



KHIRON
LIFE SCIENCES CORP

SUSTAINABILITY REPORT 2020



THIS REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE CORE OPTION OF THE GRI STANDARDS.

COVERS THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2020, UNLESS OTHERWISE INDICATED.

INCLUDES INFORMATION ON **KHIRON LIFE SCIENCES CORP'S OPERATIONS IN LATIN AMERICA, EUROPE, AND THE UNITED KINGDOM** (CLARIFIED WHEN INFORMATION IS PROVIDED FOR EACH REGION OR COUNTRY).

ALL FIGURES ARE GIVEN IN CANADIAN DOLLARS USING THE FOLLOWING REPRESENTATIVE MARKET RATE: 2,718 COLOMBIAN PESOS PER CANADIAN DOLLAR, UNLESS OTHERWISE INDICATED.

ABOUT THIS REPORT



THE FOLLOWING ARE DEFINITIONS OF SOME OF THE KEY AND COMMONLY USED TERMS IN THIS SUSTAINABILITY REPORT.

CAD: Canadian Dollars.

CBD: Cannabidiol.

M²: Square meters.

CEO: Chief Executive Officer.

Company and/or Organization: Khiron Life Sciences Corp.

CO₂: Carbon dioxide.

Production Facility: The Company's agro-industrial facility located in the town of Doima, Municipality of Piedras, Department of Tolima, Colombia, where the Company's cultivation, production, complementary services, and administrative areas are located. Cultivation areas include greenhouses for mother plants and cannabis production. Post-harvest areas are used for medicinal cannabis extraction, from the receipt of plant material through to the storage of materials in the storage vault.

GHG: Greenhouse gases.

LATAM: Latin America.

TDO: The Company's talent and organizational development area.

THC: Delta-9-tetrahydrocannabinol.

ILANS: Instituto Latinoamericano de Neurología y Sistema Nervioso.

HA: Hectares.

Magistral Preparations with Cannabis Derivatives and/or Magistral Preparations: Individualized pharmaceutical preparations intended for patients, prepared from oils, extracts, or derivatives of psychoactive and non-psychoactive cannabis, by a pharmacist or under his or her direction, in express compliance with a medical prescription detailing the active ingredient(s), according to the technical and scientific specifications. Magistral Preparations are to be dispensed in a pharmaceutical establishment, depending on the applicable jurisdiction.

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TABLE OF CONTENTS

1.	MESSAGE FROM OUR CEO <i>Álvaro Torres</i>	5	5.	COLLABORATORS' WELL-BEING MEET OUR WORKFORCE Attracting the best talent Retaining the best talent Support for Collaborators during COVID-19	48 49 50 51 53		
2.	WHO WE ARE KHIRON LIFE SCIENCES CORP OUR HISTORY ACHIEVEMENTS 2020 BUSINESS MODEL AND VALUE PROPOSITION SUSTAINABILITY STRATEGY MATERIALITY ANALYSIS	7 8 9 10 11 13 17		DIVERSITY AND EQUAL OPPORTUNITIES COMPENSATION OCCUPATIONAL HEALTH AND SAFETY Occupational health and safety measures for COVID-19	54 55 56 58		
3.	KHIRON CULTURE HIGHER PURPOSE AND VALUES CORPORATE GOVERNANCE Board of directors Organization chart Committees Delegation of authority Regulatory compliance Transparency, ethics and prevention of bribery, money laundering, terrorist financing, and corruption Conflict of interest Human rights	19 20 21 21 21 22 22 23 23 25 25	6.	OUR PATIENTS FIRST PATIENT SAFETY Health programs and models Voluntary reports Education Service experience model Social participation Safety of our product in Colombia Safety of our product in Europe Contributing to safety through research and education	60 61 62 62 64 66 66 67 68 68		
4.	OUR OPERATIONS AND ECONOMIC PERFORMANCE BUSINESS STRATEGY OUR LINES OF BUSINESS Khiron - Health Services KhironMED Khiron - Wellbeing KHIRON IN THE GLOBAL MARKET SECURITY IN OUR COMPANY RISK MANAGEMENT ECONOMIC PERFORMANCE PARTNERSHIPS AND ALLIES	26 27 28 28 35 38 39 40 43 44 47	7.	SUSTAINABLE COMMUNITY DEVELOPMENT AREA OF INFLUENCE AND COMMUNITIES Strengthening our communities Sustainable development initiatives <i>Healthy communities</i> <i>Local employment</i> <i>Social investment</i> <i>Local purchasing catalog</i>	70 71 72 73 73 74 74 75		
			8.	HARMONY WITH THE ENVIRONMENT Environmental Compliance Materials Energy	76 77 77 78		
							Water 78 Biodiversity 79 Emissions 80 Effluents and waste 80 Social and environmental evaluation of suppliers 82
							9. SHORT - AND MEDIUM-TERM GOALS 83
							10. LEGAL NOTICE 85
							11. GRI STANDARDS TABLE OF CONTENTS 86





MESSAGE FROM OUR CEO

ÁLVARO TORRES

In 2017, **Khiron** was founded with the mission of improving the quality of life of patients and consumers through the applied use of medicinal cannabis, and the vision of serving more than one million patients by 2024 in Latin America and Europe. Since then, we have been achieving our objectives under principles and values that define the culture of our Organization, and that are of vital importance for the sustainable success of our mission.

No other year since the founding of Khiron has challenged us as much as 2020, and it is tremendously satisfying for all of us to face these challenges without ever losing our identity, focus, and commitment as **corporate citizens**.

2020 has been a year of contrasts, in which Khiron has achieved great milestones, under incredible challenges in the midst of the unprecedented global and regional situation caused by Covid-19. The growth we are experiencing has been built on a solid foundation of sustainability, **balancing economic growth with responsible business conduct towards our patients, doctors, employees, the environment, communities, governments and shareholders**.

We create
the way
together..

**AS
ONE**

Against this background, it is with great pride that we present our **FIRST ANNUAL SUSTAINABILITY REPORT 2020 OF KHIRON LIFE SCIENCES CORP.**

This report reflects our belief that our growth and future success is due to the seriousness with which we take our role in building a more sustainable environment, being aware of the impacts that our company generates and can generate in society, economy and the environment. It is this belief that has allowed us to reach the milestones achieved in 2020, and what will allow us to get closer and closer to our long-term vision.

It also encompasses all the actions and initiatives that our Company carried out in 2020 to materialize our higher purpose of improving people's quality of life, while strengthening our commitment to implement sustainable management practices in our operations, which are aligned with the **United Nations Sustainable Development Goals.**

I would like to give a special thanks to all Khiron employees, who have shown a great commitment to the mission of the Company, and with whom we are committed to their safety and that of their families. Their continued dedication and dedication to our patients, doctors, consumers, communities, the environment, and each other is a source of inspiration that creates the foundation for the future of our company.

2021 WILL BE A CHALLENGING BUT EXCITING YEAR, FULL OF OPPORTUNITIES FOR ECONOMIC GROWTH AND CONSOLIDATION OF OUR BRAND EVERYWHERE WE OPERATE IN LATIN AMERICA AND EUROPE. THEREFORE, WE KINDLY INVITE ALL OF YOU TO CONTINUE WALKING THIS PATH ALONGSIDE US.



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WHO WE ARE





WE ARE A **GLOBAL MEDICAL CANNABIS COMPANY** FOCUSED ON IMPROVING PEOPLE'S QUALITY OF LIFE.

We are Khiron Life Sciences Corp., a global medical cannabis company, incorporated in Canada, with operations in Latin America, Europe, and the United Kingdom ("Khiron" or the "Company"). Our shares are listed on the Toronto Stock Exchange under the symbol "KHRN," the OTCQX market under the symbol "KHRNF," and the Frankfurt Stock Exchange under the symbol "A2JMXC,"

Our corporate strategy aims at vertical integration, from the production of high-quality cannabis to patient care in our own health centers, creating a brand that connects with our patients and consumers globally.

OUR MISSION

To improve the quality of life of patients and consumers through the applied use of cannabis

OUR VISION

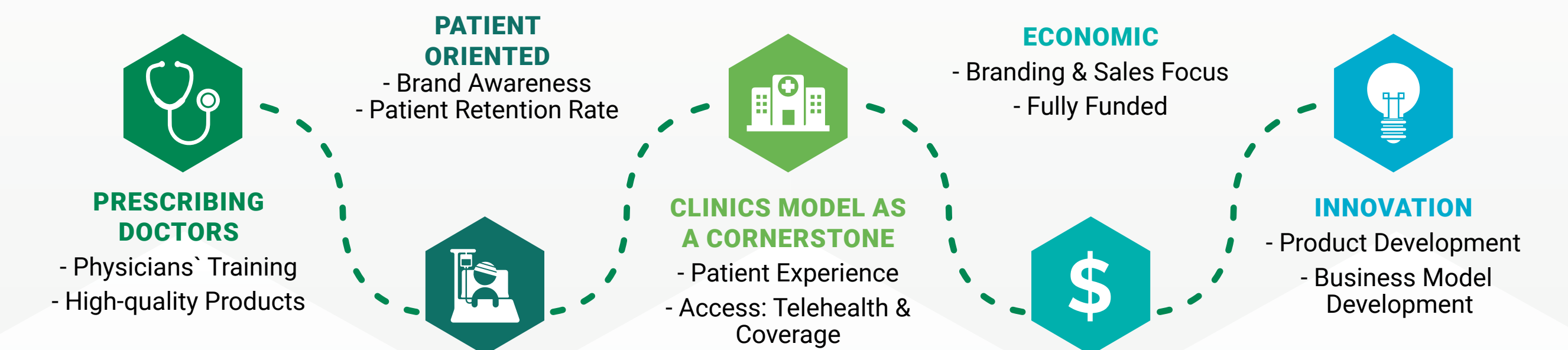
To reach **1 million** patients and consumers by **2024**



VERTICALLY INTEGRATED AND POSITIONED FOR GLOBAL EXPANSION

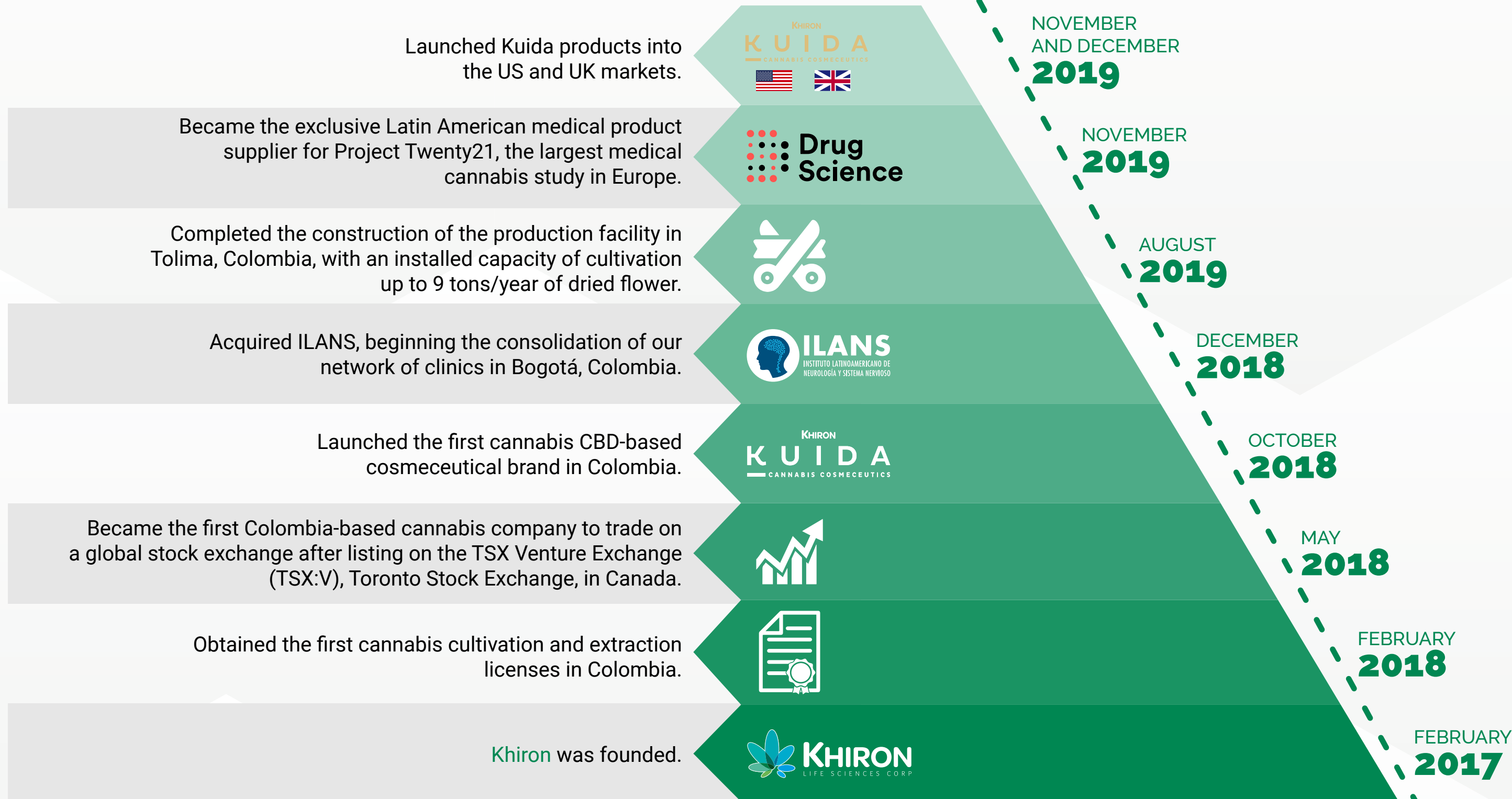


Our focus





Our Company was founded in 2017 by entrepreneurs who dreamed of improving people’s quality of life in Latin American countries through medicines derived from cannabis, while consolidating a leadership position in an emerging and competitive market. With this purpose, they chose for the Company the name **Chiron**, inspired by the centaur in Greek mythology, a master in the field of medicine recognized for providing relief to the weak. Since our inception, the Company’s strategy strategy has been fully focused on patients and customers.



OUR HISTORY



ACHIEVEMENTS
2020

DESPITE THE GLOBAL PANDEMIC, 2020 WAS A SUCCESSFUL YEAR FOR OUR COMPANY, MARKED BY CONSIDERABLE EXPANSION IN OUR OPERATIONS

THE SIGNIFICANT INVESTMENTS WE MADE IN 2020 CONTRIBUTED TO THE DEVELOPMENT OF OUR LOCAL AND DOMESTIC SUPPLIERS, DIRECTLY STRENGTHENING REGIONAL AND NATIONAL ECONOMIES IN THE COUNTRIES IN WHICH WE OPERATE.



EUROPE

April

Launched “**Khiron Academy**,” a portal for medical education about medical cannabis, owned by our company and accessible to health professionals in Latin America, Mexico, Europe, and the United Kingdom.

May

Received the first medical prescriptions in the United Kingdom for patients participating in **Project Twenty21**.

June

Signed a distribution agreement with **Nimbus Health**, one of the largest distributors of medical cannabis in Germany.

July

Achieved the first export and sale of our cosmetic brand **Kuida** in Spain, through **Douglas**, one of the largest cosmetics retailers in the world.

August

Entered into a strategic alliance with the **UK Medical Cannabis Clinicians Society** to educate UK healthcare professionals about medical cannabis.

ASIA

August

Signed our first **Kuida** distribution agreement in Hong Kong with renowned distributor **DNO Group**.



COLOMBIA

March

First company authorized to manufacture and commercialize **CBD** and **THC** Magistral Preparations.

April

Opened **Zerenia**, Colombia’s first medical cannabis clinic, with more than **2,100 M²**.

June

Completed construction of our **solar park** at our Production Complex, at a cost of just under **CAD 1,000,000**. Solar Park is estimated to provide up to **forty percent (40%)** of our production facility’s energy requirements.

July

Reached **1,000** prescriptions of Magistral Preparations with Cannabis Derivatives.

July

Implemented a telemedicine program through the **Dr. Zerenia platform**, providing patients with access to specialized virtual medical care.

September

Company declared a **Project of National Interest** by the Colombian government in recognition of our potential to contribute to the national economy.

November

Juan Carlos Echeverry, former Minister of Finance and Public Credit in Colombia and former President and CEO of the country’s largest energy company, joins our Board of Directors.

December

Company’s medical services and Magistral Preparations with Cannabis Derivatives covered by Colombian health insurance.

December

First Colombian company to export high **THC** cannabis to **Perú**.

December

Opened the first **Zerenia clinic** location in **Medellín**, expanding the access to clinical services and medical cannabis products throughout the country.



PERÚ

July

First private company to receive import and commercialization licenses for cannabis and its derivatives for medicinal and therapeutic purposes.

September

Achieved first sales of Magistral Preparations containing **CBD** through strategic partner ally **Farmacia Universal**.

December

First **THC** export for medicinal purposes from **Colombia to Perú**, enabling the first Magistral Preparations for patients in Lima.



LATAM

More than **320** health professionals successfully completed the first medical cannabis course that we developed with the **Instituto Tecnológico de Estudios Superiores de Monterrey**, among the top three universities in LATAM.

Received more than **7,300** prescriptions for Magistral Preparations in Colombia and Perú, with a monthly composite prescription growth rate of fifty percent (**50%**).

BUSINESS MODEL AND VALUE PROPOSITION

Our model for value creation centers on patients and facilitating their access to medical cannabis and the associated benefits. We focus on attracting and retaining patients and on generating loyalty to our network of proprietary clinics, products, and brands. We continue to strengthen our distribution network to reach these patients and to educate physicians to increase awareness of cannabis as a therapeutic option.

In Colombia, we grow most of the cannabis used in the production of our medicines and cosmetics.

“The closer we are to our patients and consumers, the more we generate value for them and our stakeholders.”

Álvaro Torres, CEO - KHIRON.



EUROPEAN COMPETITIVE ADVANTAGE



PHYSICIAN EDUCATION

- Incorporates real-life data, addressing barriers to access.
- Khiron uniquely positioned with a global network of physicians.



CLINICAL IP

- Home delivery: logistics/supply chain expertise.
- Telehealth: consultations, education, and sales.
- Infrastructure > scale.
- Home delivery, patient follow-up systems.



REGISTERED STRAINS

- First export of live clones from Colombia to Europe that were used to fill over 13,000 Rx in LATAM.
- Creating EU-GMP medicine from registered Colombian strains.



CLINICAL DATA

- Key aspect of education platform, driving higher Rx/doctor.
- Addresses key barrier to patient access.
- Positive safety & efficacy.
- Leveraging in Europe to reduce Rx barriers.

TEAM

KHIRON EUROPEAN TEAM

- Highly experienced European team with successful accomplishments in the region.
- Combined 60+ years of experience.
- R&D leader in Europe.
- Execute largest M&A pharma in Europe.
- 1st medical cannabis patient in Scotland

SUSTAINABILITY

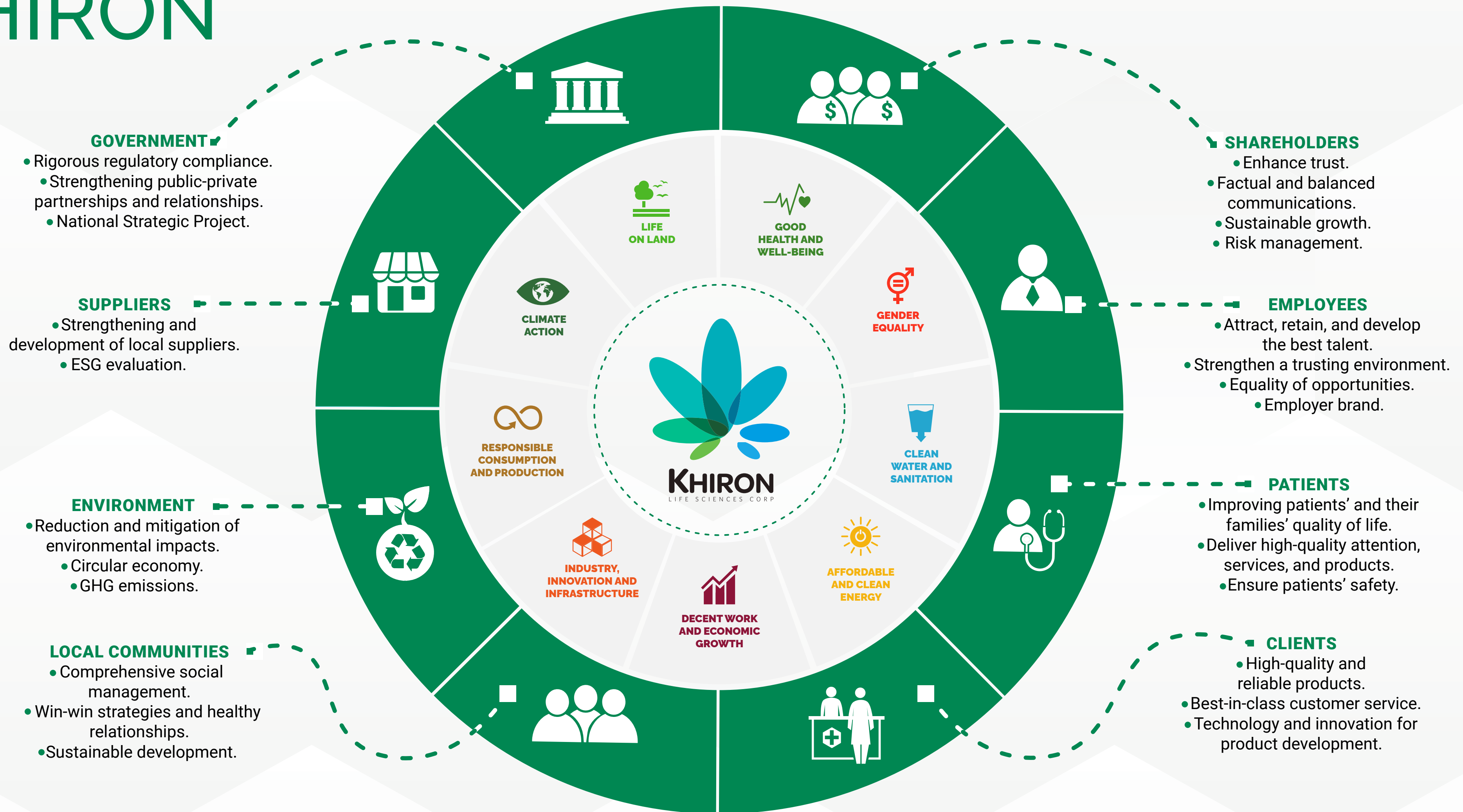
»»» STRATEGY

Sustainability has been at the core of our Company since inception and, today, it is imprinted in our DNA. Our mission is to improve people's quality of life and, believing that our Organization has the power to transform lives, our sustainability strategy is oriented toward sustainable business success.

To promote the sustainable growth of our business, we are committed to creating value for our stakeholders, acting with the highest ethical standards and transparency, inspiring trust, ensuring the highest quality of our products and services, **maximizing the generation of shared value, and minimizing the negative impacts** derived from our activity to make our operations more sustainable.



SUSTAINABILITY AT KHIRON



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As our stakeholders play an active and fundamental role in defining the Company's sustainability strategy, we have identified 9 key stakeholders that participate in and influence directly or indirectly our operations and decisions, and that may be impacted by them. Our relationship with these groups is based on creating and strengthening trust, transparency, and respect, and providing a safe environment to engage in systematic dialogue that allows us to understand stakeholder expectations and needs.

STAKEHOLDERS

INTERNAL

COLLABORATORS
GOVERNING BODY
OWNERS

EXTERNAL

SHAREHOLDERS
GOVERNMENTS
PATIENTS
SUPPLIERS
CUSTOMERS
COMMUNITIES

We also align our sustainability commitments with the United Nations Sustainable Development Goals, as follows:



GOOD HEALTH AND WELL-BEING

We are a company created with the purpose of transforming lives and ensuring the well-being of employees, communities, patients, and customers. The health services we provide, as well as our medicines, meet the highest quality standards and are affordable to those who require them.



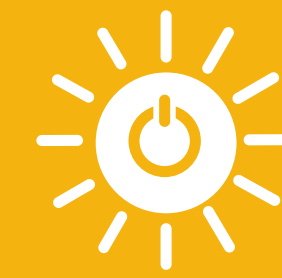
GENDER EQUALITY

We are committed to gender empowerment through equal pay and the participation of women in all positions and committees of the Organization. We remain committed to assuming a leadership role in closing gender gaps.



CLEAN WATER AND SANITATION

We strive for sustainable water usage, through the implementation of controlled water systems, water capture, and water conservation. We are committed to protecting and preserving the aquifers in our area of influence.



AFFORDABLE AND CLEAN ENERGY

We have access to renewable energy provided by our innovative and modern Solar Park in the Municipality of Piedras, Department of Tolima.



DECENT WORK AND ECONOMIC GROWTH

We promote sustainable economic growth by creating and protecting job opportunities, fostering creativity and innovation, and conserving natural resources.



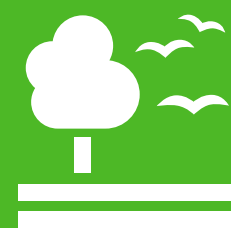
INDUSTRY, INNOVATION AND INFRASTRUCTURE

We contribute to inclusive and sustainable industrialization by generating employment and maximizing the benefits of our products and services in various locations we invest in research to strengthen our industrial sector.



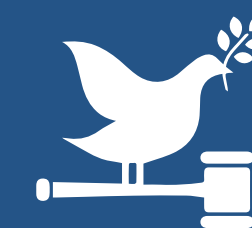
RESPONSIBLE CONSUMPTION AND PRODUCTION

We dispose of and manage our waste responsibly, taking care to minimize waste generation. We raise environmental awareness among our personnel so that together we use resources efficiently.



LIFE ON LAND

We have procedures for the controlled capture and relocation of animals, as well as flora preservation initiatives to maintain the balance of the ecosystem.



PEACE, JUSTICE AND STRONG INSTITUTIONS

We are committed to the fight against corruption and bribery through mandatory and strict policies, codes, and protocols.



PARTNERSHIPS FOR THE GOALS

We encourage and strengthen alliances with associations, unions, and non-profit organizations, among others, that favor sustainable development.



MATERIALITY ANALYSIS

IN THE INITIAL IDENTIFICATION AND ASSESSMENT OF MATERIAL ISSUES RELATED TO OUR COMPANY, WE:

- **Conducted a preliminary self-assessment process** on the economic, environmental, social, and corporate governance issues relevant to us;
- **Developed workshops** in which a) all the Company's employees outside Colombia, and b) representatives of Colombian employees at all levels (analysts, professionals, leaders, directors, managers, and vice presidents), including the CEO, participated with the objective of determining the material aspects that impact our Company, and
- Met with key stakeholders from different interest groups to understand their needs and expectations and as a result, make necessary adjustments.

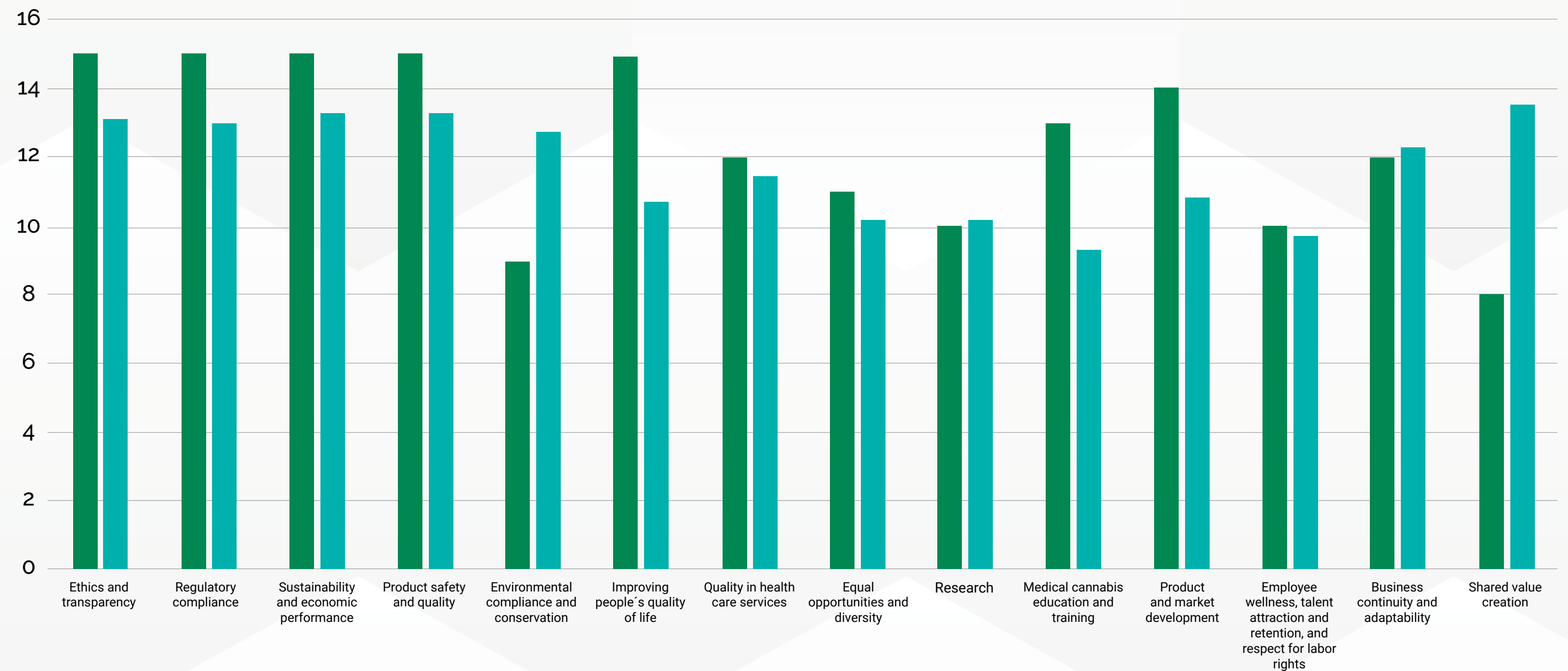
AS A RESULT, WE IDENTIFIED 14 MATERIAL ISSUES THAT WERE EACH ASSIGNED A SCORE AND VALUE BY THE VARIOUS STAKEHOLDERS AND BY THE COMPANY, WITH **15 BEING THE MAXIMUM AND 0 THE MINIMUM.**

Materiality Matrix



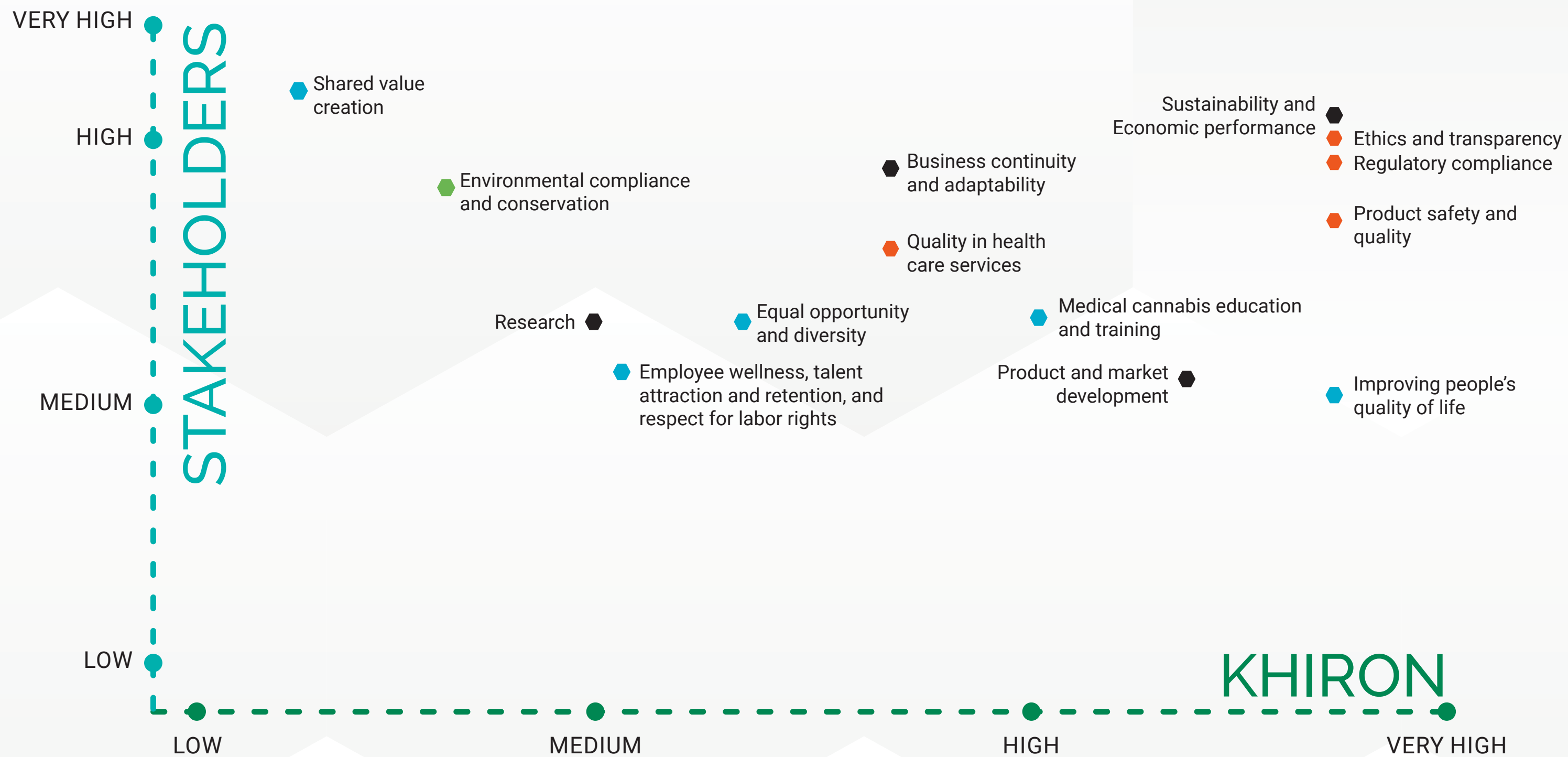
KHIRON

TOTAL STAKEHOLDERS





The methodology used in the development of our management approach and its components was based on the classification of the commitments established with the stakeholders and their attributes, according to the international standard AA1000. We were able to define, characterize, and assign a value relating to the impact we can have on them; with the objective of contributing to society and the local, national, and global economy, while supporting the growth of the Company, we identified our priorities, stakeholder priorities and needs, our understanding of sustainability, and the challenges we will assume.



Materiality Matrix



- Corporate Governance
- Economic
- Social
- Environmental

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KHIRON CULTURE



HIGHER PURPOSE AND VALUES



Our organizational culture is a shared way of thinking, feeling, and acting that distinguishes us as members of the Organization. It is a reflection of the deepest beliefs, values, and traditions that define the personality of our company.



OUR HIGHER PURPOSE IS TO IMPROVE PEOPLE'S QUALITY OF LIFE.



These values govern our actions. They guide, inspire, and motivate us to work toward a common goal, regardless of our geographic location, language, or role in the Company. They are instilled in all employees from their orientation stage and reinforced throughout their work performance.

At Khiron, we work with passion to transform lives and achieve what may seem impossible to others. Scientific research and innovation are differentiating factors and fundamental to achieving our goals.

People are our priority, and therefore we are committed to enhancing

SECURITY IS OUR SEAL OF TRUST

We work to create wellness in people without compromising their safety.

WE ACT WITH INTEGRITY

We accomplish our goals without cheating or taking shortcuts.

WE TRANSFORM LIVES

We are here to understand and improve the quality of lives.



WE AMAZE AND CREATE VALUE

We always exceed customer expectations.

WE CHALLENGE EACH OTHER TO DO IT DIFFERENTLY

We are not complacent.

WE INSPIRE IN A COLLECTIVE WAY

We always inspire our talent to increase our ability to deliver as a team.

WE INNOVATE

Scientific research and innovation are fundamental to achieving our goals.

their quality of life. We value differences in ideas, thoughts, and experiences and believe it is possible to transform lives from within the organization. Our talent is united by an entrepreneurial spirit and an energy that allows constant mobilization.

In August 2020, we conducted an organizational culture survey to understand our employees' perception of our values. It covered **83%** of our employees and reflected that:

89% believe we understand and improve the quality of life of people and their environment;

90% perceive that we achieve our objectives fairly;

91% perceive that scientific research and innovation contribute to the achievement of our objectives;

90% believe that safety is our hallmark of trust;

89% perceive that at Khiron we always exceed the expectations of our customers and consumers;

94% say we are not complacent, are always striving to do things differently; and

89% believe that at Khiron we always inspire our talent to increase our ability to deliver as a team.

BOARD OF DIRECTORS

Our Board of Directors (“Board”) is committed to maintaining a high level of corporate governance. It is responsible for the overall management of our Company and reviews, discusses, approves, and defines the Company’s organizational structure, governing principles, and short-, medium-, and long-term strategies, among others. The Board of Directors also oversees management with the view of preserving and enhancing the underlying value of the Organization, with the CEO in charge of managing the business. The roles of the Board, CEO, and individual committees are clearly delineated to ensure that the Company’s overall governance objectives are met.

The Board meets four times a year (at least) to conduct a comprehensive review of the Company’s critical and material issues, including social, economic, corporate governance, and environmental issues.

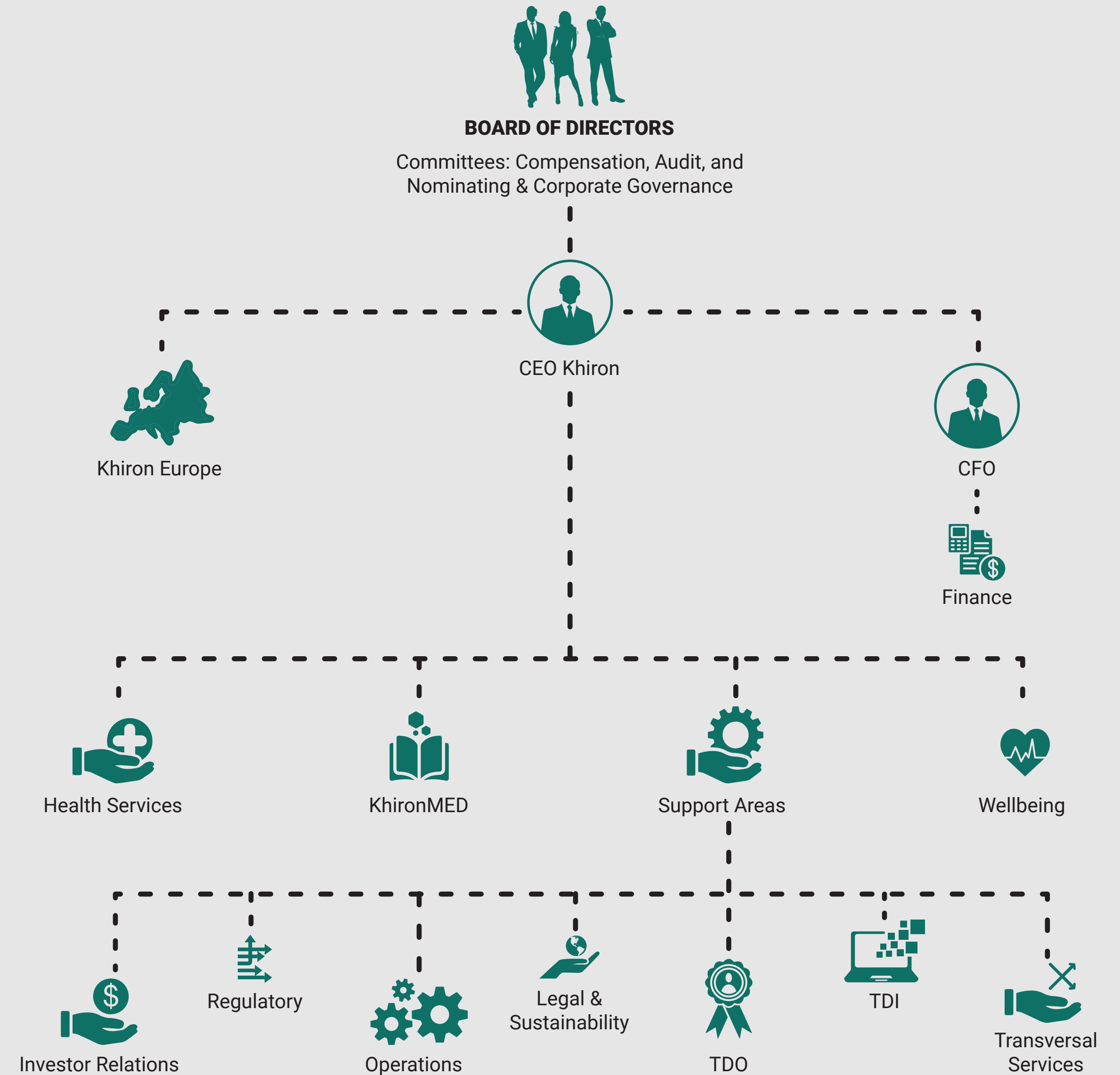
The following are the members of the Company’s Board of Directors.

Governance at a Glance

BOARD MEMBERS	AUDIT	COMPENSATION	NOMINATING AND CORPORATE GOVERNANCE
Chris Naprawa	●	●	
Deborah Rosati FCPA, FCA, ICD.D	▲	●	●
Álvaro Torres	●		▲
Vicente Fox			
Álvaro Yañez		▲	●
Juan Carlos Echeverry			

▲ Chair ● Member

CORPORATE GOVERNANCE



COMMITTEES

Audit Committee

The Board has adopted charter for the Audit Committee. The Audit Committee has specific responsibilities related to the Company's financial reporting, the external auditor, internal controls, and compliance with regulatory and legal matters, among others.

For more information on the relevant education and experience of the members of the Audit Committee, please refer to www.sedar.com.

Compensation Committee

The main functions of this committee are to review the CEO's performance and determine his or her compensation, approve the salary of senior executives, review all agreements related to compensation or payments for labor or consulting concepts such as retirement agreements, and review and recommend the granting of restricted stock units, stock options, and performance bonuses, among others.

Nominating and Corporate Governance Committee

This committee is responsible for establishing the basic parameters of the Company's corporate governance, as well as identifying and nominating directors to be elected at the annual shareholders' meeting of the Organization, who have been previously evaluated based on their qualifications and aptitudes. This is the body in charge of reviewing and approving this sustainability report, and those that will be built in the future, as well as verifying that all the topics designated as material by our Company have been covered in it.

Our Board of Directors has established 3 committees that are responsible for making decisions regarding audit, compensation, nominating and corporate governance matters.

DELEGATION OF AUTHORITY

To ensure optimal management of our Company and strengthen internal controls, the Board of Directors entrusts the CEO with the overall management of the Company, who in turn delegates authority and commitments to the CFO and the heads of the Organization's departments, who are responsible for executing the tasks within their positions, and who in turn choose the tasks and decisions they will delegate to their subordinates. Throughout our Company, delegation of authority and governance includes strategic oversight, visibility and accountability, and resources to meet the

complex challenges we have undertaken. Each head of a department reports directly to the CEO at least once a month, who, depending on the criticality of the issues brought to his or her attention, reports them to the highest governance body.

The critical concerns that are brought to the attention of the Board of Directors relate to various issues, the main ones being regulatory, legal, financial, and operational matters. Depending on the nature of these, they are addressed by the relevant committee.

Finding the balance between what is good for our stakeholders and what is good for our growth is an ongoing process that is at the heart of our management decisions and discipline. Our reporting chain for triple-bottom-line sustainability issues (economic, social, and environmental) is as follows:



Our Company's organically created Sustainability Committee is composed of employees from different areas, including: Legal, Human Talent, Environmental and HSEQ, Investor Relations, and Communications Sustainability. It reports to the Legal and Sustainability management, who in turn report to our CEO.

This committee oversees the implementation of actions aimed at developing our Company's sustainability policy, which includes the entire process of relations between stakeholders and our management.

Beginning in 2021, the Company's Sustainability Committee representative will communicate our sustainability initiatives and performance:

- Monthly to management.
- Quarterly to the CEO, who shall make at least two reports to the Board of Directors.
- Annually to all stakeholders through the Annual Sustainability Report.
- Periodically through our corporate communication channels.

REGULATORY COMPLIANCE

Regulatory compliance is an essential pillar that supports our Company's corporate actions.

In Colombia, since the implementation of the Decree 613 of 2017 that regulated the medical and scientific use of medical cannabis, we have strived to obtain and maintain all the permits and licenses required for the cultivation, harvesting, processing, and commercialization of cannabis for therapeutic purposes. In the first quarter of 2020, we obtained the certification of Good Manufacturing Practices from the National Institute for Food and Drug Surveillance - INVIMA - **making us the first Company in the country to obtain all the necessary permits to manufacture and distribute Magistral Preparations to patients.**

As in Colombia, in **Perú** we have obtained and retained all licenses and authorizations for the importation and commercialization of medical cannabis, based on the issuance of Law 30681 of 2017 and Supreme Decree 005-2019-SA of 2019, **and we are the first Company in the country to commercialize, with the help of a partner, Magistral Preparations with Cannabis Derivatives.**

We act within the framework of the legitimacy obtained by the validation of the regulatory entities involved in the control of medical cannabis companies.



IN 2020, THERE WERE NO COMPLAINTS ABOUT PRIVACY VIOLATIONS FROM OUR CUSTOMERS.



We have not been investigated or sanctioned

for regulatory non-compliance. When in doubt or there are legal loopholes, we choose to request prior approval for concepts from the regulatory entities.



In 2020, there were no fines or non-monetary sanctions

for non-compliance with laws or regulations in the social and economic areas.



In 2020, there were no incidents of non-compliance

with regulations and/or voluntary codes related to the information about and/or labeling of our products, nor with the communication about, marketing, or advertising of our products or services.



We do not have any legal action

pending or finalized with respect to unfair competition and/or violations of free competition and monopolistic practices legislation.

TRANSPARENCY, ETHICS AND PREVENTION OF BRIBERY, MONEY LAUNDERING, TERRORIST FINANCING, AND CORRUPTION.

Given that transparency is the foundation of the fight against bribery, corruption, money laundering, and financing of terrorism, we have adopted strict controls that comply with all applicable legislation, preventing the consolidation of any of these behaviors.

This is materialized in the Company's policies and procedures related anti-corruption, anti-bribery efforts, money laundering, and terrorist financing, which are constantly reviewed and updated to adapt them to our operations.

All members of our highest governance body are aware of these practices and in the first quarter of 2021 we will begin to disseminate them, as formally approved by the Board of Directors. We will continue to strengthen Board members' knowledge of these practices through formal training.

In addition to the aforementioned policies, all suppliers or contractors who wish to initiate a commercial relationship with our Company must complete a series of documents in which they declare their source of funds. Most of these suppliers undergo a security and financial evaluation to verify that they have not engaged in any of these unlawful behaviors and that they do not present information that generates reasonable suspicions. All our commercial agreements have clauses prohibiting any of these behaviors and requiring our business partners to comply with them.



There have been no cases of corruption

in any of our stakeholders and we expect to continue to maintain this situation throughout our operations.

Within the different stages of risk assessment that we carry out, the Self-Control and Risk Management System Policy for Money Laundering and Terrorist Financing (in Spanish - Sistema de Autocontrol y Gestión de Riesgos de Lavado de Activos y Financiación del Terrorismo, SAGRLAFT) is perhaps the most important, since it:



Regulates policies surrounding the identification, reporting, and follow-up of alert signals, attempted transactions, or unusual attempted transactions.



Activates the monitoring process in transactions carried out by the Company with its counterparts to gather information to establish or adjust controls.



Strengthens the competencies of employees responsible for processes with counterparts to detect warning signals and attempted or suspicious transactions.



Generates traceability for reports that the Organization's compliance officer must submit to the **Financial Information and Analysis Unit - UIAF** - on a quarterly basis, which report the absence or presence of suspicious operations.



Shows the sources and methodologies used to identify risk factors and analysis through the application of the principles and methodology of **ISO 31000** and the recommendations of the **Financial Action Task Force**, the members of which are freely available for consultation with all stakeholders identified by **Khiron**.

In addition, our Company's financial transactions are conducted through the financial system of the applicable jurisdiction, avoiding transactional risks.

In Colombia, the payments we receive from the sales of Kuida cosmetic products are made by retail stores and/or well-established distributors; payments for health services provided at our clinics come from government-regulated insurance companies that pay only for approved services and medications. Likewise, in both Perú and Colombia, sales of medical cannabis to patients are made through authorized pharmacies and dispensaries with their respective medical prescriptions.



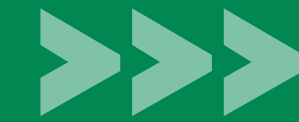
We are linked to the DIJIN Business Security Front, which, through a strategic alliance between the National Police and the business sector, ensures corporate security based on risk management and control of crime that may affect our Organization.

We also have transparency and business ethics policies that establish the values, responsibilities, and standards of conduct that govern our activities, within the parameters of personal, collective, and business behavior. The **Ethics Committee** is the body in charge of overseeing compliance with the Company's Code of Ethics and Conduct, as well as establishing and applying sanctions and/or actions to be taken that have an impact on ethical issues.



All allegations, complaints, or reports of unethical conduct or activities contrary to the law and/or the principles, interests, and values of the Company are made through the ethics hotline: ethicsfirst@khiron.ca.

IN 2020, **NO REQUESTS**, COMPLAINTS, OR CLAIMS WERE RECEIVED FOR MATTERS RELATED TO ETHICS.

**CONFLICT OF INTEREST**

WE HAVE A GLOBAL CONFLICT OF INTEREST POLICY APPLICABLE TO THE BOARD OF DIRECTORS, OFFICERS, COLLABORATORS, CONTRACTORS, CONSULTANTS, SUPPLIERS, AND IN GENERAL ANY PERSON WORKING FOR OR REPRESENTING THE COMPANY.

HUMAN RIGHTS

At Khiron we are committed to complying with, respecting, and promoting the human rights of our stakeholders. Human rights are fundamental to our Company, and one of the most important aspects of the achievement of our sustainability objectives. They represent the responsible commitment we have and drive our actions every day.

In every decision we make, including economic decisions, we consider the laws of the jurisdictions in which we operate and international instruments, such as **the United Nations Universal Declaration of Human Rights, and global guidelines, such as the Guiding Principles on Business and Human Rights.** The 15 significant investment agreements we entered into throughout 2020 (defined as those that are critical to our operations due to their size, amount, or strategic importance), have been subjected to a rigorous

This policy establishes the guidelines for resolving conflicts of interest and any related issues. As an annex to this policy, we designed a form for the declaration of existing conflicts of interest.

All matters related to conflicts of interest are managed by the TDO department, which maintains strict confidentiality regarding the the information collected, unless any matter must be **(i)** disclosed by law or by any specific requirement of the applicable legislation or **(ii)** taken to higher hierarchies or to management for attention.

Additionally, the TDO department generates an alert to the purchasing area about the existence of conflicts of interest with certain suppliers (without details about its nature) to have a more transparent selection process.

analysis regarding legal compliance, guaranteeing respect for and observance of human rights.

We convey to our supply chain the importance that human rights have in our Organization, so we include in our selection procedure and supplier evaluation forms criteria for compliance and protection of human rights.

In 2020, we hosted an 8-hour training program for our employees and collaborators on the observance of human rights. We shared internal policies and codes that reiterate our commitment to respecting and guaranteeing human rights. We trained fifty-three percent (53%) of our staff and expect to continue this exercise next year.

We create
the way
together...

AS
ONE

OUR OPERATIONS AND ECONOMIC PERFORMANCE



Our goal is to achieve operational excellence and business continuity through the efficient use of resources, cost and expense optimization, financial control, process standardization, expansion into new markets, product innovation, service quality, and the highest safety standards for our products.

BUSINESS STRATEGY

BRANDS, ACCESS, AND SERVICES

MEDICINAL CANNABIS Products

KHIRON
MED



We believe in the benefits of medical cannabis to improve health conditions in patients. Physicians' training is a key step to achieve proper prescriptions and guarantee patients' safety.

CLINICS Access & Services

KHIRON
HEALTH SERVICES



We care about patients' access and high-end service. Khiron is implementing a new healthcare model to treat patients worldwide through a network of integrative health centers, telehealth, and insurance coverage.

CPG CANNABIS Products & Brands

KHIRON
WELLBEING



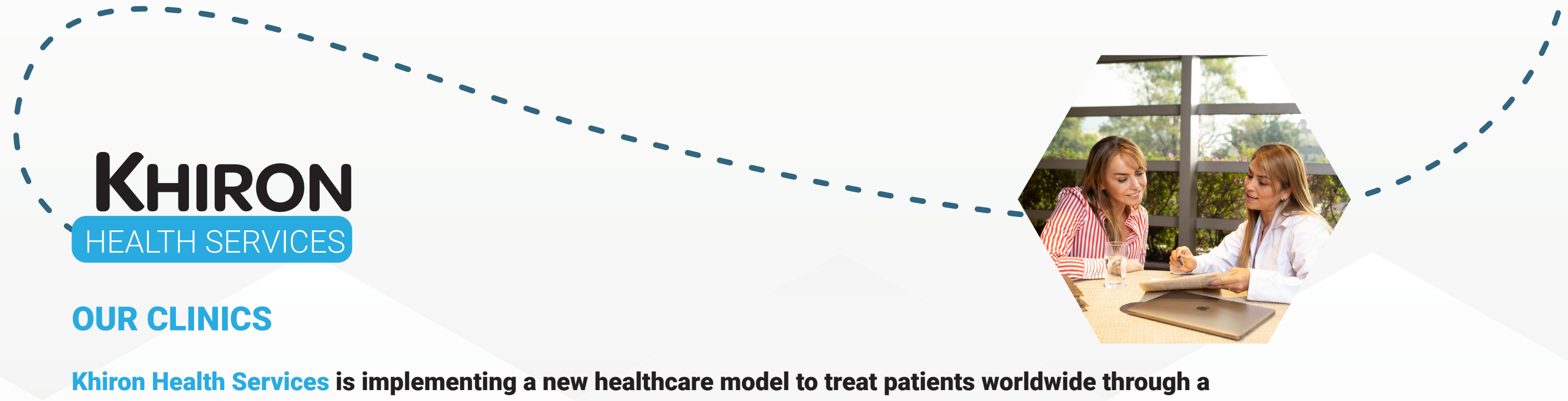
We believe cannabis ingredients and hemp seeds have the potential to create a massive CPG market.
Kuida is the first LATAM mass-market CBD skincare line distributed across Colombia, the UK, and Spain.



GET TO KNOW OUR CLINICS IN COLOMBIA

OUR LINES OF BUSINESS

WE PROVIDE HEALTH SERVICES THROUGH OUR NETWORK OF MEDIUM-COMPLEXITY CLINICS THAT ARE FULLY QUALIFIED FOR THIS PURPOSE.



KHIRON HEALTH SERVICES

OUR CLINICS

Khiron Health Services is implementing a new healthcare model to treat patients worldwide through a network of integrative health centers in Colombia.





We are a health services provider, specializing in neurology and nervous system sciences, with a focus on health and well-being, diagnosis, and comprehensive treatment. We provide care and administrative attention of the highest quality and safety. Led by a qualified and committed team, we seek to exceed patient expectations and satisfaction through:

- Personalized service, with the objective of strengthening doctor-patient relationships;
- Early disease detection;
- Reliable and timely diagnoses;
- Appropriate, ethical, and relevant medical treatments; and
- Robust follow-up care and patient monitoring.



The pharmacy of our clinic was the first authorized

to dispense medicinal, psychoactive, and non-psychoactive cannabis derivatives.

We currently have two ILANS clinics in Bogotá, Colombia. The first and main one is located in the neighborhood of Chapinero in Bogotá; at 800 square meters, the clinic offers health services associated with 26 different specialties. The second clinic is located in the Parkway neighborhood of Teusaquillo in Bogotá, and at 500 square meters, offers health services for 23 specialties.

We are taking the steps necessary to achieve **ISO 9001** certification next year to ensure that we can consistently deliver healthcare services that meet patient expectations and applicable regulatory requirements.



BETWEEN THESE TWO LOCATIONS, WE PROVIDED MORE THAN 72,000 MEDICAL APPOINTMENTS TO PATIENTS.



ILANS

INSTITUTO LATINOAMERICANO DE
NEUROLOGÍA Y SISTEMA NERVIOSO

PROGRAMS



PAIN

- Chronic pain
- Acute pain
- Postoperative pain
- Cancer pain
- Chronic pain with psychosocial component



NEUROLOGY

- Epilepsy
- Abnormal movements
- Spasticity
- Neuro-urology
- Neuropediatrics



SLEEP

- Diagnosis
- Sleep medicine consultation
- Polysomnography
- Treatment

- Sleep hygiene
- Adherence to positive pressure treatment
- Outpatient surgery



OTHER

- Sedative physical therapy and pulmonary rehabilitation



Zerenia is an **integrated care clinic** where we treat pathologies from numerous **medical specialties**. The clinic combines **conventional medicine and complementary therapies**, with the therapeutic option of **medical cannabis**, providing health services for **37 different medical specialties**.

We currently have **two locations**. The first and main one is located in **Bogotá**, with a total area of 2,100 m² on 4 floors. In its first five months of operations (July to December 2020), the clinic had **24,000** medical appointments.

The second Zerenia clinic, located in **Medellín**, was inaugurated in **mid-December 2020**. In its first 14 days of operation, more than 90 prescriptions for Magistral Preparations were filled and more than 105 patients were served.





OUR SERVICES



PAIN

Musculoskeletal
Vertebral column
Neuropathic
Palliative
Craniofacial
Maxillofacial



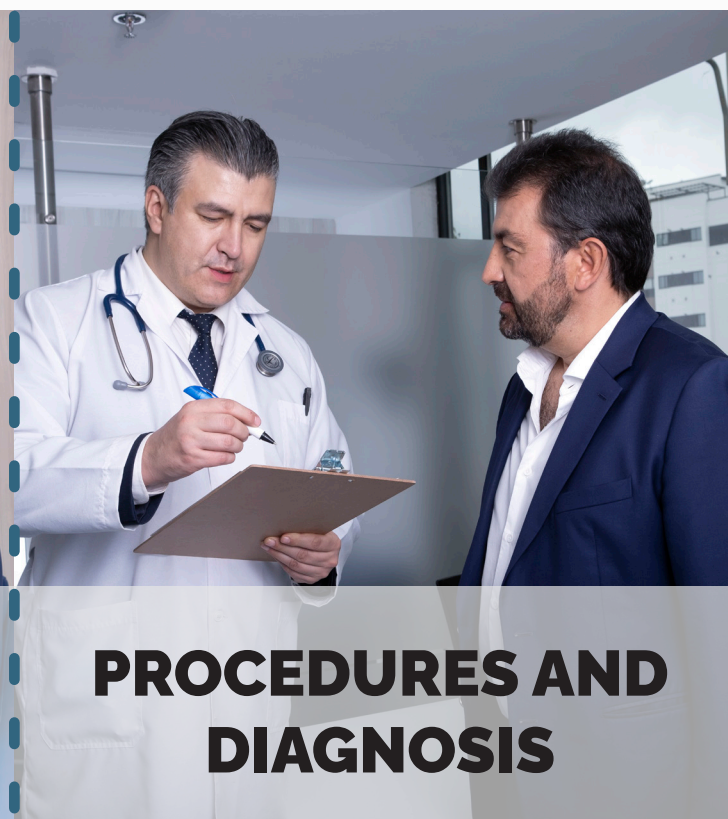
NEUROLOGY

Epilepsy
Multiple sclerosis
Parkinson's and other abnormal movements
Amyotrophic lateral sclerosis
Cerebral palsy



MENTAL HEALTH

Anxiety
Depression
Post-traumatic stress disorder
Insomnia
Alzheimer's



PROCEDURES AND DIAGNOSIS

Electromyography
Botulinum toxin
Gait laboratory



SURGERY

Neurosurgery
Neurolysis
Epilepsy
Bariatric surgery
General surgery
Otorhinolaryngology



MEDICAL CANNABIS

Therapeutic treatment option
Integrative Medicine
Physical medicine and rehabilitation



THERAPEUTIC SUPPORT

Complementary Medicine
Physical Medicine and Rehabilitation
Physical therapy, occupational therapy, and hydrotherapy



FROM THE SERVICES AVAILABLE TO PATIENTS, WE HAVE DEVELOPED **SIX MULTIDISCIPLINARY PROGRAMS** THAT INTEGRATE VARIOUS SPECIALTIES:

1 COMPREHENSIVE PAIN CARE PROGRAM

2 OLDER ADULTS WITH COGNITIVE IMPAIRMENT PROGRAM

3 LIAISON PSYCHIATRY AND NEUROPSYCHIATRY PROGRAM

4 PROGRAM FOR THE INTEGRAL TREATMENT OF EPILEPSY

5 COMPREHENSIVE CARE PROGRAM FOR PEOPLE WITH PARKINSON'S DISEASE

6 COMPREHENSIVE CARE PROGRAM FOR PEOPLE WITH HEADACHES

IN 2020 WE HAD MORE THAN 35,688 PATIENTS IN OUR NETWORK OF CLINICS, FOR A TOTAL OF 102,000 MEDICAL APPOINTMENTS, DIVIDED BY SERVICE AND TYPE OF EXAM AS FOLLOWS:

% OF APPOINTMENTS BY TYPE OF SERVICE		
Exam	Appointments	% Appointments
Algesiology	33,759	34,99
Neurosurgery	11,192	11,57
Equipment	7,127	7,37
Neurology	5,561	5,75
Physiotherapy	4,950	5,12
Exam: Others	34,172	26,26
Total	96,761	100,00%

% OF APPOINTMENTS BY TYPE OF EXAM		
Type of exam	Appointments	% Appointments
Control	52,558	54,32
Procedures	28,349	29,30
First time	12,261	12,67
Exam: Others	3,593	3,71
Total	96,761	100,00%

Revenues from our clinic operations were over CAD 1.8 million in the first quarter of 2020. In the second quarter, they decreased due to COVID-19 and the cancellation of scheduled surgeries. In the third and fourth quarters of the year, revenues recovered, in large part due to the launch of **telemedicine services** and the loosening of restrictive COVID-19 measures, with Q4 revenues showing an eighteen percent (18%) increase over the first quarter.

TELEMEDICINE

IN LIGHT OF COVID-19, and seeking to provide our patients with a safe, effective and outstanding service we launched our telemedicine program in the second quarter of 2020.

Through our **Doctor Zerenia** digital healthcare platform, patients can obtain medical care in the comfort of their homes.

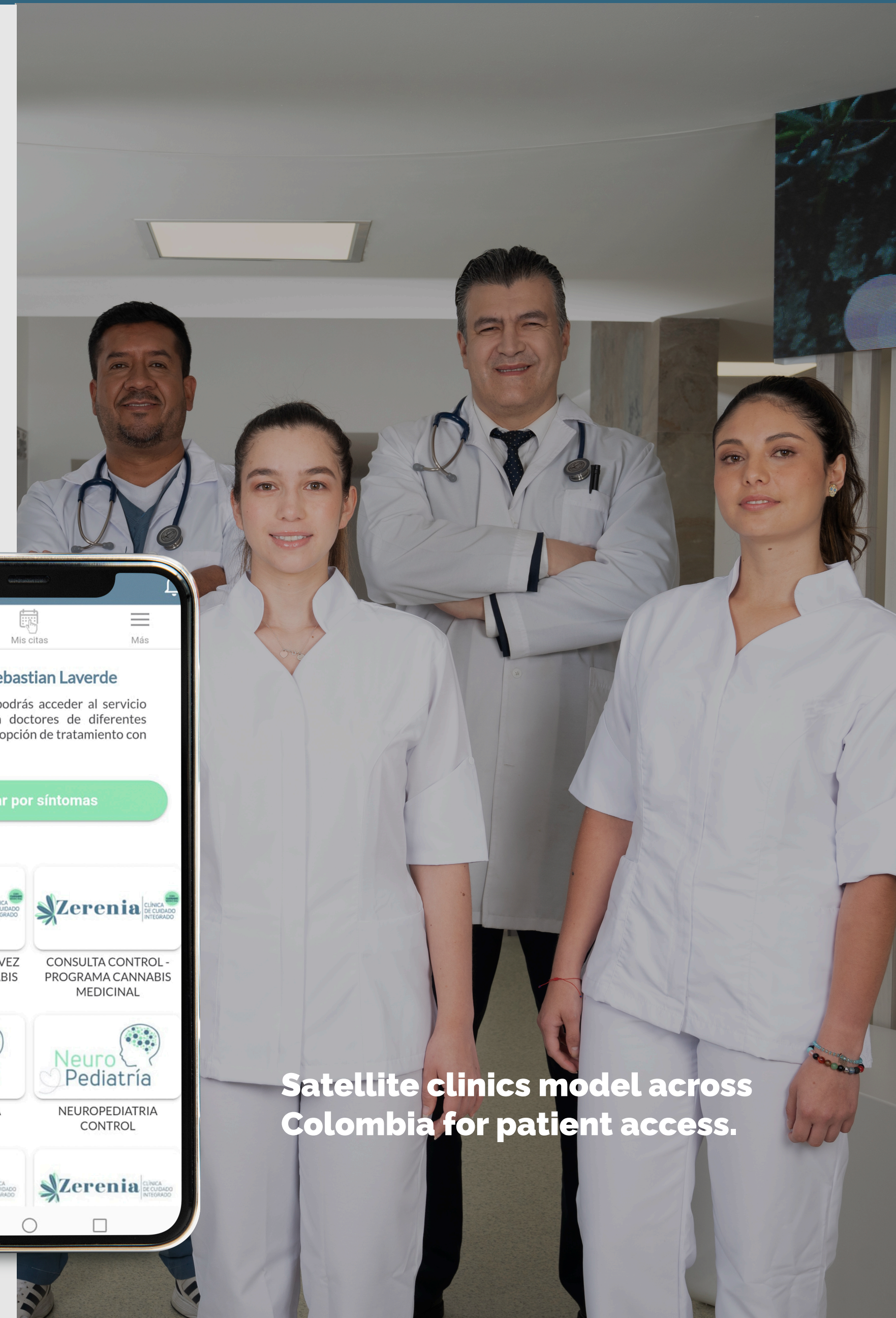
Services offered through the platform by our medical professionals include the prevention, diagnosis, and treatment of patient pathologies and the acquisition of medical prescriptions, including medical cannabis.



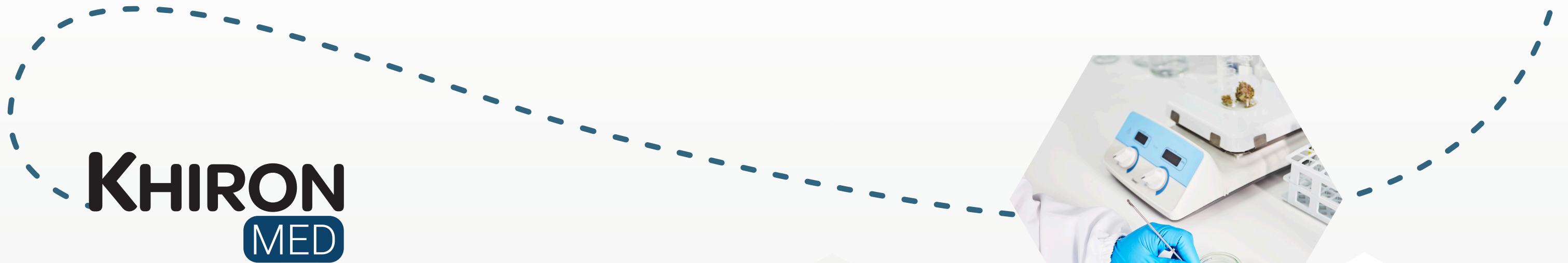
PATIENTS ACCESS RETENTION & TELEHEALTH



- Online doctor education, medical appointments, and prescriptions
- Web-based or app-based
- E-payment platforms
- Home delivery of medical cannabis



Satellite clinics model across Colombia for patient access.



KHIRON MED



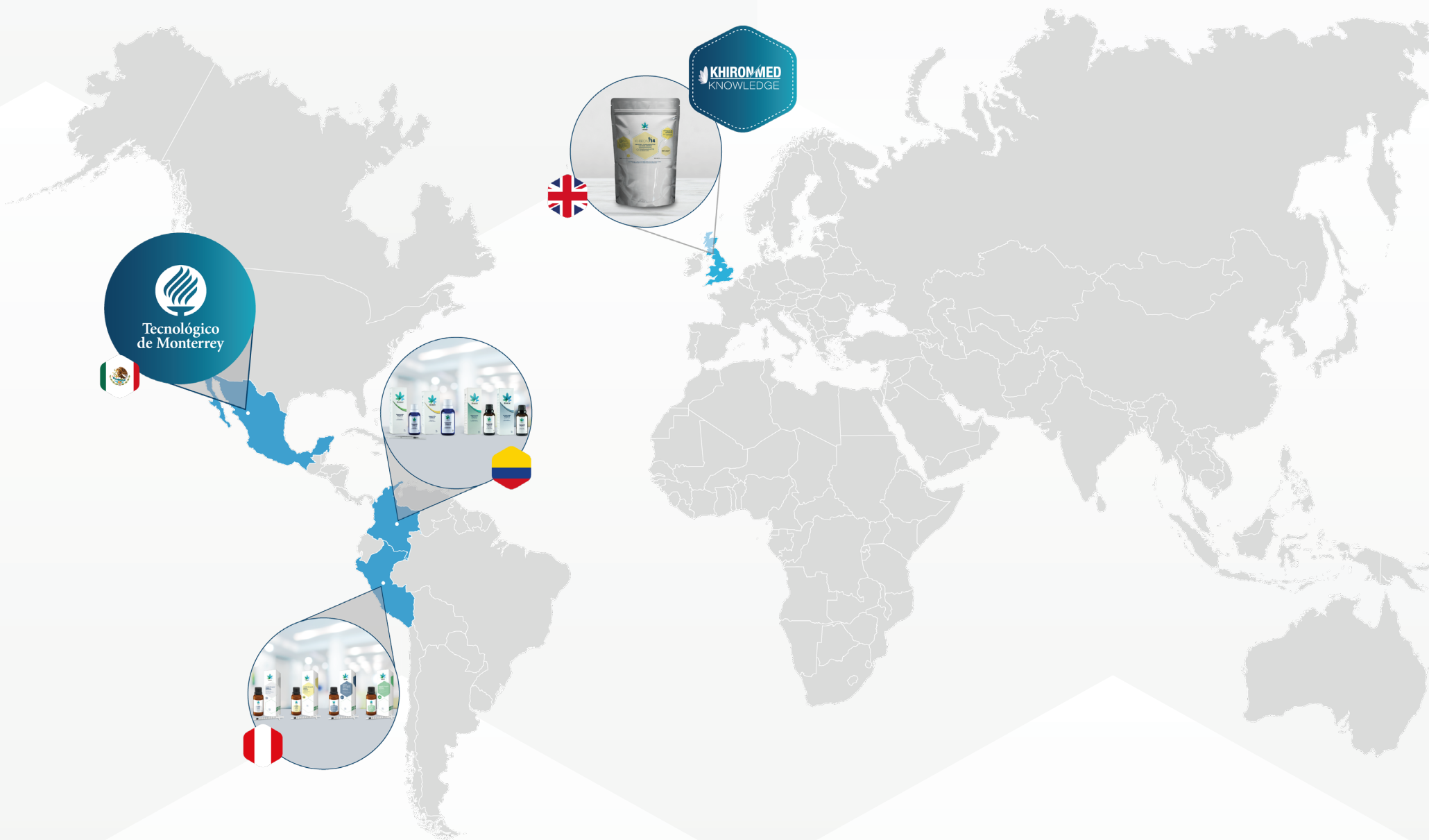
WE BELIEVE IN THE BENEFITS OF MEDICAL CANNABIS TO IMPROVE HEALTH CONDITION IN PATIENTS.


Khiron's products are manufactured in Good Elaboration Practices (GEP)-compliant facilities in Colombia. Our products are standardized and stabilized according to the U.S. Pharmacopeial Convention analytics standard (**USP 42**)..


In Colombia and across Latin America, we have consolidated alliances with the most respected medical associations in the region. In coordination with these, we are creating a growing regional network of doctors trained in the benefit of medical cannabis.




AT KHIRONMED, WE SEEK TO SHARE THE BENEFITS OF CANNABIS WORLDWIDE. WE FOCUS ON INNOVATING AND DEVELOPING PRODUCTS, EDUCATING AND TRAINING PHYSICIANS IN THE SAFE PRESCRIPTION OF CANNABIS, AND FOLLOWING UP ON THE TREATMENT OF CANNABIS PATIENTS.



-  > CBD 30 MG/ML
- > CBD 100 MG/ML
- > BALANCED 1:1
- > THC 20 MG/ML

-  > ALIXEN 30
- > ALIXEN 100
- > KHIROX 1:1
- > KHIROX 20

-  > KHIRON 1/4
- > KHIRON 20/1



WORLD-CLASS OPERATIONS & SUPPLY CHAIN

FACILITIES

- **Total area of 20 HA. Cultivation area of 7,450 M².**
- **We currently use 1,300 M²,** where we have the areas of cultivation, production, complementary, and administrative services. In the cultivation area are the greenhouses for the cannabis mother plants and the production or post-harvest area is where the entire production process of the extraction of medicinal cannabis takes place, from the reception of the plant material to its storage.

CULTIVATION & EXTRACTION

- **Legally licensed** for the commercial cultivation of **THC** and **CBD**, extraction, and sales in Colombia.
- **Seventeen percent (17%)** of Colombia's total THC quota allocation in 2020 went to the Company.

PRODUCTION CAPACITY

- **Cultivation: up to of 9 tons of dry flowers.**
- **Extraction:** Up to 3 tons of full-spectrum extract, with expansion capacity.

Creating a stable, safe, and consistent product requires meticulous processes that start with the cultivation of selected seeds and continue through to the extraction and preparation processes. Our value chain allows us to dispense safely, bringing medicines to our patients that will help improve their quality of life.

As our subsidiary in Colombia has all the authorizations and licenses required to grow, manufacture, market, and export **THC** and **CBD** nationally and internationally, and to produce Magistral Preparations of medicinal cannabis with low and high **THC** content, we can guarantee their quality.

Within the facilities of the Production Facility, we have an extraction laboratory that complies with the standards of **Good Manufacturing Practices** (best practices for handling, preparation, processing, packaging, storage, transportation, and distribution). A permanent verification of the efficient and sustainable use of resources in these processes is carried out to guarantee the quality of the final product.

During the last quarter of the year, our land operated at full capacity and all cultivated plants were transformed into extract to be marketed in Magistral Preparations. We recorded an increase in the valuation of our biological assets of **CAD 0.6 million** and a profit of **CAD 1.3 million** at the end of 2020.

During 2020, our cultivation activities ramped up to full capacity by the fourth quarter when substantially all cultivated plants were being grown for commercial activities. The harvested crops are to be transformed into extract to be marketed in Magistral Preparations. We recorded biological assets of CAD 0.7 million as of December 31, 2020, and realized a **fair value gain of CAD 5.5 million** for the year ending December 31, 2020.

In Colombia, during the first half of 2020 we launched four Magistral Preparations with medical cannabis derivatives, two of them rich in CBD, one balanced or with a 1:1 ratio between both components, and another one rich in THC. These are non-sterile oral solutions, provided in 330 ml and 50 ml bottles, to be administered orally (sublingually).



Our procedures conform to the INVIMA (in Spanish - Instituto Instituto Nacional de Vigilancia de Medicamentos) guide for labeling medicines, and all our products are evaluated to comply with applicable regulations.

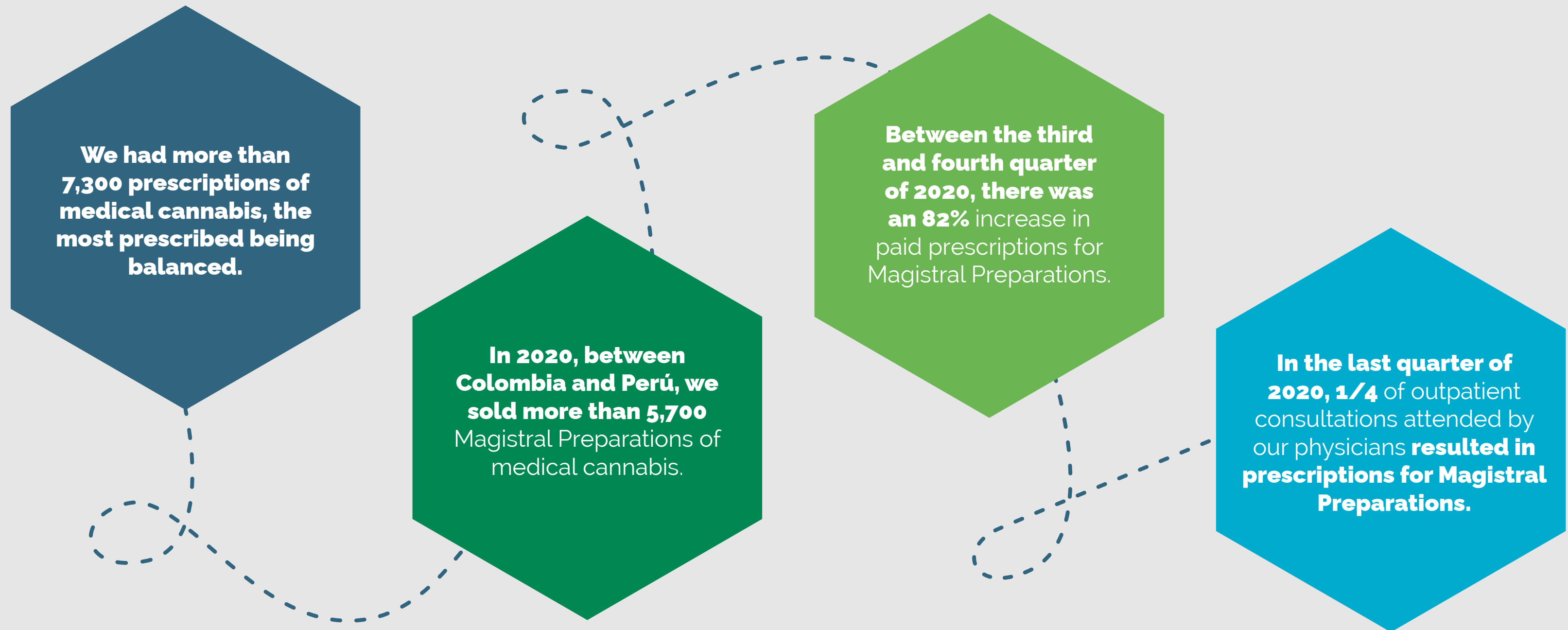


In 2020 we had no cases of non-compliance

with regulations related to the provision of information about and labeling of products and services.

In the second half of 2020, we started manufacturing and delivering low-THC cannabis-derived Magistral Preparations in Perú, where our subsidiary can import and market medical cannabis. The first sales of high-THC were in December, 2020.

We work closely with our partners in the dispensing, distribution, and logistics of medical cannabis, including providing education regarding local regulations, to ensure that our product reaches patients throughout Colombia and Perú in a safe, compliant, and timely manner. We seek to improve delivery times and overcome the difficulties that can arise in this final stage of the process.



In Germany, we entered into a medical cannabis distribution agreement with German wholesale distributor, Nimbus Health, which has access to a broad network of pharmacies and will soon market our product. In contrast to our seed-to-sale operations in Colombia and Perú, in Germany we acquire dried flowers from a supplier with excellent standards and reputation; currently, our medicine is provided as pharmaceutical-grade cannabis flower units for consumption by inhalation.

We also sell this product in the United Kingdom to patients who are part of the Project Twenty21 program.

KHIRON
KUIDA
CANNABIS COSMECEUTICS

different
LO HACEMOS DISTINTO
不同

¡ÚNETE A LAS MUJERES
QUE LO HACEMOS DISTINTO!



WE CURRENTLY HAVE **11 STOCK KEEPING UNITS (SKU)** FOR THE FACE, BODY, HANDS, AND HAIR, SELLING **MORE THAN 15,000 UNITS OF THESE IN 2020.**

KHIRON WELLBEING

OUR WELLBEING PRODUCTS

We believe cannabis ingredients and hemp seeds have the potential to create a massive consumer products market.

Kuida is the first mass-marketed CBD skincare brand in Latin America: Kuida is distributed through retail channels and online in Colombia, the UK, Spain, and the states in the US where it is legal to do so. KHIRON's Wellbeing unit believes in the power of cannabis and hemp seeds as disruptors in the development of high-quality consumer products.

We focus on a differentiated product offering by using the best of two worlds, nature and technology, extracting **CBD** from cannabis and turning it into **CBDerm®**, a synergy between cannabidiol, one of the non-psychoactive components of the cannabis plant, and other cosmeceutical active ingredients, which provide antioxidant actions on the skin.

We are a brand that believes in the power of reflecting the skin's beauty from morning to night. We know that every woman is unique, which is why we empower women to take pride in doing things differently, just like us.

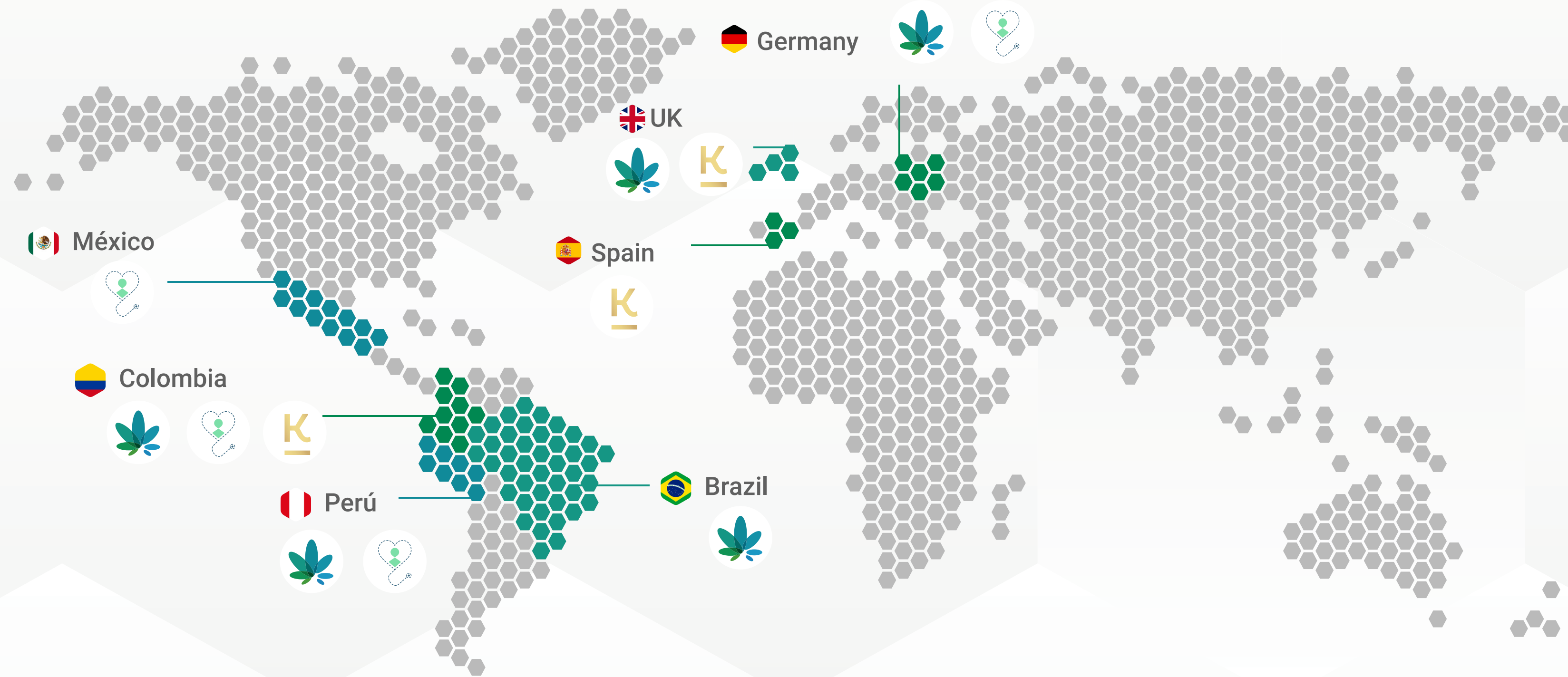


Products have been designed considering the lists of ingredients allowed in cosmetics in the US, the European Union, and within Colombia. **All our products are free of parabens and sulfates and most of the facial references are free of fragrances.**

The raw materials we use to manufacture our products come from companies recognized worldwide that assess the quality and issue certificates of analysis for each of the manufactured batches. We perform physical, chemical, and microbiological quality control tests on each batch of our products to ensure that the product that reaches the final consumer has the same characteristics declared to various health entities that require it. **Most of our final products have certificates of analysis and have been tested on people under dermatological supervision in recognized laboratories in Brazil and Europe, with favorable results that guarantee their safety.**



Not tested on animals



KHIRON IN THE GLOBAL MARKET



Sale and prescription
of medical cannabis



Health services and
medical training



Kuida CBD
CPG sales



2021



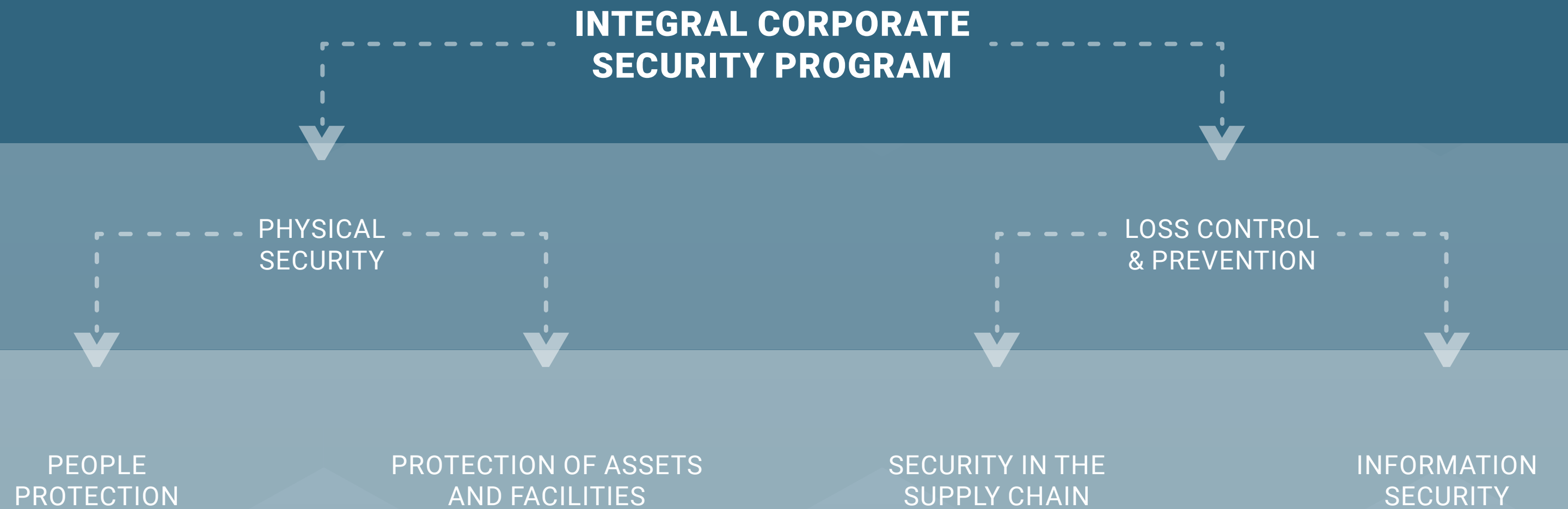
Security ensures the sustainability of our business through the implementation of programs, protocols, and procedures focused on comprehensive corporate security management to protect our employees, stakeholders, production and distribution chain, assets, and information.

We focus on each of the business units and the different support areas to identify the risks associated with the different processes, sub-processes, and operations, and offer a comprehensive support service. In this way, we also promote a culture of safety and prevention.

INTEGRAL CORPORATE SECURITY PROGRAM

The pillar of our security area is the **INTEGRAL CORPORATE SECURITY PROGRAM**, which has the following structure:

**SECURITY
IN OUR
COMPANY**



Physical Security is deployed in two branches: People Protection and Protection of Assets and Facilities.

Within People Protection we have protocols for:

- PROTECTION OF HIGH-TIER EMPLOYEES
- FOREIGN VISITS
- EXECUTION OF EVENTS
- INDUCTION OF NEW EMPLOYEES AND RE-ORIENTATION OF FORMER EMPLOYEES
- SECURITY STUDIES & POLYGRAPHS

Within Protection of Assets and Facilities, we have everything related to:



➤ **CULTIVATION:** OUR PRODUCTION CENTER IN DOIMA HAS THE FOLLOWING SECURITY MEASURES:

Perimeter fencing comprised of barbed wire, chain link, and electric fencing.

In-depth security with only one pedestrian and vehicular access.

Closed-Circuit Television (CCTV) with 109 cameras, including

thermal and analytical cameras for the perimeter, line crossing detectors, and an automatic sound alert system; analytical optical cameras in all areas, and recorders for at least 60 days.

24/7 monitoring center.

Parameterized access controls with an anti-passback system, generating employee traceability in the complex.

Protocols for the entry of employees, suppliers, contractors, and visitors.

Protocols for the movement of plant material:

- ◆ Extract transport
- ◆ Safety requirements
- ◆ Distribution of Magistral Preparations.

Procedure for entry of electronic equipment into the crop.

24/7 in-person security:

- ◆ 3 guards at a control and surveillance point
- ◆ 1 technological Media Operator (Supervisor)
- ◆ 1 circulating Guard (12 Hours)
- ◆ 1 Security Coordinator.

Remote monitoring of CCTV in Bogotá that allows auditing and review in real time.

Facility Security Studies.



➤ **CLINICS:** THE HEADQUARTERS OF OUR ILANS AND ZERENIA CLINICS HAVE THE FOLLOWING SECURITY CONDITIONS:

Closed-Circuit Television (CCTV), with analytical optical cameras in all areas and recordings for a minimum of 30 days.

24/7 monitoring center.

Protocols for the admission of patients and visitors, employees, suppliers, and contractors.

24/7 in-person security

- ◆ 1 guard and entrance control
- ◆ 1 circulating Guard
- ◆ 1 Security Coordinator.

Remote CCTV monitoring for real-time auditing and review.

Facility Security Studies.



➤ **OTHERS:** THOSE PRODUCTION CENTERS THAT THE COMPANY DOES NOT OWN BUT WHERE THE COMPANY CARRIES OUT SOME OF ITS CORPORATE ACTIVITIES: IN THESE:

We provide consulting, monitoring, and verification of minimum operational physical security requirements.

We generate security protocols in accordance with those established by the Company.

We carry out Security Studies of installations.

LOSS CONTROL & PREVENTION:

focuses on supply chain security and information security.

SUPPLY CHAIN SECURITY INVOLVES:

- Compliance verification of third parties with whom we work, through a due diligence process.
- Controlled destruction of plant material and medicines (accompanied by the corresponding authority).
- Monitoring and auditing of plant material inventories.

- Risk management, including the identification and evaluation of risks, as well as the development and monitoring of and the following up on the action plans.
- Incident investigation, wherein we:
 - Respond in a timely and positive manner;
 - Collect relevant information;
 - Provide an overview of the facts;
 - Analyze and evaluate the causes;
 - Administer polygraph tests to those involved, if required; and
 - Establish and implement corrective actions.

TO ENSURE INFORMATION SECURITY:

- We handle all our information as classified and confidential.
- We train our employees in information security to create awareness of security protocols.
- We provide crisis management training to employees tasked with information security and to other relevant people. We conduct crisis management exercises.



ALL OF OUR SECURITY STAFF, WHETHER HIRED DIRECTLY BY THE COMPANY OR THROUGH THIRD-PARTY SERVICE PROVIDERS, HAVE RECEIVED FORMAL TRAINING IN HUMAN RIGHTS IN ACCORDANCE WITH LOCAL AND INTERNATIONAL LEGISLATION AND COMPANY POLICIES.



RISK MANAGEMENT

We have identified tangible and potential risks that could impact the achievement of the Company’s strategic goals, processes, operations, and the general continuity of our business. We have also recognized their causes, origins, and potential consequences, should they materialize. In the medium term, we will create a risk management framework where we will establish how to monitor and address these risks. Oversight of risk management is the responsibility of our highest governance body.

Factors that may alter current results and change established operating projections include, but are not limited to, financial risks; inflation; foreign exchange; international taxation; the Company’s ability to obtain and retain insurance at reasonable rates; product development; facilities and technology risks; agriculture; changes in applicable laws or regulations; ability to obtain or retain licenses or certifications; product liability; import, export, and transportation risks; the medical cannabis user market and the willingness of physicians to prescribe the Magistral Preparations to patients in the markets in which the Company operates, and the ability to gain access to financing in attractive commercial markets.

Notwithstanding the foregoing, the most perceptible risks are those derived from the following:

- (i) **Implications of the COVID-19 Pandemic:** Due to the pandemic, governments have taken emergency measures to control the spread of the virus. These measures include, among others, limitations on travel and self-imposed quarantine periods and social distancing, causing difficulties for businesses and a global economic slowdown. World stock markets have suffered the consequences of this health emergency. Governments and central banks have reacted with monetary and fiscal interventions designed to stabilize economic conditions. As we are uncertain about the duration and future implications of this pandemic, we are unable to estimate what the impact will be on financial results, financial conditions, and our operating subsidiaries.
- (ii) **Dependence on a single production facility:** Our Production Facility in Colombia is currently the only facility licensed to cultivate and commercialize medical cannabis; our revenues depend in large part on its continuous and efficient operation.

Our operations may be affected by a variety of risks and impacts that are not under our control, such as natural disasters, climate change, labor disruptions, energy fluctuations, supply chain delays, and public health emergencies, among others.

- (iii) **Product feasibility:** If the products we sell at the Company do not meet the intended purpose of users, we may be subject to claims and legal implications, affecting our business and credibility. Because many of the products we produce at the Company contain innovative or a blend of ingredients, they may have side effects.
- (iv) **Inherent risks in the agricultural industry:** Our business consists of growing cannabis in greenhouses. Adverse weather conditions such as drought, hailstorms, floods, or frost are unpredictable and may have a negative impact on production. Likewise, these conditions can be highlighted by the effects of climate change, which can also introduce or increase the frequency of pests and diseases. Accordingly, in the absence of control of natural phenomena, we cannot guarantee the effectiveness of our production.

For more information on the **types of risks**, please refer to the Company’s Annual Information Form for 2020, available from **SEDAR** at www.sedar.com.

ECONOMIC PERFORMANCE

CAPITAL STRUCTURE

CONCEPT	FULLY DILUTED CAD (MILLIONS)	STRIKE PRICE RANGE (C\$)
Common shares outstanding (basic)	151	N/A
Warrants	36	0.45 - 2.90
Options	5	1.00 - 3.25
RSUs	6	N/A
Total (fully diluted)	198	

CAPITAL STRUCTURE	CAD \$ (IN MILLION)
Basic shares outstanding	151 million
Fully diluted shares outstanding	198 million
Share price (CAD)	\$0.38
Market capitalization (basic) (CAD)	\$57 million
Cash (CAD)	\$22 million
EV (CAD, basic)	\$35 million

BALANCE SHEET	CAD\$ IN THOUSAND
Cash & equivalents	21.6
Current assets (excl. cash)	14.8
Fixed assets	36.8
Total Assets	73.2
Current liabilities	7.3
Debt & long-term liabilities	2.7
Shareholders equity	63.2
Total Liabilities and SH Equity	73.2

ECONOMIC VALUE GENERATED AND DISTRIBUTED (EVG&D)

CONCEPT	DETAIL	CAD
Direct economic value generated	Revenues	8,017,000
	Operating costs	6,536,000
Economic value distributed	CAPEX	2,790,000
	OPEX	24,220,000
	Income Tax	-89,000
Employee wages and benefits		17,500,000 = 11,806,000 + 5,700,000 from shares-based compensation expenses
Payments to providers of capital	Without depreciation and amortization	12,414,000
Government take by country (income tax only)	Colombia	74,000
	Perú	56,000
	Uruguay	14,000
Economic value retained		31,848,000



In 2020, one of our Colombian subsidiaries (ILANS) received a payroll credit from the Colombian government of CAD 10,800.

Below are the entities included in our Company's consolidated financial statements (no entity was not covered in this report).



CANADA

Khiron Life Sciences Corp (BCBCA)
 Khiron Life Sciences Corp (CBCA)
 NettaGrowth Corp. (NettaGrowth)



COLOMBIA

Khiron Colombia S.A.S.
 ILANS S.A.S.



GERMANY

Khiron Europe GmbH



UNITED KINGDOM

Khiron Life Sciences UK Limited



CHILE

Khiron Chile SpA



SPAIN

Khiron Life Sciences Spain SL



URUGUAY

Khiron Uruguay S.A
 Prosel S.A.



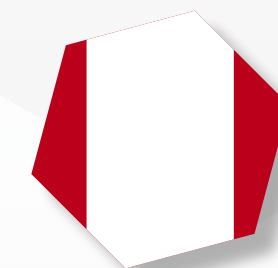
UNITED STATES

Khiron Life Sciences USA, INC.



MÉXICO

Kuida Life Mexico S.A. de C.V.



PERÚ

Khiron Peru S.A.



The Company participates in the local tax regime of each jurisdiction where we operate. For 2020, the Company's loss before tax was CAD \$24 million, the tangible assets other than cash and cash equivalents were CAD \$30 million, the corporate income tax paid on a cash basis was CAD \$\$134,000 and the Corporate income tax accrued was the same.

PARTNERSHIPS AND ALLIES



We create
the way
together...

AS
ONE

COLLABORATORS'

WELL-BEING



MEET OUR WORKFORCE



AGE RANGE			
20-30 109	31-40 101	41-60 52	60+ 5

LOCATION	
Bogotá 185 - Medellín 2 - Barranquilla 1 - Doima 54 - Pereira 1 TOTAL COLOMBIA 244	Canada 3 - Chile 3 - Perú 4 - Uruguay 2 - México 2 - Germany 7 - United Kingdom 2 - Spain 1 TOTAL OUTSIDE COLOMBIA 23

Operator 42 - **Assistant** 82 - **Professional/Jr. Analyst** 32 - **Professional/Sr. Analyst** 30 - **Leader/Coordinator** 37 - **Director** 9 - **Senior Manager** 23 - **Vice President** 11 - **CEO** 1

Of the **267** people who make up our Company, all have **direct and indefinite-term contracts**. Two hundred sixty-six are full-time employees or their equivalent in the applicable jurisdiction.

The collection of these data was completed through the human resource management platform - **Heinsohn Human and Helisa** - allowing us to manage and visualize the relevant information of our collaborators.



ATTRACTING THE BEST TALENT

Attracting the best talent is the primary goal of our hiring process. To do so, we are guided by objective benchmarks that candidates must meet, such as feeling identified with the culture and purposes of the Company and possessing the technical knowledge required for the position. Aspects such as sexual orientation, gender, social background, nationality, and religion, among others, are irrelevant to our selection process.

In 2020, we hired 100 new employees; of these, 45 were men and 55 women, distributed as follows:

COLOMBIA

1 Barranquilla, 2 Medellín,
1 Pereira, 24 Tolima,
and Bogotá.

INTERNATIONAL

1 Perú, 1 Spain, 1 Germany,
and 1 in the United Kingdom.

**AGE RANGES: FROM
21 TO 72 YEARS OLD.**

RETAINING THE BEST TALENT

BENEFITS AND OPPORTUNITIES

After the selection of the participant, we seek to develop and retain the best talent. Our collaborators enjoy benefits, such as:

- **Emotional benefits that contribute to our employees' having more time to share with their families and develop activities of interest to them.** This plan includes Friday afternoons off starting at 2:00 p.m. for administrative positions, one day off on birthdays, three additional days off for vacations, and a flexible schedule.
- **A non-salary benefits program where, through a menu of options, employees choose the benefit that best suits their needs,** equivalent to 5% of their salary. These benefits include savings plans, meal cards, and prepaid funeral insurance.
- **Life insurance for collaborators in Colombia.**
- **Special prices for collaborators and their families** for services at our clinics and discounts on Kuida products.
- **Educational activities** provided one Friday a month that promote a cohesive and united team, as well as integration among coworkers, regardless of their area or position, ensuring that we are a cohesive and united team. As part of these activities, we have had training on topics of interest to the Company and workers, information on relevant industry topics, fitness classes, and CBD product testing, among others.

Unfortunately, due to the complex situation brought about by **COVID-19** worldwide, these benefits and activities were temporarily suspended, with the hope of resuming them in 2021, as conditions allow.

All our collaborators have the opportunity to transfer to other countries to continue working for the organization. To date, there have been two such transfers, from Colombia to Germany and Colombia to Canada. Collaborators also have the opportunity to study abroad if the Company considers it appropriate. So far, all Medical Scientific Liaisons have been trained at the Santé Clinic specializing in cannabis in Canada. Likewise, collaborators can apply for internal vacancies that, through corporate communication channels, invite employees to apply for different positions of interest, thus generating both vertical and horizontal development.

Education and training are vital components for our Company. From the moment a collaborator enters the induction phase, we explain the key aspects of the organization, and responsibilities and functions of the position he or she will hold; we then provide him or her with access to ongoing training appropriate for the role.

Much of our training relates to medical cannabis, given that one of our objectives is that all collaborators have a basic knowledge about the industry and the products we offer as a Company. **At KHIRON, we believe that cannabis education and the demystification of the plant begins with the education of our collaborators.**

* Depending on the jurisdiction where our collaborators work, some of these benefits may not apply.



Below are some general examples of training sessions held in 2020 for all our employees, regardless of their position, department, or gender. These training sessions had an typical duration of up to two hours each.

TRAINING SESSIONS

- Cultural activities
- Safe handling of tools
- Use of personal protective equipment
- Correct use of garbage and recycling
- Pest and disease identification
- Occupational health and safety
- Biomechanical risks
- Prevention of occupational accidents
- Nutritional deficiencies

- Handling of chemicals
- Noise
- Internal work regulations
- Cleaning and disinfection of areas
- Locational risks
- Order and cleanliness
- Knowledge of human rights
- Cutting and cloning
- Safe use of equipment
- Self-care
- Introduction to sustainability

- Harvest
- Safely working at heights
- Leadership techniques
- Trimming and selection
- Use of personal protection elements (PPE)
- Healthy living habits
- Effects of cannabis on the skin
- Irrigation system and control
- Electrical hazards
- Emergency plan

- Processing of personal data
- Climate control
- Benefits of CBD on our skin
- Biosafety protocols and acceptance of emotions and stress related to psychosocial risks
- Transfers of value
- Pest and disease control
- Habeas Data
- Handling of chemicals
- Harassment at work



In 2021, based on the individual performance evaluations that each employee receives annually, we will begin designing and executing career plans to enhance skills and strengths and share the opportunities for growth within the organization over the short, medium and long term.



Support for Collaborators during COVID-19

Due to the COVID-19 pandemic, some face-to-face activities and training sessions were replaced by activities focused on the physical and mental health of our employees. These included yoga and virtual rumba sessions and talks on various medical topics, leadership, and finance, among others, with all collaborators, regardless of their location, having the possibility of connecting to the classes or talks of interest to them.

- ! We achieved an average daily connection of 22 people from different countries to the sessions, with a satisfaction rate of ninety-seven percent (97%) in them.

Considering that one of the factors that has had the greatest impact during the pandemic has been **mental health**, the Company has a clinical psychologist who provides support to employees who request it. As of December 31, 2020, we had 26 active follow-up cases, with a ninety-eight percent (98%) satisfaction rate on the accompaniment process provided.

Retirement, Pensions, and Freedom of Association

In addition to the benefits and opportunities available to our employees, at Khiron we respect, promote, and guarantee labor rights, depending on the applicable jurisdiction. This includes:

- Parental leave: In 2020, three women and two men of the Company took parental leave. Four restarted their work activities at the end of their parental leave.
- Pension: In compliance with applicable local regulations, we currently do not have a corporate retirement plan, specialized

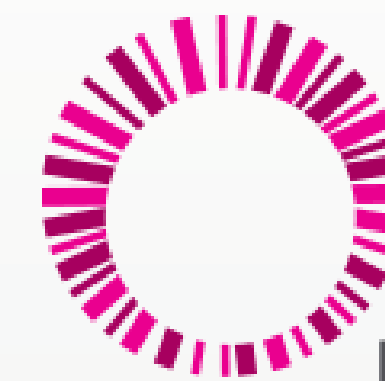
fund to pay pension obligations, or mandatory or voluntary retirement program.

- Freedom of association and collective bargaining for our employees: Currently there are no unions, collective bargaining agreements, or labor agreements.

Corporate volunteering

Voluntary activities are initiatives that are aligned with our higher purpose of transforming lives, allowing us to contribute to building and strengthening society and the environment.

In 2020, we had planned to participate in a **volunteer program** called “Look Good, Feel Better” (in Spanish Luzca bien, Siéntase mejor) organized externally by the **National Association of Entrepreneurs of Colombia (ANDI)**, an association with which our Colombian subsidiary is affiliated. Through the program, we intended to work with a group of women diagnosed with cancer to share techniques to improve personal self-perception and self-esteem. Additionally, we planned to participate in an environmental volunteer program. These initiatives were postponed to 2021 due to COVID-19 health and safety restrictions.



luzca bien
siéntase mejor

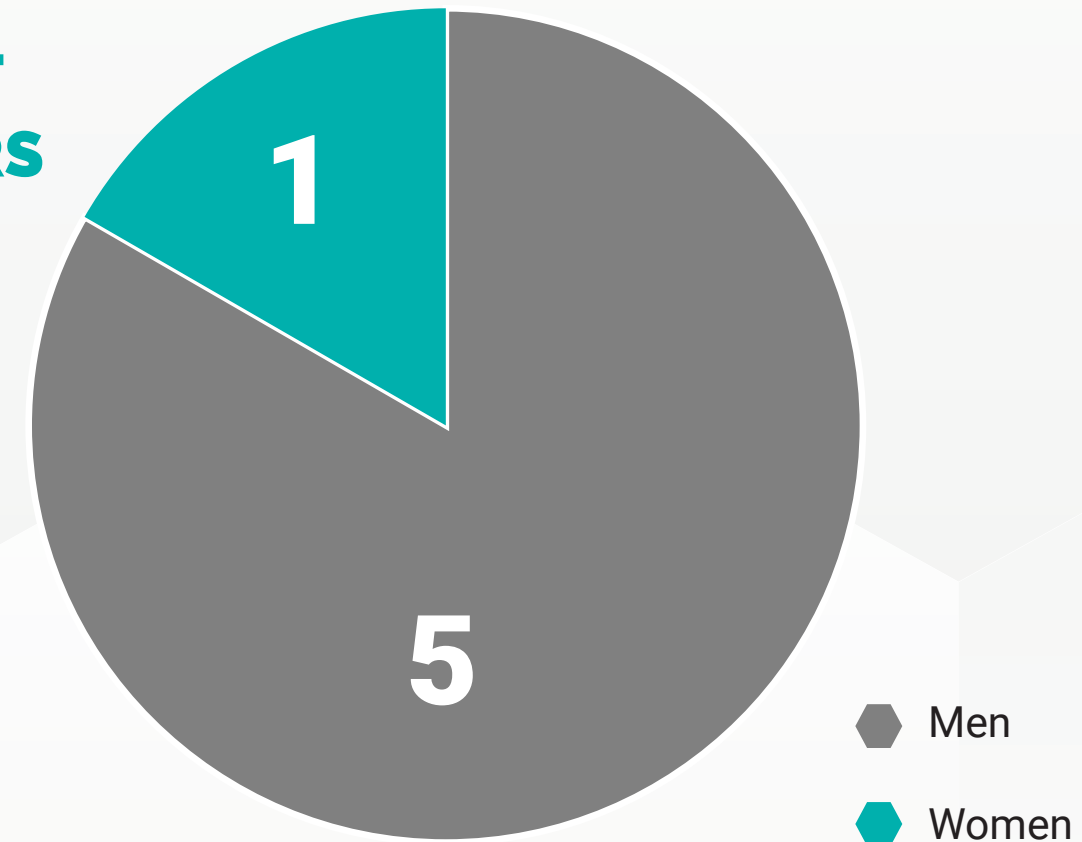
DIVERSITY AND EQUAL OPPORTUNITIES

We are inclusive and do not discriminate against candidates or collaborators based on gender, sexual orientation or identification, socio-political status, religious orientation, ethnicity, political ideology, or any aspect of the candidate's personal life.

Our job offers are not limited to local nationals; rather, it is sufficient to pass the selection process and have the appropriate work permits to be part of our Company.

As a result of the above, we have employees from migrant populations (who work in one country while being nationals of another) and numerous ethnic groups, of various sexual orientations and identities, and who are individuals displaced by violence, among others. **We consider ourselves a diverse company.**

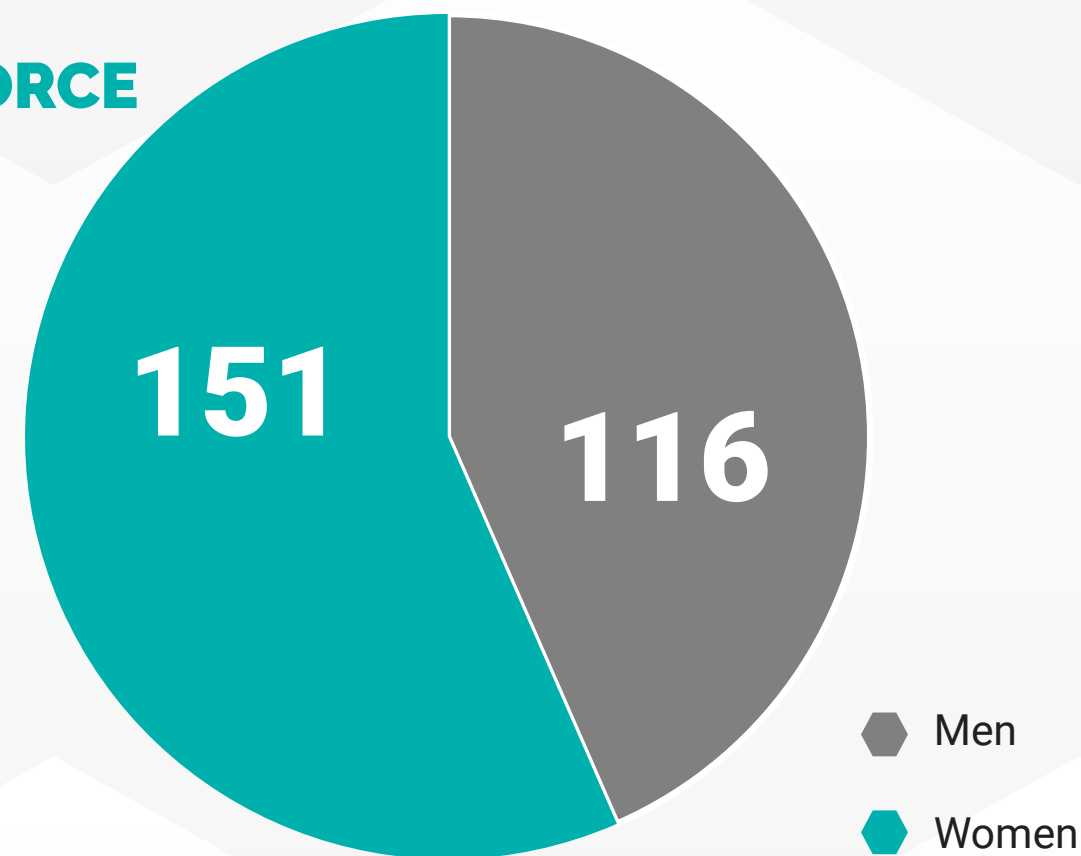
BOARD OF DIRECTORS



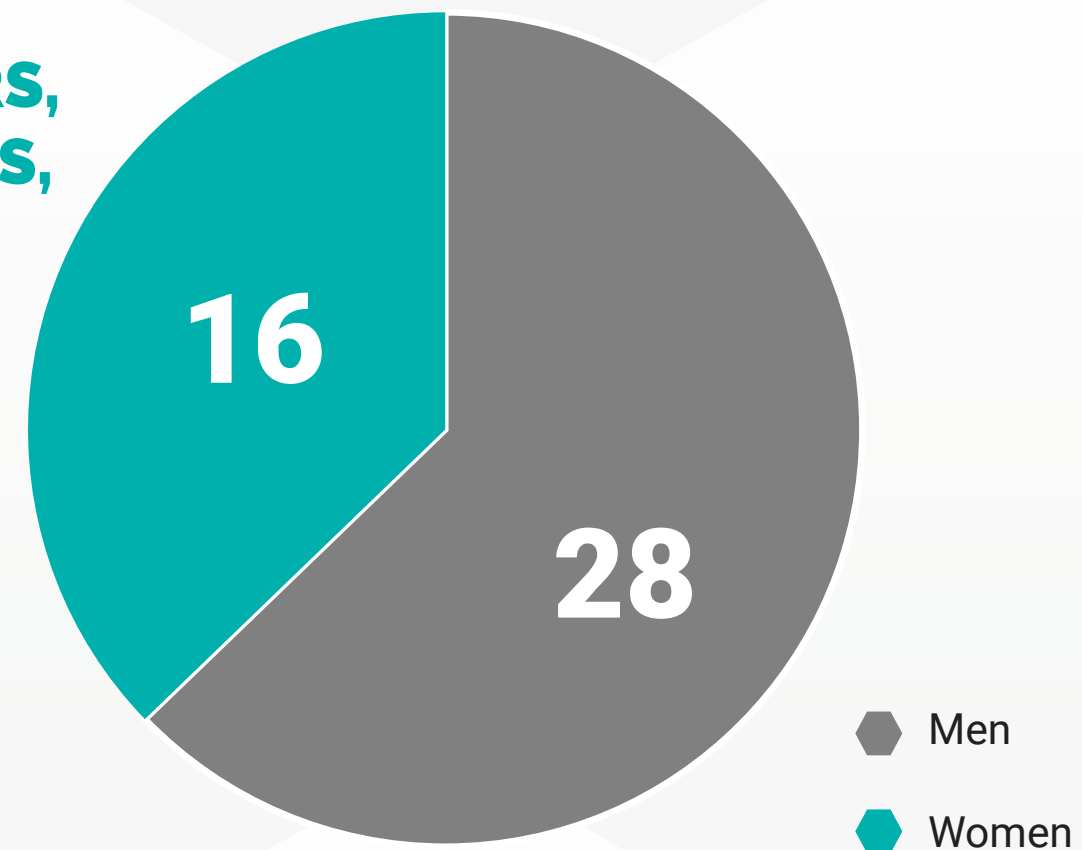
Out of the **267** collaborators who are part of our **Company, fifty-seven percent (57%) are women, thirty-seven percent (37%) of whom are directors, managers, or vice presidents.** Our Board of Directors includes a woman who is also the founder and Board member of the organization "organization Women Get on Board Inc.," which aims to connect, promote, and empower women to occupy executive and management positions, especially on boards of directors. Our Company is also a corporate member of this association, demonstrating its commitment to strengthening and empowering female employees in their professional development.

We have zero tolerance regarding less favorable treatment for some people than others, due to characteristics that are not related to the person's competencies or the qualifications required for the position. For this reason, **we have an anti-discrimination and anti-harassment policy,** which reinforces the above message and indicates the process to be followed if cases arise.

WORKFORCE



DIRECTORS, MANAGERS, AND VPS



We had no incidents of discrimination during 2020.

COMPENSATION

In order to attract, retain, and motivate our employees, remuneration is established according to salary bands that are assigned depending on experience, level of education, and responsibilities of the position. These bands are built from market studies that allow us to determine whether our salaries are competitive in the market for each region in which we have employees. Depending on the geographic location, these salary bands are adapted to the specific economic and social conditions of every place.

We believe in giving all our collaborators fair remuneration, so all our contracted collaborators earn a salary above the monthly minimum wage in force in each jurisdiction.

We also have a stock option plan that provides high-ranking and exceptionally performing employees, directors, and contractors with options to purchase shares of the Company's stock. The purpose of this plan is to (i) give an extra incentive to those who are eligible, (ii) encourage a sense of belonging to the Company and encourage the sharing of ownership by those eligible, and (iii) attract and retain the best talent.

We have achieved salary equality across employee levels, regardless of gender or other aspects. This equality is replicated when the Company decides to make salary increases, taking into account the collaborator's performance. Notwithstanding the above, in 2020 we did not increase salaries.

The following shows that the average monthly remuneration of employees of the Company in Colombia does not present substantial differences based on gender.

AVERAGE MONTHLY WAGE (IN CAD)		
POSITION	FEMALE	MALE
Operator	450	450
Auxiliary	558	552
Professional/Jr. Analyst	906	872
Professional/Sr. Analyst	1,467	1,434
Leader/Coordinator	1,863	1,746
Director	3,356	3,373
Senior Manager	5,606	5,839

* Market rate: 2,890 Colombian pesos per Canadian dollar.



Taking Colombia as the main location of our operations, the monthly compensation of the Company's highest paid person in Colombia is twelve times the average monthly compensation of the rest of the employees.

To establish the salary of our Directors, who are not part of our collaborators, we have an executive salary policy of which the objectives are (i) to attract and retain the best talent, (ii) to motivate the performance of directors to meet the Company's goals, and (iii) to align the interests of directors with the long-term interests of investors. The Board, based on the recommendations of the Compensation Committee, is responsible for establishing the compensation of its Directors, the form of compensation (Restricted Stock Units or RSUs), and its review period. This is based on the individual performance of each Director and the overall operation of Khiron.

Directors receive a monthly salary based on the services they render to our Company, and do not receive any additional compensation for attending meetings of the Board of Directors or any of its committees. In addition, each may participate in other compensation plans, receive bonuses, and obtain RSUs, among others. Khiron does not offer group benefit plans such as medical, dental, accidental death, disability, or life insurance coverage, except for those Colombian directors living in Colombia, who by law must have health and life insurance benefits.

All significant operational changes that may affect our employees are discussed with them as soon as they occur.

OCCUPATIONAL HEALTH AND SAFETY

We have focused on the health and wellness of all collaborators, contractors, and stakeholders by fully complying with all legal and regulatory requirements regarding occupational health and safety, including the recent ones that respond to the challenges posed by COVID-19 and the standards associated with its prevention.

Therefore, in our operation in **Colombia** we have developed an **Occupational Health and Safety Management System (OHSMS)** aligned with local regulations, which covers all our collaborators.

We have established a policy that commits the Board of Directors and management to the prevention of occupational accidents and diseases, as well as compliance with legal requirements and continuous improvement.

Starting with the design and planning of any operation and in the ordinary course of our business, we identify the hazards and assess the risks that may cause occupational accidents or occupational diseases, defining and planning control mechanisms to preserve the safety and health of all our employees. This is done through an objective characterization and assessment, including inspections of work sites and periodic industrial hygiene measurement, supported by an external team of duly accredited and certified consultants, allowing us to obtain significant recommendations and statistical data with high levels of confidence.

Among the hazards that have caused or contributed to causing injuries, due to occupational accidents with major consequences or that present a risk of illness or disease in **Colombia**, is the hazard due to the use of chemical substances. In 2020, we had an injury consisting of a burn on the face and foot of an employee, due to the use of ethanol. This accident was reported to the Ministry of Labor and managed by the Labor Risks Administrator (in Spanish - ARL), with follow-up and closure of the case according to their instructions.

Based on this risk assessment and identification, we design management and control programs, such as the Epidemiological Surveillance Programs, which define the needs for collective intervention in order to facilitate timely, adequate, and comprehensive management of any health-related issue. These programs are in place for COVID-19, musculoskeletal conditions, the prevention of ionizing radiation, and visual conditions, among others.

In relation to the above, we conduct inspections to maintain a safe work environment, identifying and controlling the hazards inherent to or associated with the equipment, tools, and facilities of our Company. We use the results of the inspections to direct the intervention programs through actions that enable control in the required areas.

As part of the specific risk control we carry out, which involves all personnel, both operational, assistance, and administrative, as well as visitors, we establish strict annual schedules where the topics to be addressed are defined. In 2020, we had:

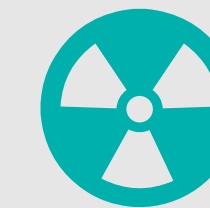
- Health Week
- Hand Washing Campaign
- Lighting Study in Clinics
- Courses for working at heights
- Particulate matter studies for grinding processes

Likewise, we perform the following tasks, which have been categorized by local Colombian legislation as high risk. We strive to minimize the impact of occupational diseases and/or accidents, with personal protective equipment for each task:



Working at heights

The equipment consists of lifelines, slings, harnesses, and shackles, among others. We have trained personnel for this work.



Exposure to ionizing radiation due to the use of C-arms in the operating room

For this purpose, we have plumbed vests, screens, and dosimeters for radiation measurement.

Joint Occupational Safety and Health Committees


Currently, in accordance with applicable local legislation, our operations in Colombia are the only ones that require the creation of an occupational health and safety committee. These committees were formed in **2019** and will be in force until **2021**, focusing on the participation of our employees in the control and counseling of occupational health and safety issues.

BUSINESS UNIT	NUMBER OF REPRESENTATIVES
ILANS S.A.S	4 employees 4 from the employer
KHIRON COLOMBIA S.A.S	2 employees 2 from the employer

Our Occupational Health and Safety Team

We have a highly trained and competent team who lead prevention and control activities, as well as their measurement and monitoring. Additionally, and as a support resource for our operations, we have emergency brigades, composed of certified integral personnel, as follows: **1 HSEQ leader, 1 HSE professional, 1 senior OSH professional, 1 OSH analyst, 1 management system professional, and 1 miscellaneous assistant.**

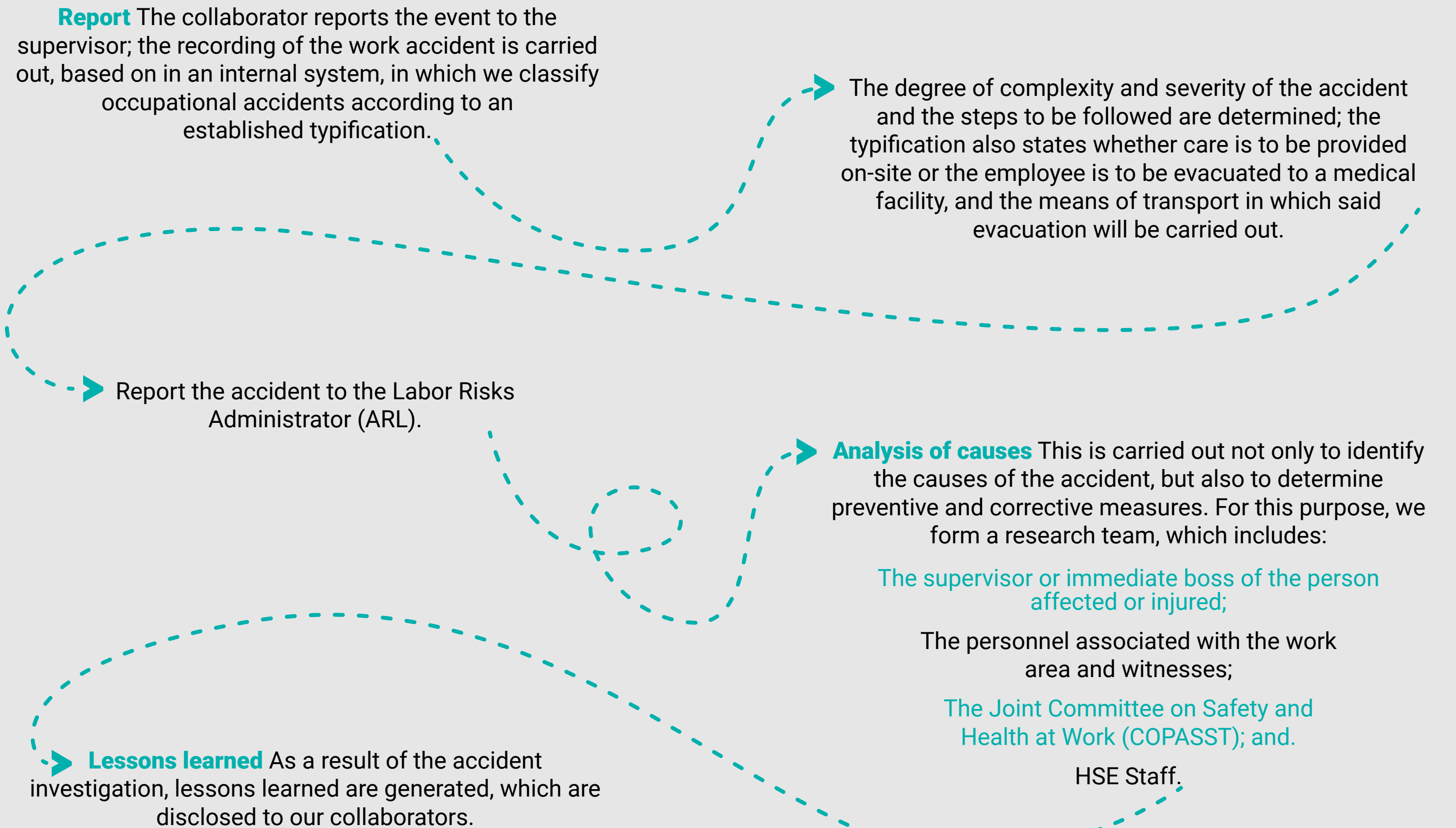
In **2020**, there were 9 occupational accidents in our entire workforce, which occurred in Colombia. Likewise, we had 4 cases of occupational diseases, also in Colombia, which were assessed by the **Labor Risks Administrator (ARL)**, as being the result of the **SARS-Cov-2 Health Emergency (COVID-19)**. We are pleased to report that these illnesses were resolved without any health complications for our workers and the affected employees are currently working without restrictions. We are still awaiting the assessment of 3 more cases for the same disease. Due to the accidents and illnesses previously mentioned, 48 days of incapacity due to work-related accidents and 20 days of incapacity due to occupational illnesses were recorded.



There were no deaths due to occupational accidents or occupational ailments in 2020.

In addition to cases of COVID-19, other common causes of absenteeism due to occupational accidents were animal bites and particle projection into the ocular tract, besides cases of COVID-19.

The methodology used in incident and accident reporting and investigation consists of:



Due to our company's expansion process, we identified the applicable legal requirements regarding health and safety for our operations outside Colombia. **Our goal for the year 2021 is to implement the corresponding action plans for compliance with local legal regulations in the countries where we operate.**

OCCUPATIONAL HEALTH AND SAFETY MEASURES FOR COVID-19

Since January 2020, we have been monitoring the health emergency declared by the World Health Organization. Within the monitoring exercise, we followed the evolution of the pandemic and its passage through the different continents until its arrival in the American continents. In March, a health and safety emergency was declared due to the COVID-19 virus in Colombia; for this reason, quarantine measures began in the country.

The following is a brief summary of the actions carried out in our different operations to deal with COVID-19:



CLINICS - COLOMBIA

We provided personnel with personal protective equipment such as masks, gloves, and protective clothing, in addition to masks for the protection and care of patients.

We created protocols for the detection of suspected cases of COVID-19, accordance with local regulations.

We created biosafety protocols for care of and protection against COVID-19.

We trained staff on Covid-19.

We created the mobility plan.



OFFICES - COLOMBIA

We created protocols for safe entry, entry, disease prevention, and the return to offices.

We provided personnel with protective clothing.

We provided masks for protection.

We created in-office disinfection stations for workstations.

We installed portable sinks in the office interior.

We created a commuting plan.



PRODUCTION FACILITY

We created biosafety protocols for care of and protection against COVID-19.

We expanded the capacity of the routes for transporting personnel to maintain social distancing.

We provided biosecurity elements such as face masks and face shields.

We installed portable hand-washing sinks inside the facility.

We set up disinfection points with alcohol for footwear.

We purchased antigen tests to reduce cases in the production facility.



LATAM, USA, CANADA, AND EUROPE

We performed daily follow-up of cases presented by country.

We migrated to work-at-home mode.

We conducted preventive information campaigns concerning COVID-19 through the Company's internal platform.

During 2020 we recorded 44 positive cases of COVID-19, which affected sixteen percent (16%) of our working population. The cases were distributed as follows:



For the year 2020, personalized follow-up was provided with all cases of COVID-19 in the organization, monitoring the health conditions of both the worker and the worker's family. In 2021, we will continue with prevention campaigns against COVID-19 infection and with the follow-up of any cases that may arise.



We create
the way
together...

AS
ONE

OUR

PATIENTS FIRST



Our mission is to improve the quality of life of patients and consumers through the applied use of medical cannabis; as such, the innovative and integrated healthcare model of our health centers revolves around patients and their well-being. **To us, patients always come first.**

Ensuring the safety of our patients during the care process in the clinics is a priority and imperative in all our actions. However, this does not guarantee that there will be no incidents related to the clinical conditions of people and health workers. The complexity of each clinical or surgical procedure, as well as human factors and interaction with the equipment and technology, can lead to errors and adverse events.

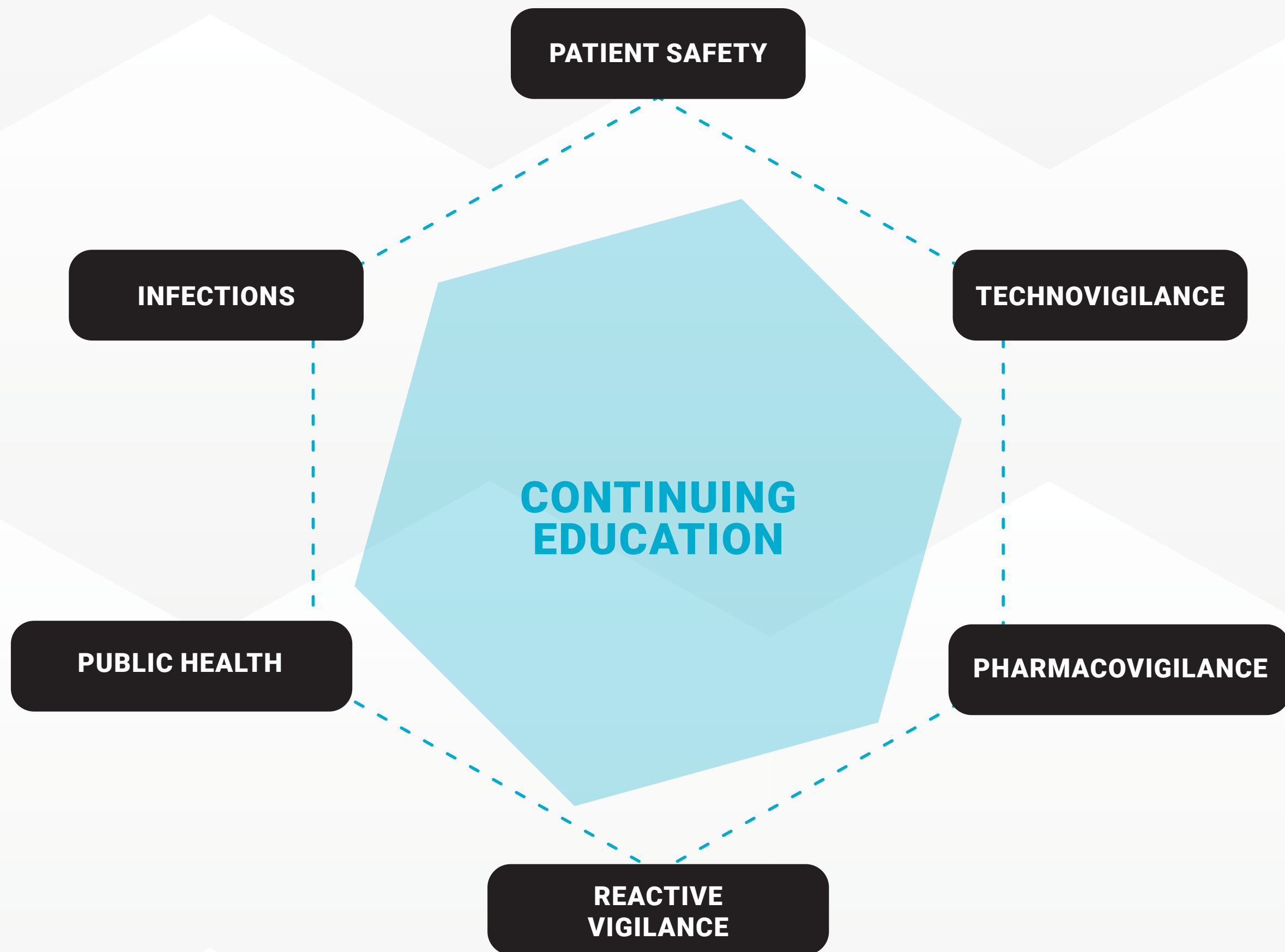
“At ILANS clinics, safety is everyone’s commitment.”

In order to prevent the occurrence of unexpected adverse events to our patients, and if such events occur, we have developed and implemented the following programs in our clinics. These programs are intended to minimize the impact of adverse events on patients’ well-being, while taking into account the framework of the **Obligatory Quality Assurance System (in Spanish - Sistema Obligatorio de Garantía de Calidad, SOGC) of the Ministry of Health and Social Protection of Colombia** and the technical guide, Good Practices for Patient Safety in Health Care. we have developed and implemented the following programs in our clinics:

- **Patient Safety Program (in Spanish - Programa de Seguridad del Paciente, PSP)**, focused on minimizing the risk of patients’ suffering adverse healthcare events and, if they do suffer them, mitigating their consequences.
- **Technovigilance**, focused on identifying, evaluating, and disclosing incidents and events derived from the use of a medical device or equipment that may cause harm to patients, the operator, or those around them.
- **Pharmacovigilance**, focused on identifying, evaluating, and disclosing effects that patients may suffer from the consumption of drugs, biological products, and/or medicinal plants.
- **Reactive Surveillance**, focused on identifying undesired effects caused by quality defects of in vitro diagnostic reagents.
- **Public Health**, focused on protecting the health of the general public.
- **Infections**, focused on preventing and controlling healthcare-associated infections and containing antimicrobial resistance.
- **Continuing Education**, focused on the ongoing training of the Company’s staff, suppliers, and patients and their families.

**PATIENT
SAFETY**

**HEALTH PROGRAMS
AND MODELS**



Through our patient safety policy, we seek to reinforce a culture of safety among employees, health professionals, administrative staff, providers, and individuals and families who are cared for in our institutions, under a non-punitive, non-permissive philosophy of continuous improvement that fosters a safe care environment through risk and event management.

We make preventive and/or corrective findings from which we generate administrative and assistance safety measures. These allow us to evaluate the health and safety impacts of our services, minimizing the occurrences and severity of events related to care.

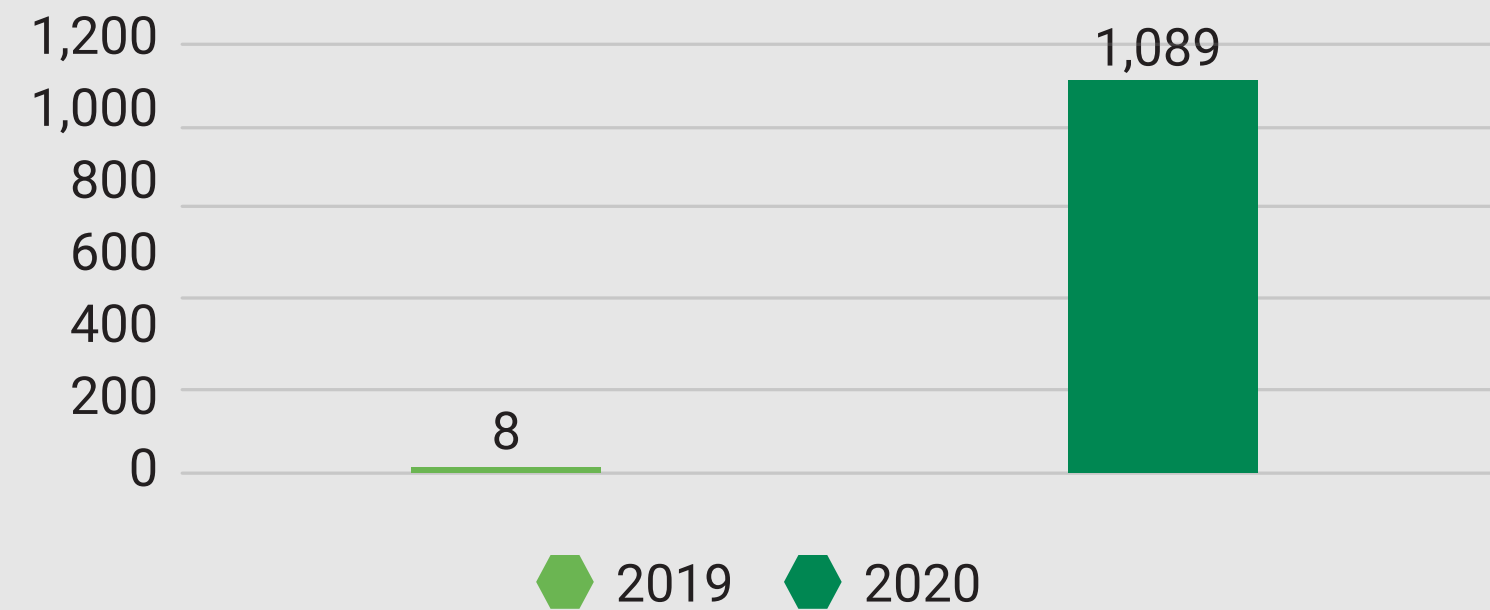
VOLUNTARY REPORTS

The voluntary reporting of events to the Patient Safety Program (PSP) is vitally important to the strengthening of our patient safety culture. This practice allows us to better identify risks and take timely improvement actions.

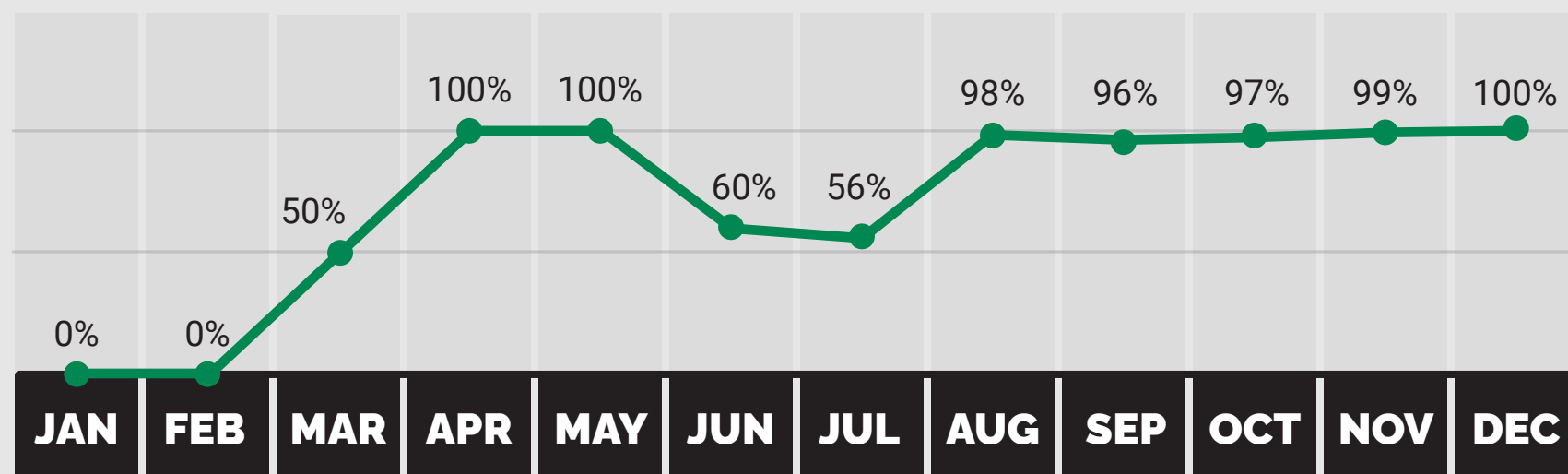
During 2020, we saw an increase in voluntary reporting of cases to the PSP, demonstrating the commitment of clinic collaborators to the culture of safety being promoted within our clinics. We see errors as opportunities for improvement, not for punishment, which generates confidence in reporting.

In the beginning of the implementation of the PSP, in 2019, only 8 cases were reported. **However, in 2020 this rose to 1,089 cases,** due to employees' participation in awareness-raising activities related to our safety culture and continuous risk-identification initiative.

CASES OF VOLUNTARY REPORTS 2019 VS 2020



The table below shows more clearly **the monthly percentages of cases that were reported voluntarily during 2020**, which averaged > seventy percent (70%) for the year, with one hundred percent (100%) for the months of April, May, and December.



Eighty-five percent (**85%**) of cases reported to the PSP for which **improvement plans** were established have been addressed.

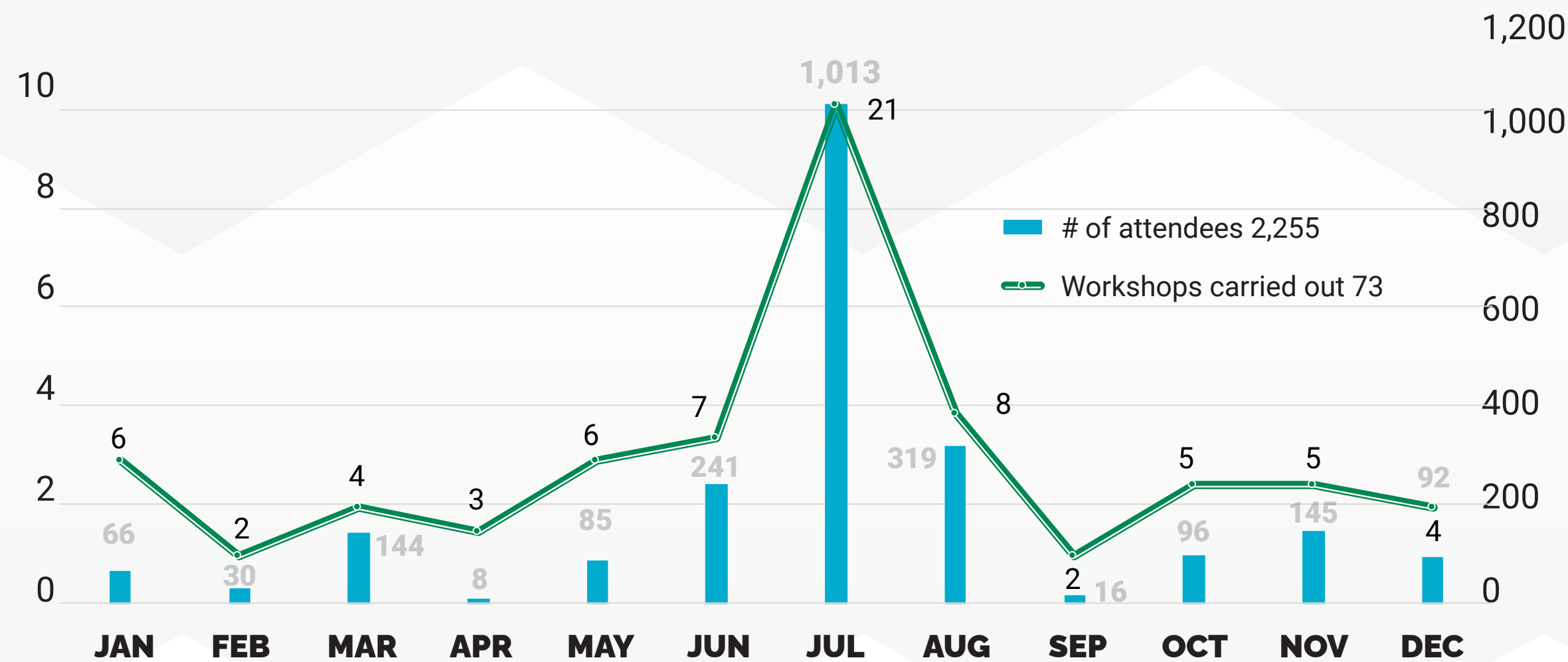
The following are the main indicators of the PSP for 2020:

INDICATOR	FORMULA	TOTAL
Percentage of voluntary reports	total voluntary reports in a year (mail pone, manual)/total reports in a month *100	94
Percentage of incidents	Total incidents self-reported in a month /total of reports in the same month *100	7
Percentage of adverse effects	Total of adverse effects reported in a month/total of reports in same month *100	4
Percentage of improvement plans	Reports that resulted in an improvement scheme (completed or in process) within a month – the ones that were not initiated in a month/total of reports that resulted in an improvement scheme *100	85

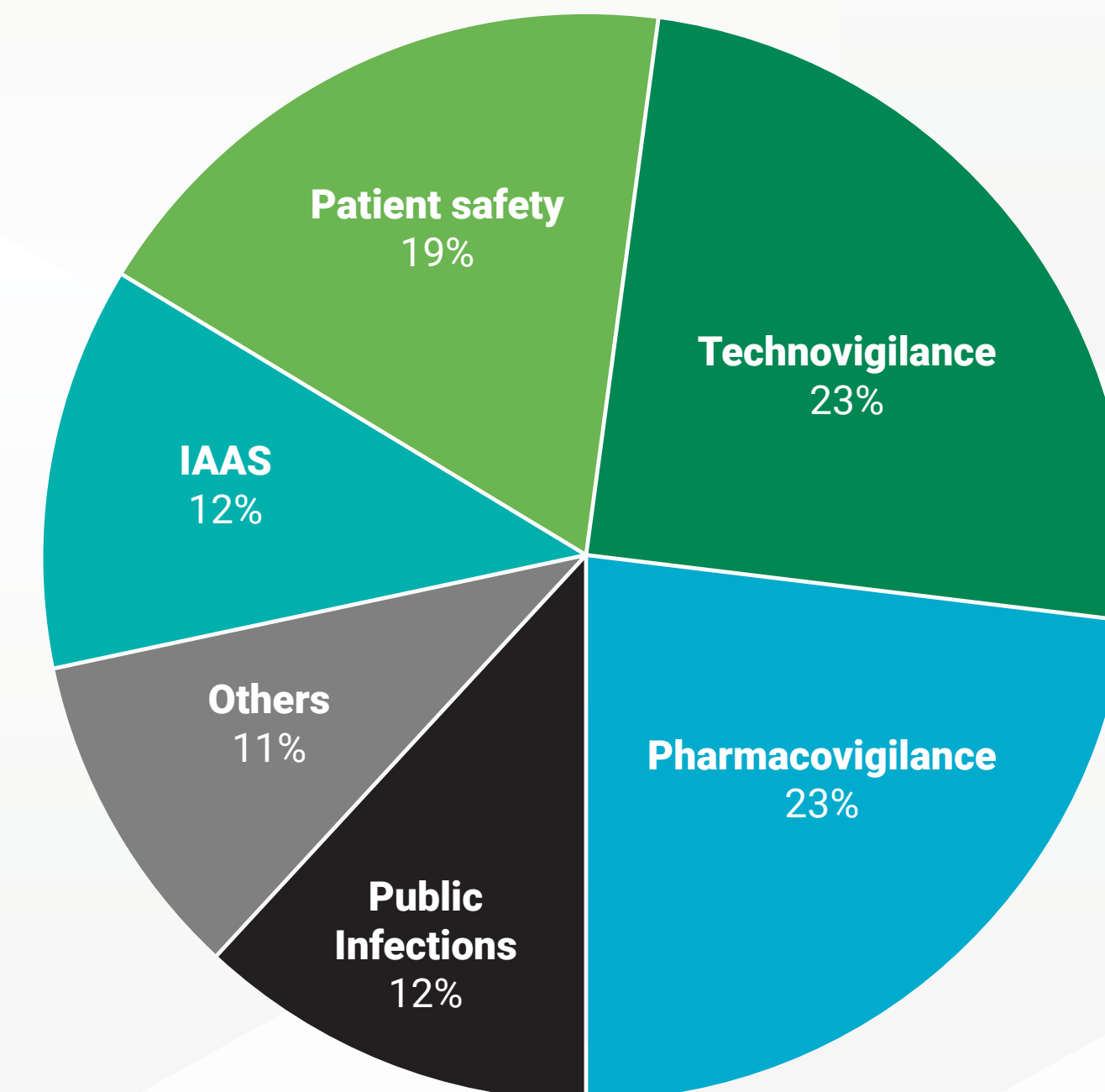
EDUCATION

The education of patients and their families, care providers, and collaborators of the Company is essential to ensure the safety of all our patients. For this reason, one of the objectives of our healthcare institutions is to provide training related to the programs of prevention of infections associated with healthcare, pharmacovigilance, technovigilance, patient safety, and Public Health. These programs are carried out in conjunction with the Company's talent and organizational development area, providing tools to our collaborators.

The graph below illustrates the numbers of workshops and of people trained in the mandatory programs in 2020:



This is how our trainings were distributed, depending on of the program:

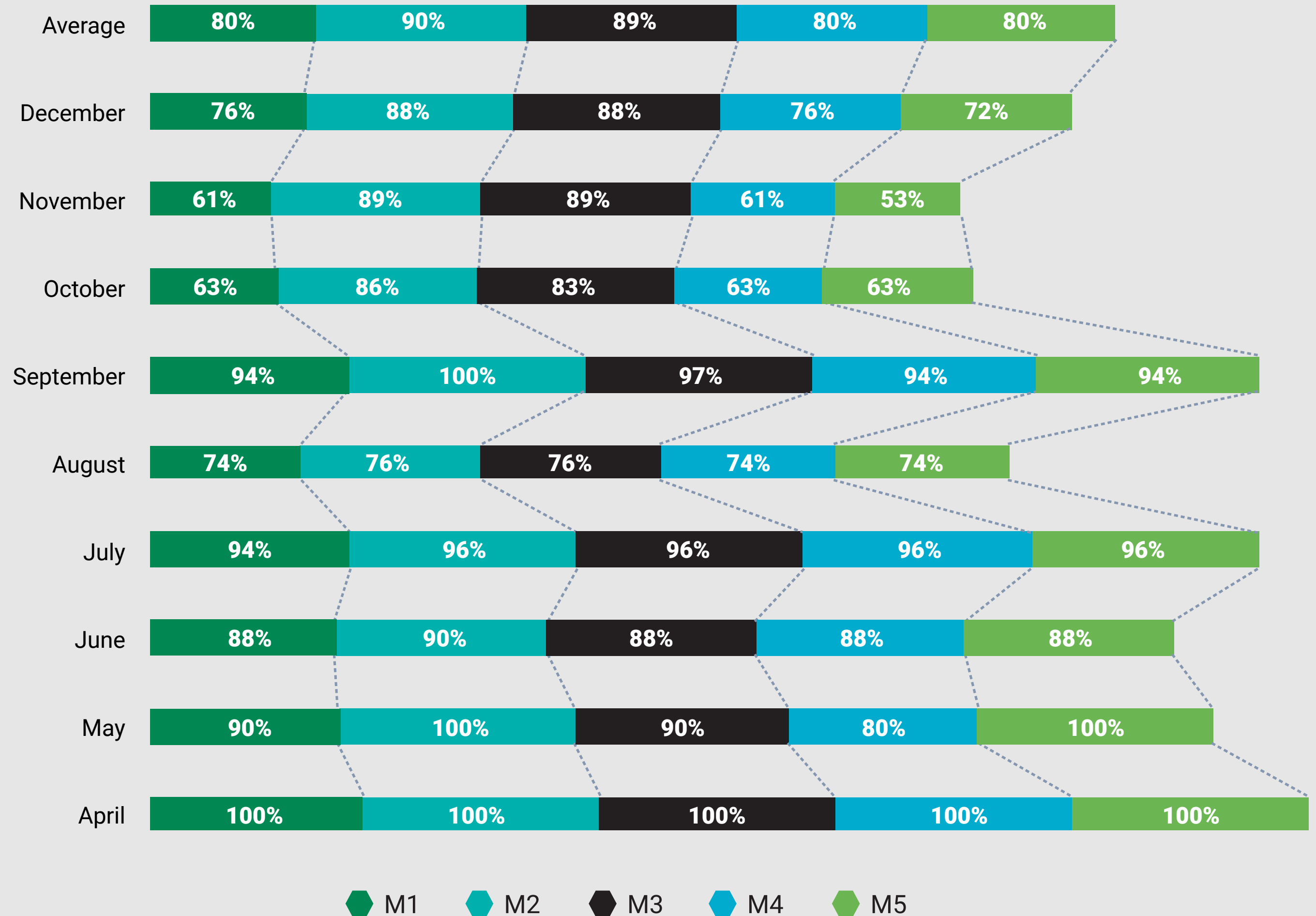


One of the most popular training courses at our facilities has been the **“clean hands and safe care” strategy, developed jointly by the PSP and the Infection Prevention Program**, which sensitized the Company’s employees to the importance of acquiring hand hygiene habits, mitigating the risk of having infections associated with healthcare.

The success rate of this strategy has always been in average above seventy-four percent (74%), reaffirming the importance of continuing to work on these educational and follow-up processes.



HAND HYGIENE ADHERENCE



- M1** Before touching a patient
- M2** Before a clean or aseptic procedure
- M3** After risk or exposure to bodily fluids
- M4** After touching a patient
- M5** After contact with a patient’s environment

N:337

SERVICE EXPERIENCE MODEL

Providing our patients with outstanding healthcare, with the highest quality and humanity, and ensuring they have the best possible experience while visiting our clinics, is part of the Company's mission. For this reason, we developed our Service Experience model.

The model commence with an evaluation or diagnosis of the perception of the service, which includes conducting interviews with patients and collaborators. According to the results obtained, we design the model, taking into account the organizational culture and corporate strategy. Once implemented, we commence the review of associated projects, processes, the structure, media plans, commercial alliances, and infrastructure, among others. In addition, we begin training those collaborators tasked with executing the model. Given that this is a cyclical process, it will be reviewed, analyzed, and evaluated periodically to measure the perception of the service.

The model is intended to provide our patients with personalized and compassionate care. This means focusing on, and taking an interest in, the patient and his or her concerns, listening to the patient, showing empathy, and placing value on his or her experience.

In June 2020, we conducted surveys to measure the quality of our Service Experience model, interviewing 3,810 patients with a total of 4,651 surveys. Based on the surveys, the surveys, we received an average satisfaction **score of 9.33 out of 10.**

“We understand your story, transform your journey, and live it with you.”

Given its success, in **2021** we will implement this model across the Company's other two business lines (**KhironMED and Khiron Wellbeing**).

SOCIAL PARTICIPATION

Social Participation in Health is a right and social practice that promotes well-being throughout the community. For this reason, **in 2020 we created the Social Participation in Health Policy (in Spanish - Política de Participación Social en Salud, PPSS)** which, in addition to complying with the requirements of the applicable regulations, seeks to deploy initiatives aimed at strengthening citizen participation in health, resulting in the increase in and development and improvement of the community participation of patients and users of our clinics.



To execute the PPSS, we have an operational plan that responds to the Social Participation action plan. The operational plan allows us to measure key performance indicators, follow up and critically evaluate whether the PPSS is generating the expected impacts, and generate reports for external entities.

Since the PPSS was implemented in September 2020, we have carried out several actions aimed at fostering and promoting social participation. Some of the main ones consisted of:

- Incorporating the topic of social participation in health in the onboarding process of clinic staff. From September to December 2020, we trained 61.54% of new staff. Likewise, we conducted general sessions for clinic staff, training 75.76% of clinic collaborators.
- Training 7 employees in the course: “Participation , Social Control and Peace.” Delivered by the district authority.
- Reinforcing strategies for socialization of patients’ rights and duties.
- Strengthening information and communication strategies to make participatory processes visible, in conjunction with the local mayor’s office.
- Initiating the call for the formation of the Users Association and the Hospital Ethics Committee of our clinics.

SAFETY OF OUR PRODUCT IN COLOMBIA

As our clinic patients have the option of receiving medical cannabis treatment, it is essential that we have the highest quality standards to reinforce patient safety and security.

Because we have full control of this chain, we can better ensure the quality of our cannabis extract, which is the active component of our Magistral Preparations.

At KHIRON, safety is everyone's commitment.

The safety of our patients is our top priority, and for this reason we developed a **Pharmacovigilance policy** that seeks to consolidate a culture of reporting adverse patient events and incidents to ensure the safe and rational use of medical cannabis formulations. In this way, we evaluate the impact of our products on patient safety.

We periodically hold work meetings attended by the Pharmacovigilance team and the Company's medical team to evaluate each of the cases reported, the process carried out, the status of the events, and improvements to be made within the internal process. In addition, recommendations for medical staff may arise. A total of fifty-five percent (55%) of our employees were trained in the Pharmacovigilance program, and the remainder will be trained in the first quarter of 2021.



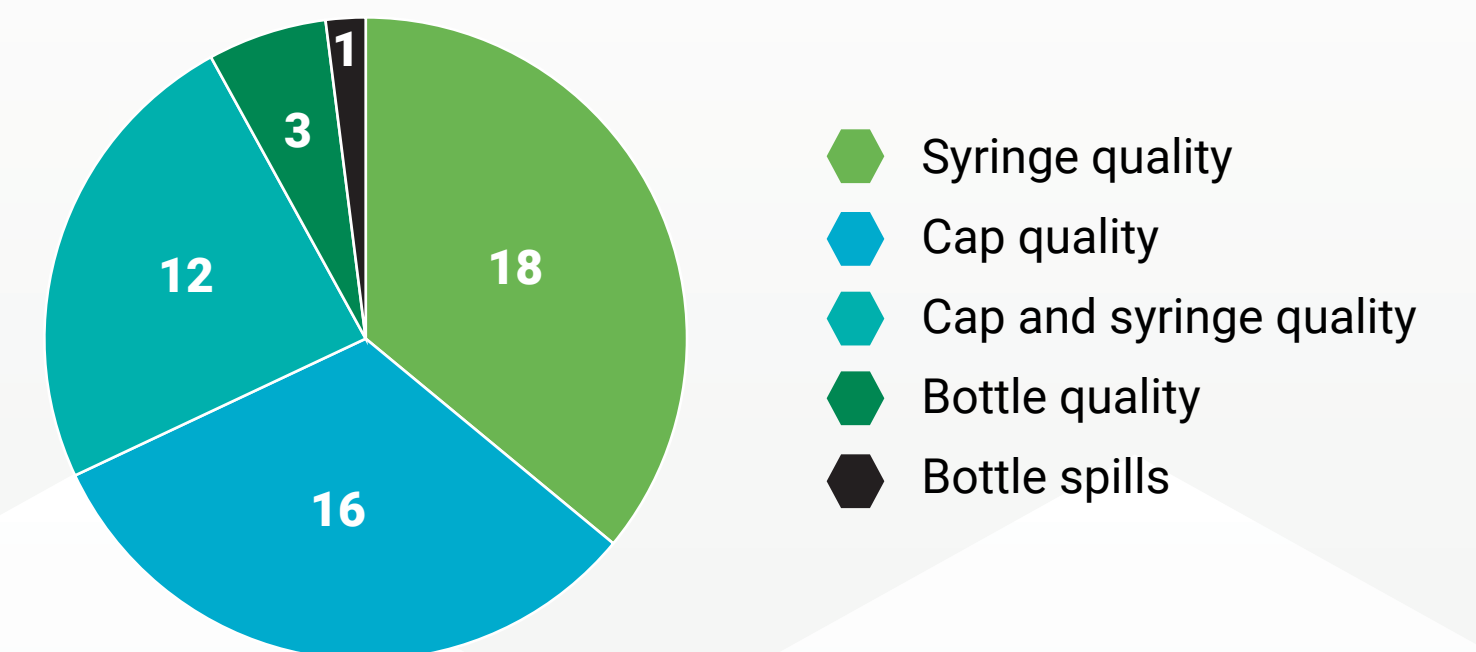
In 2020, we had no cases of non-compliance

with regulations regarding the health and safety of our patients in relation to our Magistral Preparations.

Since patients are the pillar of the Company, we created **"Khiero,"** which is the **Support Program for Medical Cannabis Patients in LATAM.** Khiero's purpose is to provide follow-up and support to patients in a safe, efficient, and effective manner (including prescription of the Magistral Preparation, dispensation, education, initiation of treatment, and adherence) during the time required for their therapy, thus improving their quality of life. The program features qualified health staff who receive ongoing education related to medical cannabis.

At the end of 2020, more than **3,380 patients** were registered in the program and more than **4,000 calls** had been made to and/or received from patients to enroll them in the program, educate the patient or their caregiver, carry out telephone follow-ups on status and titration, and manage requests, complaints, and claims ("PQRs"), among others.

In 2020, we received 50 PQRs regarding different aspects of our products, such as the quality of the syringes, caps, and bottles of our Magistral Preparations.



SAFETY OF OUR PRODUCT IN EUROPE

Our product in Europe is certified by the Good Agricultural and Collection Practices (GACP) for Vegetable Raw Materials, which guarantees its high quality due to strict controls in the cultivation and harvesting of the dried flower. Throughout the post-harvest process, de-stemming, drying, and packaging, Good Manufacturing Practices (**GMP**) are implemented to guarantee the quality and safety of the product for use with patients. Likewise, all equipment used in the production process is certified and maintained in optimal condition. We use validated analytical methods to prevent contamination of microbiological origin in our products, such as bacteria or fungi, as well as chemical contaminants such as pesticides or heavy metals.

With the help of our raw material supplier, we control and provide security during the packaging and distribution process of our products, having had **zero claims related** to them so far, as well as a pharmacovigilance and traceability system that allows us to determine the source of our product and act quickly in the case of any eventuality.



CONTRIBUTING TO SAFETY THROUGH RESEARCH AND EDUCATION

Given that one of the Company's goals is to **educate as many people as possible about the benefits and uses of medical cannabis in a responsible manner**, we created Khiron Academy. Khiron Academy is the training portal for health professionals in LATAM and Europe through which we provide continuous medical education on medical cannabis, its uses, benefits, titration, prescription, and clinical cases, among others, to provide timely and quality content to ensure the safe and effective prescription of medical cannabis for different pathologies.

Khiron Academy has different online educational modules, as well as one-on-one sessions with medical professionals specializing in chronic pain, neurology, and mental health. Our platform provides theoretical and practical tools, making it a great resource for the medical community when prescribing medical cannabis products.

The entire program is carried out by our group of doctors, who have extensive experience in the treatment involving and use of medical cannabis for different pathologies such as chronic pain, refractory epilepsy, mental health, palliative care, and cancer support.

- In 2020, we had the opportunity to train more than **300 health professionals** in Colombia from different specialties through our direct portal.
- Through alliances with different Colombian medical associations, we were able to impact more than **2,000 physicians** through symposiums focused on the use, evidence, and current status of medical cannabis in different areas of medicine.



In 2020, in alliance with the **Instituto Tecnológico y de Estudios Superiores de Monterrey**, considered one of the best universities in Mexico, we inaugurated the **first International Online Medical Cannabis Course**. The course is available to health professionals in Latin America and addresses essential concepts related to cannabinoids, cannabis regulation, and clinical evidence related to the efficacy and safety of cannabinoid administration and pharmacovigilance, among others. This course has four versions, the first of which started in June 2020 and the last of which is expected to start in May 2021. Of the 1,500 scholarships that the Company has available to award to selected health professionals, equivalent to CAD 62,380. Also 557 scholarships were awarded in 2020. Each scholarship has an estimated value of CAD 38.

Due to the success of the first two International Online Medical Cannabis Courses, we also developed with the Instituto Tecnológico y de Estudios Superiores de Monterrey, through its School of Medicine and Health Sciences, the **first Online Medical Cannabis Diploma**, also available to health professionals in LATAM, which started in February 2021. In this program, the Company will award **35 scholarships to selected healthcare professionals, with each scholarship representing an estimated value of CAD 842**.

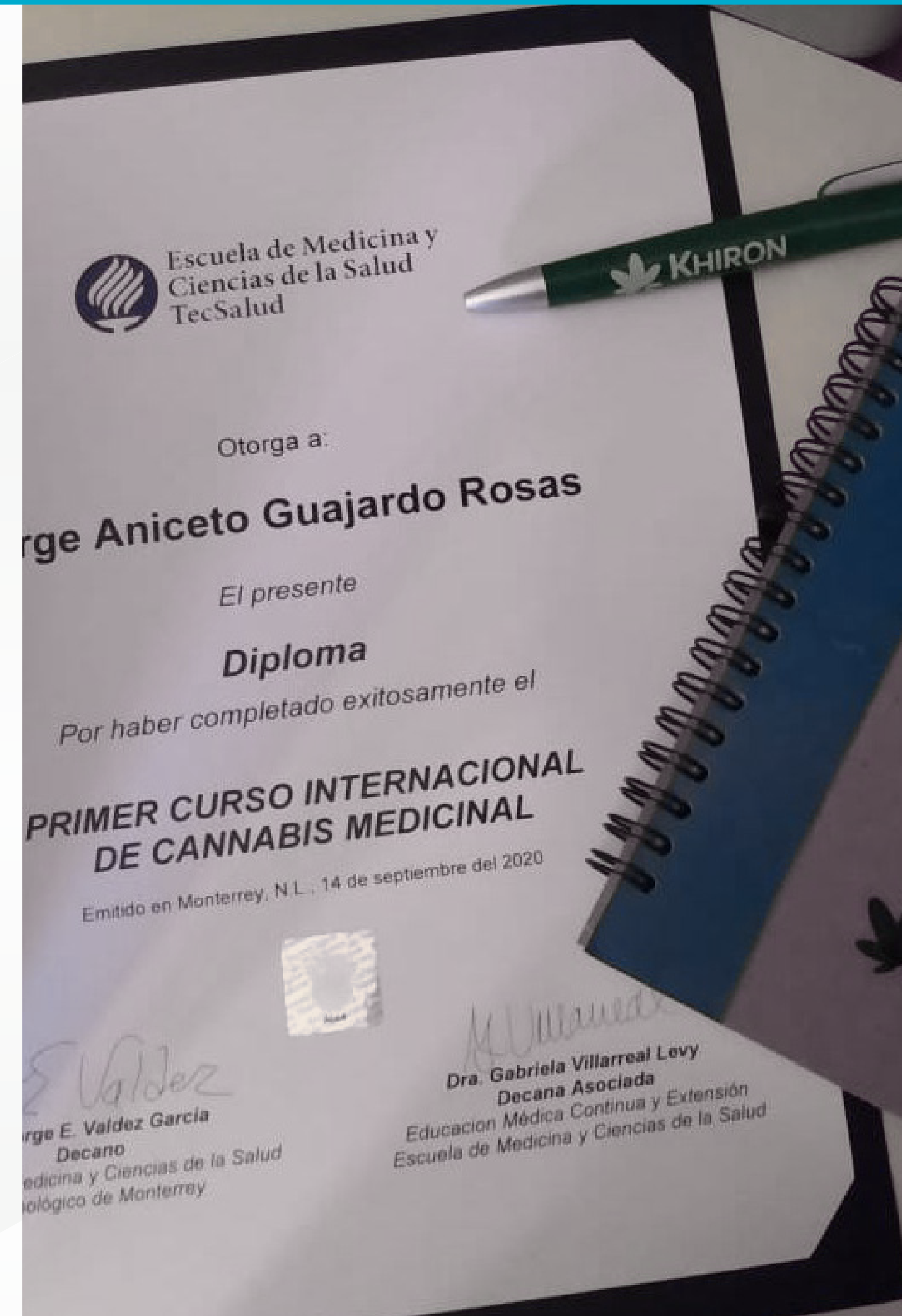
In Europe, we expanded education to doctors through our partnership with the **Medicinal Cannabis Clinicians Society (MCCS)**, which gives doctors in the **United Kingdom** access to the Company's online educational modules that provide training in the safe prescription of medical cannabis for various conditions such as chronic pain, anxiety, cancer, and epilepsy.



Research is another pillar of the Company, and for this reason, at the end of February 2020 we signed an agreement with the **University Hospital Federico Lleras Acosta Dermatological Center (CDFLLA) of Colombia** - designated as a Research Center with two groups of researchers recognized by Colciencias - in order to jointly develop a **research project focused on the safety and efficacy of medical cannabis in relation to patients with different symptoms, medical conditions, and skin pathologies, where cannabis is considered a potential complementary or adjuvant treatment**.



As the exclusive Latin American cannabis supplier, we are also currently part of **Project Twenty21**. Project Twenty21 aims to reach 20,000 patients by the end of the second quarter of 2021, generating the largest body of observational evidence to date about the efficacy and tolerability of medical cannabis.



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SUSTAINABLE COMMUNITY DEVELOPMENT





AREA OF INFLUENCE AND COMMUNITIES

At **Khiron**, we generate value for the communities in our area of influence through the creation and development of social and economic programs that promote regional and local well-being. The area of influence of our main center of operations - that is, our Production Facility - encompasses the municipalities of Piedras, Ibagué, El Espinal, Saldaña, Natagaima, Líbano, Venadillo, and Alvarado, located in the Department of Tolima, Colombia, being in the Corregimiento de Doima. The municipalities of Piedras and Ibagué are our primary area of influence, while the other municipalities are our secondary area of influence.

ACCORDING TO THE COLOMBIAN NATIONAL ADMINISTRATIVE STATISTICS DEPARTMENT (IN SPANISH - DANE), **THE MUNICIPALITY OF IBAGUÉ HAS APPROXIMATELY 579,803 INHABITANTS, THE MUNICIPALITY OF PIEDRAS 5,725 INHABITANTS, AND THE OTHER MUNICIPALITIES IN OUR AREA OF INFLUENCE ADD UP TO APPROXIMATELY 180,121 INHABITANTS, DISTRIBUTED AS FOLLOWS: 19,872 IN VENADILLO; 14,111 IN SALDAÑA; 22,255 IN NATAGAIMA; 39,459 IN LÍBANO; 75,692 IN EL ESPINAL; AND 8,732 IN ALVARADO.**

STRENGTHENING OUR COMMUNITIES



As part of our decision to strengthen the communities and local businesses in the area of influence of our Production Facility, we have developed a series of initiatives to promote their development. These initiatives have been designed and built hand in hand with the communities, through mutual recognition workshops, interviews to identify needs, social characterization, and attention to requests from key stakeholders. All of these are framed in relationships of trust, transparency, and security.

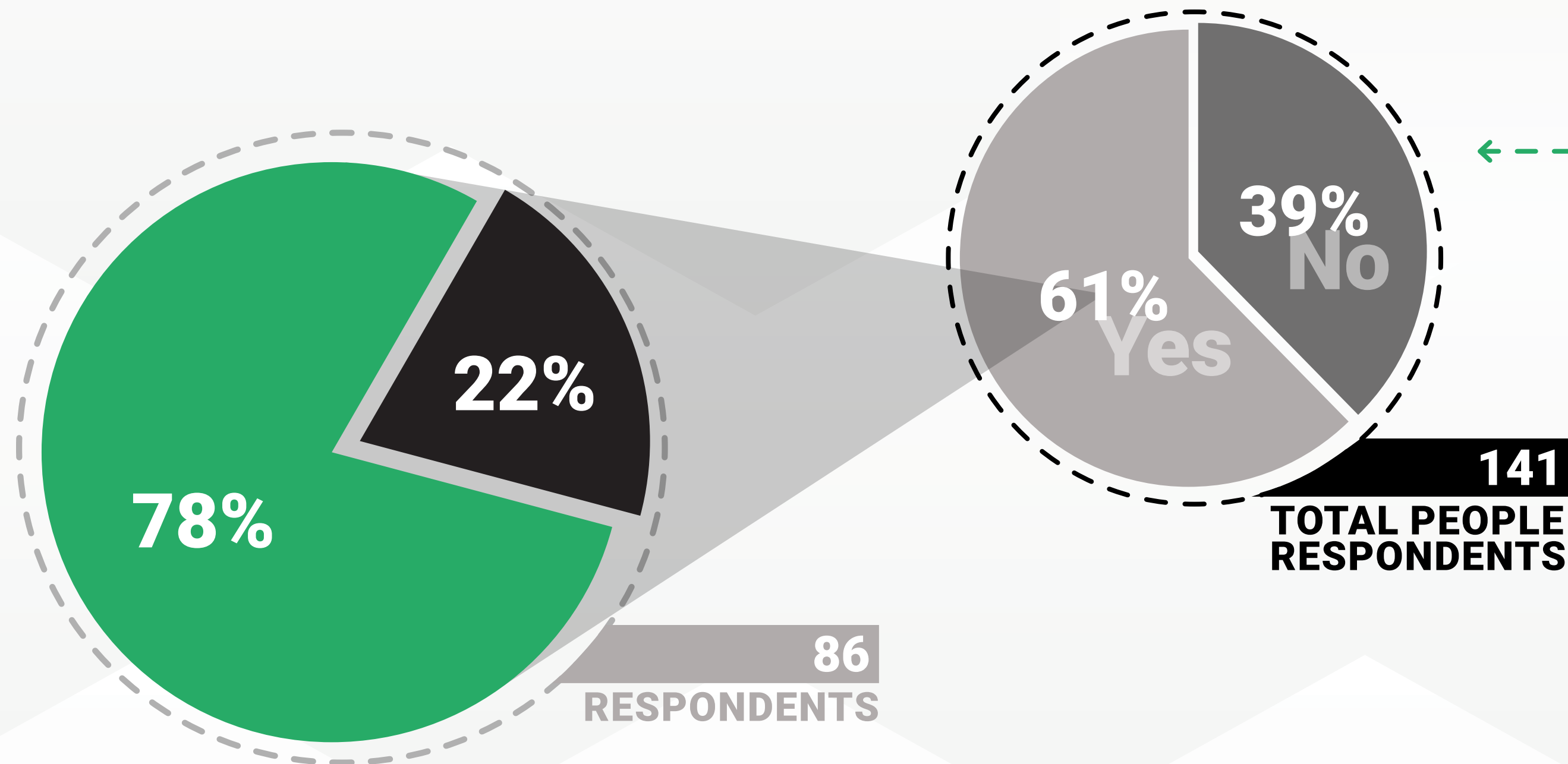
During the implementation and completion of these activities, we carried out evaluations to measure the real impact and obtain indicators that allow us to strengthen our sustainable community development strategy and clearly identify successful initiatives.

As a result of the fieldwork carried out by our company, we found that what most concerns the inhabitants of our area of influence and generates the **highest expectations** is the care and protection of the environment, followed by job opportunities and health programs.

Based on the information obtained, we concentrated our efforts on impacting those aspects relevant to our communities. We wanted to understand if, with our arrival in our the area of influence, we had generated positive changes in the main aspects that concern the communities. After a quantitative and qualitative analysis of the results, we found the following information: the actions we have taken during **2019 and 2020** support the objectives of the Company and the communities.

Perceived benefits for the community.

Perceived benefits for themselves.



HAVE YOU FOUND BENEFITS SINCE KHIRON'S ARRIVAL?

PERCEIVED CHANGES WITH KHIRON'S ARRIVAL



The local economy of our area of influence has grown and new local businesses have opened, especially those related to food, hardware, lodging, and transportation, and there has been a significant increase in the sales and sizes of existing businesses. There has also been an increase in the supply of private security services, agronomy, and other technical activities as a result of the increase in demand.

Although to date we do not have evidence that the Company generates real significant negative impacts on the communities, the natural deterioration of the access roads to our Production Facility, although not caused directly and exclusively by us, could be a potential negative factor that would generate discomfort for those who use them.

SUSTAINABLE DEVELOPMENT INITIATIVES

HEALTHY COMMUNITIES

The Healthy Communities Program is part of our relationship strategy with local communities in the Municipality of Piedras. As our Company focuses on health and quality of life and takes into account the priorities of the population, we wanted to choose health as our social intervention flagship.

This program has been co-created with the participation of the local population, allowing us to organize it in a joint, decentralized, and simultaneous manner to achieve a common goal.

Healthy Communities has materialized as a medical assistance program that connects health professionals with the communities through "health days" designed to contribute to the well-being of the local population.

As a result of our analysis of the region's epidemiological profile and interviews conducted with local residents in 2019, it was established that the health model should address three main aspects: physical inactivity, poor eating habits, and sexual and reproductive health. We are committed to developing and executing activities that address these three aspects and generate a real social impact.

Although this program is constantly evolving, in 2020 we had to temporarily pause some specific activities we had scheduled with the communities, which will be resumed in 2021. These activities include a health day carried out by the Colombian Red Cross Mobile Health Unit, Tolima Branch, and sexual and reproductive education activities for parents and children carried out by our company's health professionals in support of other professionals.

LOCAL EMPLOYMENT

From the moment we started activities at the site of our Production Facility, we have strived to generate as many jobs as possible for local residents. We tacitly implement practices focused on inclusive, local employment, where we prioritize local residents, with the aim of hiring and retaining the best talent in the area.

With respect to the recruitment of staff, we did not limit ourselves to traditional job announcements, as we found they were not the right channel through which to reach people in search of employment. In an effort to get closer to the community, we innovated in the communication of job postings, opening a fluid and transparent channel of liaison with our department in charge of staff selection and recruitment and thus reaching a larger number of candidates.

From surveys conducted with local residents, we have obtained the social endorsement of the majority regarding an improvement in employment issues since our arrival. This indicator has shown us that we are having a positive impact on the community. Therefore, the operations in our Production Facility in the Municipality of Piedras, Tolima, have high participation by the communities in our area of influence.

- | **At the end of 2020, thirty-six percent (36) of our employees in the Productive Facility correspond to inhabitants of Piedras and thirty-eight percent (38%) to Ibagué, having a total of seventy-four percent (74%) of our employees from our influence area.**

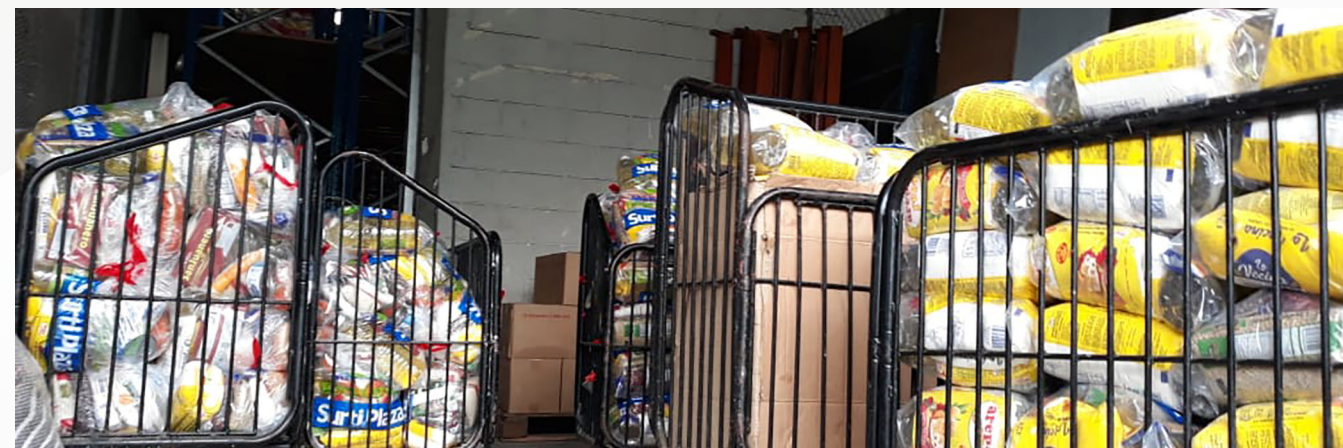
We are currently working to formalize a local employment generation policy with our corporate governance bodies, which includes the actions developed to meet the proposed goal for 2021.

SOCIAL INVESTMENT

At Khiron, we strive to ensure that our social investments have a real effect in our area of influence. We seek to go beyond strategic philanthropy, acting in favor of a solid social responsibility, guided by ethical and humanitarian standards that maximize the well-being of the communities in which we operate.

The atypical 2020 juncture taught us that solidarity is a fundamental component in creating prosperity in society. Seeking to contribute,

- We delivered 200 grocery packages to the mayor's office of the Municipality of Piedras, which delivered them to the neediest citizens. We also delivered 100 nutritional packages to Khiron employees who required more support at the time, and 45 grocery packages to the most vulnerable population of Piedras, mainly the elderly.



- We delivered medical and hospital supplies to the San Sebastian Hospital in the Municipality of Piedras, to be used by its health professionals in the provision of their services.

- We collaborated with the Piedras municipal administration in the development of a day camp offered to all the children of the Piedras community and nearby villages by providing refreshments to the participants.

Considering the new health needs that COVID-19 brought to the community, we hired a Head Nurse who carried out, at the San Sebastian de Piedras Hospital and at the Doima Health Post, activities related to health promotion and prevention of COVID-19.

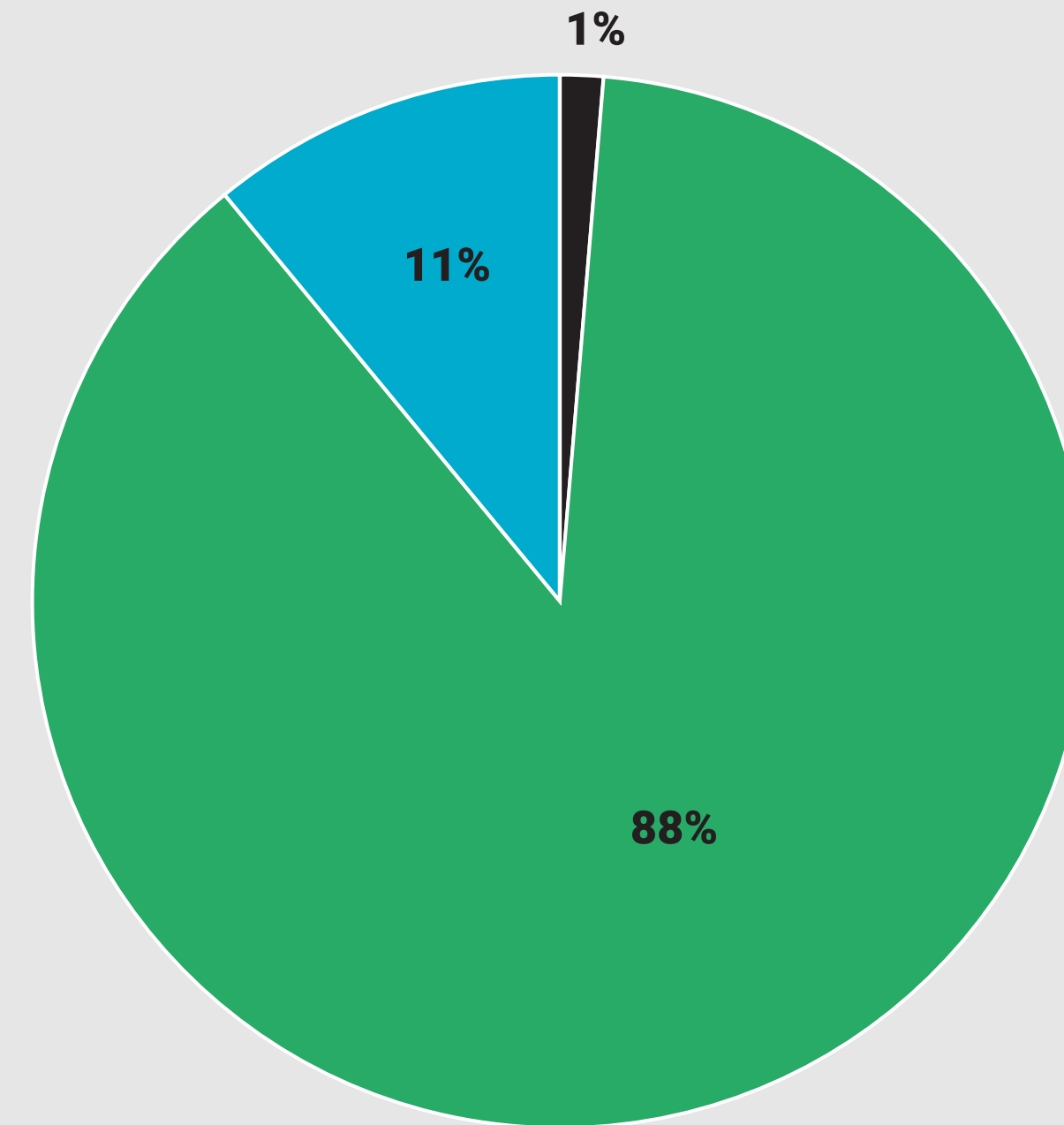
Since April, our nurse has been in charge of following up with suspected COVID-19 patients, educating other health professionals on COVID-19 related issues, participating in the National Expanded Program of Immunization (PAI), carrying out prevention and promotion activities related to the growth and development monitoring of children, following up on the adherence to hand-washing campaigns, and collaborating in triage, hospitalizations, emergencies, and inventory control at the hospital.



In addition, to increase the number of COVID-19 tests performed in Colombia, we delivered the BioFire FilmArray (multiplex PCR system) equipment for the rapid diagnosis of COVID-19 to the Santa Clara Hospital in Bogotá, Colombia.

CATALOG OF LOCAL PURCHASES

Ninety-nine percent (99%) of our 2020 purchases and acquisitions of goods and services were made from domestic suppliers and contractors, for an estimated value of **CAD 6,300,000**. International purchases and **acquisitions of goods and services accounted for only one percent (1%)**. Of the total purchases and procurement of domestic goods and services, approximately **eleven percent (11%) were in our area of influence, accounting for an estimated value of CAD 700,000**.



2020 PURCHASES

- ◆ International suppliers
- ◆ Domestic suppliers outside the area of influence of the Production Facility
- ◆ Local suppliers in the area of influence of Production Facility



To increase our purchases and acquisitions of goods and services in our area of influence, in 2020 we began the first phase of the program to create a catalog of local and inclusive purchases. Through this program we seek to (a) recognize and prioritize local contractors and suppliers that meet our company’s needs, (b) identify factors that prevent our company from contracting with them, and (c) define a roadmap of actions to be taken as a company to overcome these obstacles together with the community.

In the first phase, we focused on conducting fieldwork and research to learn more about the local businesses that can offer us the materials, equipment, and services that are constantly relevant to the operation of the Production Facility. In the second phase, we will design the action plan that will be executed in the third phase of implementation. We expect to complete this program in the third quarter of 2021.

This initiative has been developed in recognition of the importance that local contractors and suppliers have in the development and success of our operations; we strive for their strengthening and growth based on safe, ethical, transparent and especially sustainable relationships, that are mutually beneficial.

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HARMONY WITH

THE ENVIRONMENT



ENVIRONMENTAL COMPLIANCE

At Khiron, we verify that all our activities that cause or may cause environmental impacts strictly comply with the provisions of local environmental legislation. For this reason, we have a matrix to identify the environmental legal requirements applicable to our operations in Colombia and, to the extent that the Company starts operations that have an impact on the environment in other jurisdictions, we will update the matrix with the new aspects of environmental regulation of the local regulations.



In 2020, we had no fines or sanctions
for non-compliance with environmental laws or regulations.

MATERIALS

The products marketed by the Company in 2020 were Kuida products and Magistral Preparations with Cannabis Derivatives.

The materials used in the production and commercialization of our Kuida products are mainly rigid plastic (PP5), flexible plastic (PS6 and others), metal (non-ferrous), and cardboard (folding and corrugated). The estimated weight of the materials used in Kuida products depends on the type of product and its presentation, ranging from 27 grams to 72 grams, so that the estimate has a margin of error of up to 0.7%. Of the materials, the **rigid plastic** of our primary packaging is **renewable** and has an estimated weight

between 1.8 grams and 12.2 grams, while the corrugated cardboard has an estimated weight between 74 grams and 232 grams. In both cases, the weight will depend directly on the corresponding SKU.

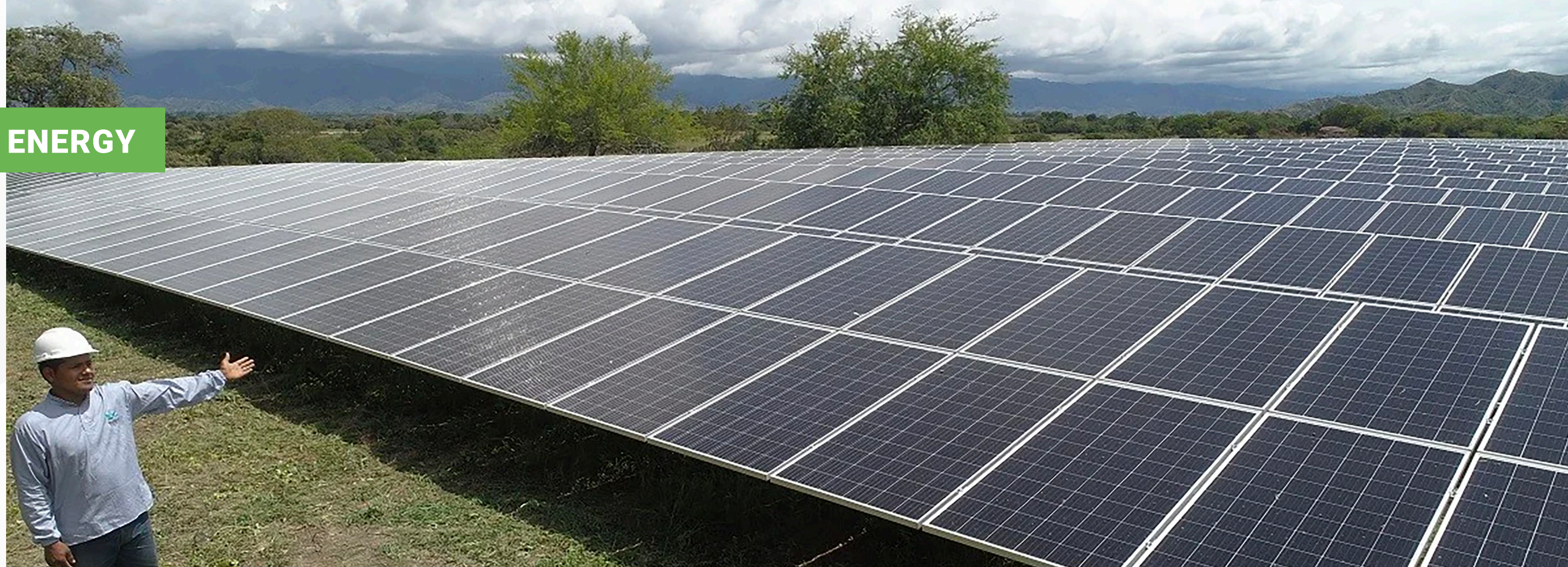
The materials used in the production and commercialization of our medicines are mainly glass, plastic, and cardboard - folding and corrugated. The average weight of the materials of our master formulas is approximately 60 grams for the 30 ml presentation and 72 grams for the 50 ml presentation.

Since these are medicines composed of a controlled substance and subject to control, the primary packaging cannot be reused or recycled, because local legislation requires that it be destroyed after use, even when assisted by the corresponding authority; however, **we try to inform and encourage our patients to dispose of their medicines in the “Blue Point”** (in Spanish - Punto Azul) dispensers located in drugstores and supermarkets. These are collected by a certified operator for transport and final destruction (incineration).

In addition, **the corrugated cardboard used as tertiary packaging in both of our products is one hundred percent (100%) recyclable and biodegradable**, since it is manufactured using cellulose fiber from wood or sugarcane obtained through purification processes and other recycled raw materials processed domestically.

To contribute to the transition towards a circular economy, at the beginning of 2021 and through an environmental initiative led externally by the **National Association of Industrialists of Colombia (Asociación Nacional de Industriales de Colombia, ANDI)** to which we have subscribed, we will recover at least ten percent (10%) of the total containers and packaging that we put on the market in 2018, recycling and using or reusing them. **(30%) in five (5) years.** Additionally, we will initiate new searches for suppliers of secondary packaging that can be recycled and/or reused.

ENERGY



The main sources of energy consumption in our Production Facility in Colombia are (a) the lighting and irrigation facilities in our greenhouses, (b) the air conditioning system in the rooting area, and (c) the equipment associated with the post-harvest building, which consists of the air handling units (HVAC system), chiller (HVAC system), and extraction, monitoring and analysis, and lighting equipment.

In 2020 we made an investment of CAD 850,000 for the construction, adaptation, and commissioning of a solar energy park at the Production Facility. This has **2,600 solar panels** with an installed generating capacity of 750 kW/h. In the seven months of operation in 2020, it generated 36,925 kW/h for a total of 133 Gigajoules (Gj).

We started Phase 1 testing, conducting programming analysis and making adjustments to optimize the management of the inverters. The continuity of the following phases involves the connection to the local grid that is part of our area of influence so that the solar park can operate at its maximum capacity. We are currently approaching the grid operator to continue with these phases. Upon completion, we expect that approximately **forty percent (40%) of the energy requirements of our Production Facility will be satisfied**

by the solar farm, which will substantially reduce our reduce our GHG emissions, (GHG) emissions, representing a reduction in CO2 emissions of approximately 580 tons.

In addition to the solar farm, the energy required by the field comes from the operation of generators that consume fuels from non-renewable sources, which in 2020 reached 5,400 Gj.

The tools for calculating the data previously provided are the average hourly and daily energy consumption of the electromagnetic group taken by the operation and maintenance area, and the Aurora Easyview application dedicated to remote monitoring of the solar farm's energy production and consumption.

In addition to the energy measurements of the Production Facility, we monitor the electricity consumption of our offices and clinics in Bogotá by tracking the figures reflected in the utility bills. In the other countries in which we operate, we do not have our own offices and are in co-working facilities; therefore, we do not have traceability of the energy consumed by our collaborators or by the spaces assigned to them.

OFFICES (IN COLOMBIA)	ENERGY CONSUMPTION, 2020 (IN GJ)
Production Facility	5.5 Gigajoules (Gj)
Khiron office in Bogotá	105.8 Gigajoules (Gj)
ILANS Country	128.6 Gigajoules (Gj)
ILANS Parkway	96.6 Gigajoules (Gj)
Zerenia Clinic	176.1 Gigajoules (Gj)
TOTAL	512.7 GIGAJULES (GJ)

Our goal is to reduce energy requirements in the Production Facility, as well as in all our offices and administrative offices, by implementing training programs for our employees to promote energy savings. We will design a roadmap focused on minimizing our energy impact, which will be implemented within the framework of our climate action strategy detailed below.

We are aware of the importance of energy consumption in our supply chain and are evaluating the standards and methodologies applied to the verification and measurement of this indicator to improve the environmental practices of our organization, hoping that by 2021 these data will be recorded.

WATER

Our Company is committed to the preservation, protection, and efficient use of water resources. We ensure that the rate of consumption is less than the rate at which it is replaced, being aware that it is a renewable but limited resource. We exercise control over the use of this resource throughout our operations in Colombia.

At the Production Facility we have a well from which we extract all the water required by the complex. This activity is carried out in accordance with environmental regulations, **with the groundwater concession permit issued by the Corporación Regional del Tolima. The average total volume of groundwater that we extract from this well is 130.33 megaliths annually.**

To identify water-related impacts, we use the Vicente Conesa Fernández-Vitora methodology for calculating environmental matrices, the Leopold matrix methods, and the Battelle-Columbus Institute method, which identify the significant impacts that may occur prior to the implementation of a project or a task. This evaluation is carried out twice a year.

To address these impacts, we have implemented measures that allow us to adequately manage the water captured, with a controlled water system that guarantees that use of the resource is limited to what is strictly necessary. In this way, we guarantee compliance with the goals related to water management established in our program of efficient water use and saving, and as a result, our agricultural processes do not waste water. We also carry out workshops on the socialization and appropriation of water resources with the communities in our area of influence.

In addition, through our water management program, we undertake five lines of work:

- Measure actual water consumption.
- Maintain actual leakage losses at 0%.
- Efficient use and saving of water in the activities carried out in the production process.
- Disclose, inform, raise awareness, and train and educate about the efficient use of water resources.
- Use water efficiently and rationally in irrigation.

We have not affected the water sources of other properties, nor have we diminished the availability of this resource for neighboring communities.

At our administrative offices in Colombia, the water supply is municipal, so we keep strict controls on consumption and develop alerts to encourage its rational use. We will use 2020 as a baseline to establish our office water-management objectives.

Total water consumption by the Company in Colombia in 2020 was as follows:

WATER CONSUMPTION IN COLOMBIA	WATER CONSUMPTION (IN M3) 2020
Parkway Headquarters	907 M ³
Country Headquarters	1,229 M ³
Zerenia Clinic	1,165 M ³
Production Facility	15,640 M ³
Total	18,941 M³

Currently, liquid disposal from the operations related to the clinics located in Colombia and the offices located at the different points of operation is carried out through public sewage lines. **At the Production Facility we treat liquid waste through an authorized manager,** while we complete the process of obtaining the liquid disposal and occupancy permit for domestic liquid disposals requested by the corresponding authority.

At the moment we do not monitor water use or liquid disposals in our operations outside Colombia, because our offices are co-working spaces that prevent us from measuring the individual water consumption of our employees. Notwithstanding the above, we encourage water saving throughout our organization, motivating our employees to adopt efficient consumption practices as individuals.

BIODIVERSITY



Our agro-industrial activity is dependent on environmental and biodiversity factors, and as such **we corroborate that our Production Facility is not located in any protected area as established by the National System of Protected Areas (Sistema Nacional de Áreas Protegidas, SINAP).** As we do not import cannabis species, the law excludes us from the environmental licensing process, but to contribute to the preservation of the environment, we strengthen the awareness and responsibility of our employees in the care of the environment and biodiversity of the area, developing competencies in environmental management performance.

We safeguard the flora and fauna of the area when decisions on projects or tasks to be undertaken in the Production Facility in the Production Facility to minimize the negative impacts that we may cause. An example of this is our guideline for the protection and relocation of fauna where, when an animal species appears in one of the crop areas, we take steps to capture and relocate it in a controlled manner within its habitat to maintain a balanced ecosystem. In 2021, we hope to identify the species that appear on the IUCN Red List and on national conservation lists to gain more-precise knowledge of the area's diversity.

EMISSIONS



During 2020, we emitted approximately **1,061 tons of CO2** as a product of burning fossil fuels in our Production Facility, with an average CO2 concentration of 300 parts per million (ppm). That CO2, along with other GHGs, is absorbed by our trees and plants, including cannabis plants, and used in the cannabis extract extraction process, which gives us good mechanisms of carbon sequestration.

- Biogenic emissions from the composting of residual plant material from our operations are present.
- Other gases used in our agro-industrial activities are nitrogen, argon, hydrogen, helium, and synthetic air.

We do not import, produce, or export substances with ozone depletion potential, nor do we have significant emissions of nitrogen or sulfur oxides into the air. All the products we use are identified and labeled according to the globally harmonized system and prior to use we validate that the MSDS clearly identify the type of product and its environmental implications.

With our main economic activity being agro-industrial, **we are widely exposed to the effects of climate change**, which can have a negative impact on the Company. Any extreme weather condition (frost, hail, drought, floods) can have repercussions on our agro-industrial activity. The effects of future droughts could reduce the yield and quality of cannabis production, which could materially affect our financial and operating results. Higher temperatures or rainfall may contribute to an increased presence of insects and pests, and may also have adverse consequences on our production by causing plant diseases, which may render all or a substantial portion of the affected crops unsaleable. Even when only part of the production is damaged, operations may be affected, as we will incur additional expenses; although some plant diseases are treatable, the cost of treatment can be high and would negatively affect our production processes and operational and financial results.

For this reason, **our goal is to create and execute a strategic climate action plan focused on climate change adaptation and mitigation.** In this plan, we will measure direct and indirect GHG emissions and their intensity and determine a baseline for our carbon footprint. Also, in conjunction with the risk management framework that we will develop in the medium term, we will clearly identify the impacts that climate change may have on our operations, the financial implications derived from this risk, and will establish roadmaps for its evaluation and monitoring.

EFFLUENT AND WASTE



We have established processes for storing and disposing of waste generated from our operation as follows:

Our solid waste management and disposal program is comprised of four lines of work:

- a) Management and disposal of plant material, controlled and approved by the National Narcotics Fund.
- b) Management and disposal of domestic waste, which is delivered to the public service system.
- c) Hazardous waste management and disposal. Hazardous waste is disposed of by an authorized manager with an environmental license.
- d) Recyclable waste management.

As part of our waste management program, which began in 2020, the original waste is treated by the public utilities corresponding to each location in which we operate. In the case of hazardous and recyclable waste in Colombia, which is the only place in our operations where it is generated, it is stored in collection points located within the facilities that produce it, and then delivered to authorized waste operators who manage, treat, and dispose of it appropriately according to local legislation. **None of this waste is exported or transported to other countries.**

ORDINARY WASTE IN COLOMBIA	KG
ILANS Country Headquarters	1.733
Zerenia Clinic	914
ILANS Parkway Headquarters	907
Bogotá Offices	132

HAZARDOUS WASTE IN COLOMBIA	KG
ILANS Country Headquarters	2.388
Zerenia Clinic	794
ILANS Parkway Headquarters	774
Production Facility	5.943
Bogotá Offices	0

RECYCLABLE WASTE IN COLOMBIA	KG
ILANS Country Headquarters	1.083
Zerenia Clinic	650
ILANS Parkway Headquarters	469
Production Facility	2.608
Bogotá Offices	54

With regard to the manufacture of Kuida products and Magistral Preparations, we do not generate waste or reuse any material, since the manufacturing process is based on purchase orders and the exact amount of raw material is used for the batches to be manufactured.

KHIRON ECO-FRIENDLY INITIATIVES

- We avoid the use of single-use plastics and promote recyclable or multiple-use containers and packaging such as mugs (see photo of Khiron mug).



- We have a collection center for used batteries that are donated to low-income children’s foundations, who sell them for recycling.

- We have a collection center for used plastic caps that are donated to foundations for children with illnesses such as cancer, who sell them for recycling.

- We support the Botellas del Amor Foundation’s external initiative that converts flexible packaging waste into plastic wood.

- We encourage the use of public transportation, bicycles, scooters, or carpooling for commuting to work. One hundred percent (100%) of our team in Europe commutes to our offices by means that do not generate GHG emissions.

- We recycle waste and residues.
- We train our employees in matters related to sustainability.
- We collect expanded polystyrene and donate it to an authorized manager for the treatment of such material.



SOCIAL AND ENVIRONMENTAL EVALUATION OF SUPPLIERS

It is in our best interest that our suppliers meet high social and environmental standards, so we have developed selection and evaluation criteria to comprehensively assess their performance.

We evaluate all new suppliers that are critical and indispensable (59 suppliers) for our operations according to environmental and social criteria, determining whether they have caused any negative impact related to non-compliance with human rights, employment, safety and health, education, discrimination, economic impact, labor practices, environmental standards, biodiversity degradation, excessive or unnecessary use of natural resources, irresponsible waste disposal, and excessive waste generation and pollution, among others.

This process has contributed to the identification of some suppliers against whom complaints have been filed due to labor-related issues, the main reason being late payment of salaries and social benefits, and/or environmental issues, the main cause being excessive pollution and poor waste management and disposal. In this regard, we emphasize to our suppliers and contractors that environmental preservation and care, as well as fair labor practices, are indispensable to the company.

Likewise, the previously described steps have allowed us to have a certain degree of security regarding the favorable working conditions that our suppliers provide to their employees and contractors. Prior to hiring any supplier, we carry out a security study to alert us about any unlawful and/or unethical behavior that the supplier may have engaged in, and once we have selected a supplier, we include in all our commercial agreements clauses and provisions that commit and require them to comply with all their ethical, labor, and social security obligations, which the applicable laws impose on them as employers.

We are pleased to report that **in 2020 we did not exclude any supplier from our database, since those that caused minor damages were able to remedy those faults in a manner satisfactory to the affected stakeholders**. We also did not find suppliers that infringed or could be infringing on the rights of their workers, such as the right to freedom of association, collective bargaining, or human rights, or that had underage employees.



We create
the way
together...

AS
ONE

SHORT-AND MEDIUM-TERM

GOALS



ASPECT	GOAL	COMPLIANCE DEADLINE
Corporate Governance	Socialize with the entire Company the Corporate Governance policies.	2021
Corporate Governance - Risk Management and Precautionary Approach	Design a company-wide risk management framework that complies with the precautionary approach. This should focus on identifying, assessing, mitigating, and monitoring risks and ensuring business continuity.	2022
Collaborators	Create and implement career plans for collaborators.	2022
HSEQ	Implement occupational health and safety action plans outside Colombia.	2021
Social - Employment	Create and implement the Local Employment Policy.	2021
Social - Economy	Create the catalog of local and inclusive purchases.	2021
Social - Economy	Design the social investment strategy.	2022
Environmental - Climate Action	Create the comprehensive climate action strategy plan.	2022
Environmental - Compliance	Create an environmental legal requirements identification matrix.	2021
Environmental - Biodiversity	Identify species that appear on the IUCN Red List and national conservation lists.	2022
Environmental	Design a matrix of significant impacts on biodiversity and the environment.	2022
Social, Environmental, and Economic Evaluation of Suppliers	Create a policy or procedure on the social, environmental, and economic evaluation of suppliers.	2021



LEGAL NOTICE

THIS REPORT CONTAINS STATEMENTS ABOUT PROJECTS AND ACTIONS TO BE DEVELOPED IN THE FUTURE. THESE REFLECT THE COMPANY'S EXPECTATIONS, BASED ON TRUE, AND DETERMINABLE INFORMATION, WHICH LEADS US TO BELIEVE ON REASONABLE GROUNDS THAT THEY MAY BECOME REAL FACTS IN THE SHORT, MEDIUM, AND LONG TERM.

Notwithstanding the foregoing, we are subject to unforeseeable and uncontrollable circumstances that may alter the Company's ability to achieve its goals by causing delays or non-compliance. As such, all statements should be taken with a reasonable degree of doubt and uncertainty. These risk factors are disclosed in the Company's Annual Information Form, dated June 30, 2020, which is publicly available.

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**! THIS REPORT HAS NOT BEEN
! EXTERNALLY VERIFIED.**

TABLE OF CONTENTS GRI

GRI STANDARD	DESCRIPTION	PAGE	COMMENT
GRI 101 FUNDAMENTALS			
GENERAL CONTENTS			
102-1	NAME OF ORGANIZATION	8	
102-2	ACTIVITIES, BRANDS, PRODUCTS, AND SERVICES	28	
102-3	LOCATION OF HEADQUARTERS	3	
102-4	LOCATION OF OPERATIONS	39	
102-5	OWNERSHIP AND LEGAL FORM	8	
102-6	MARKETS SERVED	39	
102-7	SCALE OF THE ORGANIZATION	49/28	
102-8	INFORMATION ABOUT EMPLOYEES AND OTHER WORKERS	49	
102-9	SUPPLY CHAIN	11	
102-10	SIGNIFICANT CHANGES IN THE ORGANIZATION AND ITS SUPPLY CHAIN		Non applicable since it is our first report.
102-11	PRECAUTIONARY PRINCIPLE APPROACH	43	
102-12	EXTERNAL INITIATIVES	47/53/77	
102-13	ASSOCIATION MEMBERSHIP	47	
102-14	STATEMENT FROM THE SENIOR DECISION-MAKER	5	

102-15	KEY IMPACTS, RISKS, AND OPPORTUNITIES	43	As of 2020, we have identified the risks to which the Company is exposed and in the medium term we will design and implement a general risk management framework.
102-16	VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOR	20	
102-17	MECHANISMS FOR ETHICS ADVICE AND CONCERNS	24	
102-18	GOVERNANCE STRUCTURE	22	
102-19	DELEGATION OF AUTHORITY	22	
102-20	EXECUTIVE-LEVEL RESPONSIBILITY FOR ECONOMIC, ENVIRONMENTAL, AND SOCIAL ISSUES	21	
102-21	CONSULTATION OF STAKEHOLDERS ON ECONOMIC, ENVIRONMENTAL, AND SOCIAL ISSUES	22	
102-22	COMPOSITION OF THE HIGHEST GOVERNANCE BODY AND ITS COMMITTEES	21/22	
102-23	CHAIRMAN OF THE HIGHEST GOVERNING BODY	21	
102-24	NOMINATING AND SELECTING THE HIGHEST GOVERNANCE BODY	21	
102-25	CONFLICTS OF INTEREST	25	
102-26	ROLE OF THE HIGHEST GOVERNANCE BODY IN SETTING OBJECTIVES, VALUES, AND STRATEGY	21/22	
102-27	COLLECTIVE KNOWLEDGE OF THE HIGHEST GOVERNANCE BODY	21/22	
102-28	PERFORMANCE EVALUATION OF THE HIGHEST GOVERNANCE BODY		The highest governance body is not evaluated by any independent entity. However, it is evaluated by the Company's shareholders at their discretion.
102-29	IDENTIFICATION AND MANAGEMENT OF ECONOMIC, ENVIRONMENTAL, AND SOCIAL IMPACTS	21/22	
102-30	EFFECTIVENESS OF RISK MANAGEMENT PROCESSES		In the business risk management framework that the company will develop in the medium term, the role of the highest governance body will be established.
102-31	REVIEW OF ECONOMIC, ENVIRONMENTAL, AND SOCIAL ISSUES	22	
102-32	ROLE OF THE HIGHEST GOVERNANCE BODY IN SUSTAINABILITY REPORTING	22	
102-33	COMMUNICATION OF CRITICAL CONCERNS	22	

102-34	NATURE AND TOTAL NUMBER OF CRITICAL CONCERNS	22	
102-35	REMUNERATION POLICIES	22/55	
102-36	PROCESS FOR DETERMINING SALARIES	55	
102-37	STAKEHOLDERS' INVOLVEMENT IN REMUNERATION		Currently, the Compensation Committee does not take into account specific social or environmental aspects when determining the remuneration of the directors.
102-38	TOTAL ANNUAL COMPENSATION RATIO	55	
102-39	PERCENTAGE INCREASE IN TOTAL ANNUAL COMPENSATION RATE	55	
102-40	LIST OF STAKEHOLDERS	15	
102-41	COLLECTIVE BARGAINING AGREEMENTS	53	
102-42	STAKEHOLDER IDENTIFICATION AND SELECTION	15	
102-43	APPROACH TO STAKEHOLDER ENGAGEMENT	17	
102-44	KEY ISSUES AND CONCERNS RAISED	17	
102-45	ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS	46	
102-46	DEFINITION OF THE REPORT CONTENT AND TOPIC BOUNDARIES	17	
102-47	LIST OF MATERIAL TOPICS	17	
102-48	RE-EXPRESSIONS OF INFORMATION		This does not apply, because the current report is the first report.
102-49	CHANGES IN REPORTS		This does not apply, because the current report is the first report.
102-50	REPORTING PERIOD	2	2020
102-51	DATE OF MOST RECENT REPORT		This does not apply, because the current report is the first report.
102-52	REPORTING CYCLE		Annual
102-53	POINT OF CONTACT FOR INQUIRIES ABOUT THE REPORT	3	SUSTAINABILITY@KHIRON.CA
102-54	REPORTING OF STATEMENTS IN ACCORDANCE WITH GRI STANDARDS	2	
102-55	GRI CONTENT INDEX	86	
102-56	EXTERNAL ASSURANCE	85	The current report was not subjected to external verification. See Legal Notice.

MANAGEMENT APPROACH

103-1	EXPLANATION OF THE MATERIAL SUBJECT AND ITS BOUNDARIES	17/18
103-2	MANAGEMENT APPROACH AND ITS COMPONENTS	17/18
103-3	EVALUATION OF THE MANAGEMENT APPROACH	17/18

ECONOMIC PERFORMANCE

201-1	DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED	45	
201-2	FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE	80	In the business risk management framework to be developed by the Company, attention will be given to climate change.
201-3	OBLIGATIONS OF DEFINED BENEFIT PLANS AND OTHER RETIREMENT PLANS	53	
201-4	FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT OF COLOMBIA	46	

MARKET PRESENCE

202-1	STANDARD STARTING SALARY RATIOS BY GENDER COMPARED TO THE LOCAL MINIMUM WAGE	55	
202-2	PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY		Currently, we do not have staff from the community in our area of influence who hold management positions.

INDIRECT ECONOMIC IMPACTS

203-1	INVESTMENTS IN INFRASTRUCTURE AND SUPPORTED SERVICES	36/78
203-2	SIGNIFICANT INDIRECT ECONOMIC IMPACTS	45/75

PROCUREMENT PRACTICES

204-1	PROPORTION OF SPENDING ON LOCAL SUPPLIES	75
-------	--	----

ANTI-CORRUPTION

205-1	ASSESSMENT OF OPERATIONS FOR RISKS RELATED TO CORRUPTION	23/24
205-2	COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES	23/24
205-3	CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN	23/24

UNFAIR COMPETITION

206-1	LEGAL ACTIONS FOR ANTICOMPETITIVE BEHAVIOR, MONOPOLISTIC AND ANTITRUST PRACTICES	23
-------	--	----

TAXATION

207-1	TAX APPROACH	Reflecting the current life stage of the Company, the tax strategy is limited to the development of a corporate structure to effectively support global growth. In 2020, the Company started the transition from investment phase to execution and while experiencing rapid growth, the Company has not yet achieved profitability, with the exception of its health clinic operations in certain periods. Hence, we have not established yet a corporate global tax strategy.
207-2	TAX GOVERNANCE, CONTROL, AND RISK MANAGEMENT	Reflecting the current life stage of the Company, the tax strategy is limited to the development of a corporate structure to effectively support global growth. In 2020, the Company started the transition from investment phase to execution and while experiencing rapid growth, the Company has not yet achieved profitability, with the exception of its health clinic operations in certain periods. Hence, we have not established yet a corporate global tax strategy.
207-3	STAKEHOLDER ENGAGEMENT AND MANAGEMENT OF TAX CONCERNS	The Company actively engages with tax authorities; however, this engagement has been limited to the normal course of compliance activities. There is no history of stakeholder concerns related to taxes.
207-4	COUNTRY-BY-COUNTRY REPORTS	44/45/46

MATERIALS

301-1	MATERIALS USED BY WEIGHT OR VOLUME	77
301-2	RECYCLED INPUT MATERIALS USED	77
301-3	RECOVERED PRODUCTS AND THEIR PACKAGING MATERIALS	77

ENERGY

302-1	ENERGY CONSUMPTION WITHIN THE ORGANIZATION	78
302-2	ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION	78
302-3	ENERGY INTENSITY	78
302-4	REDUCTION OF ENERGY CONSUMPTION	78
302-5	REDUCTIONS IN THE ENERGY REQUIREMENTS OF PRODUCTS AND SERVICES	78

WATER AND EFFLUENTS

303-1	INTERACTION WITH WATER AS A SHARED RESOURCE	78/79	
303-2	MANAGEMENT OF IMPACTS RELATED TO WATER DISPOSAL		This does not apply, because our Company does not discharge effluent.
303-3	WATER WITHDRAWAL	78/79	
303-4	WATER DISCHARGE		This does not apply, because our Company does not carry out dumping.
303-5	WATER CONSUMPTION	78/79	

BIODIVERSITY

304-1	OPERATIONAL SITES OWNED, LEASED, AND MANAGED IN OR ADJACENT TO PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE OF PROTECTED AREAS	79	We do not have operations in protected areas.
304-2	SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY	79	So far, we do not have information regarding the impacts of our activity on biodiversity.
304-3	PROTECTED OR RESTORED HABITATS	79	We do not operate in any protected or restored habitats.
304-4	IUCN RED LIST SPECIES AND NATIONAL CONSERVATION LIST SPECIES WITH HABITATS IN AREAS AFFECTED BY OPERATIONS	79	

EMISSIONS

305-1	DIRECT GHG EMISSIONS (SCOPE 1)	80
305-2	INDIRECT ENERGY (SCOPE 2) GHGS	80
305-3	OTHER INDIRECT (SCOPE 3) GHG EMISSIONS	80
305-4	INTENSITY OF GHG EMISSIONS	80
305-5	REDUCTION OF GHG EMISSIONS	80
305-6	EMISSIONS OF OZONE DEPLETING SUBSTANCES (ODS)	80
305-7	NITROGEN OXIDES (NOX), SULFUR OXIDES (SOX), AND OTHER MAJOR ATMOSPHERIC EMISSIONS	XX

EFFLUENT AND WASTE

306-1	WATER DISPOSAL BY QUALITY AND DESTINATION	80/81
306-2	WASTE BY TYPE AND DISPOSAL METHOD	80/81
306-3	SIGNIFICANT SPILLS	In 2020, there were no waste spills.
306-4	HAZARDOUS WASTE TRANSPORTATION	80/81
306-5	WATER BODIES AFFECTED BY DISCHARGES AND/OR RUNOFF	This does not apply, because the Company does not directly dump waste.

ENVIRONMENTAL COMPLIANCE

307-1	NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS	77
-------	--	----

ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

308-1	NEW SUPPLIERS THAT WERE EVALUATED BASED ON ENVIRONMENTAL CRITERIA	82
308-2	NEGATIVE ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN	82

EMPLOYMENT

401-1	NEW EMPLOYEE HIRING AND EMPLOYEE TURNOVER	50
401-2	BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO PART-TIME OR TEMPORARY EMPLOYEES	51
401-3	PARENTAL LEAVE	53

EMPLOYMENT RELATIONSHIP

402-1	MINIMUM NOTIFICATION PERIODS FOR OPERATIONAL CHANGES	55
-------	--	----

OCCUPATIONAL HEALTH AND SAFETY

403-1	OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM	56 - 60	
403-2	HAZARD IDENTIFICATION, RISK ASSESSMENT, AND INCIDENT INVESTIGATION	56 - 60	We do not have employees or workers who are not employees of the Company.
403-3	OCCUPATIONAL HEALTH SERVICES	56 - 60	We do not have employees or workers who are not employees of the Company.
403-4	WORKER INVOLVEMENT, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY	56 - 60	We do not have employees or workers who are not employees of the Company.
403-5	OCCUPATIONAL HEALTH AND SAFETY TRAINING FOR WORKERS	56 - 60	
403-6	PROMOTION OF WORKERS' HEALTH	56 - 60	We do not have employees or workers who are not employees of the Company.
403-7	PREVENTION AND MITIGATION OF IMPACTS ON THE HEALTH AND SAFETY OF WORKERS DIRECTLY LINKED TO COMMERCIAL OPERATIONS	56 - 60	
403-8	WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM	56 - 60	
403-9	WORK-RELATED INJURIES	56 - 60	
403-10	OCCUPATIONAL DISEASES AND ILLNESSES	56 - 60	

TRAINING AND EDUCATION

404-1	AVERAGE NUMBER OF TRAINING HOURS PER YEAR PER EMPLOYEE	52
404-2	PROGRAMS TO IMPROVE EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS	52
404-3	PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND PROFESSIONAL DEVELOPMENT EVALUATIONS	52

DIVERSITY AND EQUAL OPPORTUNITIES

405-1	DIVERSITY OF GOVERNING BODIES AND EMPLOYEES	54
405-2	RELATIONSHIP BETWEEN BASIC SALARY AND REMUNERATION OF WOMEN AND MEN	54/55

NON-DISCRIMINATION

406-1	DISCRIMINATION INCIDENTS AND CORRECTIVE ACTIONS TAKEN	54
-------	---	----

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

407-1	OPERATIONS AND SUPPLIERS WHERE THE RIGHT TO FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE AT RISK	82
-------	---	----

CHILD LABOR

408-1	OPERATIONS AND SUPPLIERS WITH SIGNIFICANT RISK OF CHILD LABOR INCIDENTS	82
-------	---	----

FORCED OR COMPULSORY LABOR

409-1	OPERATIONS AND SUPPLIERS WITH SIGNIFICANT RISK OF FORCED OR COMPULSORY LABOR INCIDENTS	82
-------	--	----

SECURITY PRACTICES

410-1	TRAINING OF SECURITY STAFF IN HUMAN RIGHTS POLICIES AND PROCEDURES	40
-------	--	----

RIGHTS OF INDIGENOUS PEOPLES

411-1	INCIDENTS OF VIOLATIONS OF INDIGENOUS PEOPLES' RIGHTS	Not applicable.
-------	---	-----------------

HUMAN RIGHTS ASSESSMENT

412-1	OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS	25
412-2	TRAINING OF EMPLOYEES ON HUMAN RIGHTS POLICIES OR PROCEDURES	25/42
412-3	SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT A HUMAN RIGHTS ASSESSMENT	25

LOCAL COMMUNITIES

413-1	OPERATIONS WITH LOCAL COMMUNITY PARTICIPATION, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS	72 - 75
413-2	OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES	72 - 75

SOCIAL EVALUATION OF SUPPLIERS

414-1	NEW SUPPLIERS THAT WERE EVALUATED WITH SOCIAL CRITERIA	82
414-2	NEGATIVE SOCIAL IMPACTS ON THE SUPPLY CHAIN AND ACTIONS TAKEN	82

PUBLIC POLICY

415-1	POLITICAL CONTRIBUTIONS	Not applicable.
-------	-------------------------	-----------------

CUSTOMER HEALTH AND SAFETY

416-1	HEALTH AND SAFETY IMPACT ASSESSMENT OF PRODUCT AND SERVICE CATEGORIES	61/67
-------	---	-------

416-2	INCIDENTS OF NON-COMPLIANCE RELATED TO HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES	67
-------	---	----

MARKETING AND LABELING

417-1	REQUIREMENTS FOR THE PROVISION OF INFORMATION AND THE LABELING OF PRODUCTS AND SERVICES	23
-------	---	----

417-2	INCIDENTS OF NON-COMPLIANCE RELATED TO PRODUCT AND SERVICE INFORMATION PROVISION AND LABELING	23
-------	---	----

417-3	INCIDENTS OF NON-COMPLIANCE WITH MARKETING COMMUNICATIONS	23
-------	---	----

CUSTOMER PRIVACY

418-1	SUBSTANTIATED COMPLAINTS REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSS OF CUSTOMER DATA	23
-------	---	----

SOCIOECONOMIC PERFORMANCE

419-1	NON-COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREA	77/23
-------	--	-------



Crawling, walking, running, flying.

Call it instinct, will, or a deep desire to make dreams come true. We were born to bring about change in our lives and in the lives of those around us.

Always carving out the path for happiness and well-being.

*At **Khiron**, we believe that together we are able to tear down walls and build bridges.*

Exploring a never-before-explored path is what drives us to evolve and go further!

*Despite the difficulties, blue, green, and white teams pull in the same direction with the ultimate goal of creating the path together, **AS ONE**.*

Today we pride ourselves on the journey we have taken, in each step we have taken, while always thinking of our greatest inspirations: our patients, our partners, and our collaborators.

There is still a long way to go; there are stigmas to tear down, dozens of countries to enter, thousands of patients to attend to, hundreds of doctors to train, and millions of consumers to educate.

We will forge our own destiny, always keeping our legacy in mind:

improving people's lives.

THANKS

We create the way together... AS ONE

