

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 fifth 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	5
Principles 3, 4, 5, & 6	8
Principles 7, 8, & 9	9
Principle 10	12

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 meets with farmers in Jinotega, Nicaragua

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 cannot 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

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.



Dean visiting a farmer family in Sumatra, Indonesia

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. 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 to learn how our 2012-2013 development work has supported human rights this year.

2012–2013 Country Reports

In the Coffeelands:

Mexico: Our relationship with the Proisch-ARIC growers association continues. We have recently completed the first phase of a project to promote and deepen the association's Organic program, and we are in the midst of planning a second phase. The growers plan to hold workshops in the elaboration of a low-cost, high-potency Organic compost called 'Bocoshi'. They will train local 'promoters' how to make the compost who will then travel out into the farmer communities to pass the knowledge on. They are currently consulting other farmer's cooperatives that we work with to gain insight.

Guatemala: Our CHICA program in Guatemala is currently on hold. Due to organizational difficulties in-country, the women's health promotion workshops are not being held. This has been a learning experience for the trainers as well as for us. We are working hard to get the program back on track this year.

Peru: We deepened our relationship with the Oro Verde Cooperative in Peru in multiple ways this year. First, we sent our first-ever socialXchange for a weeklong exchange to the Coop. This served to give our customers a deep understanding of where their coffee comes from, and to help Oro Verde develop a tourism business. We also sold Oro Verde our used 70 Kilo coffee roaster. The Coop is hoping to expand their roasted coffee business, and we've been glad to help. Also in Peru, at the Pangoa Cooperative, we have continued our multi-year internship program. Our last intern was very active, starting a recycling and reforestation program, and hosting bi-monthly environmentally focused movie nights.

Nicaragua: Our relationships with two Cooperatives in Nicaragua have deepened considerably this year. We purchased the first-ever export from a farming community in Achuapa, Nicaragua. The growers of this coffee have also sold their product on the local market for low prices and so were thrilled to be exporting to the United States at fair trade prices for the first time. The coffee arrived in Massachusetts with the names of the individual farmers printed on the coffee sacks. This process showed full traceability and transparency as well as respect and recognition for the farmers. Our other new relationship in Nicaragua is with the SOPPEXCCA Cooperative. We sent Rosalia Roché Navichoc, from Guatemala, to lead women's empowerment workshops there. We also sent an intern to work on women's development projects in Achuapa and SOPPEXCCA.

Haiti: We began a new relationship with a grower group in Haiti this year. The price that we are paying to the farmers is very high, helping the farmers to gain trust in an industry that has historically been very abusive. We hope to further develop this relationship in the new year.

World Wide: As reported in this Communication last year, we have been participating in the growth and development of a new fair trade certification called the Small Producers Symbol. It is a certification created and administered by a small farmer's organization, and holds very true to the deepest ideals of the fair trade movement. We are proud to launch this use of this certification of some of our coffees this year.

And here at home:

RECOGNITION

This, our 20th year, was an exciting one for external recognition of the work we've done over the past two decades. First, we received the Oslo Business for Peace award, also called the 'Nobel Prize for Business'. Out of five honorees, we were the only American company selected. Second, we were recognized by UNWomen with the Leadership Award for Community Engagement.

ENVIRONMENTAL SUSTAINABILITY

Our comprehensive environmental management system includes energy conservation, the use of renewable energy, solar panels, environmentally sound waste management, recycling and composting. We also launched a new product – our recyclable 'ReCups', compatible in many single-serve brewing systems. The vast majority of single-serve cups are not recyclable and billions have now entered landfills. We feel that our ReCups are a more environmentally sustainable alternative.

PUBLIC EDUCATION

We have been incredibly busy spreading the word about organics, fair trade, social justice and more by talking at universities, colleges, high schools and faith communities around the country. Dean was recognized at the Fetzer Institute's Global Gathering in Assisi, Italy as an Exemplar of manifesting compassion through our business, and we continue to actively participate in the UNWomen working group on Women's Empowerment. Dean also gave a powerful TEDx talk! Our crankin' internship program has offered lots of college and high school students directed learning about social justice through projects at home and in the coffee villages. We are sponsoring the Songs for Social Change Program at Berklee College of Music and sponsoring a series of hard-hitting documentaries on Link TV. Dean's award-winning book, *Javatrekker: Dispatches from the World of Fair Trade Coffee*, was the first fair trade/social justice book to be published in Chinese and has been very popular in that market.

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 transparency and accountability, we have been granted member-status in the Fair Trade Federation, an organization of 100% fully committed fair trade companies. We are also registered by the Small Producer Symbol, a certification scheme created and operated by farmer organizations.

ACTIONS: *Spreading the word about Fair Trade, 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. 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.

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 cultural 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 has been developed, which includes 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 have developed an internal grievance procedure to resolve potential instances of discrimination.

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 has implemented 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.

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 use, as well as tree-planting in the coffeelands that supports land regeneration. We believe it is our moral responsibility to fight global warming.

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, and an environmentally sound waste management. 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 past 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.



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.

- **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 2008, 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. 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 2014: *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.



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