

Governor Scott McCallum

December 12, 2018

To whom it may concern:

I have had the privilege of being introduced to and involved with many organizations across the private, nonprofit and government sectors during my 40 years of public service, as CEO of a non-profit organization, and now on faculty in the University of Wisconsin-Milwaukee program on Public and Nonprofit Administration.

There is a clear advantage in having a robust social service sector to benefit communities across America and around the world. Towards that outcome, I am conducting this review as a public service. I do not have any personal involvement with WE Charity or ME to WE Social Enterprises, nor have I ever met with the co-founders Marc Kielburger and Craig Kielburger. As such, this letter outlines my independent personal review.

This letter outlines my intention and findings. Specifically, my review explored the following areas:

1. Is ME to WE's model of social entrepreneurship viable, innovative and effective?
2. Does ME to WE offer a meaningful value proposition to its beneficiaries?
3. Do the co-founders receive any undue benefit from WE Charity or ME to WE?

In conducting this review, I was provided with internal documents and public records from ME to WE and its charity partner, WE Charity, documenting ME to WE's third-party reviews by various organizations, corporate and governance structure, financial records, the personal financial records of the co-founders, and social impact program design information.

My Background

In addition to serving as the 43rd Governor of Wisconsin, I have more than 40 years of executive experience leading organizations in the private, non-profit, and government sectors. Previously, I served as the President and CEO of The Aidmatrix Foundation, a global technology non-profit that provides supply chain technology and internet information systems. During my tenure, Aidmatrix grew to globally transact \$1.5 billion annually with operations on six continents and over 52,000 user organizations. Aidmatrix also received the 21st Century Achievement Award for its "visionary use of information technology to promote positive social economic and educational change."

I am actively involved in academia, having served as an Adjunct Professor in the School of Health and Medicine at the University of Wisconsin-Madison, taught public policy at the University of Wisconsin-Milwaukee, marketing at Sun Yat-Sen University and Hunan University in China, and been the Executive in Residence instructor for Northwestern University. Through my academic work, I have authored publications such as, "How Technology is Transforming Disaster Relief," "Managing Technology to Meet your Mission," and "Non-Government Organizations: Solving Society's Problems," included in the Handbook of Strategic Public Relations.

At this time, I am also serving as President of an international consulting firm with partners covering three continents.

I serve on the boards of two U.S.-based non-profit organizations, and also on one in Poland and one in India. I have advised numerous other non-profit organizations.

Below is a summary of my findings.

Question #1: Is ME to WE's model of social entrepreneurship viable, innovative and effective?

To better evaluate whether ME to WE effectively serves and operates as a sustainable and effective model of social enterprise, I have explored two areas:

1. ME to WE's overall approach and model of social enterprise as it compares to standards established in the field
2. ME to WE's operating structure, governance, and financial controls and accountability

ME to WE as a viable model of social enterprise

The field of social enterprise is an emerging one, with industry leaders and governing bodies trailblazing the way forward and setting industry standards for what is a viable model of social enterprise. There are key distinguishing factors that not only comprise a true social enterprise, but also hold them accountable to their social mandates. These factors include, but are not limited to the following:

- Having a clearly defined socially driven mandate that drives everything they do from operating structure to programs of impact
- Social enterprises differentiate themselves from non-profit organizations in the fact that they are fundamentally for-profit structures that generate their income through commerce
- All profits generated are put towards increasing the impact on their social mandate or reinvested to grow the enterprise
- Social enterprises are accountable and seeking external validation through governing bodies

ME to WE Social Enterprises, headquartered in Toronto, Canada, is part of a larger family of organizations. It is noted in ME to WE's documents and public records, as well as those of the larger WE organization, that ME to WE's social mandate is two-fold:

(1) Provide socially-conscious products of impact (such as Fairtrade chocolate etc.) and experiential programs (such as global volunteer travel) that encourage people to make a positive impact through their everyday choices;

(2) Support its charity partner, WE Charity, by donating a minimum of 50 percent of its profits, from the sale of its products and programs, each year to assist the charity in lowering its administrative rates, and ultimately increasing the flow-through of funds raised to its mission and impact. It is worth noting that from 2014-2017 (the last years of available audits) ME to WE's auditors note that more than 85 percent of net profits from ME to WE have been donated to WE Charity.

Established rigor and discipline in operating structure, financial controls and governance

ME to WE has undergone multiple third-party reviews of its social impact. For example, ME to WE is a certified B Corporation in Canada as of 2015. According to B Corp's website, a B Corp Certification in Canada is granted to for-profit companies with a social mission who have met "the highest standards of verified social and environmental performance, accountability, and transparency," and "are legally required to consider the impact of their decisions on all of their stakeholders." Upon review of ME to WE's B Corp Impact Report, ME to WE scored in the top five percent of its peer group due to its high impact policies and practices including producing financials that are verified annually by an independent auditor; tracking the impact of its work with small-scale suppliers, such as the women from Kenya and

South America who make handmade accessories for ME to WE Artisans; and transparently allowing third-party certification systems such as the “Fairtrade” designation for its chocolate for retail.

Based on the documents presented to me, it appears that it is a goal of ME to WE to transparently allow external reviews, approvals and certifications including but not limited to:

- The Ontario government’s Office of Public Guardian and Trustee supporting ME to WE’s operating structure and partnership with WE Charity
- The Hon. Peter DeCarteret Cory, former Justice of the Supreme Court of Canada, conducting a comprehensive review of the governance, operations and financial controls and diligence of ME to WE and its partnership with WE Charity
- Mission Measurement has conducted multiple detailed studies about ME to WE’s social model and impact, including quantitative and qualitative analysis

It is my opinion, based on materials provided and on the other entities that have reviewed these materials, that ME to WE constitutes a viable social enterprise with appropriate operating structures, governance, financial controls, and products and programs that are dedicated towards the public good. Further, I believe they are making an effort to establish best practices of such organizations.

Question #2: Does it offer a meaningful value proposition to its beneficiaries?

There are multiple studies conducted by groups such as Mission Measurement that analyze the impact of ME to WE. It is clear to me that there are three main beneficiaries: (1) WE Charity, ME to WE’s charity partner; (2) WE Charity’s international partner communities; and (3) the individuals that participate in ME to WE’s programs.

A sustainable source of financial support for WE Charity

According to ME to WE’s auditor, between 2014-2017 (the final years audits were completed) ME to WE donated more than 85 percent of its net profit to WE Charity. These targeted donations allow the charity to maintain an industry low ten percent administration rate, with an average of 90 percent of WE Charity’s donations going directly to its charitable efforts. The remainder of ME to WE’s profits were reinvested into ME to WE to further develop additional products and programs of impact, such as the launch in 2017 of ME to WE Fair Trade chocolate. The auditor’s notes further show that there have been no dividends since the creation of ME to WE, which means that all profits over the past decade have either been donated to WE Charity or have been retained and/or re-invested by ME to WE to launch new programs to grow its social mission. To date, ME to WE has donated CAD \$20 million (cash and in-kind contributions) to WE Charity. Given traditional companies pride in their commitment when donating one percent of revenue or profits to philanthropic causes, it is clear that ME to WE cannot be accurately characterized as a traditional “for-profit company,” but rather a prime example of “social enterprise” delivering positive outcomes for social purpose.

Outcomes created for WE Charity’s beneficiaries

There have been multiple third-party assessments of ME to WE’s cornerstone program, ME to WE Trips, which provide international volunteering and cultural experiences to travelers, and its socially conscious line of products, ME to WE Artisans jewelry and ME to WE Chocolate. These assessments have been completed by groups such as B Lab for B Corp, Mission Measurement, Fairtrade Foundation, and others. ME to WE’s programs and products provide a direct closed loop benefit to WE Charity’s partner communities around the world.

ME to WE Trips volunteer and cultural immersion experiences partner with 77 communities in developing countries engaging in mutual learning exchanges and contributing to sustainable development projects. In addition to the mutual learning exchange, third-party reviews conclude that

ME to WE Trips provide additional economic value to the communities they visit. For example, over 350 jobs are created to help fulfill the operations required to execute these trip experiences. In addition, ME to WE Trips help increase donations to the charity with over a million additional dollars donated on an annual basis to the charity from trip participants.

ME to WE's closed loop products, artisan jewelry and chocolate, have created employment for over 1,500 female entrepreneurs in Kenya and South America, who are able to leverage their skills to earn a living through ME to WE Artisans. ME to WE has also helped enable family-run, small-scale cacao and coffee farms in Ecuador to have access to funding, skills development and international markets to scale their operations.

ME to WE's innovative and cause-focused approach further impacts WE Charity's beneficiaries.

Outcomes created for ME to WE's beneficiaries

Lastly, upon reviewing the third-party studies about ME to WE's program participants, one can conclude that ME to WE's impacts go beyond sustainably providing as a social enterprise for the WE Charity and its beneficiaries to that of taking a 360-degree approach providing conclusive outcomes for its program participants. ME to WE sought an independent review and analysis with Mission Measurement to better understand the value its programs offer its participants. Upon review of such impact reports it was found to be an impact empowering over 40,000 participants to date. This work provided engaged and contributing global citizens with a deeper understanding of sustainability, development, cross cultural understanding and personal leaderships skills. Some notable impacts include that participants are seven times more likely to be positive agents of change in their communities compared to those that don't participate, and they are twice as likely to be confident public speakers. These are qualities and competencies required of the next generation of leaders. Through ME to WE's thoughtfully designed experiential programs, it continues to deliver on its social mandate to positively impact the world and future leaders.

Question #3: Do the co-founders receive any undue benefit from WE Charity or ME to WE?

WE Charity and ME to WE were co-founded by brothers Marc Kielburger and Craig Kielburger. The brothers first started WE Charity in 1995, and ME to WE Social Enterprises in 2005.

Craig Kielburger and Marc Kielburger have been awarded for their public service, including receiving the Order of Canada, recognizing a lifetime of outstanding achievement, dedication to the community, and service to the nation. Combined, they have received 20 honorary doctorates or degrees, and have authored multiple best-selling books.

The Kielburger brothers could have pursued financially beneficial paths outside of non-profit service. Marc Kielburger is a graduate of Harvard University, who then received a Rhodes Scholarship to study law at Oxford University. Craig Kielburger is a graduate of the University of Toronto, who then received an EMBA from Northwestern University and York University.

According to financial statements from WE Charity's Chief Financial Officer, both brothers have never received a salary from WE Charity (or its predecessor, Free The Children). They receive no other financial benefit from WE Charity.

According to statements from WE Charity's Chief Financial Officer, both brothers have an established pattern of donating to WE Charity funds that originate from activities that are tangentially linked to their philanthropic work, including the donation of all royalties from book publications or other writing projects.

Both Marc Kielburger and Craig Kielburger receive an annual salary from ME to WE Social Enterprises, and each receives the use of a car leased by ME to WE. The salary is "at or below" industry norms for leading an organization of this number of employees and operating budget in the sector of non-profit/government/social enterprise. They receive no other financial benefit from ME to WE Social Enterprise.

While undergoing my review of ME to WE, the organization voluntarily provided both Marc Kielburger and Craig Kielburger's financial information for my review. From the provided materials, it is shown that neither Marc Kielburger nor Craig Kielburger receives any undue financial benefit from WE Charity or ME to WE Social Enterprise. I commend them for their service and dedication to the public good.

Conclusion

In review, I conclude that ME to WE's model of social entrepreneurship should be emulated and can be looked upon as best in practice in an emerging field. ME to WE serves as a powerful example of a social enterprise that runs as an effective business that affords its charity partner, WE Charity, the ability to operate with incredibly low administrative rates compared to industry standards, furthering the charity's ability to increase the impact each charitable dollar donated has on its mission and beneficiaries.

Furthermore, ME to WE's effective operational structure, product and program design, and fulfillment are striving to set the standard for best practices, allowing ME to WE to provide the utmost value to its experiential program participants, customers, and ultimately, the WE Charity's partner communities its closed loop products benefit. It can be concluded that ME to WE's model of social entrepreneurship is viable, effective and innovative in its ability to deliver on its mission and provide the utmost value to its beneficiaries.

Lastly, the co-founders Craig Kielburger and Marc Kielburger have been duly cited as outstanding examples of public commitment to social good.

Sincerely,

A handwritten signature in black ink that reads "Scott McCallum". The signature is fluid and cursive, with the first name "Scott" and last name "McCallum" clearly distinguishable.

Governor Scott McCallum
Wisconsin (2001-03)