



INAUGURAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2022

EXECUTIVE SUMMARY

People, Planet, Prosperity



**All currency in USD*

Disclaimer

This Report has been prepared for informational purposes only and is not an offering memorandum, prospectus, or advertisement. This Report does not constitute or form part of, and should not be construed as an offer or the solicitation of an offer to subscribe for or purchase securities of the Company in any jurisdiction, and nothing contained therein shall form the basis of or be relied on in connection with any contract or commitment whatsoever. The information in this Report is limited and does not purport to be complete or contain the information that would be required to evaluate the Company, its financial position and/or any investment decision. No action has been taken to verify its content.

Nothing contained in this Report is or should be relied upon as a promise or representation as to the future. Except where otherwise expressly indicated, the Report speaks as of the date hereof. Neither the delivery or availability of this Report nor any discussions in relation to it shall under any circumstances be construed to indicate or imply that there has been no change in the affairs of the Company since the date hereof. In addition, no responsibility or liability or duty of care is or will be accepted by the Company for updating the information (or any additional information), correcting any inaccuracies in it which may become apparent or providing any additional information, other than as strictly required under applicable law. The Report is necessarily based on economic, market, business and other conditions as of the date hereof or otherwise as stated herein. It should be understood that subsequent developments may affect such information and that the Company has no expectation or obligation to update or revise such information.

Information provided on the market environment, market developments, commodity prices, market trends and on the competitive situation in the markets and regions in which the Company operates is based on data, statistical information and reports by third parties and/or prepared by the Company based on its own information and information derived from such third party sources. Third party data, industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that these data, publications, studies and surveys has been prepared by reputable sources, the Company has not independently verified the data contained therein.

There is a risk that technical and financial assumptions, objectives and projections may fail to materialize. The information provided herein is management's best understanding as of this date of the potential of the Company and the related financial benefits, but it is the responsibility of the reader to form its own opinion contrasting the information provided with other sources of information for completeness and reasonableness.

This Report contains statements which constitute "forward-looking information" within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of the Company with respect to future business activities. Forward-looking information is often identified by the words "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect" or similar expressions and include information regarding: statements regarding the future direction of the Company; the ability of the Company to successfully achieve its business and financial objectives; the efficacy of the Company's CO2 delivery products, including the impact of the Company's products on the profitability and costs of its customers, its ability to reduce greenhouse gases and the carbon footprint of its customers and its ability to support the achievement of the UN Sustainable Development goals; plans for expansion and the ability of the Company to obtain, develop and foster its business relationships; and expectations for other economic, business, and/or competitive factors. Investors are cautioned that forward-looking information is not based on historical facts but instead reflect the Company's management's expectations, estimates or projections concerning the business of the Company's future results or events based on the opinions, assumptions and estimates that management considered reasonable at the date the statements are made. Such assumptions include but are not limited to: general business and economic conditions; the Company's ability to successfully execute its plans and intentions; the availability of financing on reasonable terms; the Company's ability to attract and retain skilled staff; market competition; the products and technology offered by the Company's competitors; and that good relationships with business partners will be maintained.

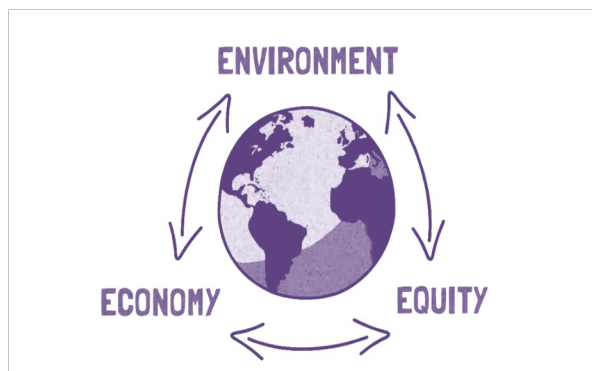
Although the Company believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information are the following: changes in general economic, business and political conditions, including changes in the financial markets; in particular, in the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse changes in applicable laws or adverse changes in the application or enforcement of current laws; the biotechnology industry and the greenhouse growers market are highly competitive, and technical advances in the industry will impact the success of the Company, and other risks described in the Company's filings that are available at www.sedar.com. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.

Our Aspirational ESG Report

CO2 GRO Inc. (CO2 GRO) is proud to share its Inaugural and Aspirational ESG Report and Executive Summary. These reports articulate our corporate commitment, direction and aspirations. We are an early-revenue stage Precision Ag-Tech entity.

Our Dedication

CO2 GRO is dedicated to enhancing sustainable plant growth and productivity while reducing our partners' ecological footprint when adopting our patented CO2 Delivery Solutions™ technology.



Our ESG Committee

CO2 GRO's ESG Committee oversees accountability to the highest standards of governance, sustainability and ethical business practices. The ESG topics covered are a key component of our Board of Directors' and Management's evaluation of risks and opportunities, long-term performance potential and value creation. CO2 GRO's Board has approved this ESG Executive Summary and Report.

Our Technology's Contributions to Global Sustainability

Our patent protected CO₂ Delivery Solutions™ technology is the first major improvement in CO₂ gas enrichment for protected agriculture (“protected ag”) in decades. Our technology dissolves CO₂ gas into water creating a CO₂ solution that is precisely misted onto plant leaves to form a microfilm, from which the dissolved CO₂ diffuses into the leaf.

Our systems can be used in any protected ag facility or structure, in any climate, anywhere.



Use of our technology benefits nine of the United Nations' Sustainable Development goals:



Environmental Footprint

CO2 GRO's environmental footprint is inherently low as we are predominantly a virtual entity. We outsource our key system component manufacturing to third parties. We have not yet calculated or verified our emissions via an external third party. Our Scope 1 carbon footprint profile is negligible as described below, as is our Scope 2 footprint as follows:

Scope 1 emissions are mostly for business travel to customers and conferences. Our twelve full-time staff work virtually from home as do many of our independent sales representatives and assigned staff at international partners, especially during the COVID-19 pandemic.

Scope 2 emissions represent the manufacturing of component parts and transportation thereof for sales and technology trials in the 19 countries we operate in. These manufacturers use mostly stainless steel, aluminum and plastics as raw materials for the component parts of our CO2 Delivery Solutions™ systems.

Our systems use water tanks, timers, CO₂ regulators, valves, CO₂ infusers, pumps, piping, misting components and other miscellaneous items. Plastics are utilized for piping, misting components, CO₂ infusers and water storage tanks. The pumps are usually stainless steel or thermoplastic. Timers, valves and regulators are a combination of plastic and other metals. Our CO2 Delivery Solutions™ systems run under low pressure from overhanging misters in low to high-tech protected ag facilities, so power costs are negligible.

The weight and volume of CO2 Delivery Solutions™ systems are both small. Our CO₂ infusion system footprint is based on the size of the water tank, ranging from 50-gallon tanks for sub 10,000 square foot grow spaces to as much as 10,000-gallon tanks for several hectare sized protected ag facilities. Transportation of key component parts is typically by pallet.

CO2 GRO's ecological and carbon footprint is more than offset by the benefits our CO2 Delivery Solutions™ technology brings to both existing and new protected ag facilities. Its usage optimizes existing facilities creating additional food production and reduces CO₂ emissions of greenhouses which currently employ atmospheric CO₂ enrichment ("CO₂ gassing"). **Our technology typically requires approximately 10% of the CO₂ gas used by these greenhouses, thus reducing their CO₂ gassing related emissions and costs by up to 90%.**

Currently, we estimate approximately 8 billion sq. ft. of greenhouses globally employ CO₂ gassing. Some vent year-round while some vent only during warmer months so the average annual CO₂ consumption varies. We estimate that a 1 million sq. ft. greenhouse growing year-round that gasses CO₂ uses about 2500

MT per year. For all 8 billion sq. ft., we estimate annual CO₂ gassing used is 20 million MT per year, where up to 90% or 18 million MT of this gas escapes to outside the greenhouse and into the earth's atmosphere. **Our technology can help save up to 18 million MT of CO₂ gas from escaping outside by replacing traditional CO₂ gassing methods.**



In order to address climate change challenges, several countries are implementing or considering taxing CO₂ gas emissions from greenhouses, with costs ranging up to \$170/MT (i.e. Canada's by 2030). This represents an additional potential carbon tax expense of up to \$3 billion/year for all 8 billion sq. ft. of greenhouses that currently employ CO₂ gassing. Our technology could also help save greenhouse growers this potential tax in addition to most of the CO₂ gas purchase costs for those buying their CO₂ gas from industrial gas suppliers.

Societal Benefits

About 99% or 592 billion of the 600 billion square foot global protected agriculture vegetable capacity ("protected ag") estimated by Cuesta Roble in 2019 cannot practically enhance their plant growth by the typical 20%-30% using CO₂ gassing. This is due to excessive heat venting requirements and/or facility porosity. **Our CO₂ Delivery Solutions™ technology can be installed in all protected ag facilities, regardless of climate or location.**



We estimate CO₂ GRO's technology use has the potential to increase food production from the existing 600 billion square feet of protected ag capacity of 300 million MT/year by up to 30% or up to a further 100 million MT/year. This represents enough additional food to feed up to half a billion people annually. **For protected ag growers, the increased food production could generate up to \$100 Billion/year of additional revenue.**

In addition to greater food production and associated revenue generation by applying CO₂ GRO's technology, local food production can also be increased. The ability to produce local food means less overall transportation of food from longer distances, thus saving resources and reducing the environmental footprint related to longer distance shipping, logistics, handling and resultant waste.

With CO₂ being a natural input for growth, plants grown using CO₂ GRO technology are generally healthier and require less herbicides and pesticides. Naturally increasing the production of fruits and vegetables while reducing plant damage and losses also means greater healthy food for people to eat, resulting in a healthier population and planet.

Governance Summary

CO₂ GRO is a publicly traded company overseen by a Board of Directors, including four independent members out of six that are vetted for and exhibit:

- A reputation of integrity and ethical behavior;
- 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, Committee and Sub-Committee work and meet any other compliance criteria by the stock exchanges where CO₂ GRO's common shares trade.



We are an equal opportunity employer. Our team has grown to approximately 50 individuals, of which twelve are direct employees with the rest are employed by our international marketing partners or are independent contractors and sales representatives.

CO₂ GRO works diligently to ensure that our commitment to integrity and ethical behavior remains at the core of how we conduct business throughout our organization. Our Code of Business Conduct & Ethics (the “Code”) provides guidance to our directors, officers, and employees on ethical and responsible behavior, alongside our Whistleblower, Insider Trading, and Disclosure policies (the “Policies”).

CO₂ GRO believes in the well-being and advancement of our employees while fostering diversity and inclusion. Our compensation programs reflect pay equity and do not discriminate between gender, race or the under-represented. Our diverse team drives our sustainability performance, supported by strong governance and culture, committed leadership, our vision, mission and values.

For a deeper dive into our ESG Report, please read our full version ESG Report available on our website [CO₂ GRO.CA](https://www.co2gro.ca)