

ECOFIBRE

SUSTAINABILITY
REPORT
2021



Photo: Pharmacists planting a demonstration crop at Ecofibre - Georgetown, Kentucky

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A LETTER FROM THE CEO

Dear Shareholders,

On behalf of the Board and team, I am pleased to present Ecofibre's Sustainability Report. Whilst this is our first formal report, sustainability has been at the core of Ecofibre's DNA since the Company was founded.

Ecofibre's objective is to provide the best returns for our shareholders. To achieve this objective, we have worked to build sustainable, commercial business models in specific industries that we find highly attractive: Natural health care, Plant-based foods, and Sustainability as a product.

Improving our environments underpins our core values

When I became Managing Director in 2017, we established a core set of values that guides all aspect of our business. These values are underpinned by our commitment to improving the environments that we work in, both from a micro and macro perspective. Specifically, **our businesses improve the lives of our customers and at the same time genuinely improve outcomes for all environments we operate in.** We believe that this approach delivers our shareholders the best long-term returns.



01 OUR CUSTOMERS
OUR CUSTOMERS ARE OUR MOST VALUABLE RESOURCE.

02 OUR COMPANY
WE WILL ALWAYS BE THE MOST RESPECTED COMPANY.

03 OURSELVES
A GREAT COMPANY HAS ACCOUNTABLE INDIVIDUALS.

04 OUR FAMILY & COMMUNITY
WHEN YOU LOVE WHAT YOU DO, IT WON'T FEEL LIKE YOU ARE WORKING.

05 OUR INDUSTRY
WE ARE A LEADER IN OUR INDUSTRY WHICH MEANS BREAKING AND SETTING THE RULES.

00 OUR ENVIRONMENT
WE ALWAYS STRIVE TO LEAVE OUR ENVIRONMENTS BETTER THAN HOW WE FOUND THEM.

ECOFIBRE

Ecofibre is accountable for making the right choices

Our commitment to improving our “environments” manifests itself in the choices we make along our entire value chain to include our investments in R&D, the inputs we use, the manufacturing processes we select, and the supply chains we establish.

We continue to focus on providing leadership in developing industrial hemp as “an industry that is a solution to sustainability as opposed to an industry that requires a solution to be sustainable.”

This means Ecofibre does not purchase carbon credits, outsource our responsibility via donations nor look to tick boxes to fit into guidelines of what sustainably responsible companies should be doing.

Instead, Ecofibre works up and down our supply chains to improve manufacturing and growing practices, to use more sustainable inputs and to develop stronger US and Australian based supply chains for our customers.

Additionally, we will continue to invest in R&D across all our business areas to advance Ecofibre’s interests whilst at the same time helping to mature and develop a globally accessible and commercially viable hemp economy.

These actions are only the beginning of what is required, but we will own the solution as opposed to outsource the problem.

Our Choices in Action

We continue to progress on our commitments, and I am pleased to say that we are doing even more in the future. A few examples from FY21 on how we are improving the environments we work in include:

- Built a [LEEDS platinum certified](#) facility in Kentucky which reduced onsite water consumption by 40% and reduced energy consumption by 57% (through 108 geothermal wells + solar).
- Continued to invest in [FDA authorised trials and other high-quality studies](#) to advance the knowledge of full spectrum hemp extract for patients suffering from pain, sleep and anxiety. We partnered with [12 research institutions and universities](#).
- Researched and developed a range of new products to help address chronic conditions in [women's health and diabetes](#), which lack quality solutions.
- Built [sustainable supply chain and processes](#) for our Hemp Black business over the past 12 months that considers inputs, manufacturing processes and local supply chains
- Partnered with [20 farmers](#) in support of rural communities in Kentucky, Tasmania, New South Wales and Queensland. We have [516 hectares](#) under direct cultivation for fibre, seed and medicine.
- We supplied our [globally significant hemp genetics](#) resource to partners and researchers to help establish a long-term industrial hemp industry. We are conducting R&D with over 14 universities and entities to build agronomy practices that span the widest growing latitudes possible.

Leading engagement to accelerate a genuinely sustainable industry

In the United States, we are pursuing a bold strategy in conjunction with the US Hemp Roundtable and likeminded businesses to help realise hemp's potential to transform the sustainability of entire industries.

Specifically, we're working with the Federal Government to establish the framework for industrial hemp to become a reliable input to existing manufacturing supply chains.

We are developing a multi-year program to set classification standards and establish markets to see hemp become a tradeable, mainstream commodity across multiple industries.

I have taken on the role as the US Hemp Roundtable's VP of Sustainability. In conjunction with industrial hemp's peak industry body, Ecofibre, with its assets and commitment to sustainability, is taking a leading role in ensuring the future success of this industry and the benefits it can provide.

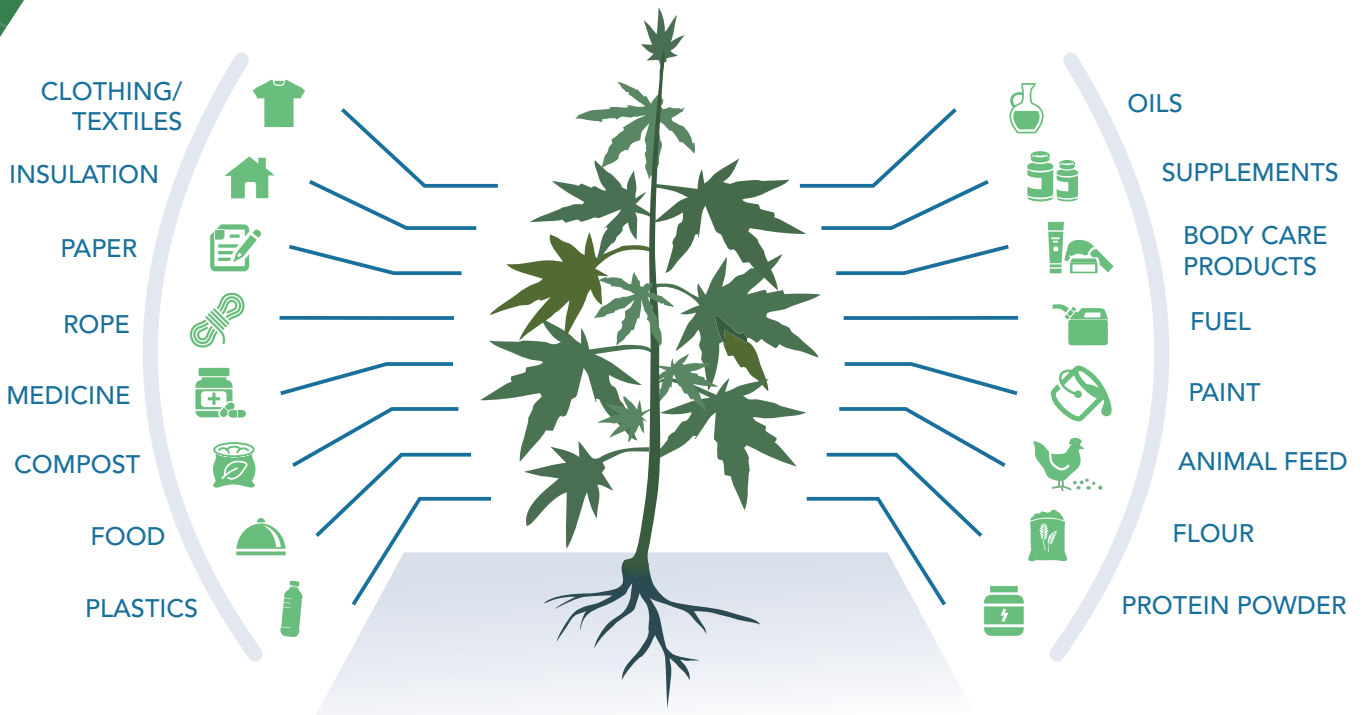


Eric Wang
Managing Director

1.

BUSINESSES THAT IMPROVE OUR CUSTOMERS LIVES

Our businesses make products that help people live their best lives. We have built our business around a plant that has historically played a significant role in feeding, clothing, and healing the world.



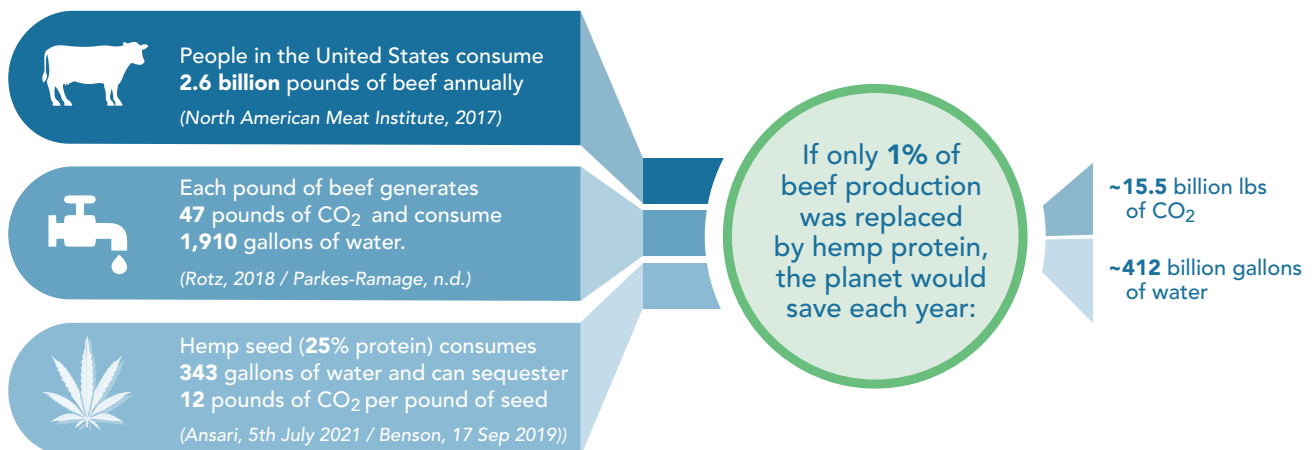
Today, Ecofibre is focused on providing its customers with premium, quality, safe and compliant products and building an innovative and sustainable business to deliver the best of this plant to more customers around the world.

For example, [Plant based foods \(Ananda Food\)](#) are more sustainable and often a healthier alternative than eating animal-based foods.

Plant based foods - the health benefits of hemp

- **Great protein source** - more than 25% of the total calories are from high quality, complete protein.
- **Exceptionally rich in two essential fatty acids**, linoleic acid (omega-6) and alpha linoleic acid (omega-3).
- Contain high amounts of **vitamins and minerals**, including vitamins E, B1 and B3 (niacin), iron, phosphorous, potassium, sodium, magnesium, sulphur, calcium, and zinc. Hemp protein provides 24mg of iron per 100g - up to 4x more than soy protein.
- Naturally **high in fibre**. High fibre diets help reduce appetite, help weight management, work to stabilise blood sugar levels and promote the health of the gut.
- **Almost no simple carbohydrates or sugar** - Refined or simple carbohydrates have most nutrients removed, they are quickly digested and have a high glycaemic index. This means they result in rapid spikes in blood sugar and insulin levels after consuming.
- **Free of known allergens** - Hemp seed contains no gluten, dairy, soya or lactose.

Whilst animal-based diets will continue to be a significant industry, the use of hemp as a high-quality protein source provide the additional benefit of contributing positively to our environment.



Full spectrum hemp extract (Ananda Health) contains cannabidiol (CBD) and other cannabinoids. These cannabinoids have well-documented potential to assist health and wellbeing.

Research is rapidly advancing, but more is needed, which is why Ecofibre continues to invest in a range of clinical studies to help our patients better understand the benefit of CBD for opioid dependency, sleep, anxiety and pain. Ecofibre invested in one of the earliest studies in 2017-18 to address the opioid crisis.

Ananda Hemp Opioid Reduction Study - published November 2019

An 8-week study on Hemp Derived CBD was completed and recently published in the Journal Postgraduate Medical and Hospital Practice.

- First study on CBD and opioid reduction to identify key data points, and one of the longest studies of its kind.
- 97 patients who had been using opioids to treat chronic pain for at least a year completed the 8-week study.

94 patients added Ananda Hemp Full Spectrum CBD gel Caps to their treatment regimen. Of those who added Ananda full spectrum extract:

- 53% reduced their use of opioids.
- 94% reported improvements in quality-of-life indices, specifically sleep, pain and/or mood.
- Sleep and pain score improvements were statistically significant using two validated measurement instruments, the Pittsburgh Sleep Quality Index and the Pain Intensity and Interference Scale.
- Ananda Hemp was well tolerated and demonstrated an excellent safety profile.

Outside of survey studies, this was the largest study of the use of CBD to reduce the use of opioids in the treatment of chronic pain. It was also the first study of CBD and opioid reduction to identify key data points, such as hemp extract doses, delivery method, and specific cannabinoid content.

Ecofibre continues to focus on a quality portfolio of research in support of our strategy to professionalise the CBD market.

Study focus	Research Institution	Patient Population	Location	Type / Phase	Status
Opioid Reduction	Murphy Clinic	Chronic Opiod	Louisville, KY	Prospective cohort study	Complete - published 2019 in Journal Postgraduate Medicine
Pain (neuropathic)	Lankenau Institute for Medical Research	Breast, colon and ovarian cancer	Philadelphia, PA	Phase 2	Enrollment underway (FDA authorised - IND)
Sleep and anxiety	Eastern Virginia Medical School	Dementia	Norfolk, VA	Phase 2	Enrollment underway (FDA authorised - IND)
Sleep	Southern Cross University	Healthy population	Australia (4 sites)	Phase 2b	Enrollment underway
Pain (endometriosis)	University of Newcastle	Endometriosis	Newcastle, Australia	Avatar Study	Scheduled completion: 3Q22
Addiction	University of Colorado	Alcohol use disorder	Boulder, CO	Phase 2	Enrollment underway (FDA authorised - IND)
Cognitive decline	University of Colorado	Adults, no dementia	Boulder, CO	Phase 2	Pending FDA authorisation - IND (expected 1Q22)

2.

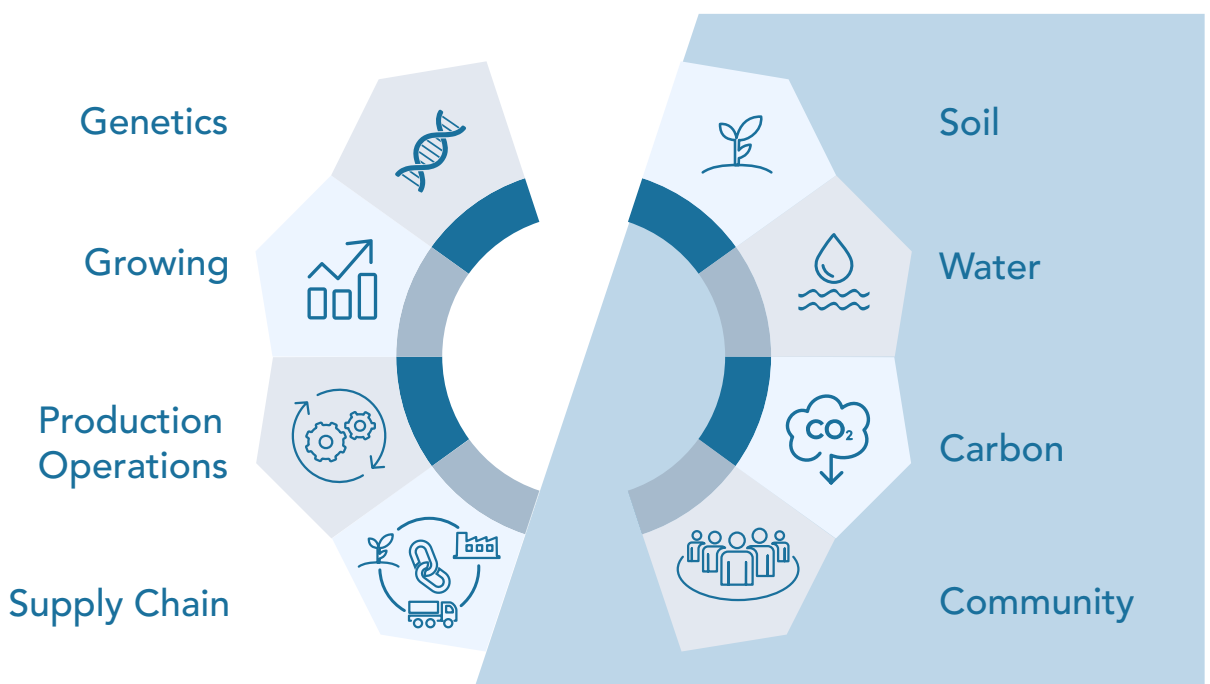
SUSTAINABILITY AT THE CORE OF HOW WE OPERATE

Ecofibre's commitment to improving the environments we work in manifests itself in how we set up our business models, so it is part of how we work every day. By embedding this into our daily processes, sustainability is not a once-a-year event nor is it something we write a check for at the end of each year to 'do our part'.

Our approach reflects our ambition to make a significant difference. We will adapt and evolve our ambitions over time as our businesses grow and resources increase.

The things we do every day...

... are delivering benefits that matter



Ecofibre has one of the most sustainable commodity crops as the core input for its three businesses. However, as with many natural resources, the processes and methods taken to add value to this natural resource often determines its ultimate sustainability value.

- **Genetics (seeds) and Growing** – securing and developing this resource

Ecofibre has nearly 300 unique landraces and over 2,000 accessions collected from over 30 countries. Our genetic portfolio means we have the capability and flexibility to produce hemp in the most sustainable and appropriate way for the latitude and climate of specific growing regions.

Ecofibre's cannabis seed bank is a globally significant resource. For context, in the 1980s, the US government destroyed the last remaining collection of hemp genetics after the cannabis plant was declared illegal nationwide.

To ensure the hemp industry can compete commercially alongside other commodity crops, Ecofibre works with selected growers and researchers to improve agronomic practices and genetic efficiencies.

In 2021 we conducted hemp acclimation trials for fibre varieties at 11 universities in the United States. In Australia, Ecofibre seed was used in commercial crops or trials in every state and the Northern Territory. Additionally, we supplied genetics to the CSIRO, universities, and state agriculture departments to support a variety of other trials.

This year Ecofibre worked with 20 farmers that supported rural communities in Kentucky, Tasmania, NSW and Queensland. We have grown 530 hectares under direct cultivation. We also supplied planting seed to growers and researchers in nine US states for a further 265 hectares.

We support all our growers with comprehensive, on-site agronomy and training. We target lower in-crop chemical use through best farming practices such as cover cropping and inter-crop sowing, ground preparation and rotation and biological pest control wherever possible.

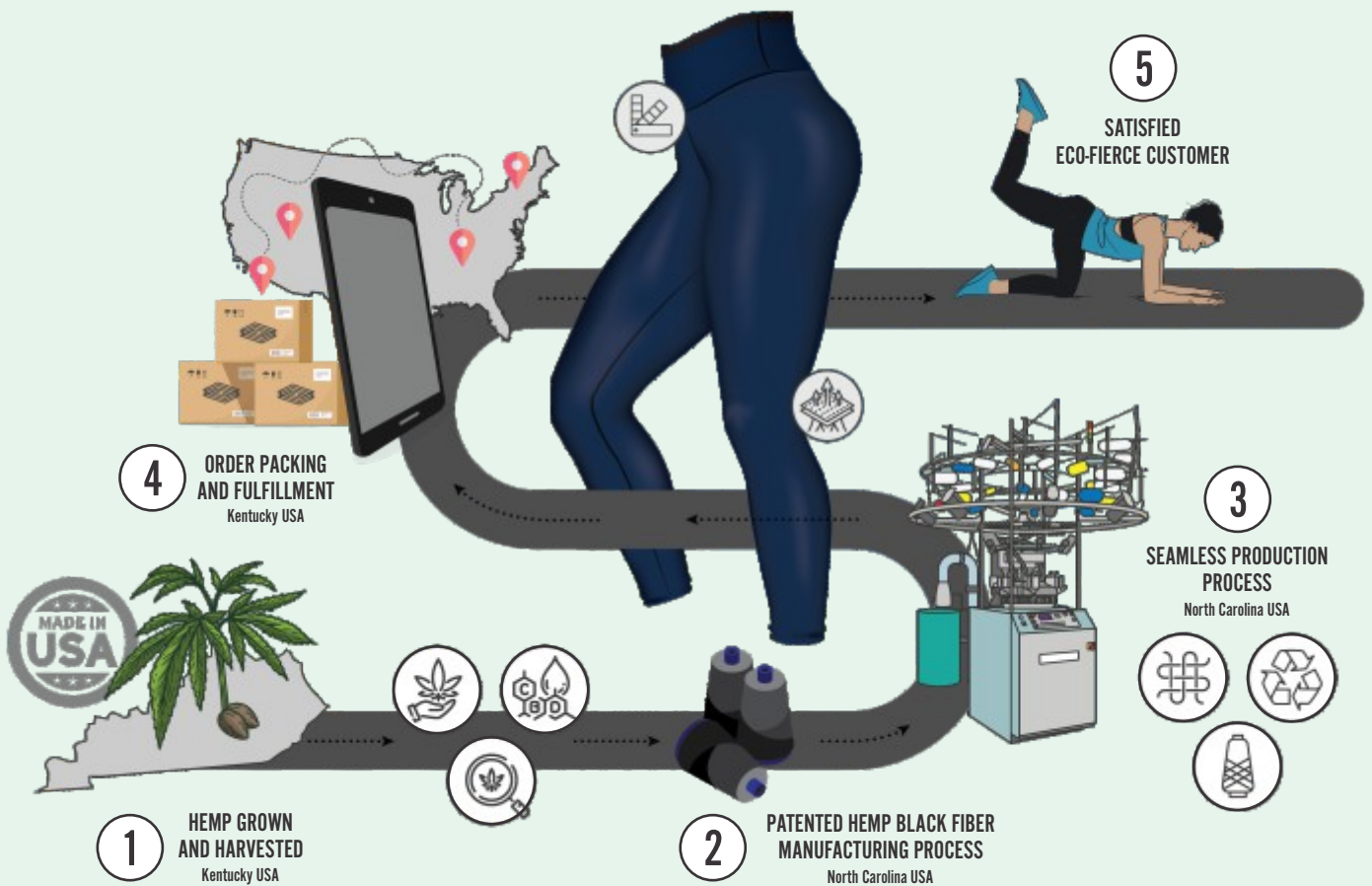
- **Production and Supply Chains** - underpinned in sustainable practices

The value proposition for our Hemp Black business is the combination of differentiated performance and sustainability. We have developed a local supply chain that takes a holistic approach to sustainability. For example, we use:

- Sustainable inputs: hemp for anti-odour (no metals such as silver)
- Sustainable processes
 - Yarns are solution dyed –v- piece dyed fabrics. No wastewater.
 - 3D knitting –v- cut & sew. Almost no industrial waste from knitting.
- A local US supply chain
 - product travels <1,000 miles –v- ~30,000 for most garments
 - rapid replenishment / small batch orders – less inventory

Hemp Black - supply chain in action

HEMP BLACK SEAMLESS SUPPLY CHAIN



1. Hemp grown within 20 minutes of KY facility. Processed by Ananda
2. In NC, hemp extract compounded into performance masterbatch, & extruded into /element anti-odour yarns.
3. In NC, seamless activewear manufactured on 3D circular knitting machines.
4. Sales, marketing and fulfilment out of Kentucky.

3.

LEADING A MEANINGFUL CHANGE IN SUSTAINABILITY

The global industrial hemp industry is forecast to grow to US\$13.8bn by 2027 and as with most industries, the United States is a key global producer and consumer. To accelerate and capture the benefits both from a commercial and sustainability standpoint, political and industry leadership is required.

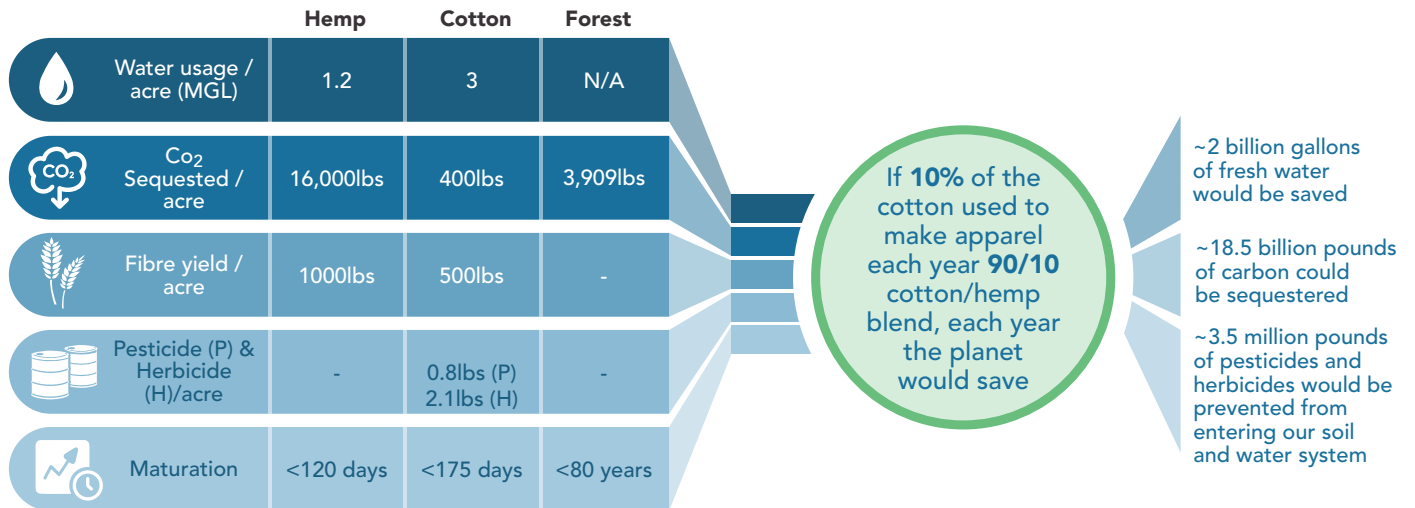
As one of the only diversified hemp companies, Ecofibre has taken the leadership position, in conjunction with the US Hemp Roundtable, to advocate and develop the infrastructure required to achieve commercial and industry standards. These standards are needed to accelerate investment to grow a reliable supply of standardised inputs.

In addition to the Roundtable, Ecofibre is working with federal and state governments, growers, and leading US manufacturers and brands to develop a multi-year program that will:

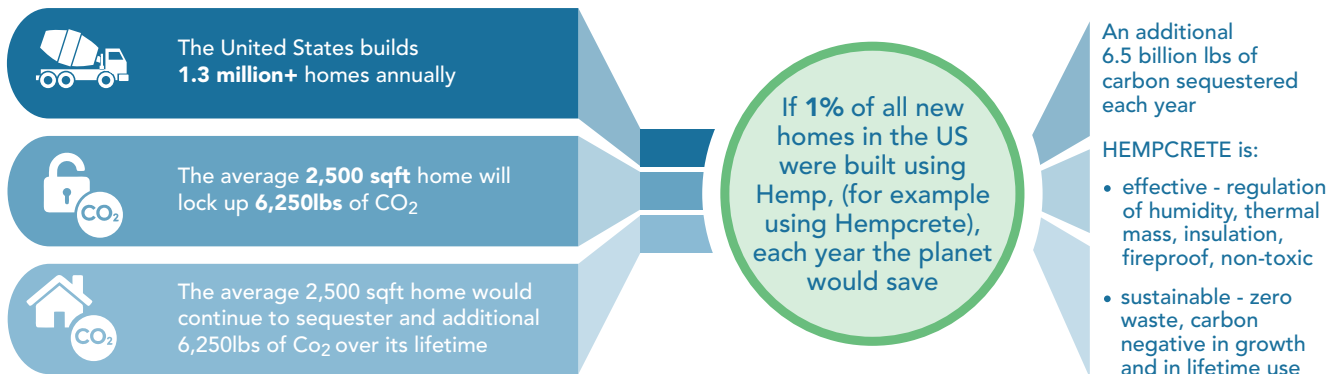
- accelerate the build of infrastructure needed for hemp to integrate into existing US industrial supply chains; and
- ensure industrial hemp is at the centre of all sustainability decisions to help grow its relative importance across multiple industries

We will begin the introduction of hemp into core markets such as the textile and building industries. By [working in conjunction with these industries](#), the addition of hemp can help these industries deliver meaningful changes to sustainability.

Hemp in the textile industry



Hemp in the building industry



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