

ZuLoo™

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2020

Benefit Report





December 2020

Dear Friends:

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

INTRODUCTION

As a benefit corporation, ZuLoo's mission is to promote and expand innovative bathroom-related products, services and business models with a view towards ensuring that everyone in the world has access to clean, safe sanitation.

At ZuLoo, we continue to believe it is possible to generate economic value and profitability while also making an impact on today's global sanitation crisis.

BACKGROUND

Access to sanitation, water, and hygiene is a human right, and yet about 3 billion people in our world lack access to basic sanitation services, such as latrines or toilets.¹ This causes devastating effects on the health, safety, and well-being of nearly half the people on our planet.

Health: Inadequate sanitation is a leading cause of infectious diseases including typhoid, cholera, and dysentery worldwide. Diarrheal disease is the leading cause of death for children under 5, with nearly 1,000 children dying each day due to sanitation-related complications.²

Safety: Open defecation due to lack of sanitation poses extreme safety risks, particularly for women and girls as they are forced to travel long distances for defecation and menstruation. This includes increased risk of violence such as physical, verbal, and

¹ Source: United Nations, Sustainable Development Goal #6, available at <https://www.un.org/sustainabledevelopment/wp-content/uploads/2016/08/6.pdf>

² Source: World Health Organization, Health Topics: Sanitation, available at <https://www.who.int/topics/sanitation/en/>

sexual assault, with affects going beyond physical to long-term psychological damage.³

Well-being: The health effects resulting from lack of sanitation access is a major contributor to impaired cognition and stunting, both of which are permanent conditions beyond childhood. This leads to lower academic and employment opportunities, throwing individuals and societies into generational poverty.

The United Nation’s Sustainable Development Goal #6 seeks to “ensure availability and sustainable management of water and sanitation for all,” with Target 6.2 aiming to achieve access to equitable and adequate sanitation and hygiene for all and end open defecation, with special attention to women, girls, and other vulnerable populations.⁴

OUR PUBLIC BENEFIT EFFORTS AND SOCIAL IMPACT

INDIA 

Last year our efforts were focused on moving the dial by focusing on building toilets and bore wells in slum communities throughout Hyderabad, India.



India accounts for 60% of the world’s population practicing open defecation, with over 600 million people lacking access to a toilet.⁵

³ Source: BMC Public Health, Health and social impacts of open defecation on women: a systematic review, February 6, 2019, available at <https://bmcpublihealth.biomedcentral.com/articles/10.1186/s12889-019-6423-z>.

⁴ Source: United Nations, Sustainable Development Goal #6, available at <https://www.un.org/sustainabledevelopment/wp-content/uploads/2016/08/6.pdf>

⁵ Source: World Health Organization, Water Sanitation Hygiene WHO/UNICEF Joint Monitoring Report 2012, available at https://www.who.int/water_sanitation_health/monitoring/jmp2012/fast_facts/en/

Through our 501(c)3 non-profit affiliate, ZuLoo Humanitarian Outreach (ZHO), in 2019 and in early 2020 we constructed or commenced construction on over 100 eco-friendly toilet facilities (“Soilets”) in the Karmik Nagar slum community of Hyderabad, India.

Prior to the worldwide COVID-19 pandemic of 2020, we worked daily with our local partner organization, SAPID, a grassroots Indian NGO, to implement the reliable process of working with the local community to have them identify the most vulnerable families to receive subsidized toilets, giving first priority to households with high numbers of women and girls, pregnant and lactating women, elderly, and people with disabilities. Based upon our most recent available reliable intelligence, we’ve estimated that over 400 people in these communities now have the dignity and safety of this basic human right.



Sadly, one of our bore wells we drilled in 2019 in the Hyderabad-area slum communities of Nirali Colony and KCR Nagar was damaged beyond repair due to widespread flooding. Prior to the floods, these wells provided safe and sustainable water to over 3,000 slum-dwellers.

In 2021, we expect that ZHO and SAPID will continue to work together to replace and/or refurbish these wells and drill additional wells in the area. We also intend to follow through on our verbal commitment to local leaders to construct eco-friendly toilets in the local Muslim community boys school and deliver toilets for as many families on the waiting list as possible in these slum areas. Due to COVID-19 pandemic-related government lockdowns and travel prohibitions, both ZHO and SAPID staff have been prevented from traveling to the region to directly assess needs and progress. However, we remain hopeful that such restrictions will be lifted soon so that we can continue our work.

PUERTO RICO 🇵🇷



Due to the current worldwide COVID-19 pandemic of 2020, we shifted our focus to areas we could access.

The U.S. territory of Puerto Rico is not typically the first country or region of the world people think of when it comes to sanitation or toilets.

Like India, much of Puerto Rico is considered “first world” and technologically

advanced, with many urban areas enjoying the “flush and plumbed” world of modern toilets and wastewater treatment plants. However, there is a significant part of the territory which suffers in poverty and is still struggling to recover from the devastation of



Hurricane Maria in 2017⁶ and the earthquakes of 2020 which continue to rattle the island.⁷ In addition, Puerto Rico's water quality and aging wastewater infrastructure continue to decline.⁸

ZHO has forged a new strategic working relationship in Puerto Rico with the local, grassroots charity Halos and Hearts Foundation to seek out those in poverty with sanitation needs. In 2021, as we forge this partnership in this new territory, we plan to first start with one sanitation test site to observe the viability of our toilet system implementation in the Puerto Rican environment before scaling up in other areas of the territory. We will pay special attention to how our system interacts with weather, the local water table, and other environmental factors, and will work to iterate our model according to the specific local needs we identify. Our first test site will be to install a fresh water and toilet system, including a shower, to a mentally-challenged man living in the foothills of Humacao whose home was destroyed by Hurricane Maria in 2017. While his relatives and the Halos and Heart Foundation have built a replacement shed-like structure out of plywood and other donated materials for him to live in, the structure itself lacks a fresh water supply line and electricity and his "toilet" currently consists of a hole in the ground covered by a piece of plywood. ZHO has committed resources and has organized local volunteer labor and other service providers to help this man improve his living conditions to pre-hurricane standards. In addition to this small but important project, we have identified other similar potential sanitation projects in the earthquake-devastated region of Guánica on the south-side of the island. So long as Puerto Rico remains open to travel, in 2021 we expect to continue to look for opportunities there to help provide sanitation solutions to those in need and who are often overlooked right in our midst.

PERU

While the nation of Peru remained closed for most of 2020, we have recently identified a number of potential sanitation solution projects there in the Lake Titicaca region among the indigenous community who bear the often overlooked burden of life without access to sanitation. In 2021, we hope to travel there to implement sanitation solutions in the lives of those living there who need it most.

⁶ After Hurricane Maria: Predisaster Conditions, Hurricane Damage, and Recovery Needs in Puerto Rico, Homeland Security Operational Analysis Center operated by the RAND Corporation, 2020. Accessed December 6, 2020, at https://www.rand.org/pubs/research_reports/RR2595.html.

⁷ See Magnitude 6.4 Earthquake in Puerto Rico, U.S. Geological Service, January 29, 2020, accessed December 6, 2020 at <https://www.usgs.gov/news/magnitude-64-earthquake-puerto-rico>.

⁸ Puerto Rico's Next Big Crisis Is Water, The Huffington Post, by Alexander C. Kaufman, originally published November 23, 2019; accessed December 6, 2020 at https://www.huffpost.com/entry/puerto-rico-water_n_5dd2e6e9e4b0d2e79f917f43.

CHALLENGES



While ZHO continued to make forward progress in 2020 despite the COVID-19 pandemic, on the “for-profit side” (comprising ZuLoo, Inc., and its subsidiaries) we experienced delays and other distractions to our plans to build and launch our own ZuLoo-branded online e-commerce store and distribution channel (tentatively now called “ZuLoo.shop”).

In 2021, our wholly-owned subsidiary, ZuLoo Enterprises USA LLC (ZEUSA) intends to build an audience of socially-conscious customers who have interest in innovative sanitation-related products which are tied to our social impact mission and the stories of hope being told by ZHO-toilet recipients in India and elsewhere.

We also are still considering pursuing the acquisition of intellectual property rights to one or more toilet innovations which hold substantial growth potential and adoption in various market verticals. Our ability to pursue these opportunities will be tied to our success in attracting venture or equity capital investment in the coming year.

ASSESSMENT OF OVERALL SOCIAL AND ENVIRONMENTAL PERFORMANCE

We continue to believe that private enterprise, technological innovations, and social entrepreneurship pose the best chance to deliver safe and affordable sanitation technologies to the world.

Toward this end, we still have a goal to follow Patagonia’s model of donating the greater of either 5% of our gross sales or 10% of our net profits towards the operating budget of our 501(c)3 non-profit affiliate, ZuLoo Humanitarian Outreach (ZHO) which, in turn, will continue to spearhead global initiatives to expand access to affordable and innovative sanitation technologies to some of the world’s most poor.

So far, ZHO has operated 100% from donations received from generous corporate donors such as the Sorensen Legacy Foundation and the law firm of Mangum & Associates PC, among others. In the coming year, as discussed above, we hope to execute upon our “ZuLoo.shop” business model in alignment with our mission to help make ZHO less-dependent upon outside donations.



Our company continues to operate as “green” as possible, with all staff working remotely, and thus emitting minimal carbon emissions and while complying with all government-mandated and recommended COVID-19 safety guidelines.

BENEFIT DIRECTOR

Our designated “benefit officer” and “benefit director” is Melissa Sevy (the undersigned). Correspondence may be directed to me via email at msevy@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 am also 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 continue to consider 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. Also, the Utah Chapter of the Social Enterprise Alliance (<https://socialenterprise.us/>) continues to help us model our operations 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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As the current worldwide COVID-19 pandemic subsides and as local government restrictions on travel ease, we are excited to expand our impact worldwide as we continue to assess the sanitation needs of vulnerable communities, develop and connect with best practice solutions, and deliver these solutions in partnership with trusted in-country partners.

We will endeavor to either post this report on our website or make it available to anyone upon reasonable request; provided, however, we may require them to first sign a non-disclosure agreement in the event we believe, in our sole discretion, confidential information is contained in this report.⁹

If you have questions or concerns regarding this report, please contact me directly.

Thank you, and Kind Regards,

Melissa

Melissa Sevy
Benefit Director



⁹ Please Note: 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 named Benefit Director of ZuLoo, Inc., a Utah benefit corporation ("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 the date hereof. The Company does not undertake any obligation to update this report.