



LAUNCHING A RACE TO THE TOP

Josh Epstein | CEO, Socati Corp. | FDA Open Forum | May 31, 2019



ABOUT SOCATI



A leader in providing broad spectrum hemp for consumer goods



Committed to integrity, science, quality, customer needs



Heavy investment/ focus on technology, top quality and consistency



Founded in 2017, HQ in Oregon



MAY 2019: Acquired Blue Marble Biomaterials, another leader in the industry

THE NEED FOR WISE, TIMELY REGULATION



We are at a critical juncture, facing pent-up demand



Industry is unfamiliar, highly fragmented, broadly stereotyped



**ESSENTIAL FOR INDUSTRY TO
BUILD/SUSTAIN TRUST FROM
CONSUMERS**

- Quality
- Labeling
- Clarity/understanding of terminology



A RACE TO THE TOP, NOT THE BOTTOM

STARTING LINE: A regulatory framework setting a high bar for everyone, while encouraging investment in quality, choice and innovation

RECOMMENDATION: FDA should leverage its long experience in regulating foods, beverages, supplements

FINDING THE “GOLDBLOCKS ZONE” OF REGULATION

- Strong enough to ensure safety
- Clear enough to empower consumer choice and confidence
- Flexible enough to promote investment



SPECIFIC AREAS FOR REGULATORY FOCUS



Variations in production, certification, supply chain integrity



Allowable amounts of CBD for use in consumables



Validation of claim: “THC-free”



CONSUMER INFORMATION

- How much CBD can be safely ingested?
- Will THC-free CBD use trigger a positive drug screening?
- What’s in the product—desired and undesired?
- How to evaluate the “entourage effect” in a consumer product?



THE FUTURE IS NOW



Projected CBD market growth:
About \$1B today,
\$22B by 2022



Job growth in
agriculture,
manufacturing,
distribution, R&D,
marketing



The Power of the
Multiplier Effect*



R&D: 4.3 new jobs
for every one we
create



**Manufacturing/
Distribution:** 1.4
new jobs for every
one we create