HONEYBEAR
Brands

A yearly update on our sustainability goals.

2021 SUSTAINABILITY REPORT

TABLE OF CONTENTS

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 hear 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 plastic packaging waste.

Today, I am proud to present to you our second annual sustainability report, created in partnership with Sustainable Food Group, which outlines our four pillars, where we started 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 TruEarth sustainability journey and define meaningful goals in our four sustainability pillars: pollinator health, emissions reductions, food loss, and plastic packaging waste.

In 2020, we announced our first public sustainability goals. **In this report, we outline the progress we made in 2021.**

Our primary focus in 2021 was expanding upon our previous progress and identifying areas where we need to grow in the coming years. Highlights include identifying orchards to install pollinator habitat in spring 2022, calculating our energy savings from our transition to renewables in 2020, exploring alternative plastic-free packaging options, and receiving the International IPM Award of Recognition for our TruEarth program.

2021 Progress Highlights

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

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

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

33%

of 50 acres of pollinator habitat

Certified

7%

of acres under TruEarth

Sold

58%

of branded product plastic-free

Diverted

88%

of food loss from landfills

Sourcing

91%

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 additional pollination services.

One of the best ways to support pollinator populations is to create and maintain pollinator habitat, 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: TRUEARTH AND ADOPT-AN-ACRE

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 six 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 (Figure 3).

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. CUB was the first company to join the program and helped fund a 2021 habitat installation. Learn more about Adopt-an-acre at honeybearbrands.com.

We are also working with IPM Institute to strategize around expanding the TruEarth program into Washington and adapting it for a western climate. IPM Institute thoroughly reviewed the program. In 2021, an advanced practice was added, providing recognition for growers who establish new pollinator habitat.

2021 ADOPT-AN-ACRE PROGRESS

2021 was a productive year for the Adopt-an-Acre pollinator program. Our growers had already established 11 acres of pollinator habitat in the Midwest. This differs from the 16 acres we reported in 2020 due to two factors: we ended a relationship with a grower who had two acres of habitat that no longer count towards our goal and one of our growers misreported temporary sunflower habitat as permanent pollinator habitat.

In 2021, we prepped and planted two acres of land on a Midwest source orchard(Figure 1). A planting was also completed at another Midwest orchard leading to a total of 16.25 acres established at the end of 2021(Figure 2). Our goal of 50 acres of pollinator habitat equals about 38 football fields. As of 2021, Honeybear Growers have established 12.3 football fields worth of pollinator habitat. (3)

"AS OF 2021, HONEYBEAR GROWERS HAVE ESTABLISHED 12.3 FOOTBALL FIELDS WORTH OF POLLINATOR HABITAT."

2021 HABITAT INSTALLATION BEFORE AND AFTER

Seeding of pollinator habitat on Midwest orchard June 14th, 2021.

Sprouting pollinator habitat on Midwest Orchard July 15th, 2021.

Figure 1. In 2021, two acres of habitat were installed on a source orchards outside of Lake City, MN.

POLLINATOR HABITAT ESTABLISHED AS OF 2021

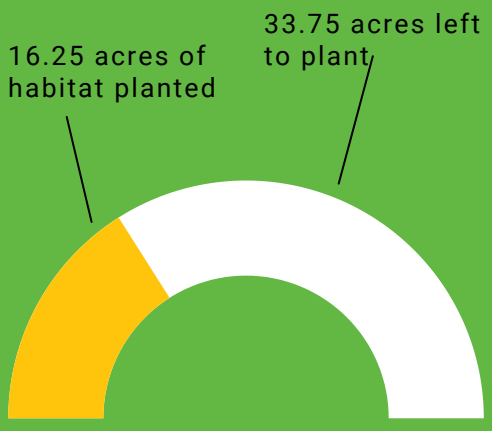


Figure 2. Honeybear Brands growers have established 16.25 acres of pollinator habitat, which is 32.5% of the way to our goal of 50 acres by 2025.

2021 TRUEARTH PROGRESS

In 2021, six Mississippi Valley Fruit Company growers were certified under TruEarth. This equates to 7.4% of Honeybear Brands' total acreage and 46% of Honeybear Brands' Midwest acreage. Five fewer Midwest orchards enrolled in 2021 than in 2020 due to unforeseen climatic events that lead to total crop loss. The 380 TruEarth-certified Midwest acres equate to the same amount of land as 95 US capitol buildings. (4) All certified acres must adopt the minimum pollinator requirements (Figure 3).

POLLINATOR CONSERVATION PRACTICES IN TRUEARTH PROGRAM	2021 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	33%
Advanced Practice: Insecticides posing high risk to pollinators are not used in the orchard	50%
Advanced Practice: Buffer zone of non-blooming plants >60 feet is maintained around all fields that receive applications of pesticides toxic to pollinators	50%
Advanced Practice: Blooming ground cover is reduced to protect foraging pollinators	33%
Advanced Practice: Is pollinator habitat established and maintained? (New as of 2021)	0%

Figure 3. Adoption of pollinator protection practices in the 2021 TruEarth certification. On average, advanced pollinator practices have a 33.3% adoption rate.

LOOKING AHEAD: POLLINATOR PLANS

In the coming years, Honeybear will continue expanding Adopt-an-Acre, generating funding for new habitat, and reducing the costs of habitat installment for growers. Four growers that are strong candidates for the Adopt-an-Acre program have been identified for plantings in 2022. Honeybear also plans to pilot TruEarth with our company-owned orchards in Washington, with eventual expansion to 90% of company-owned US source orchards.

PLASTIC-FREE PACKAGING

THE PLASTIC PROBLEM: IDENTIFYING THE SOURCE

As we all know, 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 land and waterscape. In turn, polluting, hurting animals, and contaminating human food and water.

All of this plastic in the environment leads to microplastics, which are left behind as plastics break down. These microplastics are so small that they can end up in our food, air, and even in our bodies. In 2021, the first evidence of plastics was found in a human placenta. (5) The small size of microplastics also makes them hard to capture, so removing them from the environment becomes a monumental task.

Recycling has long been thought of as an effective solution to plastic waste, but only 9% of plastic is actually recycled. (6) 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 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 products as they come on the market.

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 and in Canada where single-use plastic bags have been banned. (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.

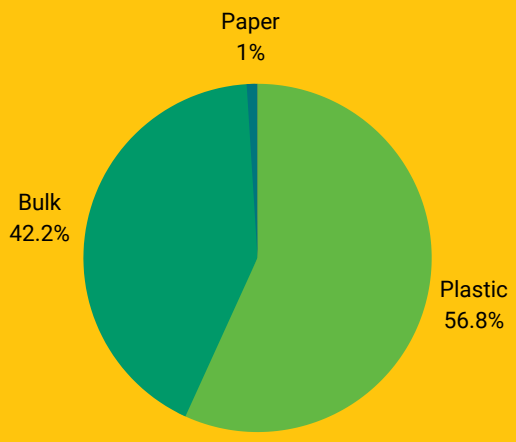
A NOTE ON COVID-19:

COVID-19 created a heightened demand for plastic-packaged fruit in 2020. This helps account for the sharp decrease in plastic packaging from 2020 to 2021. We also stopped participating in the USDA food box program and the demand for packaged fruit waned.

2021 PROGRESS

From 2020 to 2021, our percentage of plastic-free packaged apples increased from 43.2% to 58%. This is a 34% increase in plastic-free packaging. However, it is important to note that this shift is largely COVID-19 related (See "A note on COVID-19" on pg. 8). As with 2020, we were not able to separate general packaging from Honeybear Brands specific packaging. Therefore, in this report, we are reporting on ALL Honeybear Brands facility packaging materials put into the world in 2020 (Figure 4). This includes private label packaging.

2020 HONEYBEAR BRANDS PACKAGING MATERIALS



2021 HONEYBEAR BRANDS PACKAGING MATERIALS

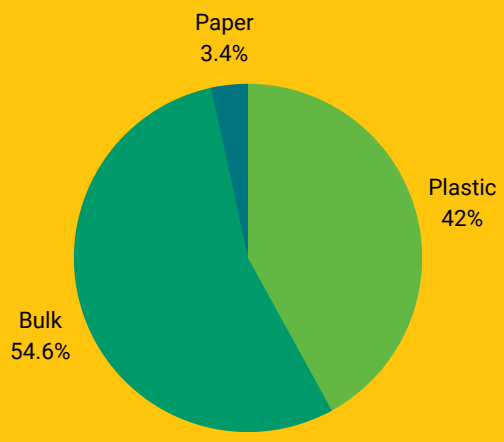


Figure 4: In 2020, 56.8% of our apples were sold in plastic packaging, 1.0% were sold in paper, and the remaining 42.2% was sold in bulk (no packaging), which is on par with the US apple industry as a whole. In 2021, 42% of our apples were sold in plastic, 3.4% of our apples were sold in paper and the remaining 54.6% were sold in bulk.

As of 2021, the eco box is our principle plastic-free packaging alternative (figure 5 and 6). The introduction of eco-boxes avoided the use of 142,202 grams of plastic, equivalent to over 14,000 plastic water bottles!

We also looked at numerous alternatives to our current packaging options such as:

- plastic additives that expedite the decomposition of plastics that end up in a landfill environment.
- recyclable plastic poly bags that would replace our current polybags while we move out of plastic.
- paper pouches with a biodegradable window that are commonly used for potatoes.
- biodegradable polybag tags

Figure 5: Our eco-box plastic clamshell alternative.

2021 PROGRESS

2021 PLASTIC FREE ALTERNATIVES FOR HONEYBEAR BRANDS' PACKAGING

Plastic Packaging:	2021 alternative offered?
Clamshells	yes, Ecobox
Polybags	no
Pouches	no
Mesh Bags	no
Plastic Totes	no

Figure 6. As of 2021, we are 20% of the way to our goal of offering plastic-free alteratives to all of our packaging materials by 2025.

THE ROLE OF THE RETAILER: POWER IN PARTNERSHIPS

It is imperative that we continue to provide innovative solutions. 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 the costs of mockups, molds, and tooling so sustainable packaging is real and more than a slide in a presentation deck.

LOOKING AHEAD: STRIKING A PLASTIC-FREE BALANCE

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

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.

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 type of food. Unused food accounts for 21% of all freshwater, 19% of all fertilizer, 8% of cropland, and 21% of landfill volume. (9) $218 billion is spent yearly to grow, process, transport, and dispose of food that is never eaten. (10)

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%). (11)

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.

2021 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 2021, we decided to survey our growers on food loss every other year, rather than annually, in order to reduce the burden of data collection on our growers. Therefore, grower-level food losses discussed in this report are based on data from 2020. We will collect in-depth information from our source orchards every two years. We also collected data on fruit loss in our facilities.

OUR GOAL:

Achieve zero food loss (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. Climate events such as tornadoes, drought, heavy rains, heavy winds, and hail all increase the amount of fruit dropped. Normal weather patterns also contribute to this drop. In 2020, our apple growers reported that 12.5% of all fruit they produced fell to the ground. 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 7).

At harvest some apples are left on the tree; in 2020, 2.5% of the apple crop was left unharvested as a result of weather damage (21%), pest or disease damage (2%), because they did not meet grading specifications (73%), or for economic reasons, for example, there was no buyer (.3%) or it was not cost-effective to harvest (4%) (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

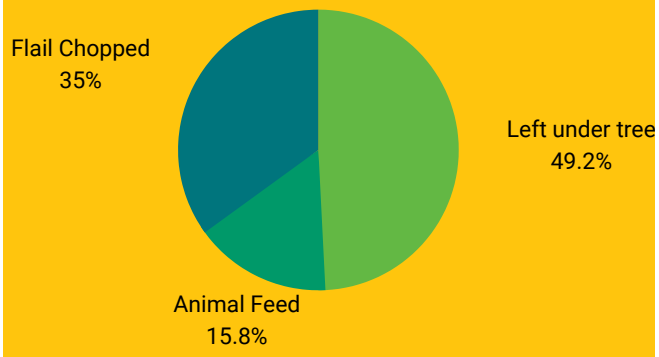


Figure 7: Across our surveyed orchards, 12.5% of fruit dropped in 2020. Dropped fruit destinations include local animal feed, leaving the fruit on the ground under the tree to recycle nutrients, or chopping up the fruit and spreading it.

Our food loss categories are based on the US EPA Hierarchy which prioritizes food loss diversion strategies that feed hungry people over feeding animals, which is prioritized over composting (Figure 8). All methods are preferred over sending food to a landfill. Across orchards supplying Honeybear Brands in 2020, 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 diversion rate of 99.5%.

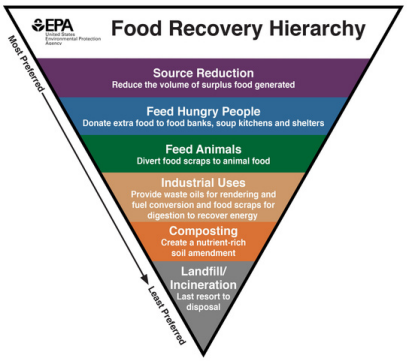


Figure 8: The US EPA Food Recovery Hierarchy illustrates avenues for food loss diversion from most to least preferred.

FOOD LOSS DIVERSION: AVOIDING THE LANDFILL

From 2020 to 2021, the percentage of food loss diverted from landfill, originating in both facilities and orchards, decreased from 92.2% to 87.8%. At large, 2021 was a difficult year for apple production, which resulted in greater crop losses, and which we can see in the reduction in food losses diverted from landfill.

In the spring, cold snaps, heavy rain, and drought impacted crops around the Midwest. Then, hail storms through the summer destroyed healthy fruit. In Washington, changing climate also impacted the success of the apple crop.

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

	2020	2021
Total food loss (lbs)	35,371,259	40,972,599
Food loss diverted from landfill (lbs)	32,617,147	35,991,405
Food loss to landfill (lbs)	2,744,112	4,981,194
% of food loss diverted from landfill	**92.2%**	**87.8%**

Figure 9. As of 2021, 87.8% of food loss was diverted from the landfill. This is based on 2021 facility data and 2020 farm data.

For reference, 3.8 pounds of greenhouse gases are emitted for every pound of food waste that ends up in a landfill. In 2021, Honeybear Brands' efforts to divert apples from landfills avoided over 62,000 metric tons of greenhouse gas emissions (CO2e). This is equivalent to the greenhouse gas emissions of just under 13,360 gas cars driven for one year. (12) It's estimated that about 6% of total greenhouse gas emissions worldwide come from food loss and waste. (13) EPA data show that food waste is the single most common material landfilled and incinerated in the U.S., comprising 24 and 22 percent of landfilled and combusted municipal solid waste, respectively. (14) This validates the importance of Honeybear Brands' efforts to divert 100% of food losses from ending up in landfills.

"IN 2021, HONEYBEAR BRANDS' EFFORTS TO DIVERT APPLES FROM LANDFILLS AVOIDED OVER 62,000 METRIC TONS OF GREENHOUSE GAS EMISSIONS."

THE BIG PICTURE: FOOD LOSS AT LARGE

The largest factor impacting food loss at our facilities is the weather. As noted, higher rates of hail, storms, drought, etc. lead to more damaged fruit which is sorted out at the facility. Luckily, most of this fruit is kept out of landfill. Most Honeybear fruit that is unusable for human consumption is used elsewhere. As of 2021, less than 15% of all food loss at our facilities was sent to a landfill, and across our orchards, just 0.6% of losses ended up at a landfill. The majority of these losses are occurring at our Honeybear Growers facility in Washington.

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.

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. Cider is one of the most common uses for this fruit.

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 2022.

Given the lower rates of animal agriculture in Washington, there are fewer opportunities to use food loss as feed. Regardless, 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 10: 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

2021 proved to be a difficult year with regard to climate change. At Honeybear Brands we saw widespread crop losses across many of our growing regions. Our producers struggled to mitigate the impacts of hail, drought, cold snaps, and damaging tornadoes and thunderstorms. 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.

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 10% of greenhouse gas emissions in the United States. (15) However, at Honeybear Brands we are looking to the agricultural industry for solutions. Apples offer a climate solution. As a field-grown 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. (16)

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 15% in Honeybear Brands operations by 2030 (compared to a 2020 baseline) and be carbon neutral by 2040.

According to a New York study, An acre of orchard each season fixes about 20 metric tons of CO2 from the air, releases 15 metric tons of oxygen, and provides over 5 billion BTU's of cooling power. (17)

2021 PROGRESS

Across Honeybear Brands, purchased electricity accounts for the largest portion of our emissions, meaning that transitioning to renewables is all the more important. In 2021, we followed suit with 2020 and sourced all of the energy for our Wescott Agricultural Products and Pepin Heights Minnesota facilities from renewable sources.

Once again, we tapped into the wealth of wind power in Minnesota and the up-and-coming solar industry for our power needs. Both of these facilities are supplied through energy provider opt-in programs. For a slight upcharge, we are able to choose where our power is sourced. Our Elgin facility is supplied through the People's Energy Cooperative Evergreen program. In Lake City, our Pepin Heights facility is powered through Renewable Energy Credits (RECs) from the Southern Minnesota Municipal Power Agency (SMMPA). Honeybear Brands was the first business to join both of these renewable energy programs.

At our Honeybear Growers facility in Washington, we are sourcing 86.8% of our energy from renewables such as hydropower. Unlike the Midwest, there is not currently an opt-in program available in Brewster, Washington. We are exploring alternative avenues to shift the remaining 13.2% of facility energy in Washington to renewables.

2021 DATA

In both 2020 and 2021, Pepin Heights had the lowest emissions of any of our facilities. Meanwhile, Honeybear Growers, our largest facility, had the highest emissions with more than Wescott Agri Products and Pepin Heights combined. This makes sense, as Honeybear Growers is located in our source region with the largest acreage and largest grower base.

From 2020 to 2021, we reduced our Pepin Heights facility emissions by 3%. In the same time period, we also reduced the Wescott Agricultural Products emissions by 23%. However, at our Honeybear Growers facility, emissions increased by 10%. This increase is due to an expansion of the facility that results in more fruit output.

Despite this increase in facility size, our Honeybear Growers facility was recognized for its energy-saving expansion by the Bonneville Power Administration. According to the Okanogan Public Utility District, the upgrades will save about 152,985 kilowatt-hours per year – enough power for nine average local homes.

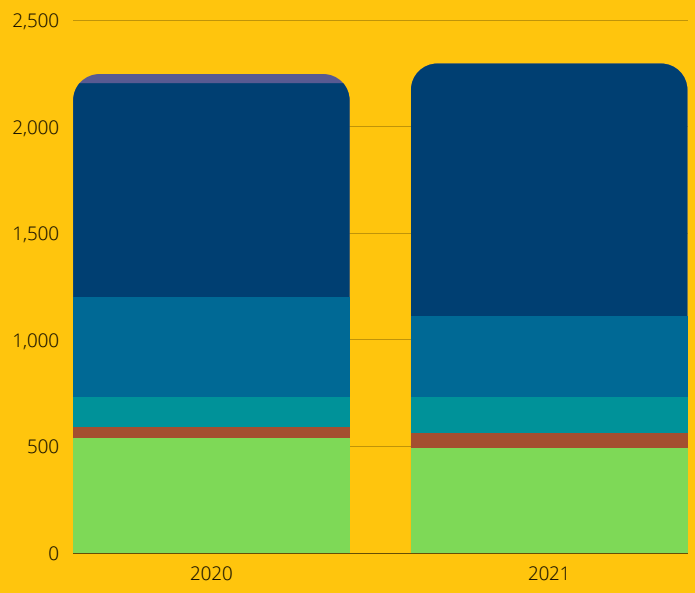
By the end of 2021, Honeybear Brands facilities were sourcing 91% of purchased electricity from renewables. In 2021, our total emissions across all facilities were 2,296 metric tons of CO2e. For reference, this is the equivalent of the emissions from 495 cars or 289 American households. (18) This is compared to 2,245 metric tons of emissions in 2020, or the emissions from 484 cars or 283 American households (This differs from what we reported last year due to a new GHG calculation protocol).

Nearly half of all of our 2021 emissions were from purchased electricity, which includes electricity for our facilities and the orchards that we own and operate. From 2020 to 2021, these emissions increased by 18%, from 1,004 to 1,184 metric tons of CO2e. Diesel is the next largest source of emissions. We use diesel fuel for our trucks and other heavy equipment like skid loaders and excavators. Propane is the next largest source and is used for forklifts and other equipment at our facilities.

2021 PROGRESS

In 2021, natural gas emissions increased by about 20%, while propane emissions decreased by almost 20%. Early 2021 shifts in our vehicle use led to decreased use of diesel but increased use of gasoline, which caused a slight decrease in emissions related to fuel use.

One of our largest energy uses is refrigeration which we use to keep our apples at peak quality year-round. Our refrigerants are used in small quantities, but they can impact emissions significantly. Some types of refrigerants have warming potentials that are 1000x that of CO2. Because of this impact, our facilities are careful to note the exact quantities and type of refrigerants that we use. In 2020, we purchased refrigerant to bring our cherry tunnels back online. In 2021, we avoided purchasing refrigerants, reducing our 2021 potential emissions.



HONEYBEAR BRANDS GHG EMISSIONS FROM 2020 TO 2021

Figure 11. Total Greenhouse gas (GHG) emissions by source in 2020 and 2021. Total emissions across all owned operations (Scopes 1 and 2) in 2020 were 2,245 metric tons of CO2e and in 2021 were 2,296 metric tons CO2e.

Refrigerants
Purchased Electricity- Market Based*
Propane
Motor Gas
Natural Gas
Diesel Fuel

*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, in 2020 and 2021 respectively, Honeybear Brands emitted 1,913 and 2,165 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

In 2022, we plan to update our emissions reduction goal to meet a new retailer requirement. This will lead to a science-based emissions target that is far more aggressive than our current goal of 15%. Upcoming emissions reductions are centered on facility transitions to renewable energy, which we have already made great strides with. Given the impacts of weather and climate on our business, we expect to see ups and downs in energy use from year to year.

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