HONEYBEAR
Brands

A yearly update on our sustainability goals.

2020 SUSTAINABILITY REPORT

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A LETTER TO OUR STAKEHOLDERS

At Honeybear Brands we pride ourselves on developing, growing, and supplying the world's finest eating apples. Grown in the Midwest, Eastern Canada, the Pacific Northwest, and the mountainous Chilean countryside, our apples span nations, microclimates, and flavor profiles.

Since our foundation, quality fruit has been our principal focus, but with today's challenge of climate change, we are rethinking what it means to produce fruit and how our business impacts the world at large.

We rely on robust pollinator populations, predictable temperature patterns, consistent rainfall, and healthy soils to produce delicious eating apples year-round. Therefore, our production model must also be sustainable, thoughtful, and lead to minimal environmental harm.

It's now been well over a decade since we began addressing sustainability throughout our business, and today our sustainability program continues to grow and is more comprehensive than ever before.

In 2014, we formally addressed pollinator health, waste and water reduction, and our growing practices, establishing the TruEarth certification program. This was just one step in our sustainability journey.

Over the last five years, we've continued to heard from our customers that sustainability matters, both for the health of our crops and communities. In 2020, we responded with the creation of four new sustainability pillars spanning pollinator health, emissions reductions, food loss, and packaging waste.

Today, I am proud to present to you our very first annual sustainability report, created in partnership with Sustainable Food Group, which outlines our four pillars, where we're starting from, where we've made progress, and where we plan to grow. For now, we're on the right track, but we still have a lot of work to do and are committed to sustainability now and for the years to come.

SINCERELY,

Fred Wescott

FRED WESCOTT

Founder and President

INTRODUCTION

In 2019, Honeybear Brands partnered with Sustainable Food Group to take the next steps in our sustainability journey and define meaningful goals in five key areas: biodiversity, sustainable farming, sustainable packaging, food loss and waste, and climate change.

In 2020, we announced our first public sustainability goals. In this report, we outline the progress we made in our first year.

Our primary focus in 2020 was better understanding our current practices and where we have the best potential to make the most positive impact. Highlights include identifying orchards to install pollinator habitat in 2021, converting two of our three facilities to 100% renewable energy (becoming the first company to participate in the 100% renewable program through our electric provider), planning the expansion of our sustainable agriculture program into our largest source region, and measuring and understanding food loss and diversion within our facilities and at the orchards that supply us.

2020 Progress Highlights

Goal Completion Rate:

Establish 50 acres of pollinator habitat on our source orchards by 2025.

Established

32%

of 50 acres of pollinator habitat

Expand the TruEarth program to 90% of acres supplying Honeybear Brands.

Certified

12%

of acres under TruEarth

Eliminate plastic in our branded packaging by 2030.

Sold

42%

of branded product plastic-free

Achieve zero food waste (to landfill) from farm to retail by 2025.

Diverted

92%

of food loss from landfills

Source 100% of electricity used at Honeybear Brand facilities from renewable energy sources by 2025.

Sourcing

93%

of facility energy from renewables

POLLINATOR HABITAT + HEALTH

POLLINATOR PLIGHT: HABITAT LOSS AND ITS IMPACT ON APPLE PRODUCTION

At Honeybear Brands, we know that pollinators, and particularly bees, are essential to apple production. They impact fruit yields and quality, along with the economic security of orchards across the United States. (1) However, often the very practices used to grow pollinator-dependent crops endanger pollinator health. In recent years, parasites, pesticides, climate change, and habitat destruction have led to the steep decline of pollinator populations.

Though these challenges are often associated with managed honeybees, wild pollinator populations are also declining. While managed honeybees can travel several miles in search of forage, wild bees have more limited ranges, meaning that they are more heavily impacted by habitat loss. (2) This is important because wild bees frequently supplement the pollination of managed bees in apple orchards. We have been able to learn firsthand from our grower suppliers about the essential importance of wild pollinator populations and pollinator-friendly practices through our own TruEarth program that encourages sustainable farming on apple orchards. In 2020, 81% of TruEarth-certified orchards accomplished pollination without commercially produced bumblebee hives.

Given Honeybear Brand's dependence on pollinators, we recognize the need to support the health of both managed and wild pollinator populations. Moreover, as the cost of managed hives continues to increase, healthy wild pollinator populations will directly benefit our growers by providing low-cost pollination.

One of the best ways to support pollinator populations is through habitat installations, a cause near and dear to Honeybear Brands. Adopting pollinator-friendly farming and conservation practices, like some of the practices recognized in our TruEarth program, is also important for protecting pollinators in and around the orchard ecosystems from potential pesticide exposure.

OUR GOAL:

Increase native pollinator abundance by implementing pollinator conservation practices on 100% of our company-owned US orchards supplying Honeybear Brands, expanding the TruEarth program to 90% of company-owned acres supplying Honeybear Brands and creating 50 acres of pollinator habitat by 2025.

"OFTEN THE VERY PRACTICES USED TO GROW POLLINATOR-DEPENDENT CROPS ENDANGER POLLINATOR HEALTH."

POLLINATOR PROTECTIONS: THE CREATION OF TRUEARTH

In 2010, Honeybear Brands began developing the TruEarth protocol, a certification program that encourages the adoption of pollinator-friendly and sustainable farming practices on apple orchards. The program began as an extension of an existing program in the Northeastern US, and from 2010 to 2012, eight orchards were certified under this extension.

In 2013, The Mississippi Valley Fruit Company, a conglomerate of Midwestern apple growers led by Honeybear Brands, initiated a partnership with the IPM Institute of North America to develop a new certification standard. The new standards were tailored to the growing and production practices of the Midwest.

In 2014, this new program was coined TruEarth. Today, the program certifies Honeybear Brands' suppliers' orchards throughout the Midwest.

The program encourages the adoption of various advanced practices that require a high level of commitment and a deep understanding of ecological and IPM-based farming systems. Advanced practices cover a variety of sustainable agriculture practices including pollinator conservation (Table 1).

TruEarth supports pollinators by:

- Requiring sustainable agriculture practices around soil, water, and energy, pesticides, and pest management.
- Prohibiting or restricting the use of pesticides with the greatest toxicity to pollinators, and prohibiting the most toxic pesticides when the crops are in bloom.
- Requiring growers to adopt robust IPM practices, which require an understanding of pest behavior, integration of non-chemical pest management strategies, use of pesticides only when necessary, and precise pesticide application timing.

ADOPT-AN-ACRE: FUNDING HEALTHY HABITAT

In 2020, Honeybear Brands created and launched an innovative Adopt-an-Acre program that enables retailers to fund pollinator habitat on orchards they are sourcing from. A well-known midwest retailer was the first company to join the program, helping to fund the habitat that will be installed in 2021. The series is now available to view on our site at honeybearbrands.com.

Meanwhile, we are working with IPM Institute to strategize around expanding the TruEarth program into Washington and adapting it for a western climate. IPM Institute also thoroughly reviewed the program for opportunities to incorporate additional pollinator conservation practices, like providing recognition for growers who establish new pollinator habitat.

2020 PROGRESS

When it comes to our pollinator habitat and protection goals, 2020 proved to be a productive year. Across our Midwest orchards, our grower suppliers had already established 16 acres of pollinator habitat (Figure 2). For additional pollinator habitat establishment, 2020 was a year of preparation. Throughout the winter months, two Mississippi Valley Fruit Company growers were selected as recipients of funding for pollinator habitat plots: Ferguson's Orchard and Wescott Orchard (Figure 3). The end of the year was spent researching habitat installation, connecting with prairie seed providers, and sharing information with growers. In addition, durable signage was printed that will identify the new habitat plots.

As of 2020, Eleven of our Mississippi Valley Fruit Company growers are enrolled in the TruEarth program, 12% of our US source orchard acreage (Figure 1). Mississippi Valley Fruit Company growers are mostly modest family farm operations, and the bulk of our source acres are in Washington state, where the program has not yet been established. Moving into 2021, standards are being adapted for our Western growing region. Expanding into Washington will bring far more of our acreage into the program as we work towards our goal of 90% of acres certified. All certified acres are adopting the minimum pollinator requirements, and the advanced pollinator conservation practices have an average adoption rate of 36.5%(Figure 3).

TRUEARTH CERTIFIED ACRES AS OF 2020

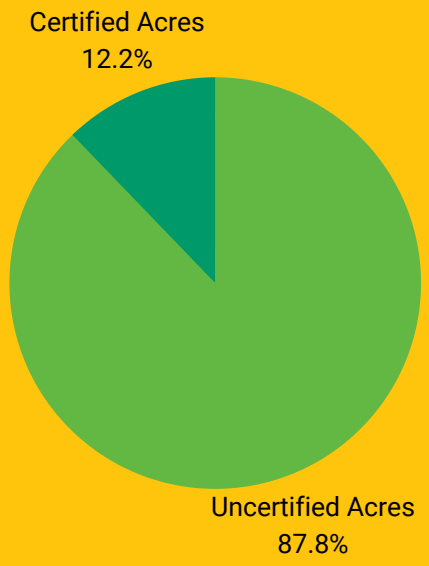


Figure 1. In 2020, 603.04 out of 4,930.74 total US acres supplying Honeybear Brands are TruEarth certified, or 12.2%.

POLLINATOR HABITAT ESTABLISHED AS OF 2020

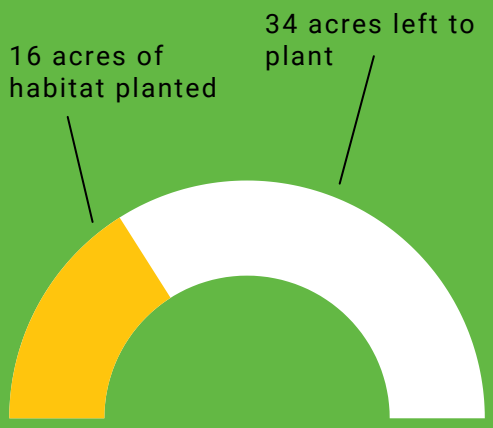


Figure 2. Honeybear Brands growers have established 16 acres of pollinator habitat, which is 32% of the way to our goal of 50 acres by 2025.

POLLINATOR CONSERVATION PRACTICES IN TRUEARTH PROGRAM	ADOPTION RATE ACROSS TRUEARTH CERTIFIED ORCHARDS
Min requirement: Compliance with all legal requirements for pesticide applications	100%
Min requirement: Pesticides with US EPA pollinator toxicity advisory box not applied from tight cluster through end of crop bloom	100%
Advanced Practice: Enrolled in an NRCS-approved Environmental Quality Incentives Program or Conservation Stewardship Program	55%
Advanced Practice: Insecticides posing high risk to pollinators are not used in the orchard	0%
Advanced Practice: Buffer zone of non-blooming plants >60 feet is maintained around all fields that receive applications of pesticides toxic to pollinators	18%
Advanced Practice: Blooming ground cover is reduced to protect foraging pollinators	73%

Figure 3. Adoption of pollinator protection practices in the TruEarth certification program. On average, advanced pollinator practices have a 36.5% adoption rate.

LOOKING AHEAD: A BEE-AUTIFUL FUTURE AT HONEYBEAR BRANDS

We will begin seeking out opportunities to introduce the TruEarth program to Washington growers.

In the coming years, Honeybear will continue expanding Adopt-an-Acre, generating funding for new habitat, and reducing the costs for our growers.

Growers that are strong candidates for the Adopt-an-Acre program have been identified, and conversations around plot prep and planting in the spring of 2022 are ongoing. In 2022, Honeybear plans to pilot the TruEarth protocol with our company-owned orchards, with eventual expansion to 90% of company-owned US source orchards. We will also begin assessing the adoption of pollinator conservation practices on our company-owned US orchards in pursuit of our goal of 100% adoption by 2025.

PLASTIC-FREE PACKAGING

THE PLASTIC PROBLEM: IDENTIFYING THE SOURCE

Almost every piece of plastic ever made still exists in the environment today, polluting waterways and landscapes, harming animals, and ending up in human food and water supplies. This occurs because it can take up to 400 years to break down and when it does, it turns into microplastics which are almost impossible to get out of the environment as they are too small. All of this plastic adds up, and today there are 600,000 square miles of plastic in the Pacific Ocean.

Some see recycling as an effective solution to plastic waste, but in reality, only 9% of plastic is recycled. (3) This is due to insufficient infrastructure, differing standards from place to place, and misleading labeling. Recycling also places far too much responsibility on consumers, who didn't produce the plastic in the first place.

Therefore, at Honeybear Brands we believe that the best way to address the overwhelming amount of plastic pollution is to stop producing it in the first place.

Luckily for us, and the planet, consumers are increasingly interested in sustainable packaging options. In a recent study, consumers associated "earth-friendly" packaging with sustainability more than any attribute other than "efficient use of water and inputs."

At Honeybear Brands, we aim to set an industry precedent and provide consumers with a no-brainer, sustainable packaging options while keeping up with ever-changing guidelines and regulations such as those in eight US states where single-use plastic bags have been banned, and in Canada where plastics were recently declared to be toxic.(4,5,6)

OUR GOAL:

Use zero plastic in our branded packaging by 2030 and provide plastic-free alternatives to all branded packaging products by 2025.

A NOTE ON COVID-19:

With COVID came heightened demand for packaged products which our team worked quickly to meet. From 2020 to early 2021, packaged apple volume increased 17.5%. Despite that growth, bulk apple sales only decreased by 1.1% and still made up the majority of apple products sold.(7)

2020 PROGRESS

In 2020, our packaged fruit sales were higher than usual. This was due to several factors connected to the COVID-19 pandemic:

- Fueled by a desire to avoid human contact, many consumers opted for more efficient shopping trips. In the produce section, grab-and-go options such as our “Cubbies” made for a quick pass through the produce section without the need to stop and sort through bulk options(Figure 5).
- A propensity for hand hygiene furthered the desire for packaged goods, as consumers sought out sealed products sold in bags, boxes, and containers.
- Participation in COVID-19 food aid-related programs which targeted families, schools, and those impacted by economic disparities.

Due to these factors, 2020, our baseline year for packaging data, was a bit of an anomaly. For the first time ever, the percentage of Honeybear cases sold in plastic (57%) outpaced bulk fruit (42% sold without packaging).

2020 HONEYBEAR BRANDS PACKAGING MATERIALS

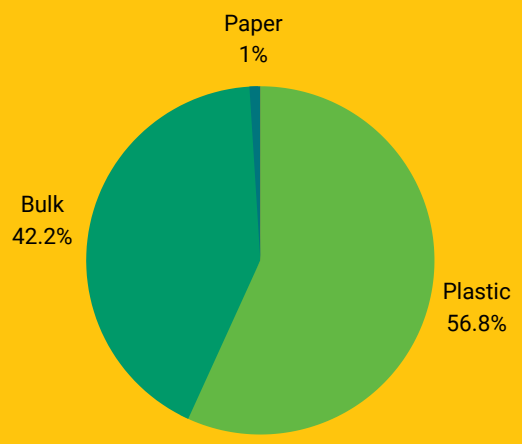


Figure 4: In 2020, 56.8% of our apples were sold in plastic packaging, 1.0% were sold in paper, and the remaining 42.2% was sold in bulk (no packaging), which is on par with the US apple industry as a whole.

A NOTE ON OUR 2020 PLASTIC PACKAGING DATA COLLECTION:

While our packaging goal centers around branded packaging, in our 2020 data we are unable to separate branded packaging from the rest of the packaging. Therefore, in this report, we are reporting on ALL Honeybear Brands packaging materials put into the world in 2020 (Figure 4).

Additionally, much of our private label (non-branded) packaging for specific retail customers is plastic and for full transparency on the amount of plastic we are putting into the world, we feel it’s important to report a complete picture.

Our current plastic packaging includes plastic pouches, polybags, plastic totes, mesh bags, and clamshells.

Despite the significant challenges, we began working with our packaging suppliers to explore and trial plastic-free packaging options and alternatives with significantly reduced plastic content. This year we trialed an “eco-box”, a cardboard alternative to a plastic clamshell used to package 4lb of Honeycrisp apples sold at a national big-box retailer, and we expect this option to be rolled out next year.(Figure 5) We also conducted a small trial with a well-known midwest retailer using the eco-box as an alternative to a plastic polybag, and transitioned to a smaller plastic footprint in our polybags, moving towards an option that uses 30% less plastic than our previous polybag.

THE ROLE OF THE RETAILER: POWER IN PARTNERSHIPS

It is imperative that we continue to provide innovative solutions and, as our plastic-free packaging trials illustrate. It is equally important to find retail partners willing to go on this sustainability journey with us. Our retail partners are invited to share in the appropriate messaging and education to consumers and reap the benefits of being a leader in sustainability. At the same time, we continue to push our packaging suppliers to cover costs of mockups, molds, and tooling so sustainable packaging is real and more than a slide in a presentation deck.

LOOKING AHEAD: MATERIAL INNOVATIONS IN THE PACKAGING SPHERE

At Honeybear, we are always considering the wants and needs of consumers. For many of our customers, sustainable, plastic-free packaging is a high priority, and we want to meet them with solutions. As a result, we are actively seeking out alternatives to plastic packaging materials.

A few examples of this ongoing work include working with packaging suppliers to better understand material reduction and pricing, recyclability, and waste stream infrastructure, considering the role of consumer education, and exploring the realm of plant-based packaging. In fact, we are exploring the potential to debut a paper-based pouch with a plant-based window as an alternative to plastic packaging next year.

Consumers may be willing to pay more for earth-friendly packaging, but finding a balance between first-to-market advantage and fair pricing is a continual challenge. During our 2020 4lb eco-box trial, converting from traditional poly to paper added significant cost: at $1.37 compared to $0.09 per unit, paper boxes cost 15 times more than polybags. Costs should decrease as plastic-free packaging becomes more readily available. Regardless, we will continue to research, compare and contrast, and look for retail partners to join us in our journey.

Figure 5: Our eco-box polybag alternative, rolling out in a Midwest pilot program come 2021.

FOOD LOSS DIVERSION

BOTTOM OF THE BARREL: UNDERSTANDING FOOD LOSS IN THE PRODUCE SUPPLY CHAIN

In the United States, 52% of fresh produce grown is not consumed. This is the highest rate of waste for any type of food. Wasted food uses 21% of all freshwater, 19% of all fertilizer, 8% of cropland, and 21% of landfill volume.(8) American consumers, businesses, and farms spend $218 billion per year growing, processing, transporting, and disposing of food that is never eaten.(9)

Food “loss” refers to losses from production up to, but not including retail, while food “waste” encompasses losses from retail to the consumer. Together, they encompass the entire supply chain. In the US produce supply chain, most loss and waste occur at the consumer level (28%), in production (20%), and in distribution and retail (12%). Smaller losses occur post-harvest, in handling and storage (3%) and processing and packaging (1%).(10)

Given the economic, social, environmental, and climate impacts of food loss and waste, Honeybear Brands is committed to addressing food loss, beginning in our operations and with our grower suppliers.

2020 PROGRESS

To establish baseline data in 2020, we began collecting food loss data from our facilities and grower suppliers. These data shed light on the avenues that apples follow after harvest, and illuminate opportunities for waste reduction.

In 2020, we surveyed the bulk of our grower suppliers, mostly in the Midwest and one grower in Washington, covering hundreds of acres and hundreds of thousands of bushels harvested to understand orchard-level food loss, why it happens, and where it goes. We also collected data on fruit loss in our facilities.

OUR GOAL:

Achieve zero food waste (to landfill) from farm to retail by 2025.

"IN THE US PRODUCE SUPPLY CHAIN, MOST LOSS AND WASTE OCCUR AT THE CONSUMER LEVEL"

FARM-LEVEL LOSSES: NON-HUMAN FRUIT USE

Throughout the growing season, it is inevitable that fruit drops from the tree. This is a result of weather such as wind, water, heat, or stress, as well as disease or fruit shape. On average, growers surveyed reported that 12.5% of fruit dropped. Once fruit drops from the tree, it cannot be used for human consumption for food safety-related reasons, so it is sent to local farms for animal feed (16%), left on the ground under the tree (49%), or chopped/mowed into small pieces (35%) (Figure 8). The latter two allow nutrients to be recycled directly back into the orchard ecosystem with minimal to no resource use.

At harvest some apples are left on the tree after harvest; in 2020, 2.5% of the apple crop was left unharvested as a result of weather damage (42%), pest or disease damage (8%), because they did not meet grading specifications (39%), or for economic reasons, for example, there was no buyer (3%) or it was not cost-effective to harvest (8%) (data not shown).

After harvest, 65% of harvested apples are sold as whole apples at full price for human consumption. The remaining 35%, the "losses," are used in a variety of ways.

IN SEASON LOSSES: DESTINATION OF DROPPED FRUIT 2020

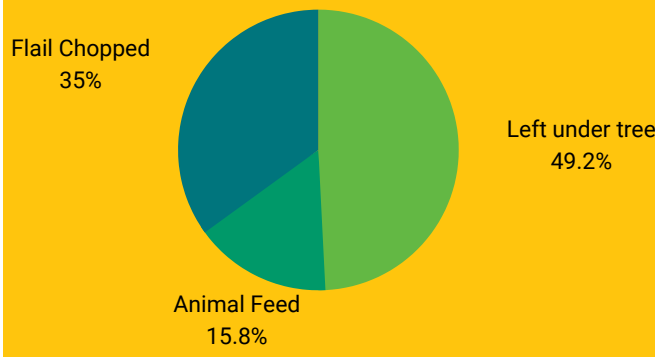


Figure 6: Across our surveyed orchards, 12.5% of fruit dropped in 2020. Dropped fruit destinations include local animal feed, leaving the fruit on the ground under the tree to recycle nutrients, or chopping up the fruit and spreading it.

Our food loss categories are based on the US EPA Hierarchy which prioritizes food loss diversion strategies that feed hungry people overfeeding animals, which is prioritized over composing (Figure 7). All methods are preferred over sending food to a landfill. Across orchards supplying Honeybear Brands, just 0.3% of all harvested apples were sent to a landfill, and 0.6% of all "losses" were sent to a landfill, for an orchard-level food loss diversion rate of 99.5%.

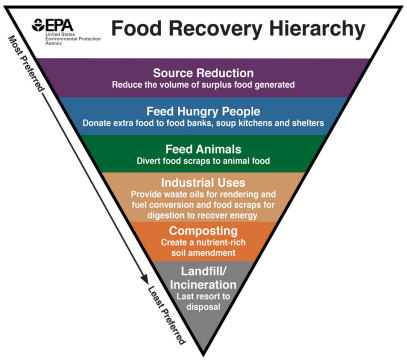


Figure 7: The US EPA Food Recovery Hierarchy illustrates avenues for food loss diversion from most to least preferred.

Figure 8: Most fruit that falls under fruit-laden trees will be flail chopped for soil nutrients or left to decompose.

Figure 9: A truck at Wescott Orchard is loaded with fallen fruit before being sent to a pig farm as feed.

POST HARVEST DESTINATIONS: ORCHARD FOOD LOSS DIVERSION 2020

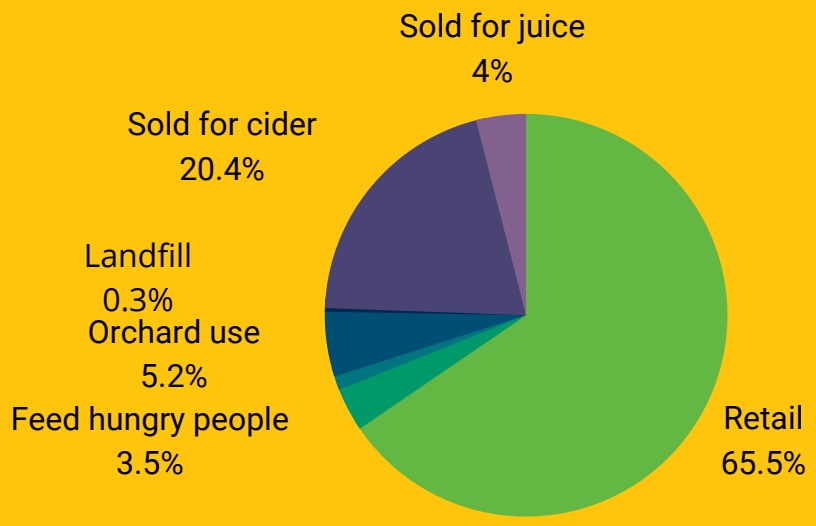


Figure 10. After harvest, apples reach a variety of destinations; the vast majority of all harvested apples (99.7%) are diverted from the landfill to more preferred uses on the US EPA Food Recovery Hierarchy. Nearly two-third are sold as whole apples at full price, while the remaining are diverted to other uses along the hierarchy. Of the "losses" (apples not sold as whole apples), 99.2% are diverted from landfill.

FACILITY-LEVEL LOSSES:

Wescott AgriProducts – Elgin, Minnesota
88% of all apples that enter Honeybear Brands' Wescott AgriProducts packing facilities in Minnesota are sold to customers. Of the 12% of apple "losses" that cannot be sold directly to consumers, none are sent to a landfill (Figure 7), and all are diverted to strategies high on the US EPA Food Recovery Hierarchy. Nine percent are pressed into cider and 2% are made into juice. The remaining 1% are apples with decay that cannot be sold or pressed for juice; these are provided to nearby cattle farmers for free. This facility has in fact already achieved the goal of zero food loss sent to a landfill.

Honeybear Growers - Washington
At the Honeybear Growers facility in Washington, 79% of all apples that come in are sold to customers, 18% are sold as ingredients for apple products like juice or pie. The remaining 3% of apples are dumped in a pit in the ground because they do not meet quality or appearance criteria (Figure 7). This practice, known as culling, is the largest driver of fresh produce loss in our supply chain. Though the apples are dumped outside, they still break down and generate emissions in a similar way to fruit dumped in a landfill and are therefore categorized as losses to landfill.

FACILITY FOOD LOSS DESTINATIONS: WESCOTT AGRI PRODUCTS

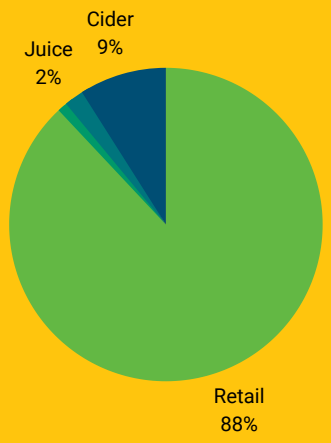


Figure 11. Food loss diversion at Wescott AgriProducts; this facility has already achieved our goal of zero food loss to landfill and prioritizes diversion strategies that are high on the US EPA Food Recovery Hierarchy including feeding people and animals.

FACILITY FOOD LOSS DESTINATIONS: HONEYBEAR GROWERS

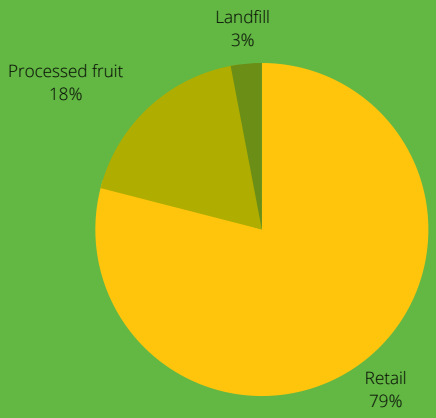


Figure 12. Food loss diversion at Honeybear Growers facility; this facility sends 3% of apples that come through the facility to "landfill" (a depression in the ground), or 14% of all food loss.

THE BIG PICTURE: FOOD LOSS AT LARGE

The vast majority of Honeybear Brands' fruit that is unusable for human consumption is diverted to other uses. As of 2020, we are proud to say that less than 10% of all food loss occurring at our facilities is sent to a landfill, and across our orchards, just 0.6% of losses end up at a landfill.

Across our orchards and facilities combined, just 8% of food losses are sent to a landfill, which represents just 1.6% of all harvested fruit that ends up in a landfill.

We are already well on our way to achieving our goal of 0% losses to landfill through a combination of strategies that minimizes losses and prioritize strategies that divert apples that cannot be sold as whole apples to other uses.

Across the orchards that supply us, most food "loss" is recycled directly to the orchard ecosystem, returning nutrients to the soil. Within our facilities, the vast majority of losses are diverted to the highest priorities on the US EPA Food Recovery Hierarchy, human and animal consumption.

LOOKING AHEAD: EXPLORING ORGANIZATIONAL AND FARM PARTNERSHIPS

After a year of essential data collection to establish a baseline and identify potential opportunities to improve, Honeybear Brands plans to continue addressing the minimal food loss that exists within our supply chain in 2021.

In Washington, we plan to seek out composting alternatives for apples that are unfit for human consumption or processing.

Meanwhile, we are exploring options with our midwest growers to more effectively make use of fallen fruit. For example, some growers are considering distilled cider or on-farm compost sites.

Figure 13: Freshly picked apples bound for the packing facility where they will be graded, sorted, and sent to retailers, processors, and farms.

CLIMATE

CONNECTING THE DOTS: APPLE PRODUCTION'S ROLE IN CLIMATE CHANGE MITIGATION

As we have witnessed over the last decade, the climate is rapidly changing. At Honeybear Brands we have seen this shift first-hand in our orchards, where we are working to cope with heightened fluctuations in cold and hot temperatures, periods of drought, and heavy rains. Like all agricultural production, apples are heavily influenced by climate, and without reliable temperatures, rainfall, and seasons, it becomes harder and harder to produce consistently high-quality crops.

While agriculture is one driver of climate change, with 11% of global greenhouse gas emissions stemming from farming (and 10% of US greenhouse gas emissions), agriculture is also a key opportunity to mitigate climate change. (11) Apples are not a major source of emissions in agriculture; field-grown fruits have the second-lowest climate impact of all food and livestock production, second only to field-grown vegetables, and apples have the lowest climate impact of all fruit crops studied, and a lower impact than most vegetables. (12)

Regardless, the lifecycle of an apple goes beyond the orchard, and emissions are generated at every stage: transport to the packinghouse, cold storage, sorting, packing, and distribution. At Honeybear Brands, we recognize the need to take responsibility for our all of our supply chain emissions from farm to table. We need to make a change both for the long-term security of our business, and greater food security for the planet.

One solution lies in renewable power sources such as solar and wind. Using renewable energy directly reduces our greenhouse gas emissions and supports a cleaner energy sector for all. We can be even more effective by coupling renewable energy use with the adoption of new energy efficiency strategies to reduce our overall energy consumption.

OUR GOAL:

Source 100% of electricity used at Honeybear Brand facilities from renewable energy sources by 2025, reduce greenhouse gas emissions by 15% in Honeybear Brands operations by 2030 (compared to a 2020 baseline) and be carbon neutral by 2040.

Moreover, as a perennial cropping system, our orchards offer carbon sequestration potential in both the trees and soil. Electric vehicles offer yet another avenue for climate conscious change within our business.

2020 PROGRESS

In 2020 we hit the ground running, making significant progress towards our renewable energy and climate goals. We chose to focus first on our Minnesota facility operations because our Washington facility is already sourcing over 80% of its power from renewable hydropower. In Minnesota, we still largely rely on coal, so energy transition leads to a more immediate, positive climate impact.

We began purchasing 100% renewable energy to power our Wescott AgriProducts facility in Elgin, Minnesota from the People's Energy Co-op through their Evergreen Energy Program, becoming the first company to participate in this program! For our Pepin Heights facility in Lake City, Minnesota, we arranged a 100% renewable energy contract based on renewable energy credits through the Southern Minnesota Municipal Power Agency (SMMPA) that will cover our energy usage for all of 2020 and take effect in early 2021. We were the first company to ask SMMPA for a 100% renewable energy option.

Honeybear Brands was featured in SMMPA's annual report and the People's Energy Co-op's energy provider's (Dairyland Power Cooperative) newsletter for our achievements in renewable energy sourcing. In pursuit of our energy efficiency goals, we conducted energy efficiency audits at both Minnesota facilities. The results will help inform strategic facility upgrades as we work to reduce our carbon footprint.

2020 BASELINE DATA

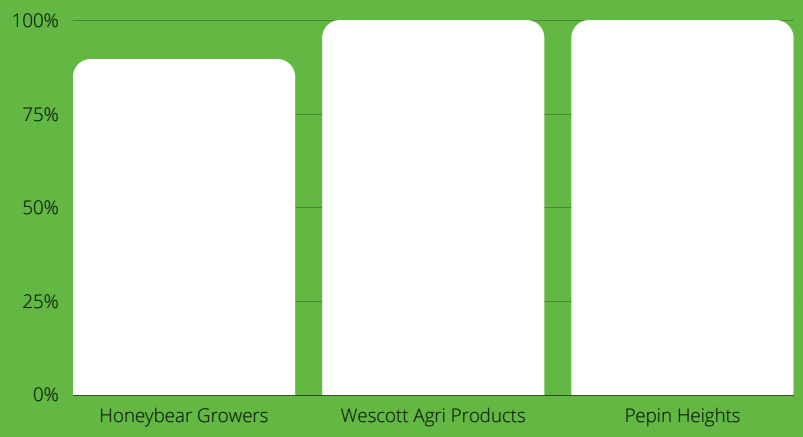
In 2020, we established our baseline energy usage and greenhouse emissions associated with all of our owned operations including our facilities (fuel, electricity, and refrigerant use) and distribution (fuel and refrigerant use). We began to look into tools for measuring our supply chain emissions from growing apples at the orchards that supply us, and in future years we will calculate emissions for our entire supply chain as well as our owned operations (scopes 1, 2, and 3 emissions) in our pursuit of becoming carbon neutral by 2040.

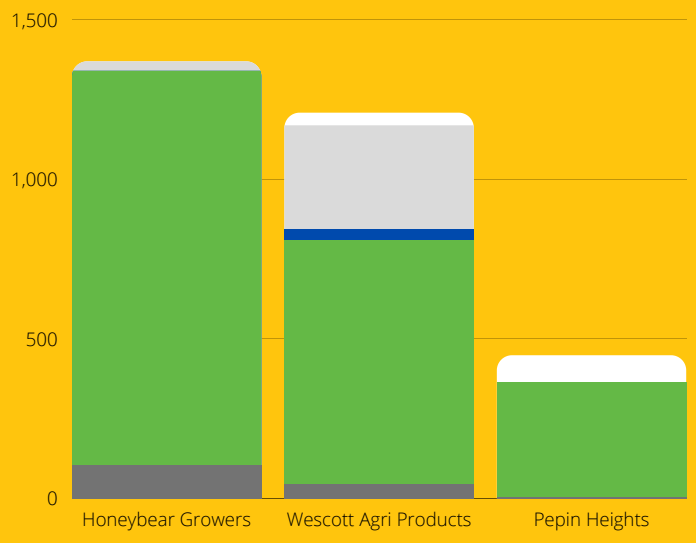
By the end of 2020, across all of our facilities Honeybear Brands achieved 93% renewable energy, making significant progress towards our 2025 goal of 100%. For comparison, in 2018, our energy mix was 24% renewable at Wescott AgriProducts, 27% at Pepin Heights, and 68% renewable across all of our facilities. Figure 14 shows the breakdown of renewable energy by the facility; the Honeybear Growers facility in Washington is the largest energy user while Pepin Heights is the smallest.

We used the Greenhouse Gas (GHG) Protocol to calculate emissions associated with our operations, including purchased electricity, natural gas and propane, transportation (distribution), and refrigeration. In 2020, our total GHG emissions across all of our operations were 3,025.2 metric tonnes of CO_2 equivalent, which is the equivalent of the electricity used by 550 homes for one year, or 658 passenger vehicles driven for one year. Figure 15 summarizes GHG emissions by facility and source. Across all facilities, our largest source of emissions stemmed from purchased electricity, which supports our decision to transition to renewable energy. Refrigeration (refrigerants used for cold storage and refrigerated trucks) was the smallest source of emissions this year, as refrigerants for our coolers and refrigerated trucks are not purchased yearly. Meanwhile, Our Honeybear Growers and Pepin Heights facilities use a refrigerant with zero global warming potential, which means it does not contribute to overall emissions.

RENEWABLE ENERGY USE BY FACILITY

Figure 14. We sourced 100% of our purchased electricity for the Wescott Agri Products facility from renewables, compared to 24% renewable electricity in 2018. At Pepin Heights we negotiated a contract to source 100% of our 2020 purchased electricity from renewables. The Honeybear Growers facility is powered by 85% hydropower and 4% wind power.





GHG EMISSIONS BY FACILITY AND SOURCE

Figure 15. Greenhouse gas (GHG) emissions by facility and source. Total emissions across all owned operations (Scopes 1 and 2) in 2020 were 3,025.2 metric tons of CO2 equivalent, which is the equivalent of the electricity use from 550 homes for one year.

- Purchased electricity
- Refrigeration
- Transportation
- Propane
- Natural gas

LOOKING AHEAD: A BRIGHT FUTURE

In 2021, we will continue to focus on our renewable energy goal, shifting focus to Washington where we will explore options to expand the use of renewables at our largest facility. Towards our GHG emissions reduction goal, we will explore energy efficiency measures at our Minnesota facilities, informed by the results of the energy audits conducted in 2020. Meanwhile, we will begin assessing the emissions and carbon sequestration potential across all of our source orchards, with the goal of calculating the carbon footprint of our entire supply chain and beginning to create a roadmap for achieving our goal of carbon neutrality by 2040.

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