

Annual Benefit Report (2018)  
of  
LICO2e, GBC

A Minnesota General Benefit Corporation

March 26, 2019

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”.**

**The sole shareholder and sole member of the Board of Directors is Kelly D. Cain, PhD**

**Brief History:** LICO2e d/b/a/ ‘Locally Invested Carbon Offsets’ is a recent independent spin-off from a related 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. From SCISCD emerged a commitment to ‘carbon negative, quadruple bottom line’ values and principles, as well as the conceptualization of ‘locally invested carbon offsets’ as a fundamental way of aggregating and directing local investment in carbon offsets for the well-being of the environment, society, community and planet in response to and as a mechanism for climate change mitigation, adaptation, and decarbonization.

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:

- 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 Mr. Cain’s related organizations (which operate from the same office and support services), benchmarked the combined carbon footprint for 2018 utilizing the Native Energy on-line calculator and Terrapass off-line business calculator. The base calculation for 2017 was 40mT. ‘20% Beyond Neutral’ equals 8mT. 48mT were purchased for 2017. The base calculation for 2018 was virtually the same, but with two additional remote small, home-office spaces, added an additional 4mT’s, and so a purchase of 52mT from Terrapass on January 18, 2019. Future benchmarking and tracking will continue to pursue more discreet and comprehensive protocol, carbon sequestration offsets, and achievement of ‘carbon negative’ performance. This is LICO2e walk-the-talk commitment to its values and principles, especially carbon negative outcomes;
- 2) Continued development of corporate presence and ongoing maturity of its identity and services in the market place, especially with the development of ‘Industrial Karma’ metrics and graphics system through it licensing and partnership with Sustainability Dashboard Tools;
- 3) Provided pro bono presentations (in partnership with SCI) for sustainable community partner organizations interested in locally invested carbon offsets; and

- 4) Was officially awarded formal issuance of LICO2e and RICO2e trademarks (classes 35 and 36), 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 conceptualization and strategy advice (in partnership with SCI), 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) Provided introductory and fee-based conceptualization and strategy advice and services for publicly and privately held profit driven enterprises (in partnership w/ SCI), 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) LICO2e, while still in start-up mode, has begun to gain traction with multiple national organizations (both profit and non-profit), on both pro bono and paid services basis. LICO2e continues to initiate and mature relationships that can actively lead to broadening these collaborative partnerships, market-based success, and other professional capacities;
- 2) Limited start-up funding to provide full menu of strategic services. LICO2e achieved its first invoiced revenues for service at the end of 2018. St Croix Institute and personal investment continued to provide a significant proportion of ongoing operational funding to date for incorporation, legal fees, trademark applications, url-domain fees, media / webpage design and development; office overhead, travel, etc.. It is anticipated that LICO2e will become self-supporting in 2019;
- 3) US Patent and Trademark Office awarded final formal issuance of trademarks for LICO2e and RICO2e (classes 35 and 36 for both), but no successful marketing of licensing of such was yet achieved; 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 GBC**

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

A handwritten signature in cursive script, appearing to read "Kelly D. Cain", written in dark ink on a light-colored background.

**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.

A handwritten signature in cursive script, appearing to read "Kelly D. Cain", written in dark ink on a light-colored background.

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Kelly D. Cain  
Chief Executive Officer