HONEYBEAR
Brands

A yearly update on our sustainability goals.

2023 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 fourth 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 of our most important sustainability focus areas : 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 2023.**

Our primary focus in 2023 was building on our previous sustainability progress and identifying areas for improvement in the coming years. Highlights from 2023 include selling 67% of our branded apples in plastic-free packaging alternatives, continuing to source 100% renewable electricity at both of our Minnesota facilities, and planting an additional 2 acres of pollinator habitat.

2023 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.

Progress towards our goals:

Established

70%

of 50 acres of pollinator habitat

Offer plastic-free alternatives to

100%

of all branded plastic packaging

Sold

67%

of product plastic-free

Diverted

82%

of food loss from landfills

Sourcing

87%

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 2023, 44% 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.

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

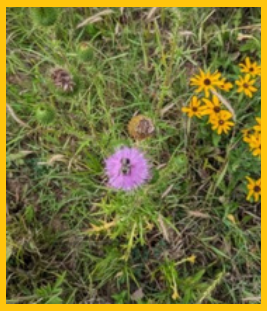
2023 ADOPT-AN-ACRE PROGRESS

We continue to make progress toward our goal to establish 50 acres of pollinator habitat through the Adopt-an-Acre program in 2023. By the end of 2022, Honeybear Brands growers had established 33.15 acres across our Midwest orchards. In 2023, with the help of our growers, an additional 2.05 acres were established, bringing our total to 35.2 acres, or 70.4% of our goal. As of 2023, Honeybear Brands growers have established about 26 football fields worth of pollinator habitat. (3) In addition to adding new plantings in 2023, we saw our 2021 and 2022 plantings start to bloom, providing much needed floral resources for nearby pollinators (Figure 1). We continue to provide our growers with technical resources and connect them with local technical experts to ensure the long-term success of these plantings.

"AS OF 2023, HONEYBEAR BRANDS GROWERS HAVE ESTABLISHED ABOUT 26 FOOTBALL FIELDS WORTH OF POLLINATOR HABITAT."

2023 POLLINATOR HABITAT

Wescott, 2023



Eckers, 2023, Wood Orchard 2023

Figure 1. Pollinator habitat blooming in 2023

POLLINATOR HABITAT ESTABLISHED AS OF 2023

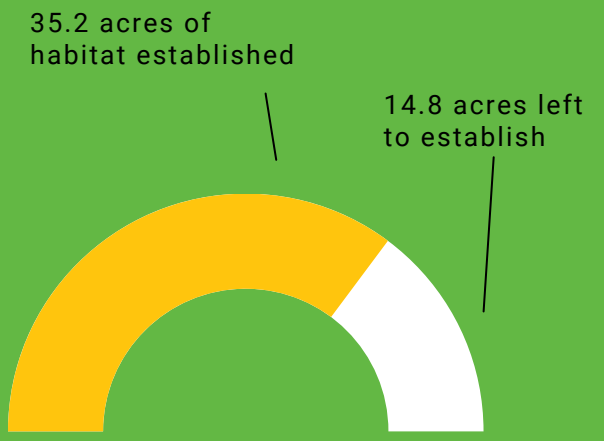


Figure 2. Honeybear Brands growers have established 35.2 acres of pollinator habitat, which means we are 70.4% of the way to achieving our goal of 50 acres by 2025.

POLLINATOR PROTECTIONS: TRUEARTH

"TRUEARTH-CERTIFIED ACRES ARE A LAND AREA ABOUT THREE-QUARTERS OF THE SIZE OF CENTRAL PARK."

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 626 acres across nine Honeybear Brands' suppliers' orchards throughout the Midwest. This equals 57% of Honeybear Brands' Midwest acres, and 3.8% of our total US source acres. Truearth-certified acres are a land area about three-quarters of the size of Central Park. (4)

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.

2023 TRUEARTH PROGRESS

The Truearth 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 illustrates the progress that our growers have made in implementing Truearth's pollinator health practices over time. Together with the existing practices, Truearth growers' average adoption of advanced practices in 2023 was 44%.

In 2020, we set a goal to expand the Truearth program to 90% of acres supplying Honeybear Brands. In 2023, in light of new requirements from our customers for third-party verified certifications demonstrating IPM practice adoption, we reevaluated this goal and decided to focus instead on meeting these retailer requirements rather than expanding the Truearth program to Washington. Throughout 2023, we have been exploring accepted IPM certifications and meeting with our growers to bring clarity to these new requirements from our retailers.

"THE TRUEARTH 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."

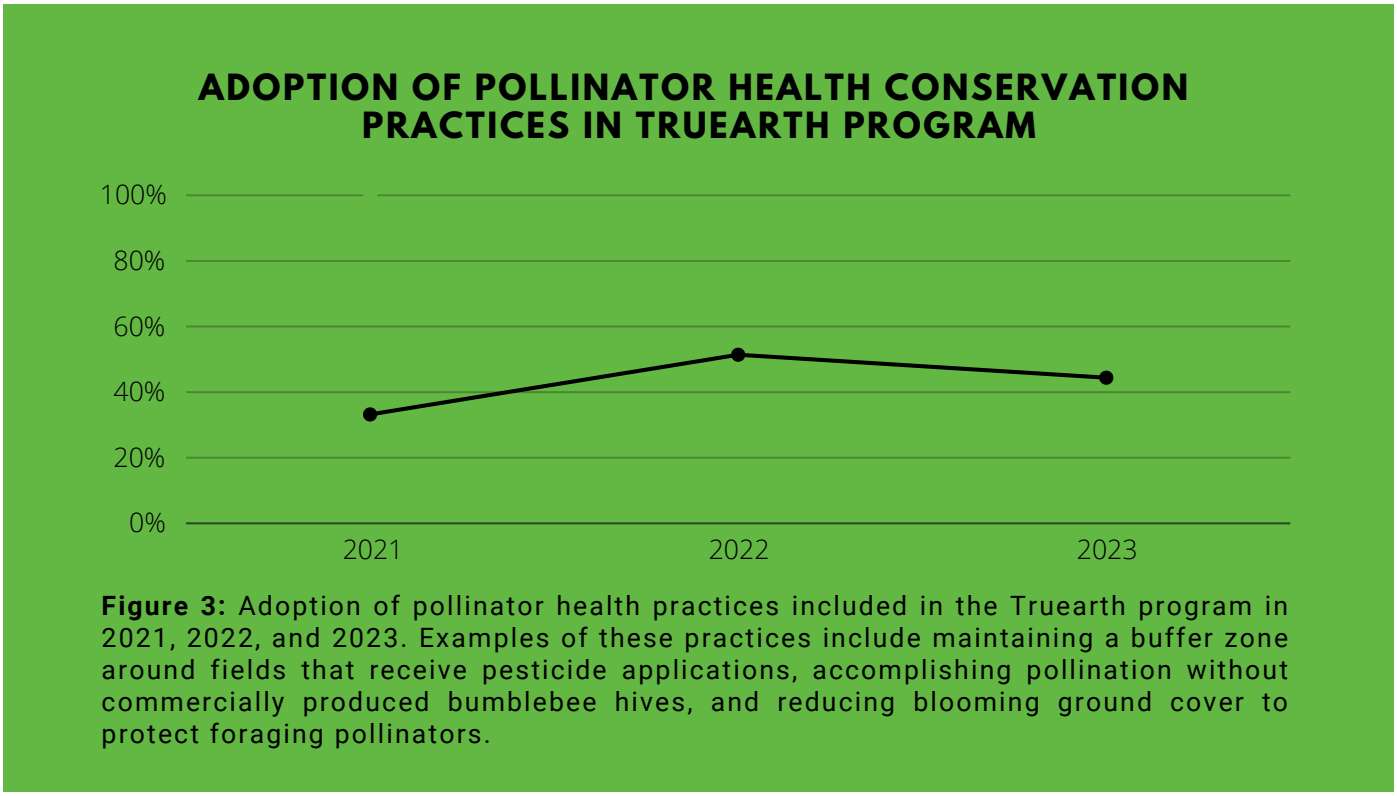


Figure 3: Adoption of pollinator health practices included in the Truearth program in 2021, 2022, and 2023. Examples of these practices include maintaining a buffer zone around fields that receive pesticide applications, accomplishing pollination without commercially produced bumblebee hives, and reducing blooming ground cover to protect foraging pollinators.

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 insufficient infrastructure to recycle plastics coupled with a lack of demand for recycled plastics limit the potential of recycling to reduce the plastic problem (Figure 4). (5) Moreover, recycling puts the onus on consumers rather than the companies producing and using plastics.

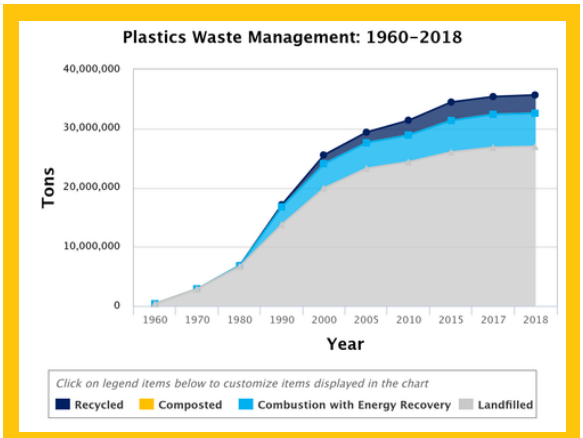


Figure 4. Total number of tons of plastics generated, recycled, composted, combusted with energy recovery and landfilled, sourced from EPA, 2020

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 12 US states (a 50% increase since we started publishing this report!) and Canada that ban single-use plastic bags (6,7). This year, we continued to offer plastic-free alternatives to all branded plastic packaging products! (Figures 7, 8).

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.

2023 PROGRESS

In previous years, we have not been able to separate branded from non-branded packaging data. Branded packaging is the packaging with our own label on it. Non-branded packaging is packaging without our brand on it, and the packaging designs, labels, and types are determined by the buyer. Our goal is focused on branded packaging because our non-branded packaging types are determined by our customers.

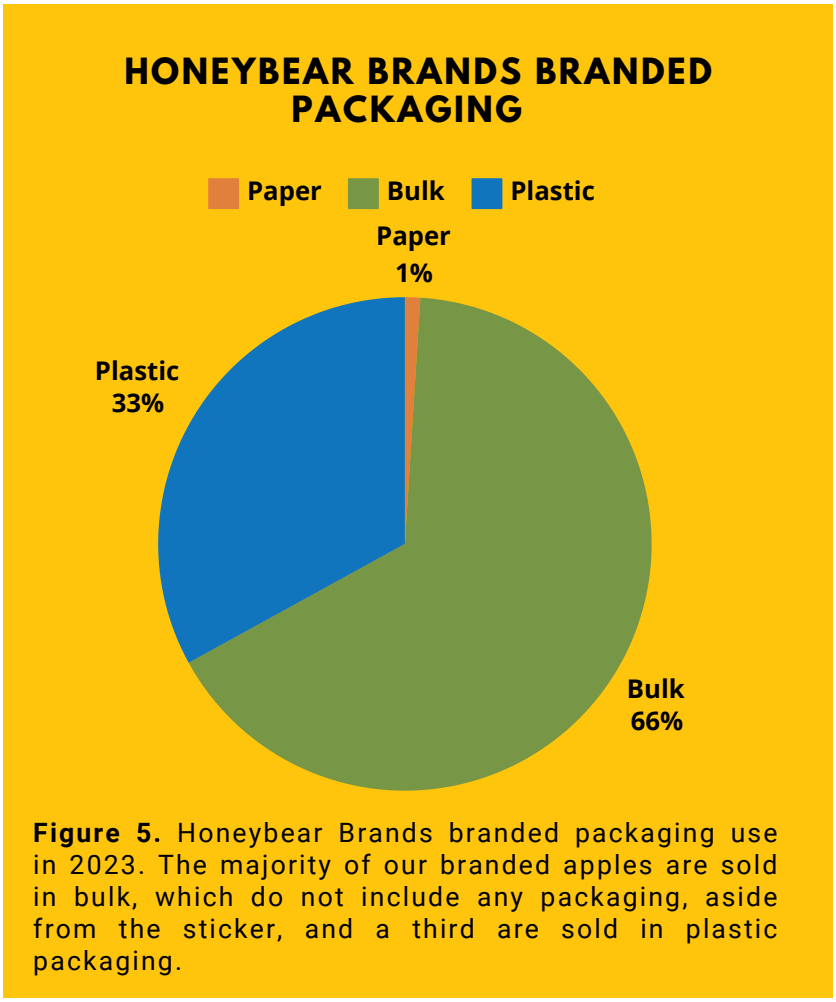


Figure 5. Honeybear Brands branded packaging use in 2023. The majority of our branded apples are sold in bulk, which do not include any packaging, aside from the sticker, and a third are sold in plastic packaging.

We are excited to report that 2023 is the first year we have been able to separate the two types of data in order to accurately report on progress towards our goal of using zero plastic in our branded packaging by 2030. Two-thirds of our branded apples are sold without plastic packaging (Figure 6), either as bulk (no packaging other than the sticker) or in paper, and just one-third are sold in plastic packaging. While we have made significant progress since 2020 in offering non-plastic packaging alternatives and improving our data segregation and reporting capabilities, opportunities remain. Our greatest challenge will continue to be adoption by retail customers and consumers of plastic alternatives, which are less familiar and tend to cost more. In the meantime we have improved the recyclability of our plastic packaging options as well. The new #4 recyclable pouch for Pazzaz apples can be recycled, as long as it is within a municipal recycling facility that accepts #4 plastic. Our recyclable bag for Pazazz apples also has a QR code so that consumers can find the closest plastic recycling drop-off site. We also continue to consider the possibility of transitioning our produce stickers to compostable alternatives.

Figure 6. New Honeybear Brands #4 recyclable plastic bag.

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. Despite offering plastic-free alternatives, adoption has been low, with just 1% of our branded apples sold in paper-based options (Figure 5, 7). 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.

PLASTIC-FREE ALTERNATIVES FOR HONEYBEAR BRANDS' PACKAGING

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

Figure 7. As of 2022, we accomplished our goal of offering plastic-free alternatives to all plastic packaging options by 2025. We continued to offer these options in 2023.

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

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 2023 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

Consumers continue to see eco-friendly packaging as a defining feature of a sustainable product, more-so than any other feature. (9) 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 eco-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.

FOOD LOSS DIVERSION

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

For consumers, food waste is the top-ranked concern associated with a sustainable food supply, with 33% of consumers ranking it as their top concern, and 68% of consumers ranking it in their top three concerns. (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 United States, over one-third of fresh produce grown is never used. This is the highest rate of waste for any category of food (Figure 9). (21) The resources used to produce unused food account for at least 21% of all freshwater usage, 19% of all fertilizer usage, 18% of cropland, and 21% of landfill volume in the U.S. (8) In 2015, the USDA and the EPA announced a nationwide goal to cut food waste and food loss in half by 2030.

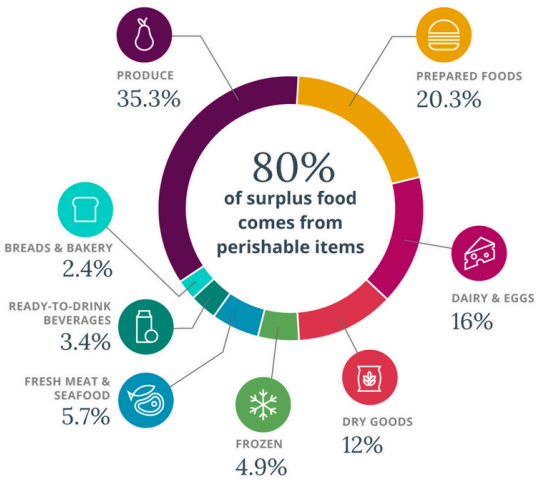


Figure 9. Breakdown of food waste and food loss by categories of food. Source: ReFED, 2022

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.

2023 PROGRESS

In 2022, we collected in-depth information about food loss from our 12 Midwest source orchards. We collect this data from our orchards on a biannual basis, in order to not burden our incredibly busy growers every year. Therefore, grower-level food losses discussed in this report are based on data from 2022.

OUR GOAL:

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

In 2023, we collected in-depth information on food loss from our facilities in the Midwest and Washington for the fourth year in a row. The farm and facility data shed light on the avenues that apples follow after harvest, and illuminate opportunities for loss reduction and diversion.

FARM & FACILITY 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. 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, mowed into the orchard drive row or left on the ground beneath the tree. Aside from fruit lost due to weather, apples are also considered food loss when they are left unharvested.

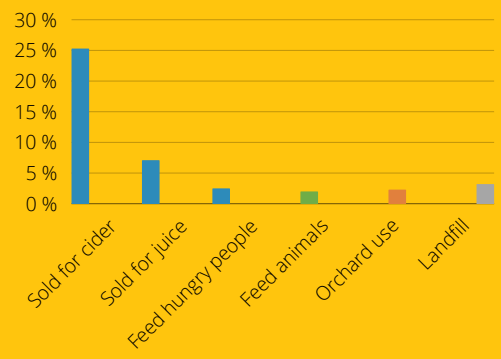


Figure 10: Destinations of orchard-level fruit losses from reporting Midwest orchards in 2022. Note: these data are collected biannually.

In 2022, unharvested fruit averaged about 4.7% of the crop on surveyed orchards. 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 but were still put to good use, as shown in Figure 10. Just 3.2% of all harvested apple losses ended up in a landfill.

In comparison to food loss on farms, facility-level food loss makes up a much higher portion of total food loss across Honeybear Brands (data not shown). From 2022 to 2023, the percentage of all fruit sent to landfill across Honeybear Brand facilities increased from 0.8% to 4.1%. While this number fluctuates annually, we're actively developing composting solutions to boost landfill diversion.

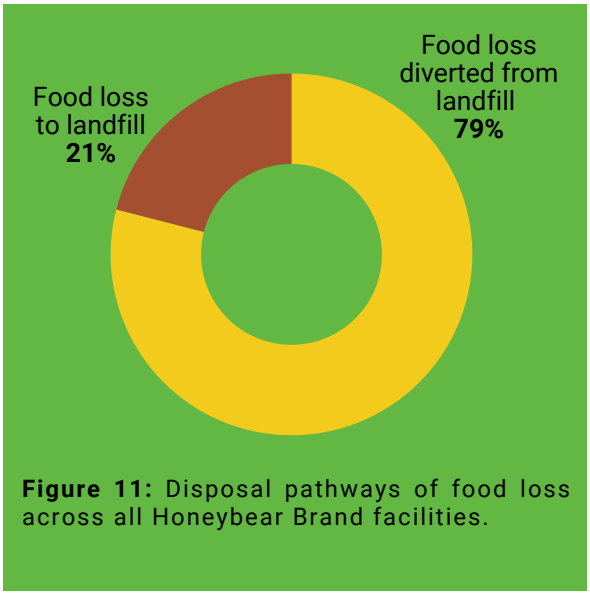


Figure 11: Disposal pathways of food loss across all Honeybear Brand facilities.

At the Wescott AgriProducts Minnesota facility has achieved 100% landfill diversion since 2020. At the Honeybear Growers facility, 21.1% of fruit was considered food loss, and 5.3% of fruit was landfilled in 2023 (Figure 11, 12). Across both facilities we achieved a 79% food loss diversion rate from landfill (Figure 11), a decrease from last year that can be attributed to seasonal variability in weather and growing conditions.

We use the EPA Wasted Food Scale (previously the US EPA Food Recovery Hierarchy) to guide how we categorize, track and divert food losses. All diversion methods are preferred over sending food to a landfill. At surveyed orchards in 2022, the landfill diversion rate was 94.7%

DESTINATION OF APPLES FROM OUR FACILITIES - 2023

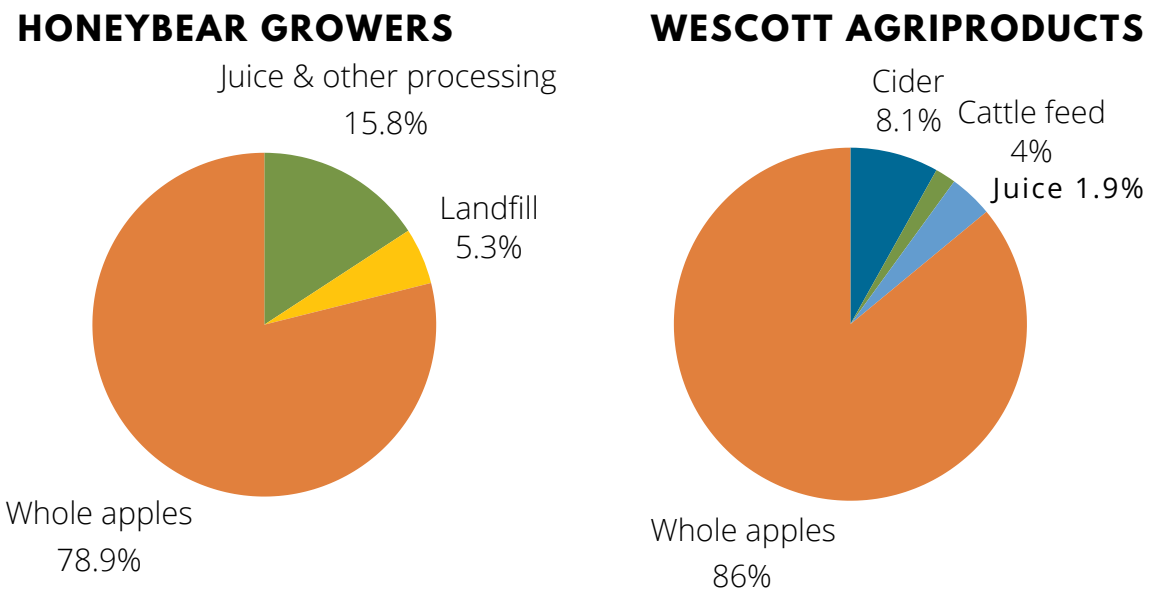


Figure 12: Food loss diversion destinations for Honeybear Growers (left) and Wescott Agriproducts (right), including cider, juice, landfill and cattle feed.

HONEYBEAR BRANDS PERCENT OF FOOD LOSS DIVERTED FROM LANDFILL ACROSS FARMS AND FACILITIES

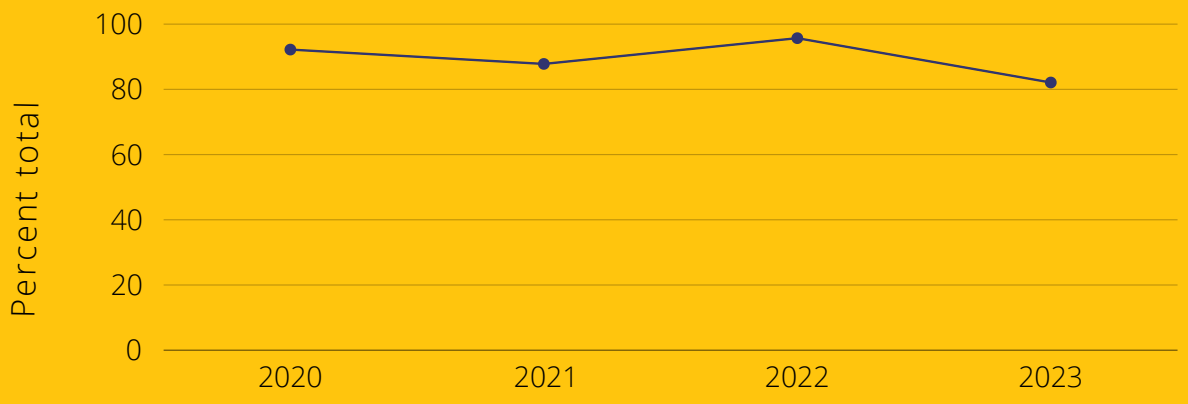


Figure 13: Percentage of food loss diverted from landfill across farms and facilities. The goal is 100% food loss diversion from landfill by 2025.

FOOD LOSS DIVERSION: AVOIDING THE LANDFILL

Across farms and facilities combined, Honeybear Brands food loss diversion rate from the landfill was 82.1% in 2023 (Figure 14).

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. The volume of food loss diverted from landfill in 2023 represents 54,726 metric tons of CO2e emissions avoided - significantly more than all of Honeybear Brands emissions in 2023!

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

	2021	2022	2023
Total food loss (lbs)	40,972,599	35,152,620	38,688,444
Food loss diverted from landfill (lbs)	35,991,405	33,634,900	31,749,975
Food loss to landfill (lbs)	4,981,194	1,517,720	6,938,469
% of food loss diverted from landfill	**87.8%**	**95.7%**	**82.1%**

Figure 14. As of 2023, 82.1% of food loss was diverted from the landfill. This is based on 2023 facility data and 2022 farm data.

IN 2023, HONEYBEAR BRANDS DIVERTED 82.1% OF OUR FOOD LOSSES FROM THE LANDFILL, ACROSS BOTH FARMS AND FACILITIES.

LOOKING AHEAD

The largest factor impacting food loss at our farms and facilities is the weather. 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 working towards 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 human and animal consumption.

However, at our Washington facility, apples that cannot be diverted to human consumption methods like juice and cider are dumped in a canyon and categorized as food loss. In an effort to reduce this loss, we asked our partners at Sustainable Food Group to look into food loss diversion methods for our Washington facility. **Due to a lack of animal agriculture in Washington, animal feed is not a viable option for loss diversion in Washington as it is in the Midwest.** Accounting for this, the research evaluated composting as a diversion method, including options like building our own composting facility; partnering with an organization who has a composting facility; and sending apples to the closest industrial composting facility. All three options pose significant cost.

In order to reach our goal of zero food loss (to landfill) from farm to retail by 2025, we will be assessing which composting pathways are best for our organization and our growers throughout 2024.

CLIMATE

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

Like all agricultural production, apples are heavily influenced by climate. Without reliable temperature, rainfall, and seasons, it becomes harder and harder to produce consistently high-quality crops. Within the last few years, weather has drastically varied year to year. In 2022, the Midwest experienced hail storms that caused widespread crop losses. (13) In 2023, our Midwest growers experienced a severe drought, which led to an increased need for (and therefore costs associated with) irrigation. In addition, drought induces stress on apple trees, which increases their susceptibility to disease and creates challenges for future seasons.

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 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.

Research from Cornell University suggests that **one acre of orchard fixes about 20 metric tons of CO_2** from the air each season, which is **equivalent to sequestering 2.5 homes' energy use** for one year. (16, 19)

2023 PROGRESS

SOURCING RENEWABLES

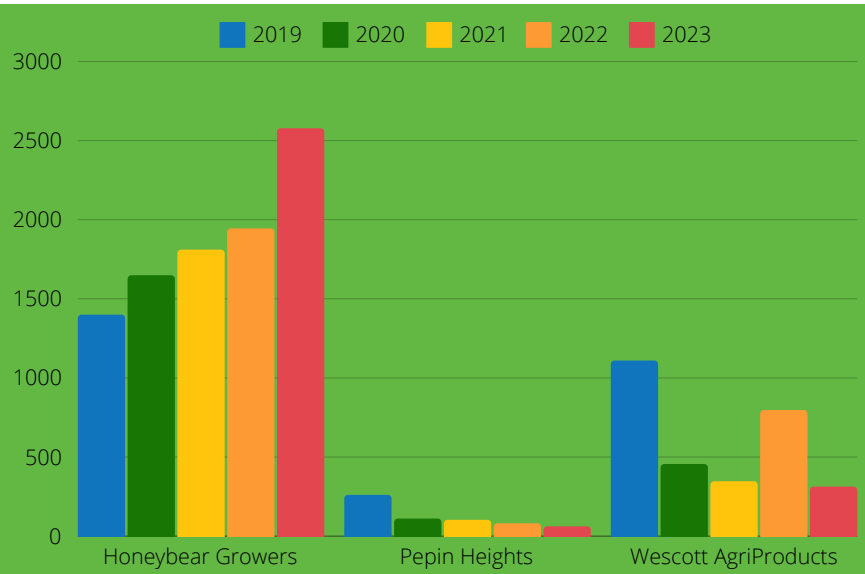
Across Honeybear Brands, purchased electricity accounts for the largest portion of our emissions, making the transitioning to renewable sources all the more important. In 2023, we continue to power two of our three facilities, Wescott AgriProducts and Pepin Heights (both in Minnesota) with 100% renewable energy.

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 (SMMPA). The increase in emissions at the Wescott AgriProducts facility in 2022 was due to refrigerants use, however in 2023 we purchased a different kind of refrigerant that has no associated GHG emissions, resulting in the decrease in emissions from this facility (Figure 15.)

At our Honeybear Growers facility in Washington, we source energy from the grid. In 2022 (the most recent reported data), about 84% of energy from the grid came from hydropower. Unlike our Minnesota facilities, the utility provider for our Honeybear Growers facility does not provide an opt-in program for renewable sourcing. We are actively exploring options to shift the remaining percentage of facility energy in Washington to renewable sources. In 2023, our partners at Sustainable Food Group evaluated three options, including RECs, on-site solar installation, and wind energy, to identify the most feasible, cost effective opportunities to meet our renewable energy sourcing goals. In 2024, we will be assessing the information and deciding on next steps.

2023 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)



GHG EMISSIONS BY FACILITY, 2019 TO 2023

Figure 15. Greenhouse gas (GHG) emissions by facility from 2019 to 2023, in metric tons of CO2e. Total emissions at Honeybear Growers, Pepin Heights, and Wescott AgriProducts were 2,578, 62, and 313 metric tons of CO2e, respectively, in 2023.

2023 DATA, CONTINUED

Our Honeybear Growers facility in Washington is our largest facility and continues to have the highest emissions - more than Wescott AgriProducts and Pepin Heights combined (Figure 15). Honeybear Growers is located in the source region with the largest acreage and grower base. By the end of 2023, across all Honeybear Brands facilities, we were sourcing 87% of energy from renewables. This is a significant increase from 2022, when we were sourcing about 68% of our energy from renewables across our facilities. The change is primarily driven by an increase in grid hydropower in Washington, since both of our Minnesota facilities have been 100% renewable since 2020.

From 2022 to 2023, **we reduced our Pepin Heights facility emissions by 24%.** This facility is primarily used for cider pressing. In the same time period, the **emissions from the Wescott AgriProducts facility decreased by 61%.** The decrease in emissions 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 outsize impact on emissions. By decreasing our refrigerant use at our Wescott AgriProducts facility in 2023, we were able to drastically decrease our emissions. At our Honeybear Growers facility, emissions increased by 34.9% from 2022 to 2023, likely due to an overall increase in fruit output.

BY THE END OF 2023, HONEYBEAR BRANDS FACILITIES WERE SOURCING 87% OF ENERGY FROM RENEWABLES.

Figure 16. 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

2023 PROGRESS

In 2023, total emissions across all of our facilities totaled 2,953 metric tons of CO2e. For reference, this is the equivalent of the annual emissions from 703 cars or 385 American households. (19) This represents a 6.6% increase over our 2019 baseline overall across our operations. Our Wescott AgriProducts and Pepin Heights facilities have both achieved over a 70% reduction in emissions as a result of the change to 100% renewable energy (data not shown). Figure 17 provides an overview of the sources of Honeybear Brands' overall emissions from 2019 to 2023.

Despite the increase from 2022 to 2023, the contribution of purchased electricity to overall emissions has decreased compared to 2019, since we started purchasing renewable energy in 2020. In 2023, our emissions from purchased electricity represent about 59% of our total emissions, the single highest contribution to overall emissions. This includes electricity for our facilities and the orchards that we own and operate. Diesel was the next largest source of emissions in 2023, 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.

"TWO OF OUR FACILITIES HAVE ACHIEVED OVER A 70% REDUCTION IN EMISSIONS COMPARED TO A 2019 BASELINE AS A RESULT OF USING 100% RENEWABLE ENERGY."

HONEYBEAR BRANDS GHG EMISSIONS FROM 2019 TO 2023

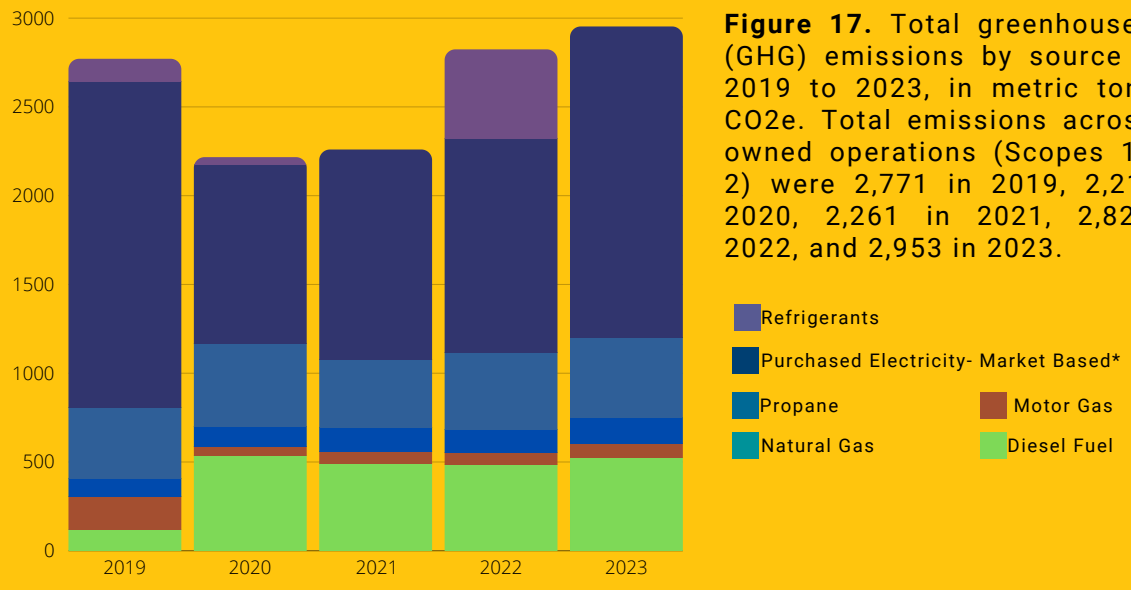


Figure 17. Total greenhouse gas (GHG) emissions by source from 2019 to 2023, in metric tons of CO2e. Total emissions across all owned operations (Scopes 1 and 2) were 2,771 in 2019, 2,216 in 2020, 2,261 in 2021, 2,823 in 2022, and 2,953 in 2023.

*The Greenhouse Gas (GHG) Protocol requires companies to report both the location-based and the market-based methods of calculation but suggests that only one method is used to track progress. Using the location-based method for purchased electricity, from 2019 through 2023 respectively, Honeybear Brands emitted 1,810, 1,913, 2,165, 2,112, and 2,636 metric tons CO2e. Honeybear Brands is using the market-based method to track and report progress towards our goals; it is more accurate for our company because it accounts for renewable energy purchases at our facilities.

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 dove 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 2024, we will use the research conducted this year to inform decisions and investments that will help us reach our 2025 goal.

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

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