmental Affairs team to advance the ISO certification project. The team formally determined the project scope, defined roles and responsibilities, and identified needed resources. As a result, we plan to staff an Environmental Management System Coordinator position at our Vermont operations in fiscal 2012 to work closely with the multi-site Environmental Affairs team and help manage the project.



ADDRESSING THE ENVIRONMENTAL IMPACT OF OUR KEURIG® BREWING SYSTEM

Widespread adoption of the Keurig® single cup brewing system raises some important — and complex — environmental challenges. To better understand the impact of our products and guide our efforts to address those challenges, we conducted a life cycle analysis comparing single cup brewing systems to drip-brewing systems. We learned that the cultivation of coffee beans, operation of brewing systems, and use of materials in product packaging all represent significant impacts on the environment. The study revealed that packaging disposal represents a fraction of a product's environmental impact across its entire life cycle.

We take all impacts seriously and are continuously working to reduce our environmental footprint. For example, we recognize that brewed K-Cup® packs add to the waste stream, and that brewers returned by consumers to retailers must be disposed of responsibly.

9) <http://www.epa.gov/region4/ems/glossary.htm>

WHAT IS AN ENVIRONMENTAL ASPECT?

An environmental aspect is an element of an organization's activities, products, or services that can interact with the environment.⁹ There are two types of environmental aspects. A direct environmental aspect includes any activity over which a company can be expected to have an influence and control, for example, emissions from processes. An indirect environmental aspect includes any actual or potential activity over which the organization can be expected to have an influence, but no control. An example of an indirect environmental aspect would be those controlled by the supply chain, or customers.



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 widened our efforts on both fronts in fiscal 2011 and will continue to invest in research and development and expand our programs in fiscal 2012.

Grounds to Grow On™ Program

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. The materials we currently use to ensure consistency and quality of our K-Cup® packs are not recyclable. While we continue to research and develop earth-friendly packaging solutions that meet our performance requirements, we're providing alternatives to help customers dispose of their K-Cup® packs responsibly.

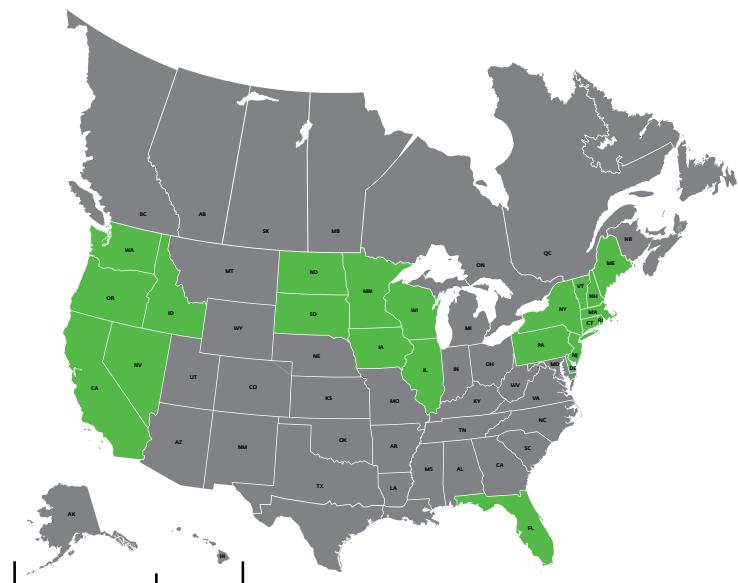
The Grounds to Grow On™ program, which we launched as a pilot in fiscal 2010, allows away-from-home customers in the U.S. to order recovery bins to collect K-Cups® packs after use. We currently focus on the office environment because people tend to brew more K-Cup® packs there than at home.

When bins are full, customers ship them to our disposal partner, who separates the pack into two parts: the coffee or tea grounds and everything else. The grounds — which represent about 75% of the pack by weight — are converted into compost. The remaining 25% is sent to a Covanta energy-from-waste facility, where it is turned into renewable energy. (See the Energy from Waste section above.)

Customers in 22 states (see map) can purchase recovery bins for their office environment at www.GroundsToGrowOn.com. The bins are made of 75% post-industrial recycled plastic, and have been designed to be used at least 15 times. Customers can return the bins for processing using the pre-affixed label via UPS, which purchases offsets to reduce the CO₂ footprint associated with shipping.

The Grounds to Grow On™ program processed nearly 1.5 million K-Cup® packs in fiscal 2011 — up from approximately 1.2 million in fiscal 2010 — which yielded more than 31,440 pounds of compost and generated more than 51 total kilowatt-hours. We anticipate expanding the program nationally to all away-from-home customers.

GROUNDSTOGROWON™ PROGRAM AVAILABILITY





Returns Management Initiative

In fiscal 2011, the KBU launched a Return Management Initiative in the U.S. to track and responsibly dispose of materials recaptured from returned Keurig® brewers. Based on a pilot described in our fiscal 2010 report, the program enables retail partners to send brewers returned by consumers to qualified facilities for responsible disposal of materials. The KBU identified two important reasons for moving from a “destroy in field” policy to a return process:

1. 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.
2. Responsible disposal: Returning brewers to a processing partner ensures proper disposal of components.

In fiscal 2011, the Returns Management Initiative processed 947 tons of Keurig® brewers that were disassembled and separated into materials to be recycled or ground up for use in manufacturing other products. The program also received 159 tons of brewers that were still functioning but would have otherwise ended up in a landfill. They were cleaned and reused for displays and demonstrations to support our marketing efforts.

In all, the program diverted 1,106 tons of returned Keurig® brewers from landfills in fiscal 2011, short of our goal of 1,700 tons. We attribute the shortfall in part to longer than expected lead times for adding participating retailers to the program. It may also indicate that fewer brewers were returned by consumers to retailers for performance issues in fiscal 2011. Return rates from our retail partners vary widely, both across and within distribution channels.

For fiscal 2012, we anticipate reusing and recycling 2,000 tons of brewers through the Returns Management Initiative. All recovered materials are sold for reuse in manufacturing other products.



OTHER MEASURES TO REDUCE IMPACT

In addition to our Returns Management Initiative, we are reducing environmental impact of Keurig® single cup brewing systems in other innovative ways. We strive to increase our use of recycled materials, including use of these materials in brewer accessories. Wise material choice can result in both reduced lifecycle impact as well as cost savings.

The Restriction of Hazardous Substances (RoHS) directive is a set of European regulations designed to reduce the potentially harmful or toxic effects of electronic equipment on the waste stream. Although the RoHS directive is not yet mandated in the United States, GMCR has implemented it in all our Keurig® single cup brewing systems.

We also have designed our brewers without BPA (Bisphenol A) in the components that come in contact with the water used to brew the beverage. In addition, our K-Cup® packs are BPA-free. Exposure to BPA has been linked in some studies to negative health effects, particularly in the development of fetuses, infants, and young children.¹⁰

In addition, to save energy, all of our brewers designed for home use have an auto shut-off feature when not in use.

K-CUP® PACK STORAGE DISPENSER



A K-Cup® pack Storage Dispenser is available that uses 50% recycled materials made from reground plastics ... and yields a 25% cost savings per unit, with no visual difference in the product.

¹⁰ U.S. Food and Drug Administration, www.fda.gov/newsevents/publichealthfocus/ucm064437.htm.



BUILDING DEMAND FOR SUSTAINABLE PRODUCTS



Making sustainable products successful depends on their ability to 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, meeting this mark is an ongoing challenge. Yet consumers consistently say they prefer products that are produced in a socially and environmentally responsible manner.

In fact, increasing numbers of consumers are recognizing the importance — and value — of sustainable products. While competitive pricing is important, research shows many are willing to pay slightly more for the assurance of a high-quality product that benefits a larger community and broader economy. (See sidebar on page 53.) As a result, retail and channel customers buy certified sustainable products because their customers demand it. We believe this shift in behavior is being driven, in part, by coordinated efforts to educate customers and consumers about sustainable products.

The convergence of these trends represents a growing opportunity, both for our business and the world. By continuing to increase awareness of the value and

benefits of products such as Fair Trade Certified™, Rainforest Alliance Certified™, and organic coffees, we are helping build demand for sustainable products and broaden adoption of sustainable business practices.

We work to increase public awareness of responsibly grown coffee through certification programs, such as Fair Trade (administered in our markets by Fair Trade USA and Fairtrade Canada, respectively)¹¹ and Rainforest Alliance. Fair Trade is a global movement to alleviate poverty. It provides a fair price to coffee farmers for their beans, resulting in high-quality coffee and a higher quality of life in coffee-farming communities. By choosing Fair Trade products, consumers help to protect the environment and improve the lives of farmers around the world. Rainforest Alliance certification ensures that farmers grow crops sustainably.

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 while supporting our efforts to deliver high-quality products and build strong relationships in our supply chain.

¹¹⁾ Throughout this report, the reference to Fair Trade includes both U.S. and Canadian Fair Trade certifications.



WHERE WE'VE BEEN IN FISCAL 2011

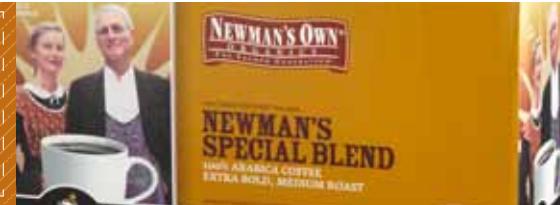


✓ Further progress has been made in our efforts to deepen our commitment to shipment of certified coffees by increasing our overall percentage of certified coffees shipped from 25% to 28%. At the same time, overall coffee sales increased by 52% to approximately 136 million pounds. Fair Trade Certified™ coffee shipments increased from approximately 17 million pounds to over 26 million pounds in fiscal 2011.

✓ With the expansion of our Rainforest Alliance Certified™ coffee sales we have broadened our commitment to certified coffees by an incremental 9,337,000 pounds.

✓ Our Canadian and Keurig Business Units made significant strides in packaging reductions through material substitution, reduction of polypropylene use, and package redesign.

WHERE WE'RE GOING IN FISCAL 2012



➤ To reflect our growing family of brands, we expect to set new goals for the volume of sustainable coffee we sell.

➤ Our Timothy's World Coffee® brand will explore opportunities to work with the Rainforest Alliance to promote the benefits of Rainforest Alliance certification.

➤ Our Green Mountain Coffee® and Newman's Own® Organics brands will work to expand pounds of Fair Trade coffee sold and build awareness of the benefits of the Fair Trade model.



FISCAL 2011 NUMBERS AT A GLANCE

	Fiscal 2009	Fiscal 2010	Fiscal 2011 ¹
All Fair Trade Certified™ organic and non-organic lbs. shipped (in thousands)	11,966	17,318	26,452 ²
Fair Trade Certified™ non-organic lbs. shipped (in thousands)	3,674	5,433	11,313
Fair Trade Certified™ organic lbs. shipped (in thousands)	8,292	11,884	15,138
All Rainforest Alliance Certified™ lbs. shipped (in thousands)	-	345	9,682
Organic (no other certifications) coffee lbs. shipped (in thousands)	-	50	100
Non-certified coffee lbs. shipped (in thousands)	27,577	52,287	94,597
Enterprise total coffee lbs. shipped (in thousands)	39,543	70,000	130,831
All Fair Trade Certified™ lbs. (organic and non-organic) shipped as a percentage of total lbs. shipped	30.3%	24.7%	20.2%
Fair Trade Certified™ lbs. (non-organic) shipped as a percentage of total lbs. shipped	9.3%	7.8%	8.6%
Fair Trade Certified™ organic lbs. shipped as a percentage of total lbs shipped	21.0%	17.0%	11.6%
All Rainforest Alliance Certified™ lbs. shipped as a percentage of total lbs. shipped	0.0%	0.5%	7.4%
Organic (no other certifications) coffee lbs. shipped as a percentage of total lbs. shipped	0.0%	0.1%	0.1%
Non-certified coffee lbs. shipped as a percentage of total lbs. shipped	69.7%	74.7%	72.3%
Enterprise total coffee lbs. sold (in thousands)	39,543	70,000	135,594

1) Starting in fiscal 2011, "shipped" is defined as finished goods that have left possession of GMCR and entered into possession of a customer. Not all shipments result in a "sale" in the same fiscal year. Shipped coffee may also be used for samples, donations, and other non-sale applications. We will be migrating to reporting on a sold-only basis starting in fiscal 2012.

2) This number has been revised to reflect returns, short ships, and other actions that impact actual year-end totals for shipped coffee.





PROMOTING CERTIFIED COFFEES

We offer Fair Trade Certified™, Rainforest Alliance Certified™, and organic coffees, each of which helps support socially and environmentally responsible farming and business practices.

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

In support of these efforts, farmers receive a fair price for their beans. As of April 2011, the minimum price paid for Fair Trade Certified™ coffee is \$1.40 per pound, with a \$0.20 premium per pound earmarked for community development. If the coffee is organic, farmers earn an additional \$0.30 per pound.¹⁵ The additional income provided by Fair Trade also supports quality improvement initiatives, enabling farmers to earn even higher prices for their beans.



CONSUMER DEMAND FOR SUSTAINABLE PRODUCTS

Consumers are searching for ways to align their values with their purchases. While energy, food prices, and an uncertain economy are at the top of everyone's list of concerns, consumers still have high expectations of companies:

- 62%: U.S. consumers who say they've bought a product or service in the past year because it was associated with a cause or issue
- 1/3: U.S. consumers who strongly agree that companies are essential to major social and environmental change
- 50%+: U.S. consumers who are willing to pay more for a product certified by an independent 3rd party, such as Fair Trade
- Nearly ½: U.S. consumers who believe companies should prioritize issues affecting the quality of life in local communities¹²
- 68%: Canadian consumers who are aware of organically grown coffee
- 54% and 35%: Canadian consumers who are aware of and purchased Fair Trade coffee¹³
- **51% and 34%**: U.S. consumers who are aware of and purchased Fair Trade coffee¹⁴

12) 2011 Cone/Echo Global CR Opportunity Study

13) 2011 Coffee Drinking Trends in Canada, Coffee Association of Canada

14) 2010 National Coffee Association's National Coffee Drinking Trends

15) "Fairtrade International Announces Changes to Fair Trade Coffee Minimum Price, Premiums and Standards," March 15, 2011.



These prices cover the cost of sustainable production, while increasing local resources for health care and education, and helping farmers feed their families. Because they get a fair price, small family farmers can grow coffee with respect for their community and the land, avoiding cost-cutting practices that sacrifice quality and degrade the environment.

According to Fair Trade USA, (www.FairTradeUSA.org), 2011 was a record-breaking year for coffee. The United States imported more than 138 million pounds of Fair Trade Certified™ coffee, a 32% increase over 2010. The rise in imports enabled Fair Trade coffee cooperatives to earn \$17 million in community development premiums, a jump of 61% from 2010.¹⁶

Canada imported more than 25 million pounds of Fairtrade Certified coffee in 2011, a 25% increase over 2010, according to Fairtrade Canada (www.Fairtrade.ca). As a result, Fair Trade coffee cooperatives earned \$4.4 million in community development premiums, more than 50% higher than in 2010.

The Rainforest Alliance (www.Rainforest-Alliance.org) is a nonprofit organization working to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices, and consumer behavior. It links the protection of forests to the economic prosperity of local farmers, communities, and businesses; and ensures workers receive proper training and enjoy safe conditions, proper sanitation, health care, and housing. Farms that meet a comprehensive set of environmental, social and economic standards achieve Rainforest Alliance certification and gain access to the global markets for sustainably produced goods.

Rainforest Alliance Certified™ coffees are grown using methods that help promote and preserve biodiversity, conserve scarce natural resources, and help farmers build sustainable lives. The certification standards guide farmers toward sustainable farm management and provide independent auditors a measure for evaluating social and environmental improvements. Farms that meet the standards are awarded the Rainforest Alliance Certified™ seal of approval, which is recognized by consumers globally as a symbol of sustainability.

Certified organic coffees are grown and prepared using methods and materials that have a low impact on the environment. Requirements vary from country to country, but in general organic farmers use ecologically based pest control methods and take steps to minimize soil erosion and promote plant diversity and wildlife habitats. Organic is often coupled with other certifications, such as Fair Trade.

In fiscal 2011, we shipped 26,452,000 pounds of Fair Trade Certified™ coffee, up from 17,318,000 pounds in fiscal 2010 and 9,682,000 pounds of Rainforest Alliance Certified™ coffees, up from 345,000 pounds in fiscal 2010. We also shipped 100,000 pounds of certified organic coffee, doubling the amount shipped from fiscal 2010.

¹⁶ "Fair Trade USA and Partners Drive Record Growth in Coffee Imports, Returning \$17 Million in Premiums to Farming Communities," April 13, 2012.





HOW DO GMCR CERTIFIED COFFEES HELP TO PROTECT THE ENVIRONMENT?

The certification programs that GMCR supports include environmental standards that promote:

- Conservation of natural resources
- Biodiversity
- Responsible land management
- Improved soil fertility
- Responsible use and handling of agrochemicals
- Proper disposal of organic and hazardous waste
- Avoidance of genetically modified organisms

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 closer to knowing how they produce it. That insight enables us to make more informed purchase decisions as we strive 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 together with our supply-chain partners, and not simply buying from them. In fiscal 2011, 34% of the coffee we purchased was Farm Identified. A portion of this is also certified coffee; other Farm Identified suppliers are at the beginning of their journey to sustainable coffee production.

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 with the marketplace and assist them as they work toward sustainability. In this way, our Farm Identified 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.



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.

Although we are committed to increasing our purchases of sustainably produced coffee, 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.

Fair Trade coffee is a leading choice for many consumers in the United States and Canada. Among coffee sustainability certifications, Fair Trade is second only to organically grown in terms of overall awareness among coffee drinkers in Canada.¹⁷

17) 2011 Coffee Drinking Trends in Canada, Coffee Association of Canada.

In fiscal 2011, about 58.2% of our coffee was sourced conventionally, down from 62.5% in the previous year. This drop reflects our ongoing efforts to expand our Fair Trade Certified™, Fair Trade Certified™ organic, and Rainforest Alliance Certified™ lines, as well as reduce the share of conventional sourcing in our total coffee purchases. Our Specialty Coffee Business Unit is aiming to source 50% of coffee from Farm Identified and/or





certified sources by 2015.

PROMOTING SUSTAINABILITY THROUGH PUBLIC AWARENESS AND EDUCATION

We look for opportunities to share what we know and what we do to promote social and environmental sustainability with a wider public audience. We provide educational opportunities for our employees and the members of our supply chain, and work to increase awareness and adoption of sustainable products among consumers and customers.

We also educate consumers by increasing awareness of how Fair Trade products can help advance social justice and protect the environment. For example, in fiscal 2011 we made a grant of \$300,000 to Fair Trade USA (FTUSA). The funds supported the first national Fair Trade Towns & Universities conference, as well as a range of programs that support Fair Trade campaigns in local communities and on campuses. The grant also helped FTUSA develop online tools and digital media to expand consumer outreach efforts, which we augmented through a joint GMCR/FTUSA online marketing campaign.

In Canada, our Van Houtte® brand participated in Fair Trade Fortnight, a national two-week celebration in May organized by Fairtrade Canada, a nonprofit certification organization. We promoted the event through print and online advertising, supported a fundraiser for a Mexican Fair Trade co-operative in participating retail stores in Western Canada, and donated Fairtrade



FAIR TRADE FORTNIGHT

SHOW OFF YOUR LABEL

May 1-15, 2011 fairtrade.ca







certified coffee to the cause.

DEVELOPING SUSTAINABLE CUPS AND PRODUCT PACKAGING

Improving the environmental performance of our packaging supports our commitment to sustainability and enables our customers to reduce their environmental impact. One of our early milestones in the U.S. was the ecotainer® product, the coffee industry's first to-go, hot beverage cup made with paper and biopolymers in place of petroleum-based products. We collaborated with International Paper to develop and bring the eco-tainer® product to market in 2007.

Finding more environmentally friendly approaches to our cup and product packaging remains a priority. We also continue to look beyond our own organization for answers. We are a member of the Sustainable Packaging Coalition® (SPC), an industry working group striving to create a true closed-loop system for all packaging.

Our Canadian Business Unit made headway in reducing packaging during fiscal 2011. The Van Houtte® brand transitioned to film material for pouches offered by our coffee services and café-bistros that uses 24% and 36% less polymer-based materials than previous packaging. Van Houtte® also improved packaging for coffee sold in bulk in Canada. By removing one layer of oriented polypropylene from our bulk bag, we reduced the use of polypropylene by 55%.

Our Keurig Business Unit also made progress in fiscal 2011 by cutting packaging both for brewers and K-Cup® packs:

- We began using pulp mold trays made of 100% recycled materials in place of Styrofoam for our K-Cup™ pack storage dispenser and Keurig® B31 brewer.
- We reduced the size for the 18-count K-Cup® pack box by 30% and redesigned packaging to fit more brewers in the same amount of space.
- We added cutouts to Styrofoam packaging for products bound for club stores, which allows more materials to be packed in fewer boxes.
- We conserved paper by reducing instruction booklets packaged with our brewers by five pages.



WORKING TOGETHER FOR CHANGE



any of our efforts to promote and advance sustainability 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 create 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 grant-making, 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 the success of our company.





WHERE WE'VE BEEN IN FISCAL 2011



- ✓ We completed a benchmarking study of supply-chain transparency best practices.
- ✓ We formally committed to uphold the United Nations' Human Right to Water through the development and communication of a GMCR policy addressing safety, sufficiency, acceptability, transparency, and physical accessibility.

WHERE WE'RE GOING IN FISCAL 2012



- We will strengthen and expand our current supply-chain transparency program to be more comprehensive and help suppliers develop capabilities to actively participate in the program.
- We will identify partners to help us develop effective programs that support our policy on the Human Right to Water.



TRANSPARENCY IN OUR MANUFACTURING SUPPLY CHAIN

In fiscal 2011, we completed a benchmarking study to identify best practices in supply-chain transparency. Drawing on research as well as interviews, the study provided insights into how to better communicate our social and environmental expectations to suppliers. It affirmed that we must continue to keep suppliers informed about relevant trends and public policy changes so they can take proactive measures.

The study underscored the importance of sharing knowledge we gain through supplier assessments to drive wider improvements in our supply chain and align with our own community outreach initiatives. It also revealed the benefits of recognizing suppliers' use of best practices and efforts to be more transparent. Ensuring ongoing sharing of information helps create collaborative and trusted relationships with our suppliers, enabling continuous improvement.

The study yielded three key recommendations:

1. Strategically embed supply-chain management expertise across the enterprise.
2. Evaluate, expand, and share clear expectations with suppliers and develop training and tools customized to supplier needs.

3. Gather more data from suppliers to better assess progress and refine our approach.

We have begun implementing these recommendations in fiscal 2012, and expect our efforts to continue into fiscal 2013. Our aim is to create a comprehensive supply-chain transparency program that aligns with the size, culture, and complexity of our company and enhances our community outreach efforts.

We are building out this program using tools and processes that deepen engagement with current suppliers and orient new suppliers. These tools and processes include:

- Supplier Guidelines that outline our commitment to high standards on human rights, labor, and the environment, as well as supplier expectations for meeting those standards;
- Self-assessment questionnaires, which we have requested our suppliers complete since fiscal 2008;
- On-site assessments conducted by our staff, in cooperation with supplier management;
- Assessments of supplier facilities performed by an independent third party.



GMCR works with an extensive supplier network — and the number of our suppliers continues to increase as our business grows. In response, we are implementing improved supply-chain management practices across our enterprise. Our approach is to build collaborative relationships that inspire both our suppliers and GMCR to improve social and environmental performance and address industry and regional challenges.

For the KBU, we regularly interact with our key suppliers and contract manufacturers of Keurig® brewers to discuss and evaluate a wide range of social and environmental topics. With each key supplier, we prioritize topics for immediate focus and additional evaluation to assist them in improving their practices.

Our approach to the SCBU and CBU supply chains is similar to that of the KBU, but encompasses agricultural suppliers who provide products such as coffee, tea, and fruit. We are working with each business unit to better understand their respective value chains and find ways to improve practices. We also rely on certifications in our coffee supply chain to provide greater transparency.

We use a self-assessment questionnaire to begin a dialogue with our suppliers, learn more about their operations, and identify their successes and challenges as corporate citizens. The questionnaire is based on our Supplier Guidelines, and asks suppliers to describe their practices regarding employment contracts, legal minimum wage and age requirements in locations where they operate, benefits, hours of work, worker policies around freedom of association, discrimination and abuse, health and safety, and environment.

IN SIMPLEST TERMS, OUR SUPPLIER GUIDELINES ADVANCE THE FOLLOWING PRINCIPLES:

- Businesses should work to understand and follow the laws that govern their operations.
- No person should be forced to perform work against his or her will.
- Children should be protected from harmful labor and be given the opportunity for healthy development.
- Employees should be paid a fair wage that meets their basic needs.
- Hours of work should be limited to provide workers with an adequate opportunity for rest and leisure.
- Workers and management should work together in open communication and cooperation to improve working conditions.
- All employees should be treated with dignity, equality, and respect.
- Operations should be conducted in a manner that respects the health and safety of employees and communities.
- Businesses should incorporate environmental sustainability into their operations.

WE ARE COMMITTED TO:

- Explaining the expectations embodied in these guidelines.
- Making appropriate efforts to evaluate supplier performance in light of these guidelines, through communication with our suppliers, on-site visits by our staff, and/or independent third-party assessments.
- Engaging suppliers to discover causes and implement solutions when we discover actual performance falling short of these guidelines.
- Communicating our progress with openness and transparency, and evolving these guidelines as we learn.
- Showing leadership in our own accountability to these guidelines.



In fiscal 2011, SCBU suppliers completed 25 self-assessments, for a total of 53 since fiscal 2008. KBU suppliers completed 10 self-assessments in fiscal 2011, bringing the total to 12 since fiscal 2008. We have used the information collected from suppliers to understand trends related to sustainable business practices in a particular region. With a baseline understanding of trends, we are using this data to tailor procedures and identify training needs and outreach opportunities.

A self-assessment is a vital first step. GMCR staff also conducts on-site assessments to gain a deeper understanding of supplier social and environmental practices. On-site assessments allow us to engage with management, tour facilities, review key policies and records, and, when applicable, visit areas where workers live, dine, and gather during their days off. Suppliers have been receptive to our visits and open to working with us to build a strong foundation for collaboration.

To generate even greater insight, we also arrange for comprehensive, third-party assessments of suppliers, when appropriate. Armed with this level of detail, we can work closely with individual suppliers to develop and implement an action plan to address gaps or areas of risk.

In our SCBU and CBU supply chains, we completed one comprehensive, third-party assessment in fiscal 2011 and three on-site supplier assessments. We have conducted a total of four comprehensive, third-party assessments and six on-site assessments since fiscal 2008.

In our KBU supply chain, we completed three comprehensive, third-party assessments with contracted brewer manufacturers, which represent a significant portion of the business unit's total spend. This includes all manufacturers currently producing Keurig® brewers as well as potential suppliers. We have completed five comprehensive, third-party assessments since fiscal 2008. In fiscal 2011, we completed 12 on-site supplier assessments.

Priorities for 2012

Our focus in fiscal 2012 is to continue to strengthen and expand our supply-chain transparency program. Our goals are twofold. First, we must build our own capacity. And second, we need to help our suppliers strengthen their capabilities to actively participate.

To meet those goals, we will begin development of a responsible sourcing training curriculum in fiscal 2012 for GMCR employees directly responsible for supply-chain management (to be implemented in fiscal 2013). We plan to increase the number of supplier assessments, identify additional partners to perform comprehensive assessments, and support community outreach programs where possible.

We are also looking to expand the scope of our supplier assessments, further examine industry and regional issues to better understand our suppliers' challenges, and align our transparency goals between business units and across the enterprise. In addition, we plan to perform closer analysis of solutions for product traceability, which provides information on the source, location, movement, and storage conditions of products.



UNITED NATIONS GLOBAL COMPACT

In March 2004, GMCR became the first coffee company to sign the United Nations Global Compact (UNGC). 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.
- Publish in our annual report or similar corporate report (e.g., our sustainability report) a description of the ways in which we support the Global Compact and its principles.

From the beginning, we recognized that many of our environmental and corporate sustainability efforts support the Global Compact's guiding principles. The Global Compact provides an effective tool for tracking our success and planning future initiatives.

We meet the commitments of the Global Compact in a variety of ways, from the expectations we set for our suppliers and the code of ethics we follow, to our investment in Fair Trade products. Each effort falls under one of the broader categories of human rights, labor standards, environment, and anti-corruption.

For more information about how we are upholding our commitment to the Global Compact, please see our UNGC Index. www.gmcr.com/ungcindex

HUMAN RIGHT TO WATER

Water is a critical natural resource that is strategically important to our business, our stakeholders, and the communities in which we operate. It is also a basic human right. In 2010, the United Nations expanded the Universal Declaration of Human Rights to include the Human Right to Water, which ensures safe, sufficient, acceptable, physically accessible, and affordable water for personal and domestic use.

We recognize the Human Right to Water and in 2011 developed a policy for guiding our responsible use and preservation of this vital resource. We are taking the following steps to ensure our business engagements across the globe respect the right to:

- Safety: Commit to preserve the quality of the water resources we use in the communities where we operate.
- Sufficiency: Strive to operate in a manner that minimizes impact from our operations on the availability and cost of community water resources.
- Acceptability: Include access to clean water in our ongoing engagement efforts in our domestic and supply-chain business relationships.
- Transparency: Openly communicate and engage with the communities in which we operate regarding our water usage and conservation initiatives in an ongoing manner.
- Physical accessibility: Work to ensure our operations will not adversely impact physical accessibility of community members to water resources and will address community concerns in a cooperative manner.



THE POWER OF COLLABORATION

Our business thrives through collaboration. Whether it's working with growers and suppliers to promote sustainable practices, non-governmental organizations (NGOs) on fighting hunger, or even other brands to provide broad consumer choices in the Keurig® brewing system, we seek out opportunities that benefit everyone involved. Our relationship ethic shapes how we engage with others, and is rooted in the belief that we can be more successful when we collaborate.

This is particularly true when it comes to tackling complex social and environmental issues. For example, in fiscal 2011, we were one of seven companies that joined with Oxfam America, an international relief and development organization that creates lasting solutions to poverty, hunger, and injustice, on its Partnership for Resilience and Environmental Preparedness (PREP) program. The PREP program, which is being expanded in its second year, was developed to promote:

- Practices and economic growth that help both vulnerable communities and business adapt to the impacts of climate change; and
- Public policies that facilitate adaptation efforts to prepare for and respond to the consequences of a changing climate.

We got involved with the PREP program because we wanted to help create a forum to share what we've learned about how coffee growers are responding to climate change. As our lineup of beverage products expands, we are also looking for insights from fellow food and beverage companies into how other supply chains — such as apple or cocoa growers — are tackling this rising challenge. Armed with this information, we can better set our grantmaking strategy to help individuals and communities in our supply chain prepare for and mitigate the effects of climate change.



GMCR also sits on the advisory board of Sustainable Brands, which brings together sustainability, brand, and innovation professionals to share ideas and make connections. The goal is to amplify best practices, educate business leaders, and grow the market for business solutions that can help companies reduce environmental and social impact and play a more positive role in the lives of their stakeholders. Through the Sustainable Brands community, we collaborate with other companies, organizations, and communities to address complex and far-reaching issues, such as sustainable packaging and supply chain management that require collaboration between competitors and across industries.



In addition, we are working closely with NGOs to promote sharing of best practices. In fiscal 2010, we convened a dozen representatives of grantee organizations to create a comprehensive monitoring and evaluation (M&E) guide for our supply-chain outreach funded projects. This project was conceived in partnership with researchers in the Agroecology and Rural Livelihoods Group lab at the University of Vermont. The project's dual aim was to provide a standardized way to measure the impact of funding we provide to assist coffee-growing communities while helping grantees evaluate processes and collect data that can be valuable to their organizations as well as GMCR.

Based on the work session with the NGOs, the University of Vermont drafted an M&E guide, which was field tested in the first half of 2011. We brought the collaborative group back together in June 2011 to gather feedback and refine the guide, which we are making more broadly available to our NGO partners in fiscal 2012. With the help of the guide, we can gather information from NGOs to better track and communicate the impact of our supply chain outreach projects, set priorities and make more informed grantmaking decisions, and generate collective learning and shared insights.

We also took the approach of bringing organizations together in fiscal 2011 to collaborate on best practices for fighting hunger and food insecurity in Nicaragua. Working with Community Agroecology Network (CAN), we gathered NGOs to which we awarded grants, including Catholic Relief Services, Heifer International, and Save the Children, as well as potential partner organizations to develop and exchange ideas for addressing the root causes of hunger in coffee-growing communities. Participants in the three-day event met with rural families and farmer associations in Nicaragua to discuss first-hand the challenges of food security. By facilitating shared insights and strategies that reflect on-the-ground conditions, we believe we can help NGOs make a greater difference in helping communities in need.





FOSTERING WORKPLACE EXCELLENCE



Our commitment to promoting sustainability, healthier lives, and prosperous communities begins with advancing these values in our own workplace. Fostering workplace excellence is a shared responsibility between our company and our employees, and is vital to the success of both parties. We create opportunities for our people to learn, develop, and advance in their careers and lives. In turn, our employees recognize their responsibility to take advantage of these opportunities to benefit themselves as well as the company.

The results of this sustainable approach are positive. For example, when our work environment supports learning and development, we are better able to attract and retain outstanding people. And when we cultivate leaders from within the company, we provide growth opportunities for employees while strengthening our organization. Employees who are engaged and motivated are happier and enjoy more career successes, and also make deeper contributions to the company.

Some of the opportunities our employees enjoy help instill a personal commitment to sustainability. When employees feel personally connected to our core values, they are better able to develop solutions that help us achieve company goals and maintain our culture.



WHERE WE'VE BEEN IN FISCAL 2011



- ✓ We completed two modules of the “Our Winning Combination” business literacy program, an organization-wide continuous learning initiative focused on financial strength, strong brands, and corporate social responsibility.
- ✓ We accomplished more than 152,000 hours of continuous learning, which

equals an average of 44 hours of training for each full-time employee.

- ✓ We filled 21.2% of our new positions internally.
- ✓ We sent 46 employees on “source trips” to learn about coffee-growing communities firsthand.

WHERE WE'RE GOING IN FISCAL 2012



- We will deliver another module of the “Our Winning Combination” business literacy program.
- We expect to fill at least 20% of our new positions internally.

➤ We will again work with the Great Place to Work® Institute to measure progress in fostering workplace excellence.

- We will continue to invite employees across levels and business units in source trips to coffee-growing communities.



FISCAL 2011 NUMBERS AT A GLANCE

	Fiscal 2009 ¹	Fiscal 2010 ¹	Fiscal 2011
Compensation and Benefits			
Company payment of insurance premiums (percentage, on average)	90%	90%	90%
Dollars spent on medical benefits as a percentage of payroll ²	13.4%	12.8%	12.8%
Hiring and Development	Fiscal 2009	Fiscal 2010	Fiscal 2011
Internal hiring ²	19%	23%	21%
Average training hours per full-time employee ³	46 ¹	45	44
Percentage of full-time employees who reached or exceeded our goal of 30 hours of training each year	NM	58%	62%
Safety	Fiscal 2009	Fiscal 2010	Fiscal 2011
Injury severity (DART rate)	4.23 ²	3.21 ²	2.88 ²
Workers' compensation claims	97	145	135
Injury frequency (total recordable incidence rate)	5.1 ²	4.0 ²	4.8 ²
Occupational fatalities	0	0	0
Interstate experience modification factor	1.9 ²	1.0 ²	0.9 ²
Retention and Satisfaction	Fiscal 2009	Fiscal 2010	Fiscal 2011
Employee retention ²	92%	91%	94%
Percentage employees agreeing that GMCR is an "Overall Great Place To Work"	93%	75%	NM ⁴
Percentage employees agreeing that "We have special and unique benefits here"	91%	88%	NM ⁴

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) US sites only.

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

4) The next "Overall Great Place to Work" survey will be administered in fiscal 2012.



SUPPORTING SUCCESS TODAY — AND TOMORROW

To deliver on our commitment to foster workplace excellence, 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 the information to set goals and priorities, measure progress, identify opportunities for improvement, and enhance programs.

We believe that our culture is a key component of our success. We focus on hiring and developing talented employees who share our company's core values. Because values drive behavior, fostering this mutual commitment to our culture is vital to supporting our growing company and meeting our business goals.

Our focus in fiscal 2011 was creating infrastructure as well as hiring and developing employees to enable the success of GMCR today — and in the future. We continue to review our practices closely, identifying those we want to keep and those we need to improve. Our goal is to support and encourage employees to develop and apply knowledge, skills, and behaviors that contribute to a vibrant values-based culture and exceptional company performance.

30th Anniversary Celebration

Fiscal 2011 marked GMCR's 30th anniversary. To commemorate the milestone, we hosted a series of events at our employee sites to celebrate and engage employees in the future of GMCR.

As part of the 30th anniversary celebration, we set aside a day for all employees to attend an educational session about our brands and the company's commitment to corporate social responsibility (CSR). Employees also participated in a visioning exercise, projecting our business goals and CSR impact five years in the future. The session gave our employees an opportunity to provide input and offer ideas and insights to help guide the continued success of our company.

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,
- Fair dealing, specifically with respect to anti-trust laws and fair competitive practices.



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.

A total compensation package, that goes beyond just a livable wage, offers programs that enhance the lives of employees beyond what just a paycheck can deliver, including:

- Flexible Work Arrangements: determined by job and location, ranging from compressed work weeks to paid time off
- New Ways of Looking at Cash Compensation: programs to reduce out-of-pocket employee costs, 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; adoption assistance; scholarship program for dependent children of eligible employees; referrals for services such as an Employee Assistance Plan; 401(k) plans or RRSP (Registered Retirement Savings Plan)¹⁸; and 52 hours of paid volunteer time

¹⁸) Canadian employees can choose to participate in the Registered Retirement Savings Plan. As we further integrate our Canadian-based acquisitions, our reporting will include a more complete coverage of Canadian employee benefits as well as describe the extension of GMCR employee programs to Canadian sites where appropriate.

¹⁹) Subject to the terms and conditions of the respective plan or program.

GMCR EMPLOYEE BENEFITS¹⁹

Combined Paid Time Off

Allocations Include:

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%

Energy Efficiency Assistance

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



Compensation

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 2011 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 promoting good health. For example, at some of our sites, we host a program incorporating breathing, meditation, and stretching into employees' daily schedules. At other sites, we offer 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 encourage healthy behaviors. We reward employees who engage in preventive actions related to their health. We also support healthy lifestyle choices to support our employees' health and wellness both in the workplace and at home.

LEARNING AND DEVELOPMENT

Continuous learning and development opportunities enable our employees' personal growth and the company's organizational development. Training and education prepare our employees to thrive in a competitive, constantly changing economy by keeping them flexible, adaptable, and prepared for jobs of the future. To support ongoing learning, we offer a wide array of educational opportunities, including programs in leadership, supervisory, professional and personal development, writing skills, and safety training. Employees can attend standalone workshops and workshop series, or take self-study courses offered online and via CDs.



In fiscal 2011, our employees completed two modules of our interactive training program called “Our Winning Combination.” We developed this program in fiscal 2010 to engage employees on the topics of financial management, brand management, and corporate social responsibility. In fiscal 2012 we plan to deliver another module.

Our goal was to deliver 30 hours of education or training to every full-time employee in fiscal 2011, and 62% of our employees met or surpassed this mark. In total, our organization logged 152,356 hours of training for the year — an average of 41 training hours per full-time employee.

Employees are eligible for up to \$3,000 per year for tuition, books, equipment, or fees to enroll in work-related classes. In fiscal 2011, 65 employees received tuition assistance, for a total benefit of \$152,118, as compared with 57 employees and a total benefit of \$100,518 in fiscal 2010.

Also in fiscal 2011, twenty \$2,000 scholarships were awarded for post-secondary education in college and vocational programs for the children of our full-time employees who had at least one year of service with our company. These scholarships were selected by an external third party, Scholarship Management Services.

Since 1992, employees have been afforded the opportunity to travel to coffee-growing communities and learn firsthand how coffee is grown and harvested. These “source trips” are a way for us to acknowledge tenure or outstanding performance, build teamwork, and allow employees to directly experience coffee from tree to cup. In total, we’ve sent 322 employees on source trips since the initiative began. In fiscal 2011, 46 of our current full-time employees participated in a source trip to Mexico, Guatemala, Costa Rica, Nicaragua, or Colombia. We plan to continue offering these trips in 2012.

CONTINUOUS LEARNING

	Fiscal 2008 ¹	Fiscal 2009 ²	Fiscal 2010 ²	Fiscal 2011 ²
Total recorded hours	48,422	69,912	97,131	152,356
Average training hours per full-time employee	49	46	45	44
Percentage of full-time employees who reached or exceeded our goal of 30 hours of training each year	NM	NM	58%	62%

1) Specialty Coffee Business Unit Only

2) Specialty Coffee and Keurig Business Units Only



SHARED FINANCIAL SUCCESS

All regular employees who work 20 or more hours per week are eligible to participate in GMCR's Employee Stock Purchase Plan. The plan uses employees payroll deductions over six months to purchase company stock at a 15% discount off the market price on the first or last day of the period, whichever is lower. The program has two open enrollment entry dates per year. In fiscal 2011, 70% of our eligible employees participated in this program.

Our 401(k) plan / RRSP (Registered Retirement Savings Plan) provides an opportunity for full-time, North American employees to defer up to 100% of their compensation before taxes, subject to federal limits, in annual 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.

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. Previously, there have been recipients of this benefit however, in fiscal 2011, no employees applied for assistance.

DIVERSITY

In fiscal 2011, women made up 32.3% of management and 33.9% of our total workforce. Employees self-identifying themselves as non-white made up 6.7% of our management and 17.7% 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 2011. Two of our six executive officers are women, as are three of eight direct reports to the chief executive officer.

Partners of our full-time employees qualify equally for a selection of 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.

EMPLOYEE SAFETY

A top priority is to ensure the safety of all employees. Each year, our goal is to reduce accidents and other safety-related incidents by 10%. In fiscal 2011, we reduced our injury severity rate (days away, restrictions, and transfers (DART) rate) by 10%. We met this goal through extensive training and education. We expect all employees to understand and comply with our stringent safety policies. Our formal policies cover safety procedures for all facilities, employees, and visitors in the workplace. They define safety expectations for each job and pre-employment physicals are used 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 to administer the AED in the event of an emergency.





2011 HIGHLIGHTS



GMCR delivered significant growth in fiscal 2011 spurred by an expansion of our brand family and operations that strengthened our market leadership. We also made meaningful contributions to improving lives, supporting communities, and protecting the environment. In our efforts to make a significant impact, we worked collaboratively with our employees, partner organizations, and community leaders worldwide.

PARTNERING WITH SUPPLY- CHAIN COMMUNITIES

We expanded our support of food-security programs in coffee-growing regions and initiated a new focus on programs that support clean drinking water and drip irrigation. We also funded and promoted *After the Harvest*, a documentary to raise awareness of food insecurity in coffee-growing communities.

SUPPORTING LOCAL COMMUNITIES

Our grants funded organizations and programs that improved the well-being of communities and the environment where we live and work. We launched a brand-inspired grantmaking program called Signature Cause and increased the amount of volunteer time we contributed from fiscal 2010.

PROTECTING THE ENVIRONMENT

As we grow, we continue to look for opportunities to reduce the environmental footprint and improve the performance of our operations and products. We made strong progress in using less energy and producing less waste, and expanded reuse and recycling programs for our Keurig® brewers and K-Cup® packs.

BUILDING DEMAND FOR SUSTAINABLE PRODUCTS

Our focus in fiscal 2011 remained centered on building demand for sustainable products and responsibly grown coffees. We increased our sales of Fair Trade Certified™, Rainforest Alliance Certified™, and organic coffees, and continued our support of programs to raise awareness of sustainable products.

WORKING TOGETHER FOR CHANGE

We collaborated with individuals, companies, communities, and organizations to build strong relationships and support the business practices of our company and our suppliers. In fiscal 2011, we completed a benchmarking study of best practices in supply-chain transparency. Those insights are helping us improve how we share our expectations with suppliers, so they can advance their social and environmental practices.

FOSTERING WORKPLACE EXCELLENCE

In fiscal 2011, we offered strong wellness programs, ensured the safety of our employees, and provided new and ongoing training opportunities to help our employees learn and grow. As part of the 30th anniversary celebration, we offered a business literacy session to engage all employees in our brands, our focus on corporate social responsibility, and the future of our business.

CREDITS

Writing

Alling Henning Associates Inc.
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Photography

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

Page 14 - Lower photo, David Estrada

Page 16 - David Estrada

Page 17 - Upper photo by Brian Kimmel

Page 24 - Both photos, Tim Matsui

Page 25 - Upper photo, Tim Matsui

Page 33 - Tim Matsui

Design

Free Range Studios
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