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Annual Benefit Report
of
LICO2e, GBC

A Minnesota General Benefit Corporation

March 31, 2017

LICO2e, GBC

LICO2E was incorporated on June 29, 2016 as a General Benefit Corporation under Minnesota's Public Benefit Corporation Act (the "Act"). Pursuant to Section 304A.101 of the Act, LICO2E's general public benefit purpose as stated in its Articles of Incorporation is:

to pursue a net material positive impact from the business and operations of a general benefit corporation on society, the environment, and the well-being of present and future generations.

In addition, LICO2E has also elected to pursue the following specific public benefit: "To foster, promote and facilitate sustainability initiatives and projects, and carbon offset services".

Sole shareholder and member of the Board of Directors: Kelly D. Cain, PhD

Brief History: LICO2e d/b/a/ 'Locally Invested Carbon Offsets' is a recent independent spin-off from its parent organization, the St. Croix Institute, LLC (SCI), which transitioned into private business in 2014 from its origin as the St. Croix Institute for Sustainable Community Development (SCISCD) at the University of Wisconsin – River Falls in 2007. SCISCD is where commitment to 'carbon negative, quadruple bottom line' values and principles emerged, as well as the conceptualization of 'locally invested carbon offsets' as a fundamental way of aggregating and directing local investment in carbon offsets for environmental, social, community and planetary well-being in response to and as a mechanism for climate change mitigation, adaptation, and decarbonization. Kelly D. Cain, PhD was co-founder and Director of SCISCD, negotiator of SCI into private business, and principal / founder / Chief Executive Officer of LICO2e in 2016 (current).

Our Board of Directors has selected the following independent third-party standard:

Green America Green Business Standards

Our board of directors used the following process to choose our enumerated third-party standard:

Process consisted of:

- Web-based research of historical use of these standards by other public benefit corporations with similar mission, vision, and values as LICO2e;
- Identification, comparison and applicability to LICO2e needs; and
- discussion with our attorney regarding these standards as an appropriate choice.

And determined to use this third-party standard because:

- Green America Green Business Standards are an excellent match to the mission, vision, values, and principles of LICO2e.

Green America Green Business Standards:

- *Operates a “values-based” social enterprise according to principles of social justice and environmental sustainability (values statement must be featured on website);*
- *Is environmentally responsible in the way the business runs its operations and facilities (green office/facility standards provided), and in how the business sources raw materials, manufactures products, and markets them;*
- *Operates in extraordinary ways that benefit workers, customers, communities, and the environment;*
- *Operates with transparency in every facet of its business; and*
- *Is on a path to even greater sustainability and actively uses their business as a tool for positive social change.*

Green America specifically provides Green Business Certification standards for businesses in the Consulting, Marketing and PR Industry that require a business to:

- *Restore or Protect the Environment.*
 - *When doing work for a client, work is around sustainability or “eco-consulting.”*
- *Social and Economic Justice. When doing work for a client, the business:*
 - *Does not engage in green-washing or “paid for blogging” (misrepresenting itself as “passionate customer” of client);*
 - *Does not knowingly engage in misrepresentation of client products and company information;*
 - *Includes discussion of green values and benefit/advantage on website;*
 - *Earns at least 50% of revenues come from sustainable businesses or nonprofit organizations; and*
 - *Provides Pro-bono work to community organizations.*

In accordance with this third-party standard, LICO2e has done the following to pursue a general public benefit as well as its specific public benefit:

- 1) Incremental reduction of its operational impact socially and environmentally in every facet of the enterprise that can be afforded at this point in its growth. For specific example, LICO2e and its parent / partner organization (St. Croix Institute, LLC [SCI], which operate from the same office and support services), benchmarked the combined carbon footprint for 2016 utilizing the Native Energy Calculator for generalized benchmarking, and purchased offsets from TerraPass totaling 20% beyond carbon neutral. This is LICO2e (& SCI's) walk-the-talk commitment to its values and principles, especially carbon negative outcomes;

- 2) Developed corporate presence and ongoing maturity of its identity and services in the market place;
- 3) Provided pro bono presentations (in partnership with SCI) for sustainable community partner organizations interested in locally invested carbon offsets; and
- 4) Applied for and secured initial issuance of LICO2e and RICO2e trademarks from the US Patent and Trademark Office to raise awareness, branding, and marketing success around climate change mitigation and adaptation.

In accordance with this third-party standard, LICO2e has created the following general public benefit and specific public benefit:

- 1) Provided significant pro bono and fee based conceptualization and strategy advice for non-profit organizations and government agencies in and outside Minnesota regarding sustainability values, principles, and practices, especially utilization of locally invested carbon offsets as a direct and/or indirect revenue and public benefit strategy consistent with their missions;
- 2) Initiated conversations offering pro bono licensed use of either or both trademarks and support services for LICO2e and RICO2e and
- 3) Provide introductory and fee-based conceptualization and strategy advice and services for publicly and privately held profit driven enterprises regarding sustainability values, principles, and practices, especially utilization of locally invested carbon offsets as a direct and/or indirect revenue and public benefit strategy consistent with their industry and market initiatives.

The following circumstances hindered LICO2e, GBC efforts to pursue or create a general public benefit:

- 1) Incorporated midstream/late in the organizational year; June 29, 2016;
- 2) Limited start-up funding to provide full menu of strategic services. St Croix Institute provided all start-up funding to date for incorporation, legal fees, trademark applications, url-domain fees, media / webpage design and development; office overhead, etc.;
- 3) Waiting on US Patent and Trademark Office issuance of trademarks for classes 35 and 36 for both; and
- 4) Limited human resource / capacity to maximize startup efforts utilizing both LICO2e and RICO2e in bonified commercial applications, both profit and/or non-profit.

CERTIFICATION BY THE BOARD OF DIRECTORS

The undersigned, being the sole director of LICO2e, GBC hereby acknowledges and certifies: (1) we have chosen the third-party standard designated in this Annual Report; (2) we have determined that the organization that promulgated this third-party standard is independent; and (3) we have reviewed and approved the enclosed Annual Benefit Report.

Kelly D. Cain



SUBMISSION:

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 provided all required information 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.



Kelly D. Cain
Chief Executive Officer



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OFFICE OF THE SECRETARY OF STATE
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Steve Simon

Steve Simon
Secretary of State