

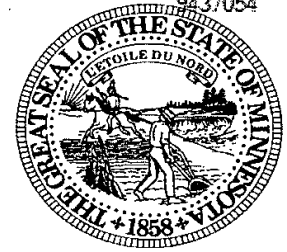
4N-698



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) Russell Herder

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)

Additional sheets 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.

[Signature]
Signature of Public Benefit Corporation's Chief Executive Officer

3/31/17
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:

cowl@russellherder.com

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:

Carol Russell 612.455.2375
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.

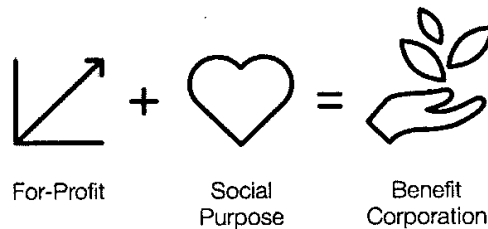
Does this entity own, lease, or have any financial interest in agricultural land or land capable of being farmed?
Yes No



March 31, 2017

RUSSELL HERDER: 2016 BENEFIT CORPORATION ANNUAL REPORT

Thirty-three years ago, Russell Herder was founded with the belief that our work should matter. Becoming a Benefit Corporation, and subsequently a Certified B Corporation, is a natural extension of our values and enduring commitment to doing good in our greater community.



On September 6, Russell Herder - a full-service, woman-owned advertising agency - changed its legal status with the State of Minnesota to become a Benefit Corporation to recognize the value we place upon achieving social and sustainability goals in addition to financial profit. The following summarizes our accomplishments thus far.

Provision of General Public Benefit

Russell Herder committed to serving the community by matching a significant percent of its annual profits in time and services donated to select nonprofit organizations focused on the arts, sustainability, and health and wellness causes.

In calendar 2016, our contributions represented 5.9 percent of our total revenue as follows:

Court-Appointed Special Guardians (CASA) Minnesota	\$14,500
Lakes Area Music Festival	\$23,500
Minneapolis City of Lakes Rotary	\$ 5,400
Bemidji State University	\$18,500
Cancer Care of Tanzania	\$15,500
East African Medical Foundation	\$ 2,500
American Society of Interior Designers	\$22,500

Endurance Limits	\$50,000
Total	\$152,400

In addition, we also gave team members three additional days per year of paid time off to volunteer for nonprofits of their choice.

Being a for-profit, long-term value organization, Russell Herder committed to the bigger picture, weighing our practices and work against the wellbeing of our team members, our clients, and the many communities we serve. In short, we want to make a difference for our clients as well as being a force for good in the world.

What this means for clients . . .

Good clients place a high value on companies that manifest a social purpose alongside economic drivers. In short, clients hire us for our expertise, but they also want to know what we stand for. Like them, we believe it is important to adhere to high standards and do what's right for those we serve.

What this means for employees. . .

We attract the highly skilled talent we do by offering our team the opportunity to make meaningful contributions to a better world simply by doing their jobs. Today's employees have a strong desire to align personal and corporate values. They want more than work-life balance. They are looking for work-life integration, which means applying their talents to truly make a difference.

Third Party Assessment

After an independent, rigorous assessment of our organization's professional and social impact, Russell Herder officially became a Certified B Corporation – the tenth in Minnesota - on March 20, 2017. We are nationally accredited for high standards of accountability and altruism. Becoming a B Corporation is a way for companies to not only measure their performance, but also to share those measurements in a meaningful way with those they serve. There are now over 2,000 certified B Corporations® in 50 countries and 130 industries working together to redefine success in business.

What we are assessed on:

Governance

Accountability, ethics, transparency, revenue

Employees

Metrics, compensation, benefits, training, communication, culture

Community

Job creation, diversity and inclusion, civic engagement/giving, local involvement, suppliers

Environment

Offices, energy inputs and outputs

Impact

Mission, empowerment, services outcome, health and wellness improvement, service to in-need populations

About B Lab...

After thorough review and consideration, Russell Herder selected B Lab from Chicago, IL as our third-party assessment and certification entity. B Lab is a nonprofit organization that serves a global movement of people using business as a force for good. The organization drives systemic change by:

1. Building a global community of Certified B Corporations who meet the highest standards of verified, overall social and environmental performance, public transparency, and legal accountability;
2. Promoting mission alignment using innovative corporate structures like the benefit corporation to align the interests of business with those of society and to help high impact businesses be built to last;
3. Helping tens of thousands of businesses, investors, and institutions Measure What Matters, by using the B Impact Assessment and B Analytics to manage their impact - and the impact of the businesses with whom they work - with as much rigor as their profits;
4. Inspiring millions to join the movement through compelling story-telling.

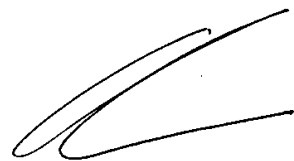
Looking Forward

Much has been achieved since we became a Benefit Corporation, yet much is also underway. We have fully embraced the assessment opportunity and have pledged to improve our above-average score to an even greater degree. Among the initiatives underway are the following:

- Supplier assessment – We are currently developing a tool to rate the suppliers we utilize based on their contribution to the local economy, job creation, employee practices, sustainability and volunteerism.
- Employee wellbeing – We are analyzing the current benefit programs in place to determine ways to support our team members personal and group goals.
- Focused service – We are dedicating our pro bono commitment within three key areas: the arts, sustainability and health and wellness to make the greatest impact.

Board Approval

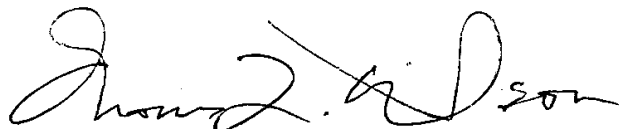
In filing this annual report, Russell Herder certifies that its board of directors has chosen an independent third-party standard to assess our practices, and has approved this report.



Carol Russell



Brian Herder



Tom Wilson



Work Item 943705400038
Original File Number 4N-698

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
FILED
03/31/2017 11:59 PM

Steve Simon

Steve Simon
Secretary of State