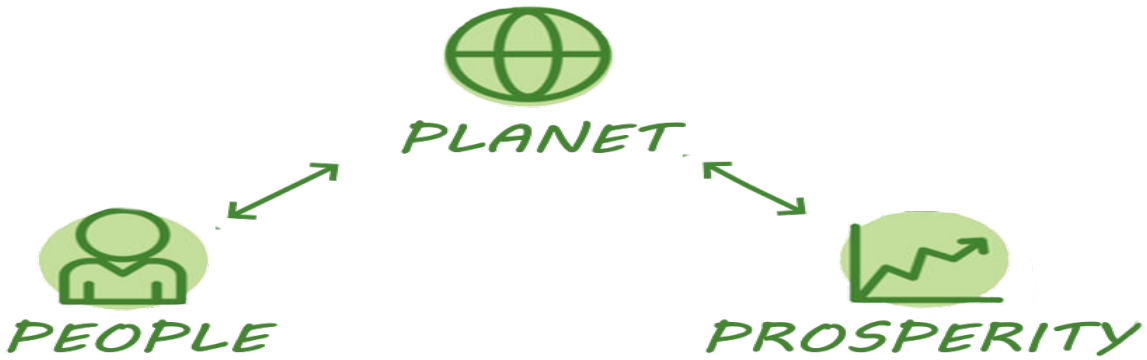
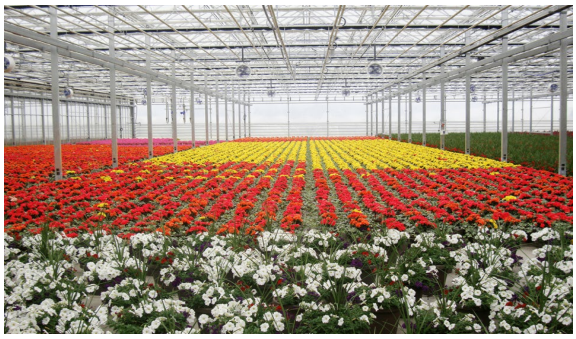
CO2 GRO Inc. Inaugural 2022 ESG Report

Sustainably Enriching All Protected Agriculture Growers





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(In USD unless otherwise stated)

Disclaimer

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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 C02 delivery products, including the impact of the Company's products on the profitability and costs of its customers, its ability to reduce greenhouse gasses 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.

About CO2 GRO Inc.

Our Company is a Precision Ag Technology entity. We primarly focus on the 600 billion square foot global protected agriculture vegetable market ("protected ag" according to Cuesta Roble 2019). Vegetables represent about 75% of all protected grow facilities. We have commercially proven that our CO2 Delivery Solutions™ can add the same 20%-30% to plant yields that CO_2 gassing greenhouses achieve. However, we use up to 90% less CO_2 gas while also providing natural pathogen perimeter protection™ that CO_2 gassing does not.

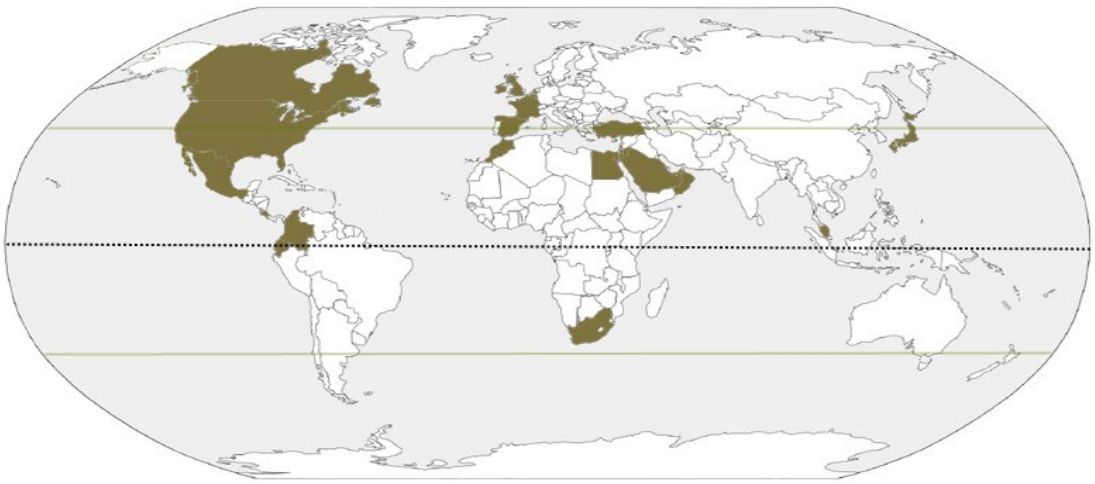
We estimate about 99% of this global protected ag capacity cannot use CO_2 gassing but all can use our CO2 Delivery Solutions™. Our technology can be installed in any low to high tech protected ag facility in any climate anywhere.

Greenhouses that use CO_2 gassing need to seasonally vent their heat, losing their target CO_2 enrichment levels when they do. This leaves some peak plant yield potential "on the vine". Our CO2 Delivery Solutions™ work continuously without any loss of CO_2 plant enrichment levels during their heat venting periods. **We estimate our systems could add up to a further 5% to plant yields.**

Using our CO2 Delivery Solutions™ may potentially double protected ag grower profits without any facility expansions, while also reducing a grower's environmental footprint per unit of additional yield by optimizing their assets.

All protected ag growers are charging more to cover soaring input costs, labor shortages and supply chain constraints. CO2 Delivery Solutions™ usage value increases as growers charge more for their crops.

We have realized thirty commercial purchases of which seventeen were post technology trials. Our cumulative sales, twenty current technology trials underway and international partner country presence are shaded in green:



Message From Our CEO

CO2 GRO's mission is to accelerate the growth and value of all plants grown in protected facilities naturally, safely, economically, by using our patented advanced CO2 Delivery Solutions™.

Our vision is to increase plant yields and profits sustainably for as much of the globe's protected ag, flower, berry, citrus and other grow facilities that we can facilitate. Further, we wish to empower protected ag growers to meet growing food demand and support local food production which minimizes their transportation footprint and food waste. We will be transparent with CO2 GRO's sustainability efforts and for protected ag and other protected growers who use or could use our CO2 Delivery Solutions™.

We believe most of the globe's protected facility owners will sufficiently benefit along with our shareholders to install our CO2 Delivery Solutions™ delivering dissolved CO_2 in mist form. Our goal is to benefit People, Planet and Prosperity (growers, communities and the organization). Our Sustainability Goals are:

Protect: We focus on impact to individuals, focusing on zero tolerance for personal safety incidents (our valued team and our stakeholders)
Produce: We support responsible sourcing, packaging and production efficiency targets focused on climate resiliency, including reductions in carbon emissions, water use, and food waste.
Provide: Commitment for providing value to the global protected agriculture communities and those they serve.
People: Continue to increase director, management and staff diversity, equity and inclusion while also ensuring thriving partnerships and stakeholder relationships, including our shareholders
Planet: We desire clear, measurable reduction targets for CO2 GRO's operational footprint while enhancing our customers' agricultural footprint per additional unit of yield, including reducing water, nitrogen, and active ingredient pesticides used to grow produce.

John Archibald
CEO, CO2 GRO Inc.

Our Aspirational Report

CO2 GRO is proud to publish our inaugural ESG Report which articulates our commitment, direction and aspirations. This inaugural ESG Report is aspirational due to our small company size and early commercial status. At CO2 GRO, sustainability means providing our protected ag and other grower customers with CO2 Delivery Solutions™ they need today to add yield and profitability to their existing facilities sustainably while reducing their carbon footprint per unit of yield.

We are committed to providing our shareholders, grower customers, team members and the communities in which we operate more prosperity by operating safely and efficiently while protecting our shared environment. Our commitment to sustainability is underpinned by our values: Safety, Integrity, Community and Respect which shape every aspect of our organization – from its Board of Directors "Board", to Sales, to Research & Development / Innovation, to our partners and our stakeholders.

CO2 GRO has studied the evolving Environmental, Social and Governance ("ESG") reporting frameworks: the Global Reporting Initiative (GRI) Standards, the Ten Principles of the United Nations Global Compact (UNGC), the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), the International Financial Reporting Standards ("IFRS") and their involvement in the consolidation of two entities into the International Sustainability Standards Board ("ISSB 2022").

This report follows the GRI's Reporting Principles for defining report content and report quality. The objective of our report is to transparently and authentically share our journey to implement ESG principles into our business and for our stakeholders and shareholders, including our successes, challenges and methods of overcoming them. Over 2022, our aim is to build our performance and measurement frameworks, to set baselines and better measure our progress towards our goals in 2022 and beyond.

This Report was reviewed and approved by CO2 GRO's Board. CO2 GRO views our ESG approach as a journey beginning with this ESG report. We know ESG accounting and frameworks are evolving and we are committed to evolving with these oversight organizations.

Living Our Values

From our Board, to our Senior Leadership Team, to our front-line workers, contractors and international marketing partners, we are committed to integrating Environmental, Social and Governance (ESG) matters across our organization and into our strategic decisions – both in the short and long term.

We believe that in doing the right thing (People, Planet and Prosperity), we will reinforce our business strengths by creating long term enterprise value and positively impacting those we work with and for.

We have been integrating sustainability initiatives since we reorganized Management of the Company in mid-2017. That is when we refocused on commercializing a clean, dissolving CO_2 technology for enhancing plant growth. We are committed to doing our part to help reduce our grower customers' GHG emissions' intensity as well as our own.

UN Sustainable Development Goals (SDG) Compliance

We believe the use of CO2 Delivery Solutions™ addresses nine of the seventeen United Nations SDG goals:

Our technology's use can:

Increase protected ag revenue and profitability

Lead to responsible and sustainable food production

Increase food supply from all existing protected ag facilities

Lead to 90% less CO_2 consumption than CO_2 gassing greenhouses

Improve the quality and safety of food production and human worker health

Increase food production at lower cost and need for more land use

Reduce new protected ag infrastructure requirements

Help us operate internationally with local partners

Work in urban and vertical protected ag facilities in cities

Our ESG Committee

In mid-2021, CO2 GRO's Board created an ESG Committee, Chaired by Rose Marie Gage, our first female Board Member. She spearheaded this report's development outlining our strategy, progress to date, and plans to deliver on long-term sustainability/ESG goals for our customers, consumers, team, other shareholder and stakeholders and the planet (people, planet and prosperity).

Our pre-2021 ESG background and forecast information are inserted where appropriate, as we are an emerging entrant into the global protected ag market with game changing sustainable technology.

CO2 GRO will hold ourselves accountable 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. Our Board has overall responsibility for stewardship of the Company, which includes strategy and enterprise risk oversight including those related to ESG matters.

2022 Committee Members

Rose Marie Gage, is our Chair, Independent Direrctor
Mike Boyd – Chair of the Board, Independent Director
Sam Kanes – Director

Our ESG Chair, Rose Marie Gage was awarded the Woman of Inspiration Integrity Award for 2021 by the Universal Women's Network in Nov. 2021 and has other awards and recognitions to support her leadership in our ESG efforts.

Further, we are committed to reporting on ESG and climate risks. Our report is aligned with the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB) and the Global Reporting Index (GRI).

Our History

CO2 GRO's journey began in 2017 when new Management reorganized the Company to commercialize a dormant patent license dissolving CO_2 into water, specifically for the purpose of enriching plant growth. Initially, we filed for a new global PCT Method of Use patent for "plant growth acceleration system and methods" (in mid-2017) and have since filed five further PCT patents, four of which are pending.

In 2017, the Company speculated on the economic potential for misting dissolved CO_2 on plant canopy above ground to enhance plant growth after revisiting Company data from NRC Canada's algae lab research. This research showed 200%-300% accelerated algae growth using CO2 Delivery Solutions™ over other CO_2 enrichment technologies. The NRC Canada algae chosen for testing was photosynthetic (i.e. requires light and CO_2). We speculated that perhaps plants could absorb CO_2 from a dissolved solution versus through the air in a similar fashion that we discovered with photosynthetic algae.

CO2 GRO has scientifically (at St. Cloud State University "SCSU") and commercially proven that misting dissolved CO_2 on plant leaves enhances plant yields by up to 30% versus growing without traditional atmospheric CO_2 enrichment levels (aka "CO_2 gassing"). Up to 90% of the dissolved CO_2 misted onto plant canopy diffuses into the leaves of plants when misted in 2-4X/hour short bursts of five to ten seconds.

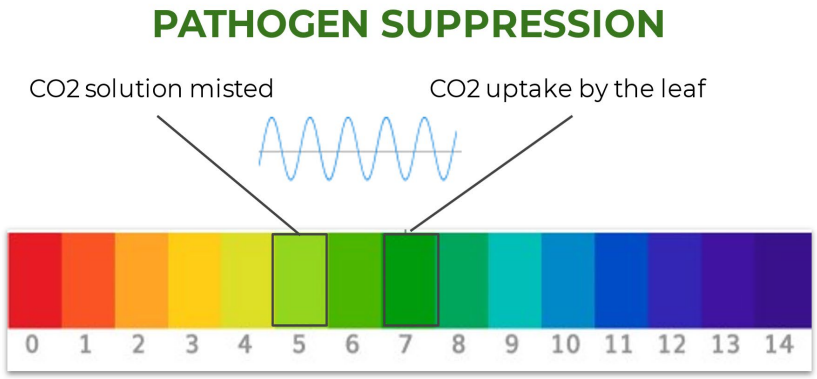
An example of a commercial misting system installed into a commercial pepper greenhouse with CO2 GRO misters:

An example of a misting system installed into a commercial tomato greenhouse with CO2 GRO misters:

Pathogen Perimeter Protection™ (PPP)

In addition, we subsequently discovered by scientific measuring at SCSU that **applying dissolved CO_2 also suppresses the development of leaf surface micro-pathogens such as *E.coli* and powdery mildew.**

This helps to reduce crop damage, losses and waste. It is due to the lower pH of the dissolved CO_2 solution that creates pH fluctuations on the plant leaf surface upon misting and subsequent rapid absorption of the dissolved CO_2 into the plant leaf.



- **pH fluctuation on the leaf surface suppresses micro pathogens such as mildew, mold and bacteria.**
- **CO2 gassing alone does not provide this protection.**

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We have a provisional PPP patent **that is equally as important** as yield improvements are to a number of our current and potential customers assessing this feature in their purchases and technology trials.

This PPP feature is natural so it is especially favored by protected organic growers.

CO2 GRO Inc.

C$6M of Equity Raised

We are thankful to our shareholders who have invested six million dollars (Can) of equity since late 2017 to first scientifically verify, patent and now commercially sell this revolutionary CO_2 delivery technology globally.

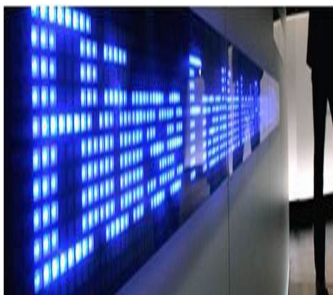
The six million of common equity raised was all on the Toronto Stock Exchange Venture (TSXv).

These funds have allowed us to:

1) continue with a solid scientific and commercial research program supporting sales efforts and patent filings,
2) hire a plant science Project Manager (female)
3) hire a full time North American Sales Manager (female)
4) expand our sales footprint from Canada and the US only in 2018-19 to another seventeen countries entering 2022, where we now have qualified partners that represent, sell and have1 the capability to install our CO2 Delivery Solutions™
5) joining vegetable associations like AMHPAC Mexico and high tech CEA greenhouse associations like JPFA Japan, to penetrate selected international markets and
6) accelerate and increase participation and exhibiting at trade shows such as Cultivate 21, Greenhouse Canada, Greentech NL and Greentech Americas

Our stock trades under the following stock symbols and exchanges:

GROW:TSXv **BLONF.OTCQB** **4021.Frankfurt**



Our Environmental Footprint

Our Company's operations are virtual and non-manufacturing. While we believe our carbon footprint to be very small, it is not yet calculated or verified by an external third party. We will be tracking our Scope 1 and Scope 2 carbon footprint profile in 2022 and report the following year.

Scope 1 Sales, Marketing and Office Emissions Details

CO2 GRO does not lease any office space, nor operate any manufacturing or processing facility directly. Our Scope 1 direct carbon footprint is minimal as our twelve full-time staff work from home as do many of our thirty North American Sales Reps and another fifteen employed by our international partners.

Most people or partners who sell our CO2 Delivery Solutions™ are part-time, independent contractors or work for our international partners as contact points for their organizations.

Apart from required business travel and the Scope 2 manufacturing of the component parts of our CO2 Delivery Solutions™ systems and transportation thereof for sales and technology trials in the 19 countries we operate, CO2 GRO does not directly emit any CO_2 gas from how we conduct our business.

Scope 2 Manufacturing Emissions Details

CO2 GRO sources several manufacturers to produce components of our CO2 Delivery Solutions™. Our manufacturers require mostly stainless steel, aluminum and plastics as raw materials for the component parts of our CO2 Delivery Solutions™ systems.

Our systems also use timers, rotameters, valves, dissolving CO_2 chambers, pumps to activate misting lines and related miscellaneous components. The plastics are mostly for flexible PVC based misting pipes that we, our customers and/or third-party contractors install to our specifications depending on the grower and the facility's geography.

While there are a number of components that are employed in a CO2 Delivery Solutions™ system, their weight and volume (space occupied in storage and shipping) is negligible, helping to suppress a carbon footprint associated with sourcing, manufacturing and shipping the components.

In a NetZero environment we believe the ghg's emitted in sourcing and manufacturing our component parts **is more than offset** by the benefits our CO2 Delivery Solutions™ brings to people, the planet and prosperity such as increased food output, higher quality food, lower pesticide use, more local food output and faster time to crop maturity.

At greenhouses gassing CO_2, we can dramatically cut their CO_2 gassing related emissions if they switch to our CO2 Delivery Solutions™ systems

Doing so also provides health benefits for greenhouse workers, as well as enriched oxygen levels from faster growing plants.

Our CO2 Delivery Solutions™ systems run under low pressure from overhanging misters in any low to high tech horizontal ag facilities as well as sufficiently spaced vertical facilities. The misters are designed for full canopy coverage with minimal dissolved CO_2 loss.

Pictured below is a high tech vertical installation with two grow levels serviced with separate misting systems:

CO2 GRO has several international sources for optimal performance misters depending on the misting design and facility requirements. The misting pumps required to run our misting systems can easily be sourced around the world. The pumps are similar to pond pumps and sized according to the volume of water needed per misting event and length of mist distribution. Our power and water use is negligible, supporting the ESG profile of our customers.

Generally, our component parts and layout require less than a 10 foot by 10 foot spacing inside protected ag facilities. Our systems and component parts are generally shipped on pallets via ocean freight internationally and by freight carriers in North America.

An onsite layout of an installed technology trial for a hydroponic lettuce greenhouse is pictured below:

CO2 Delivery Solutions™
Very Low Operating Costs

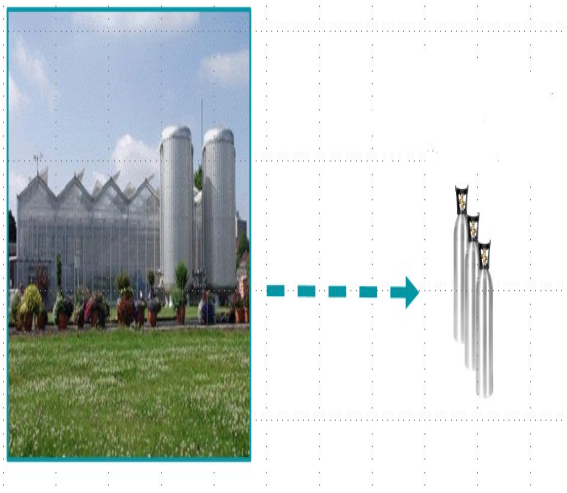
CO2 GRO estimates that variable costs **will represent approximately one tenth to one quarter** of the additional 20%-30% plant yield value we create. Variable costs are for electricity and delivered CO_2 gas supply to operate CO2 Delivery Solutions™. The added electricity cost is mostly for water pumps that typically are set to mist for a total of only 5-10 minutes per day. The cost of the delivered CO_2 gas that is dissolved for misting is more expensive and price is location dependent. As CO_2 misting losses are minimal the CO_2 gas cost per unit of additional plant yield value is low.

Based upon CO2 GRO's field experience, a one hectare (2.5 acre) pepper greenhouse technical trial will use about 1 tonne per month of dissolved CO_2 per ha of protected ag grow area. Greenhouses gassing CO_2 can use up to 30 tonnes per ha per month (reference taken from Climeworks' tomato greenhouse customer in Switzerland).

Generally, delivered CO_2 gas in pressurized tankers or cylinders may cost between $200/tonne to $1200/tonne (or greater) depending on protected ag facility distance from CO_2 suppliers and whether in bulk deliveries or smaller canisters. For example, in Hawaii, CO_2 gas costs are over $1000/tonne delivered via large CO_2 bulk shipments.

For maintenance, dissolving clean CO_2 into the potable water required for growing plants does not wear out our CO2 Delivery Solutions™. Over a multi-year period, some nozzles may need to be replaced and occasionally a water pump or control timers for misting periods may fail.

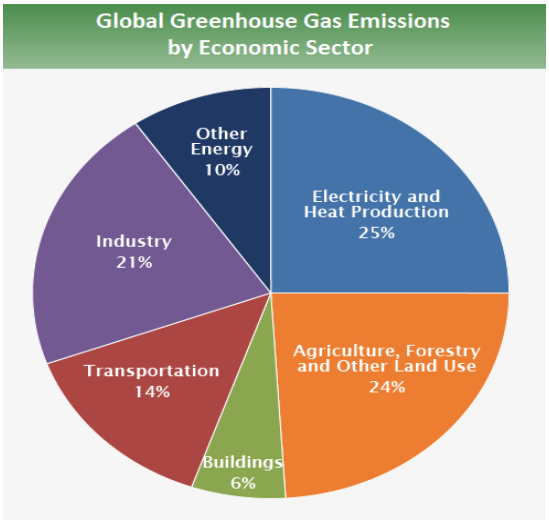
Our hyper-efficient, revolutionary CO2 Delivery Solutions™ can make all protected growers globally more sustainable, particularly greenhouses that by venting lose up to 90% of the CO_2 gassed into their greenhouses and buildings. Much of their CO_2 gas they use still comes from on site fossil fuel burning (such as natural gas, propane, bunker oil, etc.).



Our CO2 Delivery Solutions™ can also potentially add up to 5% more yield for these greenhouses gassing CO_2 as there is no loss of CO_2 concentration during venting.

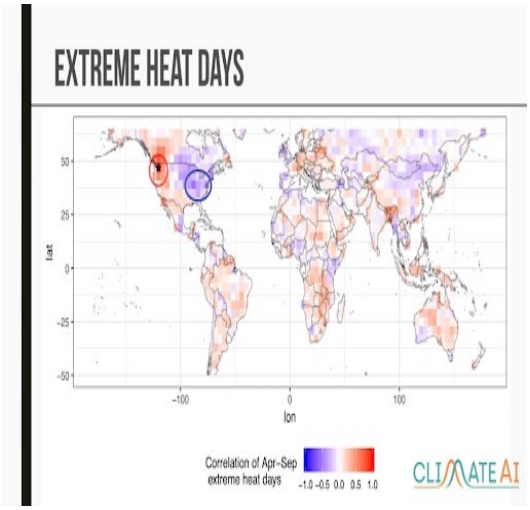
Environmental Benefits to People, Planet and Prosperity

Over 33% of the Earth's land is used for agriculture, forestry and other land use (IPCC 2014). This represents an **estimated carbon footprint of 24%**:



Recent effects of climate change have led to more droughts, forest fires, floodings and higher degree days, leading to outdoor crop damage.

The ClimateAi map below shows the likelihood of extreme heat correlated with the Pacific Northwest:



According to Climate AI, it's more likely that farm areas in South America or those in Southeast Asia would face extreme heat when the Pacific Northwest one does.

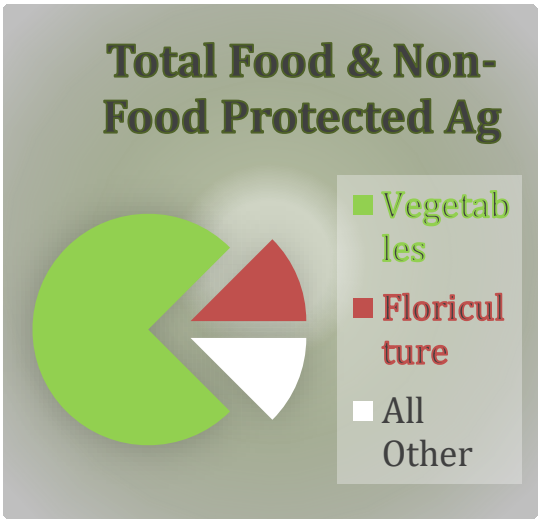
Climate risks to outdoor food growers, security of outdoor food supply, long outdoor food supply chains and other factors such as labor shortages are behind the current boom in indoor protected ag facility growth globally.

Our technology benefits both existing and new protected ag facilities

CO2 Delivery Solutions™ Societal Value

The benefits to society are many, including: increasing the supply of locally grown food, improving food security, improving food quality, reducing GHG emissions by shortening supply chains, minimizing food waste at grower locations and created in transit and significantly reducing CO_2 emissions from the greenhouses that use atmospheric CO_2 gassing.

Other Non-Food Protected Facility Benefits For Society



There are many other non-food protected facilities that we estimate are 100 billion square feet for cut flowers, bedding plants, potted plants, loose flowers, ornamentals, cut greens, seeds and landscaping plants (floriculture) and another 100 billion square feet for medical plants, citrus and tree seedlings and other non-food plants.

While the value of our technology will vary widely within these protected grow facility categories, there are opportunities in high value cut flowers, legal medical plants, and other non-food plants that we have yet to discover that may economically benefit from using CO2 Delivery Solutions™.

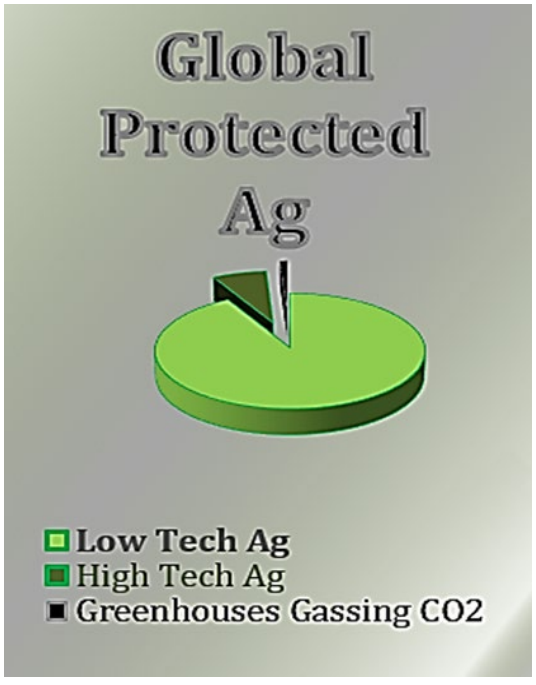
We have four technology trials now underway in floriculture for roses, orchids and other flowers - four in licensed Canadian and Israeli legal *Cannabis* greenhouses and two for tree seedlings in citrus (California) and macadamia nuts (South Africa).

For simplicity, we ignored these additional protected grow facilities for Floriculture and All Other in this report, **focusing solely on value creation potential for vegetable based protected ag only.**

The Global Protected Ag Vegetable Market

According to Cuesta Roble's 2019 protected vegetable ag research report, the global 600 billion square feet market was defined as "any protected agriculture under cover". This includes low and no tech open air grow facilities to high tech sealed greenhouses.

About 50 billion square feet were defined as greenhouses with 8 billion square feet being able to use CO_2 gassing (our estimate) To date, **the only variable** that most greenhouses and all protected ag growers cannot control is CO_2 enrichment.



The global vegetable market is forecast to grow **at 9%+ CAGR** by Grand View Research through 2025 and **11% CAGR** is forecast by ReportLinker in their December 2021 "Global Greenhouse Market".

We are ignoring these rapid growth forecasts for vegetables and new greenhouses for simplicity.

This report focuses **solely** on growing additional vegetables globally using CO2 Delivery Solutions™.

We do have projects underway at non-vegetable grow facilities in floriculture, non-food medical plants and tree citrus and nut seedlings that will also benefit People, Planet and Prosperity. We will report on our progress in these yield enrichment projects in our 2023 ESG report.

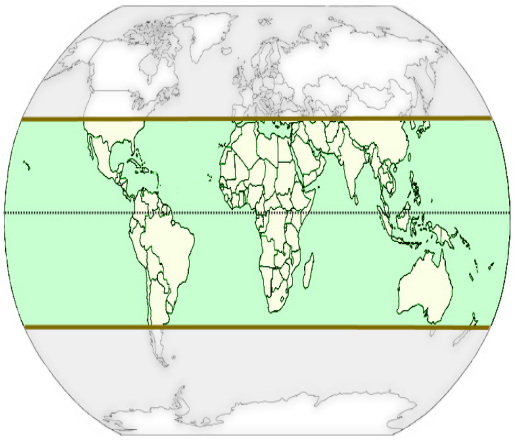
For a review of typical 20%-30% plant yield improvements at greenhouses gassing CO_2 by using 800 PPM year-round, please refer to R.A. Kimball's 1980 summary of 430 CO_2 gassing trials performed on 37 plant species.

All protected ag facilities built and future facilities to be built can use CO2 Delivery Solutions™ to optimize their plant yields further **and minimize their environmental footprint profile per unit of yield.**

Geographic Location of Most Protected Ag Facilities

About 90% of the world's population lives in warm-hot climates between 40 degrees latitude North and 40 degrees latitude South (our estimate) where most of the planet's food is also grown.

Most protected ag facilities in this zone are unsealed grow spaces due to excessive heat venting requirements if they were sealed. High CO_2 gassing enrichment levels readily escape during heat venting. **Using CO2 Delivery Solutions™ to mist dissolved CO_2 does not escape into the atmosphere.**



The yellow area on the globe therefore has mostly low or no tech and porous low cost protected ag facilities. Their warm to hot climate is ideal to grow plants year round without expensive sealed glass walled greenhouses.

Areas Where Greenhouses Gassing CO_2 Are Found

Higher tech sealed greenhouses that can utilize CO_2 gas enrichment are predominantly found in cold winter and hot summer countries with high GDP per capita. The Netherlands, Northern EU countries, the UK, Canada and Northern US are all north of 40 degrees latitude where most facilities that can gas CO_2 are located.

CO_2 Gas Savings for Greenhouses Gassing CO_2

The 8 billion square feet of CEA greenhouses that can use CO_2 gassing **lose up to 90% of their CO_2 gassed** (Yoshinaga et al 2000 re CO_2 use efficiency). These CO_2 gassing losses are due to seasonally required venting, air circulation requirements and levels of building porosity. Our precise, CO2 Delivery Solutions'™ misting on leaf surfaces into a microfilm of dissolved CO_2 is why we can cut their greenhouse CO_2 gassing losses from using CO_2 enrichment **by up to 90%.**

We will achieve at minimum, the same plant yields they achieve using our technology. **We can thereby immediately reduce their carbon footprint per unit of yield** and related delivered CO_2 gassing expenses. Eventually, all of these greenhouse producers will pay more for their CO_2 emissions under global CO_2 emission taxation regimes that will include CO_2 gas venting losses.

Greenhouse growers that get their CO_2 gassing supply from fossil fuel burning have long benefited from lax or generous government policies. Some governments subsidize or ignore their CO_2 emissions from CO_2 gassing that gets vented. Some greenhouses burning fossil fuels for heat, power and CO_2 gassing needs are also subsidized by local or national governments. An example is the carbon tax relief grants for qualifying greenhouses by the BC Government (Agriculture, Food and Fisheries) and the Federal Goverenment of Canada. In addition, some provinces like BC pay 80% of the cost of natural gas and propane used in their greenhouses today.

CO2 GRO believes that greenhouses gassing CO_2 will also get significant CO_2 emission credits over time for cutting their greenhouse CO_2 gassing losses by switching to CO2 Delivery Solutions™

We also believe they may potentially achieve **up to 5% greater plant yields** using our systems as misting dissolved CO_2 works throughout all their heat venting periods.

All greenhouses like the one pictured vent excess heat during seasonally warm periods, rapidly dropping their targeted 800 PPM-1500 PPM CO_2 enrichment levels down towards 400 PPM at atmospheric while venting.

A secondary effect of switching to CO2 Delivery Solutions™ **will be the dramatic reduction of emissions from fossil fuels burned to deliver CO_2 gas** in 22 tonne pressurized truck tankers and smaller pick-up trucks.

Growth Forecast for Controlled Environment Agriculture (CEA)

Production of fresh produce in CEA facilities has become a $100 billion-plus industry and **is forecast to rise by 19%/year** over the next five years to $172 Billion (source: Tecogen CEO). CEA facilities also use less water and zero pesticides while incorporating innovative and efficient technologies to provide fresher produce for nearby consumers.

Our dissolved CO_2 misting technology fits very well with most new or existing CEA facilities also, enhancing their economics while lowering their environmental footprints

A lot of new capital has been raised by regional CEA and urban vertical growers. Major new horizontal CEA vegetable growers include Bright Farms, AppHarvest and Local Bountii. New vertical CEA grower examples include Aerofarms, Plenty and Future Farms.

Their high tech CEA facilities are fully sealed, **highly capital intensive** and require a lot of powery for indoor grow lighting, HVAC, and air circulation.

CO2 GRO presented at Canaccord's November 2021 Agri-Food Tech Conference under CEA:

- AgBiotech, Biologics
- (CEA) – **CO2 GRO Inc.**
- Plant-based and Sustainable Food, Cultivated Protein, Precision Fermentation, and Novel Ingredients
- Digital Platforms, Marketplaces, and Enabling Software

CEA companies are testing the growth of other high value plants besides mostly organic herbs, micro-greens and lettuce to date. High value strawberries, saffron, vanilla, and exotic fruit are some recent crop examples some are growing and studying to increase the value of their expensive new CEA facilities.

CO2 Delivery Solutions™ can help all CEA faciliites become more economically viable while also eliminating greenhouse employee safety risks from breathing typically triple the level of atmospheric CO_2.

Greenhouse misting infrastructure is a material capex portion for a CO2 Delivery Solutions™ system. Our Hidroexpo greenhouse system sale used an existing overhead misting system optimized for our technology.

We have technology trials underway in Canada, U.S, and Japan CEA facilities with installed stationary or mobile misting systems cooling or irrigating their plants.

A picture of our installed technology on a mobile irrigation boom with a CO_2 tank that works in-line:

CO2 GRO can easily modify any existing misting or irrigation systems at low cost

CO2 Delivery Solutions™ Value Rises as Food Prices Rise

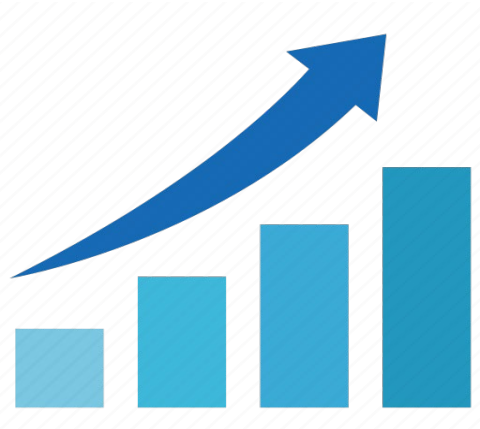
The adoption of our technology also helps local communities with food security, affordability, quality and supply chain transportation reduction and lowering the amount of food waste during transit.

Further, growers have to charge more in 2022 for their crops to push through rising input costs (transportation, CO_2, labor, fertilizer, etc.)

Usage value increases for growers as their food input and selling prices increase:

Our technology provides a constant 20%-30% yield increase with very low additional variable input costs based on our scientific (SCSU) and commercial data.

Rev/Sq Ft	**20%-30% more yield**
$3.00	**$0.60-$0.90**
$4.00	**$0.80-$1.20**
$5.00	**$1.00-$1.50**



Organic Farming

The global organic trend is clear as more affluent customers favor higher value, indoor grown, pesticide-free, organic vegetable grown nearby local protected ag facilities.

Implementing CO2 Delivery Solutions™ helps to accelerate this organic trend due to grower profitability improvements which should lead to lower food selling prices, greater food yields and enhanced sustainability practices.

Protected Ag Sustainability Efforts – Global Examples

UK major food distributor, Tesco **now requires all 14,000 fresh produce growers they work with to obtain the LEAF Marque environmental certification**.

The UK growers have until the end of 2022 to start this new certification process, while suppliers outside the UK have until 2023 to start.

This Linking Environment and Farming (LEAF) certification requires grower to take a whole new business approach to sustainable, climate-positive farming. This grower LEAF certification program requires using regenerative practices, **reducing their carbon footprints**, improving their soil management, improving their water use/quality, enriching native habitats and species and taking a circular approach to resource use and waste management.

Tesco's target is to reduce the average family food basket CO_2 footprint in half by 2023

EU based vegetable grower Azura labels their tomato packages as **"the first 100% carbon neutral tomato**".

Enforcing the LEAF Marque standard will help in meeting that goal. The implementation of the LEAF Marque standard will help drive environmental improvements across thousands of growers and suppliers in the UK and globally.

Germany's ClimatePartner that has 3000 customers in 35 countries **verifies that Azura's sustainability projects offsets their CO_2 related emissions associated with their tomato production.**

CO2 GRO has a technology trial underway at a UK based La Serra CEA tomato greenhouse. It uses biogas to power a combined heat and power (CHP) unit La Serra also supplements their overall CO_2 gassing needs with purchased and delivered CO_2.

Our trial is measuring dissolved CO_2 use versus use of CO_2 gassing per unit of yield. CO2 GRO plans to lever this La Serra UK trial's CO_2 efficiency improvement with other Tesco growers in the UK and internationally with its UK Partner Rika Biotech.

We will report on the data and results we collect in 2023.

CO2 Delivery Solutions™
Anticipated Grower Cost-Benefits

We estimate we can create $311.8 Billion/y of additional sustainable vegetable revenue from all **existing** protected ag faciliites at a capital cost of $500 Billion for our CO2 Delivery Solutions™. We estimate operating costs of $30 Billion/y for mostly CO_2 gas supplies and some additional power costs.

This would provide about an average 2 year payback

Details:

1) **Increased revenue of $300 Billion/year** on an assumed $1.2 Trillion/y global vegetable protected ag revenue from existing facilities.
2) **Increased revenue of $2 Billion/year** at greenhouses gassing CO_2 for up to 5% more plant yield. This is due to their required seasonal heat venting that cuts optimal yields and wastes gassed CO_2.
3) **CO_2 gas supply savings of $8 Billion/year using** an average 90% or 2250 tonnes/y saved of CO_2 gas purchased or produced at a 1M square foot greenhouse gassing CO_2 Savings at an average $500/$CO_2$ tonne cost times 8 Billion square feet (8,000 1M square foot greenhouses)
4) **Increased CO_2 emissions tax savings of $1.8 Billion/year** from 18M CO_2 tonnes per year saved versus lost to heat venting at an average US$100/tonne tax.

Our 2023 ESG report will contain:

1) The CO_2 gas savings obtained by reviewing our greenhouse customers' lower CO_2 gas procurement bills and

2) The plant yield efficiency improvements from our technology's use in protected ag facilities and greenhouses that do not gas CO_2 and those that do.

Value of Lower Vegetable Crop Loss/Damage with PPP

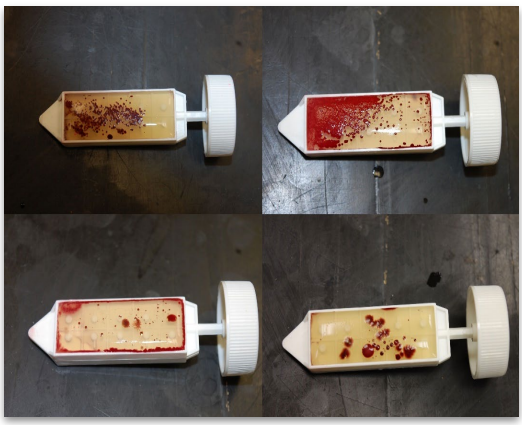
We have enough data to know that our technology's use sharply suppresses micro-pathogen breakouts at protected ag facilities, creating PPP.

Each grower uses different grow methods and has a different risk profile to micro-pathogens based on what is grown, where it is grown and in what climate. Therefore, estimating crop losses and damage reductions from our "micro-pathogen insurance" cannot be precisely valued so we are ignoring valuing this benefit.

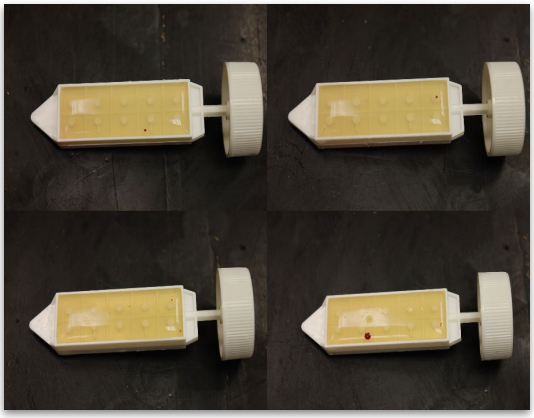
Our PPP is sufficient to protect every grower's crops, irregardless of growth style, crop grown, nutrients used, lighting and facility location.

We have scientifically and commercially measured 99% reductions in *E.coli* growth (as shown below)

CO_2 gassed / ambient CO_2



Dissolved CO_2 misted



CO2 Delivery Solutions™ Summary of Benefits

Use of our technology can lead to the following benefits:

- **Reduces CO_2 gas losses to the atmosphere**
- **Improves air quality for workers**
- **Reduces pesticide and herbicide use**
- **Safe for plants, people and animals if ingested**
- **Reduces the time to crop maturity**

LESS CO_2 GAS USE = LOWER CARBON FOOTPRINT

MORE YIELD = LESS RESOURCES USED

Protected ag growers that cannot gas CO_2 will enjoy up to 30% increased plant yields and up to 100% more operating profits while greenhouses gassing CO_2 will enjoy up to 90% less CO_2 gassing costs, potentially a *further 5% yield improvement during heat venting periods and realizing potential carbon credits resulting from the up to 90% CO_2 gassing emission footprint reduction using our technology.*

We believe using our CO2 Delivery Solutions™ in all of the 600 billion square feet of protected vegetable ag facilities will enhance food production by up to 100M tonnes.

This additional global food production will not require any investment in new protected ag facilities. That could feed up to 500 million more people.

*All these protected ag growers **will also benefit from lower crop damage, losses and waste** as their plants additionally receive natural PPP that CO_2 gassing does not achieve.*

The environmental footprint of all protected ag facilities per unit of yield will therefore fall using our hyper-efficient CO2 Delivery Solutions™.

Global Trends and Grower Risks

CO_2 Supply Shortfall Risks

According December 2021 article in TechXplore by Paul Graham, "**Up to 90% of electricity from solar and wind the cheapest option by 2030**"

A future where fossil fuels get substituted with green and blue hydrogen as well as solar power for heating, air conditioning and electric cars **will mean less CO_2 gas emissions available for greenhouses that require CO_2 gassing enrichment suppllies.**

As solar and wind power generation costs continue to come down below all-in coal, fossil fuel and nuclear power costs, **this renewable power trend with no CO_2 emissions is starting to hurt EU greenhouses used to burning fossil fuels for their CO_2 supplies**.

Global fertilizer producers including Yara and US based Terra Nitrogen said in 2H 2021 that **it was uneconomic to produce nitrogen fertilizers due to soaring natural gas prices.** That led to a temporary shutdown of CO_2 gas supply to some EU and UK greenhouses as Terra shut its UK nitrogen facility.

We have ongoing discussions with several greenhouse associations to explore collaboration in reducing or eliminating fossil fuel based CO_2 uses in their greenhouses by substituting their fossil fuel based CO_2 gassing with our CO2 Delivery Solutions™.

The burning of natural gas or propane is already under scrutiny in the Netherlands, Belgium and other parts of Europe which lead global greenhouse trends and innovation. The Belgian government is forcing greenhouses to lower fossil fuel burning annually now in order to reduce their CO_2 emissions.

Global Political Concerns

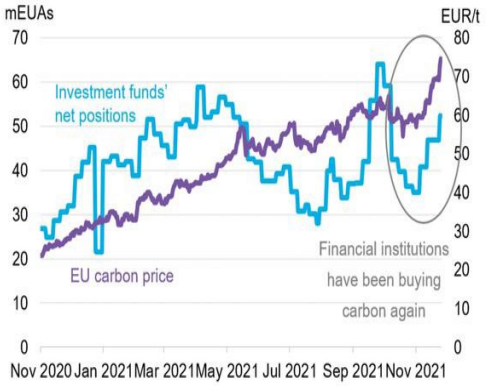
The overall supply of fossil fuels is under increasing risk . Producers now know their time is limited competing against solar, wind, geothermal and other renewable sources for power.

More specifically, threats of Russia invading Ukraine leading to the loss of exxpectd supply from the new Russian gas pipeline (Nord Stream) are also lifting EU gas prices to record level s as Russia is the #1 gas supplier to the EU.

Rising CO_2 procurement costs increases the value of CO2 Delivery Solutions™

Carbon Emission Costs Already Rising Sharply

The EU's carbon credit contract or EUAs (European Union Allowance) allows the holder to emit one tonne of CO_2 or CO_2 equivalent greenhouse gas. Current carbon credit prices reached a record EU75/tonne in December 2021 or US$85/tonne.



The California Carbon Credit Market ("California Cap and Trade Program") California Carbon Allowance (CCA) program was trading at $31.50/tonne recently while Canada's current floor CO_2 emission charge will be C$50/tonne entering 2022 with C$170/tonne (US$130/tonne) targeted by 2030 under the proposed current Federal government policy.

COP 26 Global Carbon Emissions Agreement

An Agreement to a Global Carbon Emission System was announced at COP 26 by 190 countries**, a major step forward** to rules for a new international carbon market.

Now, countries will be allowed to fund projects that reduce emissions in other countries, like solar farms or reforestation, and count the climate benefits toward their own national greenhouse gas goals. Proponents of this new U.N.-regulated carbon offset market see it as a way to goad wealthier countries into doing more to reduce emissions by making it cheaper to do so.

Stretched Supply Chains Causing Food Losses, Waste

According to the North American Initiatives of Food and Organic Waste (March 27 2018) "With close to 168 million tonnes of food lost and waster in North America each year the issue of food wste commands our urgent attention".

Regrettably, food is the single largest wasted item in Canada, representing about 28 per cent of all waste in municipal landfills.

Using CO2 Delivery Solutions™ will help urban, regional and year-round indoor growers cut down supply chain length and grow more, fresher produce locally, ideally leading to less waste and lower methane gas emissions from landfills.

Rising Affluence Increases Protein and Organic Food Demand

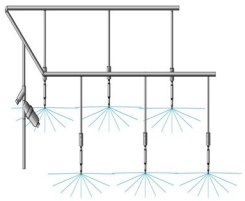
Rising affluence in China and India with about 40% of the globe's population **has increased demand for mostly high cost pork and chicken protein** which, in turn, has put pressure on natural resources to feed these animals. The organic food market is expected to reach $380.84 billion in 2025 at a CAGR of 14.5% according to the Business Research Company.

Plant based Meat and Fish Substitutes Expanding

High protein plants and other lab protein cells grown to mimic meat and fish are commercial with large venture capital support. US based Beyond Meat ande Singapore based Next Gen Foods were first to market. We are watching this new trend plant growth trend carefully for where our CO2 Delivery Solutions™ could benefit protected facility growers.

Solar + DAC + CO2 Delivery Solutions™ = Negative CO_2

BASF's Gustavo Corneiro stated a a recent AP Agri-Food Security Conference that "While agriculture is currently one of the world's leading emitters of greenhouse gases, **the sector has the unique potential to become carbon negative'.**



The direct air capture ("DAC") unit (top left picture) is Climeworks AG prototype DAC unit in Switzerland. It captures and pipes 900 tonnes/year of CO_2 from the air to the nearby 7.5 acre tomato greenhouse seen in the background for 18% more tomatoes.

The top right picture shows solar panels while the bottom left picture is a small dissolved CO_2 misting system and the bottom right picture is of open sided low cost remote hoop houses.

Remote locations could grow 20-30% more food by combining DAC, solar and dissolved CO2 misting

Our technology **would use only about 100 tonnes/y of CO_2** versus the 900 tonnes/y Climeworks AG is sending to that 7.5 acre tomato greenhouses.achieve at minimum, the same 18% tomato yield improvement while also providing tomato plants natural PPP resistance that CO_2 gassing does not provide.

We are watching the progress of all DAC companies, such as Climeworks, DAC, Carbyon, Air Capture, Greencap Solutions and others as they are watching ours.

New US DAC Support

In November 2021, U.S. Secretary of Energy Jennifer M. Granholm announced the U.S. Department of Energy's new goal to remove gigatons of carbon dioxide from the atmosphere and durably store it **for less than $100/ton of net CO_2-equivalent**.

Current direct CO_2 capture costs are in the $600/tonne area according to Climeworks AG. This DAC company has received a lot of attention with their first commercial 4000 tonne/year DAC fadility that was build in Iceland in 2021.

Combining Solar, DAC and CO2 Delivery Solutions™ technologies **would be carbon negative**, adding 20%-30% to plant yields from existing facilities and storing the DAC extracted CO_2. In larger and faster growing plants

We estimate our technology's use with onsite DAC units could capture and use about 6,000,000 tonnes of CO_2/y in protected ag facilities located anywhere with up to 90% of DAC captured CO_2 being transformed into larger and faster growing plant biomass.

Governance

At CO2 GRO, the company is overseen by its Board of six Directors of which four are independent. Our Directors are screened for and exhibit:

- A reputation of integrity and ethical behavior;
- Demonstrated ability to exercise judgement and to communicate;
- Financial knowledge;
- Prominence in their areas of expertise;
- Experience relevant to our operations;
- Sufficient time to dedicate to the Board and sub-committee work and meet any other compliance criteria by the exchanges.

We have individuals with the right mix of skills, diversity, background, and experiences to bring strong oversight. They work well collaboratively for both compliance and long term value creation. The Directors' valuable insight, perspectives, and expertise are appropriate to safeguard both us as Management, shareholders and other stakeholders.

Ethics & Integrity

Our Management and Board adopted ESG principles in mid-2021. We are committed to good Environment, Social and Governance (ES&G) policies and practices. We are an equal opportunity employer. Our last two staff appointments for Manager of North American Sales and Scientific Project Manager were female. Our Managerial ratio of female to male is now 20%.

Ethics

Our organization and international Marketing Partnerships have grown at a rapid pace in 2021. We are now approximately 50 individuals, of which ten are direct employees and the other forty are employed by our marketing partners or are independent contractors. In North America and Mexico, they report to our North American Sales Manager while our other international partners report to our VP Sales & Strategic Alliances.

We work diligently to ensure 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").

Compliance

We regularly refresh the Code and the Policies to reflect the evolution of our programs and expectations. The objective of the Code is to provide guidelines for enhancing our reputation for honesty, integrity and the faithful performance of undertakings and obligations. The Code addresses conflicts of interest, use of company assets, inventions, use of corporate email and internet services, disclosure, corporate opportunities, expense reporting, confidentiality, fair dealing and compliance with laws. As part of our Code, any person subject to the Code is required to avoid any activity, interest (financial or otherwise), or relationship that would create or appear to create a conflict of interest.

Our Code and Policies reinforce that everyone is empowered to speak up or seek advice without fear of retaliation. Employees can share their concerns or questions with their supervisor or another member of the management team directly or contact the Chair of our Audit Committee for financial issues or the Chair of our ESG Committee for social or governance concerns openly, confidentially, or anonymously.

Upon joining CO2 GRO Inc. and annually thereafter, every employee must attest to their understand and compliance with the Code and the Policies. Our Directors are responsible for monitoring compliance with the Code, regularly assessing its adequacy, interpreting the Code in any particular situation, and for approving changes to the Code, as required, from time to time.

We are committed to fostering an inclusive and diverse culture. Having a diverse workforce ensures we attract a broader pool of candidates, improves employee retention, better reflects the diversity of the communities in which we operate, reflects the demographic make-up of our clients and partners and provides different perspectives and ideas that contribute to innovation and ultimately our short and long term business success.

Board Composition

In 2019, CO2 GRO added its first female Board member. She was selected for her expertise, experience and thought leadership. In 2021, the only two full time additions made to management, were female. Both are in managerial roles (sales and project management). We signed a two year part-time contract with a person having a physical disability, to create and monitor Social Media postings and to provide marketing assistance.

Based upon our interactions, the greenhouse industry is extremely male oriented with about 90% of our customers' management and employees being male. We recognize we have more work to do at all levels of our representation:

Management, Board and independent contractors, to add greater diversity (gender, ethnic, etc.) when and where it is appropriate to do so. 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 engaged and recently more diverse team drives our sustainability performance, supported by strong governance and culture, committed leadership and our vision, mission and values.

Enterprise Risk Management

In 2022, CO2 GRO will conduct a comprehensive Environmental, Social, and Governance (ESG) materiality assessment to ensure we are focused on the topics that are most important to our mission, our enterprise value and our stakeholders. We recognize that strong oversight and management of key non-financial risks and opportunities that impact the environment, society, coupled with our business strategy will help us achieve long-term success for all stakeholders.

Our specific climate-related and other ESG risks, such as opportunities to mitigate climate risks for growers identified by our Sales & Marketing team and global Market Research, will provide regular weekly insights to Management that are summarized for the Board. Apart from Marketing and Investor Relations, the weekly reports touch on information regarding ESG risks, compliance, and liability. Going forward, we are committed to reporting transparently on our ESG topics through a combination of an annual Sustainability Report plus our other publicly available disclosures.

Stakeholder and Shareholder Trust

Preserving stakeholder and shareholder trust is required to ensure CO2 GRO's long-term success. Our goal is to operate all facets of our business with integrity, from our Board of Directors and our executive team to our workforce and our supply chain and international marketing partners. We hold ourselves to the highest ethical standards and strive for full compliance with applicable laws and regulations.

Our Board has adopted a formal mandate setting out its stewardship responsibilities, including for the management of our Board, the appointment of management, strategic and business planning, monitoring of financial performance, financial reporting, risk management, oversight of our policies and procedures, communications and reporting, and compliance. The Board, and each of its sub-committees, periodically conduct a self-evaluation to assess their effectiveness. In addition, the Board periodically considers the mix of skills and experience that the directors bring and assesses whether the Board has the necessary composition to perform its oversight function effectively.

THANK YOU FOR YOUR INTEREST IN

CO2 GRO's Inaugural ESG Report

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