



## ANNUAL BENEFIT REPORT\*

August 1, 2018

Dear Friends:

It is my pleasure to report on our progress as a benefit corporation over the course of the past year since the date of our last annual benefit report.

### OUR PUBLIC BENEFIT EFFORTS AND PROGRESS TO DATE

We have continued our efforts to draw attention to the current global sanitation crisis which has been identified by the World Health Organization (WHO) due to the following key facts:

- Only 39% of the global population (2.9 billion people) use a safely managed sanitation service (defined as use of a toilet or improved latrine, not shared with other households, with a system in place to ensure that excreta are treated or disposed of safely).
- Only 27% of the global population (1.9 billion people) use sanitation facilities connected to sewers from which wastewater is treated.
- 2.3 billion people still do not have basic sanitation facilities such as toilets or latrines.
- Of these, 892 million still defecate in the open, for example in street gutters, behind bushes or into open bodies of water.

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*\*Notice: This report is being prepared solely in order to comply with Section 16-10b-401 of the Utah Benefit Corporation Act, as amended, and does not constitute an offer to sell or a solicitation to buy the company's products, services and/or securities. Statements in this report are the sole responsibility and opinion of the undersigned Benefit Director of ZuLoo, Inc. ("we", "our", "us", "ZuLoo", or the "Company") and do not operate as admissions or statements of material fact by the Company or its officers, directors, or Affiliates. Accordingly, you are hereby cautioned and advised to NOT rely upon this report in making any investment or financial decision regarding the Company or in connection with our securities, offerings, or products or services. This report speaks only as of August 1, 2018. The undersigned does not undertake any obligation to update this report.*

- At least 10% of the world's population is thought to consume food irrigated by wastewater.
- Poor sanitation is linked to transmission of diseases such as cholera, diarrhea, dysentery, hepatitis A, typhoid and polio.
- Inadequate sanitation is estimated to cause 280 000 diarrhea-related deaths annually and is a major factor in several neglected tropical diseases, including intestinal worms, schistosomiasis, and trachoma. Poor sanitation also contributes to malnutrition.<sup>†</sup>

We still believe that private enterprise, technological innovations, and social impact entrepreneurship pose the best chance to deliver safe and affordable sanitation technologies and solutions to the world and help solve the current sanitation crisis.

Toward this end, we have continued sought to pursue and/or create the following general public benefits:

- We encouraged donations to our 501(c)(3) non-profit affiliate, ZuLoo Humanitarian Outreach (ZHO) who, in turn, has helped support the following organizations who are in general alignment with our mission statement:
  - WaterAid America;
  - Choice Humanitarian; and
  - GiveLove.org.
- We are presently in the course of pursuing one or more acquisitions in the toilet and bathroom-related consumer products space (e.g., Squatty Potty, GlowBowl, Hygienna, et al.) with an objective to divert a portion of net sales revenues, post-acquisition, to ZHO. Just one of these acquisitions could completely fund ZHO's planned "Soilet" toilet project in Hyderabad, India. This would fulfill our intention to create both a public benefit as well as profitability for our shareholders.

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<sup>†</sup> Source: World Health Organization, <http://www.who.int/news-room/fact-sheets/detail/sanitation>

- We continue to have dialogue with other toilet, bathroom, and sanitation-related enterprises, inventors, and brands that may hold future promise as one or more “revenue engines” to help us fulfill our social impact purpose and objectives.

## CHALLENGES AND OPPORTUNITIES

We believe that limited capital and the enormous amount of time and energy that goes into courting various acquisition targets are among the key challenges we have encountered thus far in our creation of a significant general public benefit or specific public benefit to date. However, we are optimistic and patient in our approach and look forward to reaping the rewards of our diligence very soon.

## ASSESSMENT OF OVERALL SOCIAL AND ENVIRONMENTAL PERFORMANCE

We are still operating in “lean start-up mode” and, consequently, probably haven’t made much of an impact on the global sanitation crisis referenced above. However, we believe we have sparked positive dialogue around the subject and created awareness of the importance of the issue. We remain optimistic that we are on the cusp of a breakthrough event (e.g., an acquisition) that will help us achieve our social impact objectives both financially and tangibly in a significant way. We have invested considerable capital and intellectual resources in developing strategic relationships and in fine-tuning our message. We believe that we are now “dialed in” when it comes to being prepared to execute on our objectives.

## BENEFIT DIRECTOR

Our designated “benefit officer” and “benefit director” is Chad H. Waddell (the undersigned). Correspondence may be directed to me via email at [contact@zuloo.com](mailto:contact@zuloo.com) or via regular mail at 4692 North 300 West, Suite 210, Provo, Utah 84604 USA.

## BENEFIT DIRECTOR STATEMENT

As ZuLoo's benefit director, I am of the opinion that the Company has acted in accordance with its general public benefit purpose and/or specific public benefit purpose in all material respects during the period covered by this report. I also am of the opinion that ZuLoo's directors and officers have acted in compliance with Subsections 16-10b-301(1) and 16-10b-303(1), respectively, of the Utah Benefit Corporation Act, as amended.

## THIRD PARTY STANDARDS

We likely don't yet meet many third-party standards regarding how a benefit corporation should be operating. We have examined the standards published by B Lab (<http://benefitcorp.net/>) and have plans to eventually apply for certification. We believe our board is likely to adopt B Lab as the standard for future reports. During 2018 we joined the new Utah Chapter of the Social Enterprise Alliance (<https://socialenterprise.us/>) which helps us model towards further standards by which to assess our impact and overall social performance.

To our knowledge, there is no connection between the organizations that establish these third-party standards, or their directors, officers, or a holder of 5% or more of the governance interests in such organizations, and ZuLoo or our directors, officers, or a holder of 5% or more of the outstanding shares of ZuLoo, including a financial or governance relationship that might materially affect the credibility of the use of the third-party standard.

## BOARD OF DIRECTORS

As of the date of this report, ZuLoo has not dispensed with, or restricted the discretion or powers of, its board of directors.

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Thank you for the opportunity to prepare this report. It has been a pleasure to see the progress of ZuLoo to date as a benefit corporation

and we look forward to hopefully reporting next year on substantial and material progress towards our social impact goals and objectives.

We will endeavor to post this report on our website or make it available to anyone upon reasonable request; provided, however, we may require them first to sign a non-disclosure agreement in the event confidential information is contained in this report.

If you have questions or concerns, please do not hesitate to contact me directly.

Thank you again for your faith and confidence in our business plan and social impact mission.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Chad H. Waddell". The signature is fluid and cursive, written in a professional style.

Chad H. Waddell, Benefit Director  
ZuLoo, Inc.