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Fertoz ESG Policy and Carbon Negative Progress

HIGHLIGHTS:

- Fertoz has developed and adopted a comprehensive ESG policy framework and associated key performance indicators to allow investors to track the Company's ESG progress
- Associated with the ESG policy, Fertoz has begun a documentary review in preparation for third party accreditation of the Company's carbon footprint
- Fertoz is working on becoming an internationally accredited carbon negative operation, and will work with manufacturers, dealers and growers to document improvements and facilitate carbon credits with existing and emerging groups

Organic fertilizer company, Fertoz Ltd ("Fertoz" or the "Company", ASX: FTZ) is pleased to announce its development of a comprehensive ESG policy based on the UN World Economic Forum's Sustainable Development Goals broken down into four key components: Governance, People, Planet and Prosperity.

Of particular relevance to an organic fertilizer producer are the key performance indicators enshrined in the "Planet" component of the framework. Conventional fertilizer producers are some of the largest emitters of CO₂ in the agricultural sector. Initial (unaudited) calculations by Fertoz show that the Company was carbon neutral in 2020. Organic fertilizers produce approximately 1/6th the CO₂ in the manufacturing, processing, and transportation processes compared to conventional fertilizers. And when organic fertilizers are added to crops that have not been exposed to fertilizers, yield increases of between 15 and 35% have been measured in farm trials. This results in additional CO₂ sequestration.

Pat Avery, Executive Chairman, commented: *"Agricultural operations worldwide emit a lot of CO₂ but at the same time, row crops, legumes, grasses and trees sequester CO₂. With the ESG framework we have adopted, we have been able to identify key areas where we, as an organic fertilizer operation, can help reduce CO₂ and at the same time, help our farmers with increases in yield to become more prosperous, whilst regenerating their soils. As well, we have shown that mixing our fertilizers with conventional fertilizers will help farmers reduce their CO₂ footprints, whilst transitioning to more sustainable agriculture. We plan to work across the board with manufacturers, dealers and growers in their sustainable, regenerative, and organic efforts. We are well down the path of internal reviews of our ESG policy framework and becoming a carbon negative operation, and look forward to beginning our third party accreditation later in 2021."*

The Company's key ESG framework is designed around the following four areas:

- **Governance:** including the governing purpose of the company; Board composition; material issues impacting all stakeholders; ethical behaviour; and the integration of risk and opportunity into our business processes, procedures and policies.
- **People:** how we help end poverty and hunger around the world, and ensure all people associated

with Fertoz can fulfil their potential in a healthy and life-giving environment including ensuring pay equality, diversity and inclusion of personnel employed, providing training and support to enhance and grow skills, and ensuring a safe and healthy workplace. An example would be in Canada near our mine sites and leases, through outreach to First Nations.

- **Planet:** the ways we can mitigate the impact of greenhouse gases and ensure sustainable agricultural production to support current and future generations including managing GHG emissions, sequestering CO₂ produced not only in our mining and manufacturing processes, but in down-stream processing and farming activities as well, and proactively managing land use and water consumption.
- **Prosperity:** the ways we can ensure that everything we do benefits the world and allows people to enjoy prosperous and fulfilling lives including by investing in people, our local communities, paying taxes, engaging in constant innovating, and sharing the wealth created from our organic fertilizer operations across our stakeholders, partners and communities.

As noted above, a primary ESG focus at present is on managing Fertoz's CO₂ footprint, and helping farmers reduce their CO₂, with the aim of becoming a leading carbon negative fertilizer company in the USA, Canada and Australia. As previously reported, the Company has undertaken a review to bring granulation in-house, which will significantly reduce the Company's carbon footprint. As well, in-house granulation will reduce costs and enable higher margins.

The Company has also initiated discussions with large carbon emitters looking to offset their CO₂ production through the purchase of carbon credits from organic farmers. Fertoz is ideally positioned to act as intermediary in facilitating the trading of carbon credits and is currently looking to secure over 100,000 acres of organic grain production per year for carbon emitters. The recently announced partnership with Western Alfalfa Milling Company will result in a broader product offering to farmers, and increased CO₂ sequestration opportunities as well.

Over the last few weeks, the Company has commenced discussions with larger fertilizer manufacturers and large CO₂ emitters in relation to the potential to offset CO₂ through the use of the Company's organic fertilizers, and blending of our products with conventional fertilizer manufacturers, dealers and growers. The Canadian Carbon Tax increased to C\$40/tonne on 1 January 2021 and will increase again to C\$50/tonne on 1 January 2022. However, larger carbon emitters in Canada are concerned that the price will keep increasing to over C\$100/tonne in the coming years.

With Canada moving to a nationally regulated carbon market, the potential additional income for farmers by utilizing organic or organic/conventional blended fertilizers is increasing, and Fertoz is well-positioned to be able to facilitate introductions between organic farmers and carbon emitters, whilst helping farmers to increase yields and CO₂ sequestration. The Company is reviewing the potential for the regulated Australian carbon market as well, and under the new Biden Administration, the Company expects that over the coming years there will also be a national regulated carbon market in the USA.

Authorised by the Board of Directors.

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