

Annual Benefit Report (2022)
of
LICO2e, GBC

A Minnesota General Benefit Corporation

March 14, 2023

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 Falls. 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) Joined Green America as a Standard Business Member (referenced above), in March, 2020 with continued auto-renewal membership current.
- 2) 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 Dr. 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. Footprint for 2019, was virtually identical to 2018 with a purchase of 52mT from Terrapass on March 19, 2020. The footprint for 2020 declined significantly, due to COVID pandemic lock down, loss of business, and significant reduction in travel. As a matter of consistency in climate action and carbon offset performance, LICO2e (& St Croix Institute), have donated the equivalent of 52mT of offsets (valued far in excess of Terrapass Business Carbon rates), and have contributed that to the TICO2e (Tribally Invested Carbon Offsets) Carbon Calculator & Funding Portal ([TiCO2e Travel Calculator \(indiancarbon.org\)](https://indiancarbon.org)), with which LICO2e assisted technical development. The 2021 carbon footprint for both companies combined was essentially identical to 2020 due to COVID pressures. While business

has increased in 2022, carbon performance is relatively unchanged, in addition to significant retrofits to ArtReach/St Croix (regional arts programming non-profit) building (built in 1852) where I have leased office space since 2014. Whole house improvements in 2022 include Andersen high efficiency windows, spray foam throughout basement walls, and ENERGY STAR appliances. Resulting decarbonization summary for Btu's and kWh should be available in the near future. Partial weatherization / floor and window sealing for part of Ely office was also completed. I have once again donated the equivalent of 52mT of offsets to the TICO2e Carbon Calculator & Funding Portal (which is again 20% above carbon neutrality for the companies). Despite the fact LICO2e will not receive verified project carbon credits for 2020, 2021, or 2022, these equivalent funds are used by the National Indian Carbon Coalition (NICC – www.indiancarbon.com) to support development of carbon offset projects in tribal communities across the country, supporting not only decarbonization, but social equity and justice, and buy-back of original historic Tribal territory as part of LICO2e's intergenerational mission. 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;

- 3) Continued development of corporate presence and ongoing maturity of its identity and services in the marketplace, especially with the development of 'Industrial Karma' metrics and graphics system through its licensing and partnership with Sustainability Dashboard Tools, now rebranded as Green2Sustainable ([Green2Sustainable](#));
- 4) Continued providing pro bono assistance (in partnership with SCI), to Kinni Corridor Collaborative who partners with Hope for Creation, the City of River Falls, and other sustainable community partner organizations interested in climate action and locally invested carbon offsets. This effort continues to be for the establishment of a carbon calculator and funding portal to feed a locally managed capital development fund for underwriting their climate action plan and a wide array of decarbonization objectives and strategies;
- 5) Continued providing pro bono assistance to ArtReach St. Croix, the largest arts programming non-profit [501(c)(3)] in the St Croix River Valley of both MN and WI. This is especially in regard to assistance with the *What We Need Is Here* and the *Navigate* programs, besides recommendations for building energy design and efficiency;
- 6) Continue to serve on the voluntary Board of Directors for Slipstream, Inc., one of the largest US non-profits [501(c)(3)] in the US for energy efficiency, decarbonization, and social equity. I stepped down as the Chair for Board Development in 2022. Have served on this Board for 10 years under WECC, and now five plus years post-merger with Seventh Wave;
- 7) Submitted and continue to wait for TICO2e service mark to be granted formal trademark issuance from US Patent and Trademark Office based on classes 35 and 36, which will then be donated to NICC (with only direct cost reimbursement). That trademark has yet to be awarded but is in formal consideration. The TICO2eSM Carbon Calculator & Funding Portal is already operating as a non-profit funding mechanism to support decarbonization strategies and carbon offset development as a new revenue

stream for tribal communities across the country. While formal issuance was expected in 2022, as of this writing, there is a refiling in process to adapt to critique of USPTO in regards to meeting specifications of Class 36.

- 8) Began work with the Great Lakes Governors & Premiers Impact Investment Fund on potential utilization and licensing of the TICO2e Carbon Calculator & Funding Portal model for capital development fund initiatives across the Great Lakes region.

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, in partnership with the National Indian Carbon Coalition (NICC), [subsidiary of the 501c3, Indian Land Tenure Foundation (ILTF)]; and the 501c3, national Community Action Partnership (CAP). In parallel, continued development, enhanced function, and marketing of the web-based TICO2e Carbon Calculator & Funding Portal as a licensable, 'white label' climate action fundraising tool for tribal and non-tribal foundations, institutions, non-profits, college campuses, and others across the country. Partnership with NICC is entered its fifth (5th) year;
- 2) Partnered with NICC and SIG-NAL for a USDA NRCS Conservation Improvement Grant (CIG) proposal in 2020 (which was awarded), for development of a web-based tool to identify and quantify co-benefit metrics for tribally based soil, grassland, and forest carbon offset development. The partner team has now evolved to replace SIG-NAL, with INNOVATE!, INC. as the primary GIS / APP Development contractor - (*a Virginia-based, Hispanic- and woman-owned business delivering Geospatial, Information Technology, Security, Business Consulting, Project Management and Executive Coaching solutions to our government and private sector clients.*) These co-benefits are ecosystem service and social / community-based outcomes. Throughout 2021 and now at the end of 2022, the tool is slated to go public at end of 1st Qtr. of 2023. Major evolution in 2022 included rewriting of all 17 UN Sustainable Development Goals from a North American Tribal perspective, with assignment and alignment of all metrics to one or more of the SDGs, with consideration for mapping onto other reporting platforms, such as GRI, CDP, SBTN, SEC, and others. LICO2e / SCI continues to provide a 1:1 match on all billable hour labor as primary subcontractor to the project, which is well on its way to public access through the Tribal Energy Atlas hosted by the National Renewable Energy Lab (NREL);
- 3) Continued to serve as a reduced rate collaborator for design and development of a 24/7/365 energy self-sufficient, microgrid resilient food hub and local food system carbon offset protocol development for one of the MN Tribes. This energy and food sovereignty project was funded by the Bush Foundation. Besides the Tribe, fellow collaborators were Healthy Share (GBC), National Indian Carbon Coalition, and Slipstream Inc. However, this project was postponed /cancelled in the 3rd Quarter of 2022;
- 4) Major team responsibilities for two Tribal related projects supported by the MN Department of Commerce, Conservation Improvement Grant awards, both of which

were finished in 3rd Quarter of 2022. Other primary team organizations were Slipstream, Inc. and NICC. The essence of each project were: *Recommendations to MN Electric Utilities for Support for MN Tribal Food Sovereignty Initiatives*, and the other *Recommendations to MN Utilities for Improved MN Tribal Access to Conservation Improvement Program (CIP) Funds*. LICO2e (SCI) provided updated its local food system economic development model (originally developed for the Aspen Institute Community Strategies Group) for each and the cumulative impact for all 11 Tribes.

- 5) Continued offering pro bono licensed use of either or both trademarks and support services for LICO2e and RICO2e with NICC, and individual communities; and
- 6) 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 ‘carbon negative – quadruple bottom line approach,’ in combination with locally invested carbon offsets as a direct and/or indirect revenue and public benefit strategy consistent with their industry and market initiatives. For example, provided significantly reduced fee-based staff training for one of the largest employee-owned, international organic / fair trade food ingredients importers – Ciranda, Inc., located in Hudson, WI.

The following circumstances hindered LICO2e, GBC efforts to pursue and/or realize its full potential in general public benefits:

- 1) LICO2e, while still a relatively small, start-up organization, 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. Build out of LICO2e staff capacity is not likely in the near future due to continuing modest revenue projections, though need for legacy considerations of the company are increasingly apparent;
- 2) Limited revenue / funding to provide full menu of strategic services was once again inhibited by the COVID pandemic lock-down, with moderate improvement throughout 2022, yet continuing to impose some limitations of business. While LICO2e achieved its first invoiced revenues for service at the end of 2018, and improved invoiced revenues in 2019 and 2020, a very significant USDA NRCS CIG contract with NICC initiated in 2021 helped to moderate a very challenging fiscal situation. 2022 was a much better year (with expectations to continue in 2023). LICO2e and significant personal investment was required to support the St Croix Institute (who provides significant consulting to LICO2e), partnership initiatives once its financial buffer was consumed. Significant LICO2e revenue in 2021 and 2022 was also utilized to pay off now approximately 50% of debt accumulated during the darkest period of the COVID pandemic;
- 3) Limited operational funding inhibited ability to comfortably pay for further: corporate development, expansion legal services, trademark applications, url-domain fees, media / webpage design and development; office overhead, travel, etc. Due to the USDA NRCS new NICC contract in early 2021, LICO2e in 2022 was able restart major webpage and marketing revitalization in partnership with the St Croix Institute;

- 4) Formal issuance of trademarks for LICO2e and RICO2e (classes 35 and 36 for both), were still limited in successful marketing and licensing of such to others, other than for the company itself; and
- 5) Limited human resource / capacity to maximize startup efforts utilizing both LICO2e and RICO2e in bonified commercial applications, both profit and/or non-profit, were once again very limited due to emergence from COVID and refocusing on the NICC contract which consumed most of the business capacity.

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



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