

February 17, 2019

**An Open Letter to the Hemp and CBD Industry
Regarding the US Hemp Authority™ Certification Program**

This letter is directed to participants in the rapidly expanding hemp and cannabidiol (CBD) industry in the USA (the Industry). The signors of this letter are active participants and stakeholders in the Industry. Collectively, we have decades of experience in all aspects of the Industry, from farming to processing and manufacturing to brand building to lobbying and navigating the rapidly evolving legal and regulatory landscape. We are all concerned by the proposed US Hemp Authority™ Certification Program (the Program) as developed and championed by the Hemp Roundtable (the Roundtable) and supported by the Hemp Industries Association (HIA). This letter is to provide notice of our concerns and our objection to any endorsement and/or adoption of the Program by the Industry or by any governmental and/or quasi-governmental agency.

Before stating our concerns, we believe it is important to note our agreement with the Roundtable and the HIA that high standards, best practices, and self-regulation are all necessary components to a safe, robust, and credible Industry. We further agree that these things generally increase both consumer and law enforcement confidence in hemp products being sold in the market today and in the future. We also note that, while we appreciate the Roundtable's engagement with many important Industry issues, we have significant concerns over what appears to be its unstated but apparent bias in favor of a small group of corporate interests to the detriment of other businesses in the Industry who are not part of the Roundtable's Board of Directors. The Program is no exception and, in fact, further promotes those interests.

The Program operates on a "pay to play" system. Although audits are conducted by a third party, a company must pay thousands of dollars annually in order to participate in the Program and gain licensing and "certification". The recently announced addition of two scholarships for auditing fees is insufficient. The fees and costs associated with participation in the Program are a severe impediment to participation by many small farmers and producers of quality hemp and CBD products. While we recognize the dangers of overregulation, the proper organization for determining compliance with quality standards is the US Department of Agriculture. Any "pay to play" system is prejudicial to small operators and is also subject to "capture" by large operators who will fund the Program.

The Program lacks certain basic standards that we believe are important to a vibrant and quality-driven Industry in the USA. For instance, the Program does not address or denote hemp that was grown in the USA. The hemp provisions of the Agricultural Improvement Act of 2018 (Farm Bill) were largely premised on bringing back hemp as a cash crop for American farmers. While we acknowledge that hemp is rapidly becoming a global commodity, any certification program for consumers in the USA should, at a minimum, distinguish USA hemp and producers from foreign products. We are not advocating that

only USA grown hemp receive certification. Rather, we believe that designating USA products should be part of any reasonable certification program.

In another instance of the Program not promoting standards we believe are necessary and vital to the Industry, the Program does not address the use of genetically modified organisms (GMO). Given the rising global concern regarding GMO products for consumer health and safety, any fair certification process that purports to promote consumer safety through information should address GMO crops and ingredients. As with the above, we are not advocating that no GMO products be certified. Rather, we believe that use of GMO be taken into consideration that information be made available for the consumer.

Similarly, the Program does not address the use of organic materials and/or cultivation methods. Although we do not advocate certifying only organic crops and products, failure even to denote or distinguish products that are organic from those that are not is indefensible. Use of non-organic material and/or methods should not disqualify a producer from receiving certification; however, their use should be taken into consideration and that information be made available to the consumer.

There is a general consensus that non-plant derived CBD products should not be certified. While there may be reasonable arguments that synthetic CBD derived from sources such as yeast have a place in the market, they have no place in a program specifically designed to certify *hemp* and *hemp* products. This significant issue is not addressed by the Program.

The proposed use of the American Herbal Pharmacopoeia (AHP) monograph for contaminants, while laudable, raises a number of important issues, both for crop failure and consumer health, that are not addressed by the Program. Additionally, the Program recommends using ISO 17025 as a “guidance” for laboratories performing testing, yet guidance does not mandate adherence. We question the Program’s use of the term “guidance”, rather than simply making ISO 17025 accreditation a requirement.

Despite promoting itself to both the public and lawmakers as the certification program devised by the Industry, the Program was actually created by a small subgroup of the Industry without any meaningful input by respected and longstanding hemp experts. While we acknowledge that the Hemp Authority purported to seek public comment on the Program, its request for comments were largely circulated from within the Authority itself via emails to its supporters and on web pages that it controls. In fact, it appears Roundtable members who pay the \$30,000 annual dues for membership into the “Board of Directors” are the primary proponents of the Program and whose input for the Program was used. The Hemp Authority failed to reach out to a number of Industry experts for their input, yet it promotes the Program as one that was drafted by the Industry. At least one of the signors to this letter made significant contributions in the early stages of the Program for common sense metrics regarding self-regulatory organizations (SRO) such as the Authority. The recommendations were totally ignored.

We also note that the Hemp Authority and, by extension, the Program, is deeply intertwined with a small group of corporate interests. We are concerned about an accumulation of power and authority by a small and well-funded group. In order to be truly effective in execution and national in scope the Program must have buy-in from stakeholders of all sizes, production methods, and regions of the country.

The concerns addressed in this letter are far from complete or comprehensive. The point of this letter is not to address in detail the various concerns, problems, and issues we have with the Program. Indeed, when it comes to the Program's details not all of us agree on every point. Rather, this letter is to put the public on notice that a significant disagreement with the Program exists in the Industry and that many important Industry leaders object to it. To that point, we are aware of former members of the US Hemp Roundtable who have terminated their membership based on the concerns shared in this letter.

We do not purport to have all of the answers. However, we believe that a full and fair system of Industry standards should, at a minimum, be devised by a wide range of experts, promote all business interests, provide meaningful information to consumers, and otherwise address the concerns we have expressed in this letter.

For these reasons, WE OBJECT to the U.S. Hemp Authority™ Certification Program.

Sincerely,

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