

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 coffeelands, working directly with coffee communities to design and implement People-Centered Development projects. The company was founded 15 years ago, and is regularly recognized (SCAA, UN) as a business leader in sustainable development.

Dean's Beans joined the Global Compact in January, 2007. This is our second Communication in Progress. In this report, we discuss our initiatives as they apply to

the ten principles. Our company is known for our creative approach to People-Centered Development, designing and funding direct, grassroots development projects in the coffee villages where we buy our beans, in partnership with the farmers who know better than anybody else how to help themselves. 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, women's empowerment projects, educational initiatives, health-care clinics, environmental protection projects, and technical capacity-building projects.



Table of Contents:

The Ten Principles	2
Statement of Purpose	3
Principles 1 & 2	4
Principles 3, 4, 5, & 6	8
Principles 7, 8, & 9	11
Principle 10	16

100% Fair Trade

100% Organic



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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. 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 social and environmental orientation.

As a small, family owned business we do not face the same breadth of issues as large multi-national 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 farm families 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.



Ashaninka women in Peru preparing local delicacies

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

Dean's Beans has a deep committed to human rights. We have a 100% commitment to sourcing Fair Trade coffee, cocoa, sugar, and clothing products. The Fair Trade system promotes human rights through fair labor practices, women's empowerment, democratic process and transparent trade relations. Fair Trade, an internationally recognized trading scheme, is regulated by the Fair Trade Labeling Organizations International (FLO). Fair Trade 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 able to concentrate on growing their crops and building strong, healthy communities.

Dean's Beans supports the Universal Declaration on Human Rights and applies the declaration to its business operations. The company meticulously selects the actors in its coffee, sugar and cocoa supply-chains, working with democratically organized, transparent and FLO registered cooperatives (or those actively seeking registration). In addition, we have a strong commitment to educating the public about fair trade, believing that public awareness is a key component to fostering social and economic justice.

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

Dean's Beans was founded on a deep commitment to social, economic and environmental justice. We are a member of the Fair Trade Federation and TransFair. Our Fair Trade, sustainability practices are verified by Quality Assurance International. A copy of our verification is available on our website: www.deansbeans.com. As part of our commitment to Fair Trade, we have developed the Social-Equity Premium Program. This program returns to coops 6 cents for every pound of their coffee roasted in a given year- above and beyond the fair trade prices paid. This gives Dean's Beans the distinction of paying farmers more per pound of coffee than any other coffee company in the United States. Delivered on an annual basis, the SEPS provide the necessary seed money to establish effective programs tailored to the needs of specific communities. We provide additional funding above and beyond the SEPs when necessary for people-centered development projects. Finally, Dean's Beans works closely with cooperatives in the actual project design and implementation, providing crucial technical and logistical support and expertise to make these development projects a success.

ACTIONS: *Development work abroad, distribution of SEPs, travel to the coffeelands.*

100% sourcing of fair trade products, our people-centered development work, and our SEP program are ongoing actions that support human rights. See County Reports starting on page 6 to learn how our 2007-2008 development work has supported human rights this year.

2007–2008 Country Reports

In the Coffeelands:

Brazil: We are proud to offer the first certified Organic Fair Trade coffee from Brazil. The grower's cooperative, Association of Small Producers of Poco Fundo, is an amazing, dynamic group of farmers that has been working since 1985 to gain international accreditation for their work in organics and to be accepted on the fair trade registry. The group's mission is to improve the social, economic and ecological conditions of the families of Poco Fundo, a small municipality of 15,000 people, located in the southern part of the state of Minas Gerais.

Colombia: In 2007, we funded the purchase of land in the sacred Sierra Nevada Mountains to create a center for learning of traditional knowledge, to be run by the Mamos (Elders) of the Kogui people. Dean Cycon visited Colombia in 2007 to spend time with coffee farmers, consult on quality control issues, and to investigate the impact of Global Warming on the Kogui people. To returned from Colombia with a renewed commitment to educating the public and Dean's Beans customers about the devastating effects of Global Warming on third world and indigenous, fourth world communities. Dean's Beans released an information sheet to the public called Global Warning, and a chapter of Javatrekker: Dispatches from the world of Fair Trade Coffee by Dean Cycon was devoted to the issue (see page___ to learn more about Javatrekker).

Costa Rica: We continue to provide support and funding to Hijos del Campo, a revolving student loan program developed by seven coffee cooperatives, including the CoCafe Cooperative from which we have been purchasing coffee for thirteen years. Since 1997, Hijos del Campo has provided over 1000 high school and college scholarships, and has provided insurance to students who are at risk of injury when traveling through rough, rural terrain.

East Timor: Working with a local NGO, we began funding a new initiative to help farmers grow crops in addition to coffee that will provide nutrition and variety for their families, and a surplus for sale in local markets, supplementing their income.

Ethiopia: We funded an extension of our water supply system in Jimma, the birthplace of coffee. In Yirgacheffe, we held community planning sessions to consider the future needs of the school, and created a fundraising project using note cards with photos of the children of the village. We are currently working to expand our Miriam's Well project, the first revolving loan well building project in the world.

Mexico: Last year's 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. In addition, we continue to work with the Polis Center, a disability rights organization, to return Latin American refugees disabled by the Death Trains and trapped in Mexico, back to their homes. The Death Trains are freight trains Latin American refugees ride North to try to make it to America. Many fall off, getting caught under the tracks, dying or becoming disabled.

Guatemala: Working with Cultural Survival, an indigenous rights organization, we have conceptualized and funded Coffee Talk, a radio program to spread technical and other information about coffee to rural farmers throughout Guatemala. 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. The program has been wildly successful, being picked up and broadcast by 26 rural stations. We have launched a regional program to make Coffee Talk available throughout Latin America. In addition, are proud to announce the creation of CHICA!– Comunidades Inteligentes de Hermanas con Corazones Abiertos (translated– Community of Intelligent Sisters with Open Hearts). CHICA! is a Guatemalan indigenous girl's empowerment organization founded by three Amherst, MA High School students in partnership with Dean's Beans and APROS– a grassroots women's health organization founded by Guatemalan indigenous women from rural coffee villages with technical and financial assistance from Dean's Beans. CHICA! organizes health and social forums for indigenous girls to share vital health information, increase self-esteem, build community, and support each other in reaching their dreams. In addition, CHICA! Provides scholarships to indigenous Guatemalan girls to attend high school and college (For more information on this project, see CHICA! Project update on page__).

Kenya: We funded International Organic Inspector training for John Njoroge, the head of the Kenyan Institute of Organic Farming, to begin creating organizational capacity for organics in that country. John is the first Kenyan to be certified internationally for organic inspection.

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. In 2007, the Pangoa cooperative used their over \$4,000 in social equity premium (SEP) to construct latrines for all farmers making the transition to organic crop certification. Oro Verde used last year's SEP to create and staff a daycare center so that women can attend and more fully participate in coop meetings. This year, Oro Verde's SEP will be used to improve their coffee processing plant. In May 2007, we signed the industry's first ever Long Term Fair Trade Contract with our partners at Oro Verde Cooperative, modeling what a serious commitment looks like. Besides purchase and pricing targets to help create stability for both sides, we agreed to joint development and marketing of products in Peru and the USA, the creation of cafes and roasting operations in Peru, technical training and support, and industry advocacy. We also appointed a member of Oro Verde to our Board of Directors and joined the cooperative as a dues paying member. Dean's Beans has become the first importer of Oro Verde sugar, paving the way for others to follow suit. As well, the Pangoa Cooperative's Reforestation Initiative has expanded (seed money provided by Dean's Beans, see page ___ for a project update). And we are proud to announce that we will be launching a reforestation initiative with the Oro Verde Cooperative starting this year.

Nicaragua: Long-time partner Prodecoop is using 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. We have funded a study and provided money for initial equipment purchases for a new café/roasterie in Esteli, to be owned and operated by our partner, Prodecoop. The café will provide jobs as well as education to visiting tourists and buyers about the types and qualities of Prodecoop's coffees. Dean Cycon visited Prodecoop in 2007 to nurture and strengthen this important partnership. He reports that the café project is going well.

Rwanda: We partnered with Men's Resources International to provide Men Overcoming Gender– Based Violence training for the first time in Rwanda, including training representatives of three major coffee cooperatives. The response was overwhelming, and we will be bringing the training directly to the cooperatives this year.

Papua New Guinea: In 2005, the Tribal Aromas Cooperative used their SEP 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. In 2007, we funded international organic inspection for Tribal Aromas Cooperative, which did not have sufficient cash to pay for the inspection. The impact of these projects has been dramatic. Hand depulpers have dramatically improved quality and quantity, and organic inspection has increased their coffee's value on the world market. The result is that the coop can sell their coffee for a significant premium on the world market. Increased sales, combined with the availability of micro-loans are making their community stronger. We advanced the SEP to the following a trip in late 2005.

Sumatra: Our farmers coop in Sumatra split into three groups in 2007. We funded construction of a new office building for one of the groups.

And here at home:

ECONOMIC DEVELOPMENT

Somali Women's Sewing Project: We are working with the Somali Women's Project, The Center for Popular Economics, and New World Theater to develop and fund a major economic development project for Somali women in Springfield, MA. Springfield, MA has a large population of Somali refugees. Dean's Beans will be providing supplies, funding and technical support and assistance for a sewing project to make coffee bags into reusable grocery totes. Dean's Beans will market the bags to our whole sale customers and through our website. All proceeds will go to support the Somali Women's Project.

ENVIRONMENTAL SUSTAINABILITY

Our comprehensive environmental management system includes energy conservation, the use of renewable energy, solar panels, environmentally sound waste management, recycling and composting, and the installation of a new exhaust cleaning system which has decreased our use of natural gas, and has decreased our particulate emissions.

PUBLIC EDUCATION

Dean's Beans has a strong commitment to educating the public about the importance of Fair Trade, and social, economic and environmental justice. We create and distribute Field Notes about our work, and raise public awareness through media interviews and public presentations at universities, businesses, trade and non-profit organizations, and- in 2008- at the United Nations. We continue to have a relationship with Catholic Relief Services (CRS), 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. In addition, we have launched a project with Partners in Health (PIH), to use Fair Trade Haitian coffee sales to fund health care development projects in Haiti.

Finally, we are proud to announce the 2007 publishing of *Javatrekker: Dispatches from the World of Fair Trade Coffee* by Dean Cycon which received the 2008 Independent Publishers Book Award Gold Medal in the Travel Essay category. We have high hopes that this book will help to increase public awareness.

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 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 Massachusetts state minimum wage, full health-care coverage (employer pays 100% of the health care premium and employees are reimbursed for co-pays), 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 unionize, which we would enthusiastically support. In adherence to 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 human labor practices, including gender equality, 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, our company adheres to US state and federal employment laws, and does not discriminate on the basis of sexual orientation and other protected classes. 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.

PROCESSES/SYSTEMS: *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 fair Trade Labeling 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) to see the results of our latest audit.

In-House Update: Improving our HR Department

Dean's Beans is located in the rural hill towns of Western Massachusetts. Our workforce minority representation resembles the area's racial and ethnic demographics. 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 women in management and factory floor positions.

In mid April of 2007, Dean's Beans recognized that in the past, informal policies that addressed the question 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 are working with a business planning consultant 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 at 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 2008, 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. In addition, as we grow we are committed to being a family-friendly company that accommodates the needs and challenges faced by parents. Specific reference will be made to these policies and to proper codes of conduct in our new employee manual.

ACTIONS: *Spreading the word about Fair Trade, signing of long-term fair trade agreement, 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 Fair Trade 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 (see Country Reports, pages 6–8 for more information on our efforts to raise public awareness). Dean's Beans has long believed that we must work hand in hand with our own employees, and with coffee cooperatives to render our labor and trade relationships as equitable as possible, empowering farmers, supporting healthy working conditions and raising the bar on Fair Trade. 2007 and this current year have been marked by important initiatives to meet with objective, including our signing of the first long-term fair trade agreement by an American coffee company (see our Country Reports, pages 6–8 for more information)

Our On-going Commitment to Supporting Youth Education in the Coffeelands

CHICA!

As part of its commitment to the empowerment of women and girls, Dean's Beans is proud to announce the creation of CHICA!– Comunidades Inteligentes de Hermanas con Corazones Abiertos (translated– Community of Intelligent Sisters with Open Hearts).

CHICA! is a Guatemalan indigenous girl's empowerment organization founded by three Amherst, MA (USA) High School students in partnership with Dean's Beans and APROS– a grassroots women's health organization founded by Guatemalan indigenous women from rural coffee villages with technical and financial assistance from Dean's Beans. CHICA! organizes health and social forums for indigenous girls to share vital health information, increase self-esteem, build community, and support each other in reaching their dreams. In addition, CHICA! Provides scholarships to indigenous Guatemalan girls to attend high school and college.

"Universally, the girls have identified lack of access to education as the number one impediment to social and economic empowerment in their lives," said CHICA! Co-founder Sarah Cycon (Dean's daughter). 84% of Guatemalan girls do not make it past the seventh grade due to economic and gender constraints. Yet, it only costs \$25–50 per YEAR to send a girl to school in Guatemala. CHICA! has responded to this need by establishing a scholarship fund to support the girls who participate in the health and social forums in attending high school and college. Dean's Beans is providing funding, and technical support for this project.



Participants of the first EVER Guatemalan Indigenous teenage girl's health and social forum. Organized by CHICA!, with support from Dean's Beans and APROS.

The sister of a CHICA! participant who will be eligible for a CHICA! Scholarship someday.



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, supply chain oversight, and the funding of people-centered environmental initiatives. 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. 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, land preservation 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 handling, disposal and storage of any agro-chemicals that are permitted (though this rarely applies to organics). Finally, FLO prohibits the collection of protected plant species. Dean's 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.

SYSTEMS / PROCESSES: *Environmental Management, CO₂ audit, supplier engagement, people-centered environmental initiatives in the coffeelands*

Although a small company, Dean's 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, environmentally sound waste management, 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 and 2007 CO₂ reports are 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. We were one of the first companies to work with UPS around CO₂ issues, and are one of only a handful of companies in the world that use UPS's CO₂ calculation tool.

FIGHTING GLOBAL WARMING

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. We believe it is our moral responsibility to do what we can to fight global warming.

ACTIONS TAKEN IN 2007 / 2008: *CO2 audit, implementation of environmental management system, installation of a particulate emissions system, land purchases and tree planting*

2007 was a year marked by our growing concern about Global Warming. Dean Cycon traveled to Colombia and saw and heard first hand the devastating impact of Global Warming on Colombia's indigenous peoples and coffee farmers. We are more impassioned than ever to fight Global Warming through our business practices. To this end, we are implementing a comprehensive environmental management system– a system of assessment and accountability which will help us to continually evaluate and decrease our environmental impact. We have completed our third CO2 audit which shows a 6% reduction in CO2 emissions, despite a 20% increase in the size of our business. This reduction was achieved through energy conservation and renewable energy solutions, including a 10KW solar panel which provides 65% of our electricity. To raise public awareness, we continue to sell NoCO2, a CO2 neutral coffee, which was developed by quantifying the amount of CO2 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. In addition, we are bringing in an environmental consultant to advise us on day lighting to decrease the need for electric lighting, as well as exploring ground–source heating as an alternative to propane. As well, we have launched a comprehensive composting operation, composting all food and coffee production waste.

THE PANGOA REFORESTATION INITIATIVE



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

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 talked about how their land has been severely degraded by previous "development" projects 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. All 500 trees have been planted and are thriving; at maturity, they will annually each sequester 50 lbs of CO2. Regular contact with the president of the Pangoa Cooperative, as well as two on-site visits in 2006 and early 2007 have assured the proper tracking of the program. Our funding for this model program has allowed the farmers to leverage more money, expand the program, and plant 80,000 trees. Knowing a good investment when they see one, the Green Development Fund has committed \$15,000 dollars to the project's continuation. This program is so successful that we are expanding it to other coffee communities in 2008, including the Oro Verde Cooperative in Peru which wants to replicate the success of the Pangoa project in their own community.

Engaging the Supply Chain

2007–2008 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. 2008 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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂ Audit Report:

- **In-house emissions**
These emissions include the burning of propane to power our coffee roasters, as well as the small amount of CO₂ emissions generated by the use of our company van, which primarily runs off of locally sourced bio-diesel.
- **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.
- **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.
- **Travel to the coffeelands**
Although flying can create large quantities of CO₂, 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.
- **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.
- **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 CO₂ emissions related to each and every package that leaves the Beanery. In 2007, we are working to include CO₂ generated by the transport of our coffee via ocean liner.

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 Communication in Progress, 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 2007-2008 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.

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 2008: *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 Communication in Progress 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. 2007-2008 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 2009 on these developments.

CONCLUSION

At Dean's Beans we look forward to another amazing year, marked by a continued commitment to the ten principles of the UN Global Compact. At Dean's Beans we have proven that you can build a profitable business based on social, economic and environmental justice. In the coming year we will continue to develop in-house policies and systems that support human rights, fair labor standards, and environmental responsibility. As well, we look forward to continuing to support people-centered development projects throughout the coffeelands.



TOWARDS THE FUTURE
GREATER TRADE JUSTICE
STRONGER ENVIRONMENT
DEEPER COMMERCE

100% Fair Trade

100% Organic



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