

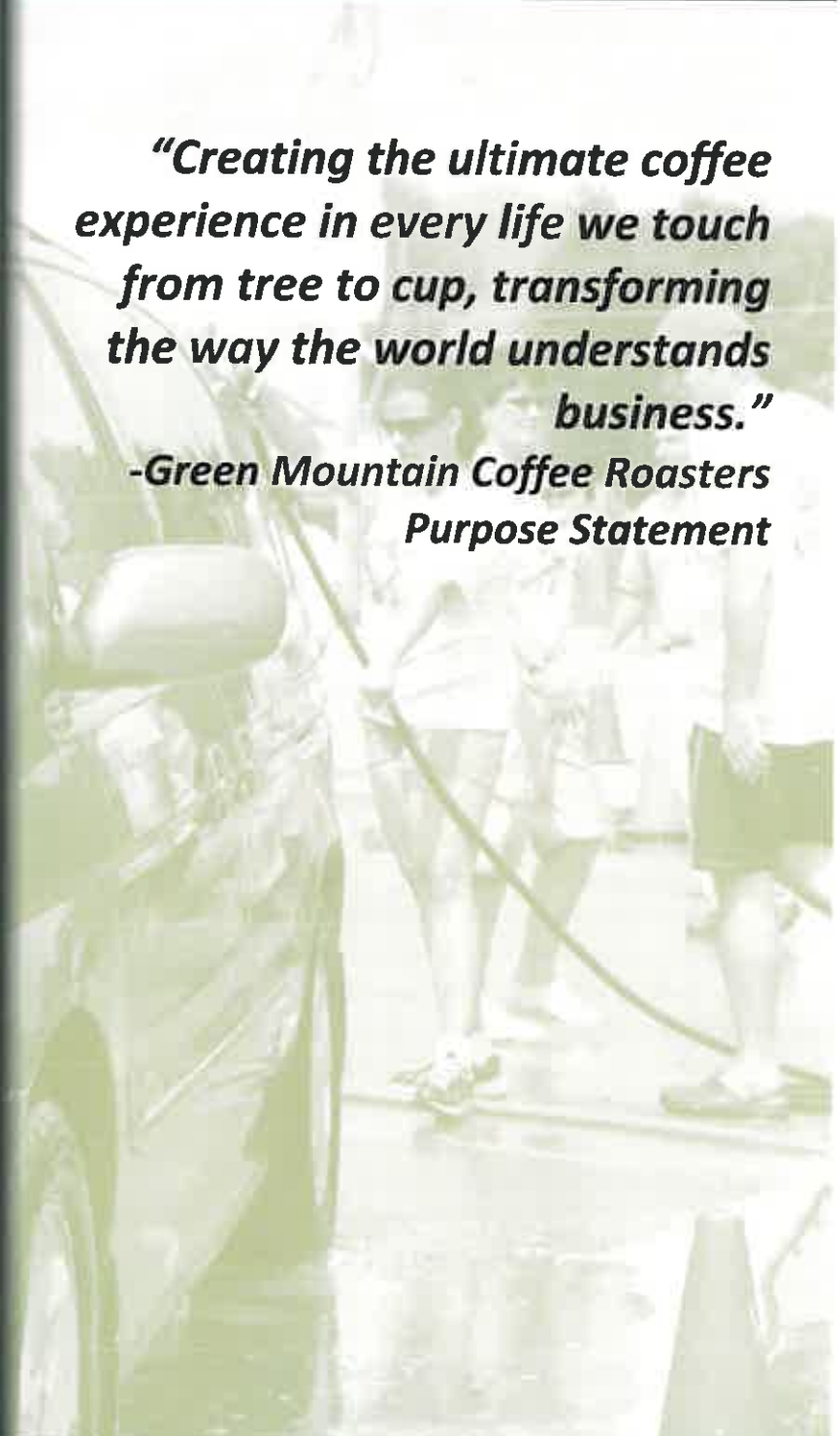
Premier Employer

Green Mountain Coffee Roasters



“Creating the ultimate coffee experience in every life we touch from tree to cup, transforming the way the world understands business.”

-Green Mountain Coffee Roasters Purpose Statement



THE **HITACHI**
FOUNDATION

 NORTHWEST FOOD PROCESSORS
Education & Research
Institute

 **NWFA**
NORTHWEST FOOD PROCESSORS ASSOCIATION

Green Mountain Coffee Roasters Inc.

Founded: 1981

Location: Waterbury, Vermont

Employees: 5600; 61 percent earning less than \$40,000 per year

Revenue: \$2.6 billion/year

Products: Coffee beans and single-cup servings

Website:

www.greenmountaincoffee.com

In 1981, Green Mountain Coffee Roasters opened for business in a small café in Waitsfield, Vermont. This café roasted coffee on the premises and formed the base of operations for what was to become one of the nation's leading specialty coffee companies.

Today, Green Mountain Coffee Roasters, Inc. (NASDAQ:GMCR) is recognized as a leader in the specialty coffee industry for its award-winning coffees, innovative brewing technology and socially responsible business practices. GMCR maintains two business units: the Specialty Coffee Business Unit, which includes the Green Mountain Coffee® and Tully's Coffee® brands, and the Keurig Business Unit that markets and sells the single cup brewing system. Today the company employs more than 3,000 employees.

From its inception to the present, the company has combined impressive growth with a corporate social responsibility focus

that in the early days started with composting used coffee grounds and now features a comprehensive program that establishes best practices in fair trade, sustainability, and stakeholder relations that extend from the bean to the cup.

Green Mountain Coffee Roasters was ranked No. 1 on the Business Ethics list of "100 Best Corporate Citizens," and has been recognized by Forbes, Fortune Small Business, and the Society of Human Resource Management as an innovative, socially responsible company.

Growth Strategy

From the simple coffee shop, Green Mountain expanded into packaging for resale, and then grew even more in the next decade. In 1993 it went public, one year after the Keurig Company was founded. Keurig engineers created the Single Cup Brewing System the following year. Green Mountain acquired the Keurig Company in 2006. Soon, the Keurig business unit accounted for 84 percent of GMCR's sales. By 2011, GMCR annual net sales reached \$2.65 billion, up 95 percent over fiscal 2010.



Key Acquisitions

The Keurig Single-Cup Brewing System and production of K-cups drove significant top-line and bottom-line growth for GMCR. With the Keurig business unit, GMCR adopted a multi-brand portfolio and multi-channel distribution strategy to provide exposure to the brands in a variety of settings and many tasting opportunities for consumer trial by the cup, which led to demand for both coffee products and Keurig Single-Cup Brewers. In 2008, GMCR began to look for regional coffee companies to add to their national reach.

In 2009, GMCR acquired Seattle-based Tully's Coffee brand and wholesale business, thus gaining a complementary West Coast brand and business structure, though not its retail outlets which operate under license agreements with Green Mountain Coffee.

After opening its first store in Kent, Washington in 1992 Tully's had quickly developed into a strong regional specialty-coffee retailer concentrated in Puget Sound, where coffee loyalty is so deep there is one coffee shop for every 4000 people. Founder Tom Tully O'Keefe planned to rival the fast-growing Starbucks coffee, also based in Seattle. Tully Coffee is well known for opening stores next to Starbucks stores. A running joke in Seattle is that the easiest way to find a Tully's is to stand in front of a Starbucks and turn around.

Consistent with many of Green Mountain's employee-focused principles and policies, the company promised to retain all the Tully's employees who wanted to remain.



From 2009 until the end of 2011, GMCR's Sumner, Wash. unit grew from fewer than 75 people, most former Tully's employees, to more than 320 employees. GMCR Sumner expects to continue growing to an estimated 500 to 800 employees in the next two years.

At Sumner, most new growth came from Keurig K-cup portion packs, though they also roast and package coffee in more traditional packages of beans. In a bit of irony for the former Tully's roasters, GMCR at Sumner now supplies Starbucks with Keurig K-cup packaged Starbucks blends. In the 2011 calendar year alone, the Sumner plant increased production volume from 12-13 million K-cups in January to 21-22 million cups in November.

Growth continues companywide, with GMCR opening new manufacturing and distribution centers in Vermont, Montreal Canada, and Virginia.

As a result, GMCR's customers and consumers enjoy Keurig brewers and K-cups, Green Mountain Coffee, Tully's Coffee, co-branded Newman's Own Organics, and many other beverage brands in every state of the nation and 20 countries worldwide.

The company recorded double-digit net sales growth for 30 consecutive quarters. And since they acquired Keurig, Inc, GMCR's net sales growth accelerated by more than 39 percent in 12 consecutive quarters.

With strong financial growth comes job growth. GMCR has added over 1,000 employees since 2009 and is on pace to continue this rapid job creation.

GMCR's Purpose and Principles

Exhibit 1: Purpose and Principles

Our Purpose is why we are here. We create the ultimate coffee experience in every life we touch from tree to cup – transforming the way the world understands business. Our Principles offer us guidance on how we work together.

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

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

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

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

APPRECIATING DIFFERENCES – Finding opportunity in conflict. Opportunity comes from welcoming different opinions and ideas with mutual respect.

CONTINUOUS LEARNING – For today and tomorrow. Our competitive strength comes from the continuous improvement of all that we do. We actively seek out and apply best practices.

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

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

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

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

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

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

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

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

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

www.gmcr.com

Employee Best Practices: Shared Ownership and Creating a Great Place to Work

As seen in the Purpose and Principles statement, a key GMCR principle is Shared Ownership. GMCR believes all employees should be thinking and acting like owners. This translates into initiatives that encourage employee development, advancement, involvement in company activities, and profit-sharing.

Hiring

To attract talent, GMCR encourages employee referrals as a way to obtain more quality workers. Employees who refer prospective new employees get a bonus when the new employee reaches the six-month milestone.

As one employee, Willie Byrd, Facilities Tech at Sumner said: "I was referred by an employee, but I did my research on the company, and I really liked the concept of 'from the tree to the cup.' And they put their people first. That's what I like about the company. They believe in sharing what they have and in us as employees giving back. So it makes me work even harder. What they do for me as an employee makes me want to come to work every day."

Even when they are not hiring, the company accepts and holds applications and acknowledges the applicant's submission.

New Employee Orientation

In a week-long New Employee Orientation, employees learn about benefits and other orientation topics, as well as where the employee fits in the supply chain and in the mission of "brewing a better world" through a discovery mapping activity

tracing the coffee bean from "tree to cup. "

Employees learn about "*Our Winning Combination*", that explores how corporate social responsibility supports - and is supported by - the company's financial success and strong family of brands.

They also receive training in "*The Great Game of Business*" that helps employees experience how businesses succeed, both financially and strategically, and how employees can personally "win" at the game through employee investment options and profit sharing.

Profit Sharing and Financial Education

In true shared-ownership spirit, employees can participate in an employee stock purchase plan (ESPP) where they buy company stock at a 15 percent discounted price through payroll deductions. The company automatically enrolls employees in a 401(k) program, (though they may opt out) in which the company offers a 50 percent match of the employee contribution up to the six percent maximum deduction.

GMCR feels so strongly about helping employees advance financially that they also offer at no cost a program called "*Dave Ramsey's Financial Peace University*", a fun life-changing program that teaches employees and their families how to make the right money decisions to achieve their financial goals and experience a total money makeover to become debt-free.

There is also a "What's your Greatest Wish?" class where participants explore and articulate their dreams. After employees take it, they realize that they have something they really want to do, find the means to do it, and some leave the company.

"Not many companies would offer something that might encourage an employee to quit the company. Some might see this as against the interest of the company, but they really care about the employees and their needs and desires."

- Cory Brooks, Sumner WA Production Scheduler

Employee Development

GMCR sees continuous learning and transformation as core principles as well as their competitive edge. They encourage everyone to meet with their supervisors / managers, functional mentors and continuous learning coaches to understand current and future workforce needs at GMCR.

GMCR has set a goal of at least 30 hours of training per employee per year, and they are reaching or exceeding the goal at many sites. Most can be accommodated during work hours, but employees also may come in on their off time, often with pay.

"Since I've been here, they've sent me to other sites to learn project management. While I'm not looking to move positions right now, I know there will be opportunities in project management coming up.

Pretty much any development goal you have, they're supportive of it. If you take it upon yourself, you have lots of opportunity that the company pays for." - Cory Brooks

Educational Assistance

GMCR encourages employees to continue education beyond the level they have already achieved, and offers up to \$3,000 per calendar year towards tuition, fees, books, and equipment fees to full-time employees employed for at least six months. If the students earn a grade of B or better, no repayment is necessary.

In-House Training

GMCR has a company-wide Continuous Learning Guide that reads like a mini- college catalog. Employees have access to many learning modes: e-learning, classroom, Virtual WebEx or other distance learning with a live instructor, audio books and more. Course areas include Business Development, Career Development, Leadership Development, Occupational Health and Safety, Personal Development, Communication, Language, and Technology.

Internal Promotion

GMCR's goal for the entire company is to fill 20 percent of its jobs with internal promotions. In some locations including Sumner, with its rapid growth, their success rate is closer to 30 percent internal promotions. Coaching, mentoring and training are available to prepare employees for a promotion, and if they apply but are not successful, the company will provide them with plans to help make them successful the next time.

Computer literacy

Because the company wants to encourage computer literacy, GMCR also allows full-time employees employed for at least six months to participate in a program by which employees may purchase a computer and pay for it interest-free over 26 pay periods through payroll deduction.

Creating a Great Place to Work and *A Better World*

Along with Shared Ownership, GMCR believes creating a great place to work is a **Shared Responsibility**. The company must create opportunities for their employees to learn, grow, and develop themselves and their careers. Likewise, employees must take advantage of those opportunities and contribute to the company's continuous improvement.

Performance Review Model

The performance review (*below*) stands out as a thorough process designed to coach and develop employees. It takes place yearly for each employee and it involves three different meetings with each employee.

Continuous Improvement Idea Generation

GMCR encourages, respects and values ideas their employees submit at all levels for continuous improvement. Employees can contribute a "Bright Idea" and act on the suggestions. If they are low or no cost, the employee can implement them. If there is a more expensive suggestion, a committee decides whether and how to implement it.

Employee empowerment

The company spends a lot of time listening to employee feedback and acting on that feedback to enhance their workplace. For example, when a recent survey revealed that employees felt the company wasn't doing enough to celebrate personal milestones — from birthdays to a successful software implementation — they decided to celebrate more often. Likewise, when they discovered that employees who had formal mid-year check-ins with supervisors had much higher job satisfaction, the company overhauled the review process so that every employee has one.



In FY 2009, 93 percent of all employees agreed that GMCR is an "Overall Great Place to Work."

Performance Review Process

Meeting 1

A review of the employee's performance against the goals the employee sets for him or herself for the previous year. The performance feedback is the only message the employee hears.

Meeting 2

This second meeting is purposely set apart to give information about the yearly financial advancement.

Meeting 3

Planning for the employee's goals for the next year takes place. These goals are heavily focused on continuous learning activities that will develop the employee's growth and development.

Employee Focused Corporate Social Responsibility

Shared Ownership and Shared Responsibility don't stop at the company door. GMCR is well known for their Corporate Social Responsibility commitment. GMCR implements their principles toward "brewing a better world" by working in six areas of their corporate social responsibility plan:

- Partnering with supply chain communities
- Supporting local communities
- Protecting the environment
- Building demand for sustainable products
- Working together for change
- Creating a great place to work

It publishes annual CSR reports to summarize their goals and document their progress. The most recent 2009 report can be found at <http://www.gmcr.com/csr.aspx>

The company allocates at least 5% of its pre-tax profits to social and environmental programs. GMCR estimates that total resources allocated to social and environmental programs totaled approximately \$15.2 million for fiscal 2011.

Employee Participation

To encourage employees to feel a part of and to contribute to the greater social goals, the company created Cafe Time (Community Action for Employees) for employees to volunteer in their local communities during normal work hours without losing any wages. Each employee must volunteer at least 12 hours of Cafe Time per year (one hour a month) and they may volunteer for up to 52 hours a year.

GMCR locations organize larger-scale volunteer opportunities and invite the entire company to participate. For example, last year in Sumner, employees helped build a

town square community meeting place in nearby Issaquah through the Pomegranate Center (www.pomegranatecenter.org/build-places) and participated in Adopt a Highway programs.

Not only do these programs make a serious contribution to many causes, but they have the net effect, when employees share in the corporate values and participate in community service, of creating a positive internal corporate and community spirited culture.

Other programs where employees can contribute their passions and energies include:

Dollar-4-Doers

Through the Dollars-4-Doers program, GMCR makes modest grants to eligible non-profit organizations based on the amount of time an employee volunteers during off-hours.

Matching Donation Program

GMCR matches employee contributions to 501(c)(3) organizations dollar for dollar up to \$1,000 per employee for the current fiscal year. These charitable contributions can be set up through payroll deduction.

Employee Sponsorship

The Employee Sponsorship program is to help raise money for activity-based fundraising events. Each employee is eligible for one sponsorship per fiscal year of \$50.

Changing Climate Change Incentive

This is an enterprise-wide effort focused on reducing and mitigating their corporate carbon footprint through operational initiatives, carbon offsets, and employee benefits.

Leadership at Every Level

Example of Career Advancement

An example of developing leadership at every level and the GRMCR employee development commitment behind it can be seen in the career pathway of Alani Malafu, a Tully's employee who joined Green Mountain in Sumner at the time of its acquisition. Malafu started his career in coffee working for Starbucks for five years before moving to Tully's and Green Mountain. While he developed valuable skills and experience at his previous employers, he is impressed with his opportunities at Green Mountain and has already been promoted to Shift Coordinator.

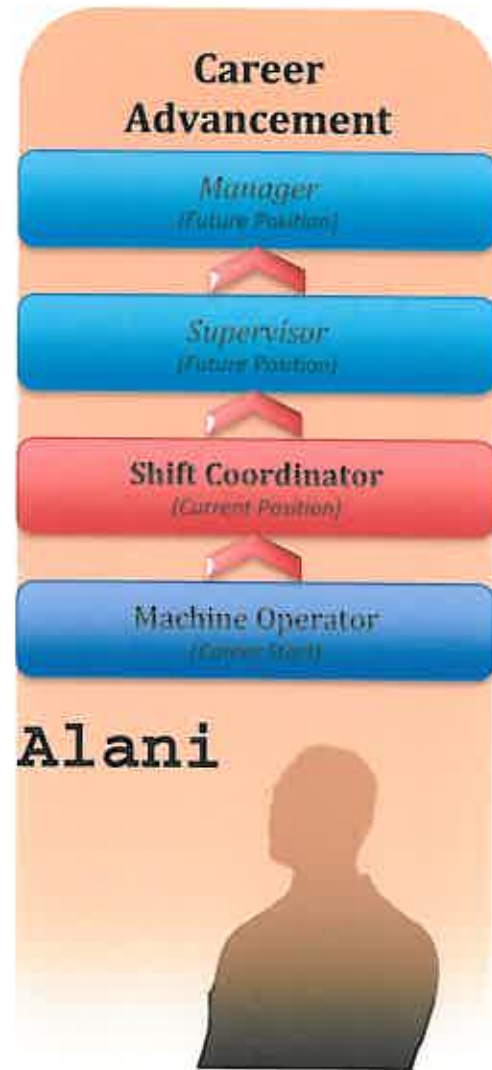
Alani has taken advantage of many development programs that GMCR has to offer, from computer software classes to communications. He describes GMCR as a family atmosphere where employees encourage one another to do their best and learn of ways to make work an enjoyable experience.

"I've been at places where I don't want to go to work, but here, it's not like that. I want to come to work and give my all."

With the help of his performance review process, he already has a next promotion in his sights—to Supervisor. And he sees a path for himself that can lead to management as well. He is enrolled at the University of Washington going for his Business Management degree, taking advantage of the \$3000 per year for books and tuition.

Alani: "I have nothing but great things to say about GMCR. The greatest blessing for

me is that here it all falls together —my love of education and that Management is open and supportive of my goals. I'm taking advantage of everything I can, and I believe I'll be sitting behind one of those desks one of these days."



At every level GMCR develops leaders that demonstrate a high level of competence, generate trust and bring out the best in themselves and those around them.

Benefits at a Glance

Benefit Type	Full-Time	Eligibility
Medical Insurance	GMCR subsidizes an average of 90% of the costs of health insurance for our employees and their eligible dependents	First of the month following completion of 30 days
Dental and Vision Insurance	Choice of a Core or Buy-up plan.	First of the month following completion of 30 days
Life and Accidental Death and Dismemberment Insurance	GMCR covers employees at 1 times base salary up to plan maximums. GMCR also pays for a separate AD&D insurance policy with coverage of 1 times annual base salary.	First of the month following completion of 30 days
Disability Insurance	Short term disability of 66.66% and long term disability of 60% are paid in full by GMCR.	First of the month following completion of 30 days
Flexible Spending Account (FSA)	Elect pre-tax contributions in up to two FSA accounts to use for qualified purchases.	First of the month following completion of 30 days
401(k) Retirement Plan	GMCR matches employee contributions at 50% up to the employee deduction of 6% (Maximum GMCR contribution is 3%).	First of the month following completion of 30 days
Employee Stock Purchase Plan	Purchase GMCR stock at a discount of 15% or more off market value through bi-weekly payroll deductions.	First open enrollment following 30 days
Time Off	SCBU & Enterprise: Prorated by date of hire starting at 144 hours combined time off with 6 calendar holidays. Keurig, Inc.: Prorated by date of hire starting at 134 hours combined time off with 7 calendar holidays	Date of Hire
Wellness Reimbursement	GMCR will reimburse 50% of eligible costs associated with the wellness of our employees and their immediate family up to \$500 per family per fiscal year.	Date of Hire
Employee Assistance Program	Confidential counseling and referral services are available for employees and their families. Three visits per issue are free.	Date of Hire
Education Assistance	Financial support of up to \$3,000 per year towards eligible and approved college tuition and fees.	6 Months
Scholarship Program	Up to 20 individual \$2,000 scholarships are awarded each year to the dependent children of eligible employees.	1 Year
Community Action For Employees (CAFÉ)	Full-time employees may volunteer during their work hours up to 52 hours per fiscal year.	Date of Hire
Matching Donations	Contributions made by employees to non-profit 501(C)(3) organizations may be matched by GMCR up to \$1,000 per fiscal year.	Date of Hire
Adoption Assistance	This program provides financial assistance to support the adoption of a child up to \$4,500 per child and may be used twice by a family.	1 Year

(Excerpts from www.gmcr.com/GMCR/pdf/careers/2012_Benefits_In_A_Scoop.pdf)

Conclusion

Corporate Shared Ownership and Shared Responsibility Strategies have built positive business results, offering GMCR a competitive advantage while helping all in the GMCR community and the larger world communities to prosper.

By combining an intentional strategy to do business in a socially responsible way - "transforming the way the world understands business"- and a devotion to a great coffee experience, including adopting excellent practices that empower employees, the company has seen exceptional success.

By every measure, from phenomenal growth in sales, product offerings, market penetration and overall stock growth, as well as employee count, employee satisfaction and retention rates, GMCR has given the world of food processing an outstanding example of a "Winning Combination."

- * **Turnover - 8 percent, compared to industry average of 12 percent.**
- * **Market share - 8.4 percent up 3.4 percentage points from the year-earlier period.**
- * **Double-digit net sales growth for 30 consecutive quarters.**
- * **Net sales growth more than 39 percent for 12 consecutive quarters.**
- * **At least 5 percent of pre-tax profits allocated to social and environmental programs.**
- * **Allocated \$15.2 million to social and environmental programs in FY 2011.**



Project Background

For more information contact rmarshall@nwfpa.org

Northwest Food Processors Education & Research Institute (ERI) received a generous award from the Hitachi Foundation to produce a mutually beneficial research and dissemination project. The project is tasked to discover instances wherein innovative practices benefit both business values and provide economic opportunities to low-wealth employees (lower than \$40,000 per year - This is the definition of a Premier Employer. Through this project, case studies of Premier Employers from the Food Processing industry are written and disseminated in a variety of media. This is part of a larger subsector approach to Premier Employer identification, investigating industry-by-industry, sector-by-sector, and region-by-region.



Credits

John Rader, Plant Manager (Sumner Plant), GMCR

Regan Rosettie, HR Manager (Sumner Plant), GMCR

About the Hitachi Foundation

The Hitachi Foundation is an independent nonprofit philanthropic organization established by Hitachi, Ltd. in 1985. Their mission is to forge an authentic integration of business actions and societal well-being in North America. Through 2013, the organization's strategic focus is on discovering and expanding business practices that create tangible, enduring economic opportunities for low-wealth Americans, their families, and the communities in which they reside—while also enhancing business value.

THE **HITACHI**
FOUNDATION

About the Northwest Food Processors Education & Research Institute

Incorporated in 2007, Northwest Food Processors Education Research Institute (ERI) exists to enhance the overall economic health of the Northwest food processing cluster and the communities it supports. ERI provides research and support to the food processing industry.

NORTHWEST FOOD PROCESSORS
**Education & Research
Institute**