

# Anti-Slavery and Human Trafficking Statement Fiscal Year 2017

Keurig Green Mountain, Inc. (Keurig) supports the goals of the California Transparency in Supply Chains Act of 2010 (SB 657) and the United Kingdom Modern Slavery Act and strives to be an example of good human rights and labor practices throughout our business activities. Our supply chain spans the world, from farms in the coffee bean belt to the factories across Asia and Europe that build our appliances and other products. We are committed to ensuring that no form of forced or compulsory labor or trafficking of persons exists within our supply chain. Through our Brewer Responsible Sourcing and Coffee Sustainability programs, we aim to educate Keurig employees and suppliers on our [Responsible Sourcing Supplier Guidelines](#), which are informed by international standards and include requirements on freely chosen employment. Our guidelines apply to all of our supply chains, from beverage ingredients to appliances. The guidelines clearly communicate our suppliers' responsibilities for conducting business and managing their workforces.

Keurig's efforts in the specific area of forced or compulsory labor or trafficking of persons include the following:

## **Verification of Product Supply Chains:**

Keurig's Supplier Relationship Management (SRM) Program brings together employees from across the organization to holistically manage our relationships with suppliers. The program allows for comprehensive business evaluation of suppliers and gives each internal function a voice in deciding who does business with Keurig. Sustainability considerations are an integral part of this program and are integrated into the tools and processes of the SRM Program began in 2014. These topics are now included in the SRM tools described below:

- Requests For Information: Sustainability questions are used to evaluate and select suppliers alongside other commercial requirements
- Risk Assessments of suppliers including evaluation of labor and human rights risks
- Performance Monitoring via Supplier Scorecards: Sustainability metrics are integrated alongside other commercial metrics
- Third Party Assessments: Third party assessments for first and second tier suppliers are performed based on priority as determined by SRM program's evaluation of the supplier's importance to the business and potential risk.

## **Auditing:**

We regularly assess key suppliers to determine whether they're measuring up to our responsible sourcing expectations. Our brewer supply chain assessments will help us reach our [Responsible Sourcing targets](#) and deepen the impact we can make in the supply chain. These assessments focus on four areas: employment practices — including respect for human rights — health and safety, business ethics, and environmental responsibility. They provide us with a snapshot of our suppliers' management approach, their business operations, and their workforce, in the context of the local laws and regulations in the countries in which they operate. With this insight, we get an understanding of the best practices our suppliers have implemented within our areas of focus and challenges they might face that could impede them from meeting our expectations. If suppliers fall short of our expectations, we work closely with them to identify the root causes of any shortcomings and to develop plans to correct and prevent them in the future. Assessments are currently performed by independent, third parties and are announced ahead of time by Keurig. We are committed to continuous improvement of our processes and procedures.

In coffee supply chains, assessments at farm level are conducted via reliance on third party certification schemes such as Fair Trade, Rainforest Alliance and Utz.

## **Certification:**

In fiscal 2015, we began asking our most important coffee and manufacturing suppliers to certify each year that they follow our Responsible Sourcing Supplier Guidelines via a supplier survey. Failure by the

supplier to certify their adherence is reflected in the Responsible Sourcing section of the SRM Supplier Scorecard, described above.

**Internal Accountability:**

Keurig's [Code of Conduct](#) provides internal accountability standards and procedures for employees to meet company standards, including the standards around slavery and human trafficking within our Responsible Sourcing Supplier Guidelines. Employees are trained on the Code when they join the Company and are required to complete an interactive online training and certify annually that they have read and understood the Code.

**Training:**

We have begun training Keurig employees beyond the Company's responsible sourcing department on our Responsible Sourcing Guidelines.

In fiscal 2016 the Responsible Sourcing team conducted two trainings reaching 100% of Keurig's Procurement team and also including select Supplier Quality staff. These trainings covered:

- An introduction to Keurig's Responsible Sourcing Guidelines, explaining their purpose and summarizing key topic areas – including freely chosen employment
- Red flags that Procurement and Supply Quality staff can identify during engagements with suppliers and clear next steps if these red flags are encountered

We also conducted a more in-depth training in 2016 on Freely Chosen Employment with [Verité](#), a nonprofit organization focused on labor conditions. This training built on the Responsible Sourcing training, with topics including:

- Definitions and information on the prevalence of Freely Chosen Employment issues within supply chains relevant to Keurig
- Information on identification of Red Flags specific to Freely Chosen Employment issues
- Best Practices

We also conducted an in-person training for our Asia-based Procurement and Supplier Quality staff. This training covered:

- An in-depth review of Keurig's Responsible Sourcing Guidelines
- Tools to use on the ground during supplier visits
- The topic of forced labor specifically in coffee and manufacturing supply chains

In Fiscal 2017, we built on our 2016 progress by:

- Training our Procurement and Quality teams on how to recognize social and environmental red flags when visiting a prospective or current supplier site.
- Training our Responsible Sourcing manager on the Responsible Business Alliance (formerly the EICC) Code of Conduct

**Industry Collaboration:** Through our membership in the [Responsible Business Alliance \(RBA\)](#), formerly the Electronic Industry Citizenship Coalition (EICC), we participate in the Responsible Labor Initiative (RLI) working group and have actively engaged a supply chain partner in an initiative offered by this group related to responsible labor recruitment and migrant worker protections.

Additional information on our Responsible Sourcing programs can be found within our [Sustainability Reports](#) and [Responsible Sourcing Supplier Guidelines](#).