Changing Climate Change
GMCR Efforts

Presented by Paul Comey
VP Environmental Affairs
June 2, 2011
Topics

1. Our Company Vision and Values
2. Climate Change Statement
3. Business Activities
4. Our Footprint
5. On Site Reductions
6. Mitigation Efforts
7. Partners in the Supply Chain
8. Consumer as a Partner
Environmental Vision

• GMCR is committed to actions consistent with an environmental conscience in all aspects of our business operations. Our core values are:
• In every decision, consider the environmental impact of our actions.
• Encourage a spirit of continuous environmental innovation in products, practices and programs.
• Foster and promote programs which increase levels of employee environmental awareness and participation.
Consistent with these core values GMCR is committed to:

- Pollution prevention and reduction.
- Reuse and recycling where feasible.
- Promoting and working towards the utilization and purchasing of sustainable resources.
- Meeting or exceeding the requirements of applicable federal, state, and local environmental regulations.
- Continually improving our environmental management system and our environmental performance.
- Designing products in a way as to minimize their environmental impacts in production, use and disposal.
- Apply the 4 R’s and offset the remaining footprint.
- Involving, and communicating with, interested parties.
GMCR Inc. Statement on Climate Change

The threat of dangerous, long-term, and irreversible climate change as a result of manmade greenhouse gas (GHG) emissions is real. This threat affects the already fragile ecosystems and communities where we live, work, and purchase coffee; moreover, it affects the entire planet, ignoring natural or manmade boundaries. Climate change is not a problem that can be solved by a single entity - be it government, business, civil society or individuals. We believe the long term solution will come from the combined efforts of all of the above. While government will play an important role, we need not wait for government direction to take steps to understand, reduce, and mitigate our share of GHG emissions.
Accordingly, we pledge to:
• Use best practices to measure our GHG footprint with respect to our processes and products. We will follow best practices in expanding the scope of our measurement to estimate appropriate business-related indirect greenhouse gas emissions.
• Reduce our share of GHG emissions through programs and practices which both reduce energy use in our business operations and support the development of renewable energy sources - onsite when feasible and offsite through our offset purchases.
• Mitigate 100% of measured GHG emissions that we cannot avoid through onsite reductions from energy efficiency and renewable energy use. We will use best practices to evaluate and select offsets that help to meaningfully reduce GHG emissions.
• Raise awareness about the reality of climate change and build the will among our customers, employees, government, suppliers, and corporate peers to reduce and mitigate GHG emissions. We will accomplish this by keeping abreast of developing consensus around the science of climate change and working with the appropriate stakeholders.
• Pursue all measures related to the reduction and mitigation of our GHG footprint in a transparent manner, reporting at least annually on our progress.
Primary Activities

- **We:**
  - Source
  - Roast
  - Process (i.e., Grind, Flavor) ...
  - Package
  - Distribute

- **Energy and Carbon Intensive Processes**
  - Gallon Gasoline – 19 pounds CO2
  - Gallon Propane – 12 pounds CO2
  - Ton-mile of freight – 0.5 pounds CO2
  - Passenger Mile of Air Travel – 0.63 pound CO2
Our Approach

• Measuring carbon footprint

• Reducing Carbon footprint
  – By reducing energy use
  – By using alternative fuels

• Mitigating remaining emissions with carbon offsets
GMCR GHG Footprint

We work to estimate GHG impacts of:

- Heating fuel Use
- Liquid Propane
- Electricity Use
- Transportation fuel use (GMCR fleet)
- Business Travel (air & auto)
- Fed / Ex and Common Carrier
- Employee Commuting
- Brewer Transport

More to do: Transport from origin, embedded emissions in materials, life cycle impacts of our products (waste)
Components of Measured Carbon Footprint

• **Scope 1**
  – Process Fuels (Propane / Natural Gas)
  – Heating Fuels (Propane / Natural Gas)
  – GMCR / Keurig fleet (Gasoline, Diesel, Bio-diesel)
  – GMCR / Keurig auto travel (reimbursed; rentals)

• **Scope 2**
  – Purchased electricity

• **Scope 3**
  – Air Travel
  – Outbound Freight (Common Carrier, Parcel)
  – Inbound freight (Shipments from Simatelex)
  – Employee Commuting
## GMCR Enterprise CO2 by Business Unit

### FY09 - YTD TOTAL through Q3 (tons)

<table>
<thead>
<tr>
<th>Scope</th>
<th>SCBU</th>
<th>Keurig</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 1 - Direct Emissions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Propane</td>
<td>2,768</td>
<td>0</td>
<td>2,768</td>
</tr>
<tr>
<td>Other Heating Fuels</td>
<td>729</td>
<td>77</td>
<td>806</td>
</tr>
<tr>
<td>Fleet</td>
<td>1,457</td>
<td>224</td>
<td>1,681</td>
</tr>
<tr>
<td>Auto Travel</td>
<td>697</td>
<td>224</td>
<td>921</td>
</tr>
<tr>
<td><strong>Scope 2 - Purchased Electricity</strong></td>
<td>1,739</td>
<td>490</td>
<td>2,229</td>
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<tr>
<td><strong>Scope 3 - Indirect Emissions</strong></td>
<td>14,477</td>
<td>5,684</td>
<td>20,161</td>
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<tr>
<td>Air Travel</td>
<td>1,540</td>
<td>993</td>
<td>2,533</td>
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<tr>
<td>Outbound Freight</td>
<td>9,284</td>
<td>4,327</td>
<td>13,611</td>
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<tr>
<td>Employee Commuting</td>
<td>3,653</td>
<td>363</td>
<td>4,017</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21,867</td>
<td>6,475</td>
<td>28,342</td>
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</tbody>
</table>

**FY2009 Emissions through Q3.**

**Estimate Total Annual Emissions = 37,800 tons**
SCBU by Component

- SCBU Employee Commuting: 17%
- SCBU Propane: 13%
- SCBU Other Heating Fuels: 3%
- SCBU GMCR fleet: 7%
- SCBU GMCR auto travel: 3%
- SCBU Purchased Electricity: 8%
- SCBU Air Travel: 7%
- SCBU Outbound Freight: 42%
Keurig CO2 by Component

- Keurig Outbound Freight: 67%
- Keurig Employee Commuting: 6%
- Keurig Heating Fuels: 1%
- Keurig Keurig van and car travel: 3%
- Keurig Purchased Electricity: 8%
- Keurig Air Travel: 15%
On-site Reductions
Onsite Reductions

<table>
<thead>
<tr>
<th>starting year</th>
<th>Energy Conservation Measure (ECM) Description</th>
<th>therms avoided</th>
<th>therms avoided CO2 (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>High efficiency rooftop unit</td>
<td>60</td>
<td>0.2</td>
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<tr>
<td></td>
<td>2002 variable speed air compressor</td>
<td>6,452</td>
<td>16.8</td>
</tr>
<tr>
<td></td>
<td>Co-generation 90 KW</td>
<td>26</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>Co-generation 280 KW</td>
<td>32,948</td>
<td>220.9</td>
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<tr>
<td>2005</td>
<td>compressed air system upgrade</td>
<td>4,467</td>
<td>11.6</td>
</tr>
<tr>
<td>2005</td>
<td>High efficiency rooftop unit</td>
<td>18</td>
<td>0.0</td>
</tr>
<tr>
<td>2005</td>
<td>Idling reduction program</td>
<td>6,945</td>
<td>56.0</td>
</tr>
<tr>
<td>2005</td>
<td>Pilgrim 1 - T5 high bay lighting</td>
<td>8,079</td>
<td>21.0</td>
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<tr>
<td>2006</td>
<td>Nitrogen production</td>
<td>4,041</td>
<td>10.5</td>
</tr>
<tr>
<td>2007</td>
<td>Office lighting controls</td>
<td>1,045</td>
<td>2.7</td>
</tr>
<tr>
<td>2007</td>
<td>Compressed air system</td>
<td>3,518</td>
<td>9.1</td>
</tr>
<tr>
<td>2007</td>
<td>Laser cooling / lighting</td>
<td>3,723</td>
<td>9.7</td>
</tr>
<tr>
<td>2007</td>
<td>Process compressor</td>
<td>2,061</td>
<td>5.4</td>
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<tr>
<td>2008</td>
<td>Air compressor system</td>
<td>6,826</td>
<td>17.7</td>
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<tr>
<td>2008</td>
<td>Compressor room heat recovery - WTBY</td>
<td>18,714</td>
<td>125.5</td>
</tr>
<tr>
<td>2008</td>
<td>Heat recovery - compressor room - Essex</td>
<td>15,200</td>
<td>15,656</td>
</tr>
<tr>
<td>2008</td>
<td>Air conditioning upgrade IT room</td>
<td>61,000</td>
<td>6,200</td>
</tr>
<tr>
<td>2008</td>
<td>Commuting incentives</td>
<td>8,003</td>
<td>45.1</td>
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<tr>
<td>2009</td>
<td>Solar PV</td>
<td>67,713</td>
<td>26</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>1,309,244</td>
<td>60,324</td>
</tr>
</tbody>
</table>

Savings = 665 tons / yr

(For Comparison Projected FY2009 emissions 37,800 tons; 665 tons < 2%)
**Mitigation Efforts**

Working with Native Energy – supporting new renewable generation to avoid pollution. Mitigating 100% of measured emissions since 2004

<table>
<thead>
<tr>
<th>GMCR Emissions</th>
<th>Purchase of Short Tons - GMCR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
<td><strong>tons</strong></td>
</tr>
<tr>
<td>2003</td>
<td>7087.9</td>
</tr>
<tr>
<td>2004</td>
<td>8070.5</td>
</tr>
<tr>
<td>2005</td>
<td>9823</td>
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<tr>
<td>2006</td>
<td>14861</td>
</tr>
<tr>
<td>2007</td>
<td>26662</td>
</tr>
<tr>
<td>2008</td>
<td>30,137</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>91,855.5</strong></td>
</tr>
</tbody>
</table>

Over the past 5 years, GMCR has supported enough new renewable generation to avoid 91,855 tons CO2
Development Opportunities

• Measurement
  – Carbon Reduction Policy and Numerical Goals
  – Drawing Meaningful Boundaries (outsourcing, reductions beyond scope)

• Reduction Efforts
  – Leveraging funding opportunities in new geographies
  – Engaging Suppliers Reductions

• Mitigation Efforts
  – Credible Offset Projects in Coffee Communities
Partners in the Supply Chain

- Innovation in new products
- Reduction in materials carbon footprint
- Benefits of sustainable packaging
- Members in the Sustainable Packaging Coalition
Engaging the Supplier
The existing K-cup delivery Sleeve
The new delivery Pack
Reduce: the ultimate in efficiency

- Switch to a 12 count box
- Old 24 count used 197.6 cu in
- New 12 count uses 80.8
- Two new 12 count use 161.7 cu in
- 20% reduction in volume
- New 24 count uses the same cube
- Better cube for shipping
- Increased shelf facings for 12 count
Reduce your carbon footprint while increasing scope 2
Reuse: the efficient energy user
Recycle = Return on Investment
Process Change for the Better
Engaging the Consumer

Perfect Iced Tea in K-Cups®

Sweet Lemon
Sweet Peach
Sweet Raspberry
Unsweetened Black Tea

100% Natural Teas

Celestial Seasonings
Could it be the Ultimate Reduction in Supply Chain manufacturing and distribution?
Out with the old, in with the new!
Billboard for Communication
Completing the Entire Package

• Removal of the petroleum based lid and substituting a bio polymer one
The Package

- PLA based Cup
- PLA based Lid
- Made from renewable resources
- Compostable in municipal compost facilities
Branding Partnerships
From Biodiesel to Photovoltaic's
Installation of the 100KW Array
Customer Motivation
Thank You
Any Questions?

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