



SOURCING CASE STUDY:

KEURIG GREEN MOUNTAIN

Keurig Green Mountain (“Keurig”) is a leader in specialty coffee and innovative single serve brewing systems. Committed to delivering exceptional coffee for more than 35 years, today Keurig® brewers and single serve hot beverages are in more than 20 million homes and offices throughout North America. At Keurig Green Mountain, they work to design, source, and manufacture products that benefit the communities they touch while minimizing their environmental impact. From the design of their beverage systems and the cultivation of coffee, all the way through end-of-use disposal, Keurig aims to understand their impacts and leave communities and people better off as a result of their business.

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Sourcing Commitment

Keurig has committed to source 100% of their coffee responsibly and to engage 1 million people in its coffee supply chains to significantly improve their livelihoods.

TARGET DATE: 2020

Partners in Sustainable Sourcing

Partnership is a core value for Keurig. The company also views partnership as vital to achieving lasting impact at source; certifying and verifying organizations do more than check the box for Keurig. They are partners. Keurig seeks to support them in continuously improving the impact and value proposition of their models. In addition, Keurig works with numerous implementation partners – NGOs, research organizations, and suppliers – who bring its impact investments to life in the field. These include organizations such as World Coffee Research, CRS, and Root Capital.

Business Case

Achieving a positive impact at origin is the primary driver for the work. Keurig’s commitment to responsible sourcing and improvement of livelihoods also helps to ensure a secure supply of high quality coffee and the creation of a strong and resilient value chain. The ability to connect brands, consumers, and employees to the stories and people behind the beans is another benefit.

Strategy

Keurig tried out different strategic approaches, including contracting for their own compliance audits, before deciding to rely on qualified certification and verification schemes. The qualification process includes rigorous benchmarking against Keurig’s Responsible Sourcing Guidelines and other widely accepted standards. Qualifying schemes currently include Fairtrade, Rainforest Alliance, and UTZ. The strategy is intentionally inclusive and can expand to include new and innovative tools in development today. The strategy seeks to achieve positive impact at source while also being flexible and scalable. A key aspect of the wider strategy is that it pairs compliance-focused work with targeted impact investments that address the root causes of coffee’s top sustainability challenges, such as climate change and price risk management. The investments also leverage wider funding sources to achieve greater impact.

Progress

Currently, 31% of Keurig’s coffee meets its definition of responsibly sourced. This achievement has been enabled by a long-term focus on traceability, with 85% of its coffee portfolio traceable at least to exporter region. In addition, over 485,000 people in its coffee supply chain have been engaged in projects to improve their livelihoods.



Monitoring & Evaluation

In addition to tracking the percentage of their volume that is purchased under certified/verified terms, Keurig works with coffee sustainability partners to improve their ability to track and articulate impact – on farmers, coops, and the market. Likewise, Keurig also collaborated with academic and development partners to develop a comprehensive methodology to track the number of livelihoods significantly impacted by its investments, pushing the envelope to go beyond outputs and to measure outcomes and impacts across a portfolio of programs.

Key lessons

- Let impact be your key objective and drive towards it with focus.
- Do your homework. First learn from available data and experience.
- Try not to reinvent the wheel. Evaluate if existing schemes or products can meet your company's needs.
- A gap analysis (your needs vs. what is on offer) is a useful conversation starter that may lead to improvements in existing schemes and products that will have a positive impact beyond your supply chain.
- A holistic strategy must include engagement on both compliance and livelihood issues – one without the other leaves a business open to risk.

Advice to Others

Keurig shares that developing and implementing sourcing commitments has been a significant driver of change within the business. And while any company's strategy will inevitably be shaped by factors such as the size of the budget, the volume and type of coffee purchased, and an understanding of stakeholder restraints and expectations (i.e. if you are sourcing coffee on behalf of others, who may have their own preferences/programs), the most important recommendation is to lead with impact. Impact should be the North Star that guides decision-making across all aspects of a company's sustainable sourcing strategy.



“Our progress on the sustainability front will enable growth for the Company, opening doors of opportunity for our employees, our customers, and our business as a whole.”

**–Robert (Bob) Gamgort,
CEO**
