



**Green Mountain Coffee Roasters
United Nations Global Compact
Communication on Progress
April 2006**



In March of 2004, Green Mountain Coffee Roasters became a signatory to the United Nations Global Compact. In signing the Global Compact, we agreed to:

- **Support the Global Compact and its principles;**
- **Change 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 communications vehicles such as press releases, speeches, etc.; and**
- **Publish in our annual report or similar corporate report (e.g. sustainability report) a description of the ways in which we are supporting the Global Compact and its ten principles.**

Our first Corporate Social Responsibility Report will be published in 2006. In that report, we will provide greater detail about our strategies, culture and activities as they relate to, and support, in part, the Global Compact. In advance of that report's publication, we are providing this Communication on Progress to communicate with all our stakeholders and other interested parties on our progress in incorporating the Global Compact into the way we do business.

Human Rights

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

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

We fully support the Global Compact's principles related to Human Rights.

In our operations, we maintain a Code of Ethics. Every employee is required to read and comply with our Code of Ethics, which speaks specifically to respect for individual rights and property, and provides mechanisms for employees to report unethical behavior.

In our fiscal year 2005, we adopted a new social bottom line focused on the alleviation of poverty and hunger. Our goals for fiscal year 2006 include creating pilot projects in coffee-growing communities specifically focused on poverty and hunger, and more explicitly aligning our business operations and our community outreach (we allocate at least 5% of pre-tax profits annually to socially and environmentally responsible projects through grant-making, employee volunteer time, and product donations) with this new social bottom line.

We support the Global Compact's Human Rights principles in coffee-growing communities through our support for and investment in Fair Trade Certified™ coffees, which represented 20% of our total coffee sales in our fiscal year 2005. The Fair Trade system is designed to help small farmers accelerate their economic and social development through fair access to markets and the development of better conditions for trade. Fair Trade Certified™ organizations are community-based organizations with democratic decision-making structures. The Fair Trade system is based on concern for local communities and the well being and inherent dignity of the individuals within them; its purpose is to create a market-based system that promotes and protects the human rights of the most marginalized participants in our global economy.

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Labour Standards

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

Principle 4: Businesses should support the elimination of all forms of forced and compulsory labour

Principle 5: Businesses should support the effective abolition of child labour

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

We fully support the Global Compact's principles related to Labour Standards.

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

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

All full-time employees earn a Livable Wage (as defined by an independent third party) and have access to affordable medical care, a 401(k) plan, stock ownership programs, financial assistance for educational programs, Continuous Learning programs, a Wellness Reimbursement program, on-site physical therapy, meditation instruction and retreats, an Employee Assistance Program, and many other programs designed to sustain an open and empowering culture where people communicate openly and treat each other with dignity and respect.



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

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

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Environment

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

Principle 8: Business should undertake initiatives to promote greater environmental responsibility

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

We fully support all of the Global Compact's principles related to the Environment, including the Precautionary Principle, which states that "[w]here there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

Examples of this commitment include:

- Our adoption in our fiscal year 2005 of a new environmental bottom line focused on reduction of solid waste and reduction of energy consumption, both on an intensity basis. Our goals for fiscal year 2006 are to reduce our waste to the landfill by 10%, measured as tons of waste / \$1,000,000 of revenue; to reduce our direct energy usage by 5%, measured as therms / \$1,000 of revenue; and to more explicitly align our business operations and our community outreach with this new environmental bottom line.
- Growth in the sales of our sustainably sourced coffees. Our sales of Fair Trade Certified™ organic coffees have grown to represent 20% of our business in fiscal year 2005 – these coffees provide fair wages to the growers and have a lighter impact on the environment.
- Our greenhouse gas offset program, which offsets 100% of our greenhouse gas emissions through the purchase of renewable energy certificates ("RECs"). Our REC purchases support the development of green energy infrastructure, such as wind farms and methane recapture facilities.
- Our ongoing research into alternative packaging materials for our K-Cups®.
- Our recent introduction of a cold "to-go" cup made from renewable corn-based materials.
- Our expected introduction of a hot "to-go" cup made from renewable resources in 2006.
- The installation of a bio-diesel tank and fueling station at our facility for our truck fleet and employees.
- The replacement of light fixtures in our distribution center and production plant with high-efficiency lamps.

Additionally, we support the Global Compact's Environmental principles in coffee-growing communities through our support for and investment in Fair Trade Certified™ coffees. The Fair Trade certification process sets requirements for assessing, mitigating, and minimizing the environmental impact of the producing organization's members, including:

- The prohibition of the gathering of protected plant species;
- The sustainability of all wild harvesting operations;
- No usage of prohibited agrochemicals;
- Proper and safe use, handling, and storage of permitted agrochemicals;
- Safe disposal processes for hazardous waste;
- Proper use of organic waste; and
- Procedures in place designed to reduce or prevent soil erosion, enhance soil fertility and soil structure, and ensure proper and efficient irrigation.

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Anti-Corruption

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

We fully support the Global Compact's principles related to Anti-Corruption.

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

Further resources:

Green Mountain Coffee Roasters' Code of Ethics, available in the "Investor Services" section of our web site (www.greenmountaincoffee.com).

For information on policies related to harassment or discrimination, please dial 800-545-2326, press "0" for the operator, and ask to be connected to our Employee Relations department.

Fair Trade Certification standards, available at www.transfairusa.org.

More information on the Precautionary Principle and the Rio Principles can be found at the United Nations Environment Programme's web site: www.unep.org.