



⋮

Sustainability
report



Message from our CEO



At BioHarvest we are focused every day on growing our customers' wellness. We do this by marrying science and technology with the power of nature in our breakthrough proprietary and patented BioFarming technology. This technology brings to the world the active and beneficial ingredients in plants in their natural structure ensuring the highest bioavailability and efficacy for the human body.

We strive every day to lead the dietary supplement and cannabis industries in driving "best in class" practices across all aspects of the end-to-end value chain. Since founding BioHarvest, sustainability has always been at the core of everything we do. And as we grow our company, we are committed to being an industry leader in Environmental, Social and Governance (ESG) issues. That is why I am so proud to present BioHarvest's inaugural sustainability report. In addition to providing an overview of our ESG credentials and baseline calculations, this report clearly lays out our ambitious goals to continue improving our sustainability impact every year, while tirelessly growing our business.

This report focuses on our superfood / nutraceutical vertical which currently operates as an end-to-end business. The cannabis vertical is still in development, and the sustainability advantages which will accrue from this vertical as a result of the benefits of our BioFarming technology, will be benchmarked versus the industry and highlighted in our 2022 sustainability report.



Promoting pure well-being

Our incredible team of scientists have developed cutting-edge science to unlock the power of nature to produce pure plant-based wellness products. For example, the piceid resveratrol contained in VINIA® is 25 times more soluble in the human body, versus resveratrol derived from the inferior polygonum cuspidatum from Japanese knotweed which is currently the standard used by the entire industry. The red grape cells in VINIA® are produced in aseptic conditions without the use of solvents and contain the active ingredients of the plant cells in their natural structure and conformation. Safety and traceability within our supply chain drive the safety and quality of BioHarvest products. That's why we follow Good Manufacturing Practice and Food Safety Modernization Act (GMP and FSMA) requirements and expect our suppliers to do the same.

Underpinned by science

The superfood and nutraceutical market is full of misleading marketing claims. BioHarvest is different. All our claims are backed by clinical studies and scientific research. To date, VINIA® has undergone four rigorous clinical trials. These clinical studies, combined with scientific research, have demonstrated that VINIA® has the unique ability to support heart health by improving blood flow and delivery of oxygen, increase dilation of arteries and blood vessels and improve physical energy and mental alertness via increased delivery of blood flow and oxygen to the body's tissues and organs. Two of VINIA®'s clinical studies were published in acclaimed academic journals, such as the International Journal of Food Science and Nutrition, in 2014 and 2015 and one has been presented at the American Diabetes Association 76th Session in 2016. This sets us apart in the superfood and nutraceutical market and ensures that our customers know that we are a brand they can trust.

Industrial scale with minimal impact

As the world looks to confront climate change, BioHarvest is leading the way by leveraging our breakthrough proprietary BioFarming technology to produce more impactful products while substantially minimizing our environmental footprint. With our BioFarming technology we can produce the same amount of red grape resveratrol in one cubic meter as would be possible on 240,000 square meters of land. Similarly, applying BioFarming to cannabis production means we do not have to grow the plant itself. Needless to say, this substantially reduces the need for water and energy and lowers emissions whilst providing BioHarvest with a significant competitive advantage versus current conventional industrial cannabis growth methods. Our products also eliminate the need for agricultural chemicals applied to land-grown commodities like grapes, cannabis, olives and pomegranates.

Supporting our people

Simply put, our employees are our greatest asset. We strive each and every day to treat them with the utmost respect, by ensuring they work under the safest working conditions and allowing them to develop and thrive in the workplace. We do this to attract and retain the highest caliber talent and to ensure that our customers always have access to cutting-edge science, quality products and the best customer service in the market. Our people make that happen.

Getting it right from the start

Sustainability is at the core of everything we do. As we grow our company, we want to get things right from the start, to make sure that our transparency, governance, environmental and social record remains the standard-bearer in our industry and keeps improving year by year. As part of this report, we share our ambitious goals for 2025 and invite you to join the plant cell revolution! There is much to do, but we are confident that together, we can make them happen.



Ilan Sobel
CEO of BioHarvest



Highlights – Benchmarks and Goals





Product
PROMOTING PURE WELLBEING



Process
INDUSTRIAL SCALE WITH MINIMAL IMPACT



People
SUPPORTING OUR PEOPLE



Governance
SETTING THE STANDARD

Our benchmarks and baseline results

100% natural structure – contains the plant cells in their natural structure

100% pure – contains no GMOs, pesticides, solvents or heavy metals

100% traceable – all ingredients are fully traceable end-to-end

99.99% less land use than agricultural production

87% lower energy use than regular industrial production of resveratrol

No use of solvents

0 GHG emissions (Scope 1)

ISO 90001 and 22000 certified

GMP certified for VINIA®

52% women in management

100% retention rate of scientists

100% of employees part of stock option program

Employee development process and training

All marketing claims supported by clinical trials and scientific evidence

FDA and FTC compliant

Zero tolerance policy for corruption and non-competitive behavior

Zero monetary losses resulting from legal proceedings associated with false marketing claims or corruption or bribery

Our sustainability goals

ONGOING

Develop a pipeline of cutting-edge, innovative products leveraging the power of our BioFarming technology

0 recalls issued per year

Comprehensive audit of all ingredient suppliers on a 2 year cycle

BY 2025

Improve water efficiency by 10% per ton of product

Improve energy intensity by 25% per ton of product

Reduce operational plastic use by 20%

Achieve 90% use of recyclable packaging

ONGOING

Target of zero lost time incidents

Conduct two annual HSE (health, safety and environment) audits of manufacturing facilities

Achieve 100% of employees receiving mandatory safety training annually

Target of 90% retention rate for scientific personnel

ONGOING

All new product claims to be backed by clinical studies and scientific evidence

Target of zero monetary losses as a result of legal proceedings associated with false marketing claims and corruption and bribery

BY END 2022

Develop and implement Code of Ethics and Business Conduct covering employees, contractors and suppliers

Initiate annual supplier audits to ensure compliance with Code of Conduct

BY 2025

Review material aspects and sustainability framework as business grows



At BioHarvest, we grow the desired natural compounds of plant cells at industrial scale and efficiency but without harming the environment

99,99 %
less land use
than agricultural
production



BIOHARVEST
SCIENCES

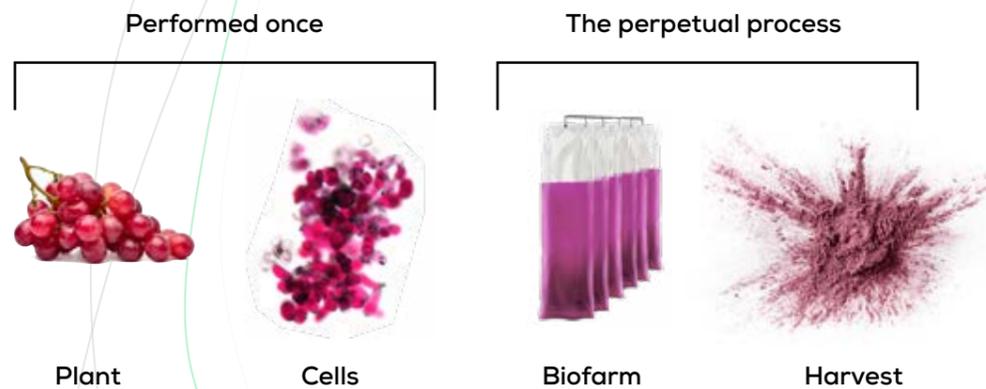
About BioHarvest

Who we are

BioHarvest was started by Dr. Yochi Hagay and Dr. Zaki Rakib in 2007. Combining their vast experience, they founded BioHarvest and brought to the world the breakthrough BioFarming technology. BioHarvest is based in the science park in Rehovot, at the hub of biotech innovation in Israel. Today, our company consists of 35 employees. Our highly talented and experienced scientists and lab technicians continue to develop the technology at industrial scale to bring new and innovative products to the health and wellness market. BioHarvest is experiencing unprecedented growth and we are currently building a new industrial manufacturing facility that will bring our production capacity to 20 tons per year. After a very successful launch of the VINIA® product in Israel, we launched VINIA® into the US market in May 2021 and expect to grow our operations there significantly over the next year.

What we do

BioFarming is Dr. Hagay's ingenious invention to grow the desired compounds of plant cells at industrial scale and efficiency but without harming the environment. Unlike most plant-based products, which are based on either agriculture or extraction from yeast cells, or synthetic formulation our process is clean, and involves only the growth of plant cells containing the key desired active ingredients from the plant itself. Our products are produced in aseptic conditions with a hydroponic process that involves no solvent extraction and are also free of fungicides, pathogens, pesticides and any other residual solvents that may result from agricultural or extractive methods. The result is highly concentrated products with fingerprint consistency which ensures solubility, bioavailability and efficacy to the human body.



After a very successful launch of the VINIA® product in Israel, we launched VINIA® into the US market in May 2021.



Our Products

VINIA®

So far, we have focused our product development on secondary metabolites, such as polyphenols (resveratrol, quercetin, catechins, tannins and anthocyanins) and other phytochemicals that support the proper functioning and health of the human body. Our flagship product, VINIA®, was launched in Israel in 2020 and in the United States in 2021. It is a red grape powder that can be consumed directly or mixed with foods or beverages. VINIA® provides many of the benefits of drinking red wine, which are due to the presence of the secondary metabolite resveratrol and other key polyphenols including catechin, quercetin, tannins and anthocyanins, but without sugars, calories and alcohol.

In VINIA®, the piceid resveratrol polyphenol levels are 100 times more than in grapes that are grown in the vineyard. Moreover, the piceid resveratrol contained in VINIA® has the unique ability to be solubilized in the body and is 25 times more soluble than resveratrol from *Polygonum cuspidatum*, which is the industry standard of resveratrol used across the nutraceutical industry and is obtained via extraction methods from the Japanese knotweed plant. VINIA® is sold in the form of a fine powder that contains the active ingredients of the plant cells in their natural structure and conformation.



Health benefits

VINIA® is a blood flow superfood and is the only dietary supplement in the world that has the capability to both reduce the Endothelin 1 (ET1) enzyme as well as increase Nitric Oxide (NO) molecules in order to increase artery dilation and hence improve human blood flow levels. The presence of ET1 constricts blood vessels whereas the NO dilates it. As a result of this “double action” effect, VINIA® is better positioned to combat the aging process that reduces blood flow.

As we age, our bodies produce more ET1 (vaso-constrictor) and less NO (vaso-dilator) causing our arteries and blood vessels to constrict and stiffen. This stiffening reduces blood flow, which in turn impacts the functioning of many of our body’s organs as it reduces the supply of oxygen and nutrients carried by the blood to the entire body and its tissues. VINIA® can therefore act as an important anti-aging supplement, in addition to its other metabolic benefits. Improvement of blood and oxygen supply benefits all of the body’s organs and contributes to overall health and wellness.

OTHER PRODUCTS

In 2019, we also started applying the BioFarming technology on cannabis plants aiming at producing the cannabinoids without the need to grow the cannabis plant itself. We plan to launch our cannabis products in 2022, followed by our olive cell and pomegranate cell products.



CANNABIS

Full spectrum hemp derived CBD and THC, corresponding to various Cannabis strains. Non GMO and fungi free



OLIVE CELLS

Health benefits of olive oil without all the calories. Maintenance of normal blood HDL-cholesterol concentrations. Low Calorie.



POMEGRANATE CELLS

Health benefits of pomegranate with reduced sugars. Anti-inflammatory support. Low Calorie.

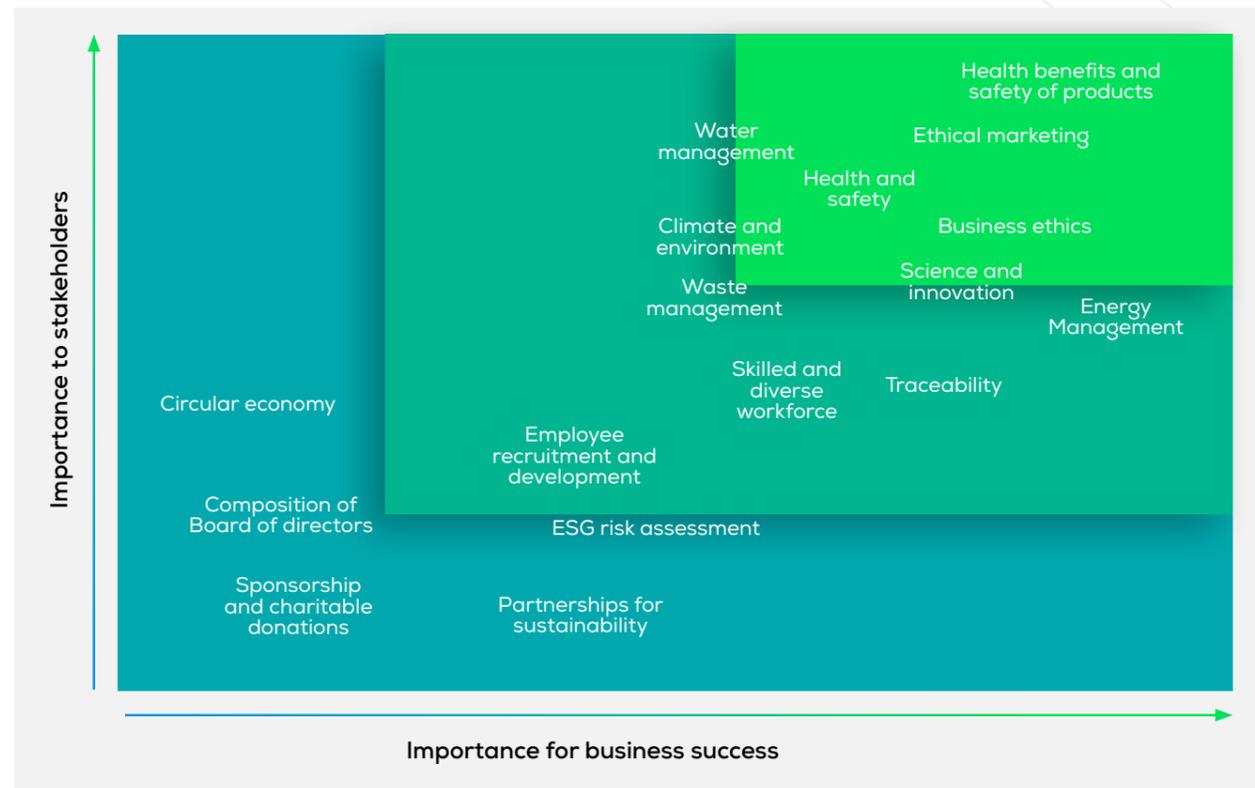
Our sustainability perspective

At BioHarvest, we use science to unlock the power of nature to promote human wellbeing, without harming nature.

Materiality assessment

To better understand how our business affects key stakeholder groups, now and in the future, and the strategic importance of different sustainability issues to our business, we partnered with a third-party team of ESG experts to assess our starting point. The consulting team performed an extensive analysis of the status and performance of our industry on environmental, social and governance issues and compared that with an analysis of our own business. The analysis was done to understand both risks and opportunities to BioHarvest, to guide our strategic direction and where we direct our resources to make the greatest impact. The analysis was followed by a series of interviews where we engaged key stakeholders including employees, investors, customers and partners to discuss what areas of sustainability they think our company should focus on.

Put together, the analysis and stakeholder interviews informed our materiality assessment, which shows the ESG issues that present key risks to manage or opportunities to create even greater stakeholder value or economic returns. Our materiality assessment summary is presented below.¹



1. In this report, we use the terms "material aspects" and "materiality" in the way that major sustainability reporting standards use them -- to refer to topics that reflect BioHarvest's most strategically important governance, environmental and social impacts and issues.

Focus areas

Based on the materiality assessment, we have focused our sustainability strategy around four pillars. These pillars correspond to our business model and reflect our wish to make the right products the right way and to direct our efforts to where we can have the most impact.

Product

Promoting pure wellbeing by providing fully traceable, science-based and innovative products with proven health benefits that improve the wellbeing of our customers.

People

Supporting our people by treating them with the utmost respect and the safest working conditions, and allowing them to develop and thrive in the workplace.

Process

Industrial scale with minimal impact means demonstrating the minimal footprint of our production process but nevertheless striving to improve our impact on water use, climate and the environment.

Governance

Setting the standard for end-to-end sustainability, ethical marketing, business ethics and transparency in our industry.

Certifications and partnerships

BioHarvest has secured international standards certifications related to quality management (ISO 9001) and food safety (ISO 22000). For our production of VINIA®, we have also secured a GMP certificate related to Good Manufacturing Practices from the Israeli Ministry of Health. BioHarvest is compliant with US Food and Drug Administration and Federal Trade Commission requirements.

Scope of the report

The data in this report covers the fiscal year 2020 and thus mainly operations in Israel, at our current manufacturing facility where we are producing VINIA®. As we are currently expanding our business into the US and building a new manufacturing plant in Israel, this report will include some mention of these exciting developments. (the data for these parts of our operations will be published in next year's report). Additionally, this report does not go into any detail regarding the unique sustainability advantage we have in the manufacturing of cannabis products. This will be an important component of our 2022 report.

This sustainability report aligns our disclosures with the Sustainability Accounting Standards Board (SASB) framework and with the climate-specific recommendations developed by the Task Force on Climate-related Financial Disclosures (TCFD). The disclosures can be found in the Appendix.

Support for the UN Sustainable development Goals

BioHarvest supports the UN Sustainable Development Goals (SDGs) and we have identified four SDGs where our business can have a meaningful impact.



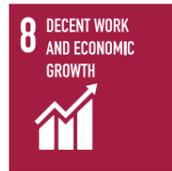
GOAL 3

BioHarvest is committed to promoting human health and wellbeing through the production of science-based innovative products.

Our approach:

Investment in R&D into cutting-edge science to develop new products with proven health benefits

Commitment to ethical marketing



GOAL 8

Through providing safe and inclusive employment, and training to ensure that our employees thrive and develop their skills we contribute to SDG 8.

Our approach:

Meeting or exceeding legal employment standards in our jurisdictions

Strict standards for upholding employee health and safety

Training and development of employees to ensure workplace safety and development of skills



GOAL 12 and 13

BioHarvest's commitment to responsible production and consumption and to minimizing our footprint supports SDGs 12 and 13.

Our approach:

Environmentally conscious business practices to reduce environmental and climate footprint

Continuous improvement and reporting on our progress every year



Sustainability is at the core of everything we do.



Promoting pure well-being



At BioHarvest human health is our grand motivator and we promote pure wellbeing by providing fully traceable, science-based and innovative products with proven health benefits to our customers.

Proven health benefits

All our products are backed by rigorous scientific research and/or clinical studies. As an example, VINIA® has undergone in-vitro, preclinical and four clinical studies that support the safety and efficacy of the product. The clinical studies and scientific research demonstrate that VINIA® has the unique ability to support heart health by improving blood flow and delivery of oxygen, increase dilation of arteries and blood vessels and improve physical energy and mental alertness via increased delivery of blood flow and oxygen to the body’s tissues and organs. Two of these studies were published in the International Journal of Food Science and Nutrition by Ben Gurion University in November 2014 and Tel Aviv University in May 2015 and one has been presented at the American Diabetes Association 76th Session in 2016.. All our product development efforts are based on our proprietary BioFarming technology and subject to ongoing scientific research and/or clinical trials.

Safe, transparent clinical studies give BioHarvest the scientific evidence we need to decide whether our product/s deliver nutritional value as well as health benefits for consumers. All our product development efforts are based on our proprietary BioFarming technology and are subject to ongoing scientific research and/or clinical trials. Our clinical studies involving humans comply with ethical principles, as agreed in the declaration of Helsinki, which protect the safety and well-being of the study participants. All BioHarvest clinical studies are therefore designed and conducted in accordance with the ethical principles of the Declaration of Helsinki Good Clinical Practice guidelines.

Product risk management and end-to-end traceability

The BioFarming process is conducted in aseptic conditions and in total compliance with all ISO and GMP requirements and with no use of genetic modification or pesticides.

In order to ensure that our products are entirely non-GMO and kosher, we rigorously control all the ingredients of our production. BioHarvest complies with ISO22000 and FDA 21 CFR 117 and 21 CFR 111 requirements.

BioHarvest has established risk-based preventive controls to protect our food ingredients and consumers from biological, chemical (including radiological) and physical hazards during processing, packing and holding food. This is done to minimize the risk of known or reasonably foreseeable food safety hazards that may cause illness or injury, if they are present in the products produced.

In order to ensure the complete traceability of our product ingredients, packaging and labels, it is vital that we exercise due diligence when entering into agreements with ingredient suppliers. Therefore, we have established a risk-based supply chain program for those raw materials and ingredients where we have identified a hazard requiring a supply chain-applied control. The supply chain program and risk evaluation are part of our Quality and Food Safety Policy. This process assures that raw materials and other ingredients are received only from approved suppliers, following risk evaluation, conducting appropriate sampling and tests before using these raw materials.

Staying at the cutting edge of science

At BioHarvest our goal is to stay at the cutting edge of science. Over the next few years, we plan to launch multiple new products and to continue our development of new product lines within the nutraceuticals and cannabis business verticals. In 2022 we plan the launch of our cannabis product line, containing a full spectrum of fully consistent and fungi free cannabinoids corresponding to various cannabis strains. We will also launch an olive cell product providing many of the health benefits of olive oil, but without the heavy burden of high calorie levels.

Our sustainability goals

ONGOING

Develop a pipeline of cutting-edge, innovative products leveraging the power of our BioFarming technology

0 recalls issued per year

Comprehensive audit of all ingredient suppliers on a 2 year cycle

Industrial scale with minimal impact

At BioHarvest we do more with less. Through the combination of science and technology, we are able to grow millions of plant cells at industrial scale containing more of the beneficial ingredients without the significant environmental impacts of traditional agriculture. At the same time, our production uses no solvents and less energy than conventional industrial methods, leading to substantially lower energy use and emissions.

At BioHarvest, once we have isolated the desired plant cells from the plant itself, these cells can be grown in perpetuity with our BioFarming technology. The plant cells are grown in liquid mediums in a large-scale liquid bioreactor with industrial production. Within three weeks, the plant cells grow to reach the adequate biomass, allowing us to produce 17 cycles of product in one year. One single plant can therefore provide infinite production of the active ingredients we use in our products.

Our baseline

This report covers our first annual calculations of environmental impact and our current manufacturing operations in Israel. The baseline numbers include Scope 1 and Scope 2 climate emissions, water, energy, land and waste intensity for 2020. When we scale up production in our new industrial plant, absolute emissions will rise, whereas intensity numbers will drop as we improve efficiency.

Climate emissions

Climate change affects all businesses worldwide. At BioHarvest we aim to embed our understanding of climate change across the organization by aligning with the disclosure recommendations provided by the TCFD. This will help us raise our awareness of climate change risks and opportunities and ensure transparency around our impact and performance. Our own operations have zero direct emissions of greenhouse gases. In 2020, our indirect (Scope 2) GHG emissions due to our energy consumption were 2,022.2 tons of CO₂-equivalents.

Biodiversity

Using our patented BioFarming approach to produce resveratrol for our product VINIA®, we can produce the same amount of red grape resveratrol in one cubic meter as would require 240,000 square meters of land with regular agricultural methods. Similar numbers will apply to our pipeline of cannabis and superfruit nutraceutical products. In this way, the BioFarming technology preserves biodiversity by removing the need for pesticides, freeing up land for other uses while simultaneously reducing the need for water and energy.

Water management

Potential drought and water scarcity are a growing problem around the world, and according to the World Resource Institute Aqueduct tool, BioHarvest's manufacturing operations are situated in an area of high water risk. In order to keep up production in our bioreactors, we rely on a steady supply of clean, fresh water. To ensure that the water meets our high purity standards, we currently draw 100 percent of the water we need from municipal sources. In 2020 our water usage was 3,600 cubic meters of water. We are committed to efficient water usage and will continue to monitor and improve our water management as we grow our production.



BioFarming preserves biodiversity by removing the need for pesticides, freeing up land for other uses while simultaneously reducing the need for water and energy.

Waste management

The main waste resulting from our BioFarming process is wastewater. The wastewater is fully biodegradable and contains no chemicals. It is subject to regular biological oxygen demand (BOD) testing and is emitted for regular wastewater treatment. Other waste from our production consists mainly of plastic and cardboard. In 2020 we produced 1.5 tons of waste. There is no hazardous waste resulting from our production. We are committed to steadily improving our recycling rate and to monitor and manage our waste according to regulatory requirements.

Production of VINIA® compared to resveratrol from polygonum:

	VINIA® produced with BioFarming	Resveratrol from Polygonum
Energy use and scope 2 GHG emissions	2,006 kWh/kg 1.1 tons GHG/kg	15,000 kWh/kg 6 tons GHG/kg
GHG emissions scope 1	0	0
Water use	2,000 liters/kg	40 liters/kg
Solvents / Volatile organic compounds (VOC)	0	50 kg per kg resveratrol

Packaging

Our packaging serves as the storage, transportation and delivery system for our products. We place a high degree of care into the hygiene, safety, strength and durability of the packaging materials we use. We also recognize that the waste generated when consumers discard the product packaging has an impact on the environment and are committed to reducing this footprint. Therefore, we aim to achieve 90 percent use of recyclable packaging by 2025 and develop guidelines to reduce the weight of our shipments, thus reducing emissions in our value chain. We aim to reduce our operational plastic use and waste by 20 percent per ton of product by 2025 through achieving operational efficiencies.

Our sustainability goals

BY 2025

- ✓ Improve water efficiency by 10% per ton of product
- ✓ Reduce operational plastic use by 20%
- ✓ Improve energy intensity by 25% per ton of product
- ✓ Achieve 90% use of recyclable packaging



One single plant can provide infinite production of the active ingredients we use in our products.

Supporting our people

Simply put, our employees are our greatest asset. They ensure that our customers will always have access to cutting edge science, quality products and excellent customer service.

We recognize that a safe, diverse and inclusive workplace that allows employees to thrive is the best way to build our business into a robust organization that is able to meet both challenges and opportunities arising from a complex and fluctuating business environment. Therefore, we are committed to upholding and protecting human rights including fair hiring practices, compensation and dismissal, working hours, rest periods, anti-discrimination and employee health and safety. We aim to meet or exceed local legal requirements for workplace practices.



Key metrics in 2020



35

Employees



>50%

Women in management



100%

Retention rate



0

Lost time incident rate



Our goal is that no employees are harmed while working for BioHarvest.

Health and safety

Safety in the workplace is our utmost priority, and our operating facilities have secured the GMP certification for Good Manufacturing Practices for our production of VINIA® from the Israeli Ministry of Health. We take every precautionary measure to minimize potential occupational hazards on our premises, and we set ambitious goals when it comes to health and safety in the workplace. Our goal is that no employees are harmed while working for BioHarvest. All employees and subcontractors will receive rigorous health and safety training to ensure the safety of themselves and their colleagues, and our goal is for 100% of our employees to complete mandatory safety training. For employees working in the plant, we will require additional process safety training. As part of the commissioning of our new plant, management will develop emergency preparedness procedures, hazard identification and risk assessments and other relevant operating guidelines to prevent workplace accidents and illnesses.

Later this year we will open our new manufacturing site which is run by Sugart Israel. The Head of production will be seconded from BioHarvest to Sugart to ensure compliance with all standards and procedures. Rigorous risk assessments and regular audits will be performed to ensure that employees are treated with the same level of respect and safety standards as BioHarvest's own employees.

Employee attraction and development

At BioHarvest talented scientists get the chance to work at the cutting edge of science to develop our patented products. To attract and retain the best talent we have a competitive salary and bonus scheme that is regularly benchmarked against Israel's top biotech companies. We believe that owning a piece of the business will act as a motivator to deliver outstanding results and that is why every single employee is part of our employee stock option program. We are currently rolling out an employee development process and regularly sponsor executive training programs for our staff. The result is an exceptionally high retention rate (100 percent in 2020).

Our sustainability goals

ONGOING

- ✓ Target of zero lost time incidents
- ✓ Achieve 100% of employees receiving mandatory safety training annually
- ✓ Conduct two annual HSE (health, safety and environment) audits of manufacturing facilities
- ✓ Target of 90% retention rate for scientific personnel

Setting the standard

At BioHarvest we aim to set the standard in end-to-end sustainability, ethical marketing and business ethics in the superfood and nutraceutical markets. Ethical conduct builds trust in our company and is essential to grow our business. Our culture of integrity informs how our employees approach their work, whether they are employed in R&D, manufacturing, sales and marketing or supply chain management.

Governance

BioHarvest’s Board of Directors (BoD) is responsible for overseeing the management of BioHarvest’s business, including the establishment and implementation of key strategic ESG priorities and implementation of appropriate climate risk management procedures. The BoD consists of five members with extensive business experience and is chaired by Dr. Zaki Rakib, President and founder of BioHarvest. In addition to the BoD, BioHarvest’s management is advised by an advisory board chaired by Mr. Eitan Popper who was co-founder and President of Medrelief Corp. and brings extensive experience from the cannabis industry to BioHarvest. Additionally, BioHarvest has set up a Scientific Advisory Board which will play a critical role in overseeing how we develop and test our products. The Advisory Board will advise BioHarvest on defining parameters for clinical trials and defining specific health-related use cases.

Ethical marketing

The nutraceutical market is full of misleading marketing claims. BioHarvest is different. All our claims are backed by clinical studies and scientific research. This sets us apart in the nutraceutical market and ensures that our customers know that we are a brand they can trust. As an example, VINIA® has undergone four clinical studies and is backed by published and renowned scientific research. Our commitment to ethical marketing means that we will make sure all future product claims we make are supported by the same level of clinical studies and scientific data. We have procedures in place to ensure that all our marketing claims are substantiated by clinical studies and scientific data and fulfill the requirements of FDA or local health ministry requirements and FTC advertising regulations.

Business ethics

At BioHarvest, we respect and rigorously adhere to all rules and regulations in all the jurisdictions where we operate. We employ the highest standards and have secured ISO and GMP certifications for our current production activities, subject to third-party verification. We have zero tolerance when it comes to corruption and non-competitive behavior and will develop a code of ethics and

business conduct that outlines BioHarvest’s key policies and expectations for employees, contractors and suppliers. This is meant to ensure that we are all acting in accordance with applicable laws and regulations as well as BioHarvest’s compliance standards.

Supply chain management

As previously stated, in order to ensure the complete traceability of our product ingredients, packaging and labels, it is vital that we exercise due diligence when entering into agreements with ingredient suppliers. At BioHarvest we extend this due diligence to all our suppliers and proactively seek out suppliers with strong sustainability performance and low environmental footprint. To ensure responsible procurement, our code of conduct will also cover our suppliers and be implemented by the end of 2022. In addition, by 2025, all suppliers will be subject to assessments and audits to demonstrate their commitment to following this code of conduct, in line with BioHarvest’s sustainability requirements.

Continuous improvement

Our commitment to sustainability is shown in this report and we will track our performance annually to ensure transparency and continuous improvement. As we grow our business, we will perform regular re-assessments of our material aspects to ensure that our goals and commitments grow with us and engage with our stakeholders to ensure that we address their key concerns and ESG priorities.

Our sustainability goals

ONGOING

- ✓ All new product claims to be backed by clinical studies and scientific evidence
- ✓ Target of zero monetary losses as a result of legal proceedings associated with false marketing claims and corruption and bribery

BY END 2022

- ✓ Develop and implement Code of Ethics and Business Conduct covering employees, contractors and suppliers

- ✓ Initiate annual supplier audits to ensure compliance with Code of Conduct

BY 2025

- ✓ Review material aspects and sustainability framework as business grows

APPENDIX: Disclosures

We report according to the TCFD and SASB frameworks. As our business grows, and we continue to evolve our ESG practice, we will expand our disclosure to these organizations.

TCFD Disclosure

Corresponding TCFD Disclosure Topic	TCFD Disclosure Metric
Governance	BioHarvest's Board of Directors (BoD) is responsible for overseeing the management of BioHarvest's business, including the establishment and implementation of key strategic priorities related to Environment, Social and Governance issues (ESG) and implementation of appropriate climate risk management procedures. The BoD consists of five members with extensive business experience and is chaired by Dr. Zaki Rakib, President and founder of BioHarvest. In addition to the BoD, BioHarvest's management is advised by an advisory board chaired by Mr. Eitan Popper who was co-founder and President of Medrelief Corp. and brings extensive experience from the cannabis industry to BioHarvest.
Strategy	Climate change risks and opportunities are embedded across our organization. Our business was created with the acknowledgment that climate change is a threat to traditional forms of agriculture and biotechnology development. Our production process requires less than one percent of the land requirements of agricultural production of secondary metabolites, and delivers the same health benefits with lower energy, water and climate impacts. As climate risks become more acute, BioHarvest's products and business model address some of the impacts faced by these sectors.
Risk Assessment	We utilize risk management processes to understand the risks and impacts of our products. Climate is a component of our risk assessment. Our production process takes into account the physical impacts of climate change, and we will continue assessing climate risk alongside other risks as our business grows. Due to our business model and product pipeline we are well-prepared to address any future climate risks.
Metrics & Targets	<p>Scope 1 emissions: 0</p> <p>Scope 2 emissions: 2,022.2 tons</p> <p>Scope 3 will be calculated in the future.</p> <p>Because of the nature of our production, Scope 2 emissions are our most relevant emissions. We have set a target to improve energy efficiency per ton of product by 25 percent by 2025 and are exploring ways to reduce our energy use and add renewables in order to reduce our impact in this area. As we scale up, this will lead to a reduction in our emissions per unit of product and achieve our commitment of being a sustainable company.</p>

SASB Disclosure

In preparing this report, we use the SASB framework to understand and disclose our most material ESG topics. As a nutraceutical company, BioHarvest does not fit directly into any current SASB sector. Therefore, we used relevant SASB indicators from the Biotechnology & Pharmaceuticals standard and from the Agricultural Products standard.

Corresponding SASB Topic	SASB Disclosure Metric	BioHarvest Disclosure
Drug safety	Number of recalls issued, total units recalled	0
	Total amount of product accepted for take-back, reuse, or disposal	0
Ethical marketing	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	0
	Description of code of ethics governing discussion and promotion of off-label use of products	At BioHarvest, we respect all rules and regulations in all the jurisdictions where we operate and adhere to them rigorously. By the end of 2022, we will develop a code of ethics and business conduct, and adhere to it.
Business ethics	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	0
	Description of code of ethics governing and interactions with healthcare professionals	At BioHarvest, we respect all rules and regulations in all the jurisdictions where we operate and adhere to them rigorously. We will develop a code of ethics and business conduct and adhere to it. We will conduct our business with the highest standards of ethics, when we work with health care professionals, patients, customers or other stakeholders.
Food safety	Percentage of agricultural products sourced from certified suppliers	Safety and quality of product is of utmost importance to BioHarvest. We follow GMP and FSMA requirements for our products, and we require that our suppliers do so as well. In the future, our goal is to report on the percentage of our suppliers complying with relevant certifications to ensure quality and safety.
Environmental and social impacts of ingredient supply chain	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	We understand the unique environmental and social risks that occur in the agriculture sector. Our BioFarming process has lower water, energy and labor requirements to achieve our nutritional outcomes, reducing many of the environmental and social risks that occur in a traditional agricultural setting.
Ingredient sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Our BioFarming process was designed to mitigate many of the risks faced by the agricultural sector due to climate change.

Table of abbreviations

BOD - Biological oxygen demand	GHG emissions - Greenhouse gas emissions
CO₂ - Carbon dioxide	GMP - Good Manufacturing Practice
ESG - Environmental, Social, Governance	ISO - International Organization for Standardization
FDA - US Food and Drug Administration	SASB - Sustainability Accounting Standards Board
FSMA - US Food Safety Modernization Act	TCFD - Taskforce on Climate-related Financial Disclosures
FTC - Federal Trade Commission	

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