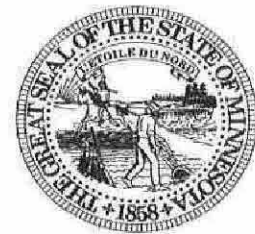


Office of the Minnesota Secretary of State

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) Azul 7, 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)

Please see attached full report.

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.

Lisa Helminiak
Signature of Public Benefit Corporation's Chief Executive Officer

March 21, 2018
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:

lisa.helminiak@azulseven.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:

Lisa Helminiak 612-767-4335
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

 azul seven

Public Benefits Corporation Annual Report

Fiscal Year 2017

Reporting Period January, 1, 2017 – December 31, 2017

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To Our Friends and Colleagues in the Community,

Azul Seven joined the B Corporation movement in Minnesota in 2015, because we want to be good corporate citizens in the region. We are an experience design firm that combines human-centered design and technology to solve business challenges. Our mission is to help clients grow sustainably by creating products and services that work better for people and the planet. That means we help clients better understand the people they serve, and the ecosystems in which they do it.

We believe in a world where we can create value and profit to enrich our local economic health; protect and enhance our natural environment and shared ecosystems; and support and build upon our cultural landscape. We remain inspired by the vision of thriving local and global communities, and I encourage you to join with us in realizing this vision through the B Corporation movement.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Helminiak". The signature is fluid and cursive, with a large initial "L" and "H".

Lisa Helminiak
CEO
Azul Seven

introduction

Azul Seven incorporated on March 24, 2015 as a General Benefit Corporation under Minnesota's Public Benefit Corporation Act (the "Act"). Pursuant to Section 304A.101 of the Act, Azul Seven'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 2015, Azul Seven selected the following independent, third-party standard: B Impact Assessment, developed by B Lab. Azul Seven elected to continue using the same standard in 2016 and 2017 and has applied the B Impact Assessment in a consistent manner.

Following a year of transformation, 2017 was a year of progress for Azul Seven. We established a consistent rhythm with client work and achieved many of our goals for workers, community, governance and environment. This report reflects where we are today and what we aim to achieve in 2018.

As a company and B Corporation, we continue to make strides to be more fair, more inclusive and better stewards of the environment by:

- + Hiring a diverse staff;
- + Paying fair and equitable wages;
- + Continuing to find ways to lessen our negative impact on the environment;
- + Supporting our local economy by purchasing goods and services from local suppliers and partners, when possible;
- + Volunteering, as well as investing financial resources for social good; and
- + Making a commitment to improve our impact each year.

assessment scores

	Azul Seven Total Points*	Percent Earned	B Corp Average*
Overall Rating	82.0		97
Governance	17.5	70.0%	14
Corporate Accountability	14.5	80.6%	10
Transparency	3.0	42.9%	4
Workers	26.4	52.8%	26
Compensation, Benefits & Training	18.0	58.7%	17
Worker Ownership	2.3	25.6%	3
Work Environment	4.5	60.8%	5
Community	32.1	48.5%	44
Community Practices	31.3	48.8%	20
+ Suppliers & Distributors	4.0	66.7%	4
+ Local Involvement	7.0	58.3%	6
+ Diversity	3.7	33.6%	3
+ Job Creation	0.0	0.0%	2
+ Civic Engagement & Giving	5.5	42.3%	5
Consumers	11.2		18
Consumer Products & Services			18
+ Serving Those in Need	11.2		
+ Products or Services			
Environment	6.0	30.0%	13
Environmental Products & Services			8
Environmental Practices	6.0	30.0%	
+ Land, Office, Plant	4.6	41.8%	5
+ Inputs	0.7	10.8%	3
+ Outputs	0.7	28%	1
+ Suppliers & Transportation	0.0	100%	3

* For Certified B Corps, Total B Impact Scores will not equal the sum of the sub-scores since each reflects a median score

Azul Seven's Public Benefit Goals and Progress

Workers (Our Employees)

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Azul Seven's staff is central to our success as a service organization. We continue to work hard to attract and retain skilled and talented team members. In 2017, we did away with paid time off (PTO) in favor of completely flexible work schedules that allow employees to manage their responsibilities in a way that meets their needs and the needs of Azul Seven. We also updated our policy for determining employee bonuses in profitable years.

Azul Seven offers health benefits through the company and pays the first \$550 of employee premiums. We also offer dental, disability, life insurance and a 401(k) plan, as well as transportation reimbursement. The full benefits package is available for all staff working more than 30 hours per week including their families and domestic partners.

Worker Goals for 2018

- + Work to meet B Lab's "B Corp Inclusion Challenge," by setting goals and improving on 3 or more inclusion metrics in the B Impact Assessment by September 2018.
- + Finalize policy establishing a transparent bonus plan (for profitable years) based on standard metrics.

Workers Challenges

Azul Seven works diligently to add and enrich benefits as we can for our employees. However, the rapidly rising cost of healthcare and other benefits remains the primary worker-related challenge for Azul Seven.

Lastly, identifying and hiring a racially diverse team with the requisite skill sets in design and technology is a challenge. But Azul Seven is committed to building as diverse a team as possible, and has worked toward that goal by supporting non-profits such as AchieveMpls to ensure that students have the opportunity to work in creative fields.

Community

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The Twin Cities, Minneapolis and St. Paul, have a long history of activism and support by businesses to improve the health and well-being of citizens. Azul Seven is committed to continuing that tradition. We give back to the community through direct gifts and in-kind donation of services, such as developing websites for industry associations and nonprofits like Gilda's Club Twin Cities, Speaking of Home and AchieveMpls.

To create as much local economic impact as possible through our work, we refined our local purchasing policy in 2017 to purchase as much as possible from local suppliers, including accounting, banking and cleaning services. In addition, in 2017 we gave 1% of profits to a local nonprofit selected by Azul Seven employees and chose a separate nonprofit to which employees could donate up to 20 hours each of paid volunteer time. We will continue both programs in 2018.

In 2017, Azul Seven was proud to support and donate services to Speaking of Home, a public art installation focused on examining the immigrant experience in Minnesota.

"Speaking of Home explores the meaning of home to 58 immigrants and refugees living in Saint Paul and Minneapolis, Minnesota. It is the first public artwork and design project ever installed in Saint Paul skyways – the world's largest publicly owned skyway system. Speaking of Home engages the power of arts and design to empower immigrants and draw attention to their lives and struggles while demonstrating how the public space can be used to create a sense of place and identity and as an asset for cultural and economic vitality."

Community Goals for 2018

- + Give 1% of profits back to the community through employee-chosen community initiatives for qualifying non-profits.
- + Allow employees to select a single, community nonprofit project where Azul Seven staff members can work together while volunteering up to 20 hours of paid time-off each.

Community Challenges

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Our goal is to continually expand a positive impact on the local community through volunteering and giving. It was surprising to learn that not all of our staff used their 20 hours of paid time-off to volunteer in 2017. In 2018, the team has decided to work together on a joint volunteer effort so we ensure we deliver this impact.

In regards to our local-purchasing policy, we will have to continue to weigh overall costs with our desire to keep purchases close to home in 2018.

Environment

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Azul Seven's environmental impact results from the energy we use to run our office equipment and to commute from home to work, as well as, the waste we generate. In 2017, we transitioned to low-wattage light bulbs and low-flow water fixtures in our new offices. We also began real-time tracking of energy used for heating and cooling in an effort to reduce our impacts. In 2017, we also finalized our transportation reimbursement, which incentivizes Azul Seven employees to bike or walk to work.

At Azul Seven, we've made a concerted effort to transition to a paperless office, working with digital documentation as much as possible. In addition, we work to minimize our use of toxic substances and reduce waste. We recycle paper, plastic and aluminum and continue to look forward to composting when service becomes available.

Environmental Goals for 2018

- + Source and purchase electricity from a renewable energy program.
- + Begin compost recycling.

Environmental Challenges

In 2017 we were delayed in pursuing renewable energy purchase by renovation work within our building, which required us to temporarily share a meter with other tenants in the building. Establishing a full year of benchmarked energy costs will be a preliminary step to making decisions about purchasing or investing in renewable energy.

Governance

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Azul Seven is a small, privately held company with a simple governance structure. In 2017, we established an advisory council with bi-monthly meetings. We also solicited feedback from clients and staff to improve our training, consulting and design services.

In 2017, Azul Seven re-applied for, and received, federal woman-owned business status.

Governance Goals for 2018

- + Shift to monthly advisory council meetings
- + Maintain our federal woman-owned business status
- + Establish planning and reporting processes for implementation by the B Corp Employee Team

Governance Challenges

Azul Seven is fortunate to have a strong network of advisors willing to provide feedback on our company goals and initiatives. However, gathering their input in a board setting has proven challenging from a scheduling perspective. Moving forward, we hope to make better use of their expertise through regular, one-on-one or small-group communications.

Another governance challenge that continued in 2017 was giving the necessary time to measuring and reporting the work we do toward our public-benefit goals. As a small company, with limited human resources, we accept this will continue to be a challenge, and we're working to give greater ownership of the process to the B Corp Employee Team.

certification by the CEO

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.



Lisa Helminiak
CEO



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OFFICE OF THE SECRETARY OF STATE
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03/26/2018 11:59 PM

Steve Simon

Steve Simon
Secretary of State