



# SOCIAL PURPOSE CORPORATION 2020 ANNUAL REPORT





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# INTRODUCTION

In March 2017, after 29 years serving Sonoma County as a locally owned and operated grocer, Oliver's Market founder Steve Maass led the company's transition to become a Social Purpose Corporation (SPC) and an Employee Stock Ownership Plan (ESOP) Corporation. Steve's goal in making these decisions was to preserve Oliver's Market for years to come and reward the employees who have worked to build Oliver's through employee ownership.

Becoming a Social Purpose Corporation did not require any dramatic changes in business practices, but it did formally define and acknowledge the way of doing business that has been a part of Oliver's company culture since the beginning:

## FROM THE ARTICLES OF INCORPORATION

This social purpose corporation shall endeavor to remain a locally owned and locally operated business which prioritizes the satisfaction of its local customers, employees, and suppliers, for the benefit of both the Corporation and the local community. In so acting, the social purpose corporation will act for the purposes of promoting the positive effects of, and of minimizing the adverse effects of, the social purpose corporation's activities upon all of the following, provided that the corporation consider such purposes in addition to or together with the financial interests of the shareholders and compliance with legal obligations, and take action consistent with that purpose:

- The social purpose corporation's employees, suppliers, and customers.
- The Sonoma County community, including its people, and businesses, including agriculture and environment.

The goal of the Oliver's Market 2020 SPC Annual Report, the third to be released, is to share challenges and successes within each of the identified stakeholder groups amid one of the most challenging years in our country's history.

The report will summarize 2020's greatest tests and triumphs for Oliver's Market, including emerging from our almost instantaneous transition from grocery store employees to essential front-line workers in a constantly changing pandemic environment. As supply chains across America were almost stretched to the point of breaking, Oliver's leadership navigated the shifts in customer shopping styles and worked with local suppliers and long-term vendor partners to keep our stores as fully stocked as possible. As Oliver's leadership worked to keep employee owners safe, they also offered hazard pay for over one year – longer than any other grocer we know of – and made the business decision to avoid layoffs in Deli and Bakery departments when their business slowed.



**LEADERSHIP AND EMPLOYEE OWNERS WORKED TIRELESSLY... TO FIND CREATIVE, INNOVATIVE WAYS TO SERVE OUR CUSTOMERS AND COMMUNITY AMID UNFORESEEN CHALLENGES.**



In addition to COVID-19, Sonoma County also experienced two more severe fires, the Glass Fire and the Walbridge Fire, as well as Public Safety Power Shutoffs (PSPS) from our local utility. Our company is proud of the way we embraced our role as an essential business in Sonoma County throughout these hurdles. Oliver's leadership and employee owners worked tirelessly with vendor partners and suppliers to find creative, innovative ways to serve our customers and community amid unforeseen challenges.

«« WE SERVE OUR »»»

EMPLOYEE OWNERS

BUSINESS PARTNERS

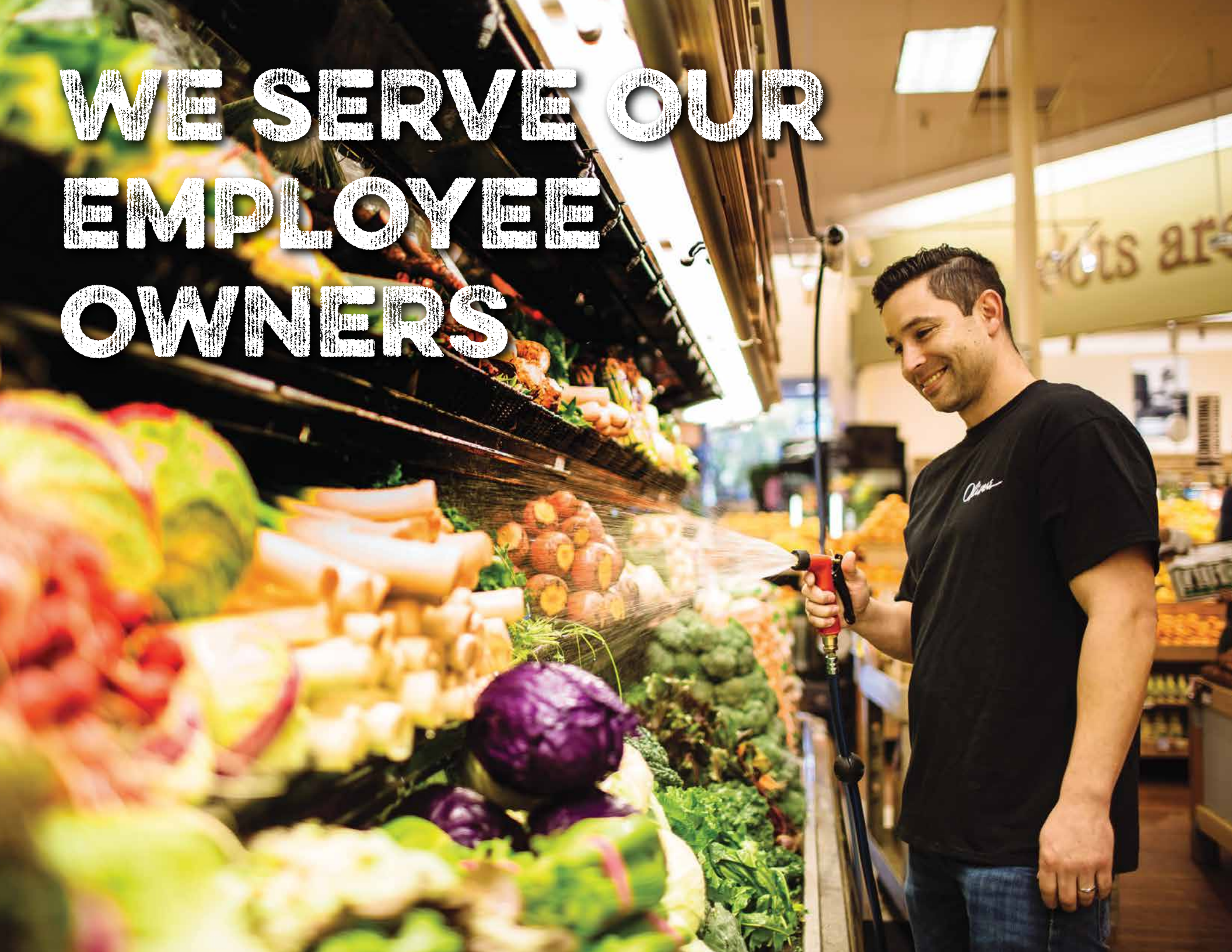
CUSTOMERS

COMMUNITY

ENVIRONMENT



WE SERVE OUR  
EMPLOYEE  
OWNERS





The employee owners of Oliver's Market experienced what will undoubtedly be the most challenging year in their career with us. Serving customers on the front lines amid the constantly changing guidelines for COVID-19 safety was challenging and frankly, scary at times. Our HR Team worked to accommodate employee needs and aligned with store management to share information and resources to make stores as safe as possible for both employees and customers.

As an essential business serving our homebound customers shopping less frequently, we experienced huge shifts in sales among departments, but are proud to have rebalanced our workforce and avoided layoffs. Like many grocers, we experienced a strong year of sales as our customers prepared more meals at home, but our Deli business was especially impacted by the loss of daily lunch customers.

Along with avoiding layoffs, we take pride in our commitment to support hero pay for all hourly employees and managers throughout the pandemic. As far as we know, Oliver's is one of very few grocers that offered this compensation throughout the pandemic, phasing it out once we emerge from the state's colored tier system of risk levels.

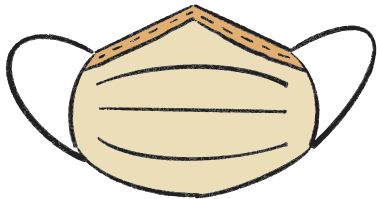


Photo Credit: Alvin A.H. Jomada/The Press Democrat



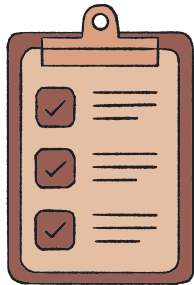
We set up in-store printed and recorded social distancing reminders throughout our stores.

We supported employee safety by firmly enforcing mask requirements for all customers.



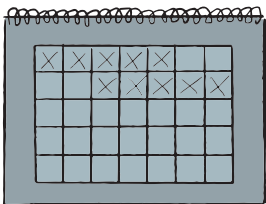
We instituted daily temperature checks and well checks for staff at all locations

We created aggressive protocols to remove staff that may have been exposed and prevent spread and communicated transparently with employees in any affected facility



We continued an aggressive cart and basket sanitizing regimen after many other local retails ended this service, with the belief that it kept both employees and customers safer.

We offered up to 80 hours of Supplemental Paid Sick Leave (SPSL) to employees experiencing COVID-19 related absences



« WE SERVE OUR »»



## OLIVER'S EMPLOYEE OWNERS ARE VESTED!

Our Employee Stock Ownership Plan (ESOP) started January 1, 2017, and annual statements are received by employees in late October each following year. (The valuation cycle for ESOP companies results in the annual timing of previous year statements being released each October.) In 2020, we crossed a huge milestone with our ESOP in that the majority of our employees are now 100% vested in their accounts. (We have a three-year cliff vesting period, so everyone who worked at Oliver's on the start date and met all requirements is now vested.) In addition, we continue to offer a 401k plan company match, which reinforces our commitment to encourage every employee to plan their financial future.



## EMPLOYEE OWNERSHIP MONTH & ANNUAL HOLIDAY MEAL, PANDEMIC-STYLE

Since becoming an ESOP in 2017, Oliver's has celebrated Employee Appreciation Month each October, using the release of annual ESOP statements to engage with employees on ESOP-related topics and host events at each business location, complete with lunch and raffle prizes.

Since gathering and celebrating together was not possible in 2020, the Oliver's Employee ESOP Communications Committee re-designed the celebration to be more individual. Educational and entertaining activity packets could be completed for raffle tickets, and there was an Employee Double Discount Day. Instead of a group lunch, meal vouchers were distributed for every employee to have a free meal from Oliver's and another meal at a prearranged local restaurant. Raffle prize events were held outside and broadcast via Zoom. All in all, in spite of the pandemic, the celebration of our employees was so well received that several elements of the celebration will be incorporated into future events.



Additionally, each holiday season, Oliver's offers employees a catered holiday meal. Since this was not possible amid pandemic conditions, Oliver's management opted to present employees with another meal voucher, which could be used at Oliver's or specially selected local restaurants. The high redemption rate indicated that employees appreciated the flexibility of this holiday meal alternative and it became a great opportunity to support a dozen local restaurants.



« WE SERVE OUR »»

EMPLOYEE OWNERS

BUSINESS PARTNERS

CUSTOMERS

COMMUNITY

ENVIRONMENT



**WE SERVE OUR  
BUSINESS PARTNERS  
& THEY SERVE US!**







From our early days of business in 1988, we have always valued our relationships with local vendors, many of whom were just starting their businesses as we were. Our support of their success was supported in turn with their belief in our success, and many of these deep connections continue to this day.

As the country's supply chain was thrust into chaos with the arrival of COVID-19 and consumer hoarding, our partnership with local producers and vendors was truly tested. We experienced some small supply challenges and set purchase limits on popular items, especially in the initial weeks of the pandemic, but we were grateful for our local supplier and distributor relationships. These special connections made concerted efforts to support Oliver's throughout the year.

- Many grocers do not have local sourcing for Meat and Produce. We leveraged our local vendor relations to keep products in stock when many other stores were facing limited to no supply
- Our management gave store level Grocery departments autonomy to source replacement items for out of stock items. Creative solutions identified by one store were then shared with all stores
- In addition to local long-term relationships, our buyers utilized multi-vendor channel coordination and relationships with wholesale distributors, i.e. C&S and Supervalu to solve sourcing challenges, sometimes following the delivery trucks from store to store to help identify opportunities to ensure delivery of product.
- Our buyers sourced hard-to-find grocery and cleaning items from restaurant supply companies, repackaging flour, yeast and other items for customers
- Closed restaurants left some local wineries and bakeries in dire straits with fewer accounts. Oliver's responded by taking on several new restaurant-focused bakeries and wineries, providing them with a new outlet for their products

The year was full of questions and unknowns as consumers baked and cooked more than usual throughout the year and then avoided large gatherings and celebrations in the traditionally heavy fourth quarter. They also imbibed more at home, changing purchase patterns of wine, beer and spirits. Our vendor and distributor partners worked with our buyers to remain as nimble and supportive as possible navigating the constantly evolving landscape.

### «« WE SERVE OUR »»

EMPLOYEE OWNERS

BUSINESS PARTNERS

CUSTOMERS

COMMUNITY

ENVIRONMENT



WE SERVE OUR  
CUSTOMERS

*Oliver's*  
MARKET



Put simply, our customers are our reason for being in business. Many of our customers have been shopping with us since the first store opened in Cotati in 1988. Oliver's customers value our commitment to serving them as a local, employee-owned, community-focused, neighborhood grocery store, and their loyalty is unsurpassed.

As we navigated through the pandemic and constantly changing guidelines and information, we did our best to keep our employees and customers as safe as possible when shopping in our stores, especially our more vulnerable seniors.

**“PUT SIMPLY,  
OUR CUSTOMERS  
ARE OUR REASON  
FOR BEING IN  
BUSINESS”**



Photo Credit: Alvin A.H. Jornada/The Press Democrat



Photo Credit: Alvin A.H. Jornada/The Press Democrat

- Safety was our chief concern from the moment the pandemic began. We added door greeters to welcome customers, assure masks are worn, and control capacity. We remained one of the only grocers actively sanitizing carts and baskets for customers through the entire year
- We added more Deli items to our Square on-line ordering to reduce customer traffic
- Every process in the stores was reviewed for safety and expediency. We restructured Deli department lines to reduce congestion and added expediting staff to shorten waiting times
- We 'spread out' senior discounts from one day to three days to allow seniors the opportunity to enjoy their discount with less congestion and more flexibility

“ WE SERVE OUR ”

EMPLOYEE OWNERS

BUSINESS PARTNERS

CUSTOMERS

COMMUNITY

ENVIRONMENT



- We extended store hours to add an hour each morning for seniors and immune compromised to shop exclusively. This tapered down to two days per week as the year progressed
- Health Department guidelines necessitated closing of Bulk Food, Hot Bar, Soup Bar, and Salad Bar areas for all grocers. At Oliver's, fixtures were re-merchandised and Bulk and Hot Foods were packaged or safely served to keep these items available for our customers
- Our advertising strategy for the fourth quarter holiday season brought aggressive full-month discounts to encourage people to shop early and reduce congestion closer to the holiday.
- Our Windsor Tavern remained closed through the year. The store management team creatively remerchandised the space for added retail opportunities and then transformed it into a seasonal holiday wonderland and gift shop to lift spirits over the holiday season
- For the small amount of our customers unable to wear masks, we shopped for them and utilized Square to allow us to serve them outside



Photo Credit: Alvin A.H. Jornada/The Press Democrat



We heard from many customers who appreciated our commitments to sanitation, communication and transparency through the ever-evolving conditions and guidelines for fighting the virus. For many customers, Oliver's was one of only a few destinations they ventured from their homes to support. We did our best to convey our appreciation of their support, hopeful the message was getting through the layers of plexiglass and masks.

### «« WE SERVE OUR »»»

EMPLOYEE OWNERS

BUSINESS PARTNERS

CUSTOMERS

COMMUNITY

ENVIRONMENT





LOCAL

LOCALLY  
GROWN

WE SERVE OUR  
COMMUNITY







On another level of supporting our community, as a locally owned and managed business selling locally produced products, Oliver's contributes more to our local tax base, jobs, and economy than any non-local market selling non-local products. In August 2020, we released the third update of our economics study by Dr. Robert Eyler, Ph.D., "The Economics of Going Local: Oliver's Market".

**68%** more local impacts in business revenues than non-local grocers/retailers

**61%** more local jobs than non-local grocers/retailers

FOR EVERY \$100 SPENT AT OLIVER'S, THERE IS \$186 OF ECONOMIC IMPACTS CREATED FOR THE SONOMA COUNTY ECONOMY

**29.6%** vs. **18.4%**  
of Oliver's cost of goods sold in its four stores was paid to local producers  
of local goods reported by grocers statewide

From our early days in business, long before we became a Social Purpose Corporation, serving our community was always a part of our company DNA. Oliver's founder and president Steve Maass has long believed that it is important to be more than a grocery store, that we must contribute to and support the neighborhoods around our stores. From sponsoring Little League teams across the county, to supporting countless schools and charities, to fighting hunger issues, we work to give back to the communities where our customers live.

« WE SERVE OUR »»

EMPLOYEE OWNERS

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COMMUNITY

ENVIRONMENT



The pandemic and Sonoma County fires in 2020 created demand among local charities of historically high levels. Through the disruption of our own business, we continued to do our best to support those in our community needing it the most:

- We continued our "One Bell Saves Supper" Holiday Bell donation program to serve the Redwood Empire Food Bank (REFB), who reported a 300% increase in requests for food
- We began increasing the amount of edible food loss donations to local charities and food banks by adding more frequent pick-ups and adding Redwood Empire Food Bank as a partner. 2020 was the first year that we began tracking this metric. The amount of recorded donations amounted to a total of 60,159 meals
- In 2020, Oliver's also continued to provide year-round food drives via REFB donation barrels available to customers in our lobby entrance areas. Through the generosity of our customers, food equivalent to a total of 1,188,417 meals was donated to REFB.
- Oliver's leadership purchased gift cards and executed voucher programs with locally owned restaurants to provide added business in one of the sectors most impacted by the pandemic

COMMUNITY DONATIONS & EVENTS

With the cancellation of the many community events we support through free ticket sales at our stores or direct sponsorship and participation, we did what we could to support our community partners as they created new fundraising vehicles on-line. Our donations of cash and in-kind product and sponsorships for 2020 totaled \$29,768. We look forward to the return of community events again when it is safe to gather in 2021.

\$29,768 OF DONATIONS IN 2020

OLIVER'S COMMUNITY CARD

The Oliver's Community Card, which allows our customers to donate 3% of their purchases to the charity or school of their choice, remains one of our core programs. Usage was down for 2020 with changed shopping habits and health concerns, but nevertheless, over 600 local charities were supported by over \$250,000 in Oliver's Community Card program proceeds.

600+ LOCAL CHARITIES SUPPORTED

\$250,000 RAISED FOR LOCAL CHARITIES

TOP 10 LOCAL CHARITIES SUPPORTED BY THE OLIVER'S COMMUNITY CARD

HUMANE SOCIETY OF SONOMA COUNTY  
REDWOOD EMPIRE FOOD BANK  
FORGOTTEN FELINES OF SONOMA COUNTY  
CENTER FOR SPIRITUAL LIVING - SANTA ROSA  
MARIA CARRILLO HIGH SCHOOL ASSOCIATION  
SUMMERFIELD WALDORF SCHOOL & FARM  
SONOMA COUNTY REGIONAL PARKS FOUNDATION  
THE BIRD RESCUE CENTER  
PEACE & JUSTICE CENTER SONOMA COUNTY  
GREEN DOG RESCUE PROJECT

«« WE SERVE OUR »»

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**WE ARE  
STEWARDS OF THE  
ENVIRONMENT**





# OUR QUEST FOR SUSTAINABILITY

Oliver's commitment to operating as sustainably as possible reflects an ongoing commitment as a Social Purpose Corporation to consider our employees, our communities, and the environment in every business decision.

Every year, our Sustainability Coordinator leads the charge to improve our metrics in a variety of areas, which usually result not only in a better outcome for the environment, but for the bottom line, as well.

2020 was a very different year for Oliver's Market business, as the pandemic changed shopping patterns dramatically. In spite of these challenges, we made progress on a variety of environmental 'fronts'.



## 2021 GOALS

As we look to 2021 and creating some measurable goals, here are a few places where we will be focusing our efforts:

- Renew Green Business certification with the Sonoma County Green Business Program.
- Increase the amount of edible food waste to local food banks and charities, while reducing the amount of food waste created.
- Increase the number of employees fully vested in the ESOP.
- Increase the amount of customer donations to REFB food barrels by 10% via food drives.
- Execute and distribute a company-wide Sustainability Policy to reinforce the existing sustainability culture and encourage even more innovation and continual improvement.

«« WE SERVE OUR »»»

EMPLOYEE OWNERS

BUSINESS PARTNERS

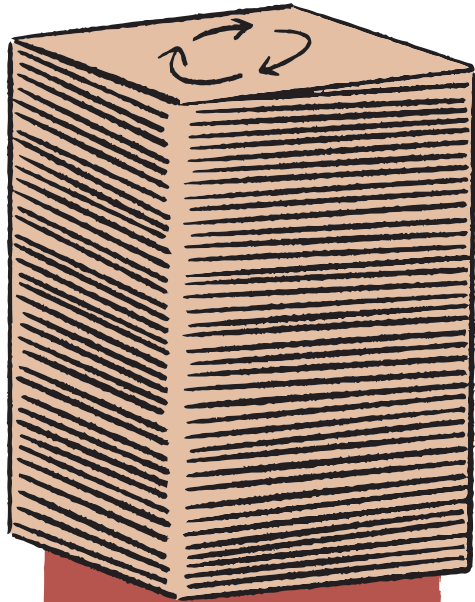
CUSTOMERS

COMMUNITY

ENVIRONMENT



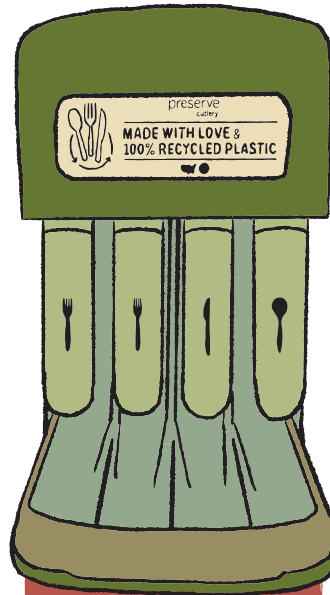
# ENVIRONMENTALLY PREFERABLE PURCHASING



## OFFICE PAPER

**30% → 100%**

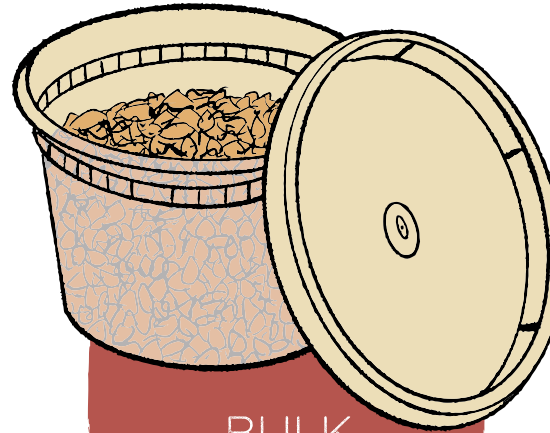
Oliver's transitioned from 30% PCW (Post Consumer Waste) recycled SFI certified paper to 100% PCW recycled office paper in 2020.



## PRESERVE 100% RECYCLED & REUSABLE UTENSILES

2020 was the first full year of having Preserve's 100% recycled & reusable utensils available to customers.

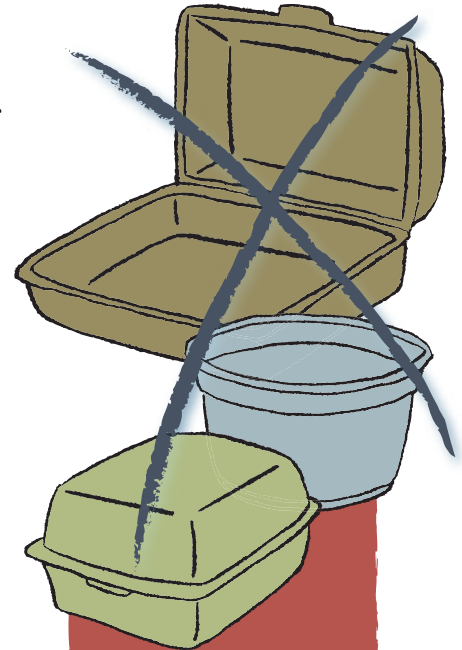
*Oliver's*  
Real Food. Real People.®



## BULK DEPARTMENT CONTAINERS

**0% → 50%**

Oliver's self-service bulk department containers are now made from 50% Post Consumer Waste and continue to be 100% reusable and recyclable.



## FOAM RETAIL PRODUCTS

Oliver's no longer offers foam retail products in our stores. Instead we offer our customers reusable, recyclable, & fiber-compostable options for purchase.

«« WE SERVE OUR »»

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ENERGY  
& WATER  
CONSERVATION

LED LIGHTING RETROFITS

The quest to retrofit all Oliver’s locations with LED (Light Emitting Diode) lighting continued in 2020, with our Montecito Store, Stony Point Store & Parking lot and part of the Business Office ‘switched’ to LED.

ANNUAL ENERGY CONSUMPTION:

**250,000 kWh**  
AT OUR STONY POINT STORE

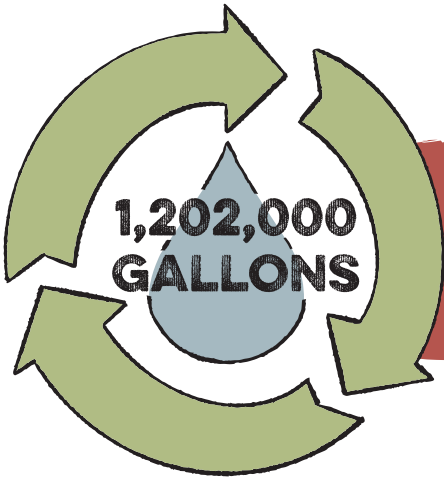
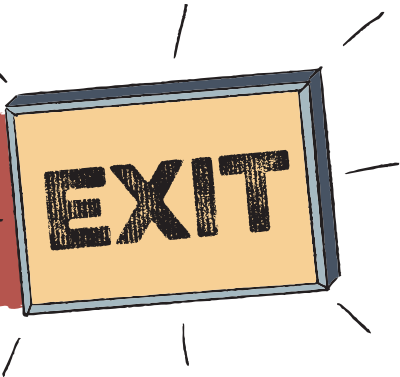
**36,000 kWh**  
IN THE STONY POINT PARKING LOT

**5,000 kWh**  
AT OUR MONTECITO STORE

**5,000 kWh**  
AT OUR COFFEY LANE WORKSHOP & OFFICES

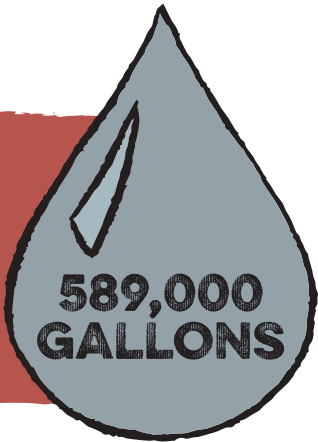
In total, LED retrofits investments returned an approximate savings of approximately 300,000 kWh annually, enough electricity to power our Stony Point store for approximately 2 months!

EXIT & emergency backup lighting was upgraded to LED, making them more energy- efficient, less toxic, brighter and safer!



1,202,000 gallons of recycled water was used for Stony Point landscaping in 2020- instead of potable water!

As a result of reduced store and lunch visits, and the closures of our hot food bars, salad bars, and ice cream stations by the Sonoma County Health Department’s efforts to manage the COVID-19 pandemic, water usage at Oliver’s was reduced by 589,000 gallons.



« WE SERVE OUR »»

EMPLOYEE OWNERS

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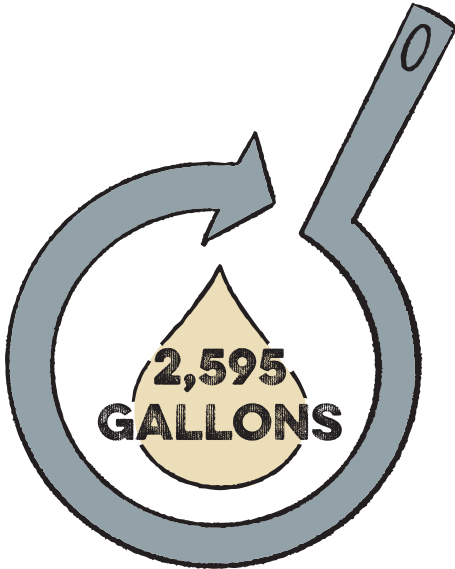
//////////////////////////////////// **ZERO WASTE** //////////////////////////////////////



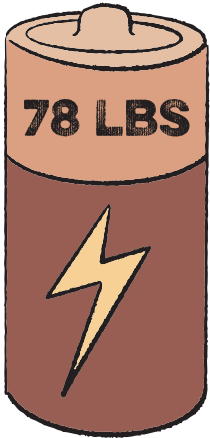
**MORE PICK-UPS,  
MORE OFTEN!**

of food donations by our  
community charity partners

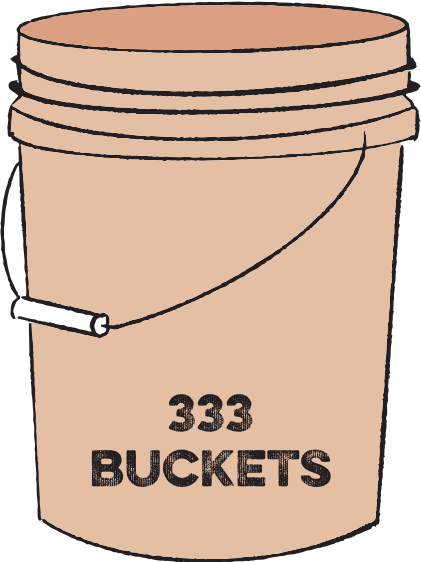
- 2020 FOOD  
DONATION  
RECIPIENTS
- Redwood  
Empire Food  
Bank
  - Redwood  
Gospel Mission
  - Committee on  
the Shelterless
  - Windsor  
Presbyterian  
Church
  - California  
Homemakers  
Association



cooking oil recycled and  
converted into biofuel



of battery  
waste recycled



repurposed by our  
community members  
and diverted from the  
waste stream!

**REUSABLE U-BOAT COVERS**

To reduce amount of soft plastic used, reusable U-boat covers were introduced at Oliver's Cotati store. Not only does this reduce plastic waste, it provides a sturdier way to transport product to the shelves, making product loss less likely.



less waste that went  
into the landfill

«« WE SERVE OUR »»





*Oliver's*  
Real Food. Real People.®

### **COTATI**

546 EAST COTATI AVE.  
COTATI, CA 94931  
707-795-9501

### **MONTECITO**

560 MONTECITO CTR.  
SANTA ROSA, CA 95409  
707-537-7123

### **STONY POINT**

461 STONY POINT RD.  
SANTA ROSA, CA 95401  
707-284-3530

### **WINDSOR**

9230 OLD REDWOOD HWY.  
WINDSOR, CA 95492  
707-687-2050

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