

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 16 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 third 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 page demonstrates 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 and supports war widows in the Coffeelands of Sumatra

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.



A family benefits from fair trade in Papa New Guinea

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 commitment 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 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 (SEP). This program returns to coops six 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 2008–2009 development work has supported human rights this year.

2008-2009 Country Reports

In the Coffeelands:

East Timor- Dean visited East Timor, the first coffee roaster from the USA to get up into the villages and stay with the farmers! This allowed Dean to fully analyze the supply chain and make recommendations to the coffee cooperatives and the President of East Timor, Jose Ramos-Horta, regarding needed changes in the fair trade system. We created the first direct trade relationship in coffee between a village cooperative in this country and a foreign buyer, as all coffee is mixed together without origin identification. This origin program will increase the awareness and price of this coffee, which should lead to the creation of additional origins within the country. We are also working with the Office of the President to assist their Youth Initiatives through sports to combat youth violence and instill values such as teamwork and self-respect. To this end we are supplying 100 fair trade soccer balls to the youth programs, complete with a fair trade curriculum to educate Timorese youth to the concept of responsible trade.

Ethiopia - Our school development program in Negele Gorbitu, Yirgacheffe has resulted in the building of a school room extending education to the fifth and sixth grade level, as well as funding a teacher for one year at a salary high enough to attract well-qualified candidates. We have also funded the extension of the village water supply to the school, to provide clean water to the students. We are working with Oromia Cooperative to design and fund a well drilling company to be owned and operated by the cooperative. This company will be able to drill wells at cost for the producer coops of Oromia, as well as earn income from drilling to private customers. This year, we are exploring the use of solar powered lights to allow schoolchildren to study at home at night (currently, most children either don't study or have to do so under a dirty and expensive kerosene lantern).

Mexico - The Death Trains that take illegal immigrants from the Mexican/Guatemalan border to the USA are rolling again, after being derailed by hurricanes that destroyed sections of the tracks. We have continued to fund prosthetics and job training for Death Train victims who have been repatriated to Nicaragua and Honduras, and are working on an educational and activism plan to make the owner of the train more responsive and responsible for the Death Train.

Guatemala - We have continued to support Coffee Talk, an indigenous language radio program that brings information and connection to rural Guatemalan coffee farmers who have few other avenues. We conceptualized and co-designed this project with Cultural Survival, a nonprofit indigenous rights organization. We have also shared the project with coffee cooperatives throughout Latin America in the hopes of duplicating it in other countries. We have also continued to evolve the CHICA program that empowers indigenous teen aged girls through peer to peer trainings in self esteem and economic development. Forty girls went through the first trainings and all have successfully re-entered or continued their schooling. Economic projects include craft and clothing, and food preparation for sale locally (pizza, cookies and other foods), all proceeds of which pay for scholarships for the participants. Cont. page 7.

Guatemala - Economic projects include craft and clothing, and food preparation for sale locally (pizza, cookies and other foods), all proceeds of which pay for scholarships for the participants. This is the world's first girl-to-girl empowerment program, and it is also the first (almost) fully self funding program for girl's empowerment. The project has been heartily embraced and invited to expand throughout Guatemala

Kenya - We are working to expand capacity for organic inspection in the country. Last year, we funded the first Kenyan to be trained as an international organic inspector. This year, we are working with Ryanjagi Coffee Cooperative to be the first Kenyan coffee group to receive organic certification. This will open up an entirely new market for Kenyan growers, with greatly increased income and increased environmental protection.

Peru - After introducing cooperatives Oro Verde and Pangoa into the fair trade market, both cooperatives have seen sales and income increase dramatically. Additionally, we are working with both cooperatives to increase farmer income through local roasting and sales of coffee, through cafes and mobile carts that we have funded. At Pangoa, over 80,000 hardwood trees have been planted by the farmers themselves to combat the effects of deforestation under earlier ill-advised "development" programs, and to counter the effects of global warming on the region. Our latrine program continues, offering protection to the environment and to public health. At OroVerde, we have also funded a day care center so that women can fully participate in the running of the cooperative by attending membership and committee meetings. We are also planning a new project this year with Veronica's House, a safe house for girls rescued from the child sex trade in Lima. The project will provide an income stream for Veronica's House and potentially place rescued girls with coffee farming families for safety, education, technical training and nurturing.

Nicaragua - After struggling to find a location for the first farmer owned café in Nicaragua, partner PRODECOOP reports finding a suitable location. We are working with PRODECOOP in the design and construction of the café/information/training center, as well as the construction of mobile coffee carts on the model of Oro Verde in Peru.

Rwanda - After providing funding for farmer participation in the first ever Men Overcoming Gender-Based Violence workshop, we fully funded a training at the cooperative level for thirty coffee farmers, male and female, co-facilitated by Dean, Rwanda Men's Resource Center and Men's Resources International. The results of this first full training were astounding, ending with a public ceremony of responsibility and forgiveness. The program has been applauded by the United Nations, which has funded extension of the work to three coffee cooperatives in Rwanda this year, using a train the trainers model to embed the work in each community going forward. We are also working on a new women's economic development project to bring increased income to farm families.

And here at home:

ECONOMIC DEVELOPMENT

Somali Women's Sewing Project: We continue to work 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 is 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 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 partnership with Partners in Health (PIH), we sell a special blend of Fair Trade Haitian coffee to support health care development projects in Haiti. Our NoCO2 coffee raises awareness about global warming. In partnership with the Pangoa Cooperative and the Veronica House for girls rescued from sexual slavery in Peru, proceeds from Veronica's blend support the building of loving, healing community, support, skill-building and economic empowerment for these wounded girls.

Javatrekker: Dispatches from the World of Fair Trade Coffee by Dean Cycon received the 2008 Independent Publishers Book Award Gold Medal in the Travel Essay category. With 9,000 copies in circulation and a new Korean edition, we have high hopes that this book will continue 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 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 or employment practices, we find it difficult to attract local people of color for employment. That said, we have strong representation of women in management and beanery floor positions.

A company-wide code of ethics, as well as a comprehensive employee manual is currently being developed, which will include policies and procedures that reflect our company-wide commitment to human rights, fair labor practices, equal opportunity employment, excellent benefits, and family-friendly policies. As well, we are developing an internal grievance procedure to resolve potential instances of discrimination.

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. 2008 and this current year have been marked by important initiatives to meet this objective, including the first year of the first-ever 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 the Empowerment of women and girls in the Coffeelands
VERONICA'S HOUSE



We are also planning a new project this year with Veronica's House, a safe house for girls rescued from the child sex trade in Lima. The project will provide an income stream for Veronica's House and potentially place rescued girls with coffee farming families for safety, education, technical training and nurturing.

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 require 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 recognize 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. Our company also administers an annual CO₂ audit, calculating and assessing our 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. Our 2007, 2008 and 2009 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 fight global warming.

ACTIONS TAKEN IN 2008 / 2009: *CO2 audit, implementation of environmental management system, installation of a particulate emissions system, land purchases and tree planting*

2008 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 3.4% reduction in CO2 emissions, despite a 9.98% 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, as well as by using renewable energies and by efficiently running our facility. In addition, we conducted an energy audit which concluded that we are running a highly energy-efficient operation. Finally, we have a comprehensive composting program.

SOMETHING NEW AND EXCITING ENVIRONMENTALLY



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.

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 and 2007 CO2 Audit Reports:

- **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 employee 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 emissions 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 2009, 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. 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 2009: *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 are currently creating a code of ethics and comprehensive employee manual.

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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DEAN'S BEANS ORGANIC COFFEE

2008 Carbon Dioxide Emissions Report

- I. Introduction**
- II. Data**
- III. Break-Down of Emissions Sources**
- IV. Carbon Mitigation Strategies**
- V. Considerations for Future Reporting Years**

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2008 CO₂ Emissions Report

I. INTRO – Welcome to Dean’s Beans fourth annual CO₂ Emissions Report. In this report we calculate and interpret our CO₂ emissions data from 2008 as compared to previous years. This data is invaluable in evaluating our environmental impact, and helps us reach our goal of becoming a carbon neutral business.

SCOPE - The scope of the 2008 report reflects that of 05, 06, and 07, with similar reporting boundaries, which include our use of energy and electricity in-house, employee commutes, travel, product shipments through UPS, and the delivery of green beans to our MA roastery. Relying on the Global Reporting Initiative’s (GRI) documentation on Greenhouse Gas Reporting, we have divided emissions into Scope 1, Scope 2 and Scope 3 categories. Scope 1 refers to those emissions we have direct control over – such as the propane used to power the roasters, or the company owned van; these are referred to as “direct emissions”. Scope 2 refers to those sources of CO₂ created by the purchase of electricity, steam or heat. Scope 3 emissions include all other emissions generated by a company’s activities, but not owned or controlled by the company. From commuter travel to the decomposition of solid waste in land-fills, Scope 3 emissions are far-reaching. By considering these varied, and seemingly endless, sources of emissions, we are challenged to reflect on the company’s overall environmental impact.

According to the GRI, Scope 1 and Scope 2 emissions must be reported, while scope 3 emissions do not need to be calculated. Dean’s Beans has been pro-active in collecting Scope 3 data, calculating emissions produced from the delivery of our coffee through UPS, the delivery of green beans to our roastery, and employee commutes. Our willingness to include these calculations makes it difficult to control the absolute reduction of emissions, as we can’t control, say, UPS’s operations or the efficiency of our employees’ vehicles. However, we believe that greater gains will be realized for us as a business, and for those stakeholders we engage with, if we make a legitimate (and ambitious!) attempt to tackle Scope 3 emissions. A breakdown of all 2008 emissions sources are located in Table I.

2008 TRENDS - In 2008, Dean’s Beans roasted 377,168 pounds of coffee, an increase of 3.12% over 2007 roasting data, and 23.4% over 2005 roasting data; the business itself grew by approximately 9.98% from 2007, and 14% from 2005. Despite a 3.12% growth in coffee production from 2007, 2008 CO₂ emissions decreased by roughly 4.18% from 2007 (105.47 metric tons in 2007 to 101.06 metric tons in 2008), and 23% from 2005 (131.25 in 2005 to 101.6 metric tons in 2008). The overall decrease in CO₂ emissions can be mainly attributed to reductions in propane and electricity usage. However, increased production has inevitably led to increases in CO₂ emissions in certain categories (Table II).

OFF-SETS – We do not buy renewable energy off-sets (“green-tags”) for our emissions, or, as some companies have started doing, purchase electricity off-sets for non-electricity produced emissions. We think such measures are lazy and confusing to consumers. Instead, we are focused on reducing our energy load, transitioning to renewable energies for those activities we can influence (electricity use, propane, van deliveries), and off-setting those emissions that we have no control over (green bean shipments, UPS deliveries). In 2006, we began the Pangoa Cooperative Reforestation Off-set Initiative in Peru. Working with local coffee farmers, we designed, funded and implemented a program that resulted in the planting of 500 trees in 2006. Working under the premise that the 500 trees that have been planted reach full maturity, the reforestation project will provide us with an annual CO₂ reduction of 11.2 metric tons. Part of this reduction will be isolated for our NoCO₂ coffee, and the remaining off-sets will be ear-marked for the company’s Carbon Neutral Initiative. More importantly, we are proud that our leadership and funding has not only paid for the planting of 500 trees, but has allowed the farmers to leverage additional, outside funding. The result: Pangoan farmers have planted 80,000 trees since the program’s inauguration. 80,000 trees reaching full maturity will result in an annual CO₂ reduction of 1792 metric tons. This is over 17x our company’s total annual CO₂ emissions! We will be replicating this reforestation initiative in additional coffee communities in 2008, with the goal of having the program up and running in all coffee communities we work within the next five years. Refer to section IV to learn more about this exciting work.

II. DATA

TABLE 1: Breakdown of 2008 CO2 Emissions

EMISSIONS SOURCE	METRIC TONS OF CO2	EMISSIONS TYPE
<i>Flights (including car transportation to airport)</i>	5.22	Indirect (scope 3)
<i>Car trips (vehicles not owned by the company)</i>	.73	Indirect (scope 3)
<i>Van deliveries</i>	3.7	Direct (scope 1)
<i>Propane</i>	36.3	Direct (scope 1)
<i>Commute</i>	13.49	Indirect (scope 3)
<i>Electricity</i>	10.9	Indirect (scope 2)
<i>UPS</i>	21.8	Indirect (scope 3)
<i>Green Bean Freight (train and tractor-trailer truck)</i>	8.92	Indirect (scope 3)

TOTAL: 101.06 metric tons

CHART I: 2008 CO2 Sources

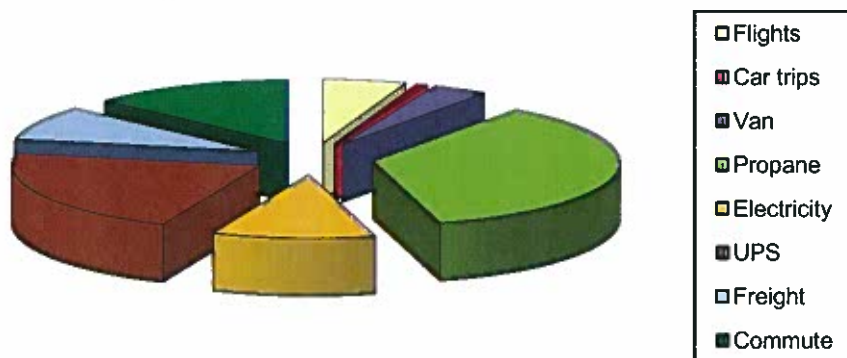
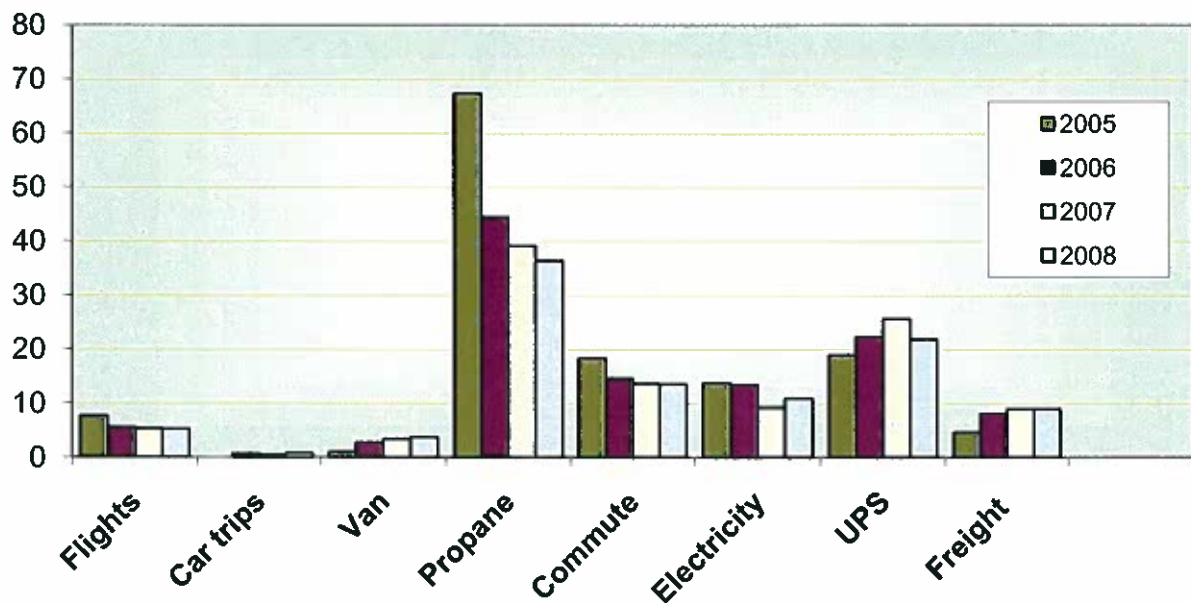


TABLE II : Comparison of 2005 / 2006 / 2007 /2008 CO2 Emissions Data

EMISSIONS SOURCE	METRIC TONS OF CO2 2005	METRIC TONS OF CO2 2006	METRIC TONS OF CO2 2007	METRIC TONS OF CO2 2008	% CHANGE 07-08	% CHANGE 05-08
<i>Flights (including car transportation to airport)</i>	7.58	5.57	4.3	5.22	+21.4%	-31.1%
<i>Car trips</i>	n/a	.66	.351	.73	+108%	+10.6%
<i>Van deliveries</i>	1	2.48	3.4	3.7	+8.8%	+270%
<i>Propane</i>	67.3	44.43	39.1	36.3	-7.2%	-46%
<i>Commute</i>	18.32	14.66	13.65	13.49	-1.2%	-36.4%
<i>Electricity</i>	13.76	13.39	9.19	10.9	-18.6%	-20.8%
<i>UPS</i>	18.9	22.3	25.6	21.8	-14.84%	+15.34%
<i>Green Bean Freight (train and tractor-trailer truck)</i>	4.58	8.07	8.92	8.92	0%	+94.8%
TOTAL	131.44	111.56	104.51	101.06	-3.4%	-30.06%

CHART II: Comparison of 2005 / 2006 / 2007 / 2008 Data

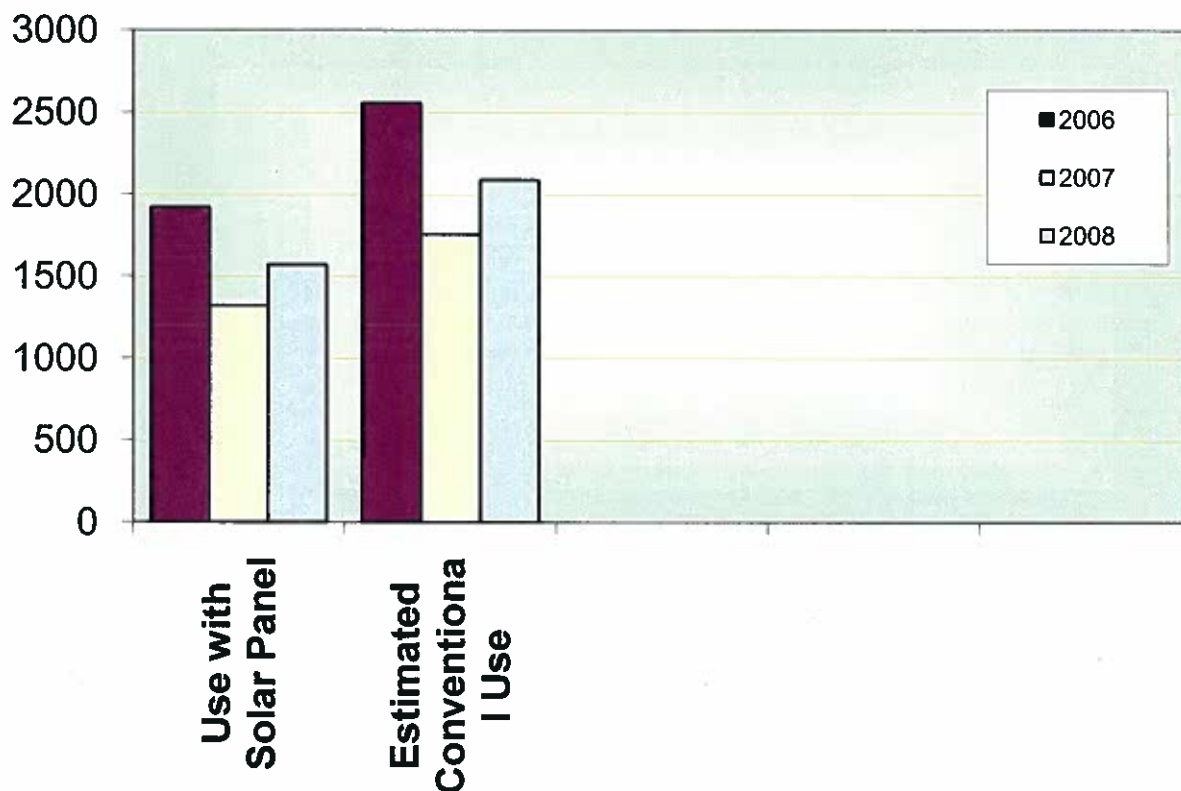


III. Break Down of Emission Sources

ELECTRICITY USE - Deans Beans installed a 10KW solar panel system on the roof of the roastery which went live in July, 2006. As a result, we have seen a dramatic decrease in the company's use of conventional, on-the-grid electricity usage, despite dramatic increases in production. From 2005-2008, conventional, on-the-grid electricity consumption decreased by 7886 watts, decreasing CO₂ emissions by 33.2%, despite a 36% increase in production during that time. Although our electricity consumption increased from 2005-2008 due to rising production consumption of conventional electricity decreased as the consumption of solar electricity increased. From Chart III you can see our average monthly consumption with the use of solar panels and the estimated conventional electricity consumption if we had we not installed solar panels.

Data was collected by using National Grid invoices. Calculations were made using WRI formulas, and Massachusetts electricity production emissions factors supplied by the EPA.

CHART III: Average Monthly Electricity Use 2006 / 2007 / 2008



GREEN BEAN DELIVERIES – Dean's Beans purchases coffee through Royal Coffee, and our green bean buying cooperative, Cooperative Coffees. Green beans are delivered to US ports, stored in warehouses, then shipped to us either by a combination of rail and freight, or just freight. Green beans from Royal Coffee are delivered to a Los Angeles port, and green beans from Cooperative Coffees are delivered to a port in New

Jersey. Reflecting an increase in production, the number of deliveries in 2008 stayed the same as the previous year. The increase in shipments from seven in 2005 to eighteen in 2008 has resulted in a 94.8% increase in CO2 emissions.

As a small company, we have no control over a) where green beans are brought to port and b) how they are ultimately delivered to us. Our only real option is to try purchasing more coffee with each shipment, decreasing our need for multiple deliveries. Unfortunately, this is also dependent on warehouse space and harvest cycles.

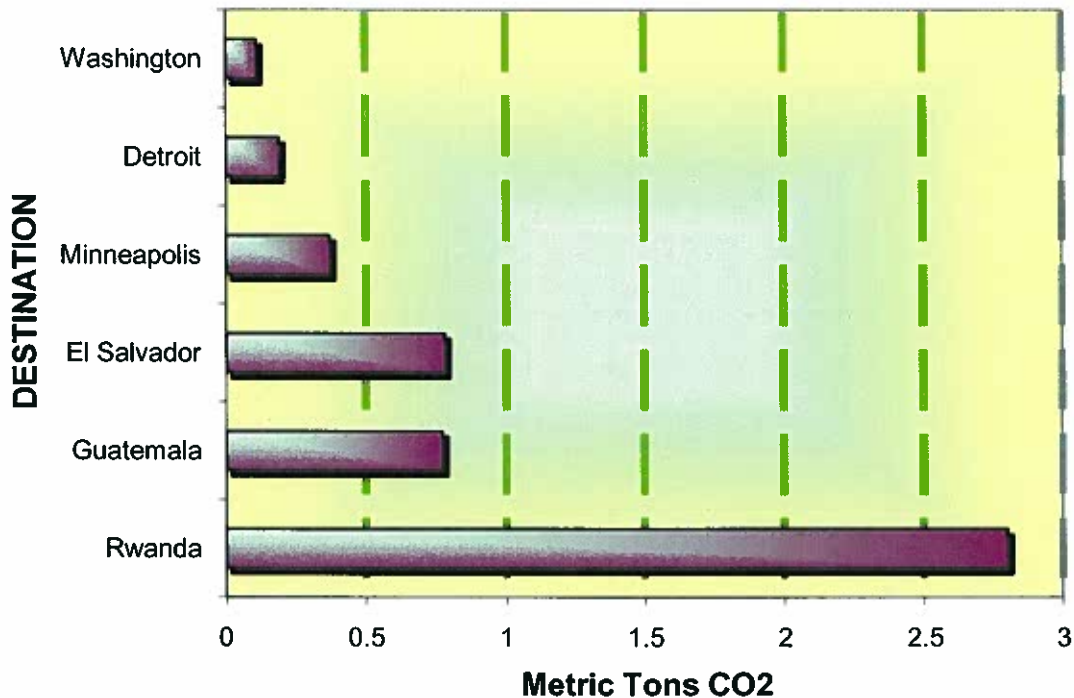
Data was collected by reviewing shipments received in the Green Bean Receiving Log. The length of the trip was estimated by using Yahoo Maps, though more or less direct routes may be used by truck-drivers and trains. Emission factors for trains were found in WRI literature. Emission factors for freight were based on an average supplied by the National Commission on Energy Policy and the EPA. Train deliveries were calculated to Springfield, MA, and then freight was calculated from this destination. All deliveries were considered one-way trips.

BIO-DIESEL TRENDS – The company has been unable to secure a reliable source of 100% biodiesel, and instead uses a 20% biodiesel mix for our delivery van during six months of the year. As the number of deliveries and delivery route changed only slightly from 2007-2008, reflecting a slight increase in CO2 emissions over the past year. The dramatic increase in CO2 emissions from 2006- 2008 can be attributed to the unavoidable move from 100% to 20% biodiesel.

According to the EPA, a 20% bio-diesel mix is 15% cleaner burning than regular diesel, and a 100% biofuel mix is 75% cleaner burning. The following were assumed for the calculations: a) the van has a gas mileage of 24 miles / gallon, and b) that it travels 182 miles per week, for 52 weeks a year.

Air TRAVEL - Our emissions from air travel to the coffeelands increased by 21% from 2007-2008 as Owner Dean Cycon took more trips to the Coffeelands. There has been a 31% reduction in CO2 emissions from air travel from 2005-2008.

CHART IV: CO2 Generated by Plane Travel



Using WRI data, flights were split into 3 categories— long, medium and short— depending on their length, which determines the emissions factor. To this was included the emissions generated by a round-trip car trip to the airport. However, because of a lack of information, car-trips were not included at the point of destination, nor was car travel in the coffeelands included.

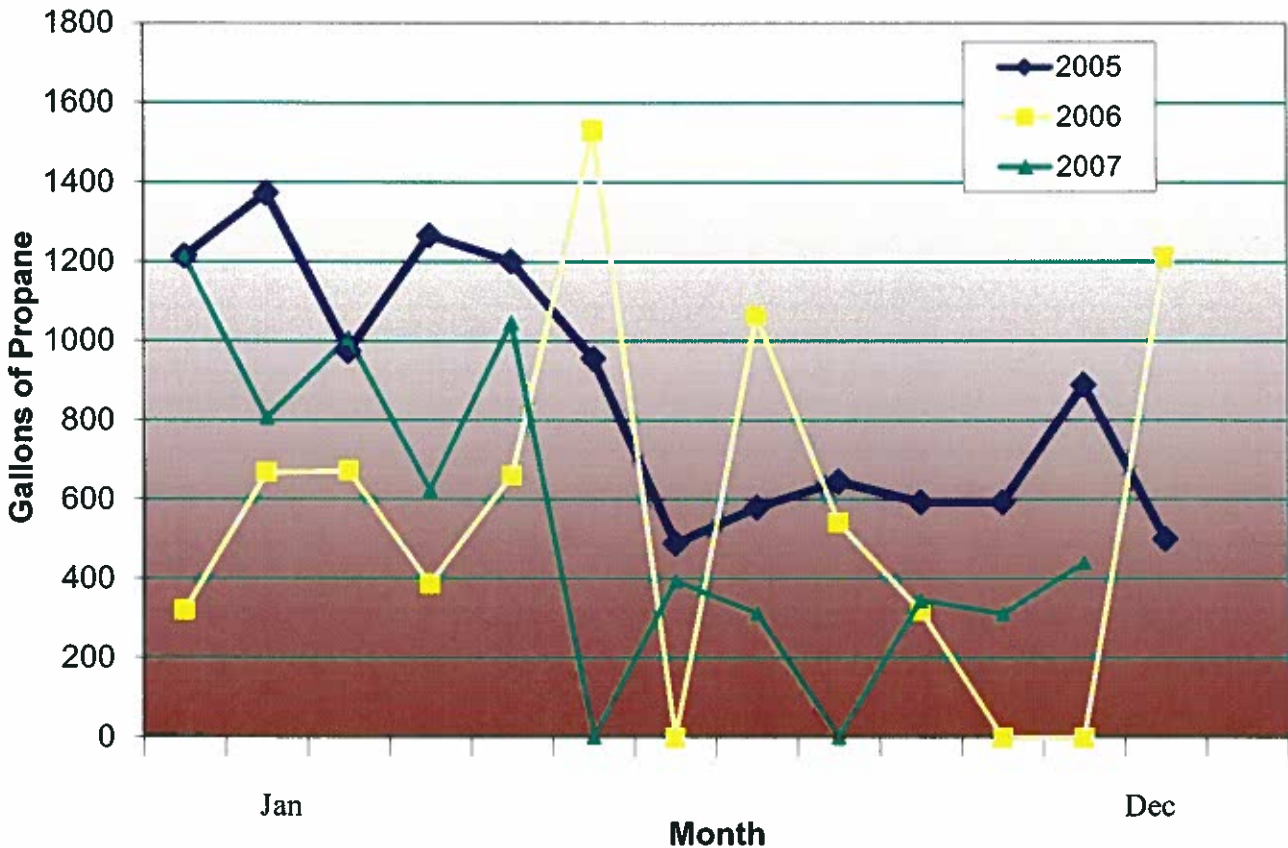
CAR TRAVEL – We still do not have a formal system to track car trips taken to various regional locations, be it for coffee tastings, presentations, equipment repair or general business. 2005-2008 data is estimated.

Car trips were calculated using the gas mileage of the car in use. It was assumed that the trip was round-trip. Yahoo maps was employed to determine the length of the excursion.

PROPANE In 2008, the most significant reduction in CO₂ emissions came from our cut in propane use. In 2005, it was decided that the amount of energy used by the roasters' afterburner was disproportionably high compared to the benefits it offered. No where else in the business was as much energy being used. The solution to this problem has been to install a wet scrubber electrostatic precipitator (WSEP) that uses the energy equivalent of a 60 watt bulb, and has decreased our particulate emissions.

Data was collected from monthly propane bills and information provided by WRI was used to calculate the quantity of CO₂ generated

CHART V: Propane Use 2005 / 2006 / 2007 / 2008



UPS – 2008 saw an decrease in the amount of CO₂ produced from UPS shipments. Shipments were down 14.84% from 2007 to 2008, but up overall by 15.34% from 2005 to 2008. (19,345 shipments in 2008, versus, 22,757 shipments in 2007, versus 20,111 shipments in 2006, versus 16,813 shipments in 2005). We are in communication with UPS’s environmental director, and are one of only a handful of companies in the world using UPS’s CO₂ calculation tool. By engaging in dialogue with and expecting more from UPS and other transportation services, we are pushing for industry change. As more and more companies start calculating their carbon footprint and asking the right questions, we believe shipping companies and other vendors will follow suite.

This calculation was made using an excel tool created by UPS. The data used was number of packages shipped. It should be noted that a small percentage of packages were shipped through the US Postal Service. A lack of quality information about the Postal Service’s shipping practices, including delivery routes and the gas mileage of its fleet, makes calculating any associated CO₂ emissions particularly difficult. Engaging with USPS should be a priority in 2008.

EMPLOYEE COMMUTE – CO₂ emissions generated by employees commuting to Dean’s Beans dropped by 1.2% from 2007 to 2008 and by 36.4% from 2005 to 2008.

More employees live closer to work than they did in 2005, and two employees started carpooling in 2007.

Emissions were calculated according to emissions factors provided by WRI, the round-trip mileage attributed to each employee's commute, and the gas mileage of his car. If an employee took any vacation, this was deducted from the assumption that each employee works 5 days a week, 52 weeks a year. This Scope 3 emissions tally should not be considered 100% accurate, given that a) on some days employees might take different routes to work b) the speed with which one drives (highway vs back roads), and the stops involved, changes the gas mileage c) gas mileage shifts according to temperature and d) not every employee necessarily provided the most accurate data about their gas mileage.

IV. CARBON DIOXIDE MITIGATION STRATEGIES – Like many companies concerned about climate change, we know that the obvious way to combat global warming trends is to entirely halt the generation of green-house gas producing emissions. However, for any business, this is rarely easy, or practical. When access to new, carbon reducing technologies can be restricted by high costs, many businesses tend to balk at making these sorts of expensive investments. However, a portfolio of mitigation strategies can yield favorable results, and important reductions in emissions.

Dean's Beans approach to carbon mitigation involves cutting back on Source 1 and Source 2 emissions, and doing so with the adoption of energy conservation and renewable energy solutions. It also involves looking for innovative projects with coffee communities to sequester emissions that have already been produced, and which are often attributed to "unmanageable" Source 3 emissions. Dean's Beans asks two questions when taking a serious look at its own emissions sources: 1) how can we be more efficient in those areas where we maintain some control over our activities and 2) is it reasonable to assume that we can use new, cleaner technologies to reduce emissions?

CARBON MITIGATION AND PEOPLE-CENTERED DEVELOPMENT –

Inspecting closely our mitigation options from 2005 to 2007 has led us to some interesting conclusions about how we can be a more efficient, climate friendly business that *still prioritizes improving the lives of coffee farmers and their communities across the globe*. What we have discovered is that while new technologies, such as the solar panels we installed, are important, we are in a unique position to implement highly efficient and effective people-centered reforestation initiatives that will lead to much larger CO₂ reductions for less money than it costs to transition to renewable energy technologies.

Dean's Beans has strong ties with farmers in the global south, farmers whose connection to the land informs their desire to sustainably manage it. Our conversations with farmers about sustainability and global warming have consistently turned to the subject of tree planting and land regeneration. Planting trees has many benefits aside from their powerful carbon sequestration abilities. Trees fix nitrogen in soil, prevent ground erosion and landslides in times of heavy rain, they attract diverse forms of wildlife, and clean the air. In addition, tree

planting can create jobs for locals, and certain trees – fruit and nuts – can diversify farmers' income, spreading their risk across a range of products.

Our first reforestation project in Peru arose organically from conversations with the Ashinankas, a group of indigenous farmers who belong to the Pangoa Cooperative. Their sacred lands have been illegally forested since the 1970's, and they wanted help in designing and sustaining a tree-planting program. With money from Dean's Beans (\$2,000) they began the tree-planting in early 2006, constructing a tree nursery accommodating 500 seedlings. 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. As well, it bears repeating that our funding for this model program allowed the farmers to leverage more money, expand the program, and plant 80,000 trees. This program was so successful that we will expanding it to other coffee communities in 2009.

IN-HOUSE CARBON MITIGATION – Our current in-house renewable energy initiative includes: an annual CO₂ audit, a 10 kilowatt solar panel and the use of bio-diesel for the company owned van. We are currently exploring ways to increase our energy efficiency through improved insulation, daylighting as an alternative to electric lights, and other methods of decreasing our energy load. As well, we are exploring the option to installing a ground-sourced heating system.

The decision to install solar panels on our roof was made in 2005. Although very expensive, this appeared to be one of the most responsible moves we could make as a business committed to environmental sustainability. Instead of purchasing green-tags, we were going to go the extra-mile and make upwards of 65% of our own electricity. As a small business installing a sizeable system on its own facility, we also sought to demonstrate to larger businesses that they too could step up to the plate, supporting the construction of a new energy infrastructure.

COMPARING STRATEGIES - In retrospect, and after doing a simple cost-benefit analysis, it appeared that maybe we hadn't made either the most cost-effective, or even, for that matter, the *most* environmentally friendly choice by going solar. It made us uncomfortable to look at the numbers, especially as we heartily support the renewable energy movement. The benefits of solar were obvious, and yet it looked like the money we had earmarked for the project could have been better used in the fight against Global Warming. Looking at the cost-benefit analysis, we realized that if we were to simply consider a net-contribution or deduction of CO₂, then trees exceeded the panels by 3000%. In other words, for every 1 metric ton of carbon dioxide *not emitted* by the use of our solar panels, 3,000 metric tons of carbon dioxide would have been sequestered by

trees purchased for the same price.¹ Given that the expensive solar system also only supplies 65% of our electricity consumption, it would appear that, for the simple endeavor of mitigating emissions, trees stood out as a more efficient option.

If we had it to do all over again, we would probably still erect a solar panel system. Like trees, there are benefits that surpass those attributed to climate change gains – supporting national energy security, engaging in an important movement, and living more lightly on the land. However, we think we will achieve greater gains in the future by focusing on our area of expertise – People-Centered Development. Given our distinctive relationship with farmers across the world, we will most likely focus our attentions in the coming years to spreading learning about global warming in the coffeelands, and initiating long-term tree-planting projects that will continually help the Earth and her people.

TOTAL VS RELATIVE REDUCTIONS IN CO₂ - By participating in an off-sets program, we do not intend to shift attention away from our actual emissions. We continue to seek absolute reductions, decoupled from production. We don't want to mislead our customers with slick calculations that show that per pound of coffee roasted, CO₂ emissions have gone down by x percent. We find that lots of other companies are doing this. While their overall operations might be getting more efficient over time, their total emissions continue to rise. As we did in 2006, we intend in 2007 to find ways to reduce our *total* emissions.

V. CONSIDERATIONS FOR FUTURE REPORTING YEARS - As a company that does better business by stretching itself to exceed the status quo in environmental management and social responsibility, we decided in 2005 to include certain emissions that *we did not necessarily create* (Scope 3 emissions). While many reporting companies will include emissions created on site, through electricity and energy use, or even commuter travel, fewer are willing to step back and look at the bigger picture of their activities. In 2005, this led us to reflect on the very nature of our business, and how we play a role in the world of international trade. We felt that, as a coffee company, we must be responsible for the emissions created not only from our activities in-house, but also for those created by the shipment and delivery of our over 300,000 pounds of coffee.

SCOPE EXPANSION - Despite the recognition we've received for including some important scope 3 emissions, *as we move into another reporting year we recognize that we can still consider an even wider range of who we are and what we do*. While in a first phase we analyzed the emissions from coffee deliveries,

¹ These calculations are based on the following assumptions: our solar panels cost us \$90,000, planting a tree in the tropics costs 10 cents. A mature tree will sequester 50 lbs of CO₂ while 1 solar-power generated kilowatt hour in the state of MA will sequester 1.28 pounds of CO₂.

we also have a variety of goods delivered, ranging from office products to coffee roasters and t-shirts, and each of these deliveries contributes to global warming. This notion deserves more research, and we intend to inspect this more closely in 2009. Our greatest barrier, as we plunge into this uncharted territory, will be to locate quality information from our various vendors, and to ensure their participation. It was really only through UPS's willingness to engage with us that we were able to successfully retrieve information that pertained to our shipping methods, and we hope to establish similar partnerships down our supply-chain.

POTENTIAL COST SAVINGS - Pursuing an even more in-depth analysis of our emissions sources would lend Dean's Beans the opportunity to consider improvements in, say, product delivery efficiency. This could reduce CO₂ emissions *and* increase our cost savings. Similar gains might be realized, for example, by tracking the CO₂ generated by our solid waste disposal. Recording these emissions can help pinpoint where Dean's Beans is inefficiently using resources. Generating this important information may be best integrated into the larger context of an Environmental Management System.

REGIONAL INITIATIVE – While the issue of Global Warming is being tackled by small and large businesses alike, it is also being addressed in regional, multi-stakeholder forums. The Eastern Climate Registry, established in 2003 and supported by 10 regional states, has been developing a regional initiative that organizations can participate in to voluntarily report their emissions. The Registry is integrating reporting organizations' audits. This is an opportunity for Dean's Beans to participate in the larger movement of Greenhouse Gas reporting, and support an important trend in the region. Specialized software has also been developed by the Registry, which includes calculation tools for all Green House Gases. Including these emissions in future audits may be another logical step in the expansion of Dean's Beans work to combat climate change.