



I am pleased to confirm that FarmMountain support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti Corruption.

In this second annual Communication on Progress, we describe our actions to integrate the Global Compact and its principles into our way of handling our business, culture and daily operations.

We are also committed to share this information with our stakeholders using our primary channels of communication - our coffee book.

Yours sincerely

Lars Bendix



FarmMountain's "walk the talk"

Our primary focus has always been to obtain the highest quality coffee possible. That's why we're present at the coffee's source, right alongside our coffee farmers.

But that is not all: our goal is to quadruple our farmers' income by 2015. By working together, supported by you, Senior without Borders, our customers, we are convinced that our farmers' coffee can be so unique, that its price will double at a minimum. Simply put, the better the coffee, the higher the price, and the closer we get to achieving the Millennium Goals.



Our values are based on the UN's Millennium Development Goals for 2015. Everything we do is intended to make progress towards reaching them. We also require our farmers to sign the UN's Global Compact, as we believe its values to be essential for our relationship.

We are however confident that our customers can taste the difference in every great cup of FarmMountain coffee, produced laboriously, and with great love, by our farmers.

Communications on Progress

At FarmMountain we do everything in our power to support the four main-areas: human rights, labor, environment, and anticorruption.

FarmMountain is continually trying to improve the conditions for our coffeefarmers in Uganda and Malawi. The farmers are not employed by us, but we still perceive it as our responsibility to ensure them a reasonable standard of living.

As a small company we have very limited resources, and therefore we depend on our partners to help us make a difference. Our partners are Go Local, Danida, Seniors without borders, Frellsen Coffee and Lauritz Foundation. Our partners help us in different projects that support our work with the farmers and further help raising their standard of living.

Like the fact, that most of the women in the farmer's families where cooking inside their houses, causing the smoke to pollute the air so severely, that it corresponds to the women and the children inside the houses each smoking 40 cigarettes a day. In those cases, we turn to our partners and connect them to the problems so that together we can find the right solution.

Up to date FarmMountain and Seniors without borders has with the help from farmers build 1200 stoves, and another batch of 1200 stoves are to be build in 2014.

To reduce the felling of trees we have learned people to build energy-efficient stoves to replace cooking over three stones .

The smoke is now headed out of the huts and it will ultimately reduce the incidence of serious lung diseases , especially among women.

It's vital and hard to get dry wood to get the fire burning in a proper way in this rainy area .

Therefore we have started a project in which small groups have learned to make briquettes of biological waste, eg . shells of coffee beans , banana leaves etc. The briquettes burn at a high temperature and reduces smoke more .

The groups sell the briquettes to the other residents and thereby a side income for the coffee.

It gets even better when the Jatropha plant begins to be harvested for the oil-rich nuts. They are planted as hedges and are sold in small nurseries run by single women who are in a difficult situation . In the near future the crushed enjoyed included in the coals and make them even better.



Human rights

We believe in, and support the idea that, all people are equal. Therefore we work actively with creating better opportunities for women.

Too many young girls have to leave school early . It has several causes : early pregnancies can not afford school fees , violence and sexual abuse , to name the most important.

But they are also at home when they have their menstrual periods due lack of volume. Each district has a group of these drop- outs learned to sew washable pads and an extra course means that they are now able to sew including school uniforms . In this way they create an income.

It is not enough to create an income , it is important to be able to read and write. Therefore , we conducted courses for men and women who do not have these skills. Up to 200 participated and we hope to get money to continue. Specifically , we hope to start a course for young people who have dropped out of school .

It's all tied together by our support for the formation of credit and savings groups. Once a week meet members of these groups (about 30 people). They pay a weekly deposits that are stored in a common pot and each has a kind of savings account .

You can borrow up to 3 times its subscription and pay back the loan within three months. The Group determines the interest rate.

At the end you get paid its savings pool. The money is typically used to hold Christmas and school fees , but more and more people are using money productively : purchase used clothing that they sell in the market, purchasing more material for their small business, selling corn wholesale etc.

To support the farmer's health they are being taught about aids and how to protect themselves against it. We have tested the farmers, so those who have aids can avoid causing others to get infected. The work to prevent aids is being carried through in cooperation with Danida.

You can read more about SuG on facebook page Rural Development Mt. Elgon and Budaka.



Labour

We treat our farmers with respect and regard them all as being equal. We employ women under the same conditions as men, and we doesn't use child labor. When negotiating terms of agreement we always communicate directly with our farmers. That way we avoid third parties trying to cheat the farmers, and we know exactly what kind of arrangements we are committing to.

We feel a great responsibility towards our farmers, since they are doing everything they can to meet our demands towards quality. Therefor we are paying them a price higher than that of the global market.

Our long term goal is to ensure the farmers an income 4 times higher than when we started trading with them in 2007. One of the means to that goal is to develop high quality coffee, which can be sold at a premium price. Therefor it is a slow process, since it requires the quality to be developed and the customer's getting used to paying for good coffee.

Also we are helping the farmers to earn or save money in other ways than coffee. We are planting Jatropa trees, from where the farmers can collect oil to use or sell as fuel.

Environment

Our coffee is produced without any use of pesticides. We don't have the official ecological certification, since that requires a lot of demanding paperwork from the farmers. To us the most important thing is to know, that we are doing things right, and not, that we are telling our costumer's, that we are doing one thing right. We are educating the farmers in sustainable farming to ensure their awareness towards the great responsibility they have when living and working in a natural environment as fragile as the rainforest. We are continually working on preserving and restoring the rainforest. We are therefore planting shadowtrees, which provides shadow to our coffeetrees and prevents mudslides. The shadow trees are grown in orphanages, from whom we buy the trees.

To make sure, that the shadowtrees are left alone, Jatropa trees are planted around all the farms. They provide protection against cattle entering the fields and destroying the coffeetrees. At the same time, they provide the farmers with wood to burn, so they won't have to harm the rainforest in order to collect wood.



Anticorruption

We do not in any way give in to corruption. We only deal with our farmers and the people working with them whom we have absolutely confidence in. We have never bribed anyone, or received anything under the table, and we do not allow our partners to do so either.

We know that corruption is a big issue in Uganda and Malawi, where we do business, but we have made it very clear that we do not support that, and don't want to do business with anyone who does.

We have experienced corruption with one of our suppliers, and when we found out, we refused to continue working with them, and advised them to find a new chairman and get things sorted out.

We have now resumed cooperation with the supplier in question, since they have selected a new chairman, and are now free of corruption. By ending all cooperation with the supplier, but giving them a second chance when they are back to doing things right, we believe we are setting the example, that the only way of running a successful business is to run it properly.

One issue on corruption or indication on this happened in our daily business with a bank.

We tried together with our partner to open it, but nothing happened in a 3 month time.

First when we official wrote to the bank to terminate the L/C they opened the day after.

We have a zero anticorruption statement in our branding book, and communicate it on a regular basis.

Monitoring and Evaluation.

The CEO regularly informs the organisation, which initiatives have been initiated. Furthermore we discuss daily how we can improve our brands value by setting up CSR initiatives. When we measure the outcome by numbers, we can measure the impact of units or customers that chose us compared to traditional products without visible CSR profile.

With our partners we see the improvement by having a quantitative and a qualitative research with the farmers - based on common sense and the farmers feedback on their income level.

This is however a problem we have to look into in 2014. Some farmerfamilies suffer from the extra income in the way that the male might spend finances wrongly and therefore in this way the income does not help the women.

We can measure the quality, and prove the effect of it to the extent, that customers are willing to pay the price for it, which allow us to pay the farmers what we do.

Raising the standard of living among the farmers must be perceived as an obvious consequence of the raised income. Also our other projects all support that goal, and therefore the outcomes of those must be evidence for that.

So far 1200 stoves have been installed with the families. This means, that we have minimized the risk of those 1200 families getting sick and perhaps even suffering a premature death because of the polluted air.

8 saving associations have been established, and are operating as we speak.

We have now planted 75.000 shadowtrees, to support the coffeetrees and help maintaining and restoring the rainforest, and this will this year improve farmers outcome by 20%

We have also set up charging stations in the villages where the farmers live. That means that they don't have to drive all the way into town each time they have to charge their mobile phones, since there are no electricity in the villages. The stations are provided with power from solar panels, we are installing at the schools, which also provides power to light up the classrooms.

The Danish CSR Fond gave us the first prize in the group of Global Partnership 2012, and since it is one of our focus areas, it really helped us to expand our business with focus on CSR.



Future initiatives

We are planning to:

Start a project with Go Local to get our working partners to register within the global compact framework.

Actively inspire our partners to give fundamental advise on Corporate Social Responsibility issues, and to implement way to walk the talk.

Continue and expand our ASAP network.

