

Annual Benefit Report

**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 12, 2018:

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

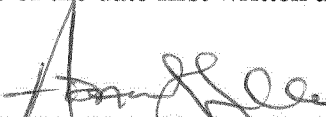
WHEREAS, the Co-CEO, Adam Goldstein and Alisha Siemens, drafted the Company's Annual Benefit Report covering the period of Jan 1, 2017, through December 31, 2017 (the "**Report**"), which is attached as Exhibit A;

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

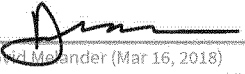


Alisha Siemens, Director



Alisha Olsen (Mar 19, 2018)

Alisha Olsen, Director



David Melander (Mar 16, 2018)

David Melander, Director



Susan Goldstein, Director

EXHIBIT A

ANNUAL BENEFIT REPORT FOR SHEMA, GBC

The Board of Directors of Shema, GBC submit this Annual Report ("Report") covering the period of January 1, 2017, through December 31, 2017, pursuant to Minn. Stat. § 304A.301, Subd. 3. This is the third 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 business 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 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 still 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 have 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 (women at-risk in Southeast Asia) 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 80% of all raw material globally certified (i.e., GOTS, ISO, Fair Trade). We have narrowed our search down to two mills that hold these certifications and have been working with a sewing center to finalize our samples.

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. For this reporting period, because we were not in production, we had a very limited list of suppliers. In our usage of all greeting, Christmas, and thank you cards, we used paper that was made from discarded fibers recovered from the garment industry, 100% biodegradable, and recyclable. Our main supplier we contracted with for product development/design is locally owned and operated by women. For our printed content, we have chosen a supplier that has environmental certifications and practices.

With regard to environmental outputs and inputs of the third-party standard, pages 20 to 26 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. Daily operations are 90% via virtual office. Virtual work benefits the environment because with less travel, it lowers the amount of vehicle emissions and decreases fuel usage.

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, pages six and seven of the third-party assessment, Shema GBC currently has a 50% women ownership and a women majority on our board of directors.

The benefit created during the period covered by the report to the community through civic engagement and giving includes 140 volunteer hours given to non-profits by the two company founders.

The main circumstance hindering Shema, GBC's efforts to create more general public benefit and the specific public benefit at this time is continued lack of funding. We have relied strongly on crowd funding 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 and investment in order to move forward.

With regard to mission and engagement, page two of the third-party assessment, we want key performance indicators or metrics that our company tracks to determine if we are meeting our social environmental objectives. Because we 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 has been 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 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 2018 as a year that we will continue to move forward.

Shema, GBC Board of Directors has approved this report.

SHEMA, GBC

Alisha Siemens

Date: 03/15/2018

By: Alisha Siemens

Its: Co-Founder



Work Item 1008884200036
Original File Number 832245000031

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

Steve Simon

Steve Simon
Secretary of State