

Office of the Minnesota Secretary of State
Minnesota Public Benefit Corporation / Annual Benefit Report
Minnesota Statutes, Chapter 304A



Read the instructions before completing this form
Must be filed by March 31
Filing Fee: \$55 for expedited service in-person, \$35 if submitted by mail

The Annual Benefit Report covers the 12 month period ending on December 31 of the previous year.
Notice: Failure to file this form by March 31 of this year will result in the revocation of the corporation's public benefit status without further notice from the Secretary of State, pursuant to Minnesota Statutes, Section 304A.301

1. Corporate Name: (Required) SHEMA, GBC

2. The public benefit corporation's board of directors has reviewed and approved this report.

3. In the field below, enter the information required by section 304A.301 subd. 2 or 3 for the period covered by this report, (see instructions for further information): Note: Use additional sheets if needed. (Required)

See additional sheets

4. I, the undersigned, certify that I am the chief executive officer of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

AS

Signature of Public Benefit Corporation's Chief Executive Officer

3/31/2019

Date (Must be dated within 30 days before the report is delivered to the Secretary of State for Filing)

Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

adam@shema.global

Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime phone number of a person who can be contacted about this form:

Susan Goldstein

612-819-8536

Contact Name

Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

Does this entity own, lease, or have any financial interest in agricultural land or land capable of being farmed?
Yes No

ANNUAL BENEFIT REPORT FOR SHEMA, GBC

The Board of Directors of Shema, GBC submit this Annual Report (“Report”) covering the period of January 1, 2018, through December 31, 2018, pursuant to Minn. Stat. § 304A.301, Subd. 3. This is the fourth delivered Report for filing by Shema, GBC. The Board of Directors of Shema, GBC has certified the choice of B Lab as its third-party standard for the following reasons: (1) B Lab is an independent globally recognized third-party certifier of B Corporations and, (2) B Lab carries the same values as we do with respect to business and entrepreneurship. Over 50,000 businesses currently use its B Impact Assessment.

With regard to the structure and governance of Shema, GBC and the third-party standard, we are structuring and governing our company in such a way that social impact (specifically concerning our key demographic of at-risk and rescued women in Southeast Asia) is our primary measure of success—even when not contributing to profitability—as we are able to move forward in the operation of our business according to our stated plans, we will continue to create extensive general public benefit. Moreover, our structure and governance will also help pursue our specific public benefit of creating positive social impact in geographic areas with an impoverished demographic usually targeted for human trafficking.

We are pursuing a general public benefit and specific public benefit as follows: we are currently building the foundations of our business model, developing and working to produce our clothing products from sustainable and renewable resources, and partnering with existing producers in Southeast Asia employing and empowering survivors of human trafficking. We are structuring our company so that we are establishing producer cooperatives of impoverished and at-risk women and rescued survivors of human trafficking to be the major suppliers of Shema, GBC. We are still in the process of establishing our own sewing cooperatives (which we will use to supplement the production of future products) and are currently working with two already established partner producer cooperatives in Nepal and Cambodia, respectively. They each have considerable and measured impact among our target demographic (women at-risk and survivors of trafficking in Southeast Asia) according to third party standards and by our own verification. We have also developed a vulnerability assessment – (according to the UN Global Initiative to Fight Trafficking report) to track the efficacy of the in-country programming of these centers we are helping to either scale or establish that serve as our major suppliers. This will allow us to effectively measure the empowerment and social impact within our target demographic over time. We did not yet implement this assessment during the current reporting period. –

In our process of product development for our apparel line, our design house is engaging in an extensive vetting process to source all of our raw materials in an environmentally sustainable/ethical way. Over 90% of all raw material is globally certified (i.e., GOTS, ISO, FairTrade).

With regard to the community in suppliers, distributors, and the product (pages 12 through 16 of the third party assessment), we screen for social and environmental impact in for both positive practices and negative practices. Our principal textile supplier holds third party

issues such as our carbon footprint as we scale, how we do business with other cultures, and what kind of benefit we are to the world. B-Lab is globally recognized and since we are manufacturing in different countries, this type of assessment takes those kind of requirements into consideration. We were also drawn to this third-party standard because they view women as a benefit and look for ways to empower women. This is not only a goal that we have but is written in our articles of incorporation that—we will empower at-risk women and rescued survivors of human trafficking. In other words we felt that being assessed by a like-minded company would keep Shema, GBC on track to achieve our general and public benefits. We want to treat the environment with kindness and because there is a whole section of the B-Lab assessment that questions our practices this standard gives us a model to help us focus on different elements of the environment that we have control in as we grow.

We have a specific public benefit in our articles although we are a general benefit corporation. During our reporting period, we have not been able to incorporate every practice that we have set up in the structure of our company. Although we had these limitations, we have done all that we can with these limitations to be able to accomplish our mission. We look forward to 2019 as a year that we will keep going forward and invite you to do the same.

Shema, GBC Board of Directors has approved this report.

SHEMA, GBC



By: Adam Goldstein
Its: Co-Founder and Co-CEO

Date: 3/31/2019

**MINUTES OF ACTIONS OF MEETING OF THE BOARD OF DIRECTORS OF
SHEMA, GBC**

The undersigned, being the sole members of the Board of Directors of Shema, GBC, a Minnesota General Benefit Corporation (the “**Company**”), acting pursuant to the provisions of the Minnesota Business Corporation Act, hereby agree to the adoption of and hereby adopt the following resolutions effective March 31st, 2019:

WHEREAS, the undersigned constitute all of the directors of the Company;

WHEREAS, the Co-CEO, Adam Goldstein and Alisha Siemens, with assistance of counsel, drafted the Company’s Annual Benefit Report covering the period of January 1, 2018, through December 31, 2018 (the “**Report**”), which is attached as Exhibit A;

WHEREAS, pursuant to Minn. Stat. § 304A.301, the Company must choose a third-party standard for the Report;

WHEREAS, the Company has chosen B Impact Assessment as the third-party standard, which is promulgated by an independent organization, B Lab;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors certifies and approves as acts of the Company the selection of B Lab and the B Impact Assessment to fulfill the Company’s obligations pursuant to Minn. Stat. § 304A.301 and certifies and approves the Report as drafted.

IN WITNESS WHEREOF, the undersigned have executed these Resolutions effective as of the date first written above.

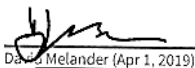


Adam Goldstein, Director



Alisha Siemens (Apr 1, 2019)

Alisha Siemens, Director



David Melander (Apr 1, 2019)

David Melander, Director



Susan Goldstein (Apr 1, 2019)

Susan Goldstein, Director



Work Item 1078142600037
Original File Number 832245000031

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
FILED
04/01/2019 11:59 PM

Steve Simon

Steve Simon
Secretary of State