

## DEAN'S BEANS:

### Where Social Activism, Ecological Responsibility and Great Coffee Meet

Dean's Beans is a 100% Fair Trade, 100% Organic Coffee company, dedicated to peaceful social change and environmental stewardship. The company is designed as a vehicle for implementing social justice in the coffee lands, working directly with coffee communities through People-Centered Development programs. The company was founded 14 years ago, and is regularly recognized (SCAA, UN) as a business leader in sustainable development.

Dean's Beans joined the Global Compact in January of 2007. This is our first Communication on Progress. We look forward to hearing from our stakeholders and the Global Compact community regarding the content of this particular report, and the unique programs that we manage at our Roastery. In this report, we discuss a number of our initiatives in depth, as they apply to the ten principles, with a par-

ticular focus on our involvement with coffee communities. The company takes a creative approach to People-Centered Development, aspiring to build strong, respectful relationships with coffee farmers. We see this as a way to bridge the North-South divide and bring equality to the system of global trade. We support numerous community programs, including micro-credit schemes, educational initiatives, health-care clinics and technical capacity building projects.

At Dean's Beans, the Global Compact represents the opportunity for widespread, meaningful action by companies across the world on matters that we all care deeply about, from environmental sustainability, to the protection of human rights. The GC is an opportunity to share our best practices and progress with interested parties across the globe; it is also a forum for



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100% Fair Trade  
100% Organic

learning and for growing. For us, our commitment to the Global Compact, while not the driving force behind our varied initiatives for environmental and social responsibility, signifies our connection with a larger community of companies and organizations aspiring to adhere to the Compact's ten guiding principles. Adherence to the Compact has allowed us to make a fresh assessment of our social and environmental impacts, both positive and negative, and has offered us a structure through which to release information regarding our progress. Our hope is that the work we do in the Orange Massachusetts Beanery, as well as abroad in 14 different coffee-growing communities, will inspire others to participate more actively and responsibly with actors in their supply-chains. In turn, we look to the GC community to further enrich our own social and environmental orientation.

Because we are a small, family owned business with one facility, we do not face the same breadth of issues as large multinational corporations. For this reason, we address some of the principles with more detail than others, as they are more applicable to our business practices. We hope that the following pages demonstrate the importance of our People-Centered Development work, and conveys the magic of our company's culture.

## THE 10 PRINCIPLES

1. Business should support and respect the protection of internationally proclaimed human rights
2. Business should ensure that they are not complicit in human rights abuses
3. Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Business should support the elimination of all forms of forced and compulsory labour
5. Business should support the effective abolition of child labour
6. Business should support the elimination of discrimination in respect of employment and occupation
7. Business should support a precautionary approach to environmental challenges
8. Business should undertake initiatives to promote greater environmental responsibility
9. Business should encourage the development and diffusion of environmentally friendly technologies
10. Business should work against corruption in all its forms, including extortion and bribery



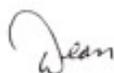
Dean celebrates with farmers from the Tribal Aromas Cooperative in Papua-New Guinea

#### STATEMENT OF SUPPORT:

For years, Dean's Beans has been a social justice advocate outfitted in business clothing. We tend to our bottom line primarily as a means to build our social and environmental programs. Many consider this a bold, innovative model, and while it very well may be, we can not imagine doing business any differently. We demonstrate that a successful company can be synonymous with accountable, transparent and ethical business operations. Our company is mission-driven: our values inform our practices, and in turn our practices reflect our values. Our *raison d'être* is threefold. We seek to empower small, indigenous agricultural communities across the globe. We promote the care for and respect of our planet. Finally, we offer customers products of superior quality that also have social and environmental value. We believe that the UN Global Compact complements, and adds richness to our mission.

In January of 2007, Dean's Beans became a proud signatory to the United Nations Global Compact. The company recognizes the value, and the critical need, for this important UN initiative that promotes the adoption of ten universal principles by businesses, governments, non-profits and labor organizations. Our company has been a long-time advocate for social and environmental justice and the respect of human rights. Our commitment to the UN Global Compact further aligns us with these values today and as we move into the future; the principles will serve as a guide for our future business decisions. Moreover, they reflect our own standards for sustainable development best practices.

We look forward to many years of participation in the Global Compact, and to rich discussion with its growing community.

 Dean Cycon, CEO

## WHAT DRIVES US:

While the term sustainable development was gaining traction among corporate actors in the 90's and into the new millennium, we were already tirelessly merging the concepts of Trade Justice with environmental best practices, at home and abroad in the coffeelands. Whenever possible, we helped coffee cooperatives design and implement community action and development programs that created both environmental and social benefits. We quietly celebrated the growing awareness of sustainable development, but never swayed from our own firm commitment to doing business in a way that treasures and respects the world and her people. Read on to learn more about these initiatives, and their reflection of the Global Compact principles.



Farming families gather at La Union Cooperative in Guatemala

**PRINCIPLES 1 & 2:** *Business should support and respect internationally proclaimed human rights; Business should ensure that they are not complicit in human rights abuse.*

Since its inception, Dean's Beans has been deeply committed to respecting and acting in the name of human rights, and we support the first two principles of the Global Compact. This is made most evident by Dean's Beans 100% commitment to sourcing Fair Trade coffee, cocoa, sugar and clothing products. The Fair Trade system promotes human rights through fair labor practices, female empowerment, democratic process and transparent trade relationships. Fair Trade, an internationally recognized trading scheme, is regulated by the FairTrade Labelling Organizations International (FLO). It is lauded as a trade practice that brings direct, respectful, mutually beneficial relationships back into the international trade equation. Small farmers, no longer subject to the erratic fluctuations of commodity markets, are allowed to concentrate on crop quality control and sustainable community development.

Dean's Beans supports the Universal Declaration on Human Rights and applies the declaration to its business operations. The company has meticulously selected the actors in its coffee, sugar and cocoa supply-chains, working with democratically organized, transparent and FLO registered cooperatives (or those actively seeking registration). As a company that does not own or manage any operations abroad, we still recognize our role in global trade, and seek to put a "human face" to our business operations. The FLO standards, which adhere to practices promoting the protection of human rights, allows us to do this. In addition, by linking farmers' stories to the actual product we sell, we also raise consumer awareness about the impact their purchases make on the lives of others spread across the globe.

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**PROCESSES/SYSTEMS:** *Fair Trade commitments, Social-Equity Premiums, People-Centered Development, third-party verification*

Dean's Beans has a 100% commitment to the sourcing of Fair Trade coffee, sugar, and cocoa products. Dean's Beans is a member of the Fair Trade Federation, a value-driven non-profit comprised of mission-based Fair Trade companies and organizations. Furthermore, Dean's Beans has created the Social-Equity Premium Program, returning to coops 6 cents for every pound of their coffee roasted in a given year. SEPs are delivered on an annual basis, and further allow coops to invest in infrastructure and community development initiatives. The SEPs are a critical component of our People-Centered Development work, and provide the necessary seed money to establish robust and effective programs, tailored to the needs of specific communities. In addition, the SEP practices, and our sustainability practices at large, are verified by Quality Assurance International. A copy of our verification is available on our website: [www.deansbeans.com](http://www.deansbeans.com)

**ACTIONS:** *Development work abroad, hiring of a Comprehensive Sustainability Officer, distribution of SEPs, travels to the coffeelands*

2006, and the beginning of 2007, have been incredibly productive years for the Dean's Beans team, and for our farming partners. As proponents of Fair Trade, we recognize that paying a Fair price for our primary product is not enough to establish a true Fair Trade relationship. This is why we make numerous visits every year to coffee growing cooperatives. The trips allow us to discuss the SEP program, and start designing projects with our partners. In 2006 and by early 2007, we made trips to Guatemala, Nicaragua, Ethiopia, Peru and Colombia.

In 2006, Dean's Beans hired a Comprehensive Sustainability Officer. This marked a big step for a company that has 11 employees. The Comprehensive Sustainability Officer collaborates with the company's CEO to facilitate the management of both People-Centered Development Initiatives, as well as the Environmental Management System.

In April and May of 2007, Dean's Beans distributed the 2006 Social Equity Premiums to coops across the globe. We also had our "sustainability practices" verified by the independent third-party certifier, Quality Assurance International. The certificate, available at [www.deansbeans.com](http://www.deansbeans.com) demonstrates our 100% commitment to Fair Trade, and to the distribution of social equity premiums for community development.

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## 2006 Social Equity Premium Distribution

*Here is a look at how some of our cooperative partners plan to use their SEPs:*

**Peru:** We were the first US roaster to purchase Fair Trade coffee from the Pangoa and Oro Verde cooperatives. Now their coffee is one of our biggest sellers. This year, the Pangoa cooperative will use their over \$4,000 in social equity premiums to construct latrines for all farmers making the transition to organic crop certification. Oro Verde will use their funds to create and staff a daycare center so that women can attend and more fully participate in coop meetings.

**Nicaragua:** Long-time partner Prodocoop is planning to use their SEP to support the construction and management of their very own cafe. This will help them build local interest in fine, gourmet coffees, while also diversifying their income stream.

**Guatemala:** The 2006 SEP money to Guatemala has been used to support "Coffee Talk", a weekly radio program run by local stations and managed in partnership with Cultural Survival. The program features reports about market conditions, crop management techniques and how to transition to organics. The programming is made available to rural farmers who have historically had limited access to this sort of critical information. It is the first of its kind in Guatemala.

**East Timor:** This year, farmers will be using their SEP to implement an income diversification and food security program. The purpose of this alternative food program is to train farmers in the planting and harvesting of diverse vegetables and legumes within their own coffee plots. Seeds and seedlings will be provided. The harvests will help feed entire families, and any excess will be sold at local markets, further supplementing farmers' income.

**Papua-New Guinea:** We advanced the SEP to the Tribal Aromas Cooperative following a trip in late 2005. The money was used to purchase hand depulpers, which have saved farmers countless hours in labor. Previously, they had depulped coffee by hand, a practice that is virtually unheard of in the world of coffee. The remaining funds were used to implement a micro-loan fund for cooperative members.

**Mexico:** The SEP was used to fund the installation of solar panels, in collaboration with Honor the Earth, an organization dedicated to supporting indigenous communities in the US and Mexico. The renewable energies project is administered in Chiapas, where we purchase our quality Mexican coffee beans.

**Sumatra:** This year's Social Equity Premium will be used by the PPKGO coop to build a new management facility. The coop is expanding, and the construction of a new office complex is necessary to help manage growth.

Trip Report

We are proud members of:



Highlights:

## COLOMBIA

In late April of 2007, Dean travelled to Colombia to meet with the Arhuaco indigenous indians of the high Sierra Nevada mountains. We have been purchasing our coffee from indigenous cooperatives for many years now, though this was Dean's first trip to meet the Arhuaco growers. There was a palpable sense of urgency as these indigenous farmers, who consider the mountain region to be the heart of the world, spoke of their first hand observations of global warming. Javier Mestres, a coffee farmer, showed Dean his coffee plants that were blooming earlier and earlier each year, a point of concern as this increasingly made for smaller, weaker blossoms. The Arhuaco, who have a class of priests referred to as the Mamos, assert that they are the keepers of the Earth, and are seeking global partnerships to bring ecological balance back to the heart of the world. With their social equity premiums, they intend to purchase and regenerate a portion of their sacred lands. In addition, the cooperative will begin the construction of a processing facility. This will ensure greater economic viability and job creation, as critical processing needs can be performed by the community in lieu of being outsourced to a regional operation.

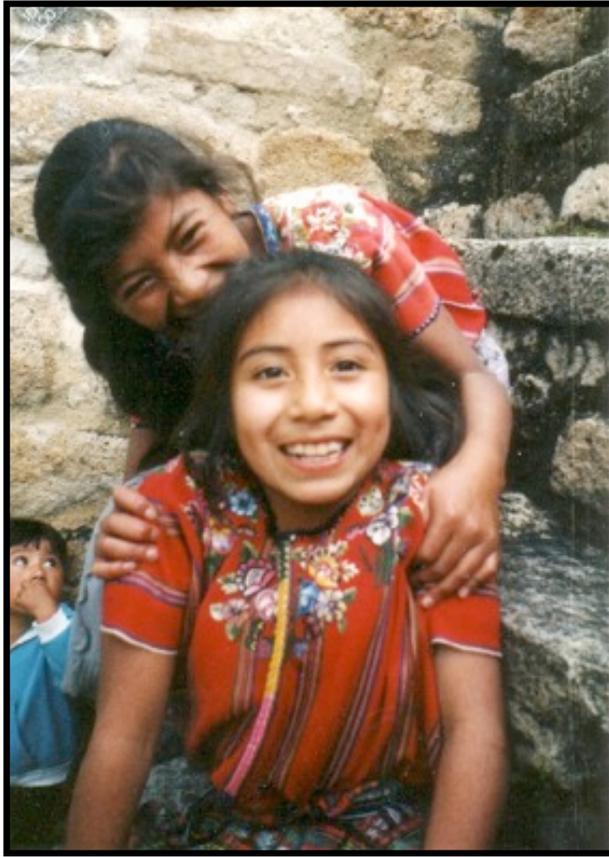


## ETHIOPIA

In late 2006, Dean visited the 80,000 strong Oromia Cooperative in Ethiopia. The trip was especially important because it marked the inauguration of a new well constructed with money made available from the revolving loan fund established by Dean's Beans in 2004. Hundreds from the Haro Cooperative gathered to celebrate upon Dean's arrival. The new well, in Jimma, is open to all members of the community as well as those from neighboring communities. In the past, coop members had to walk one mile to a nearby river to collect water for their daily needs, and it was often children tasked with this chore. The new well has greatly reduced the amount of time individuals spend collecting water, and children are more likely to be sent to school.



**PRINCIPLES 3, 4, 5, and 6:** *Business should uphold the freedom of association and the effective recognition of the right to collective bargaining; business should support the elimination of all forms of forced and compulsory labour; business should support the effective abolition of child*



*Young girls in Guatemala*

*labour; business should support the elimination of discrimination in respect of employment and occupation.*

We are committed to all Global Compact principles related to labor conditions and workers' rights. At the Beanery, we foster a work environment of mutual respect and learning. Each full-time employee (95% of our workforce) receives above the state minimum wage, full health-care coverage, quarterly profit-sharing, a 401k plan as well as life insurance. While we are committed to upholding the freedom of association and the right to collective bargaining, this issue has never been raised by our employees. We imagine that as we grow over time, employees may voice their desire to do so, which we would enthusiastically support.

In adherence with its Fair Trade model which promotes employees' right to association, Dean's Beans is committed to working with democratically run and represented organizations; Dean's Beans practices Fair Trade specifically because this international system ensures that humane labour practices are respected and abided by. We are also assured that our primary products - coffee, sugar and cocoa - are not harvested under harsh and disempowering conditions that promote human rights abuses.

FLO standards adhere to ILO Convention 111, which does not allow discrimination on the basis of race, color, sex, religion, political opinion, national extraction or social origin. In addition, FLO standards support Conventions 87 and 88, promoting the right to organize, to self-governance and the protection from anti-union discrimination. Finally, the Fair Trade model restricts the practice of child labor. Indeed, with the extra money earned from Fair Trade premiums, coops often invest in education for their children. This defies the norm in the conventional coffee trade, where young people are often found working side by side with their parents, especially during the harvest season when extra labor is actively sought out on large plantations.

By fully participating in a Fair Trade model, we avoid working in supply chains that lack transparency and accountability. Often, cooperatives are forums for indigenous groups, who are able to join in important decision making that impacts their own right to self-determination. Cooperatives are also increasingly a place where women's voices are heard. We work with a number of coops where top management positions are filled by females.

## SYSTEMS/PROCESSES: 100% commitment to Fair Trade, external audit

Dean's Beans maintains its 100% commitment to Fair Trade products which adhere to strict humanitarian standards as laid out by the FairTrade Labelling Organizations International. To ensure our own transparency in the marketplace, our practices are externally verified by Quality Assurance International. Visit our website ([www.deansbeans.com](http://www.deansbeans.com)) to see the results of our latest audit.

## In-House Update

Dean's Beans is located in the rural hill towns of Western Massachusetts. Our workforce minority representation resembles the area's own minority make-up, which is quite low. Orange, Massachusetts, where our only facility resides, is over 96% caucasian. While we do not discriminate in our hiring practices or as to work, we do find it difficult to actively pursue the hire of minority groups. That said, we have strong representation of females in management positions where women make up 66% of our managers. Within a given year, typically 30% of our factory floor positions are held by women, though markedly fewer women apply for this sort of position.

In mid April of 2007, Dean's Beans recognized that in the past, informal policies that addressed the questions of inclusion, non-discrimination and mutual respect and equality, served us well, but that our pace of growth and hence increase in employees warranted the implementation of formal policies. To this end, we have made plans to develop these policies and make sure they are properly presented to each employee. We are not sure how long this process will take. Because we are new to this, we want to do it well and thoroughly, and have sought outside help to guide us. Our hope is that by the end of 2007, we will have in place an equal employment opportunity policy and procedure, as well as an internal grievance procedure to handle potential instances of discrimination. Specific reference will be made to these policies and to proper codes of conduct in our employee manual.

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## ACTIONS: *Spreading the word about Fair Trade, signing of three innovative agreements with farmers, restructuring of our own HR department*

Part of our commitment to the Fair Trade movement involves engaging directly with the public about the social benefits of FT products and how Fair Trade working conditions are guaranteed to respect the principles of the ILO conventions. We consider awareness building to be a key component to our business model. Over the course of the past year, we have spoken at numerous different venues: at universities, for non-profit organizations, for religious groups and in coffee shops. Our Comprehensive Sustainability Officer joined United Students for Fair Trade on a trip to Nicaragua to represent Cooperative Coffees, discussing the ethos behind being a 100% Fair Trade roaster. In addition, we have continued our relationship with Catholic Relief Services, by which any customer can ask that the coffee they order be attributed to the organization. In turn we donate 2% of the profit of these sales to CRS. The partnership has been building support in faith-based communities, increasing their access to products that let them live out their values, while assisting Fair Trade cooperative development across the world.

Dean's Beans has long believed that we must work hand in hand with coffee cooperatives to render our trade relationships as equitable as possible, empowering farmers, supporting healthy working conditions and raising the bar on Fair Trade. 2006 and this current year have been marked by important initiatives to meet this objective. The following country reports highlight our continued efforts, and the groundbreaking work that we have supported:

## PERU

In January of 2007, Dean travelled to Peru, to visit the Oro Verde Cooperative in Lamas, San Martin. This was the first time that a North American Fair Trader had ever visited the Coop, and the trip made way for a unique initiative. The Oro Verde management pointed out that Fair Trade relationships are based on the principle of long-term reciprocity and top management suggested committing our relationship to a contract. While many Fair Trade roasters buy at Fair Trade prices, they do not necessarily guarantee a sustainable, long-term buying relationship which can leave farmers struggling to secure contracts in between each growing season. Dean enthusiastically agreed with the concept and over the course of the following months a contract was drawn up. During the 2007 Specialty Coffee Association of America's annual conference in California in early May, Oro Verde and Dean's Beans signed the first ever long-term, five year Fair Trade contract, reinforcing our mutual commitment to supplying customers in the US with gourmet, fairly traded coffee beans. The contract, while securing a Fair Trade price, also calls for marketing collaboration, community development and cultural revitalization, as well as product diversification. In addition, an agreement was signed that brought the President of the Coop onto the Dean's Beans Board of Directors while likewise securing a place for Dean as an official Oro Verde member.



Dean and members from the Oro Verde celebrate the contract signing of the first ever long-term fair trade relationship

## ETHIOPIA

In late 2006, the government of Ethiopia, deeply concerned that the famous names of their coffee regions would be trademarked by private companies, launched an initiative to protect the names of geographic coffee growing areas such as Yirgacheffe, Sidamo and Harar. The initiative increases recognition for the high quality and distinctive attributes of these unique Ethiopian coffees, thereby bringing higher returns to the farmers. We initially chose to not support this initiative, as no concrete provisions were made to ensure that small farmers who grow the coffee would receive any funds from these potentially lucrative transactions. However, by April of 2007 we recognized the need for us to further advocate on behalf of Ethiopian farmers, and we felt that we would be most effective doing so if we joined the multi-stakeholder dialogue. We signed on to the agreement in April, and hope that our presence and voice will help bring higher returns to thousands of farmers in these regions.

# Our On-going Commitment to Supporting Youth Education in the CoffeeLands

## A School in Costa Rica

We have purchased coffee from the CoCafe Cooperative in Costa Rica for thirteen years. Back in 1997, CoCafe partnered with seven other cooperatives to establish Hijos del Campo (Children of the Field). Hijos del Campo responds to the needs of rural students who, because of financial difficulty, often can not afford to continue in school. The money that Hijos del Campo collects is used in various capacities. Since 1997, the organization has funded 1,000 college and high school scholarships. It has also distributed grants to a number of elementary schools that manage programs for 6,000 students. The grants are flexible, allowing schools to make choices about what they need most. Some schools use the money to make facility repairs, others have purchased textbooks and teaching materials.

Student recipients pay back at least 50% of the loan, the money for which is then recirculated into a revolving loan fund. The money that supports their education is used to help pay for transportation, food, books and tuition. More recently, Hijos del Campo has started distributing insurance to students who are at an increased risk of injury when traveling daily through rough rural terrain.

The Social Equity Premium that CoCafe receives each year is put towards this educational initiative, and many youth in the cooperative have benefited from these funds.



A recipient of Hijos del Campo funds

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**PRINCIPLES 7, 8, and 9:** *Business should support a precautionary approach to environmental challenges; businesses should undertake initiatives to promote greater environmental responsibility; business should encourage the development and diffusion of environmentally friendly technologies.*

Dean's Beans is a long-time advocate of environmental sustainability, and enthusiastically supports Principles 7, 8 and 9 of the Global Compact. Our commitment spans product design, facility management and supply-chain oversight. Currently, Dean's Beans is implementing an Environmental Management System, which encapsulates its existing CO2-neutral strategy, its renewable energies program, and its recycling and reclamation program. In addition to our environmental performance at our Orange facility we have also supported environmental initiatives in the coffee lands for many years.

Dean's Beans People-Centered Development work allows the company to promote and fund environmental initiatives in coffee growing communities, including well-building, sustainable income diversification and tree planting. In addition, the company purchases 100% organic coffees, sugars and cocoas, which help promote environmental sustainability in grower communities, while offering our customers healthier product alternatives. FLO criteria requires that coops strive to prevent soil erosion, and promote soil fertility and sound irrigation techniques. The standards also prohibit the use of various agrochemicals, as well as



safe the handling , disposal and storage of any agrochemicals that are permitted (though this rarely applies to organics). Finally, FLO prohibits the collection of protected plant species. Deans' Beans recognizes the promise, usefulness and need for environmentally friendly technologies. The company is committed to purchasing them when economically viable, and communicating their utility and environmental benefits to its various stakeholders.

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**SYSTEMS / PROCESSES:** *Environmental Management, CO2 audit, supplier engagement*

Although a small company, Deans' Beans is eager to implement and sustain environmental stewardship initiatives. These include the creation and maintenance of an Environmental Management System that models ISO 14001 standards. Our environmental management program includes energy efficiency initiatives (the purchase, for example, of Energy Star equipment), reliance on an on-site solar electricity system, and the use of bio-diesel for the company owned van. Within the context of the fledgling EMS, the company also administers an annual CO2 audit, calculating and assessing its CO2 sources. We have taken an active interest in understanding the breadth and complexity of our coffee supply-chain, and how much CO2 is generated by indirect emissions sources - those sources which we can't control on our own. This has led us to include a vast range of emissions in our supply-chain. Our 2006 CO2 report is available on our website. Working with UPS and Maersk Line, for example, we have been able to quantify the emissions associated with the delivery and shipment of our product across the world.

## The Precautionary Principle and Climate Change

At Dean's Beans, we apply the precautionary principle to our pro-active response to Global Warming. We have established an approach to the threat of Climate Change that integrates low-impact renewable energy sources, such as solar and bio-diesel use, as well as tree-planting in the coffeelands that supports land regeneration. While the scientific community can not guarantee to what degree climate induced environmental changes will occur, we still believe it's our responsibility to reduce or impacts today.

**ACTIONS TAKEN IN 2006/2007:** *Performance of an annual CO<sub>2</sub> audit, release of environmentally friendly NoCO<sub>2</sub> coffee, establishment of an Environmental Management System, purchase of solar panels, continued use of bio-diesel*

2006 was a year marked by our growing concern about Global Warming. We completed our second CO<sub>2</sub> audit, capturing the emissions created during 2006. Though our business grew by over 20%, we reduced our CO<sub>2</sub> emissions to 112 tons, a 15% reduction over 2005 emissions. We also felt that this was a unique opportunity, given our strong relationship with coffee growing communities, to launch a new coffee that would raise consumer awareness about CO<sub>2</sub> generating activities and mitigation strategies. The concept for NoCO<sub>2</sub>, a CO<sub>2</sub> neutral coffee, was developed by quantifying the amount of CO<sub>2</sub> related to our coffee supply-chain, including the transport, roasting, and even brewing of one pound of our Peruvian coffee. We sequester the emissions associated with this product by planting trees in partnership with the Pangoa Cooperative, Peru (see below), as well as by using renewable energies and by efficiently running our facility.

We also felt it was our responsibility to “step up to the plate” and directly support the renewable energy industry. We installed a 10 kW solar panel system, and invited local residents to our September 2006 inauguration of the panels. The system accounts for 65% of our energy use. We also burned approximately 270 gallons of biofuel mix (depending on the temperature outside, we used either a 100% mix, or a 20% mix), making up 70% of our van’s fuel use. We are currently exploring ways to reduce the amount of propane we use to power our roasters.

Finally, as our operations continue to expand and their complexity increases, we recognized in late 2006 the need to launch an Environmental Management System as a proactive response to company growth. This process was initiated in late 2006. We expect that it will take some time before the program is fully functional, but its system of assessment and implementation allows us to continually improve the quality and responsiveness of our processes.

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## Engaging the Supply Chain

### 2007 Initiative

While the integrity and effectiveness of our own environmental and social programs is of utmost importance to us, we are increasingly interested in the business practices of the actors in our supply chain. Selling a commodity that we source from countries spread across the globe necessarily makes us dependent on the goods and services of other companies. 2007 is marked as an important year for us as we have committed to better understanding our supply chain. This year, we plan to undertake an analysis of the social and environmental practices of our major suppliers. Part of this process will involve contacting actors in our supply-chain directly, to better understand their policies, procedures, and future objectives. A critical piece of our supply-chain engagement involves reciprocity. In turn, we also intend to share our own progress and values with our partners. We hope this will lead to a sustained and mutually beneficial dialogue.

This program is an extension of our work looking at the CO<sub>2</sub> created by our coffee supply-chain, which we initiated in 2005. Since then, we have worked closely with UPS and Maersk Line to understand how much CO<sub>2</sub> is generated by our shipping coffee through these two suppliers. It is also the obvious expansion of our fair Trade model, which seeks transparency in all aspects of our business.

## What our CO<sub>2</sub> audit captures

We use the Greenhouse Gas Reporting Protocol to guide our decisions about what emissions “scopes” to include in our own calculations; the World Resources Institute’s report “Working 9 to 5 on Climate Change: An Office Guide” was an invaluable resource for us as we made these calculations. The following were included in our 2006 CO<sub>2</sub> Audit Report:

### 1. In-house emissions

These emissions include the burning of propane to power our coffee roasters, as well as the small amount of CO<sub>2</sub> emissions generated by the use of our company van, which primarily runs off of locally sourced bio-diesel.

### 2. Electricity emissions

Our carbon dioxide emissions related to electricity has significantly decreased since the installation of our 10 kW solar panel system. We include these Scope 2 emissions, as suggested by the GHG protocol.

### 3. Employees’ commute emissions

We include these scope 3 emissions in our calculations. Each employees supplies their average gas mileage, and the distance of their daily travel to the beanery to help us make the most accurate calculations possible.

### 4. Travel to the coffeelands

Although flying can create large quantities of CO<sub>2</sub>, visiting coffee farming communities is an integral part of our Trade Justice business model. We include these emission as we think it is vital that businesses recognize their contribution to global warming via these scope 3 sources.

### 5. Shipment of coffee to the Beanery

Coffee is our number one product, and we spent significant time in the past year and a half figuring out how to quantify the emissions related to the delivery of our coffee once it reaches US ports, including rail transport.

### 6. Delivery of our product across the US

The vast majority of our shipments to customers run through UPS. In 2005, we wanted to quantify these emissions, and began collaborating with the shipping company. They were able to provide us with a special tool that takes into account the CO<sub>2</sub> emissions related to each and every package that leaves the Beanery. In 2007, we are working to include CO<sub>2</sub> generated by the transport of our coffee via ocean liner.



Don Vicente Nyako, a member of the Pangoa Cooperative, tends to the tree nursery

## REFORESTATION INITIATIVE

Dean's Beans has a close relationship with the Pangoa Cooperative in Peru. We were the first company to bring in a container of their coffee to the US, back in 2003. The indigenous Ashininkas are part of the cooperative, and Dean met with them the same year. During conversations with the Ashininkas community, members expressed concern over the quality of their land severely degraded by a previous "development" project which ultimately promoted deforestation in the region. The Ashininkas turn to the forest for sustenance, medicines and for spiritual solace. It was their great hope to restore their sacred lands.

In 2006, we provided the necessary seed money to launch a tree-planting initiative with the initial cultivation of 500 native hardwood trees. The project, managed by the Ashininkas, dovetailed with our own carbon-neutral goals, and served as the basis for our NoCO2 coffee. The successful project gained recognition in the region, and the Green Development Fund has committed \$15,000 dollars to its continuation.



Looking over the books at the Pangoa Cooperative, Peru, before signing a green bean contract.

**PRINCIPLE 10:** *Businesses should work against corruption in all its forms, including extortion and bribery*

We fully support the last Global Compact principle, calling on companies to bring an end to corruption in their operations. Working with a global commodity that typically must be traded through a series of middlemen and suppliers can be a tricky, complicated business. We recognize that the global commodity trade can lend itself to corruption. For this reason, and for the many others explained in this COP, we have chosen to adhere to the Fair Trade model. When we work directly with FLO certified cooperative farmers, we cut out much of the ambiguity that defines complicated supply chains. We know that cooperatives are managed using a participatory, democratic process minimizing the risk of coercion and unfair dealings. One of our major green-bean suppliers, Cooperative Coffees, makes all contracts and transactions with cooperative leadership available on their website. From these we can directly trace the origin of all our coffees. In addition, by visiting cooperatives, we gain a clearer sense of who our business partners are, creating mutual trust and long-term relationships based on honest dealings and mutual benefit.

We do not currently have an anti-corruption policy, per se, in place. The planned 2007 analysis of all aspects of our supply-chain should allow us to better understand where this might be an issue for other products that support our business. Because of our size and the fact that we occupy one small facility, corruption and bribery issues have never come into play or been raised within the context of our operations. We assume that as we continue to grow, a more formalized approach may be necessary to deal with potential incidents.

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**SYSTEMS / PROCEDURES:** *100% commitment to Fair Trade, external audit*

We maintain a 100% commitment to sourcing Fair Trade certified coffee, cocoa and sugar products. These practices are externally verified by Quality Assurance International. We have no internal systems to monitor potential instances of corruption.

**ACTIONS PLANNED for 2007: *Drafting a code of ethics, exploring our supply-chain***

We fully support this 10th principle which takes a stand against corruption in all business activities. As this COP has alluded to, we are dealing with rapid growth. This growth calls us to bolster some aspects of our business practices so we can continue being a successful, triple bottom line oriented company. Just as we plan to create policies that address some of the other principles, we intend to establish a code of ethics. 2007 is also a year dedicated to engaging with a range of actors in our supply-chain. A critical component of this stage will involve relaying information about our policy development, and the ways in which we integrate sustainability concerns into the core of our business. We look forward to reporting in 2008 on these developments.

**TOWARDS THE FUTURE**

**GREATER TRADE JUSTICE ● STRONGER ENVIRONMENT ● DEEPER COMMERCE**



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"I hope that the Fair Trade movement will continue strengthening human relationships across the globe."

- Rigoberto Augustin Ramirez, Head of Commercialization,  
ACMPASA coop, Guatemala

For more information about Fair Trade, visit:

[www.FairTradeFederation.org](http://www.FairTradeFederation.org)  
[www.TransFairusa.org](http://www.TransFairusa.org)  
[www.FairTrade.net](http://www.FairTrade.net)  
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