

MISSION REPORT

FISCAL YEAR
2021



HEY THERE, FRIENDS.

Well, that was not the easiest of years. Like so many businesses and communities across the world, we felt the pull of the pandemic doing its best to hold us back from our goals.

But we were lucky. There were enough bright spots, enough progress, to keep us moving ahead with optimism. That's really what it's all about, after all: proof of progress.

One big sign that things were looking up: Our move to 100% rPET plastic in every bottle of coconut water we produce. In fact, Harmless Harvest is the first product of Thailand to use 100% rPET. While our caps and labels are not rPET, yet, we're continuing to explore options.

It was a labor of love, and it was worth it. We looked at so many materials - glass, aluminum, plant-based, you name it - but rPET was the most environmentally sound option by far. From larger carbon emissions during shipping to how a material filters through (or clogs up) the recycling stream, we looked at the lifecycle of each material before making our final decision.

We know rPET is still plastic. Not everyone is going to be a fan of that. People will question our intentions: are we really doing everything we can for the planet? The short answer is yes. The longer answer is yes - and not every choice we make as a business is going to be popular. But we

will always make the best decision for our people and our planet. Regardless of how we're perceived.

As for more bright spots, 2021 brought further success in our regenerative organic farming pilot program. We also wrapped our greenhouse gas accounting and have actionable next steps for reducing our emissions even further. You'll read more about those initiatives in this report.

One more thing I want to mention is a decision we made to support our communities domestically. We've always been active in Thailand, helping to improve the livelihoods of our coconut farmers and support teams. This past year, we decided to renew our efforts in Oakland, CA, where our US office sits.

We chose to get involved through Oakland Promise, a program helping kids in underserved communities reach their educational goals. Several of us, myself included, have become mentors to a group of young kids through this program. As a first-generation college graduate, this work is deeply personal to me.

Now, onwards to 2022.

As always, progress over perfection,

Ben Mand



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HISTORY & MISSION

When our founders set out to start this brand, they didn't have coconuts on the brain. They had something bigger in mind - conscious capitalism. These two entrepreneurs were looking for an industry they could disrupt and rewrite with a business model that would prove conscious capitalism doesn't just work, it can be wildly successful. That mission led them to coconuts: an industry with a profound social and ecological impact - not to mention, a healthy and delicious end product - that was ripe for the bettering.

Eleven years ago, Harmless Harvest hit the shelves at Whole Foods Market. At the time, bottled coconut water on US shelves was quite the novelty. But we knew our water was delicious, hydrating, and made with a concerted effort to do things the right way. It had to be a hit - and it was.



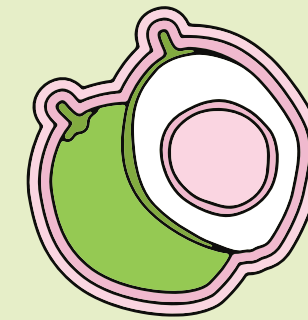
Over the next five years, we gained USDA Organic status (2013) and Fair for Life Certification (2015). Once the ethos of our brand was established, we turned to product innovation, introducing a plant-based drinkable yogurt, followed by plant-based yogurt cups. Our new formats used not just the water, but also the meat from our Nam Hom coconuts. We were on our way to minimizing food waste and maximizing deliciousness.



SNAPSHOT: 2021 ACCOMPLISHMENTS

- Successfully switched **ALL COCONUT WATER BOTTLES TO 100% RPET**
- Started our **FIRST GREENHOUSE GAS INVENTORY**, inclusive of operations in Thailand and USA
- **HELPED OVER 14,000 PEOPLE** in coconut supplying communities through Fair for Life initiatives
- Concluded our regenerative coconut farming pilot with **13 ReCAP PILOT FARMERS**
- Continued our **NON-BIASED HIRING PROGRAM**

2021 RECAP



If we're being honest (and we always are), 2021 was a tough year. As the impact of the pandemic on the workforce worsened, we felt the challenges firsthand. It was only because of the incredible people behind our business that we were able to adapt and continue our mission work.

2021's impact on supply chain and transportation costs had us struggling to keep products on shelves. Despite some setbacks, we've figured out a way forward with a strong outlook for 2022.

While our progress to reduce coconut waste hit a major setback due to demand surcharges in 2021, we are back on track and have a new plan in place to hit zero coconut waste to landfill by 2025.

We continued to work from home and collaborate remotely with our mission partners and stakeholders. Meetings with everyone from coconut suppliers to Fair for Life Premium Fund committee members remained largely virtual – and always with plenty of heart and passion in the virtual room.

A LOOK BACK

We launch our organic coconut water at Whole Foods Market!



2011

USDA Organic Certification (Thai Factory)



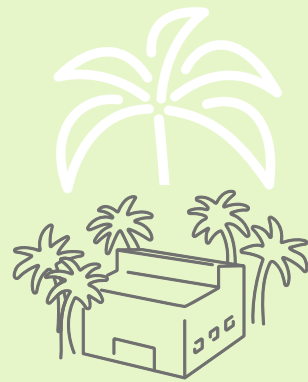
2013

Fair for Life Certification



2015

New factory opened in Thailand



2018

Drinkable Yogurt hits the shelves



2019

Yogurt Cups join the fam

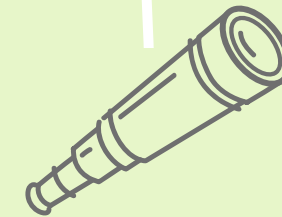


2020

Introducing.... Flavored Coconut Water!



Formalize our vision, mission and values as we look ahead



Launch the Regenerative Coconuts Agriculture Project (ReCAP)



Coconut Smoothie makes its debut



2021



Move to 100% rPET

OUR VISION

is a world where the climate and community impact from coconut farming is net positive.

OUR MISSION

is to farm, craft and share remarkable coconut products that create a natural demand for sustainable farming, better business practices and community impact.

OUR VALUES

Realizing a vision, living a mission and embodying values takes hard work, tough decisions and embracing failure as a sign of progress.

At its core, our mission is about making products that have a net-positive impact on both people and planet.



act with
HEART



PROTECT



the most vulnerable

SO THAT'S HOW WE'RE
BREAKING DOWN THIS REPORT.





LOOKING AHEAD: THE NEXT FIVE YEARS

Solidifying our mission and values this past year helped us more clearly define our vision for the future. The task for 2021 was to continue building the roadmap we'll need to get there.

GOALS TO HIT BY 2025 ✓

PEOPLE

NURTURE THRIVING COMMUNITIES

- Impact lives and livelihoods in the local communities in which we operate and increase our investment annually in line with sales growth.
- Match our workforce diversity to that of the communities in which we operate by continuing to reduce unconscious bias in hiring decisions and grow our talent pipelines of diverse candidates.

PRODUCT

PRACTICE RADICAL TRANSPARENCY

- 100% of ingredients sourced according to our Responsible Sourcing Standard and fully traceable from the farm to the factory.
- 100% of bottles from PCR (and fully recyclable). All other packaging PCR, reusable, recyclable or compostable.
- Get our coconut waste to ZERO.

PLANET

USE RESOURCES RESPONSIBLY

- 50% of coconuts sourced from farms meeting regenerative organic standards.
- 50% reduction and offset in our GHG emissions.

IMPACT: PEOPLE













Last year, Harmless Harvest continued to promote development of local coconut supplying communities in Thailand.

In all, we were able to support **14,856 PEOPLE** within these supply chain communities.

This brings our **TOTAL NUMBER OF PEOPLE IMPACTED BY OUR FAIR FOR LIFE INITIATIVES (SINCE 2015) TO OVER 38,000.**

WE DONATED MORE THAN \$230,000 USD IN 2021 TO SUPPORT EDUCATION, HEALTH AND SAFETY, AND REGENERATIVE AGRICULTURE, INCLUDING:

-  COVID prevention supplies for **23 SCHOOLS, 6 HOSPITALS**
-  Care packages for **3,413 CHILDREN AND TEACHERS + 2,000 PEOPLE IN COCONUT SUPPLY CHAIN** (farmers, farm workers, Harmless Harvest Thailand employees, and coconut suppliers' employees)
-  Water filtration maintenance in **12 SCHOOLS** (continued support since 2019)
-  Sports equipment for **2 SCHOOLS**
-  **403** pairs of student shoes and **441** items of farming gear (hats & boots)
-  Work from home support – **343** ergonomic cushions & headphones
-  **431** helmets & raincoats for coconut supplying communities
-  **13 PILOT FARMERS** received formal training and onsite recommendations from ReCAP

WHAT'S NEXT? We plan to promote equal opportunities for quality and higher education in 2022. Ideally, this will include both university student scholarship and education camps for younger students.

OUR CULTURE

We spent much of 2021 improving our internal culture for those we employ and partner with every day.



INTERNAL PROGRAMS LAUNCHED IN 2021

LIVING HARMLESSLY PROGRAM

Our values should be at the forefront of all our work. They are what guide how we conduct business and how we act towards our customers, but more importantly, how we act towards each other. We've put together this program to cover all aspects of rewards and recognition.

This internal program is done on quarterly basis. All staff can nominate co-workers who they think embody our values and the committee will go through the nominations together to select the winner.

CHIEF COCONUT GROWERS

We want to foster a culture of continuous feedback and so we're introducing the Chief Coconut Grower award. The person named Chief Coconut Grower each quarter is the person (from both US & Thailand) who has given the most continuous feedback via our feedback tool.



SUPPORTING OUR PEOPLE DURING THE PANDEMIC

During July 2021, Thailand faced an upsurge of the COVID-19 pandemic with more than 10,000 new cases daily. The vaccines were scarce, and the hospitals and state quarantine units were fully occupied.

Our teams in Thailand were also impacted by the outbreak situation. We worked with local public health care providers to set up a factory accommodation isolation unit (or FAI) to support our colleagues who were identified as high risk. This helped our team isolate and keep themselves and their families safe while any employees were infected.

We quickly responded to the situation by adjusting to 100% work from home and raising screening measures for those who entered our premises. We also worked with local government officials to source and provide vaccines to our teams.

We provided CCPCR test for all employees and started weekly ATK screening from July onwards. We also established the Harmless Harvest Thailand COVID support call center as well as distributing ATK test kits to our teams free of charge.

These efforts not only helped keep our operations running smoothly, they ensured our staff were responsibly complying with local public health measures to reduce the burden on local public health resources during this tumultuous time.



“THANK YOU FOR TAKING CARE OF THE HARMLESS HARVEST TEAM. ANOTHER THANK YOU TO THE CLEANING STAFF AND COVID-19 TEAM LEADS FOR SMOOTH AND CONVENIENT FACILITATION OF THE QUARANTINE PROGRAM.”

— SURACHAI, COCONUT RECEIVING

“THANK YOU FOR TAKING CARE OF US THROUGH THE PANDEMIC! THE QUARANTINE PROGRAM, INCLUDING ACCOMMODATION, FOOD AND EXCELLENT COMMUNICATION WAS APPRECIATED.”

— SUNISA, QUALITY CONTROL



IMPACT: PRODUCT





IN OCTOBER 2021, WE SWITCHED ALL PRODUCT BOTTLES PRODUCED IN THAILAND TO 100% rPET PLASTIC. This is absolutely a HUGE win for us – and the health of our planet!

With the use of rPET, we **AVOIDED SOURCING UP TO 485 TONS OF VIRGIN PLASTIC IN 2021.**

WHAT'S NEXT?

Bottled products today; yogurt cups tomorrow! We've begun exploring the use of rPET in our yogurt cups and hope to eventually transition to paper packaging. Stay tuned!

We're also exploring recycled material for our labels and are still searching for one that works.

And, of course, we're always looking for more ways to consume fewer packaging resources. For example, would a thinner bottle (even less rPET plastic) be possible? We're going to find out!



COMMITTED TO ZERO WASTE

SET BACK

It was a challenging year for our ambitious goal of zero coconut waste to landfill. In 2021, the amount of punched coconuts sent to the landfill increased to 42% - up from just 5% in 2020. As the pandemic continued to affect local business and the workforce, the demand for excess coconut meat and byproduct decreased.

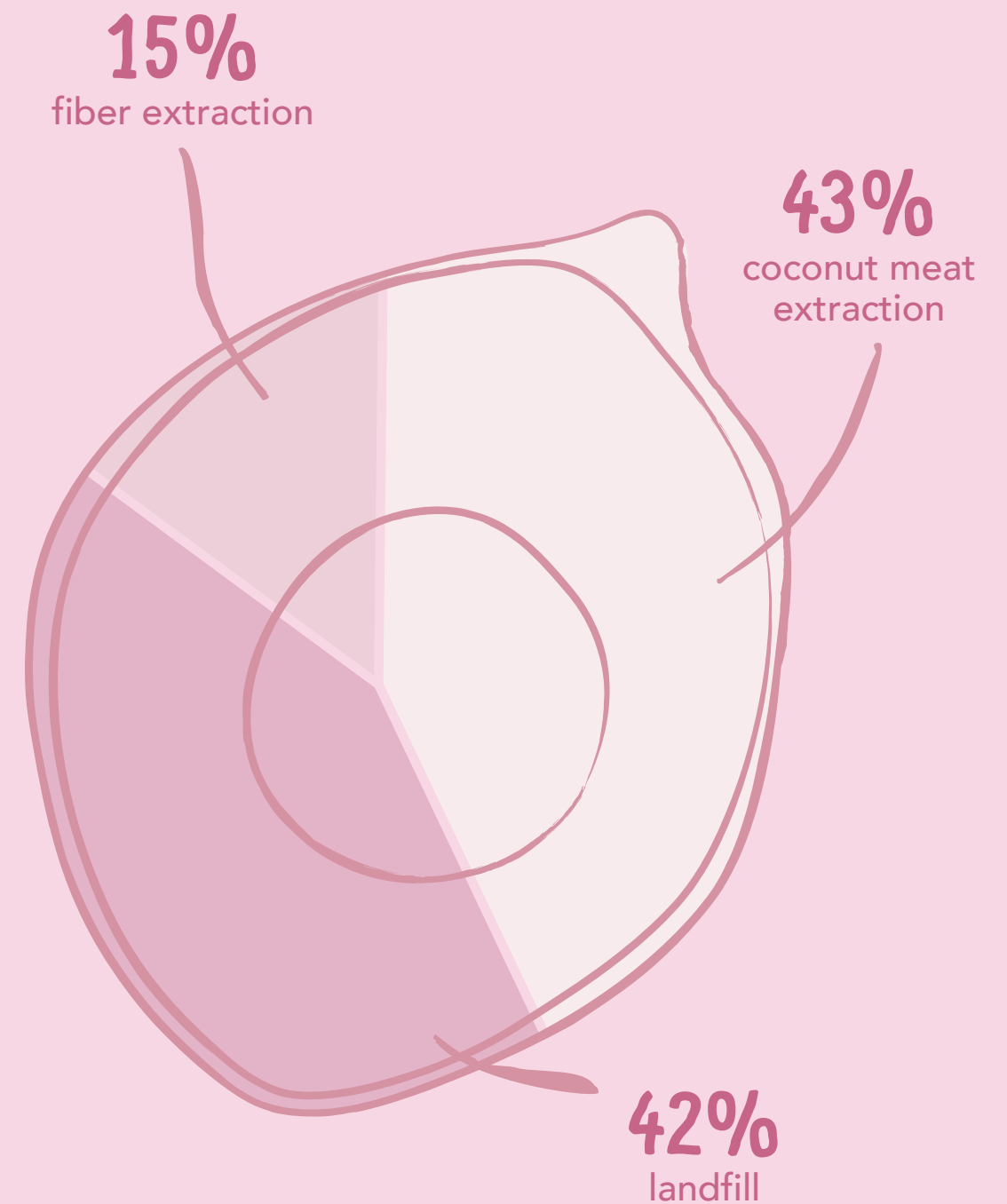
There was also the challenge of increased production. Our coconut volume had nearly doubled from 2020. And more punched coconuts meant more waste to manage.

STEP FORWARD

To reduce the amount of punched coconut waste heading to the landfill, there is a plan in place to increase our coconut meat scooping capacity (both in-house and by suppliers). With the launch of our Pulp and Dessert products, more of the coconut meat will be put to good use.

Meanwhile, our business development team continues to explore other coconut waste management options including compost, paper manufacturing, coconut fiber pots for planting (coir pots), composite board, etc.

All in, we aim to reduce our volume of coconut waste to landfill to 15% in 2022 as we look toward 0% by 2025. With plans to grow year over year, this will be a constant effort.



IMPACT: PLANET



REGENERATIVE COCONUT AGRICULTURE PROJECT (ReCAP)

ReCAP is an incredible multi-stakeholders partnership project led by Harmless Harvest, Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), and Danone Ecosystem Fund.

THE OBJECTIVES To promote regenerative farming practices in coconut growing areas in central Thailand, to ensure sustainable coconut production, to promote proper recovery of the soil, to encourage biodiverse farm ecosystems and to improve livelihoods for all coconut farmers.

The ReCAP project has two main phases:

1. pilot phase where we test which regenerative farming practices work and don't work in coconut farms, and
2. scale up phase where we summarize learnings and distribute the knowledge to 350 coconut farmers.



Bare soil surface in conventional coconut farm leads to moisture loss and nutrient leach. The soil will be compact and susceptible to climate change.

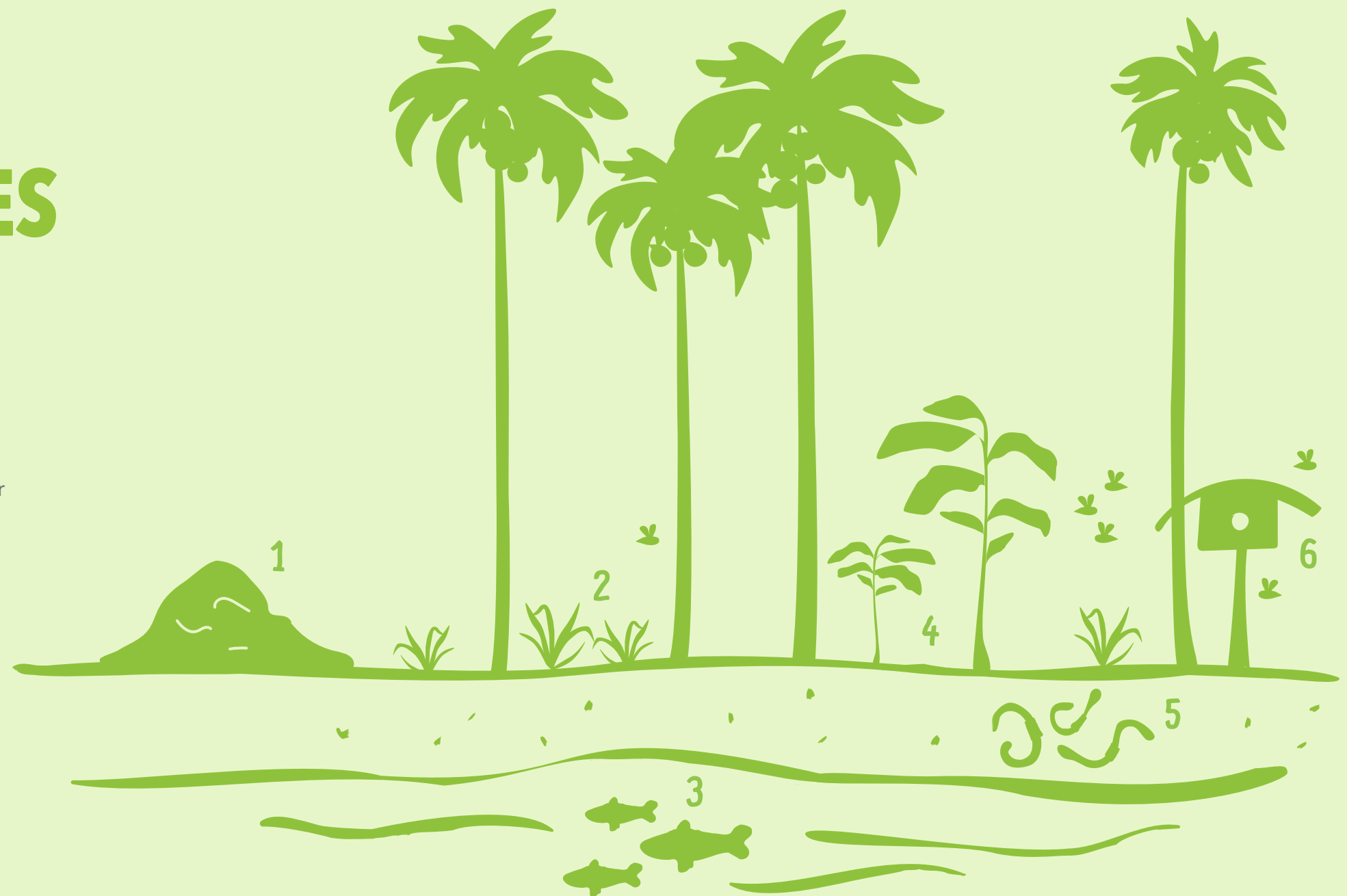


Cover cropping helps protect the soil surface all year round. The living roots improve soil health and soil texture, making it more resilient to climate change.

ReCAP PRACTICES IN USE

OUR PROGRESS In 2021 we continued to explore and test regenerative agricultural practices with our 13 pilot farmers from the Harmless Harvest network and outside our network. All farmers learned to do their farm accounting (P&L) to better manage their costs and drive awareness of cost savings from regenerative practices.

The farmers also tested a variety of regenerative practices, including...



1 COMPOST

Making compost from crop residue manages farm waste and regenerates soil nutrients

IN USE BY 8 RECAP FARMERS

2 COVER CROPS

Planting cover crops prevent soil erosion and promotes living roots in the soil

IN USE BY 8 RECAP FARMERS

3 DUCKWEED CONTROL

Releasing fish in farm canals controls the growth of duckweed, reducing labor cost for control

IN USE BY 13 RECAP FARMERS

4 INTERCROPS

Planting fruit trees and vegetables like banana, coffee, and vegetable ferns increases farm biodiversity and diversifies farmers' income

IN USE BY 7 RECAP FARMERS

5 VERMICOMPOST

Raising earthworms creates vermicompost, a natural nutrient rich fertilizer, that can be used on the farm

IN USE BY 7 RECAP FARMERS

6 STINGLESS BEES

Raising stingless bees increases coconut flower pollination for better coconut yields

IN USE BY 11 RECAP FARMERS

OUR REGENERATIVE AGRICULTURE FARMERS

Our ReCAP pilot farmers have different knowledge, backgrounds and farming experience. It requires awareness and education to persuade farmers to adopt new practices. This takes time, but with proper training, support and continuous follow-up from the field team, we saw the adoption of many of these new practices by our pilot farmers.

HIGHLIGHTS In 2021, the project had 2 events where pilot farmers and the project team came together to share implementation feedback and tips for success.



First pilot farmer reunion
March 2021



Stingless beehives separation demonstration
November 2021



THAILAND RECAP FARMERS

Pilot Phase 2020-2021

13 FARMERS

Scale Up Phase 2022-2023

350 FARMERS

WHAT'S NEXT?

Now that we know which regenerative practices are best for coconut farming (and approved by our ReCAP pilot farmers) we plan to recruit an additional 340 farmers to the project next year. We aim to continue to spread awareness of regenerative farming and encourage further use of these practices by more farmers for years to come.

2020 HARMLESS HARVEST CARBON EMISSIONS SOURCES

OUR CLIMATE IMPACT

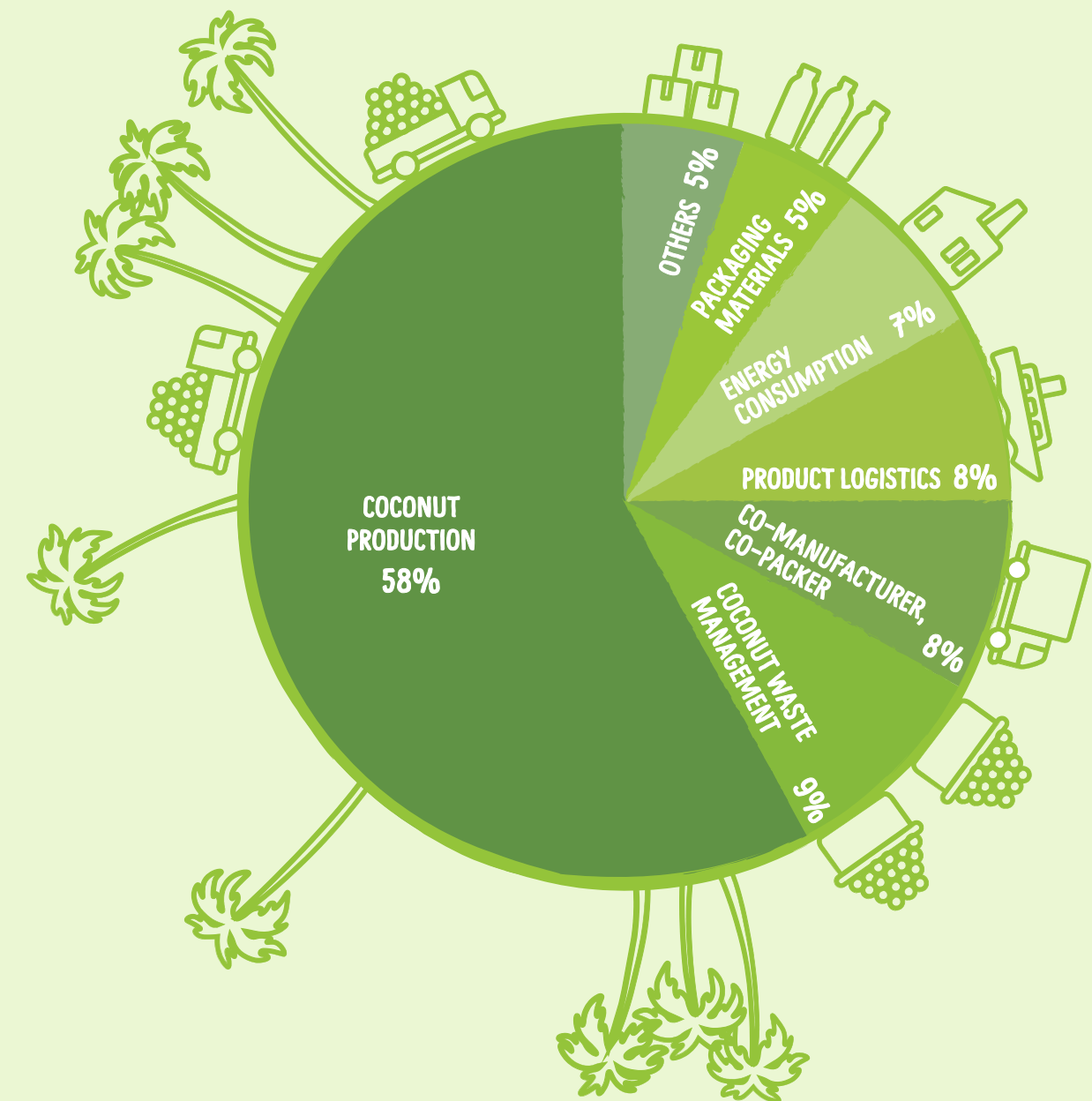
On Earth Day 2021, our CEO announced our ambitious goal to reduce 50% of our GHG emissions by 2025. This commitment will accelerate our work towards our vision to create positive climate impact.

With the goal announced, we had to first find our baseline to set a concrete emission reduction target and identify key emissions for our reduction plan. (That's fancy for "know where we are so we can know where we're going.")

In August 2021, we kicked off our first greenhouse gas accounting. We included energy and resource consumption activities throughout our value chain in the calculation. This included all operations within our control and key third parties' operations in Thailand and USA. Our total emissions in 2020 were above 50,000 tons CO₂e. **MORE THAN HALF OF TOTAL EMISSIONS CAME FROM COCONUT PRODUCTION.** Harmless Harvest is committed to more sustainable coconut farming.

Other main emissions sources are:

- Coconut waste management
- Outsourced process (contract manufacturers)
- Logistics
- Energy consumption of Harmless Harvest factory and offices
- Product packaging





WHAT'S NEXT

Now that we know our emissions hotspots, we will continue to determine ways to reduce those emissions and align on areas of focus with our colleagues, suppliers and business partners.

GREEN INDUSTRY CERTIFICATION

Our factory in Samut Sakhon, Thailand, received the Certification of Green Industry (Level 2) from the Ministry of Industry. This means we have shown environmental commitments and taken good actions to reduce environmental impact from our processing plant.



ISO14001 CERTIFICATION

We started to prepare for ISO14001 standard certification in 2021. So far, we have all relevant staff in Thailand trained on the standard, and we have set up a committee to put our environmental management into a structured system. This will help us make continuous improvement in our environmental stewardship.

THAT'S A WRAP

Despite the unexpected setbacks we faced, 2021 was ultimately a step forward in our promise to do less harm and more good. From switching all bottles to 100% rPET to growing our regenerative organic farming program, the future of coconuts is looking better by the day.

A massive thank you is owed to our farmers, partners, team members and the communities and customers we serve. Thanks for loving Harmless as much as we do.



