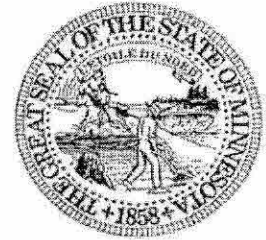


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# Office of the Minnesota Secretary of State

## 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 and online filings, \$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. 201 subd. 2 or 3 for the period covered by this report, (see instructions for further information): Note: Use additional sheets if needed. (Required)

see attached

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.

[Handwritten Signature]

Signature of Public Benefit Corporation's Chief Executive Officer

3/30/16

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:

ALISHA@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:

Aisha Siemens 763 670-4910

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

Print

Reset

## ANNUAL BENEFIT REPORT FOR SHEMA GBC

The Board of Directors of Shema, GBC submit this Annual Report ("Report") covering the period of June 1, 2015, through December 31, 2015, pursuant to Minn. Stat. § 304A.301, Subd. 3. This is the first 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 40,000 businesses currently use its B Impact Assessment. We desire our product to carry the B CORP certification.

With regards 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 and are engaging in fundraising. 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 in the process of establishing our sewing cooperatives (which we will use for production of our product) and so we do not have any measurable impact with our target demographic at this time. We are currently assessing what concrete metrics we will be using to track the empowerment and social impact of our target demographic (women at-risk in Southeast Asia) and are actively looking for partners to help develop software to track these metrics over time.

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. We aim to have over 60% of all raw material globally certified (i.e., GOTS, ISO, FairTrade).

With regards to the community in suppliers, distributors, and the product (sections CM6.2-CM6.6a of the third-party assessment), we screen for social and environmental impact in for both positive practices and negative practices. For this reporting period, because we were not in production, we had a very limited list of suppliers. In our printing of all printed collateral for promotional and other business purposes (fundraising, speaking engagements, etc. and in the future, printed materials that will accompany e-commerce orders and garment tags) we will be using a local, green supplier, PressWrite Printing, a green company that recycles 50% of all paper waste, utilizes 52 solar panels to power its facility, and uses chemical free plate-making equipment and LED lighting throughout to minimize carbon footprint.

With regards to environmental outputs and inputs of the third party standard, section EN3.2 of the third-party assessment, our structure is to have the products be produced in minimal-energy consumption countries using low energy consuming equipment that is fit for the location. The energy consumed per product will be inherently very low, but currently unquantifiable, compared to "factory" produced garments.

Currently, the public benefits Shema, GBC has created during the period covered by the report is as follows: regarding the benefit to the community through diversity and inclusion, sections CM3.2-CM3.5 of the third-party assessment, Shema GBC currently has a 50% women ownership and a women majority on our board of directors. Our local supplier for product development/design is owned and operated by women.

The benefit created during the period covered by the report to the community through civic engagement and giving includes 4.6% of revenue donated to charities, and 131 volunteer hours were given to non-profits by the company founders (3.3% per capita worker volunteer time).

The main circumstance hindering Shema, GBC's efforts to create more general public benefit and the specific public benefit at this time is a lack of funding. We have relied strongly on Crowdfunding as a method to raise working capital, however, this has been only partially successful. As such our company has been hindered from developing as quickly as we had originally anticipated. We are actively engaging in fundraising in order to move forward.

Another circumstance hindering us from creating public benefit: we have yet not finished product development, or established our raw material suppliers. Also, because our standards of requiring raw materials to be environmentally and ethically farmed are non-negotiable it is taking a longer time for us to establish a relationship with those suppliers that meet this criteria.

With regard to mission and engagement, section GVI.10 of the third-party assessment, we want key performance indicators or metrics that our company track to determine if we are meeting our social environmental objectives. Because we have yet to establish our sewing cooperatives and have not gone into production, we have been unable to track any objectives and do not have any measurable impact with our target demographic. We are currently assessing what concrete metrics we will be using in the future.

We choose this third-party standard because it fell within the different goals that our company was being structured to achieve. As a company, we want to have transparency in areas of our company such as finances, our supply chain, and how we treat the environment. We want to be held accountable when it comes to different elements of our supply chain and we want to be graded in other areas of doing business. This third-party assessment will help us focus on issues such as our carbon footprint, 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 a different country, this type of assessment takes that kind of requirement 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 it also s written in our articles of incorporation that—we will empower people who have been trafficked (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 kindn ss and because there is a whole section of the B-Lab assessment that questions our practices 1 is standard gives us a model to help us focus on different elements of the environment that we l ve control in.

We have a specific public benefit in our articles although w are a general benefit corporation. During our reporting period, we have not been able to inc orporate every practice that we have set up in the structure of our company. Although we had th se limitations, we have been able to accomplish part of this standard by donating money c o different non-profit organizations that aid women or children that have been rescued ou of sex trafficking. In addition to this donation, we also had one of our co-founders donate tin e while in a country to multiple NGOs who help and empower women that have been resc ed and going through rehabilitation to heal from the trauma from that they were forced into.

Shema, GBC Board of Directors has approved this report.

SHEMA, GBC



By: Alisha Siemens

Its: CEO

Date: 3/30/10



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*Steve Simon*

Steve Simon  
Secretary of State