

## One BIGG Island in Space®

Annual Sustainability and Impact Report

2023 - 2024

#### This is a story about creating positive economic and environmental change.

In 2018, I read a white paper by the Specialty Coffee Association of America that said coffee farmers were walking away from their farms. That was hard to believe, as the coffee retail business in the U.S. was thriving. My business partner, Michael McFall, and I had built BIGGBY COFFEE from one store in 1995 to 450 franchise locations in 13 states. Concerned about the supply chain, my wife Michelle and I decided to visit coffee farms ourselves.

We discovered farmers were leaving for two primary reasons: they were paid less than it cost to produce coffee (89% of the time\*), and climate change was worsening conditions—causing droughts, floods, pests, and unpredictable weather, which reduced yields. Secondary reasons included shrinking land sizes—often just one hectare or less due to generational division—and an aging workforce, as younger generations weren't interested in a life of hard labor with no economic return.

On our first visit, we saw coffee's potential to positively impact communities. But we also saw that, in many cases, the coffee supply chain was perpetuating poverty and environmental degradation. We knew change was necessary—not just for ethical reasons but because, without farmers, there is no coffee business. A solution had to address fair pricing, environmental damage, and community engagement. It had to benefit everyone and be scalable.

Our answer was a direct-trade model we call Farm-Direct, where we build direct relationships with coffee farmers. While services like financing, milling, and exporting remain necessary, we removed the unnecessary hands in between. The savings went directly to the farmer—improving their profitability, climate resilience, and long-term interest in farming. Pricing alone isn't a silver bullet, but it's a critical first step in a **capital-based model**—that is not charity.

We don't try to convert farmers to our values—we seek out those who already treat people and the planet well and have a vision for their community. Farm-Direct supports those practicing regenerative agriculture and community care in ways that Fair Trade and USDA Organic can't. Our marketplace can be the reward.

In late 2018, we committed to making BIGGBY COFFEE 100% Farm-Direct by the end of 2028. To achieve this, we created **One BIGG Island in Space (OBIIS)**, founded by Michelle and me, with support from Mike and BIGGBY COFFEE. We saw the value in fair pricing and secure supply for the future—some might call it a competitive advantage—supply security.

While Farm-Direct isn't new, it's never been done at the scale we're attempting—millions of pounds annually. Typically, it's implemented by small roasters. Even multinationals that make such claims don't commit 100% of their supply. OBIIS is now writing its own white paper on executing Farm-Direct at scale.

BIGGBY COFFEE has reached 50% Farm-Direct and is well on its way to 100% in 2028. But we realized this couldn't be just for BIGGBY. If it was, it might be dismissed as a branding exercise. For real impact, OBIIS has to expand beyond storytelling to demonstrate economic success across the entire supply chain.

That's why we created this **Impact Report**—our first attempt. It won't be perfect, but we as entrepreneurs believe in starting and iterating. A key focus is the **Farm Gate price**—what farmers are actually paid—as opposed to the more commonly cited **FOB price**, which doesn't reflect farm-level economics. We aim to make Farm Gate pricing transparent and prioritized.

We also introduce the **Farm Gate to FOB ratio**, which helps consumers better understand the economic realities for producers. Our goal is 80%+, and though we're not there yet, we've included current data in the interest of transparency and improvement through measurement.

This report reflects our journey so far. We're confident the numbers will improve for 2025–26. You'll also find information on regenerative farming, impacted families, and Farm-Direct volumes. We're open to feedback—this is only the beginning of our commitment to truth, understanding, and transparency.

#### Thanks for joining the journey.

With Gratitude,

Michelle & Bb
Michelle and Bob

\*Source: "Historic Highs in the Coffee Market got us Feeling Low: Insights from the Past" Osito Coffee Journal: https://tinyurl.com/5f9vnenb



#### **Purpose**

Our purpose is to put a name, a face, and a place for every cup of coffee you drink.

#### **Mission**

Our mission is to empower consumers to be the positive change agent, for poverty and the environment, in coffee-producing countries around the world.

#### **Vision**

Our vision is to improve the coffee-buying model from a commoditized marketplace to a direct-trade marketplace, creating both economic and environmental sustainability for all participants in the coffee supply chain.

### **Sustainability and Impact Report**

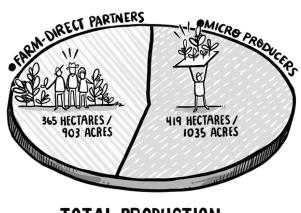
#### **OBIIS Sourcing Model**

There aren't many companies that can say they know exactly who they source from—a name, a face, and a place for every cup. In an industry rife with opaque supply chains and negative externalities, we're proud to have a model that's changing the role of coffee to be more personal, more ethical, and more sustainable. We're even prouder to support the impact created by our Farm–Direct Partners, who are truly transforming their communities.

#### **Environmental Impact**

We're passionate about the environment and know coffee has the immense potential to protect our precious planet. All Farm-Direct coffee encourages regenerative agriculture—actively conserving forests, improving soil, fostering biodiversity, conserving water and sequestering carbon. While regenerative principles are always harnessed, this context-specific approach means practices vary from farm-to-farm and ecosystem-to-ecosystem. These might include: intercropping, crop-livestock diversification, water harvesting, utilizing riparian buffers, composting, and innovating biological pest and disease control, (among others). What's always consistent is avoiding toxic chemicals, promoting conservation, and maintaining agroforestry shade cover.





TOTAL PRODUCTION:
784 HECTARES / 1938 ACRES

#### **Social Impact**

A core OBIIS value is taking a locally-led approach to social impact. We firmly believe farming communities lack resources, not capability. They know what they need and are in the best position to implement. Key to the OBIIS model is farmers identifying and driving their own impact. Our role as buyers is to pay consistent, equitable prices that facilitate enough discretionary income for our partners to plan for their futures and invest in their farms and communities. With that in mind, we had no role in identifying or executing on any of the below initiatives-nor do we take credit for their impact. All were in response to unique, community-identified gaps and spearheaded by our incredible Farm-Direct partners. Below are the social initiatives led by our partners:

#### El Recreo

- · Medical and dental clinic
- Primary school for workers' children (includes transportation, school supplies and uniforms)
- Childcare during harvest season
- Community education support (including transportation for community schoolchildren. hosting celebratory teacher meals, facilitating events)
- Employee housing and entertainment amenities (free for permanent workers and their families)
- Rural transportation for seasonal workers
- Monthly packages of essentials provided to workers
- Girls empowerment groups to support education and inspire confidence
- Plant nursery (coffee seedlings)
- Meals (three daily) for workers
- Celebrations for birthdays, holidays, etc. for workers and their families
- Community store providing essentials, at discounted prices

#### Finca La Fortaleza

- · Medical and dental care
- Breast cancer screenings
- Technical trainings (e.g. renovation, tissue graft, forestry management, quality improvement)
- Social capital and leadership trainings
- Agri-business support (accounting, legal and tax ID documentation, etc.)
- Water conservation programs
- Rural electricity establishment and maintenance
- Road infrastructure

#### **Finca Terrerito**

- Academic scholarships
- · Primary school for workers' children and community (includes education, transportation, meals)
- Continuing education for workers
- Rural well water establishment
- Rural electricity establishment
- Road maintenance
- Composting center and training
- Employee housing (free for permanent workers and their families)
- Employee loans and land donation
- Agronomy trainings and demonstrations
- Community activities and events



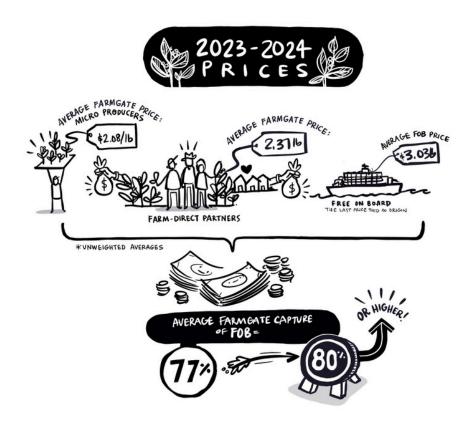


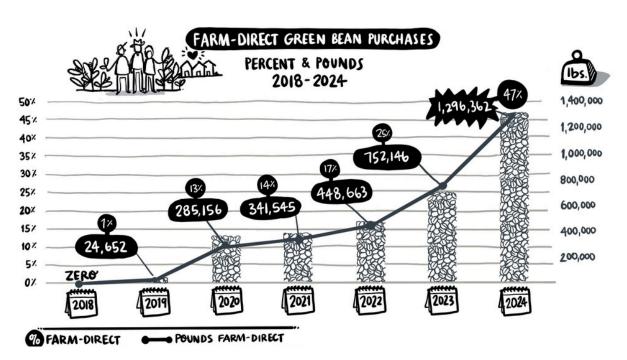
- ~ 375 families \*directly impacted
- ~ 2,700 families \*directly impacted
- ~ 547 families \*directly impacted

- ~ 412 families \*\*indirectly impacted ~ 3,200 families \*\*indirectly impacted ~ 4,762 families \*\*indirectly impacted
- - \*Direct impact includes services directly provided to employees and workers, producers, and community members (such as a medical treatment, training, school attendance, etc.). It means our Farm-Direct partners know exactly who is utilizing these services, when and how often; these numbers are concretely measurable.
  - \*\* Indirect impact refers to social services that are utilized by the wider community, benefitting them via ripple effect of a specific initiative. This includes things like access to electricity and potable water, road infrastructure, widely distributed educational curriculum, etc. While more challenging to directly count than direct impact, we consider it important to understand the further-reaching effects Farm-Direct partners have on their surrounding communities.

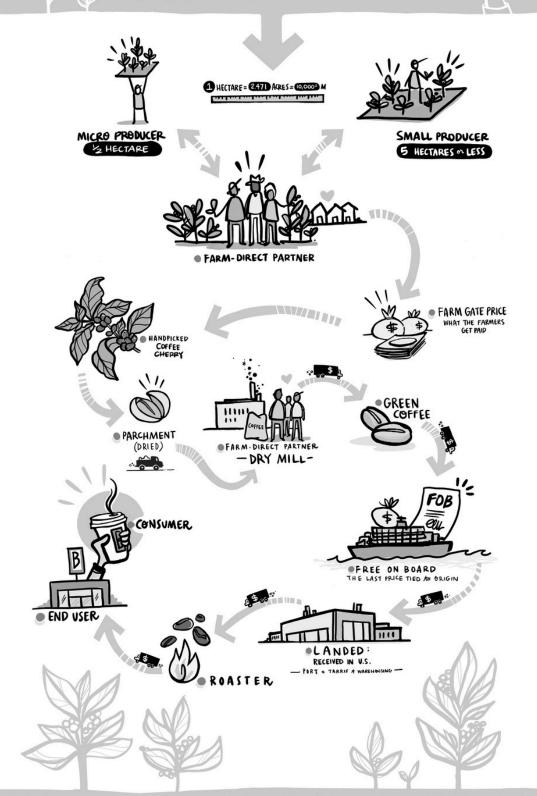
#### **Economic Transparency**

Every year we co-create prices with each Farm-Direct partner. This price is completely decoupled from the C-Market – which is volatile, unfeeling, and overall tends to de-value coffee and the people who produce it. Instead, our price process is based on full costs of regenerative production (including fair labor rates), long-term farm investments, compensation for social and environmental initiatives, and of course household livelihoods. These are all critical factors to ethical, sustainable pricing and have absolutely nothing to do with supply-demand dynamics. Just as important is inclusive price discovery. Simply put, farmers should have a central voice in setting prices, not be subject to market whims or buyer demands.





# FARM-DIRECT SUPPLY CHAIN



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## FARM-DIRECT SUPPLY CHAIN



#### **GLOSSARY OF TERMS**

**Farm-Direct Partner:** The ones who make all this possible; these heroes dedicate their time, energy and resources to bettering their community and improving our planet, creating a positive ripple effect extending well-beyond their own coffee farms. Farm-Direct partners are those with whom OBIIS has established deep, long-term relationships. It's not just about buying their beans, but collaborating as part of a network. It takes a long time to become part of our 'farm-ily,' but just like in a marriage, the intention is to be partners for life!

**Micro Producer:** A farmer with extremely small land holdings, often less than one hectare. Highly under-resourced, Micro Producers tend to be cut off from market access due to lack of volume and infrastructural requirements. Through our Farm-Direct partnerships, those in the OBIIS supply chain can participate in a sustainable sourcing ecosystem – including technical support, social services and equitable prices.

**Small Producer:** A farmer with small land holdings, often less than five hectares. Usually under-resourced, Small Producers are typically cut off from market access due to lack of infrastructure.

**Coffee Cherry:** Coffee beans are actually seeds. Coffee cherry is the surrounding fruit. A raw agricultural material, coffee cherries are hand-harvested from the trees and sorted before being processed. Coffee beans must be extracted from the coffee cherry, in a process called pulping.

**Parchment:** What coffee is called after being wet processed (also known as pulped, washed, and dried), with the bean covered by a thin papery protective outer layer. Sometimes Micro Producers have the resources to process their cherry into parchment, but often they must sell their coffee in cherry form.

**Dry Mill:** Where coffee is de-husked and sorted for color, size, density, and defect. This is the final set of steps between processed coffee and exportable green coffee, ensuring the beans are categorized by size and quality and ready for roasting.

**Green Coffee:** Coffee that has been milled, removing the parchment layer, and is ready for export. A far cry from the perfectly red and ripe coffee cherry plucked from a tree, green coffee is what gets loaded onto container ships and is the last value-added step before roasting.

**Farm Gate:** Literally referring to what a farmer is paid for coffee at his/her farm's gate. This is the price a farmer receives for their coffee (usually either coffee cherry or parchment, depending on what farm-level processing capabilities are available). Put another way, it's how much farmers are paid for their agricultural product before additional value is added.

**FOB (Free on Board):** FOB is the contract price paid for green exportable coffee, inclusive of all the various steps required to get coffee safely aboard a container ship at port of origin. This price includes processing, milling, transportation, storage, export logistics, and import coordination. As the last price tied to origin, it does not include subsequent costs such as insurance, freight and import fees. Whenever you hear "C-Market or C-Price," it's referring to FOB terms.

**Hectare:** A metric unit of land measurement, common in Latin America as well as Africa and Asia. One hectare is equal to 2.471 acres, or 10,000 square meters.

**Landed Cost:** Landed is the total cost a buyer or roaster pays to get coffee to its final consuming country destination. Landed is FOB plus additional costs for shipping (like freight and insurance), import (customs, taxes, tariffs, and storage) and then any final fees.

**Roaster:** Where green coffee is transformed in the toasty brown beans that are enjoyed for consumption. This transformation utilizes special equipment and a carefully calibrated heat process.

**End User:** The last link in the chain to add value to a product before it is ready for consumers to purchase. The end user is responsible for retail packaging and coffeeshop preparation.

**Consumer:** Those who purchase and enjoy the final product. If you drink coffee, either bought by the cup or by the bag at a grocery retailer, you're a coffee consumer!

### People > Planet < Community

Team OBIIS Boots on the ground



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Co-Founder BIGGBY Coffee Co-Founder OBIIS
BOD FISh



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2019

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