

19 September 2022

2022 Sustainability Report

Ecofibre Limited (Ecofibre, Company) (ASX:EOF) is pleased to provide its 2022 Sustainability Report.

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About Ecofibre

Ecofibre is a diversified industrial hemp company located in the United States and Australia.

We operate three vertically integrated businesses focused on growth in natural health care, plant based foods and sustainable product solutions.

Ananda Food owns one of the world's largest collections of hemp seed genetics and is a leading, low cost manufacturer of high quality hemp food products in Australia, including oil, seed and proteins. See www.anandafood.com.

Ananda Health is a leading US manufacturer of hemp-based nutraceuticals for the professional market. We produce CBD products for human and pet consumption, as well as topical health and beauty products. Our focus on high quality, efficacious and safe products is supported by a commitment to clinical research in Australia and the USA, focused on conditions including sleep, pain, anxiety, endometriosis and women's cancers. See www.anandaprofessional.com.

Hemp Black is an industrial business focused on textiles and bioplastics, with specialist capabilities in yarn extrusion, knitting and polymer compounding. We are using innovative hemp-based composite technology to help de-carbonise consumer products and the supply chains for a range of industries. See www.hempblack.com.

Authorisation

This document is authorised to be given to the Australian Securities Exchange (ASX) by the Board of the Company.



Think negative.TM

• ECOFIBRE

SUSTAINABILITY
REPORT
2022

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A LETTER FROM THE CEO

Dear Shareholders,

On behalf of the Board and Ecofibre team, I am pleased to present Ecofibre's Sustainability Report.

Ecofibre places positive impact and environmental sustainability at the core of how we operate and the markets in which we participate. Over the past several years, Ecofibre has built commercial business models in three attractive markets that positively impact society and the environment: natural health care, plant-based foods, and environmentally sustainable industrial hemp-based products.

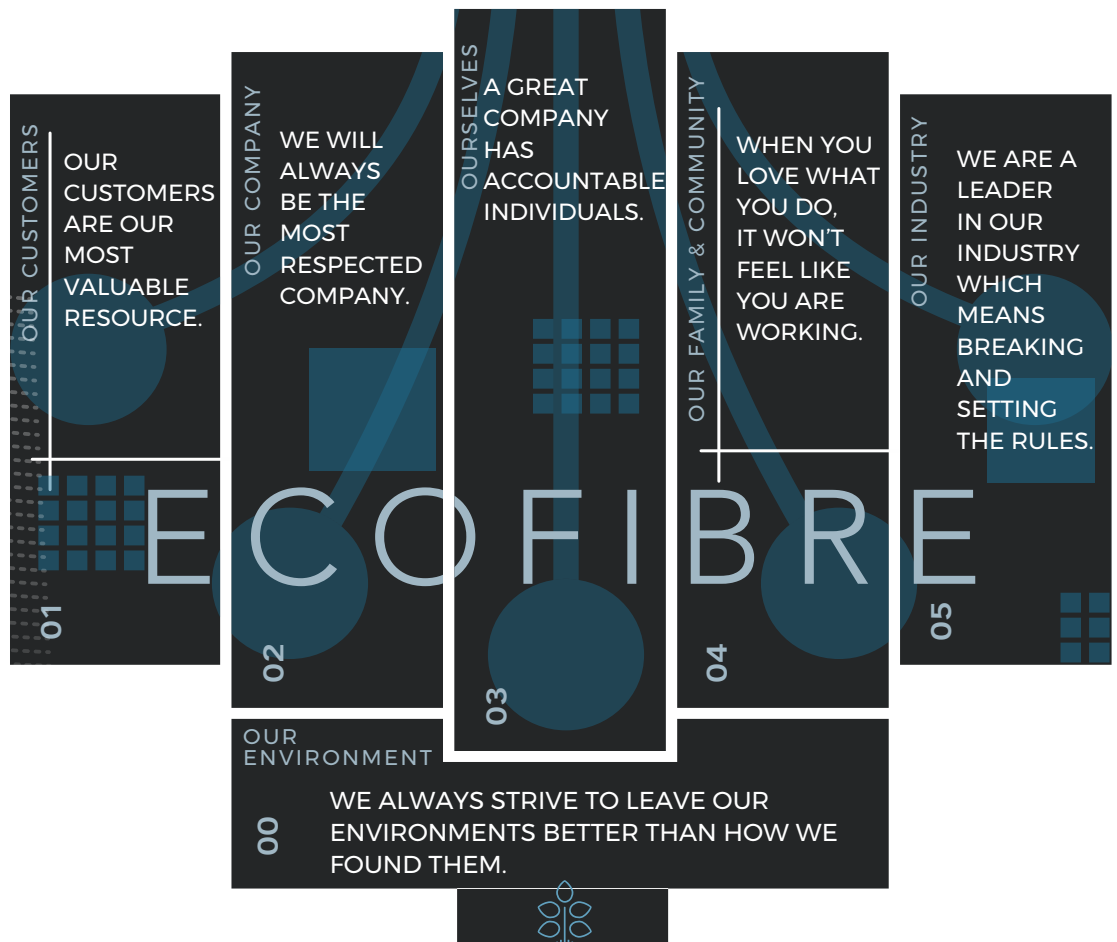
This sustainability report describes how Ecofibre is part of the solution and details areas where the core business lines have a positive impact.

The global commitment toward more measurable, sustainable business models aligns directly with what Ecofibre produces daily. This international focus creates opportunities for us to directly support our current and new customers with specific solutions around achieving their net-zero carbon goals.

Our core values drive us to be accountable for improving our environments

Ecofibre's commitment to improving our environments underpins the company's values guiding all aspects of our business.

As stated last year, our focus is to provide 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."**



Last year we made it clear that Ecofibre's approach to ESG accountability does not entail purchasing carbon credits, outsourcing our responsibility via donations, or looking to tick boxes to fit into guidelines of what responsible companies should be doing.

I am pleased to say that Ecofibre has matured its capabilities and technologies and is on the pathway to becoming a creator of carbon credits via our hemp-based products and solutions. We are now an outsourced provider for others to achieve their sustainability goals.

Our Choices in Action

Industrial hemp is widely considered to be the most efficient agricultural or forestry crop, with a CO₂-to-biomass conversion rate of 8-15 tonnes per hectare. Combined with the fact that industrial hemp can be used in more than 25,000 product applications, there is a remarkable opportunity to turn this highly sustainable crop into a solution to the world's net-zero carbon challenge.

Ecofibre has developed capabilities and intellectual property, from hemp genetics to farming techniques to advanced material processing, ensuring industrial hemp can be utilised effectively in today's supply chains across various industry applications. With this foundation, Ecofibre's focus is to be the global leader in sustainable hemp solutions that address health issues and decarbonize many emission-intensive industries worldwide.

The vision that we work towards is:

“ Together with our customers, we will deliver sustainable bio-based materials that revolutionize industrial production while sequestering one billion kilograms of carbon by 2028. ”

Leading industry development to deliver our Vision

To support our bold vision, we continue to actively work with like-minded businesses and the US Government to help realise hemp's potential to transform the sustainability of industries.

We are developing a multi-year program to set classification standards and establish markets for hemp so it can become a tradeable, mainstream commodity across multiple industries. Our Australian-based hemp genetics program, specifically our fibre strain ECO-MS77, has established us as one of the US' leading providers of industrial hemp genetics.

Ecofibre is very fortunate that the core foundation of our business is the highly carbon-negative industrial hemp crop, which means that almost everything we do is carbon reducing. To meet the significant challenges our current and future partners will face in achieving their net-zero carbon commitments, more truly carbon negative solutions, rather than just reductions and offsets, are needed. I believe there is no company better positioned or better prepared to partner with brands around the world to create the "Think Negative™" movement we all need.



Eric Wang
Managing Director

1. DELIVERING ON OUR ENVIRONMENTAL SUSTAINABILITY VISION



The supply chain required to achieve our Vision

We set our bold vision to sequester one billion kilograms of carbon within the next five years to make a meaningful change in the world's carbon footprint and rapidly establish an at-scale industrial hemp supply chain to continue to do so into the future.

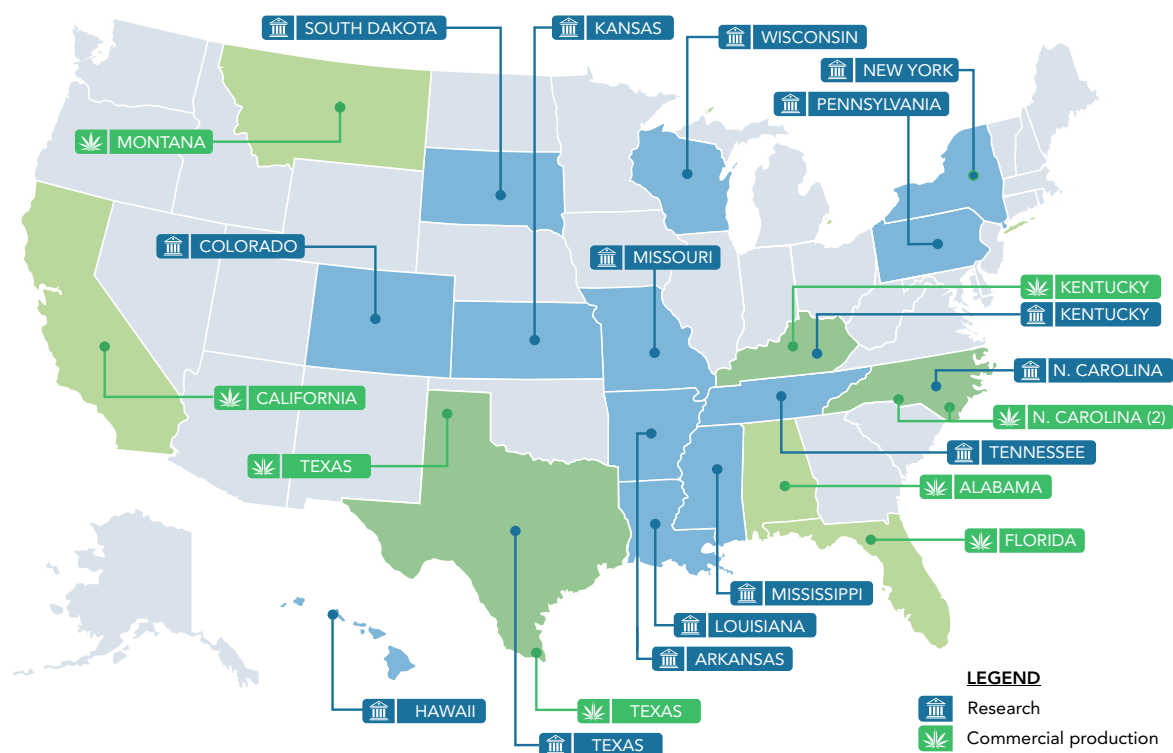
Ecofibre will need to support ~200,000 acres of hemp production over the next five years to achieve our carbon goal.

This will require an effective supply chain that we have been working to establish in the United States since 2019. The key components that need to be in place include, but are not limited to:

- a) High-yielding hemp genetics that can be grown across a wide range of latitudes. Multiple latitudes are required to support regional supply chains.
- b) A strong farming network with the capability to grow effectively.
- c) Processing infrastructure and intellectual property to value-add the hemp biomass into manufacturing inputs that fit into existing supply chains, have equal technical specifications, and be cost competitive to what it is replacing.
- d) Demand for hemp by identifying attractive commercial markets and applications where the customer will value hemp-based inputs in the product.

Seeding the solution - Ecofibre's high-yielding hemp genetics and farming networks have been established in the US.

Ecofibre has one of the world's largest and most diverse hemp genetic collections, with over 2,100 accessions. Our R&D program in Australia has allowed us to export this capability into the US. Last year we grew hemp in nine US States, and this year we have commercial and R&D growing in 19 States supporting local farmers.



In the upcoming 2023 season, we expect to sell our planting seed to support ~24,000 acres of growing. The geographic spread increasing in the forthcoming season will be able to support regional supply chains. The farming network to which we will sell our planting seed looks to generate ~120,000 tonnes of biomass (fibre and hurd) to meet manufacturing demands.



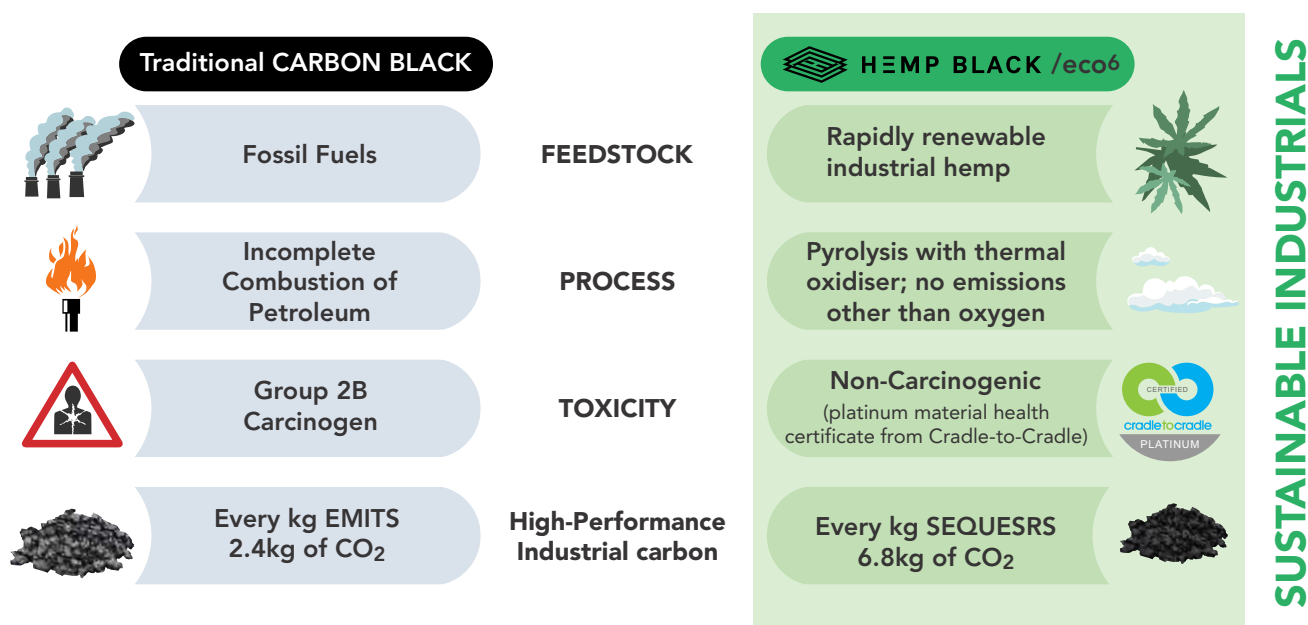
ECO-MS77 genetics in South Texas, July 2022

Ecofibre focused investments in processing infrastructure and IP development on higher value uses for hemp hurd ('wood' portion)

Our R&D program with Jefferson University was focused on developing multiple patents on hemp hurd, and a specific outcome was patented for /eco6, a direct replacement for carbon black. We decided to focus on the hurd portion of the plant as it comprises ~75% of the stalk and contains ~50% carbon.

The commercial and sustainability opportunity for /eco6 is that nearly every black product used worldwide gets its colour from carbon black. The defined manufacturing process for traditional carbon black is "the incomplete combustion of petroleum," which gives /eco6 a tremendous relative and absolute advantage for its customers from a sustainability and product health perspective.

HERE'S A DIRTY LITTLE SECRET...



In addition to the significant environmental benefit in carbon profiles, /eco6 recently received USDA certification as part of the BioPreferred Program. This USDA initiative to expand markets for biobased products and /eco6 achieved a biobased content of 100% after testing at a USDA-certified lab.



About the BioPreferred Program

The BioPreferred Program is a USDA initiative that aims to **facilitate the development and expansion of markets for biobased products.**

The increased development, purchase, and use of biobased products will **reduce our Nation's reliance on petroleum**, and increase the use of renewables agricultural materials.

/eco6 was tested at a USDA certified lab and has a 100% USDA certified biobased content.

Look around your space.

Notice the color of the objects surrounding you.

frame of the chair you're sitting on, the tyres on the cars outside, the mascara on someone's lashes, the ink on the paper in front of you. Wildly disparate objects with one clear commonality: the black color you see is created by carbon black. What is it? How is it made?

What could be better?



As a result of our investments, we have multiple patents and processing capability for /eco6 as a:

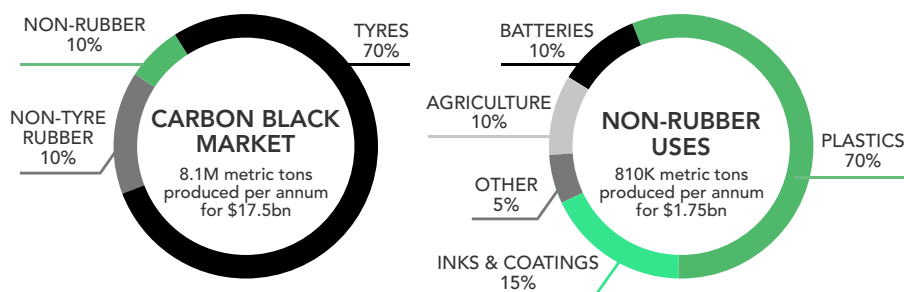
- Direct replacement for carbon black
- Carbon negative manufacturing input
- 100% biobased input certified with the USDA BioPreferred Program

Identifying attractive commercial markets where demand for hemp inputs is differentiated

The final piece of the supply chain is ensuring attractive markets for /eco6 that value the carbon negative profile and biobased composition. We are focused on competing in the \$17B carbon black market and, in the near term, more specifically on the \$1.5B plastics, inks, and coatings market that utilises carbon black.



Ecofibre's /eco6 patents open opportunities as a direct replacement for carbon black as an ingredient in the plastics, inks and coatings segment



Ecofibre has been working across several industries and partners to participate in durable bio-based plastics for warehousing purposes, plastics for the automotive sector, coloring for cosmetics, and inks for the fashion industry.

In addition to the one billion kilograms of carbon sequestered by 2028, our program will also look to directly and indirectly:

- Support many regional farmers by developing a new commodity crop
- Via the use of hemp fibers, reduce the amount of water, pesticides, and herbicides used to cultivate other crops such as cotton.
- Improve general soil health by supporting over 200,000 acres of industrial hemp farming

2. SOCIAL IMPACTS THAT HELP OUR COMMUNITIES

Our staff is incredibly proud that we are in a business committed to improving our customers' health and well-being via natural plant-based inputs. Ecofibre has made the strategic decision to invest in advancing the clinical research for hemp-based products, to educate professionals and consumers, and in product development to address some of the most critical unmet healthcare needs today.

Ecofibre is deeply committed to addressing significant unmet needs in women's health.

Today 15-20% of women aged 15 to 50 suffer from chronic pelvic pain, which disrupts physical activity, sexual relations, sleep, work, and family life. Ecofibre has focused much of its research portfolio on addressing these issues.

This year, we completed the FREE HER (Finding Relief from Endometriosis and Exclusion: Hemp Extract Research) post-market study. This study was conducted with women suffering from pelvic pain using Ananda Health's Endo Relief Cream.



The advertisement features a woman in a white hospital gown lying down, with a focus on her lower abdomen. A white box with the Ananda Bliss logo is overlaid on the image. To the right, a tube of Ananda Bliss Clinical Endo Relief Cream is shown, with a green leafy branch placed next to it. The background is a soft pink color.

ananda
BLISS

DO YOU NEED
RELIEF FROM
PELVIC PAIN?

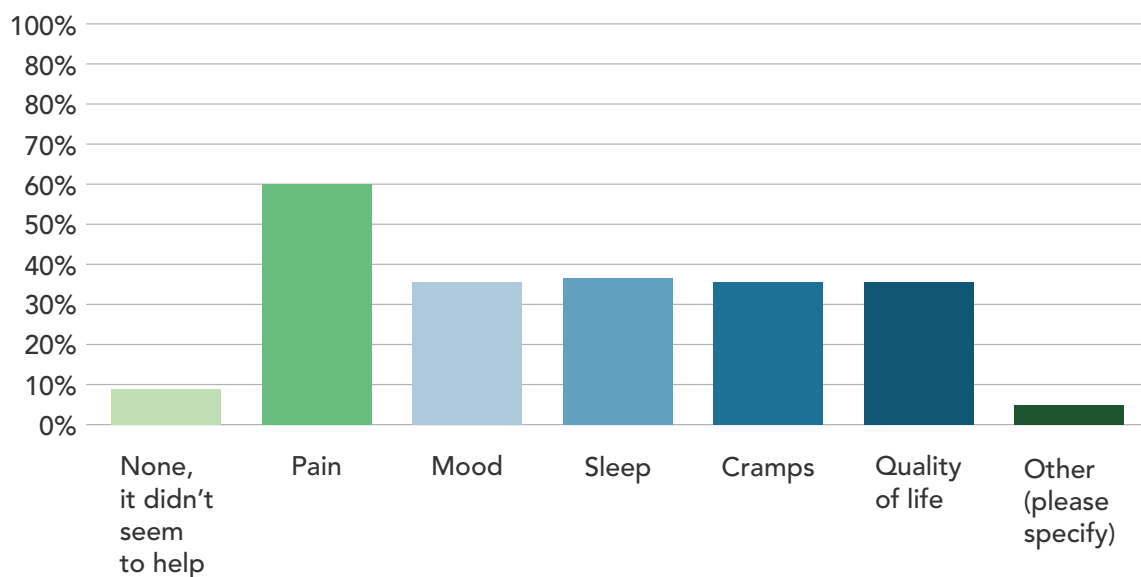
ENDOMETRIOSIS?
MENSTRUAL CRAMPS?
PAIN WITH INTERCOURSE?

ananda
BLISS
CLINICAL
ENDO RELIEF
CREAM

JOIN THE
“FREE HER” STUDY!

Finding Relief from Endometriosis and
Exclusion: Hemp Extract Research

Two hundred and fifty-four women in the study were asked to identify symptoms that our product improved. Over 90% responded that the product was helpful, and 60% noted an improvement in pain which was our primary endpoint. A complete analysis of the study is being completed, and we look forward to sharing these results as we work to improve the lives of women on a global basis.



Ecofibre recently announced it had extended its research collaboration with the University of Newcastle as part of its four patent filings with the United States Patent and Trademark Office. We continue investing in developing IP to address unmet needs in gynecological cancers, endometriosis, and other non-malignant gynecological disorders.

The Company has been very encouraged by the data. Hopefully, continued discovery will provide critical solutions to urgent challenges with gynecological cancers to improve the health and well-being of women.

Katelyn's Gift – ensuring no Australian children as left behind

Katelyn's Gift, Ecofibre's compassionate access program, was founded to support affordable access to Ananda Hemp's Medicinal Cannabis range for children who could benefit from the product yet may not be able to afford it.

Ecofibre is proud to support Katelyn's Gift by donating one million dollars of Ananda Hemp products for the program annually.

This program was inspired by Katelyn Lambert, who was diagnosed with Dravet Syndrome at the age of two in 2014. This life-changing event for Ecofibre's first Chairman, Barry Lambert, set off a chain of events that saw him and his family dedicate themselves to the research and education of Medicinal Cannabis in Australia and Globally. Ultimately, their goal was to ensure all Australians who needed it could access high-quality, affordable medicinal cannabis.

We have been extremely pleased with the support we have provided to the families of children who benefit from CBD across Australia.

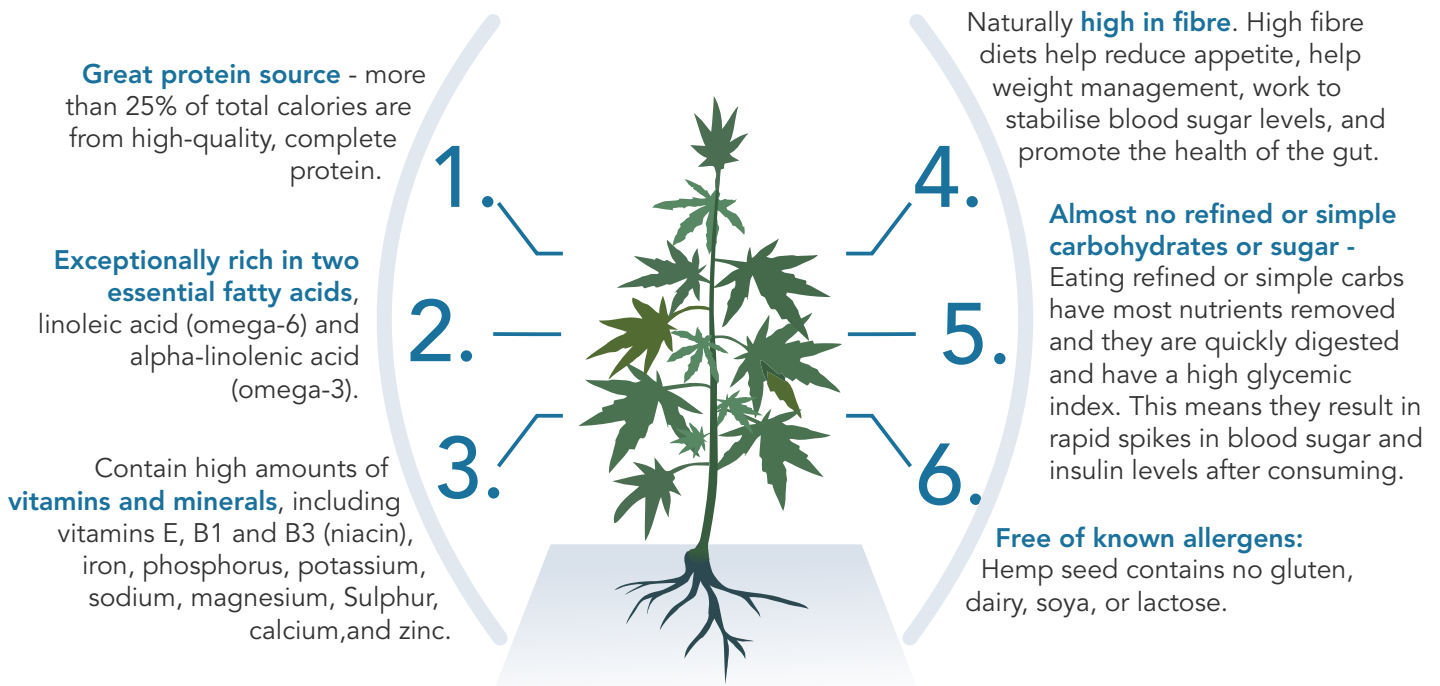


Expanding education and quality access to plant-based diets

The Company has deep conviction that plant-based diets will continue to grow as the balance between plant and animal-sourced proteins shifts.

We continue to invest in the development of new forms of hemp proteins to be able to meet the current demands for textured proteins as well as animal-based foods. This work continues with a range of research and brand partners to help meet customers' needs across Australia.

Hemp has a wide range of health benefits, and we have been working to educate consumers on these benefits. We strive to ensure that safe, high-quality hemp foods and ingredients will be readily available as a healthier part of Australian diets.





3. LEADING MEANINGFUL CHANGE IN THE HEMP INDUSTRY

Leading the development of a meaningful industrial hemp industry to deliver health, well-being, and sustainability benefits at a significant scale

Since its founding, Ecofibre has taken a leadership role in legislation, IP development, clinical research, education, and advocacy. While the US hemp industry has progressed since its start as part of the 2014 US Farm Bill, much work is still needed.

In July, the US Congress held its first-ever hearing on industrial hemp. This hearing was held by the House subcommittee on Agriculture ahead of the 2023 US Farm Bill.

We were pleased that Ecofibre was asked to be one of the five expert witnesses to provide testimony at this hearing. There were several key points and recommendations that Ecofibre made to help ensure [the hemp](#) industry can thrive sustainably, namely:

1. Industrial hemp provides the government with an opportunity to a) introduce a new commodity crop for US farmers, b) create new manufacturing jobs and industries around hemp processing, and c) support a crop that is a real, scalable de-carbonisation solution to net-zero goals.
2. The need for greater regulation for hemp-derived CBD to ensure consumer safety and to allow the industry to grow responsibly
3. That loopholes in the 2018 US Farm Bill for hemp derivatives to be diverted into intoxicating products be closed. This must be done for consumer safety and to ensure the intent of the 2014 and 2018 Farm Bills are maintained to continue bi-partisan support for the industry.



Once again, on behalf of the Board and the Ecofibre team, I would like to thank our shareholders as we continue to ensure that positive impact and environmental sustainability are at the core of how we operate and the markets in which we participate.

A person's hands are shown holding a single green hemp leaf. The background is a blurred field of hemp plants under a bright sky. The image is overlaid with decorative white dotted lines and solid white lines that connect to the text.

“ ECOFIBRE
PLACES POSITIVE
IMPACT AND
ENVIRONMENTAL
SUSTAINABILITY
AT THE CORE OF
HOW WE
OPERATE AND
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WE PARTICIPATE
IN ”

A close-up photograph of a hemp plant with green serrated leaves and developing flower buds. The background is softly blurred. Overlaid on the image are decorative white elements: a series of dots forming a curved path at the top left, and three white lines with circular endpoints that sweep across the lower half of the page.

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