

REPORT - 2021

# Continuing our ESG Journey

**Our second annual Environmental,  
Social and Governance (ESG) Report**

For the year ended December 31, 2021



**RUBICON™  
ORGANICS**

November, 2022

# Message from our CFO

We are guided by our vision to make the Best Cannabis on Earth and for the Earth. This drive to constantly strive for the best is at the heart of everything we do.

Rubicon Organics has taken an ESG leadership position in the cannabis sector, being the first cannabis company to issue a report. Whilst our targets are ambitious, we are holding ourselves accountable through measuring and reporting our ESG journey. We believe we are setting industry standards and building a strong and resilient cannabis industry in Canada.

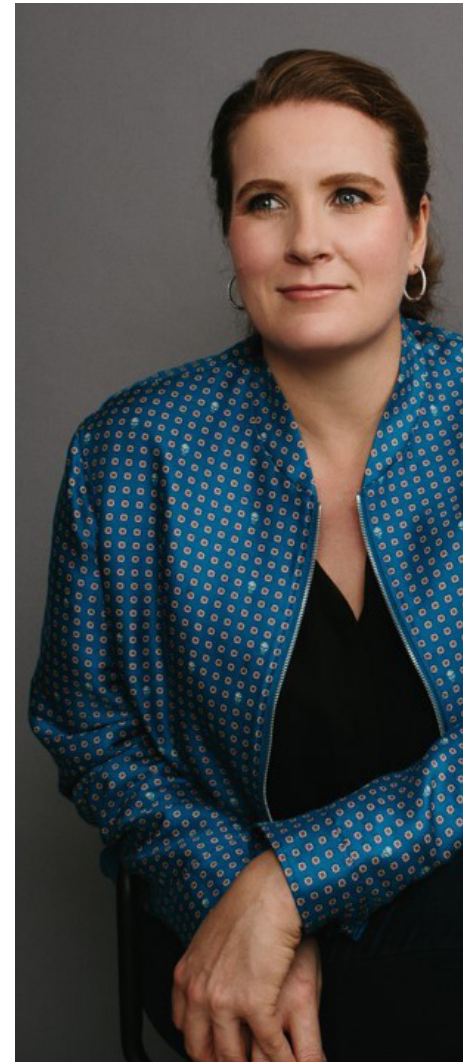
The ability to achieve our vision starts with our people. Governance by our Board of Directors sets the tone for the standard to which we hold ourselves. Our engaged and diverse team drives our sustainability performance, supported by strong governance and culture, committed leadership and our vision, mission and values.

2021 was a successful and eventful year, with many challenges and achievements:

- We delivered \$22.6 million in net revenues in 2021, which is an increase of 141% compared to the prior year. During the year, the Company ramped up the

distribution of our flagship brand, Simply Bare™ Organic, and also launched three new brands including 1964 Supply Co.™, Homestead Cannabis Supply™, and Lab Theory™. We also partnered with Wildflower Brands Inc. and gained national distribution for Wildflower-branded CBD topical products. By the end of 2021, the Rubicon had over 60 SKUs in markets across Canada.

- We achieved 1.8%<sup>1</sup> in overall market share in 2021, up from 1.1% in 2020. In the premium™ segment of the Canadian cannabis flower and pre-roll market, Simply Bare™ Organic was the #1 selling brand with a 7.6%<sup>2</sup> market share in 2021, up from 5.4% in 2020. us achieve long-term success for all stakeholders.
- While the emergence and spread of COVID-19 has brought with it significant challenges that affected all aspects of our business, we immediately mobilized to enable remote work where possible, and modified our facility and workflows to keep everyone safe while still meeting the demands of a rapidly growing business.



<sup>1</sup>Hifyre data for flower and pre-roll products covering the period of January 2021 through December 2021.

<sup>2</sup>Hifyre data for premium flower & pre-rolled products covering the period of January 2021 through December 2021.



November, 2022

- We installed additional high-performance LED lighting in our flowering compartments to increase cannabis quality and yield throughout the year, while keeping our carbon footprint low by choosing high-efficiency lights.
- Throughout the 2021 year, we continued to work with BC Hydro on the power upgrade to connect the Delta Facility to the power grid. This power upgrade (completed in Q3 2022) eliminates the need for natural gas generators, which will reduce the Company's operating costs and further reduce greenhouse gas emissions.
- We completed a greenhouse climate system upgrade with the commissioning of six new HVAC units, coupled with genetic innovations and improved cultivation conditions, that are expected to increase both quality and yield during 2022.
- We continued to build our workforce, hiring over 68 people in 2021 and taking steps towards greater diversity and pay equity.

I am proud of our achievements in 2021 and know there is still much more for us to do in order to build a more inclusive and sustainable business. ESG is a journey and as we significantly ramped up our business operations in 2021, we have seen

an increase in our use of resources as to be expected. By tracking our results, we continue to hold ourselves accountable as we strive to become the global brand leader in premium organic cannabis products. I thank you for your trust and support and I am inspired and excited as we work toward realizing our mission of growing the Best Cannabis on Earth and for the Earth in 2022.

Sincerely,

*Margaret Brodie*



## OUR ASPIRATION:

---

**Our mission is to grow the Best Cannabis on Earth, for the Earth. Our vision is to be the global brand leader in premium organic cannabis products.**

These statements combined speak to our obsession with quality, our passion for sustainability, and our ambition to have a positive impact on our planet, our people, our consumers, and our partners in the value chain.

**SUSTAINABILITY**

**GROWTH**

**FREEDOM**

**IMPACT**

### OUR VALUES

As an organic cannabis producer, environmental sustainability is naturally part of our DNA. The next stage of our journey is to fully integrate our sustainability strategy into every element of our business, from operations to marketing. We know that everything we do has an impact on our planet, and we strive to reduce our impact and challenge ourselves to create positive change.

## From seed to store



CULTIVATION



HARVEST



DRYING



TRIMMING



CURING



TESTING



PACKAGING



TRANSPORT



SALE

# About Us

Built on nearly two decades of success in the cannabis industry and led by a top team with rich global experience in consumer products, legacy cannabis cultivation and professional advisory services, we are a proud producer of “BC Bud”, a term known around the world that is synonymous with top-quality cannabis. Rubicon Organics Inc. (Rubicon Organics) is Canada’s leading premium organic cannabis products company. Through our wholly owned subsidiary Rubicon Holdings Corp, a Licensed Producer, we cultivate, process, and sell organic certified, sustainably produced, and super-premium cannabis products. Our cannabis is grown in a state-of-the-art 125,000 square foot hybrid greenhouse located on a 20-acre farm in Delta, BC, Canada, a heritage farming region with mild climate and abundant sunshine where fruit and vegetables have been grown commercially for over a century.

We are focused on achieving industry-leading profitability through innovation and the development of brands and cannabis 2.0 products, including our flagship super-premium brand Simply Bare™ Organic, our premium flower and hash brand 1964 Supply Co™, our concentrate brand LAB THEORY™, and our mainstream brand Homestead Supply Co™.

We have national distribution in Canada. In 2020, we established distribution for our recreational cannabis products in British

Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Quebec, and added New Brunswick and the Yukon Territory in early 2021, making Rubicon Organics’ products available to 95% of the Canadian population. Our medical cannabis products are sold across Canada through our partner medical channel.

As we grow our business and continue to build our brand portfolio, we are focused on strong governance to manage the pace of rapid growth, leading and developing our people on their path to success, and stepping up sustainability initiatives that touch all aspects of our business.



SIMPLY  
bare  
ORGANIC



HOMESTEAD  
CANNABIS  
SUPPLY

\* wildflower



LAB THEORY™

# About this Report

In 2020, we created our first holistic sustainability strategy (the “Strategy”) and took the next step in our journey to embed sustainability more formally into different areas of our business. This ESG report outlines our strategy and commitments again, tracks our progress in 2021 and speaks to our journey towards our long-term sustainability goals and ambitions. It follows our fiscal year of January 1 to December 31, 2021, with additional information on activities after the fiscal year where appropriate. The reporting scope, including all data and metrics, covers Rubicon Organics’ direct operations where we have operational control, unless otherwise stated.

This includes our Delta, BC greenhouse (“where we grow, process, package and warehouse our cannabis”) and the Delta and Surrey houses (“housing farm workers”). We also lease office space in downtown Vancouver which has been included. While we do not follow a particular reporting framework at this time, we have borrowed from, and aligned certain aspects of the report with leading reporting frameworks such as the [Global Reporting Initiative \(“GRI”\) Standards](#), the [Ten Principles of the United Nations Global Compact \(“UNGC”\)](#), the [Sustainability Accounting Standards Board \(“SASB”\)](#), and the [Task Force on Climate-related Financial Disclosures \(“TCFD”\)](#). This report follows the GRI’s Reporting Principles for defining report content and report quality.

The objective of this report is to continue to share our journey toward implementing ESG principles transparently and authentically with our stakeholders, including our successes, challenges, and our plans for overcoming those challenges. We aim for progress over perfection and view this journey as an on-going one. We are happy to share our data methodology. Contact us at [ir@rubiconorganics.com](mailto:ir@rubiconorganics.com) for a copy.



# Materiality and Focus Areas

Building out our ESG governance systems, we conducted a materiality assessment in 2020 to identify key sustainability topics important to both our Stakeholders and our business. Aligning to GRI guidance, our process followed a three-phased approach:

## PHASE I:

### Stakeholder identification and mapping.

Engaging with our senior leadership team, we created a list of Stakeholders and identified the Stakeholder groups most relevant and influential to Rubicon Organics: current and prospective employees, consumers, customers, industry groups, local community, regulators, and investors.

## PHASE II:

### Topic identification.

We conducted an in-depth environmental scan, reviewing Stakeholder feedback received, peer and industry group programs, programs of sustainability leaders outside of our industry, cannabis sector-specific regulations and standards, organic certification standards, sector and sustainability reporting frameworks (SASB, GRI, TCFD, UNGC, United Nations Sustainable Development Goals, World Economic Forum Global Risks Report, Sustainability's Annual Trends Report), global trends and drivers, as well as our own internal programs to create a long list of potentially material ESG topics.

## PHASE III:

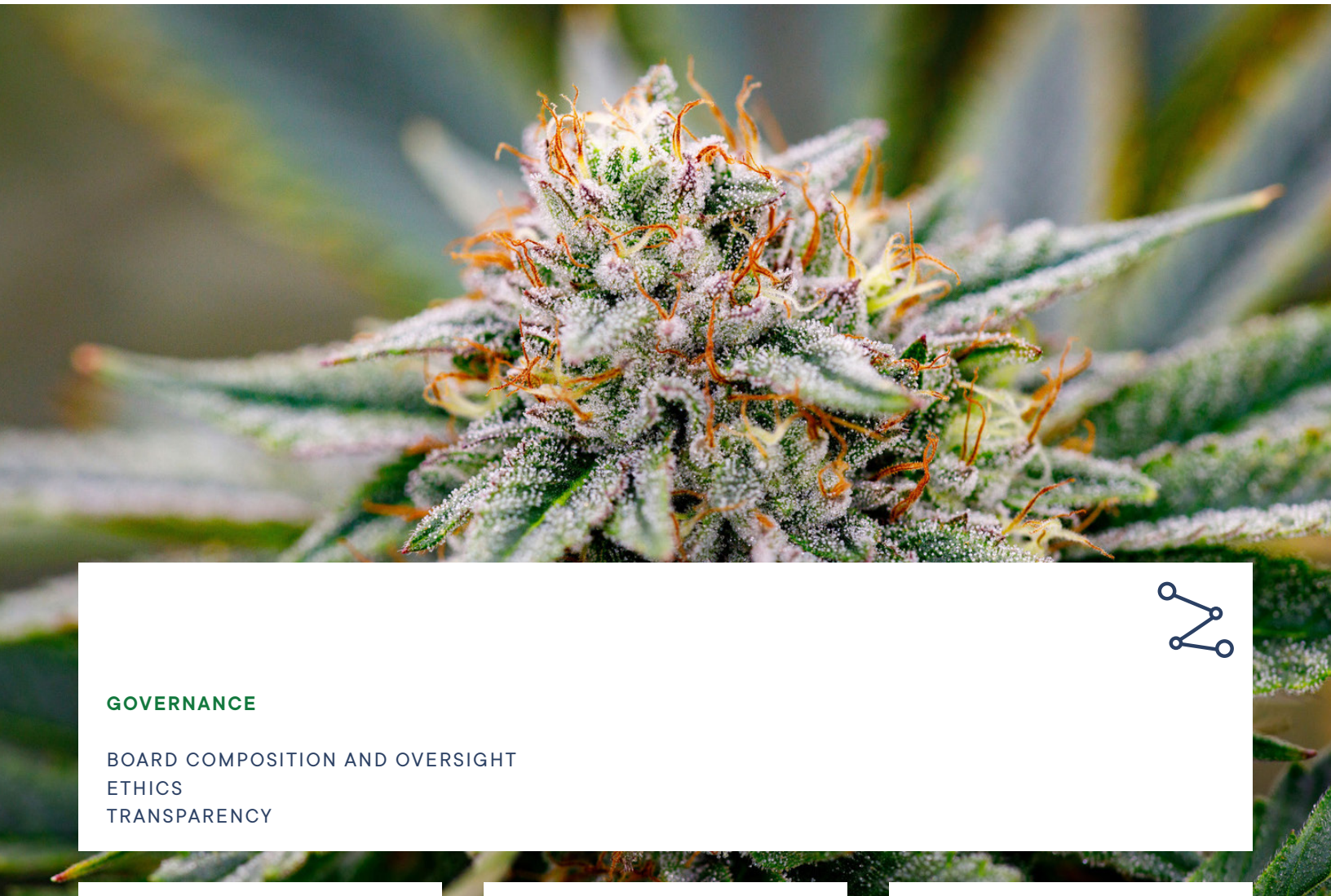
### Prioritization.

We grouped the topics identified and engaged with internal and external Stakeholders on their considerations and their expectations of us as a company. Based on the environmental scan and Stakeholder feedback, we selected the most material topics for Rubicon Organics according to the following five factors:

- Impact on our business
- Degree of Stakeholder concern
- Perceived performance
- Level of control or influence
- Societal/environmental impact

The resulting material topics form the scope of Rubicon Organics' Strategy and this ESG report. We review identified topics periodically with our Stakeholders to keep a pulse on the changing landscape.





GOVERNANCE

BOARD COMPOSITION AND OVERSIGHT  
ETHICS  
TRANSPARENCY



ENVIRONMENT

ENERGY AND CLIMATE  
WATER STEWARDSHIP  
WASTE REDUCTION  
SUSTAINABLE PACKAGING  
LOCAL ECOSYSTEM IMPACT



EMPLOYEES

HEALTH & SAFETY  
TALENT ATTRACTION AND  
RETENTION  
DIVERSITY AND INCLUSION  
PAY EQUITY



COMMUNITY

RESPONSIBLE SOURCING  
CANNABIS COLLABORATION  
LOCAL COMMUNITY IMPACT



# Strategy

Our Strategy is based on the materiality assessment described on page 7 and covers our operations and supply chain as a Licensed Producer and brand. The Strategy defines our focus areas and objectives for the next several years. It builds on our strengths and lays the foundation for addressing good governance and sustainability in a comprehensive fashion so we can enhance our position as a leading provider of premium cannabis and achieve meaningful progress in the areas we and our Stakeholders care most about.

Our Strategy has four interconnected pillars (Governance, Environment, People and Community) that ladder up to our mission to grow the Best Cannabis on Earth, for the Earth. Underpinning these is a constant drive towards best practices in governance and execution of ESG, as we believe that good governance is vital for achieving and actioning the ESG goals we are setting for ourselves, and ensuring we build a successful and well-run business that is sustainable in the long run.

Within each of the four pillars, there are high-level objectives that address the material topics most relevant to that pillar, alongside Key Performance Indicators (KPIs) and time-bound targets that enable us to measure progress and course-correct as needed.

The Strategy is designed to provide meaningful longer-term direction while still allowing us to be nimble and change course as needed; thus providing both a long-term view and flexibility to evolve over time. For example, we will always care about climate change, but programming to address the issue and targets against it will change over time as our business evolves, and technology and external factors change. We will periodically review the KPIs and targets and adjust them to ensure that they remain current and meaningful.



## THE FOUR PILLARS OF OUR STRATEGY

01

**BEST GOVERNANCE**

02

**BEST FOR THE ENVIRONMENT**

03

**BEST FOR OUR PEOPLE**

04

**BEST FOR OUR COMMUNITY**

# ESG Oversight

We aim to hold ourselves to the highest standards of governance, sustainability and ethical business practices. The ESG topics covered in this report form a core component of our Board of Directors' and executive team's evaluation of risks and opportunities and long-term performance. Rubicon Organics' Board has overall responsibility for stewardship of the Company, which includes enterprise risk oversight.

We are committed to reporting transparently on our ESG topics through a combination of this annual ESG report together with our other publicly available continuous disclosures. Our ESG strategy and this report is reviewed by the Board.

We note that ESG is an evolving area and are committed to reviewing our practices on an ongoing basis and updating them as we continue to learn and progress.



## OUR FOCUS AREAS

# Best Governance

We understand that preserving the trust of our Stakeholders is paramount to our long-term success. We must operate all facets of our business with integrity, from our Board of Directors and our executive team to our workforce and our supply chain. We hold ourselves to the highest ethical standards and strive for full compliance with applicable laws and regulations.

### Board Composition and Oversight



Our Board has adopted a formal mandate setting out its stewardship responsibilities, including for the management of our Board, the appointment of management, strategic and business planning, monitoring of financial performance, financial reporting, risk management, oversight of our policies and procedures, communications and reporting, and compliance.

The Board, and each of its sub-committees, periodically conduct a self-evaluation to assess their effectiveness. In addition, the Board periodically considers the mix of skills and experience that the directors bring and assesses whether the Board has the necessary composition to perform its oversight function effectively.

#### ABOUT OUR BOARD

Rubicon Organics is overseen by a majority independent Board of Directors who have:

- A reputation of integrity and ethical behaviour;
- Demonstrated ability to exercise judgement and communicate effectively;
- Financial knowledge;
- Prominence in their area of expertise;
- Experience relevant to our operations;
- Sufficient time to dedicate to the Board and sub-committee work.

The individuals together have the right mix of skills, diversity, background, and experiences to bring strong oversight and challenge Rubicon Organics. The directors bring valuable insight, perspectives, and expertise to the Board to steward Rubicon Organics and safeguard both the Company and shareholders' interests.

## 2021 BOARD FACTS

**5 PERSON BOARD**  
**1 INDEPENDENT BOARD OBSERVER**

**INDEPENDENT BOARD CHAIR**

**20%**

Board Gender  
Diversity

**60%**

Independent  
Board

### THREE SUBCOMMITTEES

Audit Committee:  
Three independent directors

Compensation Committee:  
Three independent directors

Nomination and Governance Committee:  
One independent director  
and two executive directors

**Our executive team provides regular in-  
depth business strategy and performance  
updates to the Board, including ESG issues.**

## Ethics

As we continue to grow at a rapid pace, we work diligently to ensure our commitment to integrity and ethical behaviour remains at the core of how we conduct business. Our [Code of Business Conduct & Ethics](#) (the “Code”) provides guidance to our directors, officers, and employees on ethical and responsible behaviour, alongside our [Whistleblower](#), [Insider Trading](#), and [Disclosure](#) policies (the “Policies”). We regularly refresh the Code and the Policies to reflect the evolution of our programs and expectations.

The objective of the Code is to provide guidelines for enhancing our reputation for honesty, integrity and the faithful performance of undertakings and obligations. The Code addresses conflicts of interest, use of company assets, inventions, use of Company email and internet services, disclosure, corporate opportunities, confidentiality, fair dealing and compliance with laws. As part of our Code, any person subject to the Code is required to avoid any activity, interest (financial or otherwise), or relationship that would create or appear to create a conflict of interest.

Our Code and Policies reinforce that everyone is empowered to speak up or seek advice without fear of retaliation. Employees can share their concerns or questions with their supervisor or another member of the management team directly or contact the Chair of our Audit Committee either openly, confidentially, or anonymously.

Upon joining Rubicon Organics and annually thereafter, every employee must certify that they understand and will comply with the Code and the Policies.

Our directors are responsible for monitoring compliance with the Code, regularly assessing its adequacy, interpreting the Code in any particular situation, and for approving changes to the Code from time to time.

## Transparency

Our commitment to strong corporate governance and transparency is exhibited by our [disclosures](#) in Rubicon Organics’ Annual Information Form and Management Information Circular for the Annual General Meeting of Shareholders, which can be accessed at [www.rubiconorganics.com](http://www.rubiconorganics.com) or through the SEDAR website at [www.sedar.com](http://www.sedar.com). These provide detailed information on Board structure and composition, executive compensation, and other key governance topics.



# Best for the Environment

Our commitment to environmental stewardship focuses on minimizing any negative environmental impact by reducing our use of resources, including energy consumption, water use, waste management, packaging, and more.

## Energy and Climate

### APPROACH & COMMITMENTS

As a greenhouse grower, our energy use and resulting carbon emissions are the greatest contributors to our environmental footprint. Recognizing the urgency of the climate crisis, we are working on aligning our business with the aim of the Paris Agreement, an international treaty on climate change, to limit global temperature rise to well-below 2°C above pre-industrial levels. We have yet to set a target for carbon emission reductions, and plan to do so after the completion of the BC Hydro power upgrade in Q3 2022. The power upgrade will allow the greenhouse to draw more electricity from the grid and eliminate the use of natural gas generators, which will significantly reduce our carbon footprint going forward.

### PERFORMANCE

#### Energy Use

Our greenhouse has been outfitted with full-spectrum LED lights in all of our growing areas. These lights mimic natural sunlight, growing healthier plants with higher yields, and use up to 60% less energy than conventional grow lights<sup>1</sup>. We installed thermal curtains in all our greenhouse growing compartments. These curtains provide shade to the plants when required and help us retain heat inside the greenhouse during the colder months, reducing the need for cooling in summer and heating in winter. Similar to 2020, we did not have enough electricity available to power our greenhouse in 2021, resulting in the continued use of natural gas generators to supplement the deficit. In 2021, our energy consumption increased by 79.7% to 113,243 GJ (2020 – 63,023 GJ) due to the significant growth in our business

and production volumes. However, when viewed in relation to revenues, our energy consumption per dollar of revenue decreased by 30.1% to 3.93 MJ/\$ revenue (2020 – 5.63 MJ/\$ revenue).



<sup>1</sup>[resourceinnovationinstitute.wildapricot.org/RII-REPORTS/](https://resourceinnovationinstitute.wildapricot.org/RII-REPORTS/)

<sup>2</sup>Scope 1 emissions include all direct emissions such as fuel combustion from vehicles or gas boilers. Scope 2 emissions are indirect emissions from electricity purchased and used, and Scope 3 emissions are all other indirect emissions, such as travel, procurement, transport, and waste.

<sup>3</sup>No consumption data available. Estimate based on square footage.

<sup>4</sup>One month of consumption only (Rented as of December 1, 2021).

<sup>5</sup>[www.cer-rec.gc.ca/en/data-analysis/energy-commodities/electricity/report/2016-canadian-renewable-power/province/canadas-renewable-power-landscape-2016-energy-market-analysis-british-columbia.html](https://www.cer-rec.gc.ca/en/data-analysis/energy-commodities/electricity/report/2016-canadian-renewable-power/province/canadas-renewable-power-landscape-2016-energy-market-analysis-british-columbia.html)

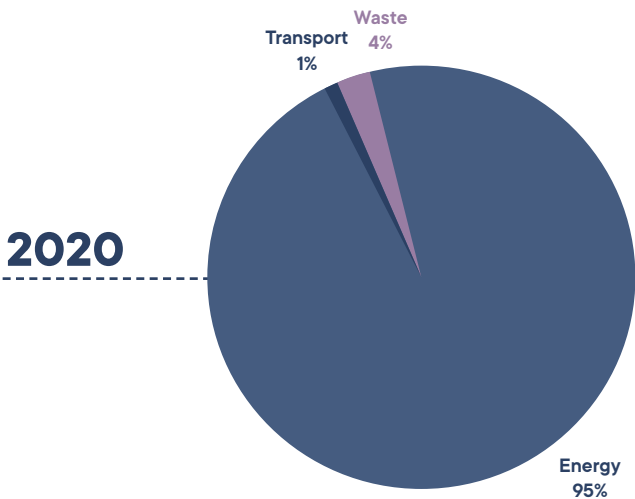
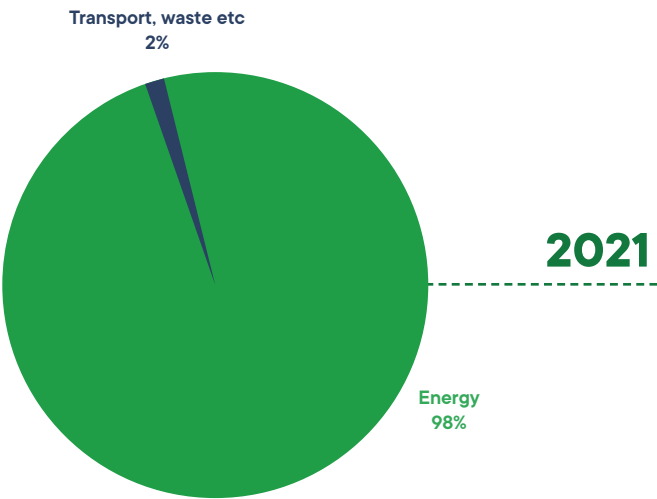
Carbon Footprint

To better understand our carbon footprint, we mapped out our greenhouse gas inventory and established systems to track and analyze our energy consumption and resulting carbon emissions following the [Greenhouse Gas Protocol](#). We created an inventory of our Scope 1 and 2 emissions from natural gas, fuel, and electricity use, as well as our Scope 3 emissions from outbound transport and waste sent to landfill<sup>2</sup>. In 2021, we continued to work with Radicle [Climate Smart](#), a program focused on helping small and medium sized enterprises measure and reduce their carbon emissions.

In 2021, our total carbon footprint increased by 93.3% to 4,923 tonnes of CO<sub>2</sub>e (2020 – 2,547 tonnes of CO<sub>2</sub>e). Again, when viewed in relation to revenues, our carbon footprint per dollar of revenue decreased by 24.7% to 0.171 kg/\$ revenue (2020 – 0.227 kg/\$ revenue). Consistent with last year, energy consumption accounted for 98% of the Company’s carbon footprint (2020 – 95%).

Given the Delta greenhouse is in an area that is not serviced by public transit, most of our employees commute to work in their cars. In the case of our Temporary Foreign Workers (“TFWs”) and farm labour contractors, they are transported to the Delta greenhouse via company arranged busses. To incentivize our employees to make the switch towards electric vehicles, we installed EV charging stations to support up to 8 vehicles.

2020 and 2021 Carbon Footprint Details (tCO <sub>2</sub> e)		
	2021	2020
Delta Greenhouse/ Farmhouse	4,781.1	2,535.1
Surrey House	22.6	0.8 <sup>4</sup>
Vancouver Office	119.7	11.4
TOTAL CARBON FOOTPRINT (TCO <sub>2</sub> E)	4,923.4	2,547.3



2021 ENERGY USE					
ENERGY CONSUMPTION (GJ)	DELTA GREENHOUSE	DELTA FARMHOUSE	SURREY HOUSE <sup>3</sup>	VANCOUVER OFFICE <sup>3</sup>	SUBTOTAL
Natural Gas	88,608	223	168	203	89,202
Gasoline	75				75
Diesel	590				590
Propane	240				240
Electricity	22,641	101	178	215	23,136
TOTAL ENERGY CONSUMPTION (GJ)					113,243

2020 ENERGY USE					
ENERGY CONSUMPTION (GJ)	DELTA GREENHOUSE	DELTA FARMHOUSE	SURREY HOUSE <sup>3,4</sup>	VANCOUVER OFFICE <sup>3</sup>	SUBTOTAL
Natural Gas	44,508	228	14	203	44,953
Gasoline	172				172
Diesel	310				310
Propane	101				101
Electricity	17,175	82	15	215	17,487
TOTAL ENERGY CONSUMPTION (GJ)					63,023



NEXT STEPS

As natural gas is the primary contributor to our carbon footprint, the Company is focused on reducing its reliance on natural gas generators. Throughout 2021, we actively worked with our electricity provider, BC Hydro, to upgrade our service capacity for additional electricity. This required the installation of new infrastructure by BC Hydro which was completed in Q3 2022. With this new infrastructure we are able to draw more electricity from the grid and shut off the natural gas generators entirely. This helps us reduce our energy use, as drawing electricity directly from the grid is much more efficient than natural gas generators. It will also significantly cut down our carbon footprint as close to 95%<sup>5</sup> of British Columbia's electricity is generated from renewable sources such as hydro, wind, and biomass, which have a very low carbon footprint.

In the future, we plan to start tracking more emissions sources such as air travel and employee commuting as part of our inventory to provide a more comprehensive account of our overall carbon footprint. As 2021 was a ramp-up year for us, we will establish 2022 as our baseline year and plan to set an ambitious reduction target against that baseline once our BC Hydro upgrade is complete.

## Water Stewardship



### APPROACH & COMMITMENTS

We are committed to protecting our water systems. With water making up more than 90% of fresh cannabis weight, it is clear that we have an imperative to use it as effectively as possible.

With only one main water meter installed at our Delta greenhouse, we currently do not have enough data granularity to set an informed water use reduction target.

### PERFORMANCE

In our greenhouse, we use drip irrigation, which is widely considered the most water-efficient way of irrigating a crop. Drip irrigation means that water is pumped through irrigation tubes and drip emitters to each plant directly multiple times a day. We have scales in each growing compartment to measure pot weight. This allows progressive weight ranges to be set through the growing cycle so sufficient water is provided without overwatering. In 2021, water usage at the Delta greenhouse increased by 79.4% to 27,399 m<sup>3</sup> (2020 – 15,269 m<sup>3</sup>), primarily due to the significant growth of our production volumes during the year. When viewed in relation to revenues, our water usage intensity decreased by 30.2% to 0.95 L of water per dollar of revenue (2020 – 1.36 L / \$ revenue).

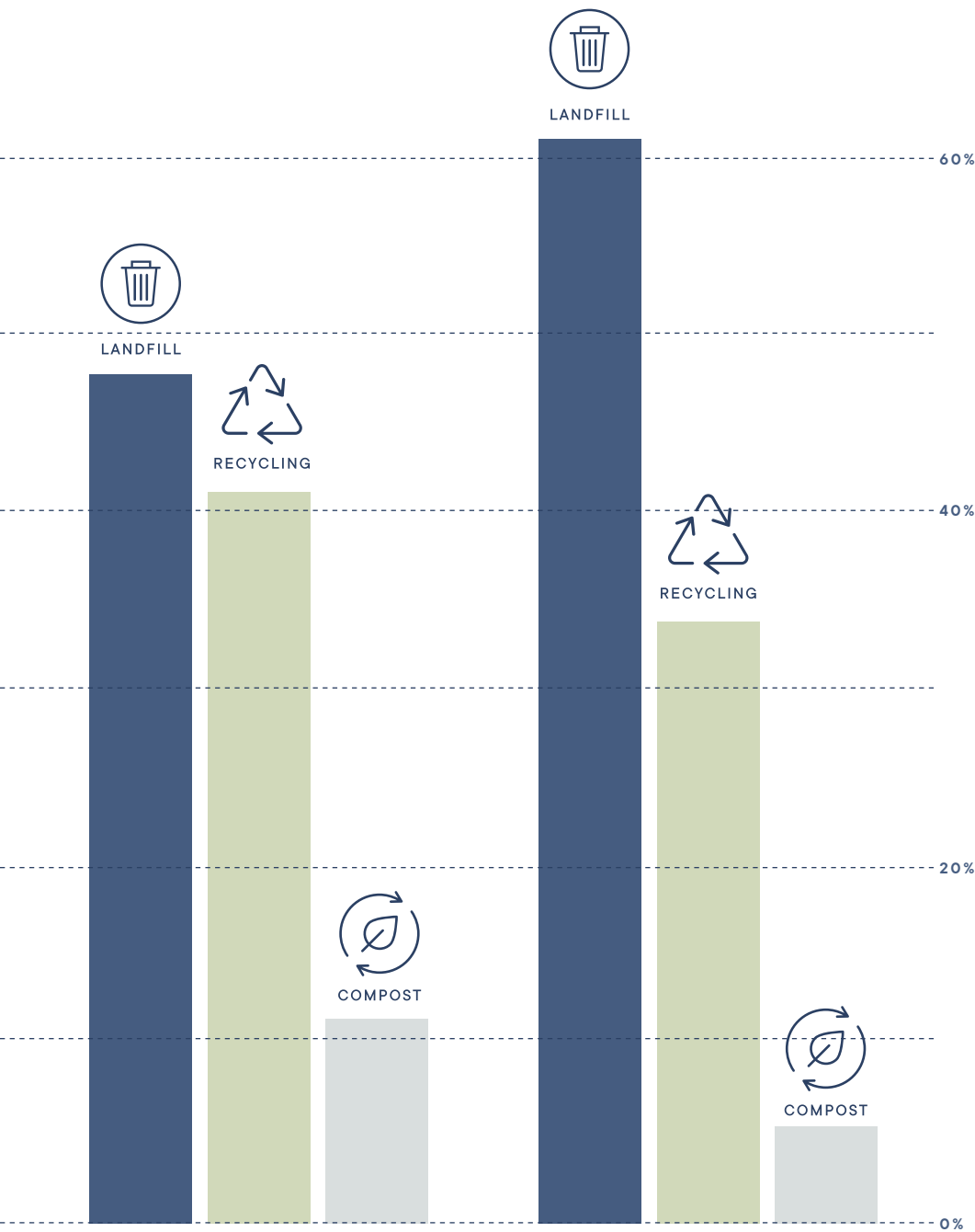
### NEXT STEPS

In 2022, we plan to install submeters in our greenhouse to better understand and manage our water consumption. The submeters will show us how much water we draw for different applications such as irrigation, pot washing, and our boilers so we can take more targeted actions toward reducing our water use and set a more informed target.

In addition, we hope to evaluate the feasibility of collecting and recycling the abundant rainwater for further use on our site. Greater Vancouver occasionally experiences drought conditions where businesses are asked to ration their water usage. Not only would the use of rainwater reduce our environmental impact, but it would also provide our business with secure access to a water supply.



# Waste Reduction



2021 WASTE STREAMS BY DESTINATION                      2020 WASTE STREAMS BY DESTINATION

[www.canada.ca/en/environment-climate-change/services/environmental-indicators/solid-waste-diversion-disposal.html](https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/solid-waste-diversion-disposal.html)

## APPROACH & COMMITMENTS

There are three types of waste streams we generate in our Delta greenhouse: organics, recyclables, and landfill waste. Our goal is to divert 40% of waste from our greenhouse from landfill by 2021 by recycling and composting, increasing to 80% waste diversion by 2025. We currently do not have access to waste data from any of our other facilities.

## PERFORMANCE

We conducted a desktop waste audit, analyzing invoices from our waste haulers to determine overall waste generated at our Delta greenhouse, and what percentage of our waste was recycled and composted. In 2021, we generated a total of 273 tonnes of waste (2020 – 325 tonnes). We have a recycling program for cardboard, mixed containers and some plastics, and compost all our crop waste. In 2021, our waste diversion rate was 53% (2020 – 39%), which was well above the Canadian average of 23% diversion for non-residential waste<sup>1</sup>.

## NEXT STEPS

We achieved our 2021 goal of over 40% waste diversion, but we will continue to strive for higher rates of waste diversion to meet our longer-term goal of 80% by 2025. We are working closely with our warehousing team to better understand their specific waste streams. Using this data, we plan to create an action plan for diverting high-volume or easy-to-divert materials and improving our diversion rate.

## Sustainable Packaging



### APPROACH & COMMITMENTS

Cannabis packaging needs to balance many different requirements: labelling, safety, product quality, branding, and sustainability all factor in when we choose packaging for a product, alongside availability, cost, and operational considerations. From our brands' inception, we have included sustainability as a core consideration when assessing and selecting the right packaging for our products. We are now taking this a step further. In 2020, we set a bold goal of having 100% of our packaging be circular by 2025, either via reusable or recyclable packaging.

### PERFORMANCE

While we had previously included sustainability as a criterion for our packaging, we took steps in 2020 to embed sustainability more formally into our innovation and packaging innovation processes. We piloted the use of a packaging Life Cycle Assessment ("LCA") tool to understand the environmental impacts of different types of packaging more holistically – from input materials used to manufacturing, transport, and disposal of the packaging. This enables us to make more informed decisions on packaging sustainability.

The results surprised us – we compared a non-recyclable mylar bag (a foil-lined zip-lock pouch) alongside our durable and recyclable glass containers, and the mylar bag had significantly lower impact in fourteen out of the fifteen impact categories evaluated. The reason? It takes a lot of heat to melt and blow glass, and its heavier weight means higher transport emissions compared to lightweight plastic bags. In the LCA, these impacts outweighed the end-of-life impacts

of recycling the glass versus putting the mylar bag in the garbage. This led us to choose mylar bags exclusively for the new brands we launched in 2021 – 1964 Supply Co™ and Homestead Supply Co™. In 2021, 32% of Rubicon's products were packaged in lower-carbon-footprint mylar bags (2020 – n/a), and we will continue to make these improvements across all brands and SKUs.

### NEXT STEPS

In 2022, we plan to analyze all our existing packaging using a packaging LCA tool. This will help us set a baseline and understand where we can improve our footprint. We will also work to fine-tune our definition of "circular", looking to experts such as the [Ellen MacArthur foundation](#) for guidance. Finally, we will be reaching out to new packaging providers to understand their offerings and see where we can partner to deliver our products in the most environmentally friendly packaging available. Furthermore, we are assessing if our ambitious goal of 100% circular packaging is possible given the current supply chains and products available.

## Local Ecosystem Impact

As one of a small group of certified organic LPs in Canada in 2021, we are committed to protecting the local ecosystem by continually enhancing our organic farming practices.



### Living soil

We use living soil as our growing medium, which is made up of a community of micro-organisms that work together to break down organic matter to provide readily available nutrition to plants while suppressing disease. We use a proprietary soil recipe that is made from rich ingredients harvested locally from BC's mountains, forests, and the ocean: glacial rock dust, Douglas fir bark, kelp, and fish compost. These ingredients help foster the growth of healthy soil microbiota, which in turn keep the plants healthy and support the development of a rich terpene and cannabinoid profile.

### Integrated Pest Management

We work hard to make sure we do not introduce pests into our greenhouse, but growing in a natural environment in living soil means that pests are something we need to actively manage. Instead of relying on pesticides, we use Integrated Pest Management ("IPM"), an ecosystem-based strategy that combines several techniques for long-term prevention of pests, such as introducing beneficial insects to manage plant pests and diseases, and generally creating unfavourable conditions for the pests so they do not thrive.

### Organic certified pest control

Health Canada, the body that regulates cannabis production and distribution in Canada, has set stringent standards for what pest control measures can be used in cannabis cultivation. As an organic producer, we take these standards a step further. Every pest control we use is vetted twice – first by Health Canada and then by the Fraser Valley Organic Producers' Association ("FVOPA", our organic certifier) – to ensure that everything that comes in contact with our crops is safe for use in organic production environments.

## Organic versus synthetic pest management

Just like in conventional farming, organic growers also need to control pests to keep their crops healthy. Organic farmers have a wide array of options available to support plant health. These include physical controls such as "sticky traps" (paper sheets covered in adhesive that attract flying pests), biological controls using beneficial insects that eat common pests, banker plants which promote the existence of beneficial insects or attract pests away from the crop, and organic certified pest control. To be certified for use in organic farming, fertilizers or pest controls must be derived from natural sources, not synthetically manufactured, and organic certifiers have strict controls in place to ensure that any inputs used by farmers comply with stringent organic certification standards.

## Safe cleaning products

Like the pest control measures we use, our cleaning products meet stringent criteria, and every cleaning product we introduce needs to be vetted against Health Canada and FVOPA standards. In 2020, we reviewed all our cleaning products and swapped them out for more environmentally friendly options where available, avoiding aromatic hydrocarbon and halogenated organic solvents linked to neurological problems and increased cancer risk, and antimicrobials such as triclosan associated with developmental, hormonal, and reproductive problems<sup>1</sup>. When sourcing a new cleaning product, we always start out with the most benign option, and only move on to harsher cleaners if the first choice is not fit for purpose. Most of the products we use are biodegradable.

<sup>1</sup>[www.sixclasses.org](http://www.sixclasses.org)

# Best for our People

Our People are essential to our success. We aspire to grow the best team and become a sought-after employer in BC. We are building a culture of safety, high employee engagement, support for diversity, and career growth among our employees.

## Health & Safety

### APPROACH & COMMITMENTS

Growing, processing, and packaging cannabis is a labour-intensive process, some of which relies on machinery and equipment that can pose safety hazards if not operated properly. Health & Safety is critical for Rubicon Organics, and we take our responsibility to identify and mitigate health and safety risks seriously.

Our Joint Health & Safety Committee, co-chaired by the Environmental, Health & Safety ("EHS") supervisor, brings together representatives from each department to identify and help resolve health and safety issues in a proactive way.

Our goal is to have zero lost time and zero medical aid by 2025. Using WorkSafeBC 2019 injury rate data<sup>1</sup> as a benchmark, our interim goal is to have a Lost Time Incident Rate ("LTIR")<sup>2</sup> of less than three.

### PERFORMANCE

#### Health & Safety

Our policies include Anti-Bullying & Harassment which all staff are trained on as well as Safety onboarding which is additional safety at work training. In 2021, our LTIR was 0.76, with only one Lost Time Injury the whole year (2020 – 0 LTIR). Although this is a slight increase from the prior year, we are proud to have met our target of less than three LTIR and will continue to ensure that safety remains our top priority.

The Impact of the COVID-19 Pandemic 2021 continued to be a challenging year from a health and safety perspective. Operating a rapidly growing business during a global pandemic posed unique challenges. We continued to follow Provincial Health Guidelines and ensured we were working in a safe and socially distant manner. Our COVID-19 safety committee, which was created at the beginning of the pandemic, regularly joined the health and safety meetings to give a COVID-19 update and discuss any updates to our COVID-19 risk mitigation plan. This included protocols to keep our employees and contractors safe. We

continuously monitored and updated our safety plan and protocols. We provided COVID-19 training to all employees, which included information on COVID-19 and our new work protocols. We continue to provide this training to any new employees during their onboarding. At our greenhouse facility, we invested considerably to keep everyone safe and healthy, creating a medical screening area for mandatory temperature checks on site, adding janitorial staff, office space, break rooms and washroom facilities, installing physical barriers and additional hand sanitizing stations throughout the facility, and providing personal protective equipment to mitigate any risk of COVID-19 transmission.

Our status as essential employers allowed us to organize prioritised vaccines for our employees. Time off was given for these appointments, as well as transport and a translator for our TFWs. The allocation of sick days was increased to encourage employees to stay home with COVID-19 related illness. Masks and RAPID tests were made available to staff to mitigate against the spread of the virus.

<sup>1</sup> [www.worksafebc.com/en/resources/about-us/annual-report-statistics/2019-stats](https://www.worksafebc.com/en/resources/about-us/annual-report-statistics/2019-stats)

<sup>2</sup>  $\frac{[(\text{Number of lost time injuries in the reporting period}) \times 200,000]}{(\text{Total hours worked in the reporting period})}$



## NEXT STEPS

The COVID-19 pandemic has had a major effect on our lives and put unprecedented strain on our collective mental health. With 2021 being another year of restrictions and lock-downs, we saw increasing levels of stress and less resilience in our employees. We have had open conversations with employees to encourage them to seek help if required and regularly shared details of our Employee Assistance Program that offers additional support such as counselling services.

We continue to evolve our EHS programs and policies to align with leading standards and industry best practices. Knowing that lost time incidents only provide part of the picture, we are taking

a deeper dive into all incidents that we recorded internally in 2021, from near misses to minor injuries such as cuts and sprains. We analyzed these minor incidents in detail to learn about their root causes, where they occur, whether they affect a particular department or employee group more than others, etc. This analysis has helped us to determine where to focus our safety efforts in 2022.

Informed by this analysis, as well as an updated assessment of hazards and risks in each department, we continue to conduct thorough reviews of our existing EHS program so we can identify areas for improvement. We also rolled out an updated training and communications

program to further strengthen our culture around health and safety.

All our operations departments will continue to track and report their incidents on an ongoing basis and share results, issues, and opportunities in a weekly operations team meeting. These results will also get reported monthly to our executive team. To better support each department, the EHS team plans to work with each manager to set department-specific health and safety targets and determine actions to achieve them.

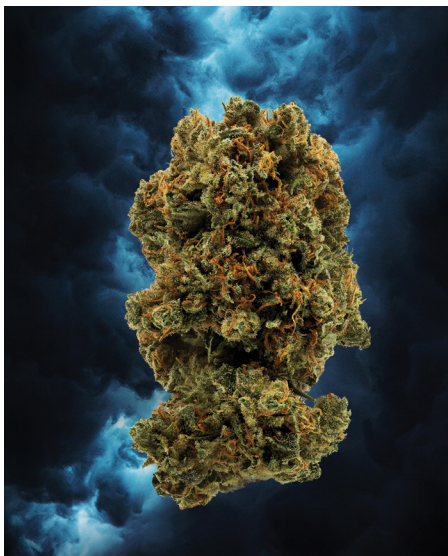


## Talent Attraction and Retention

### APPROACH & COMMITMENTS

Our success depends on having the best people on our team. We strive to be one of BC's top employers, and we offer an environment where people feel valued and challenged to bring their best to work every day. We pride ourselves on seeing people differently. We focus on our people's talents, building roles and objectives around our individuals' strengths. We emphasize growing, developing and stretching our people with expanding responsibilities to enable our rapid business growth. Consequently, we hire based on values alignment and talent first, and experience and knowledge second.

We aim to provide the right compensation, benefits, and recognition to attract and retain employees, and allow them to focus on their strengths and grow their careers in parallel to our business so we can achieve our strategic objectives and vision.



### PERFORMANCE

After a year of rapid personnel growth in 2020, our overall employee headcount decreased by 3.4% to 143 employees as at year end 2021 (2020 – 148 employees). In 2021, we hired 68 people (2020 – 148 people), which included 4 TFWs from Guatemala (2020 – 44 TFWs). Due to the headwinds in the cannabis sector, the Company went through a restructuring in May 2021, which resulted in the termination of 25 employees (or 15% of all employees). This cost-cutting initiative resulted in a significant increase to the overall employee turnover rate of 58.4% (2020 – 27.7%), with an involuntary turnover rate of 25.7% (2020 – 8.8%) and a voluntary turnover rate of 32.7% (2020 – 18.9%).

The sharp increase in the voluntary turnover rate was primarily due to low employee morale from the restructuring together with the stress of the prolonged COVID-19 pandemic negatively impacting the day-to-day lives of our employees. To help mitigate this impact, our People department and Executive group performed regular check-ins with their teams to gauge employee morale and to listen to their concerns. These informal 'stay interviews' were very helpful at keeping a pulse on employee engagement.

Throughout 2021, we also implemented programs that we believe had a positive impact on the lives of our employees. We constantly work to develop new plans for

how we can improve our talent retention and attraction. We share our salary data with other industry professionals to benchmark our pay and assure that we offer our talent the appropriate compensation for their work. Goal setting and development are important to our People philosophy, and efforts are made to keep employees learning and growing. Employees who show strong performance and reach their goals every year are rewarded through our bonus program. Throughout 2021 we worked to improve and formalize our bonus system to allow for increased chances of greater payouts, if goals are achieved – this program was rolled out formally in 2022.

### NEXT STEPS

We continue to conduct exit interviews and stay interviews to ensure we get ahead of any trends that could be preventable. Following on from the work done in 2021, in 2022 we completed an in-depth, Company-wide engagement survey. This survey allowed our employees to anonymously share their feelings on their work environment, culture, and a number of other key areas – so that we can continue to shape Rubicon Organics into an organization that meets all our employees' needs.

## Diversity and Inclusion

### APPROACH & COMMITMENTS

We are committed to fostering an inclusive and diverse culture. We believe that having a diverse workforce helps us attract a broader pool of candidates, improves employee retention, better reflects the diversity of the communities in which we operate, and brings in different perspectives and ideas that contribute to innovation and ultimately our business success.

### PERFORMANCE

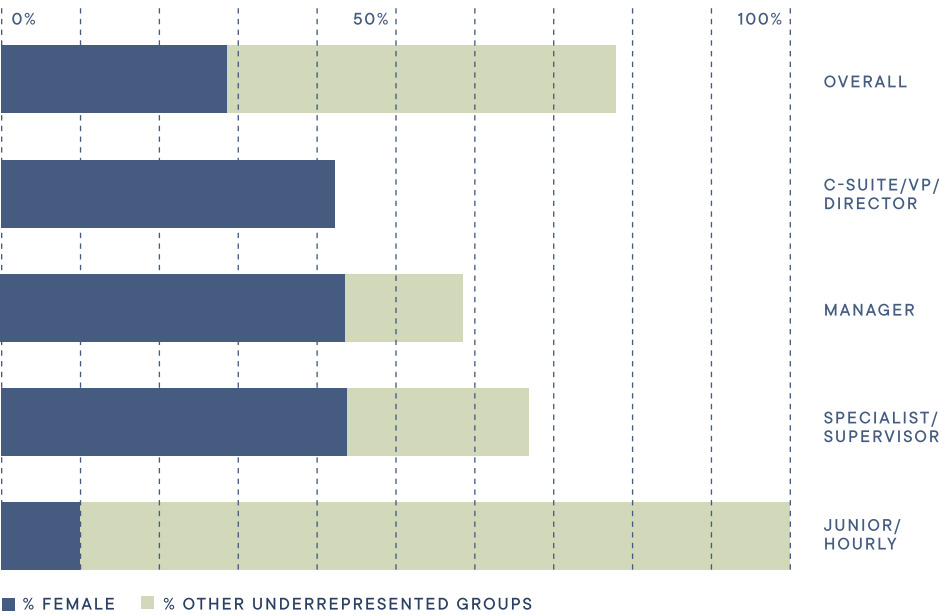
In 2021, 29% (2020 – 32%) of our workforce was female and 77% (2020 – 78%) were members of an underrepresented group. We defined “underrepresented” as women, indigenous people, visible minorities, members of the LGBTQIA2S+ community, and persons with disabilities.

We are pleased with our diversity results in the overall organization; particularly at the junior and most senior levels, but know we have more work to do from the Manager and Specialist levels. At the junior/hourly level, the percentage of females was noticeably lower than at other levels. This is due to the fact that this group includes TFWs, who are all male.

We continue to focus efforts on recruiting from underrepresented groups. Through utilizing hiring resources and partnerships with specialized recruiters, we have been able to gain access to new pools of candidates representing new Canadians, First Nations, youth, and students – among other groups.

### NEXT STEPS

We understand that diversity is much broader than gender, and that gender is not a binary construct. We aim to increase the number of women and other underrepresented groups at all levels of the organization. We plan to conduct an employee survey in 2022 to better understand how our employees feel about diversity at Rubicon Organics and identify areas we can improve in, so all our employees feel represented, heard, valued, and supported. We will then review our definition of diversity to ensure it reflects the diversity of the organization and how people identify. Moving forward, we anticipate reporting diversity statistics based on our updated definition. We will continue to post on different diversity platforms to help us actively seek out and attract diverse talent. We intend to obtain feedback on our hiring and people management strategies from our networks and Diversity, Equity and Inclusion experts to determine if there are additional platforms we should be using, and what other strategies we can employ to continue fostering a diverse and inclusive work culture.



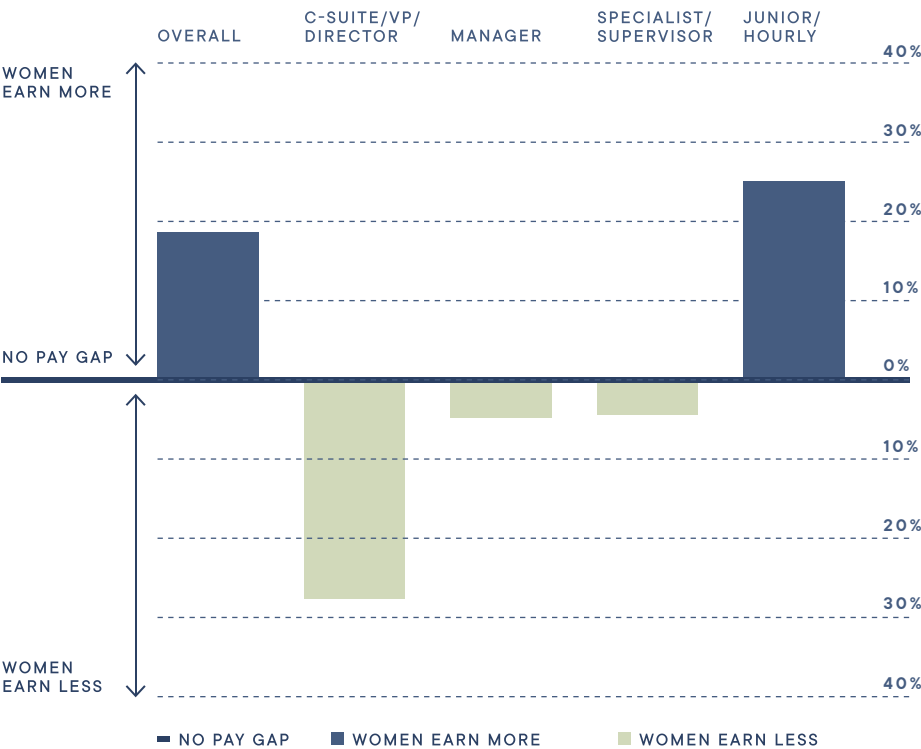
Pay Equity

APPROACH & COMMITMENTS

Pay equity is an important measure of equality. Gender pay equity measures the difference between the average earnings of men and women across a workforce. In a 2021 report<sup>1</sup> by the OECD, Canada was ranked as having the seventh highest gender pay gap out of a list of 37 OECD countries. The CEO pay ratio compares the annual total compensation of a company's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual). We strive to have fair compensation practices in place that are free from gender-based or other discrimination.

PERFORMANCE

In 2021, we performed an assessment of the difference between the average salary of female and male staff at different levels of the organization. Across the organization, the gender wage gap was -18.9% (2020 – -5.9%), meaning that on average, female employees at Rubicon Organics were being paid 18.9% more than men in 2021. In BC, the average gender pay gap was +13.3% (based on 2018 Statistics Canada data<sup>2</sup>). In 2021, our CEO Pay Ratio was 20.0:1 (2020 – 19.6:1) which is consistent with the previous year. According to the Canadian Centre for Policy Alternatives<sup>3</sup>, the 2020 CEO pay ratio of Canada's 100 top-paid chief executive officers was an average of 191:1.



2021 GENDER PAY GAP - FEMALE VS. MALE SALARIES

<sup>1</sup> <https://data.oecd.org/earnwage/gender-wage-gap.htm>  
<sup>2</sup> [www150.statcan.gc.ca/n1/pub/75-004-m/75-004-m2019004-eng.htm](https://www150.statcan.gc.ca/n1/pub/75-004-m/75-004-m2019004-eng.htm)  
<sup>3</sup> <https://policyalternatives.ca/publications/reports/another-year-paradise>

NEXT STEPS

We are pleased with our results for 2021 and we will continue to monitor our pay gap to ensure our numbers continue to trend towards greater pay equity at each level of the organization.



# Best for the Community

We believe in the power of Community. We want to be a positive force in the Communities we live, work, and do business in.

## Responsible Sourcing

### APPROACH & COMMITMENTS

#### Approach & Commitments

Producing premium products requires high-quality inputs. We have relationships with suppliers locally and around the globe, spanning inputs such as equipment, soil, packaging, and services. Just like we hold ourselves to high standards when it comes to human rights, labour, health and safety, environmental, and business ethics practices, we expect our suppliers to do the same.

### PERFORMANCE

As an organic cannabis producer, all crop inputs used for any organic certified products must meet the criteria as set out in the organic certification standard. We are focused on building a robust supply chain, forging relationships with suppliers that can meet our stringent quality criteria and are aligned with our values, especially around sustainability.

### NEXT STEPS

We will continue to work with suppliers whose values are compatible with our own. We are committed to help create a culture of safe and healthy workplaces for the people who make products for or provide services to Rubicon Organics.



---

## Local Community Impact

### APPROACH & COMMITMENTS

We want to invest in the growth of the communities we operate in and contribute to the health of the local economy by sourcing and hiring from within our communities.

---

### PERFORMANCE

Our greenhouse is located in Delta, with surrounding districts of Surrey and Langley which we consider to be our local community. We have made efforts to hire locally and are proud to have 43% of our workforce living within the local community where we operate (2020 – 21%). Beyond economically supporting our local community, this also helps to continue to reduce the environmental impact of Rubicon Organics as an organization. We have further begun to organize regular pickups from local transit locations from a Company bus, as well as assisting team members to create carpool groups.

---

### NEXT STEPS

In 2022 and beyond, we plan to explore new ways of engaging with local communities to forge relationships and help us attract staff in the areas we operate in. We also have plans to build relationships with three local universities to help us tap into their talent pool and support young graduates. A focus on hiring in the local community is part of our 2022 People Strategy and our goal is to continue to increase the percentage of employees from within our local communities.



## Cannabis Collaboration

We strongly believe in the power of pre-competitive collaboration. Working smartly with peers in our industry and beyond helps us meaningfully address systemic challenges that are too big for any one organization to solve on their own. For example, by coordinating sustainability efforts, we can bring a wider range of perspectives, expertise and resources to the table, and scale more impactful solutions.

In 2020, we got involved in the Colorado-based Cannabis Certification Council, a leading advocate for clean, ethical, and sustainable business practices in the cannabis industry. They provide a platform for the cannabis industry to engage with each other and exchange ideas, and we benefitted greatly from their knowledge in 2020.

More locally in 2021, together with Pure Sunfarms Corporation and Tantalus Labs Ltd., we were a founding member of the Cannabis Cultivators of BC, a non-profit association to work together on cannabis industry issues, including sustainability.

## Performance Metrics and Targets

Table: 2020 & 2021 Governance Performance Metrics	2021 PERFORMANCE	2020 PERFORMANCE	
Board gender diversity (% women)	20% <sup>1</sup>	20% <sup>1</sup>	
Board independence (# of independent directors)	3 out of 5	3 out of 5	

Table: 2020 & 2021 Environment Performance Metrics	2021 PERFORMANCE	2020 PERFORMANCE	TARGET
Energy consumption (GJ)	113,243 GJ	63,023 GJ	
Energy consumption intensity (MJ / \$ revenue)	3.93 MJ/\$	5.63 MJ/\$	
Carbon footprint (tCO <sub>2</sub> e)	4,923.4 tCO <sub>2</sub> e	2,547.3 tCO <sub>2</sub> e	Set baseline in 2022
Carbon footprint intensity (kg of CO <sub>2</sub> e / \$ revenue)	0.171 kg CO <sub>2</sub> e/\$	0.227 kg CO <sub>2</sub> e/\$	
Greenhouse water use (m <sup>3</sup> )	27,399 m <sup>3</sup>	15,269 m <sup>3</sup>	n/a
Greenhouse water usage intensity (litres / \$ revenue)	0.95 L/\$	1.36 L/\$	Set baseline in 2022
Operational waste generated (tonnes)	273 t	326 t	
Operational waste diversion rate (% diverted from landfill)	53%	39%	55% in 2022, increasing to 80% in 2025*
Sustainable packaging (% packaging considered sustainable)	32%	n/a	100% by 2025*

\*Target under review

Table: 2020 & 2021 Social Performance Metrics	2021 PERFORMANCE	2020 PERFORMANCE	TARGET
Lost Time Incident Rate (# lost time incidents per 200,000 hours)	0.76	0	<3 in 2022, zero in 2025
Overall turnover rate (%)	58.4%	27.7%	
Involuntary turnover rate (%)	25.7%	8.8%	
Voluntary turnover rate (%)	32.7%	18.9%	
Employee gender diversity (% women)	29%	32%	Increase
Employee overall diversity (% underrepresented – women, indigenous people, visible minorities, members of the LGBTQIA2S+ community, persons with disabilities)	77%	78%	Maintain or increase
Gender pay equity (% difference in average salary of male and female staff)	-18.9%	-5.9%	
CEO pay ratio (ratio of annual total compensation of highest paid executive to the median annual compensation for all employees)	20.0 to 1	19.6 to 1	
Local hiring (% of workforce living in Delta/Surrey/Langley)	43%	21%	

<sup>1</sup>Board observer status takes this to 33%.

# Disclaimer

This 2021 ESG report is not, and under no circumstances is to be construed as, a prospectus, or advertisement or a public offering of securities of Rubicon Organics Inc. ("Rubicon Organics" or the "Company"). This report contains forward-looking statements within the meaning of applicable securities laws. All statements that are not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, statements regarding Rubicon Organics' plan to cultivate, timing and estimates of production for its facilities, are "forward-looking statements." Forward-looking statements can be identified by the use of words such as "plans" or "is expected", or variations of such words and phrases or statements that certain actions, events or results are "to begin", "ramping up to", "imminent", "set to" or "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward looking statements. Such risks and uncertainties associated include, among others, information or statements concerning the Company's expectations of financial resources availability to fund operations; Rubicon Organics' limited operating history and lack of historical profits; obtaining the necessary regulatory approvals; that regulatory requirements will be maintained; general business and economic conditions; the Company's ability to successfully execute its plans and intentions; the Company's ability to obtain financing at reasonable terms though the sale of equity and/or debt commitments; the Company's ability to attract and retain skilled staff; market competition; the products and technology offered by the Company's competitors; that our current good relationships with our suppliers, service providers and other third parties will be maintained; and the impact of the current global health crisis caused by COVID-19 pandemic. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements. Although Rubicon Organics has attempted to identify important risk factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other risk factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in forward-looking statements. Rubicon Organics assumes no obligation to update any forward-looking statement, even if new information becomes available as a result of future events, new information or for any other reason except as required by law. This report contains information obtained by the Company from third parties, including but not limited to market data. The Company believes such information to be accurate but has not independently verified such

information. To the extent such information is obtained from third party sources, there is a risk that the assumptions made and conclusions drawn by the Company based on such representations are not accurate. An investment in the Company is speculative and involves substantial risk and is only suitable for investors that understand the potential consequences and are able to bear the risk of losing their entire investment. The Company is in the early stage of development and has a limited operational history, making it difficult to accurately predict business operations. The Company has limited resources and may run out of capital prior to becoming profitable. The Company may fail and investors may lose their entire investment. An investment in the Company may have tax consequences to the investor. The Company assumes no responsibility for the tax consequences of any investment. Investors should confer with their own tax advisors regarding an investment in the Company. The production, packaging, labelling, handling, distribution, importation, exportation, licensing, sale and storage of cannabis products are affected by extensive laws, governmental regulations, administrative determinations and similar constraints which are beyond the Company's control. There can be no assurance that the Company is or will be in compliance with all of these laws, regulations, determinations and other constraints. Failure to comply with these laws, regulations, determinations and other constraints or new laws, regulations, determinations or constraints could lead to the imposition of significant penalties or claims and could negatively impact the Company's business. In addition, the adoption of new laws, regulations, determinations other constraints or changes in the interpretations of such requirements may result in significant compliance costs. This may have a material adverse effect on the Company's business, results of operations, cash flows and financial condition.





---

For questions and feedback, please  
contact us at [ir@rubiconorganics.com](mailto:ir@rubiconorganics.com).

Phone Number: +1-437-929-1964

---

Rubicon Organics Inc.  
Unit 505 - 744 West Hastings Street  
Vancouver, BC, Canada, V6C 1A5  
[www.rubiconorganics.com](http://www.rubiconorganics.com)

© Rubicon Organics, Inc.