

Growing a sustainable business

Our first annual Environmental,
Social and Governance (ESG) Report
For the year ended December 31, 2020

DELTA, JUNE 2021

Message from our CEO

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.



Built on nearly two decades of experience in the cannabis industry, we are proud to be a different kind of cannabis company. We have been on a journey of becoming a sustainable business since our company's inception in 2015. As one of only a handful of organic certified Licensed Producers in Canada, we measure our success not just in terms of our financial performance, but also based on our impact on the environment, how we operate our business, our contributions to local communities, commitment to the well-being and advancement of our employees, and the value we place on fostering diversity and inclusion.

Our 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.

2020 was a successful and eventful year, with many challenges and achievements:

- We received our medical and recreational sales licenses and established distribution in six provinces across Canada, making our products accessible to over 90% of the Canadian population. We delivered \$9.4 million in net revenue and gained significant market share in the premium category, including the capture of the #1 premium brand in British Columbia (BC) and the #2 premium brand in Ontario and Alberta¹.
- We conducted our first comprehensive Environmental, Social, and Governance (ESG) materiality assessment to ensure we are focused on the topics that are most important to our mission and our stakeholders. We recognize that strong oversight and management of key non-financial risks and opportunities that impact the environment, society, and our business strategy will help 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.

¹Based on information from industry data sources including the Ontario Cannabis Stores and Buddi data during the period from October 1, 2020 to December 31, 2020.

Built on nearly two decades of experience in the cannabis industry, we are proud to be a different kind of cannabis company.

- 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.
- We continued to grow our workforce, hiring over 140 people in 2020 and taking steps towards greater diversity and pay equity.

I am proud of our achievements in 2020 and know there is still much more for us to do as we strive to build a more inclusive and sustainable business and 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 2021.

Sincerely,

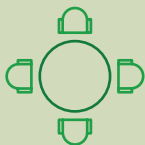
Jesse McConnell



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OUR HIGHLIGHTS:



Strengthened our Board by adding an independent board observer commencing in December 2020.

[Read more, page 13.](#)



Conducted inaugural materiality assessment to identify and prioritize key non-financial topics.

[Read more, page 8.](#)



Joined Climate Smart, committing to measuring our carbon footprint and setting ambitious reduction targets in future years.

[Read more, page 14.](#)



Installed LED grow lights, which are up to 60% more energy efficient than traditional greenhouse grow lights.

[Read more, page 14.](#)



Achieved 78% diversity¹ across our employee base.

[Read more, page 23.](#)



Built an outdoor nursery made from 90% construction scrap materials.

[Read more, page 17.](#)

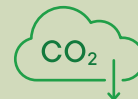
OUR CHALLENGES:



COVID-19

Managing through the COVID-19 global pandemic and its impact on our people, supply chain and safe operations.

[Read more on page 20.](#)



CARBON FOOTPRINT

Rising carbon footprint from energy use as we need to supplement clean grid electricity with natural gas generators.

[Read more, page 14.](#)



PACKAGING

Sourcing recycled and recyclable packaging that meets Health Canada requirements.

[Read more, page 18.](#)

¹Diversity is defined as the percentage of employees that identify as members of underrepresented groups: women, indigenous people, visible minorities, members of the LGBTQIA2S+ community, and persons with disabilities.

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, super-premium concentrate brand LAB THEORY™, and our premium flower and hash brand 1964 Supply Co™.

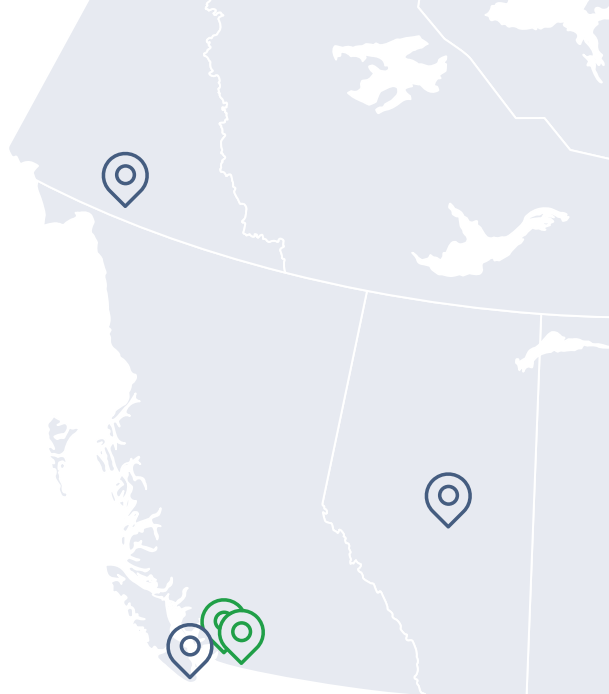
We have national distribution in Canada. In 2020, we established distribution for our recreational cannabis products in British

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.

 RUBICON ORGANICS

 DISTRIBUTION



SIMPLY
bare
ORGANIC

LAB THEORY™

19
64

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 inaugural ESG report outlines our strategy and commitments, progress to date, and our plan to deliver against our long-term sustainability goals and ambitions. It follows our fiscal year of January 1 to December 31, 2020, with additional information on activities before and 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 farmhouse (housing farm workers). We also lease office space in downtown Vancouver and housing in the Lower Mainland of Vancouver (providing farm worker accommodation). Finally, we operated a facility in Washington State, USA that we divested in 2020. Unless otherwise indicated, report data covers the two owned Delta facilities, as we do not have operational control over the others.

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 transparently and authentically share our journey toward implementing ESG principles into our business with our stakeholders (the "Stakeholders"), including our successes, challenges, and our plans for overcoming those challenges. Not all performance indicators and methods of measurement are fully defined yet. Over the next year, our aim is to build out our performance and measurement frameworks so we can set baselines and better measure progress towards our goals. We are happy to share our data methodology. Contact us at 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, 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:

1. Impact on our business
2. Degree of Stakeholder concern
3. Perceived performance
4. Level of control or influence
5. 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 8](#) 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 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. The Board exercises its risk oversight related to ESG matters. Our climate-related and other ESG risks are identified by the sustainability team, who provides regular progress reports to the Board. These reports contain pertinent information regarding ESG risks, compliance, and liability.

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. This report is reviewed and approved by the Board.

We view our ESG approach as a journey, and we recognize we have taken our first steps. We note that this 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.

2020 BOARD FACTS

5 PERSON BOARD 1 INDEPENDENT BOARD OBSERVER

Note: per Health Canada licensing regulations, Canadian security clearance (expected in 2021) is required.

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
(as of April 2021):
Two independent directors
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 or through the SEDAR website at 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 arguably 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 in 2021.

PERFORMANCE

Energy Use

In 2020, we outfitted all our growing areas with full-spectrum LED lights. These lights mimic natural sunlight, growing healthier plants with higher yields, and use up to 60% less energy than conventional grow lights¹. 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.

We currently do not have enough electricity available to power our greenhouse. We have added natural gas generators to supplement the deficit. This has led to a spike in both our natural gas consumption and our resulting carbon footprint in 2020, which is something we plan to address in 2021.

Carbon Footprint

To better understand our carbon footprint, we mapped out our greenhouse gas inventory and put systems in place 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 landfill².

We joined [Climate Smart](#), a program focused on helping small and medium sized enterprises measure and reduce their carbon emissions.

¹resourceinnovationinstitute.wildapricot.org/RII-REPORTS/

²Scope 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.

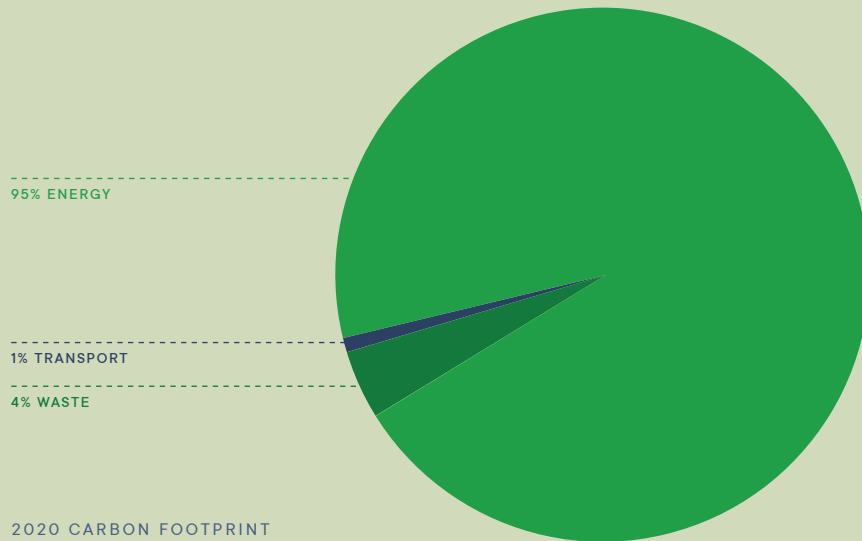
³No consumption data available. Estimate based on square footage.

⁴One month of consumption only (Rented as of December 1, 2020).

⁵www.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

ENERGY CONSUMPTION (GJ)	DELTA GREENHOUSE	DELTA FARMHOUSE	SURREY HOUSE ^{3,4}	VANCOUVER OFFICE ³	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

2020 ENERGY USE



2020 CARBON FOOTPRINT

CARBON FOOTPRINT (TCO2E)	DELTA GREENHOUSE	DELTA FARMHOUSE	SURREY HOUSE ^{3,4}	VANCOUVER OFFICE ³	SUBTOTAL
Natural Gas	2,304.67	11.98	0.75	10.68	2,328.08
Gasoline	10.35				10.35
Diesel	21.90				21.90
Propane	4.01				4.01
Electricity	53.75	0.26	0.05	0.67	54.73
					2,419.07
Transport	18.51				18.51
Waste	109.72				109.72
TOTAL CARBON FOOTPRINT (TCO2E)					2,547.30

2020 CARBON FOOTPRINT

NEXT STEPS

We are actively working with our electricity provider, BC Hydro, to upgrade our service capacity so we are no longer reliant on natural gas generators for additional electricity. This requires the installation of new infrastructure by BC Hydro, the timing of which is outside of our control. We are hopeful that upgrades will be completed by the end of 2021. Once completed, we will be able to draw more electricity from the grid and shut off the natural gas generators entirely. This will help 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 – close to 95%⁵ of British Columbia's electricity is generated from renewables such as hydro, wind, and biomass, which has a very low carbon footprint. Concurrently, we plan to conduct a comprehensive energy audit of our facility to identify further opportunities to reduce our consumption.

Because our Delta greenhouse is in an area that is not serviced by public transit, most of our employees commute to work in their cars. To incentivize our employees to make the switch towards electric vehicles, we will install EV charging stations that can support up to 8 vehicles. With the COVID-19 pandemic, carpooling has been discouraged in 2020, but we will encourage it again when it is safe to do so to further reduce our footprint.

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 2020 was a ramp-up year for us, we will establish 2021 as our baseline year and plan to set an ambitious reduction target against that baseline.

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. Establishing a granular baseline of water consumption will be a focus for 2021.

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 for the plant. This allows progressive weight ranges to be set through the growing cycle so sufficient water is provided without overwatering.

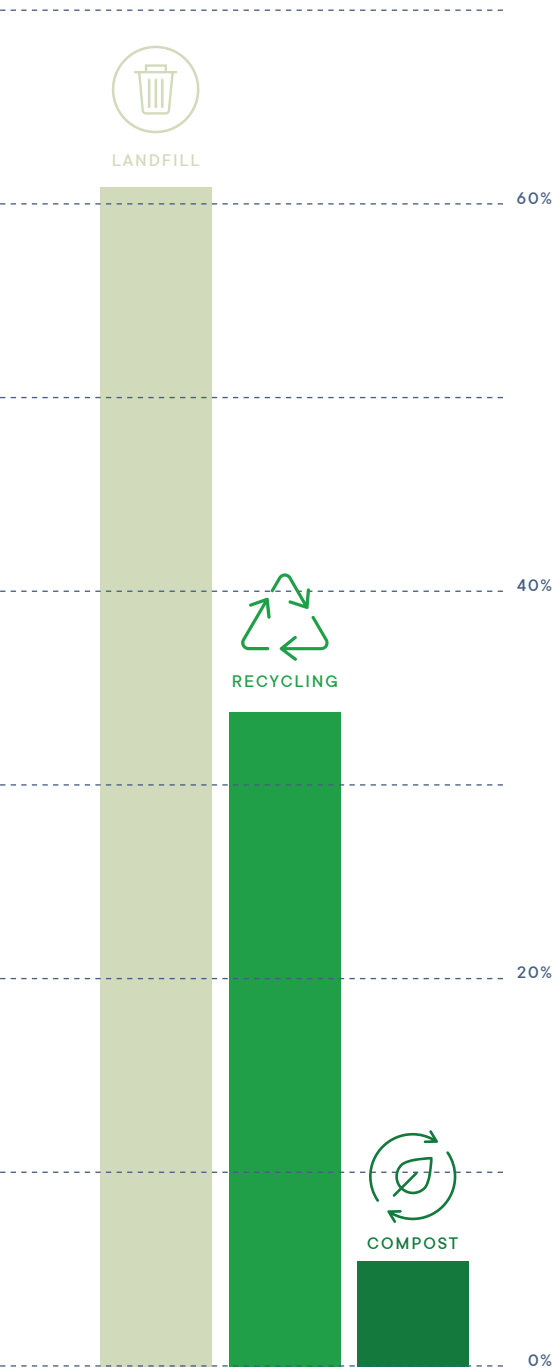
In 2020, we started tracking water use for all facilities we receive water consumption data for, which includes our Delta greenhouse and the Delta farmhouse. We estimate water consumption from our Surrey farmhouse and Vancouver office based on square footage. Across all four facilities, our 2020 water use was 17,434 m³. We only include water consumption from our greenhouse in our water intensity calculation, which was 1.36 litres per dollar revenue.

To reduce our water use, we have started to install automatic faucets throughout our greenhouse facility. In our Delta farmhouse, we upgraded the toilets to low-flow models to reduce consumption.

NEXT STEPS

In 2021, 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.

Waste Reduction



2020 WASTE STREAMS BY DESTINATION

¹www.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

In 2020, 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 2020, we generated a total of 325 tonnes of waste. We have a recycling program for cardboard, mixed containers and some plastics, and compost all our crop waste. At 39% (128 tonnes), our waste diversion rate was well above the Canadian average of 23% diversion for non-residential waste¹, but not quite where we want it to be. We made many upgrades to our facility in 2020. Construction waste is difficult to recycle and typically ends up in the landfill, lowering our diversion rate. That said, we did find creative uses for some of our waste materials. Our facilities team managed to build a nursery for our outdoor grow area almost entirely from construction waste.

NEXT STEPS

In 2021, we are implementing better recycling and composting systems in our cultivation and office areas alongside multilingual signage and training to help us improve our waste diversion rate. We are also planning on retrieving garbage bags destined for the landfill, separating the waste into different waste streams, and weighing it so we can determine which waste streams that currently end up in the landfill have the potential for recycling or composting. We did not include the reuse of our soil medium in our waste calculations, and plan on doing so in 2021. Finally, we are also 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.

We piloted a recycling program for trellis.

Trellis is a netting material used to support our cannabis plants as they start flowering and the buds get heavy. This material is a single-use plastic and previously ended up in the landfill after each harvest. While the recycling pilot was successful and we are happy to be rolling it out as a full-scale program in 2021, we are still looking for viable alternatives that are not single-use.

Sustainable Packaging

APPROACH & COMMITMENTS

Cannabis packaging needs to balance a lot of 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 committed to a bold goal of having 100% of our packaging be circular by 2025, excluding device packaging such as vaporizers. This means that we want all our non-device packaging to be either reusable or recyclable.



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 kraft mylar bags for our Simply Bare hash launching in 2021, and to commit to further understanding our packaging options so we can find the most environmentally benign packaging options that are also recyclable or reusable at the end of their life.

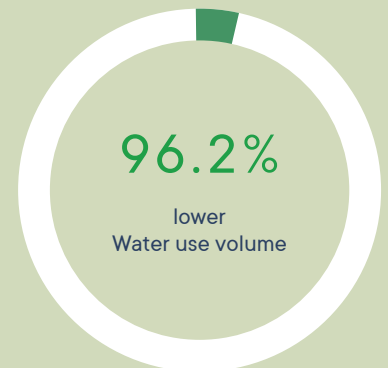
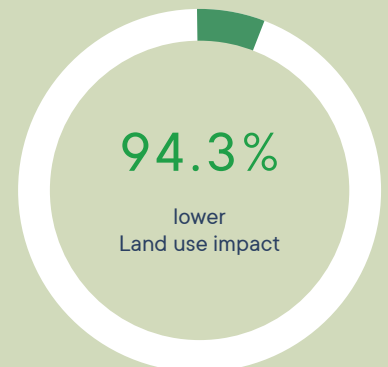
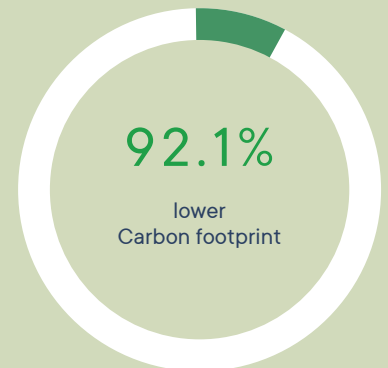
PERFORMANCE

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

NEXT STEPS

In 2021, 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.



ENVIRONMENTAL IMPACT OF MYLAR BAGS VERSUS GLASS JARS

Mylar bags have considerably lower environmental footprint based on [PIQET](#) Life Cycle Assessment data.

Local Ecosystem Impact

As one of only a handful of certified organic LPs in Canada in 2020, 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 problems¹. 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.

¹www.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 data¹ as a benchmark, our interim goal for 2021 is to have a Lost Time Incident Rate (LTIR)² of less than three.

PERFORMANCE

Health & Safety

We expanded our Policies to include anti-Bullying & Harassment as well as Cannabis at Work, and provided anti-Bullying & Harassment training to all our staff.

In 2020, our LTIR was zero. We are proud of this result and are taking steps to ensure that safety remains our top priority.

The impact of the COVID-19 pandemic
2020 was a challenging year from a health and safety perspective. Operating a rapidly growing business during a global pandemic posed unique challenges. We became very creative in identifying new ways of working in a safe and socially distant manner. At the beginning of the pandemic, we created a COVID-19 safety committee with representatives from each department that convened on a weekly basis to establish a COVID-19 risk mitigation plan, which included new protocols to keep our employees and contractors safe. Once implemented, the committee

moved to bi-weekly meetings to continuously monitor and update 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.

In March 2020, we shut down our office space in downtown Vancouver and enabled all our office staff to work remotely. 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.

¹ www.worksafebc.com/en/resources/about-us/annual-report-statistics/2019-stats

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

NEXT STEPS

The COVID-19 pandemic has had a major effect on our lives and put unprecedented strain on our collective mental health.

As we are moving into our second year of restrictions and lock-downs, we are seeing increasing levels of stress and less resilience in our employees. To help us better understand how we can support our employees through this challenging period, we will be conducting focus groups with representatives from different departments in 2021. We want this to be an open conversation with employees so they know they can seek help if required. We are regularly sharing the details on our Employee Assistance Program through our benefits plan should any employee require support.

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 2020, from near misses to minor injuries

such as cuts and sprains. We will analyze 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 will help determine where we will focus our efforts in 2021.

Informed by this analysis, as well as an updated assessment of hazards and risks in each department, we plan to conduct a thorough review of our existing EHS program so we can identify areas for improvement. We will also be rolling out an updated training and communications program to further strengthen our culture around health and safety.

Moving forward, all our operations departments will 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.

Every year, we benchmark our salaries to ensure they are competitive in the marketplace. We also offer variable pay linked to individual performance and company results based on an employee's position in the organization and offer extended benefits to all full-time employees.

PERFORMANCE

2020 was a year of substantial growth for us. In total, we hired 144 people, which included 44 temporary foreign workers from Guatemala. We grew our headcount by 329%, more than tripling our workforce. Consequently, at the end of 2020, more than 53% of our employees had a tenure of six months or less. This rapid growth comes with challenges from an onboarding, training, engagement, and culture perspective, in particular during a global pandemic. We are proud of our unique work environment and culture and want to make sure we maintain it during this rapid growth phase.

Our voluntary turnover rate in 2020 was 18.9%. We conducted exit interviews to understand why our employees left us and shared relevant turnover information with the executive team. Our involuntary turnover rate was 8.8%, for a total turnover rate of 27.7%. The average turnover rate in Canada was 21% in 2018 (latest data available)¹. As a high-growth, performance-driven organization in a nascent industry, our turnover rates are understandably higher than those of more established businesses or industries. Unfortunately, there is a lack of industry turnover data for cannabis, and we hope to understand better how we compare with industry in 2021.

NEXT STEPS

We continue to conduct exit interviews and will introduce stay interviews to ensure we get ahead of any trends that could be preventable. We hope to gather more information from the mental health focus groups we will be running in 2021 (see [Health & Safety](#)) to understand the challenges employees are facing. We intend to put plans in place to address the concerns brought up by employees in the focus groups.

Given that we are moving into our second year of the pandemic, we will continue to look at ways to ensure communication with all employees is happening on a regular basis, and plan to host monthly company-wide video meetings.

¹ www.imercer.com/articleinsights/North-American-Employee-Turnover-Trends-and-Effects

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. We believe in culture add versus culture fit.

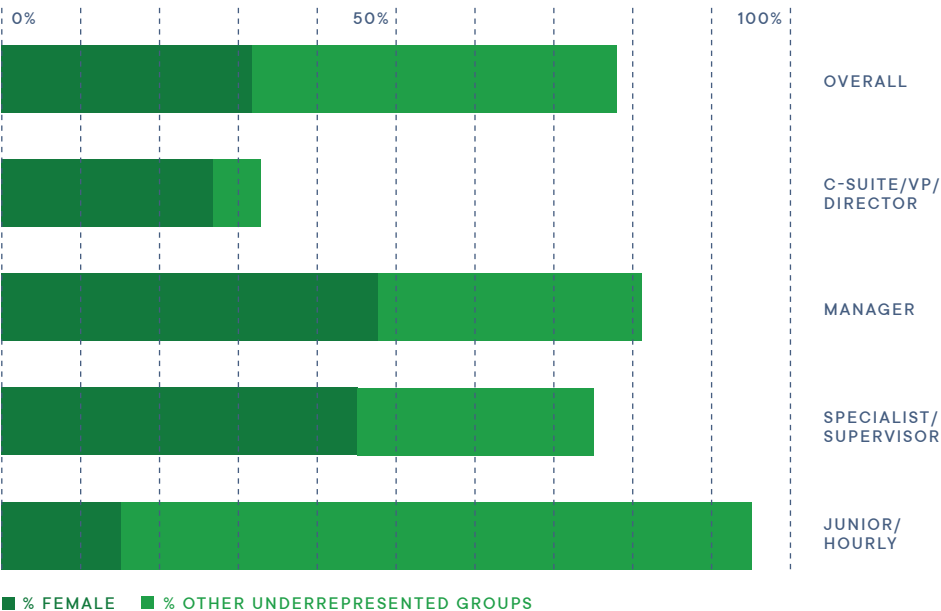
PERFORMANCE

In 2020, 32% of our workforce was female and 78% were members of an underrepresented group. For 2020, 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 manager level and below, but know we have more work to do from the director level up. 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 temporary foreign workers, who are all male. In 2020, we included at least one underrepresented candidate in the short list for all jobs posted. We were not able to conduct a diversity survey among our employees during 2020.

NEXT STEPS

We understand that diversity is much broader than gender, and that gender is not a binary construct. We aim to increase the share of women and other underrepresented groups at all levels of the organization. We plan to conduct an employee survey in 2021 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.



2020 DIVERSITY STATISTICS

Diverse Hiring

To help us attract a more diverse pool of candidates, we experimented with posting job openings on different platforms. Results were inconclusive, and we plan to take a more detailed look at our job posting methodology in 2021 to help increase the diversity in the candidates we interview.

Pay Equity

APPROACH & COMMITMENTS

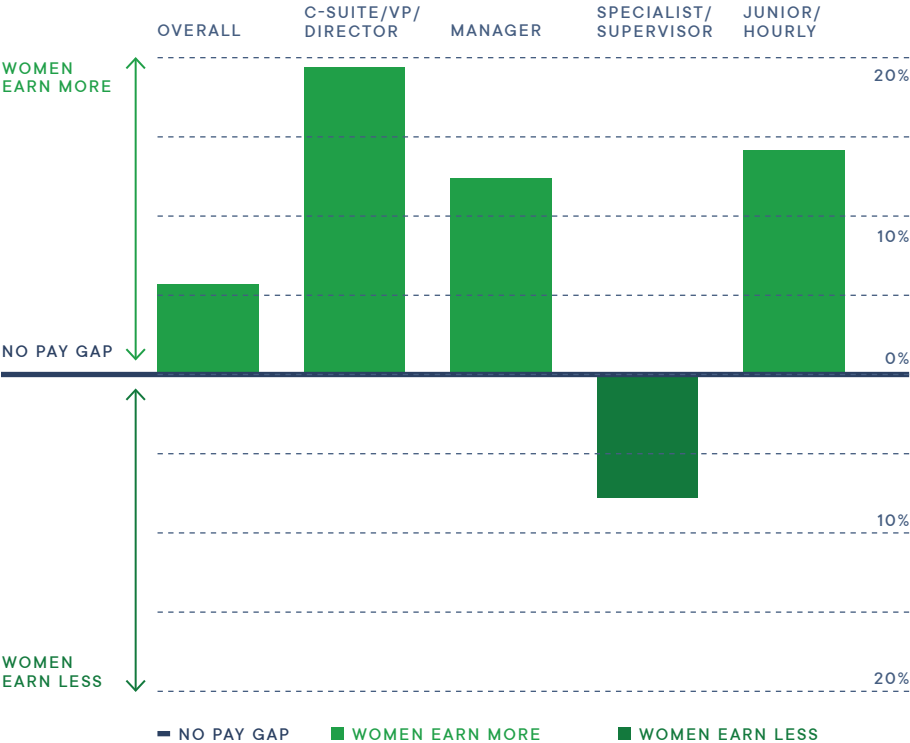
Pay equity is an important measure of equality. Gender pay equity measures the difference between the average earnings of men and women across a workforce. In a 2019 report¹ by the OECD, Canada was ranked as having the sixth highest gender pay gap out of a list of 30 OECD countries. The CEO pay ratio 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 2020, 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 -5.85%, meaning that on average, female employees at Rubicon Organics were being paid 5.85% more than men in 2020. In BC, the average gender pay gap was 18.6% (based on 2018 Statistics Canada data²).

NEXT STEPS

We are pleased with our results for 2020 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.



2020 GENDER PAY GAP – FEMALE VS. MALE SALARIES

In 2020, our CEO pay ratio was 19.56:1

According to the Canadian Centre for Policy Alternatives³, the 2019 CEO pay ratio of Canada’s 100 top-paid chief executive officers was an average of 202:1.

¹www.data.oecd.org/earnwage/gender-wage-gap.htm
²www150.statcan.gc.ca/n1/pub/75-004-m/75-004-m2019004-eng.htm
³www.policyalternatives.ca/publications/reports/golden-cushion

Best for our 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

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. In 2020, we 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 are committed to working with suppliers whose values are compatible with our own. In 2021, we expect to release our first Supplier Code of Conduct (“Supplier Code”) to help create a culture of safe and healthy workplaces for the people who make products for or provide services to Rubicon Organics. The Supplier Code will be based on the core labour conventions of the [International Labour Organization](#) and internationally accepted good labour practices, and is expected to be rolled out to our major suppliers throughout 2021.



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

In 2020, over 50% of our procurement spend by value went to suppliers based in BC's Lower Mainland. Of all the people we hired in 2020, 5% were from within our home community of Delta, BC, and another 12% from the surrounding communities of Ladner, Surrey and Tsawwassen. In 2020, 18% of our total employee population lived in Delta.

NEXT STEPS

In 2021, 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 2021 People Strategy and our goal is 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 have benefitted greatly from their knowledge.

More locally, together with Tantalus Labs Ltd. and Pure Sunfarms Corporation, we will be forming Cannabis Cultivators of BC in 2021, a non-profit association to work together on sustainability and other shared goals.

Performance Metrics and Targets

GOVERNANCE		PERFORMANCE	
Board gender diversity (% women)		20% ¹	
Board independence (# of independent directors)		3 out of 5	
ENVIRONMENT		PERFORMANCE	TARGET
Energy consumption (GJ)		63,023 GJ	
Carbon footprint (tCO2e)		2,547.30 tCO2e	Set baseline in 2021
Water use (m3)		17,434 m3	
Water use intensity (litres/\$ revenue)		1.36 l/\$	Set baseline in 2021
Operational waste generated (tonnes)		326 t	
Operational waste diversion rate (% diverted from landfill)		39%	40% in 2021, increasing to 80% in 2025
Sustainable packaging (% packaging considered sustainable)		n/a	Set baseline in 2021
SOCIAL		PERFORMANCE	TARGET
Lost Time Incident Rate (# lost time incidents per 200,000 hours)		0	< 3 in 2021, zero in 2025
Voluntary turnover rate (%)		18.9%	
Involuntary turnover rate (%)		8.8%	
Employee gender diversity (% women)		32%	Increase
Employee overall diversity (% underrepresented – women, indigenous people, visible minorities, members of the LGBTQIA2S+ community, persons with disabilities)		78%	Maintain or increase
Gender pay equity (% difference in average salary of male and female staff)		(5.85%)	
CEO pay ratio (ratio of annual total compensation of highest paid executive to the median annual compensation for all employees)		19.56:1	
Local spend (% of procurement spend by value spent locally)		52%	
Local hiring (% of new hires based locally)		17%	Increase

¹Board observer status takes this to 33%.

Disclaimer

This 2020 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 through 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

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