



Annual Report

2020/21



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Santos Organics respectfully acknowledges the Traditional Owners of the land on which we work, the Arakwal of the Bundjalung, and pay our respects to Elders past and present.

Key Events **2020/21**



Our Annual Revenue

was \$12,799,474 and Total Expenses were \$12,797,381, resulting in a modest **Net Profit result of \$2,093**



Our Major Donations

\$51,000 (\$42,500 from Santos Organics + \$8,500 from our team) towards some **amazing local environmental projects**



Our New Branding

was revealed, and it received rave reviews from our team and customers



Focus on Local

We proudly spent **\$6.2M** with local suppliers and look to increase this in the coming years



A Busy Year

Over 2,200 online orders were shipped, and an impressive 438,000 customers were served in our stores and cafes



Awards

We got nominated as finalists in the Social Cause category of Australian Retail Innovators 2021 Award and also became finalists for three 2020-21 Regional Business Awards

Message from THE CHAIR



Carolyn Parker
Chair, Santos Organics

This financial year has been a transformative time for Santos Organics (SO). Although the retail landscape has been dominated by the impacts of COVID-19, the team has met these challenges with vigour and achieved some incredible milestones.

Operating in the global pandemic environment has seen supply chain disruption, which has put pressure on the availability of stock, freight charges, delivery times and prices. Lockdowns and border restrictions across Australia impacted local tourism, which had an additional impact on customer traffic. The teams implemented our COVID-19 Safe Plan measures and responded creatively to supply issues.

Significant progress has been made in planning for our future, with the launch of a new 3-year Strategic Plan and updating our mission and values. This strategic review coincided with our exciting re-branding project. This included researching our target market, shaping our value proposition, and accordingly updating imagery and messaging on our social media, website, store signage, and team attire.

Our beautiful new Santos Organics website was launched in mid-June, after many months of preparation by the warehouse and eCommerce teams. Dedicated resources and investment were applied to changing from WordPress to Shopify, adding many more products, refreshing our branding, and ensuring the website launch went smoothly.

Our total Annual Revenue was \$12,799,474 and Total Expenses were \$12,797,381, resulting in a modest Net Profit result of \$2,093. We had planned on a more substantial Net Profit, but considering the challenges of the year and investment in our team and resources, we're satisfied funds have been allocated wisely.

The stores managed their budgets effectively and total salaries were \$3,527,020. This result was impacted by a change of Award rate for Naturopaths resulting in increased wages and associated back pay. Additionally, we invested in our people, adjusting hours for our People and Culture Manager, Financial Controller, Marketing Manager, and adding a new Executive Assistant. Building this strong foundation of talented employees helps us create a more sustainable business model for our future and supports our strategic objectives.

Our research shows that our ethical sourcing, organic produce, zero waste bulk offering, and our charitable purpose continue to drive customer loyalty. We've provided community education and leadership in waste reduction, recycling, and conscious shopping. Our charitable donations to environmental causes were \$51,000. This included for example, \$25,000 towards creating habitat for endangered species, particularly in dire need after last year's devastating bush fires and many other important projects.

The board has been attentive to continuous improvements in our strategic planning, policy development, and corporate governance. We've also continued to finesse our risk management, financial oversight, and workplace, health and safety compliance through our Audit, Finance and Risk Committee. During the year, we introduced a new Major Projects Steering Committee to provide support and guidance for the new website launch, store improvements and other capital investments.

The team can be immensely proud of their efforts. I extend my gratitude to our entire team, to Jolene Ryan General Manager, and my fellow board members.

Carolyn Parker



Message from THE GENERAL MANAGER



Jolene Ryan
General Manager,
Santos Organics

What a year...at the close of this financial year, we've been living and working with the effects of COVID-19 for 15 months. This has either overlaid or become the focus of almost every conversation and has influenced our decision-making across almost every aspect of our business.

Even though the Shire has been lucky — almost untouched by the pandemic since we've had no actual "local" cases — our community has still been affected by what's happening all around us, and to us, in different ways. Many businesses remained shut well into the new financial year, we watched those in Melbourne go into long periods of lockdown due to large spikes in cases, we have had QLD border closures, and we had team members lose family and friends from the virus around the world. Our emotions have been on edge since the beginning as we have all been in uncharted waters.

Santos Organics is so important because, as an Environmental Not-for-Profit Social Enterprise, support from our customers means we can give back to our community. But when assumptions and emotions arising from COVID-19 within the community are displaced on our team and the organisation, it becomes difficult to move the organisation forward as well as we could. SO represents a very diverse community where we respect each other's views, however we have an obligation to follow Public Health Orders with the health of the whole community in mind, which aligns with our Values. **Our goal is to continue to thrive and give back to the community to our fullest capacity.**

While COVID-19 has been the centre stage, our team has grounded-in our new **2023 Strategic Plan Goals**. We rolled out our distinctive customer service training and brought new life to **Our Culture Code** to support our Strategic Plan, our team and community. We rolled out a new internal communications plan and revealed our new branding which has received rave reviews from our team and customers. We hosted our first two-day Store Managers' conference to invest back into our amazing team, and our People & Culture Manager has focussed on more deeply embedding WH&S within our culture, and recruiting passionate and talented team members.

You will notice later in the Annual Report, a newly focused and easier to understand Santos Organics Care Check. This provides further clarity on our commitment to offer the best ethical products available and supports **Our Vision: Mother Earth and humanity thriving in harmony**. With that said, we are proud to share we spent \$6.2M (67% of total purchases) with local suppliers and of that 95% was for local products we sell in our shops (up 28% from local products purchased last year) and showed great progress towards our localisation goals. The launch of our new website received very positive feedback from our online customers and now makes purchasing our products online easier than ever.

We shipped over 2,200 online orders, served 204 valued business-to-business (B2B) customers and an impressive 438,000 customers were served in our stores and cafes. Our cafes gained good momentum exceeding their sales targets. Our Mullum Shop met their \$5.2M goal, and Byron and A&I also had strong performances. Online sales were consistent with last year and B2B was up 32%. We were trending to achieve a 4.2% net profit exceeding our 3% budget as at the end of March. However, changes in Job Seeker payments in the wider community resulted in two slow months of sales and we reviewed our



Naturopath wages which resulted in a significant award increase and back pay. Even though we ended with a small net profit for the year, we were still able to take care of investing in our team and community.

I am very proud of our team for being finalists for three 2020-21 Regional Business Awards - Marcelo Reis for Outstanding Employee, SO for Excellence in Sustainability and SO for Outstanding Community Organisation. All of this was possible because of our passionate and committed team. Everyone strives to support and make **Our Purpose: To Be a Catalyst for a Better Tomorrow** come to life everyday they work! Thank you to the whole team and congratulations!

I am so excited for you to read who received our major donations and all of their great efforts to support Mother Earth under Our Social Impact section. Thanks to everyone who shops with us and our team for their contributions, without you, we couldn't make this good work happen.

What's our focus in the coming year? Team training, a communications campaign around 'conscious shopping made easy' and all of the great reasons to shop at SO as a Not-for-Profit, updating our in store loyalty program and rolling this out for our online customers via our new website, continuing our commitment to increase our local suppliers, especially with our farmers, reviewing our packing options to meet APCO sustainability standards and updating for rebranding, and further product development. We also aim to strengthen our standard operating procedures (SOP) across all departments with the rollout of our first ever SOP Manual, undertake a carbon footprint assessment to continue to reduce our footprint (including zero waste), undertake more financial analysis and strategies to improve our net profit so we can give back more to our community and Mother Earth.

I am so proud of everyone in our team who has worked tirelessly during this time and of their ability to adapt to all of the changes and demands put on them. This has enabled us to keep the doors open as an essential business. My heart goes out to everyone during this time as I know it's not easy for anyone. Let's act from our hearts, by showing kindness, compassion and acceptance of our differences.

Thank you to our team, members, customers, community, directors and suppliers for their continued support to keep Santos Organics going, because without you, it would not exist.

Much gratitude and appreciation,

Jolene xx





About Santos



Our Story

SPREADING WHOLEHEARTED GOODNESS

Here at Santos Organics we believe in the oneness and cycle of life. We believe in treading lightly and treating people and planet with kindness and respect. It's kinda hippy, but that's because we're kinda hippy ourselves!

Santos Organics was created from the original vision of 'the good life'... good vibes and good food, even our name is inspired by the Sanskrit word 'santosha' meaning contentment. Back in 1978 our founders Marco and Rob started selling bags of delicious whole food out of the back of their UTE, and their legacy to spread some wholehearted goodness lives on with us today.

In the true Santos spirit, we make the good stuff simple; wholesome, healthy food with heart. We source the best organic food and natural lifestyle products, and every single one goes through our Santos Organics Care-Check, so you can rest assured that if you shop with us, you're shopping consciously.

We're a little shop with a big heart and we believe that to care for ourselves is just as important as caring for Mother Earth. There is no divide. We've always been the good food shop, but now we're the good food shop that does good... as an environmental not-for-profit social enterprise, everytime you shop with us, you're shopping for the good of people and planet.

We take care to give care and cherish Mother Earth as she cherishes us.

As our founders would say... that's pretty groovy stuff!

Our Purpose

TO BE A CATALYST FOR A BETTER TOMORROW



Our Vision

MOTHER EARTH & HUMANITY THRIVING IN HARMONY

Our Mission

BE THE GUIDING LIGHT OF CONSCIOUS CHANGE FOR GOOD FOOD, HARMONIOUS LIVING & ENVIRONMENTAL ACTION





Strategic Plan

OUTCOMES 2020-2023

- 100% of annual profit supports our community, planet and investments to improve services for our team and customers
- Increase our sales year on year by 5%
- Strong focus on further increasing our local product procurement
- Establish distinctive customer service throughout the organisation
- Improve our retention by 60% through effective hiring, training and development
- Increase our eNPS (Employee Net Promoter Score) to 15 by living our values
- A new brand rollout will unify our look and feel to reflect our heritage, ethics and quirkiness
- Improved IT systems and centralised buying will enable our business to grow and meet strategic objectives
- Create and rollout out our Santos Organics Standard Operating Procedures (SOP) Manual
- Launch a new loyalty program for all shops/cafes/eCommerce



GOAL 1

Valuing People & Culture

THROUGH EFFECTIVE HIRING, TRAINING & DEVELOPMENT

What this means: Provide an environment where our teams are productive while feeling safe, valued, inspired and engaged. To create a healthy culture of continuous learning to grow and develop our team to offer distinctive service and increase our profits to fund more projects

OBJECTIVE 1.1 CREATE A VALUE LED CULTURE

Focus on alignment of SO values with individuals to create an empowered team

OBJECTIVE 1.2 REWARD THOUGHTFULLY

Link team accountability to incentives, rewards, and remuneration

OBJECTIVE 1.3 COMMITMENT THROUGH ENGAGEMENT

Improve team engagement to increase commitment and retention

OBJECTIVE 1.4 MOTIVATIONAL TRAINING

Provide relevant and accessible training and development to motivate our people

OBJECTIVE 1.5 STRATEGIC RECRUITMENT

Create an effective recruitment, induction and retention system

GOAL 2

Cultivating Identity

STRENGTHENING OUR DISTINCTIVE OFFER & BUILDING LOYALTY

What this means: Cultivating our identity by clarifying our brand identity, essence, vision and mission. Strengthening our value proposition; developing key messages and a content strategy to communicate the improved brand identity across all touchpoints. Building and launching a digital loyalty program to nurture existing customer relationships and inspire advocacy

OBJECTIVE 2.1 DRIVE AWARENESS

Clarify brand essence, vision and mission + social impact strategy > increase brand awareness

OBJECTIVE 2.2 ENCOURAGE CONSIDERATION

Ensure customers consider us as a relevant option to competitors by debunking myths and communicating our unique offer

OBJECTIVE 2.3 INSPIRE CONVERSION

Create a simple and irresistible in store, cafe + online shopping experience to convert customers

OBJECTIVE 2.4 BUILD LOYALTY

Launch a loyalty program that truly adds value and encourages regular shopping + spreading the Santos love



GOAL 3

Regenerative Practices

FOR A THRIVING FUTURE

What this means: Offering guidance to inspire people to action with our regenerative practices; growing our localisation plan; supporting our social impact strategy with our profits to fund environmental and wildlife causes; continue supporting our community with donations, while building lasting partnerships so we may leave a positive footprint on Mother Earth

OBJECTIVE 3.1 MATERIALISE OUR GROWTH POTENTIAL

Reach our potential through strategic planning, cultivating partnerships and leading market trends with more risk tolerance

OBJECTIVE 3.2 CULTIVATE A CIRCULAR ECONOMIC MODEL

Our organisation will benefit from underutilised assets by adapting current systems to create social, financial, environmental and ecological value while committing to more localisation

OBJECTIVE 3.3 SHAPE OUR SOCIAL IMPACT VISION

Cultivate long term partnerships who want to invest in a better tomorrow

OBJECTIVE 3.4 BUILD A RESILIENT & ADAPTABLE COMMUNITY

Through informative guidance and supportive partnerships

GOAL 4

Financial Stability & Growth

THROUGH SOUND GOVERNANCE

What this means: Establishing a strong financial footing through tried and tested procedures that enables consistency, confidence and growth with risk tolerance and strategic direction

OBJECTIVE 4.1 SAVVY FINANCIAL SYSTEMS

Formalise financial systems to provide consistent governance, prevent loss and promote gains

OBJECTIVE 4.2 GROWTH THROUGH ANALYSIS

Drive SO growth by initiating timely, detailed business analysis and reporting

OBJECTIVE 4.3 PROTECT OUR PRODUCT ASSETS

Establish an inventory management and control system that works across SO

OBJECTIVE 4.4 INTUITIVE IT INFRASTRUCTURES

Optimise our IT systems to support current and future goals

OBJECTIVE 4.5 INSIGHTFUL GOVERNANCE

Advance board governance by offering relevant knowledge and guidance to support executive management team to achieve strategic goals

GOAL 5

Building Blocks

FOR OPERATIONAL EXCELLENCE

What this means: Formalising our standard operating procedures across all departments will link and advance the infrastructure and communication systems for the organisation. Saving time and money to provide more profit to support our purpose

OBJECTIVE 5.1 DEVELOP A STRATEGIC INTERNAL COMMUNICATION STRUCTURE

Implement a strategic communications plan that ensures our team will be informed to achieve our strategic plan

OBJECTIVE 5.2 CREATE, DOCUMENT & COLLATE SO IP

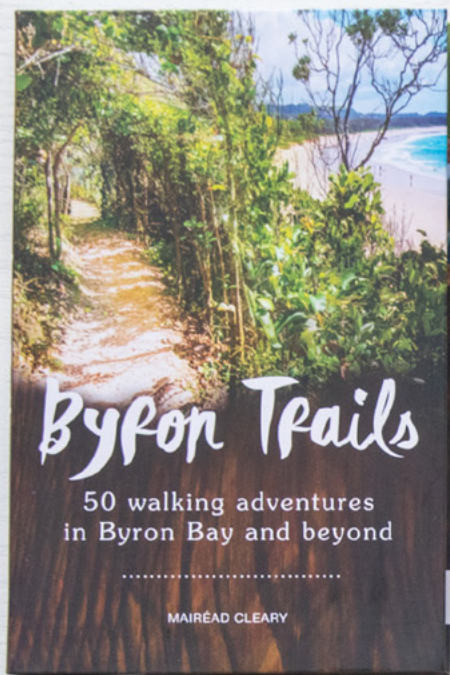
Document our standard operating procedures to secure SO IP while establishing all daily operational practices and procedures to imbue our teams with this knowledge to navigate improved profitability

OBJECTIVE 5.3 FORMALISE OUR PRODUCT MANAGEMENT PROCESSES

Consider all aspects of our products to ensure we represent our brand and purpose; achieve our margins and keep product on the shelves while minimising loss through inventory management

OBJECTIVE 5.4 CREATE A MEMORABLE & EDGY SHOP SETUP

Create a distinctive shopping experience that inspires our customers to keep coming back and spreading the word about our purpose



Sharing our Successes



People & Culture

HIGHLIGHTS



Vanessa Thompson
People & Culture Manager,
Santos Organics

It would be hard to summarise a year that has been more challenging than the past 12 months due to the COVID-19 pandemic. Although it has dominated our lives at Santos Organics as we continue to deliver an essential service to our community, it has also given us an opportunity to strengthen our resolve and commitment to our purpose to be a catalyst for a better tomorrow.

Being considered an essential service during this time has renewed our dedication to our vision to be the guiding light of conscious change for good food, healthy living and environmental action. At no time has the power of organic healthy foods and ethically sourced products been more important to our community and the world. Santos Organics has an important part to play in providing a choice to our customers to do good in a time when our opinions are so divided, it's clear that the team can rely on our core purpose to guide them through these divisive times. No matter what opinion one has during these times we can come back to why we work and shop at Santos Organics as a guiding light.

This year we worked together to improve upon our Santos Organics values. We created a new set of values that fitted in with our strategic plan's goals. Our team contributed to the formation of these values through a company wide survey and the final brainstorming workshop with our Store Managers, Administration and Marketing team creating the final five values, which you can view on the next page.

We continued to promote product learning through our new social night events. They present an opportunity for all team members to come together and learn the story behind some of our favorite products and our donation partners.

This year we started to use an electronic program for conducting risk assessments at Santos Organics which has saved us time and improves efficiency. We also improved our Work Health and Safety program with a focus on improving the team's wellbeing and safety through running training programs on relevant topics such as manual handling and safe knife usage, and focused on mental health in the workplace.

We have continued to monitor our team's engagement through eNPS (employee net promoter score) surveys to look at ways to improve our team's engagement and job satisfaction at work.

In my first full year in the role of People & Culture Manager at Santos Organics, I am continually inspired by the passion and dedication of our team and customers to our purpose and vision. The year has been challenging but without challenge we would not be able to grow ourselves and the organisation into a better version of both.





Santos
ORGANICS

Culture Code

Wholehearted

SPREADING WHOLEHEARTED GOODNESS

We believe in treading lightly and treating all people and our planet with kindness and respect. We take pride in providing the most ethical products to make it easy for our customers to make healthy choices – and we spread good vibes along the way!

Changemakers

INSPIRING CONSCIOUS CHANGE

We're a little shop with a big heart and we believe that to care for ourselves is just as important as caring for Mother Earth. We are a group of passionate changemakers united by our purpose to be a catalyst for a better tomorrow – in all of our actions!

Integrity

ACTING WITH INTEGRITY

We are honest, transparent and achieve trust by always acting with integrity and responsibility. We are committed to doing what is in the best interest of Santos Organics, our team, our customers and Mother Earth at all times – even when no one is watching!

Learning

CULTIVATING A LOVE OF LEARNING

We value our people and provide a supportive and fun environment that empowers everyone to learn, grow, and thrive. We encourage new ways, welcome change and work together to reach our goals – always with a growth mindset!

Oneness

CREATING AN INCLUSIVE COMMUNITY

We are part of something bigger than ourselves and we choose to nurture a warm and inclusive connection to each other, our community and Mother Earth. We recognise that every action has an impact – so we treat others as we'd like to be treated!

Highlights

FROM THE SHOPS, CAFES & DEPARTMENTS



Cristian Traub
Store Manager,
Mullumbimby

Santos Organics – Mullumbimby

Another wonderful, crazy and challenging year full of new experiences and lessons! This one was even more exciting for me, on Christmas day I moved from managing our A&I store to taking on the role as store manager in Mullum. This meant that one day I was holding space for 15 team members and the next day for 35!

It's been such an honor working at Mullum, our flagship store, with such a big team and a never ending and diverse clientele. We had so many changes in our team early on that it took a while for us to find our flow. Luckily even when everything felt like it was going against us, we always had a strong core team which I'm forever grateful for.

Even though we had tough times inside the team with the COVID-19 situation, we are coming out of this challenging time happy, united and ready to move forward!

Our lovely café has had lots of change as well and we are still working out how to make it pump again like we know we can. Shannon and then Minna have worked hard at this and it has shown in the results, but there is still lots more potential for us to tap into.

The first half of the year went great and then the world changed from one day to the next. The café took the hardest hit, even to the point of having to close completely for a couple of days. Slowly but surely we reopened with limited hours and have now extended to 75% of our normal operating hours (excluding weekends).

The momentum is still here for the shop and cafe and we look forward to what's to come. New year, we're ready!



Robert Baldwin,
Store Manager,
Byron Bay

Santos Organics – Byron Bay

This year we have seen a few of our key team members come and go. Corinne left us for a new challenge at Mullum while Melinda has stepped in and flourished since taking on the role as assistant manager. I myself was blessed to join the vibrant team here at Byron in February. Our team has proven to consistently deliver excellent customer service and has shown great resilience given the turbulent times.

One of our successes has been that we have implemented the automated ordering system via IdealPos. The effects of this have been positive and we hope to leverage this more throughout the new financial year to reduce our cost of goods further and ramp up our existing Customer Service Lead initiative. Our rebranding was another huge success that helped bring good vibes to the Byron store.

We were challenged by a slow, eerie winter as Byron town's hibernation kicked off during the first of our local lockdowns at Easter. A persistent wet start to the season also highlighted an assortment of building defects which we are finally hoping to get wrapped up with the new owner of the premises.

Byron cafe has remained a popular dining destination throughout the year and a recent pricing audit and product scrutiny has resulted in a product offering that we are really proud of. Growing our loyal customer base will remain a strong focus for the new year.

Highlights

FROM THE STORES/CAFES/DEPARTMENTS



Alejandra Collado Vasquez,
Acting Store Manager,
Byron Industrial Estate

Santos Organics – Byron Industrial Estate

I stepped into a new role as Acting Manager for the Santos A&I shop in January, and immediately felt extremely supported by the amazing big team family here. I'm so impressed by the importance of the unique contribution of each individual team member - each of us plays a role to make this a nice place to shop and work and I am extremely grateful for everyone in our team.

We had a steady year of sales with an increased influx of new customers and the foundation of a solid network of regular local customers due to our distinctive customer service skills.

Our Cafe wouldn't be the same without Josh, such a unique character who jumpstarts anyone into higher vibes with his unique spreading love ways. The Kitchen team has been an important part of the puzzle too, supporting the Cafe at all times and with the amazing food creations upgrading our palate every day.

In providing a service, we facilitate organic food and other goods, but most importantly we are the host of a valuable human interaction, an interchange of information and experiences creating by default a very precious Santos Organics community.



Renata Franco,
eCommerce Manager

Santos Organics – Online Store

It was a great and successful year for the Santos Organics Online Store with the fantastic project of the new website being the highlight of the year - which we finally launched right at the end of the financial year on 17 June 2021. The focus and objective of this project was to build a website that would enable us to reach more sales and offer superb usability for shopping.

Already in the first month of launching, the website increased in sales compared to the previous year, and it was great for the initial website strategy to be accomplished. We are excited to start prospecting new customers around Australia while providing an even better user experience for our loyal customers who have continued to shop with us during 2020 and 2021. With the lockdowns, people find on our website a place to find information, recipes and the possibility to shop for great products delivered to their doors.

We can already see that the new website has much potential to grow and be one of the best organic grocery shops online in Australia. A big thank you to all the crew that worked so hard to make this fantastic website a reality.



Marcelo Reis,
Area Produce Manager

Santos Organics – Fresh Produce Department

Another turbulent year, which for the produce team flowed without any major setbacks thanks to our reliable local farmers that kept supplying us with great produce at consistent prices despite the unpredictable times. I'm very grateful for their support as always and my focus throughout the year has been on managing our farmer relationships and growing our network of local organic farmers as a priority. I love introducing them to everyone in the shop team and making them feel valued and important - as they truly are a cornerstone of our business. A big thank you also goes out to my team, everyone works so hard and we flow really well together.

Some challenges came through our bigger distributors, where pricing increases and supply issues were ongoing due to COVID-19. This is another reason that showed us why focus on our local farmer connections is so crucial. Our produce specials were also on hold for some time due to this but we were able to bring them back midway through the year.

A key pilot project around our produce pricing process was launched together with our finance team for the Mullum shop. The benefit and focus of this is to reach fair pricing for everyone, with the objective of a simpler consistent pricing structure that we are hoping to roll out across all the shops in the new year. Leaving no trace is another big focus for my department, we are nearly at a zero waste point and eliminating the last traces of waste is a focus for the new year.



Andrew Haig,
Purchasing & Business
Development Manager

Santos Organics – Bulk Food for shops and B2B

Wow what a year it has been! The evolving uncertainty of COVID-19 has interwoven itself throughout our operation for the last financial year and continues to do so. Whilst we were seeing lifts in supply confidence on some Australian long term drought affected crops coming up to the summer rains at the start of 2020, COVID-19 has since cast a shadow of uncertainty around supply, imports and pricing. Towards mid 2020, we encountered panic buying from online customers coupled with import supplies hampered due to inability to harvest and process crops, delays in ships steaming time to port here plus long delays with quarantine and transit times - a domino effect.

Supply chains were greatly affected and whilst we have seen many bounce back, we are still seeing issues with India, Sri Lanka and South America - all of which are not back to normal levels after nearly 18 months. Some wholesale customers have prospered through this time particularly those in manufacturing, online and retail whilst cafes, restaurants and retreats have had to deal with a stop start year and the uncertainty that persists. We have been working closely with new and established customers, offering great customer service and quality products. We have seen many price increases across imports and Australian grown products but our forecasting, strong connections with suppliers, smart buying and direct to farm arrangements have seen us remain strong and healthy whilst not sacrificing quality.



Rica Oliveira,
Warehouse Manager

Santos Organics – Warehouse Operations

Although this financial year was in many ways a challenging period for Santos Organics due to the situation with the ongoing global pandemic, we managed to continue to grow the business and the sales. We increased customers, provided good service and also created better systems as well as maintained a healthy environment to work for our team.

We're proud of the fact that we were able to secure food at all times despite the general unpredictability of the times, which meant we were able to keep supplying and supporting both our shops, online customers and B2B customers.

We are looking forward to another year of continuing to grow the business and to be a light in this community with great customer service, good margins and a great work environment. Thanks to the warehouse team for everyone's great effort and support during this epic, strange, challenging, scary, beautiful and emotional year.

Marketing AND CAMPAIGNS



Annina Helenelund,
Brand & Marketing
Manager

Looking back at the last financial year, it's been a successful and exciting one for the marketing team. Despite the strange times we're living with the global pandemic, we accomplished a lot of positive shifts and changes - all thanks to the awesome marketing team as well as the support of the broader team across Santos Organics.

The absolute highlight of the year for us was the launch of our new branding. This project commenced in the previous financial year with a review of our strategic vision and organisational strategic plans, which initiated a thorough brand and retail strategy project with an external consultant (thanks to Taby Taylor-Ziane from Park & Wonder!). This groundwork helped crystallise who Santos Organics is, what we stand for and how we need to communicate our value proposition in the market. It also brought to our attention the need for a full brand redesign project - which we commenced in October 2020. After many months of hard work and planning, on 15 April 2021 we finally launched our beautiful new branding across all touchpoints. The new branding is more connected to our essence and it's been great to hear the positive feedback from the community, with our customers continuing to express their love of the new look.

We also had many other highlights for the year, such as:

- Activating key campaigns across all shops and online; main ones being: our Plastic Free July campaign, the 1 year POI Certification Anniversary celebration campaign and our Christmas campaign with a promotion "Win 1 of 10 Amazing Ethical Gifts" and a beautiful seasonal recipe booklet to drive newsletter subscribers
- Our collaboration with Byron Shire Council to promote National Recycling Week with educational workshops outside our Mullum and Byron shops - a great step in the direction of thought leadership in the space of recycling and zero waste
- Our new content and recipe collaboration with Conscious Grounds Kitchen (CGK) kicked off in January 2021, with the CGK team providing us with three to four delicious seasonal recipes each month that include our monthly bulk special ingredients
- Being nominated as finalists in the Social Cause category of Australian Retail Innovators 2021 Award - an exciting first step in proving our hard work is paying off
- The collaborative project between sales & marketing, mapping out an activation for each month of the new financial year based on key calendar events, with aligning offers and messaging to support us to move towards more streamlined and proactive 360 campaigns

It was a big year with lots of changes, big and small wins - yet my personal highlight (alongside launching the new branding of course) was announcing our 2021 major donations to our amazing partners. Being able to work for an organisation that gives back to amazing environmental initiatives is truly inspiring and the ultimate reason we love working for Santos Organics! Learn more about our annual major donations in the Social Impact section of the annual report.



THE ORIGINAL GOOD FOOD SHOP.

EST 1978

Santos

ORGANICS

HEALTH • WELLNESS • COMMUNITY



THE ORIGINAL GOOD FOOD SHOP.

EST 1978

Santos

ORGANICS

HEALTH • WELLNESS • COMMUNITY

Meet our Fresh New Look

TO CELEBRATE WE'RE GIVING AWAY...

80 Free

PARGO x SANTOS ORGANICS INSULATED COFFEE CUPS

Valued at **\$39**

To the first 80 customers that spend \$50 in-store or online on Thursday April 15th! T&C's apply

*Terms & Conditions: A total of 80 Pargo x Santos Organics co-branded Clay Insulated Coffee Cups up for grabs on April 15th. To claim a cup you must spend \$50 or more at one of the Santos Organics shops or online. 25 cups available at each of our 3 x shops and 20 for online customers. Each cup valued at \$39. Offer only available while cups last. The first 20 customers to meet the purchase requirement at each location to receive a cup. Team members and their family members are ineligible to claim the offer.

Santos ORGANICS

BYRON BAY
02 6685 7071
105 Johnson St.
Byron Bay

MULLUMBIMBY
02 6684 3773
21 Burrenagar St.
Mullumbimby

BYRON A&I
02 6685 5685
172 Burrenagar St.
Byron A&I Estate

SHOP ONLINE
santosorganics.com.au

Santos ORGANICS

Good vibes from Nature's Bounty

OUR ORGANIC PRODUCE SPECIALS FROM 15 - 21 APRIL

RUBY GRAPEFRUIT \$6.00 p/kg

JAP PUMPKIN \$2.00 p/kg

BETROOT \$4.50 p/kg

ZUCCHINI GREEN \$4.50 p/kg

Santos ORGANICS

BYRON BAY
02 6685 7071
105 Johnson St.
Byron Bay

MULLUMBIMBY
02 6684 3773
21 Burrenagar St.
Mullumbimby

BYRON A&I
02 6685 5685
172 Burrenagar St.
Byron A&I Estate

SHOP ONLINE
santosorganics.com.au

Santos ORGANICS

Get Ready for Plastic Free July

20% OFF SUSTAINABLE WARE

Offer valid until end of June 2021. Picture for reference only. Exact products not sold in store.

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Our Impact



Ethics, Sustainability

AND REGENERATIVE PRACTICES



Olivia Laws,
Ethics Specialist,
Santos Organics

Our focus in the Ethics team in the last 12 months has been on our Zero Waste and Local First objectives and what actions we can take to better look after our environment, given the current concern for our climate as well as the social, health and emotional challenges that we have faced with COVID-19. With interstate lockdowns and the recent challenges with the transport of our produce and products in particular, this has highlighted the importance of building and supporting our local economy while ensuring that we meet the needs of our customers and requirements of our ethical procurement.

Within the last 12 months, we have expanded our definition and sourcing of “local” products from 200kms to a radius of 300kms. This has meant that we now classify products from the Sunshine Coast and Coffs Coast as “local” and can therefore support more of the amazing growers, producers and suppliers in our beautiful region.

We have also started discussions on how we can better support farmers in our local area who may not be “certified” organic or biodynamic but whose farming practices consist of organic, biodynamic, regenerative or alternative farming practices and can still meet our stringent and comprehensive ethical requirements. While we are still considering how this can be achieved, it has been a very exciting project that has involved many interesting discussions and sharing of common views and goals.

We have also been working on some exciting external and internal projects, including working with the Byron Shire Council in their National Recycling Week campaign during November 2020 to inform our customers and the community about correct recycling practices as well as their Byron Loves BYO returnable and reusable cups campaign. This has also instigated a closer assessment of our own internal waste management practices to see how we can improve our systems so that we are managing our waste as responsibly as possible and in harmony with our environment.

As part of this project, we have also been examining the environmental footprint of our own packaging for Santos Organics pre-packed items and have been working with both external consultants and Byron Shire Council to determine the best option. We have also been encouraging our suppliers to consider the life cycle of the packaging for their products (and have included this as a key criteria in our consideration of new products) so that we can all work together and reduce the amount of waste going into our environment.

All these exciting projects are a cornerstone of our mission to be a guiding light of conscious change for good food, harmonious living and environmental action and we look forward to another year of working towards ways we can help Mother Earth and humanity thrive in harmony!

Product Research AND DEVELOPMENT



Olivia Laws,
Ethics Specialist,
Santos Organics

Over the last 12 months, a new ethics driven Product Research and Development process was introduced for the consideration of incoming products. While the New Product Approval process is currently in its implementation phase, we are fine tuning the steps to ensure a smoother and more efficient process to approve new products, which now involves much more consultation with our Store Managers and Finance and Operation teams.

One of the key features of this new process is that we now have regular meetings to sample and jointly consider any new products as well as discuss the overall strategy for the introduction of new products with Store Managers and our Finance and Operation teams.

Each year we have many innovative products that we feel very excited to place on our shelves. We have seen suppliers getting much more creative and environmentally focussed with their products and considering the procurement of their ingredients and reusability or repurposing of their packaging. Some examples of inspiring and notable products introduced in the last 12 months include Seed & Sprout's Un-baking sheets (local and creative), Pargo Project Water Bottles and cups (with profits funding clean water projects in third world countries and also our branding partner), Etheq organic cotton masks (made by a cooperative in Thailand), Foods that Love You Back (live microgreens in home compostable packaging) and Happy Turtle cotton buds (made with certified organic cotton and bamboo in home compostable packaging).

Updates about our ethical new products in our stores continue to be promoted on our social networks by our Marketing team - via regular Facebook and Instagram posts and stories. Product placement, promotion and merchandising is also undertaken to highlight new products and seasonal themed products in our New Product display sections in-stores.

This year we also refined our ethics checklist to make it easier for our customers and stakeholders to digest, and bringing it together under the umbrella of "Santos Organics Care Check" as five core pillars that ensure conscious shopping at Santos Organics is easy and our customers can rest assured that when they shop with us, they're shopping consciously.



We Make Conscious Shopping Easy

OUR PROMISE TO YOU, EVERYTHING ON OUR SHELVES HAS BEEN RIGOROUSLY CHECKED THROUGH OUR SANTOS ORGANICS CARE CHECK.

Spreading Wholehearted Goodness



Social Impact - Our Major Donations

THANKS TO OUR COMMUNITY AND TEAM MEMBERS

A core strategic focus for us here at Santos Organics is supporting our local environment, and we take pride in donating a portion of our profits annually to selected local organisations that do amazing work to protect, restore and rehabilitate our precious community, environment and wildlife. These funds are made possible thanks to our wonderful committed customers, simply by shopping at Santos Organics. Our team members also help us make an even greater social impact through our Team Charity Fund, which enables the team to choose to salary-sacrifice 1% of their wages each week, adding funds to our grants.

This Financial year, we donated a total of \$51,000 (\$42,500 from Santos Organics + \$8500 from our team) towards many amazing local and environmental projects! Read more about our key major donations over the next few pages.

We also made 650 meals for the Mullumbimby Neighbourhood Centre and have an annual community donations budget of \$5,000 managed by our marketing team, with the goal to support a range of local initiatives, events and other not-for-profits. These donations are awarded throughout the year as individuals and organisations reach out to us for support. Examples of donations in the 2020-21 were SO gift cards for various local school raffles and other prizes (such as for the Zero Emissions Byron and Rotary Club of Byron). The donations budget was also extended to support local community organisations with event catering (such as The Renew Fest Roadshow and WildBnB crowdfunding launch). We sponsored the FutureSeeds LIVE@BYRON event with a \$1000 donation and The Worm is Turning film screening with \$700 to help bring these important community events to life.

We are extremely proud of all our donations, but our social impact also goes beyond direct funding partnerships. For example we supported our local economy through paying \$3.5 million in employee wages and contributed to \$6.2 million in local products purchased.

Every time you shop with us, you're shopping for the good of people and planet. As a 100% environmental not-for-profit social enterprise we are not your ordinary health food store and cafe - every purchase made at Santos Organics helps fund social and environmental projects. Learn more about the key projects we've supported in 2020-21 over the next few pages:



Hollow Habitat

FOR LOCAL ENDANGERED WILDLIFE SPECIES

We are thrilled to support Wildlife Safe Havens (run in partnership between Brunswick Valley Landcare and Wildbnb Wildlife Habitat) with \$25,000 for the project of creating hollow habitat for some key local endangered precious wildlife species.

This is a project that delivers immediate habitat support for threatened species reliant on tree hollows to safely breed. The Byron Shire is a region with high biodiversity values, yet it features a distinct lack of natural old-growth hollows to support the range of species requiring such conditions to breed. The displacement brought about by the 2019-2020 bushfires has exacerbated this habitat crisis. Wildlife Safe Havens redresses the hollow shortage by installing artificial nesting hollows (tailored to individual threatened species needs), ensuring our precious wild species are protected for generations to come.

The donation from Santos Organics has been allocated to support the following threatened species in the Byron Shire, which were selected in consultation with leading local ecologists and NSW Saving our Species:

- **Glossy Black-Cockatoos** (*Calyptrorhynchus lathamii*)
- **Greater Glider** (*Petauroides volans*)
- **Powerful Owl** (*Ninox strenua*)
- **Sooty Owl** (*Tyto tenebricosa*)
- **Masked Owl** (*Tyto novahollandiae*)





Helping our PRECIOUS KOALAS

Friends of the Koala (FOK) is a non-governmental organisation, first established in 1986, committed to conserving koalas and preserving and enhancing their habitat, particularly in the Northern Rivers region of NSW. In doing this FOK aims to make a key contribution to Australia's biodiversity. We are excited to continue our partnership with FOK with a \$8K donation towards their operational expenses, ensuring that they can continue their important work that covers:

- **Rescuing, rehabilitating and releasing of recovered koalas**
- **Protecting and enhancing koala habitat**
- **Educating the community about issues affecting koalas**
- **Advocating on the behalf of koalas**
- **Assisting relevant research**



FOK also maintain a 24/7 Rescue Hotline; rescue, rehabilitate and release sick and injured koalas; and operate both a Triage, Treatment and Pathology Clinic as well as an Education and Administration Centre in East Lismore. Considering that FOK is an almost entirely volunteer run organisation with only four paid staff, they are doing some amazing work to say the least!

With the devastating number of injured wildlife during the bushfires back in 2020, the work of FOK is more important than ever and we're proud to be able to support them with the important work they're doing.



Continuing our successful **PARTNERSHIP WITH REFOREST NOW**

We are excited to continue our partnership with ReForest Now following some successful years of working together. ReForest Now is a Byron Bay based reforestation organisation, created by the need for a comprehensive not-for-profit model of reforestation and regeneration in Australia. This year our \$10K donation will go towards planting 2,000 trees in the local area.

In our local area, the critically endangered lowland subtropical rainforest remnants and old growth forest contain important and significant habitats for the in-situ conservation of biological diversity, 122 endangered or critically endangered species. This expanse of subtropical rainforest is already 1% of its former size and faces ongoing threats from a changed climate.

The fires in early 2020 damaged and destroyed ecologically invaluable forests and so we see huge importance in the ongoing support of reforestation in this area - and are so happy to be able to do this again with ReForest Now.





Financial Report



Finance Report

2020/21



Tonya Ranyard,
Financial Controller

I joined Santos Organics as the Financial Controller mid October 2020. I was excited to be joining such a dynamic organisation with strong values to the community and environment. The Santos team warmly welcomed me into the organisation. Together we have quietly continued the finance journey to evolve our processes to support our values every day.

During the financial year, the team continued to focus on improving the following processes:

- Month end process - Balance sheet accounts were reconciled each month as part of the process to ensure accuracy and consistency
- Payroll process - Our accounts were reconciled on a regular basis with the Australian Taxation Office and our process has been documented between the People & Culture and Finance Teams
- Implementing automatic purchase ordering in Ideal POS - The Mullumbimby and Byron Stores are both using this system now. This process was introduced to create an efficient ordering system to save time and also ensure we have the right stock at the right time
- Donations and employee workplace giving - During the year, a reconciliation and review was undertaken to ensure compliance. An accounting adjustment was required to correct the balance sheet account from prior years. Therefore the donation amount shown in the Profit and Loss of \$7k is after the correction of the balance sheet. Santos Organics and our Employees donated cash totaling \$51K
- Documenting our standard operating procedures for cash handling and for making supplier changes to reduce fraud risk
- Reviewing our cyber security processes

In terms of other key projects, this year one of the main areas that required a lot of our focus was the Naturopath's wage review, initiated by us internally. As noted in the financial accounts, the investigation resulted in a wage increase and back pay.

Last year's Annual Report mentioned we were changing our Inventory system to DEAR by November 2020. However, due to resourcing limitations, the implementation of the inventory system was deferred. We focused our resources on supporting the successful implementation of the new Online Platform to Shopify which went live June 2021. I would like to thank all the team for their perseverance and dedication to this exciting project.

I would also like to personally thank all the Santos Organics team for embracing all the challenges and obstacles faced during the year. I look forward to an exciting year ahead.



Balance Sheets

2020/21

Santos Organics Ltd A.C.N. 82 613 820 116

Statement of Comprehensive Income for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue from ordinary activities			
Sale of goods and services		12,691,273	12,433,391
Dividends received		29	72
Interest received		2,038	912
Rent received		16,900	22,301
Other income	4	89,235	125,617
Total revenue from ordinary activities		12,799,474	12,582,292
Expenses from ordinary activities			
Cost of goods sold		7,901,593	7,781,914
Employee benefits expense		3,527,020	3,156,965
Depreciation expenses		81,782	83,493
Depreciation of right-of-use assets AASB 16	15	380,573	373,888
Donations		7,558	54,912
Insurance		140,562	115,647
Interest and lease liabilities AASB 16	15	96,766	113,710
Rent and rates		24,641	33,297
Repairs and maintenance		52,888	83,893
Other staff costs		105,976	102,324
Other expenses		478,021	493,802
Total expenses from ordinary activities		12,797,381	12,393,846
Profit/(loss) before income tax		2,093	188,447
Income tax expense		-	-
Profit/(loss) for the year		2,093	188,447
Other comprehensive income for the year, net of tax		-	-
Total other comprehensive income		2,093	188,447
Total comprehensive profit/(loss) for the year, net of tax		2,093	188,447

Balance Sheets

2020/21

Santos Organics Ltd A.C.N. 82 613 820 116

Balance Sheet **as at 30 June 2021**

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	5	826,353	652,894
Trade and other receivables	6	78,901	47,926
Inventories	7	978,543	965,368
Other current assets	9	127,261	90,472
Total current assets		2,011,059	1,756,660
Non-current Assets			
Other financial assets	8	5,442	5,442
Property, plant and equipment	10	410,150	427,055
Intangible assets	11	33,089	-
Right-of-use assets AASB 16	15	1,793,541	2,108,214
Total non-current assets		2,242,222	2,540,711
Total assets		4,253,281	4,297,371
Current liabilities			
Trade and other payables	12	850,500	585,885
Short-term borrowings	13	423,562	428,976
Short-term provisions	14	126,585	149,063
Deferred lease liabilities AASB 16	15	377,155	348,499
Total current liabilities		1,777,802	1,512,422
Non-current liabilities			
Long-term provisions	14	40,939	39,351
Deferred lease liabilities AASB 16	15	1,621,773	1,934,924
Total non-current liabilities		1,662,712	1,974,275
Total liabilities		3,440,514	3,486,697
Net assets		812,767	810,674
Equity			
Retained earnings		812,767	810,674
Total equity		812,767	810,674

Our Board of Directors

DURING 2020/21



Carolyn Parker,
Chair

Carolyn is a retail specialist, whose retail career began in her family-owned chain of fashion stores. She subsequently embarked on senior executive roles with David Jones (DJs), where she controlled the purse strings of \$100 million pa businesses and human resources for 500 employees, as Finance and Administration Manager for various department stores. She was awarded “Special Achievement Award’ for significant contribution to the company’s financial and strategic goals.

Her expertise expanded to risk management, WH&S and food safety, loss prevention and security, logistics, facility and asset management, policy development, refurbishment projects, business analysis and procurement. Carolyn has since become Non-Executive Director on several NFP boards including North Coast Community Housing and National Trust Australia Queensland. Carolyn is also a director of her own retail fashion business.

With 30 years commercial experience across numerous sectors including retail, wholesale, property development, community housing and services, hospitality, media and tourism, Carolyn is keenly focused on governance, audit, finance, risk, ethics, sustainability, and strategic planning.

Carolyn’s qualifications include a Master of Business Administration, Graduate Diploma of Strategic Leadership, Restaurant and Caterers Licensee, Quality Retail Certificate, WH&S Consultancy and is a Graduate of Australian Institute of Company Directors. She loves playing the piano, beach walks and the company of four-legged friends.



Dimitrios Bairaktaris

With 25 years’ experience delivering retail, digital and organisational leadership as a C-level partner in large Asia Pacific and international enterprises, Dimitrios brings together technology innovators and forward-thinking enterprises to create dynamic ecosystems that generate compelling business cases, incremental values and new market winners.

Combining strategic thinking with pragmatic solutions and a strong focus on business outcomes and customer service excellence, Dimitrios graduated with a Doctorate in Computer Science from the University of St. Andrews, UK and is a member of the Australian Institute of Company Directors.

As founder of Forth Solutions Business Architects strategy consulting firm, Dimitrios actively serves as a non-executive board director and treasurer, truly believing and striving for a sustainable future based on ethical business practices and respect for the environment.

Our Board of Directors

DURING 2020/21



Mark Napper,
Chair of Audit, Finance
and Risk Committee

Mark has 34 years agribusiness experience in running companies, owning a fruit orchard, people and company change management, production and supply change management and stakeholder engagement. Whilst having formal business qualifications, Mark is more known for his pragmatic and outward looking business approach.

Having run a horticultural marketing company (domestic and export), an agricultural processing and food manufacturer (importer and exporter) as well as owning a fruit orchard, Mark has practical experience, understanding and insight of supply chains, especially in fresh produce. Mark owns a business advisory firm providing business management and strategy advice and executive mentoring services.

As well as serving as a director of Santos Organics Ltd, Mark is Chair, The Australian Hemp Masonry Company and a Director, AUSVEG Ltd.



Helen Moore

Helen Moore is passionate about the importance of organic whole food to the health and wellbeing of our community and environment. In 2015, she was one of the founders of Bare Food Cafe in Paradise Point on the Gold Coast. Its ethos was about educating the local community, whilst feeding them amazing food and coffees! This successful business was sold in 2017.

Helen's professional qualifications are as an accountant and non executive company director. She is a Fellow of CPA Australia and a Graduate of the Australian Institute of Company Directors. Helen was the General Manager of Finance and Business Services for the organising committee of the Gold Coast 2018 Commonwealth Games. She held this position from the establishment of the entity in 2012 until its dissolution following the hosting of the event in 2018. This was the culmination of an extensive executive career predominantly with Queensland statutory authorities (such as Tourism Queensland and Seqwater) and local government. In these roles, Helen typically oversaw corporate services divisions including the finance, technology, workforce, legal, facilities management, legal, procurement and contract management functions.

As well as serving as a director of Santos Organics, Helen sits on the audit committees of the Great Barrier Reef Foundation, Moreton Bay Regional Council, Indigenous Land and Sea Corporation and the National Centre for Indigenous Excellence. Helen chairs the Audit and Risk Management Committee for the Queensland Department of Education and is a non-executive director of Binna Burra Lodge Ltd.

Our Team

DURING 2020/21



A&I SHOP & CAFE



BYRON SHOP & CAFE



What a team!

I can't express my immense gratitude enough for the relentless hours, flexibility, and stress the team has endured this past year. All the while, still creating and accomplishing so much towards our purpose, to be a catalyst for a better tomorrow. Thank you for your passion, laughter, perseverance, resilience and grace during another trying year!!

JR xx



MULLUM SHOP & CAFE

WAREHOUSE +
ECOMMERCE





Thank you!

**WHAT DOESN'T KILL YOU,
MAKES YOU STRONGER.**

~NIETZSCHE

It's been a trying year for everyone. It feels uncomfortable and uncomfortable can be scary or triggering at times. Acceptance to change is necessary so we can move forward toward the most positive outcome. COVID-19 is not going away, we need to pause, reflect, listen and choose our best way forward. We believe complying with simple requests will support keeping each other healthy until we know how to respond to this world crisis together with more long term solutions.

We can still be activists without fighting with each other. In order to keep everyone safe and healthy we need to come together (in a socially distanced way). This pandemic has highlighted fracture lines, deepened chasms between family members, friends and our community. Let's rise up and move forward with grace and compassion knowing we are all in this together, around the world, no one is exempt. One can still share and experience kindness, love and friendliness with a mask on or off (for those with exemptions). Our attitude is our choice.

Thank you to our team, members, directors, customers, suppliers and community for your unwavering support. Making Santos Organics your place to shop and in turn keeping you and yours and our planet healthy.

Sending wholehearted love to all of you. Take good care.

Much gratitude,

Jolene Ryan

GM - Santos Organics

Santos Organics respectfully acknowledges the Traditional Owners of the land on which we work, the Arakwal of the Bundjalung, and pay our respects to Elders past and present.