

A yearly update on our
sustainability goals.



HONEYBEAR
Brands

2022 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 and cherries. Grown in the Midwest, Northeast, Canada, the Pacific Northwest and Chile, our tree fruit production spans nations, microclimates and flavor profiles.

Since our foundation, producing high quality fruit has been our principal focus which goes hand in glove with the immense responsibility of land stewardship. Our first efforts, and still today, focused on minimizing the human impact on our fragile yet highly productive agricultural ecosystem. We are currently facing even more challenges including climate change, loss of agricultural land and a growing global population demanding even more from our precious resources. We rely on robust pollinator populations, predictable temperature patterns, consistent rainfall, and healthy soils to produce the necessary crops to help feed the world.

We are building a production model that is sustainable, thoughtful and which minimizes environmental harm. Our four pillars supporting our sustainability efforts remain unchanged as we continue to address pollinator health and habitat, food loss, eliminating plastic packaging in our products and reducing our carbon footprint.

We continue to hear from our stakeholders, including customers, employees, and growers that sustainability matters, and our sense of urgency continues to grow more rapidly than at any time in the past. There is much work to do by all participants in the supply chain and we readily accept the significant challenges in front of us with an eager desire to improve.

In partnership with Sustainable Food Group, we are delighted to share our third annual sustainability report which comes from the compilation of multiple internal and external initiatives over the past three years. In the report, you will find a comprehensive review of where we started, where we have made progress, and where we intend to go. Please come along with us on this journey – there is much to do!

SINCERELY,

DON ROPER

VP Sales and Marketing

FRED WESCOTT

Founder and President



INTRODUCTION

In 2019, Honeybear Brands partnered with Sustainable Food Group, a branch of IPM Institute, to define meaningful goals in four focus areas of sustainability: pollinator health, climate, food loss, and plastic packaging. Since then, we've made positive strides on our sustainability journey. **In this report, we outline our progress in 2022.**

Our primary focus in 2022 was building on our previous sustainability progress and identifying areas for improvement in the coming years. Highlights from 2022 include: achieving our 2025 goal to offer plastic-free alternatives to all branded packaging products, planting an additional 16.9 acres of pollinator habitat, expanding the TruEarth protocol to include new advanced practices focused on improving pollinator health, surveying our Midwest growers to better understand food loss on their orchards, and continuing to source 100% renewable electricity at both of our Minnesota facilities.

2022 Progress Highlights

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

Provide plastic-free alternatives to all branded packaging products by 2025.

Eliminate plastic in our branded packaging by 2030.

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

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

Goal Completion Rate:

Established

66%

of 50 acres of pollinator habitat



Offer plastic-free alternatives to

100%

of all branded plastic packaging



Sold

54%

of product plastic-free



Diverted

96%

of food loss from landfills



Sourcing

68%

of facility energy from renewables



POLLINATOR HABITAT + HEALTH



POLLINATOR: 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 pollination from 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.

Since apples are dependent on pollinators, Honeybear Brands recognizes 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 additional pollination services. One of the best ways to support pollinator populations is to create and maintain pollinator habitat. In 2022, 71.4% of TruEarth growers had pollinator forage habitat on their orchards with season-long bloom supporting both managed and wild pollinators.

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. CUB was the first company to join the program and has helped fund habitat installations on Honeybear Brands' orchards along with our other suppliers' orchards.

OUR GOAL:

Establish 50 acres of pollinator habitat on our source orchards by 2025 and expand the TruEarth program to 90% of acres supplying Honeybear Brands.

**"ONE OF THE BEST
WAYS TO SUPPORT
POLLINATOR
POPULATIONS IS TO
CREATE AND MAINTAIN
POLLINATOR HABITAT"**

2022 ADOPT-AN-ACRE PROGRESS



We made significant progress toward our goal to establish 50 acres of pollinator habitat through the Adopt-an-Acre program in 2022. By the end of 2021, Honeybear Brands growers had already planted 16.25 acres across our Midwest orchards. In 2022, with the help of our growers, we planted an additional 16.9 acres, bringing our total to 33.15 acres, or 66.3% of our goal. As of 2022, Honeybear Brands growers have established about 25 football fields worth of pollinator habitat. (3) In addition to adding new plantings in 2022, we saw our 2020 and 2021 plantings start to bloom, providing much needed floral resources for nearby pollinators (Figure 1). In 2023 and beyond, we are providing our growers with technical support to ensure the long term success of these plantings.

"AS OF 2022, HONEYBEAR BRANDS GROWERS HAVE ESTABLISHED ABOUT 25 FOOTBALL FIELDS WORTH OF POLLINATOR HABITAT."

2022 HABITAT TRANSFORMATION



August 2021



July 2022

Figure 1. This 2021 Adopt-an-Acre planting outside of Lake City, MN started blooming in 2022.

POLLINATOR HABITAT ESTABLISHED AS OF 2022

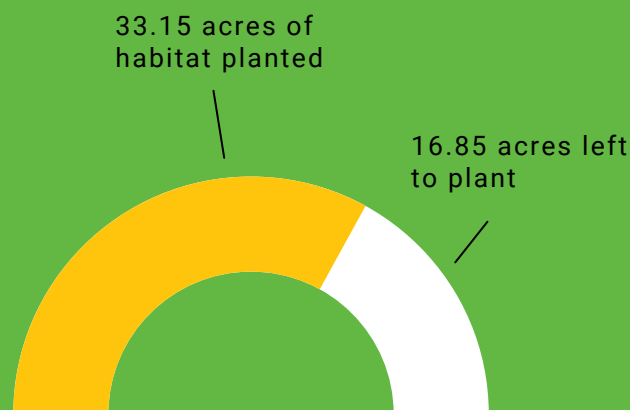


Figure 2. Honeybear Brands growers have established 33.15 acres of pollinator habitat, which means we are 66.3% of the way to achieving our goal of 50 acres by 2025.

POLLINATOR PROTECTIONS: TRUEARTH



Adopting pollinator-friendly farming and conservation practices, like some of the practices recognized in our TruEarth program, is also important for protecting pollinators from potential pesticide exposure in and around the orchard ecosystems.

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 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 560 acres across eight Honeybear Brands' suppliers' orchards throughout the Midwest. This equals 82.0% of Honeybear Brands' Midwest acres, or 9.9% of our total US source acres. The TruEarth-certified Midwest acres equate to the same amount of land as 140 US capitol buildings. (4)

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. Figure 3 (page 7) illustrates the progress that our growers have made in implementing TruEarth's pollinator health practices over time. In 2022, six additional pollinator health-focused advanced practices were added to the program, reflecting our continued commitment to pollinator health and conservation (Figure 4). Together with the existing practices, TruEarth growers' average adoption of advanced practices in 2022 was 35.7%.

Part of our pollinator health goal is to expand TruEarth into our Washington orchards. In 2021, we had exploratory conversations with Washington growers about the TruEarth program, the different growing conditions, and certification landscape. We are actively strategizing with IPM Institute around whether to continue pursuing TruEarth expansion into Washington.

TruEarth supports pollinators by:

- Requiring sustainable agriculture practices around soil, water, and energy, pesticide use, 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.



2022 TRUEARTH PROGRESS



ADOPTION OF POLLINATOR HEALTH CONSERVATION PRACTICES IN TRUEARTH PROGRAM

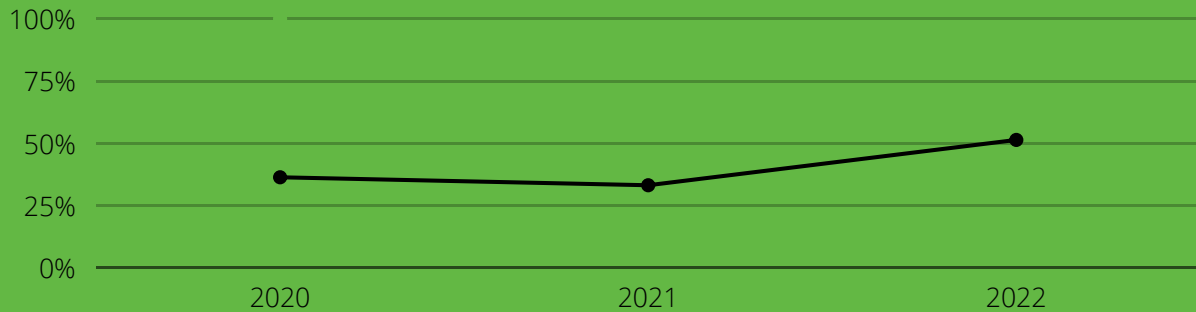


Figure 3: Adoption of pollinator health practices included in the TruEarth program prior to 2022. Examples of these practices include maintaining a buffer zone around fields that receive pesticide applications, accomplishing pollination without commercially produced bumblebee hives, and reducing blooming ground cover to protect foraging pollinators.

NEW TRUEARTH POLLINATOR CONSERVATION PRACTICES 2022

- Wild pollinator habitats (nesting and forage sites) are identified and protected from drift.
- If managed beehives reside on the farm year-round, they are monitored for health and documentation is available for review.
- Established pollinator forage habitat which provides season-long bloom is available for managed and wild pollinators.
- Honeybee apiaries resident on the farm are located at least 0.5 mile away from designated wildlife habitat.
- Pollination is accomplished exclusively with native bees.
- Is pollinator activity monitored during bloom through participation in WiBee: the Wisconsin Wild Bee App?
- Ongoing education: Grower has attended a training on pollinator conservation.

Figure 4: Pollinator health practices new to the TruEarth program in 2022.



PLASTIC-FREE PACKAGING



THE PLASTIC PROBLEM: IDENTIFYING THE SOURCE

Plastic pollution plagues communities, ecosystems, and oceans globally. Once produced, plastic stays in the environment for hundreds of years. This means that almost all plastic that has ever been made is still on the earth. This lingering plastic ends up on the landscape and in waterways and oceans, in turn, polluting, hurting animals, and contaminating human food and water.

Recycling has long been thought of as an effective solution to plastic waste, but only 9% of plastic is actually recycled. (5) Insufficient infrastructure to recycle plastics coupled with a lack of demand for recycled plastics limit the potential of recycling to reduce the plastic problem. Moreover, recycling puts the onus on consumers rather than the companies producing and using plastics.

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. This means making an investment in plastic-free packaging technology, and trying new plastic alternatives as they come on the market.

We aim to set an industry precedent and provide consumers with no-brainer, sustainable packaging options while keeping up with ever-changing guidelines and regulations such as those in eight US states and Canada that ban single-use plastic bags. (6,7)

In 2020, sales of apples in plastic packaging increased due to the COVID-19 pandemic, while bulk sales decreased. From 2020 to 2021, sales in bulk increased and plastic decreased, as the pandemic slowed. From 2021 to 2022, we experienced an overall increase in fruit sales, especially in plastic pouches and mesh bags. Because of this, our use of plastic packaging increased from 42.0% to 46.2% of apple sales. At the same time, the percentage of total apples sold in bulk and paper packaging decreased.

OUR GOAL:

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

A CHALLENGING TRANSITION FOR THE INDUSTRY:

Plastic packaging ensures the delivery of a high quality product and a sanitary one. With non-plastic packaging, those consumer preferences are not guaranteed. This poses a challenge for us, because we will always prioritize Honeybear Brands' product quality and customer satisfaction first.

2022 PROGRESS



This year, we achieved our 2025 goal of offering plastic-free alternatives to all branded plastic packaging products! (Figures 6, 8) While over half of our apples are sold without plastic packaging, we have a ways to go towards our 2030 goal of using zero plastic. Our plastic use has decreased since 2020, from 56.8% to 46.2% of apples sold (Figure 5). These data represent all Honeybear Brands packaging materials put on the market from 2020 to 2022, because while our packaging goal is focused where we have the most control (branded packaging), we are not able to separate branded and private label packaging data.

HONEYBEAR BRANDS PACKAGING TRENDS, 2020-2022

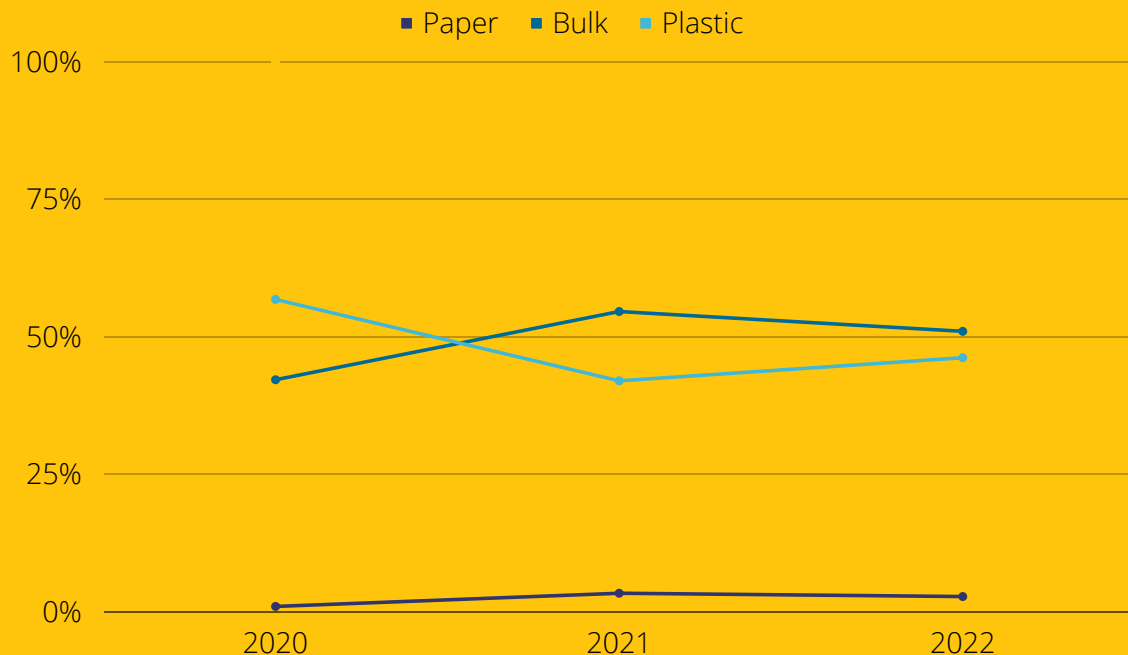


Figure 5: Since 2020, Honeybear Brands' use of plastic packaging has decreased from 56.8% to 46.2% of apples sold. Plastic use was above average in 2020 because COVID-19 resulted in higher demand for packaged produce, including apples.

"SINCE 2020, HONEYBEAR BRANDS' USE OF PLASTIC PACKAGING HAS DECREASED FROM 56.8% TO 46.2% OF APPLES SOLD."





THE ROLE OF THE RETAILER: POWER IN PARTNERSHIPS

It is imperative that we continue to provide innovative solutions. While we now offer plastic-free packaging alternatives for all of our plastic packaging, 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 the costs of mockups, molds, and tooling so sustainable packaging is real and more than a slide in a presentation deck.

2022 PLASTIC-FREE ALTERNATIVES FOR HONEYBEAR BRANDS' PACKAGING

Plastic Packaging:	Alternative offered?
Clamshells	Yes
Polybags	Yes
Pouches	Yes
Mesh Bags	Yes
Plastic Totes	Yes

Figure 6. As of 2022, we have accomplished our goal of offering plastic-free alternatives to all plastic packaging options by 2025.

In 2022 we launched a new #2 recyclable pouch for Pazazz apples, a transition away from a non-recyclable plastic. This bag has a QR code (Figure 7) so that consumers can find the closest #2 plastic recycling drop-off site. We also offer a variety of paper options (Figure 8), and continue to consider the possibility of transitioning our produce stickers to compostable alternatives. However, the cost increases must be balanced out by retailer support and willingness to purchase.



Figure 7. QR code on #2 plastic bags to help consumers find nearest recycling drop of site.



HONEYBEAR BRANDS SUSTAINABLE PACKAGING OPTIONS

Recyclable
Paper Tray



Recyclable
4 lb Eco-Box



Recyclable 2 lb
Paper Box



Recyclable
Paper Tote



Recyclable
Cellulose mesh
bag



Recyclable
Paper
Basket



Figure 8. Honeybear Brands sustainable packaging options offered in 2022 and beyond. Apples can be packaged and sold in any of these plastic-free options, or packaging made from #2 or #4 plastic, which is recyclable at store drop-off locations.

LOOKING AHEAD: STRIKING A PLASTIC-FREE BALANCE

All plastic-free packaging alternatives have pros and cons related to durability, aesthetics, fruit quality protection, and cost for the consumer. We will continue to weigh all of these elements as we explore packaging alternatives.

Our ongoing work also includes 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.

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. 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.

"AS OF 2022, WE HAVE ACCOMPLISHED OUR GOAL OF OFFERING PLASTIC-FREE ALTERNATIVES TO ALL OF OUR PACKAGING OPTIONS BY 2025."

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 never used. This is the highest rate of waste for any category of food. The resources used to produce unused food account for 21% of all freshwater, 19% of all fertilizer, 8% of cropland, and 21% of landfill volume. (8) Every year, \$218 billion is spent to grow, process, transport, and dispose 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%). (8)

Honeybear Brands is committed to addressing food loss, beginning in our operations and with our grower suppliers. In the end, we hope to alleviate the economic, social, and environmental burdens that come along with food loss in our supply chain.

2022 PROGRESS

In 2022, we collected in-depth information about food loss from our 12 Midwest source orchards for the second time, and from our facilities in the Midwest and Washington for the third time since 2020. We survey growers every other year to reduce the burden of data collection.

The farm and facility data shed light on the avenues that apples follow after harvest, and illuminate opportunities for loss reduction.

OUR GOAL:

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

**"IN THE UNITED STATES,
52% OF FRESH PRODUCE
GROWN IS NEVER USED."**



FARM LOSSES

Throughout the growing season, it is inevitable that fruit drops from the tree. In addition to normal weather patterns, strong weather events such as tornadoes, drought, heavy rains, heavy winds, and hail all increase the amount of fruit dropped. In 2022, on average, the surveyed growers reported 9.7% in-season fruit drop. This is slightly less than the 12.5% fruit drop reported in 2020. However, this can't be interpreted as a trend because it is highly seasonally dependent. Due to food safety concerns, once fruit has fallen to the ground, it can no longer be used for human consumption. The dropped fruit reported in the survey was used for animal feed (6.0%), mowed into the orchard drive row (32.8%) or left on the ground beneath the tree (61.2%). The latter two options allow nutrients to be recycled directly back into the orchard ecosystem with minimal to no additional resource use.

Aside from fruit lost due to weather, apples are also considered food loss when they are left unharvested. In 2022, unharvested fruit averaged about 4.7% of the crop on surveyed orchards. Reasons for this include pest/disease damage (13.7%), weather damage (16.4%), difficulty finding harvesting labor (0.6%), fruit that doesn't meet quality specifications (39.3%), or lack of a market for the apples (30.1%).

In 2022, 57.7% percent of apples harvested were sold as whole apples at full price for human consumption. The remaining 42.3% were categorized as losses (Figure 9) but were still put to good use; 25.3% were made into cider, 7.1% were made into juice, 2.5% were donated or sold to a food bank or "imperfect" retailer, 2.0% were fed to animals, and 2.3% were used on the orchard. Just 3.2% of all harvested apple losses ended up in a landfill.

"JUST 3.2% OF ALL HARVESTED APPLE LOSSES ENDED UP IN A LANDFILL."

DESTINATION OF ORCHARD-LEVEL APPLE LOSSES, 2022

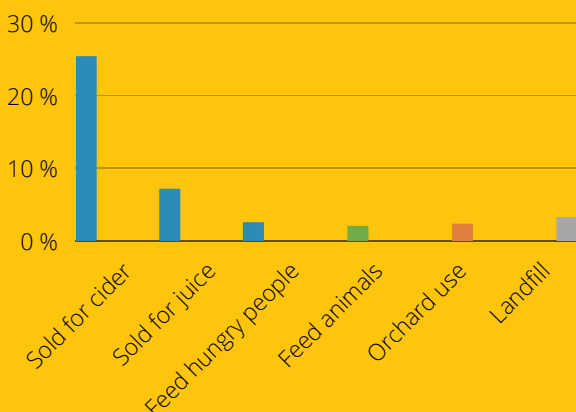


Figure 9: Destinations of orchard-level fruit losses from reporting Midwest orchards in 2022.

We use the US EPA Food Recovery Hierarchy (Figure 10) to guide how we categorize, track and divert food losses. We prioritize strategies that feed people over feeding animals, which we prioritize over compost. All methods are preferred over sending food to a landfill. At surveyed orchards in 2022, the landfill diversion rate was 94.7%

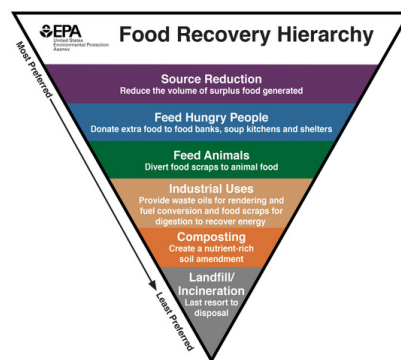


Figure 10: The US EPA Food Recovery Hierarchy illustrates avenues for food loss diversion from most to least preferred.

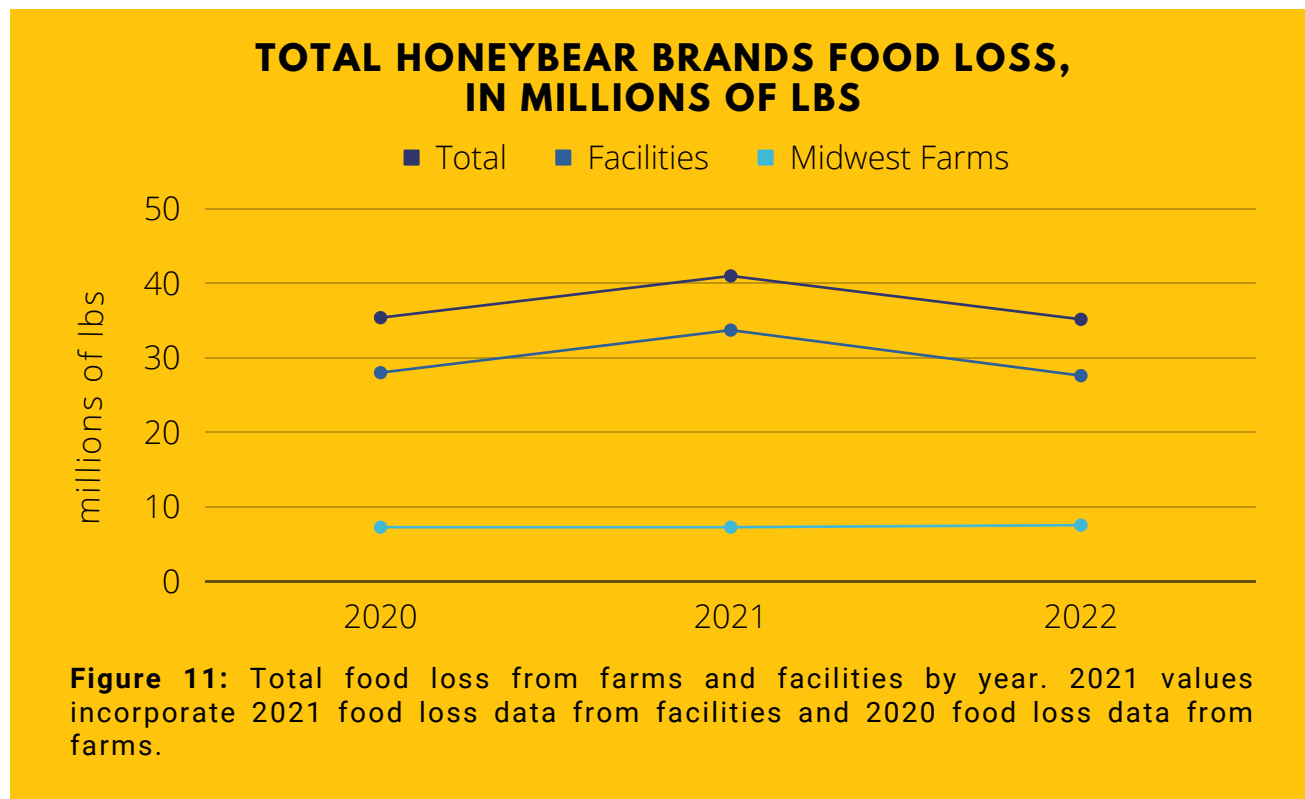


FACILITY LOSSES

In comparison to food loss on farms, facility-level food loss makes up a much higher portion of total food loss across Honeybear Brands (Figure 11).

From 2021 to 2022, the percentage of all fruit sent to a landfill across Honeybear Brands facilities decreased from 2.9% to 0.8% (a decrease from 12.2% to 4.3% when looking only at fruit losses). Our Wescott AgriProducts Minnesota facility has achieved 100% landfill diversion since 2020. This decrease is due to small number of apples disposed of at our Honeybear Growers Washington facility. At the Washington facility, 21.6% of fruit was considered food loss—95.1% of losses were diverted for juice or other processing (20.5% of total fruit), and 4.9% of losses (just 1.1% of total fruit) were sent to a landfill.

Fruit losses from facilities are largely dependent on the apple crop in a given season. For example, in years with a particularly large crop, processing facilities may have excess fruit that they need to find alternative avenues for, because there are limits on how much fruit a given facility can process at one time. 2022 was a difficult year for apple growers in Washington, resulting in the lowest harvest volumes in eight years. (10) This smaller supply resulted in fewer apple losses in 2022.





FOOD LOSS DIVERSION: AVOIDING THE LANDFILL

Across farms and facilities combined, Honeybear Brands food loss diversion rate from the landfill was 95.7% in 2022 (Figure 12). This is an increase over the 87.8% diversion rate in 2021.

It's estimated that about 6% of total greenhouse gas emissions worldwide come from food loss and waste. (11) EPA data show that food waste is the single most common material landfilled in the U.S., comprising 24% of landfilled municipal solid waste. (12) This validates the importance of Honeybear Brands' efforts to divert 100% of food losses from ending up in landfills.

TOTAL FOOD LOSS DIVERTED FROM LANDFILL BY YEAR ACROSS FARMS AND FACILITIES

	2020	2021	2022
Total food loss (lbs)	35,371,259	40,972,599	35,152,620
Food loss diverted from landfill (lbs)	32,617,147	35,991,405	33,634,900
Food loss to landfill (lbs)	2,744,112	4,981,194	1,517,720
% of food loss diverted from landfill	92.2%	87.8%	95.7%

Figure 12. As of 2022, 95.7% of food loss was diverted from the landfill. This is based on 2022 facility data and 2022 farm data.



IN 2022, HONEYBEAR BRANDS DIVERTED 95.7% OF OUR FOOD LOSSES FROM THE LANDFILL, ACROSS BOTH FARMS AND FACILITIES.



THE BIG PICTURE: FOOD LOSS AT LARGE

The largest factor impacting food loss at our farms and facilities is the weather. As noted, higher incidence of hail, strong storms and drought lead to more damaged fruit, which is left unharvested or sorted out at the facility. Climate change will only increase the frequency of these extreme weather events, increasing potential for food loss to occur, and making diversion strategies increasingly important.

We are already well on our way to achieving our goal of zero 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.

At our source orchards where the fruit is grown, most food “loss” is recycled directly to the orchard ecosystem, returning nutrients to the soil. Meanwhile, at our facilities, most 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

Honeybear Brands plans to continue addressing the minimal food loss going to landfill that exists within our supply chain in 2023.

In order to ensure that seasonal variation in crop load and disease pressure do not limit our ability to meet our goal to achieve zero food loss (to landfill) from farm to retail by 2025, we are researching alternative methods for disposing of unsellable apples at our Washington facility. Because there is less animal agriculture in Washington, there are fewer opportunities to use food loss as animal feed. We are exploring other potential avenues to divert losses, like industrial composting.

CLIMATE



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

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. 2022 brought challenging conditions for apple growing. At Honeybear Brands, we saw widespread crop losses across many of our growing regions. In Washington, spring heat followed by cold snaps with snow, hail, wind, and rain made for one of the industry's smallest apple crops in 15 years (13).

Coming to terms with the changing climate is a difficult task for farmers across the country. This is further complicated by the fact that the agricultural sector contributes to 11.2% of greenhouse gas (GHG) emissions in the United States. (14) However, at Honeybear Brands we are looking to the agricultural industry for solutions. Apples offer a climate solution. As a field-grown, perennial fruit, they have the second-lowest climate impact of all food and livestock production, second only to field-grown vegetables. In fact, apples have the lowest climate impact of all fruit crops studied, and a lower impact than most vegetables. (15)

As encouraging as this is, we are mindful of the fact that food production goes beyond the field. Emissions are generated at every stage: transport to the packinghouse, cold storage, sorting, packing, and distribution. We recognize the need to take responsibility for all of our complete supply chain emissions.

In the Upper Midwest and Washington state, we have an abundance of renewable energy in the form of wind, solar, and hydropower. Tapping into these resources is key to reducing our emissions. When coupled with energy-saving strategies this becomes a powerful solution.

OUR GOAL:

Source 100% of electricity used at Honeybear Brand facilities from renewable energy sources by 2025, reduce greenhouse gas emissions by 42% in Honeybear Brands operations by 2029 (compared to a 2019 baseline) and be carbon neutral by 2040.

Note: We revised this goal in 2022. See details in "Revising Our Goal."



Research from Cornell University suggests that one acre of orchard fixes about 20 metric tons of CO₂ from the air each season, which is equivalent to sequestering 2.5 homes' energy use for one year (16, 19).



SOURCING RENEWABLES

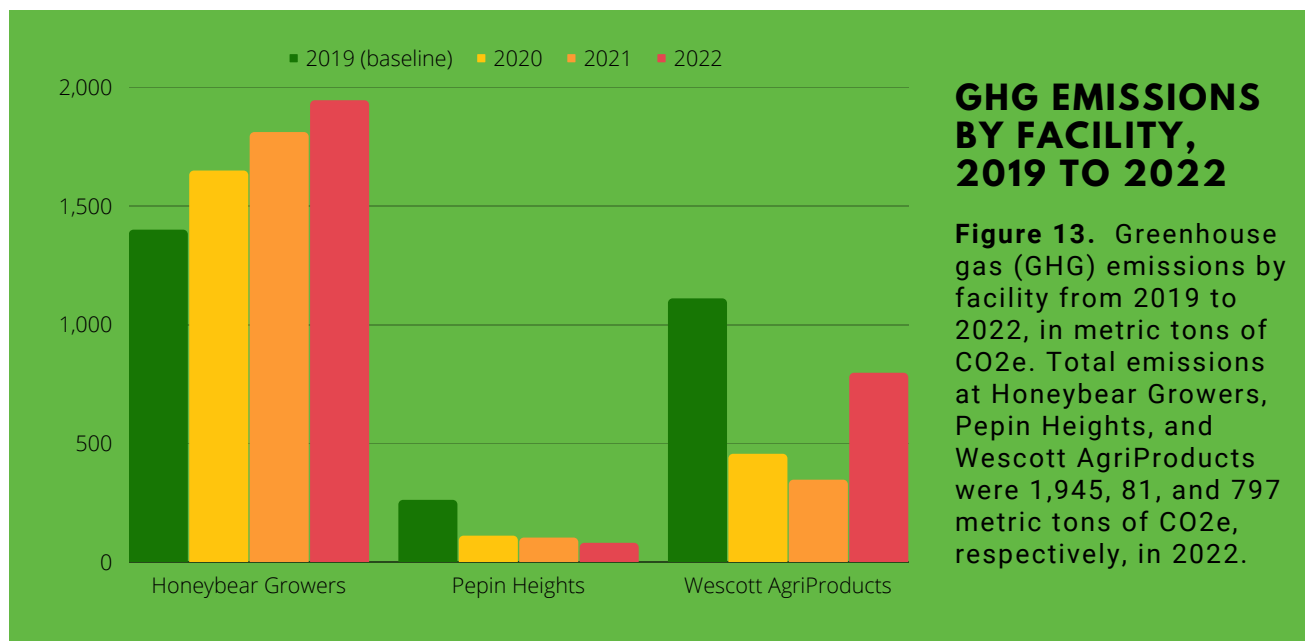
Across Honeybear Brands, purchased electricity accounts for the largest portion of our emissions, making the transitioning to renewable sources all the more important. In 2022, we maintained renewable sourcing for 100% of the electricity for our Wescott AgriProducts and Pepin Heights Minnesota facilities.

At both Minnesota facilities we take advantage of wind power by purchasing Renewable Energy Credits (RECs) through our electricity providers. Our Wescott AgriProducts facility is supplied through the People's Energy Cooperative Evergreen program, and our Pepin Heights facility purchases RECs from the Southern Minnesota Municipal Power Agency (SMPMPA). Honeybear Brands was the first business to join both of these renewable energy programs.

At our Honeybear Growers facility in Washington, we source energy from the grid. In 2021 (the most recent reported data), 55.3% of energy from the grid came from renewables such as hydropower and wind. In the past, the grid had a higher percentage of hydropower in the fuel mix. However, 2021 was a record-low year for hydropower generation across the state of Washington due to drought (17). Consequently, the proportion of hydropower in the grid dropped significantly. Unlike there is for our Minnesota facilities, there is not currently an opt-in program for renewable sourcing available in Brewster, Washington, where the Honeybear Growers facility is located. We are actively exploring alternative avenues to shift the remaining 44.7% of facility energy in Washington to renewable sources.

2022 DATA

We use the GHG Protocol, the world's most widely used greenhouse gas accounting standards for companies, to measure Honeybear Brands' Scope 1 and 2 emissions. This includes direct emissions through our company facilities and vehicles (Scope 1) and indirect emissions from purchased electricity, steam, heating, and cooling (Scope 2). (18)



2022 PROGRESS



2022 DATA, CONTINUED

From 2019 to 2022, Pepin Heights had the lowest emissions of any of our facilities. Meanwhile, Honeybear Growers had the highest emissions, with more than Wescott AgriProducts and Pepin Heights combined. This is expected, because Honeybear Growers is our largest facility, located in the source region with the largest acreage and grower base. (Figure 13) .

From 2021 to 2022, we reduced our Pepin Heights facility emissions by 21.1%. This facility is primarily used for cider pressing, so this could be due to the fact that the pressing season started more slowly in 2022 than 2021. In the same time period, the emissions from the Wescott AgriProducts facility increased by 129.8%. The majority of this increase can be traced to our use of refrigerants, which are necessary to keep our apples at peak quality year-round. Refrigerants are used in small quantities, but some refrigerants have an outside impact on emissions. At our Honeybear Growers facility, emissions increased by 7.4% from 2021 to 2022, likely due to an overall increase in fruit output.

BY THE END OF 2022, HONEYBEAR BRANDS FACILITIES WERE SOURCING 68% OF PURCHASED ELECTRICITY FROM RENEWABLES.



Figure 14. A look inside our Honeybear Growers facility in Brewster, Washington. Honeybear Growers is our largest facility and has the highest emissions due to the greater volume of apples processed. We are actively exploring ways to secure renewable energy sourcing apart from the grid at this facility, to ensure that we meet our goal of 100% renewable electricity by 2025.

Photo credit: Ross Courtney/Good Fruit Grower

2022 PROGRESS

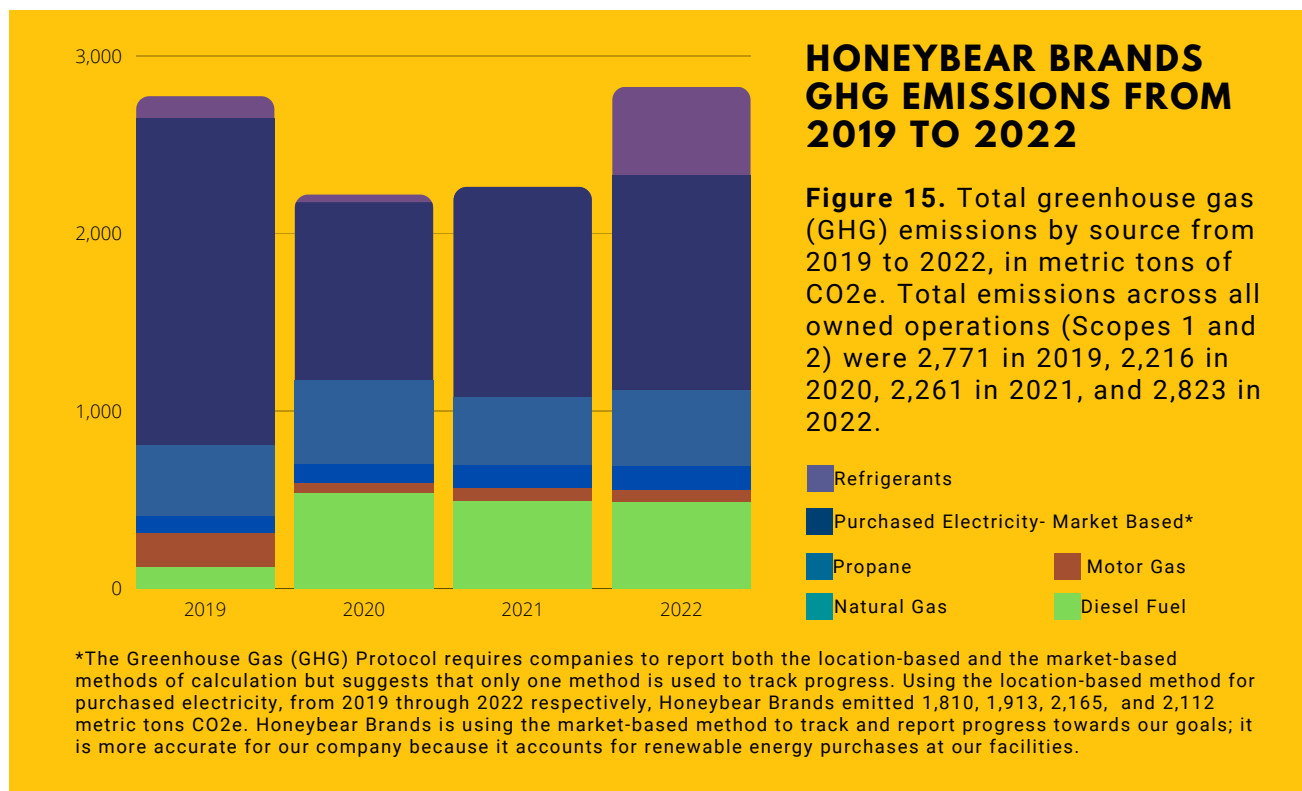


In 2022, total emissions across all of our facilities was 2,823 metric tons of CO₂e. For reference, this is the equivalent of the annual emissions from 628 cars or 356 American households. (19) This represents a 1.9% increase compared to 2019, when total emissions were 2,771 metric tons of CO₂e. Figure 15 provides an overview of the sources of Honeybear Brands' overall emissions from 2019 to 2022. The emissions increase in 2022 compared to the 2019 baseline can be traced to the purchase of refrigerants for storing apples throughout the year and an increase in diesel use. The contribution of purchased electricity to overall emissions has dropped since 2019, since we started purchasing renewable energy in 2020.

Nearly half of all of our 2022 emissions were from purchased electricity, which includes electricity for our facilities and the orchards that we own and operate. From 2021 to 2022, these emissions increased by 2.0%, from 1,184 to 1,208 metric tons of CO₂e. Refrigerants are the second largest source of emissions. Diesel is the next largest source of emissions, which we use for trucks and other heavy equipment like skid loaders and excavators, followed by propane which powers forklifts and other equipment at our facilities.

The overall emissions reported for 2020 and 2021 in past Honeybear Brands Sustainability Reports vary slightly from the total emissions for those years as shown in Figure 15. There was an error in the emissions factor being used to calculate emissions from natural gas in prior years. The error has been corrected.

"TWO OF OUR THREE FACILITIES ARE POWERED BY 100% RENEWABLE ENERGY."



2022 PROGRESS



REVISING OUR GOAL

In 2022, we updated our emissions reduction goal to a much more ambitious one. Previously, our goal was to reduce greenhouse gas emissions by 15% in Honeybear Brands operations by 2030 (compared to a 2020 baseline). Our revised goal aligns with what the latest climate science deems necessary to meet the goals of the Paris Agreement, an international treaty on climate change. The Paris Agreement goals include substantially reducing greenhouse gas emissions in order to limit the global temperature increase in this century to 2°C and further pursuing efforts to limit warming to 1.5°C. (20)

As part of establishing a new goal, we retroactively performed greenhouse gas accounting for Honeybear Brands' Scope 1 and Scope 2 emissions in 2019. This is the new baseline we will use going forward. We did this so that we could more accurately show Honeybear Brands' sustainability journey over time. For example, we started purchasing renewable energy credits in 2020, so a 2019 baseline allows us to see the positive impacts of this transition on our overall greenhouse gas emissions.

IN 2022, WE UPDATED OUR EMISSIONS REDUCTION GOAL TO A MORE AMBITIOUS ONE - TO REDUCE GHG EMISSIONS BY 42%.

LOOKING AHEAD: A BRIGHT FUTURE

With the help of our fantastic growers, retailers, and customers, Honeybear Brands continues to expand our business every year. We are thrilled to be producing and selling more and more high-quality fruit and are committed to keeping pace with our emissions reductions at the same time.

In 2023, we are diving deeper into the research needed to ensure that our largest facility, Honeybear Growers, is sourcing 100% renewable electricity, despite variation in renewable energy from the grid. While Washington is known for its production of renewable hydropower, the energy mix provided by the public grid is subject to uncertainty in water supply and changing climactic conditions. We look forward to reducing our emissions further by securing renewable sourcing to cover the energy needs of our business.

IN 2023, WE ARE DIVING DEEPER INTO THE RESEARCH NEEDED TO ENSURE THAT OUR LARGEST FACILITY, HONEYBEAR GROWERS, IS SOURCING 100% RENEWABLE ELECTRICITY.



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