



Preferred by Nature Carbon Footprint 2020

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Executive Summary

Preferred by Nature aims to lead by example in managing our environmental performance and disclosing the impact of our operations. We have been reporting on the carbon emissions associated with our operations since 2016. This report provides a comprehensive breakdown of our carbon emissions arising in 2020 from all operations.

2020 was an unprecedented year. The impact of the global covid-19 pandemic changed the way we worked and travelled. This was reflected in our carbon footprint.

In 2020, the total net carbon footprint of Preferred by Nature’s normal operations was an estimated 764 tCO₂e corresponding to a relative emission of 2.9 tCO₂e per employee. The graph below depicts how our absolute and relative emissions have evolved since 2016. Emissions from business travel (transportation and accommodation) accounted for 70% of total carbon emissions from Preferred by Nature’s normal operations in 2020 followed by electricity (18%) and commuting (7%). In addition, a buffer corresponding to 5% of total calculated emissions was added.

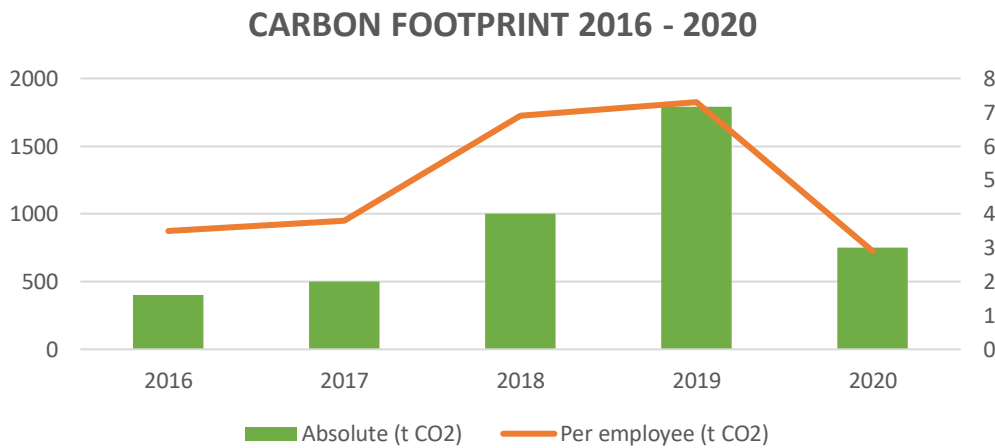


Figure 1 Evolution of Preferred by Nature’s carbon footprint 2016-2020

1 Methodology

The carbon footprint accounting in this report is based on Preferred by Nature Carbon Footprint Management Standard (2013 version 1.0).

1.1 Organisational and operational boundaries

The accounting covers the corporate carbon footprint of Preferred by Nature's headquarters and subsidiaries during the reporting year 01.01.2020 – 31.12.2020 (Table 1):

Table 1 Legal entities of Preferred by Nature covered by carbon footprint accounting 2020.

Legal Entity	Main Office	Region of activity	Avg. no of employees 2020
Nature Ecology and People Consult Sdn Bhd	Kuala Lumpur, Malaysia	Asia Pacific	4
Nature, Ecology and People Consult Sweden AB	Home Office	Sweden	2
NEPCon F.M.B.A	Copenhagen, Denmark	Global	37
NEPCon Bulgaria EOOD	Sofia, Bulgaria	Bulgaria	3
NEPCon Certificering ApS	Aarhus, Denmark	Denmark	9
NEPCon Group s.r.o	Brno, Czech Republic	Czech Republic	2
NEPCon LT UAB	Vilnius, Lithuania	Lithuania, Belarus, Ukraine	8
NEPCon OOO	Home Office	Russia	14
NEPCon OÜ	Tartu, Estonia	Estonia	16
NEPCon SIA	Riga, Latvia	Latvia	7
NEPCon Sp. z o.o.	Krakow, Poland	Belgium, Germany, Poland, Romania,	15
NEPCon Spain S.L.	Madrid, Spain	Spain	7
NEPCon UK Ltd	London, UK	UK	8
NEPCon Vietnam Ltd	Ho Chi Minh City, Vietnam	Vietnam	7
NEPCon Guatemala Certificaciones, Limitada	Guatemala City, Guatemala	Meso America	8
NEPCon Costa Rica S.A.	Home Office	Meso America	4
PT Nature Economy and People Connected	Jakarta and Bali, Indonesia	Asia Pacific	21
NEPCon Kenya Limited	Nairobi, Kenya	Africa	3
NEPCon Bolivia S.R.L.	Santa Cruz, Bolivia	South America	6
NEPCon Peru S.A.C.	Home Office	South America	3
Nature Economy People Connected (NEPCon)	Accra, Ghana	Africa	5
NEPCon Canada Inc.	Home Office	North America	10
NEPCon LLC	Vermont, USA	North America	27
NEPCon MEXICO A.C.	Durango, Mexico	Meso America	8
NEPCon (Beijing) Technical Promotion Co., Ltd*	Beijing, China	East Asia	5
NEPCon India Private Limited	Delhi, India	South Asia	4
NEPCon Cote d'Ivoire	Abidjan, Cote d'Ivoire	East Africa	2
TOTAL			245

The accounting covers the following organisational activities:

- Emissions from electricity usage in offices owned or controlled by Preferred by Nature
- Emissions from electricity usage from home offices used by Preferred by Nature employees
- Emission from transportation in vehicles owned or controlled by Preferred by Nature
- Emissions from business travel of Preferred by Nature employees, board members, external auditors, and consultants
- Emissions from Preferred by Nature employees commuting to work
- Emissions from hotel accommodation due to business travel

Detailed activities are listed in Table 2

Table 2 Preferred by Nature's activities covered by carbon footprint accounting

Activity	Description
Transportation in vehicles owned or controlled by Preferred by Nature	Car travel in 4 Preferred by Nature offices
Electricity	Electricity usage in Preferred by Nature offices and home offices
Business travel (employees, board members, external consultants)	Air travel short-haul/Economy class
	Air travel long-haul/Economy class
	Rail travel (train travel)
	Coach travel (long-distance bus)
	Local Public Transport travel
	Tram travel
	Ferry travel
	Taxi travel
	Employee-owned car travel
	Rental car travel
	Hotel accommodation due to business travel
Commuting (employees)	Car travel
	Car sharing
	Rail travel
	Bus travel
	Other public transport (PT) travel
	Motorbike travel

Two organisational activities were excluded from the current accounting due to lack of relevance (Table 3):

Table 3 Excluded organisational activities

Activity	Reason for excluding
Product transportation by third parties	Preferred by Nature is not producing, delivering, or selling any kind of products
Downstream transportation and distribution of products sold by the reporting company	Preferred by Nature is not producing, delivering or selling any kind of products

1.2 Emission sources and activity data

Following definitions were used to identify emissions associated with Preferred by Nature’s operations:

Direct GHG emissions – emissions from sources that are owned or controlled by the reporting company:

SCOPE 1

Emissions from operations that are owned or controlled by the reporting company

Indirect GHG emissions – emissions that are a consequence of the activities of the reporting company, but occur at sources owned or controlled by another company:

SCOPE 2

Emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company

SCOPE 3

All indirect emissions (not include in Scope 2) that occur in the value chain of the reporting company, including upstream emissions

Greenhouse gas emissions can be measured directly at the source by continuous emissions monitoring or by estimating the amount emitted using activity data (such as the amount of fuel or distance travelled) and applying relevant conversion factors. Table lists the activity data used in current carbon footprint accounting. It is based on primary data received from following sources:

- Preferred by Nature employees’ expense reports registered in Salesforce – travel tickets and employee own car usage for work purposes
- Office reports – data provided by office managers about company car usage and consumption of electricity
- Commuting survey – data from a questionnaire about employees commuting habits.

Table 4 Activity data, units and data sources.

Emission type	Scope	Category (GHG Protocol)	Emission source (Preferred by Nature)	Unit	Activity data source (Preferred by Nature)
Direct emission	Scope 1	Transportation of products, materials, waste, and employees	Transportation in vehicles owned by Preferred by Nature	km	Office report
Indirect emission	Scope 2	Purchased electricity, heat, and steam	Electricity – Preferred by Nature offices	kWh	Office report
Indirect emission	Scope 3	Purchased electricity	Electricity – Home offices	kWh	Estimation based on Office report
		Business travel - transportation of employees for business-related activities in vehicles owned or operated by third parties All indirect emissions that occur in the value chain of the reporting company	Business travel/Air travel long haul	passenger/km*	Employee expense report in Salesforce
			Business travel/Air travel short haul	passenger/km	Employee expense report in Salesforce
			Business travel/Rail travel	passenger/km	Employee expense report in Salesforce
			Business travel/Coach travel	passenger/km	Employee expense report in Salesforce
			Business travel/Public transport travel	passenger/km	Employee expense report in Salesforce
			Business travel/Ferry travel	passenger/km	Employee expense report in Salesforce
			Business travel/Taxi travel	passenger/km	Employee expense report in Salesforce
			Business travel/Rental car	km	Employee expense report in Salesforce
			Business travel/Employee-owned car	km	Employee expense report in Salesforce
			Accommodation	room/night	Employee expense report in Salesforce
		Employee commuting - transportation of employees between their homes and their worksites	Commuting/Car travel	km	Commuting survey
			Commuting/Car sharing	km	Commuting survey
			Commuting/Bus travel	passenger km	Commuting survey
			Commuting/Rail travel	passenger km	Commuting survey
Commuting/Other PT	passenger.km		Commuting survey		
Commuting/Moped, motorcycle	km	Commuting survey			

*Passenger km is the unit of measurement representing the transport of one (1) passenger by a defined mode of transport (road, rail, air, sea, etc.)

The calculations were performed using Microsoft Excel - an inventory of GHG emissions by source was calculated by applying the emission factors to relevant activity data and aggregating the results to calculate Preferred by Nature's total carbon footprint.

Notes for calculations in different activity fields are listed in Table 5 below.

Activity	Notes for calculations
Business travel	<p>Following distances- which are based on estimation - were applied to trips where origin and destination were not indicated:</p> <ul style="list-style-type: none"> - Taxi trip – 10 km - Local bus trip – 10 km - Local train trip - 20 km - Metro trip - 20 km
Hotel accommodation	<p>Number of room-nights were used as the basis for calculation. As a rule, Preferred by Nature uses single or double rooms. One room-night is considered when one hotel room is booked for one night, regardless of if 1 or 2 people stay in the room. A country average estimated emission figure per room night was used for calculations as reported in DEFRA2020.</p>
Employee commuting	<p>Data from internal commuting survey was used to estimate the yearly distances travelled and modal split.</p> <p>224 annual working days (working days in Denmark) was used to estimate the annual value for distances.</p>
Electricity consumption	<p>Electricity consumption data was collected from offices in 13 countries. In the remaining countries, either no data was available, or no office is in place.</p> <p>Based on reported data, an average yearly consumption was found per employee of Preferred by Nature and applied to estimate the consumption in those offices or for those employees where data was not available.</p> <p>The estimation of electricity consumption included employees working from home, assuming that their electricity consumption is the same as for employees working in Preferred by Nature offices.</p> <p>An average emission factor (location based, production mix) for countries where Preferred by Nature employs staff reported in 2020 Grid Electricity Emissions Factors v1.3 – July 2020 was applied to the calculations.</p>

Table 5 Notes for calculations

According to Preferred by Nature Carbon Footprint Management Standard p 2.1.8, emissions which do not account for more than 5% of the total anticipated carbon footprint and which are costly or unfeasible to quantify precisely, may be excluded from the calculations. Based on estimates on the anticipated carbon emissions and/or lack of reliable methods for data collection, the following activity data were left out from 2020 accounting: heating/cooling through other means than electricity, water supply, water treatment, waste generation, paper purchase, purchase, and shipment of laptops and of other office equipment purchases (e.g., printers, external monitors, furniture), data transfer and storage and use of courier services. To compensate for the emissions excluded from these activities, a buffer of 5% was added to the total annual carbon emission. In the following years, the feasibility of gathering the listed data will be re-assessed.

1.3 GHGs applied

Values for the non-carbon dioxide (CO₂) GHGs, methane (CH₄) and nitrous oxide (N₂O), are presented as CO₂ equivalents (CO₂e) in the current accounting. UK "Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting 2020" was used as the best available public data source for conversion factors.

1.4 Emission factors

Emission factors are calculated ratios that link GHG emissions to an activity at an emission source thereby converting activity data to carbon emissions. Emission factors used for the calculation of the 2019 carbon footprint and sources of data are found in Table 6.

Table 6 Emission factors and data sources

Scope	Emission source	Type	Unit	Emission factor kgCO ₂ e/ unit	Data source
Scope 1, 3	Transportation in vehicles owned or controlled by Preferred by Nature	Average car/ petrol	km	0.1743	DEFA2020/Business travel land
		Average car/ diesel	km	0.16844	DEFRA2020/Business travel land
		Average car/ hybrid	km	0.11558	DEFRA2020/Business travel land
Scope 2, 3	Electricity	Country average, (location-based, production mix) consumption	kWh	0.42	2020 Grid Electricity Emissions Factors v1.0 – June 2020
Scope 3	Air travel	Short/haul/Economy class	passenger/ km	0.15298	DEFRA2020/Business travel air
		Long-haul/Economy class	passenger/ km	0.14615	DEFRA2020/Business travel air
	Rail travel	International rail	passenger/ km	0.00497	DEFRA2020/Business travel land
	Bus travel	Coach	passenger/ km	0.02732	DEFRA2020/Business travel land
	Public transport travel	Light rail, city bus metro, and tram	passenger/ km	0.03508	DEFRA2020/Business travel land
	Ferry travel	Car passenger	passenger/ km	0.11662	DEFRA2020/Business travel sea
	Taxi travel	Regular Taxi	passenger/ km	0.1714	DEFRA2020/Business travel land
	Motorbike	Average motorbike	km	0.11662	DEFRA2020/Business travel land
	Accommodation	Average accommodation	room per night	47.17	DEFRA2020/Hotel stay

2 Results

2.1 Total net carbon emissions

Total carbon footprint from Preferred by Nature's internal operations in 2020 was 764.7 tCO₂e corresponding to a relative emission of 2.9 tCO₂e per employee. Table 6 below provides a detailed overview of the Scope 1, Scope 2 and Scope 3 emissions.

Table 3 Detailed overview of Preferred by Nature's total emissions 2020

Scope	Category	Emission source	Unit	Activity data	Emission (tCO ₂ e)
Scope 1	Transportation of products, materials, waste, and employees	Transportation in vehicles owned or controlled by Preferred by Nature (diesel)	km	64 400	10.8
		Transportation in vehicles owned or controlled by Preferred by Nature (petrol)		21 542	3.8
		Transportation in vehicles owned or controlled by Preferred by Nature (hybrid)		42 600	5.0
		Transportation of employees (Total)		128 542	19.6
Scope 2	Imports of electricity, heat, and steam	Electricity	kWh	127 257	54.5
		Electricity (Total)		127 257	54.5
Scope 3	Imports of electricity	Electricity/teleworking	kWh	182 182	77.8
		Electricity (Total)		182 182	77.8
	Business travel - transportation of employees for business-related activities in vehicles owned or operated by third parties	Business travel/Air travel long haul	passenger/ km	439 472	59.3
		Business travel/Air travel short haul	passenger/ km	1 387 509	207.6
		Business travel/Train travel	passenger/ km	309 013	1.4
		Business travel/Bus travel	passenger/ km	37 755	1.0
		Business travel/Public transport travel	passenger/ km	13 800	0.7
		Business travel/Ferry travel	passenger/ km	1 330	0.2
		Business travel/Taxi travel	passenger/ km	34 886	6.0
		Business travel/Employee-owned car	Km	354 268	60.7
		Business travel/Rental car	Km	259 625	42.9
		Business travel/hotel accommodation	room night	2 961	136.0
		Business travel/unidentified	NA		8.5
		Business travel (Total)			524.3
	Employee commuting - transportation of employees between their homes and their worksites	Commuting/Car travel petrol	km	130 339	22.7
		Commuting/Car travel diesel	km	107 671	18.7
		Commuting/Car travel hybrid	km	17 000	3.0
		Commuting/Carshare	passenger. km	20 362	3.5
		Commuting/Bus travel	passenger. km	41 767	1.1
		Commuting/Rail travel	passenger. km	40 790	0.2
Commuting/Light rail, metro and tram		passenger. km	30 000	0.9	

	Commuting/Motorbike travel	passenger. km	18 600	2
	Commuting (Total)		412 247	52.1
Total				728.3
Buffer 5%				36.4
GRAND Total				764.7

Almost 70% of the total carbon emissions were related to business travel followed by electricity (18%) and employee commuting (7%) (Figure 2).

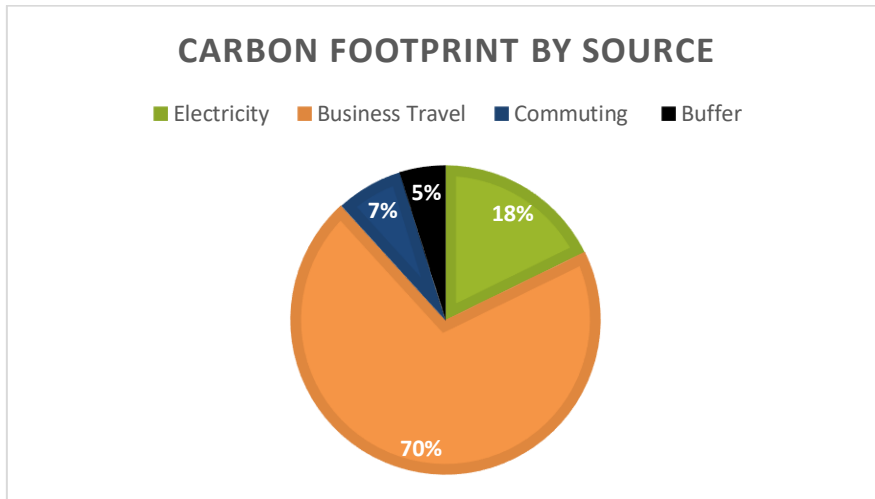


Figure 2 Total carbon footprint by emissions source

Mobility emissions such as business travel, owned/leased vehicles, and employee commuting, accounted for 80% of Preferred by Nature's total carbon emission in 2020. The breakdown of the carbon emission from business travel is shown in the figure below (Figure 3). Air travel accounts for 51% of all emissions related to business travel followed by accommodation (26%) and car (21%).

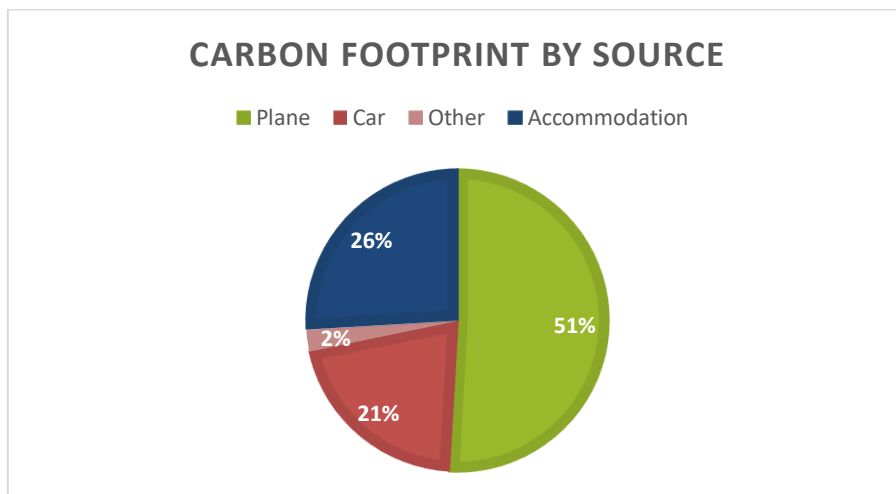


Figure 3 Carbon footprint from business travel by emissions source (Other includes taxi, city train, tram, metro, ferry)

2.2 Transportation in vehicles owned or controlled by Preferred by Nature

Four of Preferred by Nature’s subsidiaries reported to own or lease vehicles in 2020 (Table 7).

Table 7 Vehicles owned or leased by Preferred by Nature

Entity	Car Model	Fuel type	Car Manufacture year	Emission factor
NEPCon OÜ	Hyundai i40 wagon	Diesel	2015	0.16844
NEPCon OÜ	Open Astra	Diesel	2018	0.16844
NEPCon SIA	Skoda Octavia	Diesel	2016	0.16844
NEPCon LT UAB	Nissan Qashqai	Diesel	2016	0.16844
NEPCon LT UAB	Kia Niro	Hybrid	2018	0.11558
NEPCon Bulgaria EOOD	Kia Ceed	Petrol	2016	0.1743

Approximately 128 542 kilometres was travelled in cars owned or leased by Preferred by Nature in 2020, resulting in net carbon emissions of approximately 19.5 t CO₂e.

2.3 Employee commuting

In 2020, Preferred by Nature employees commuted approximately total distance of 412 247 km from their home to work (please note that 61% of Preferred by Nature employees stated that they work from home and do not regularly go to any offices). Personal or shared car accounted for 68% of the total commuting distance followed by bus (10%), train (10%) and public transport (7%). In terms of carbon emissions, commuting via personal or shared car accounted for approximately 91% of the total emissions from commuting.

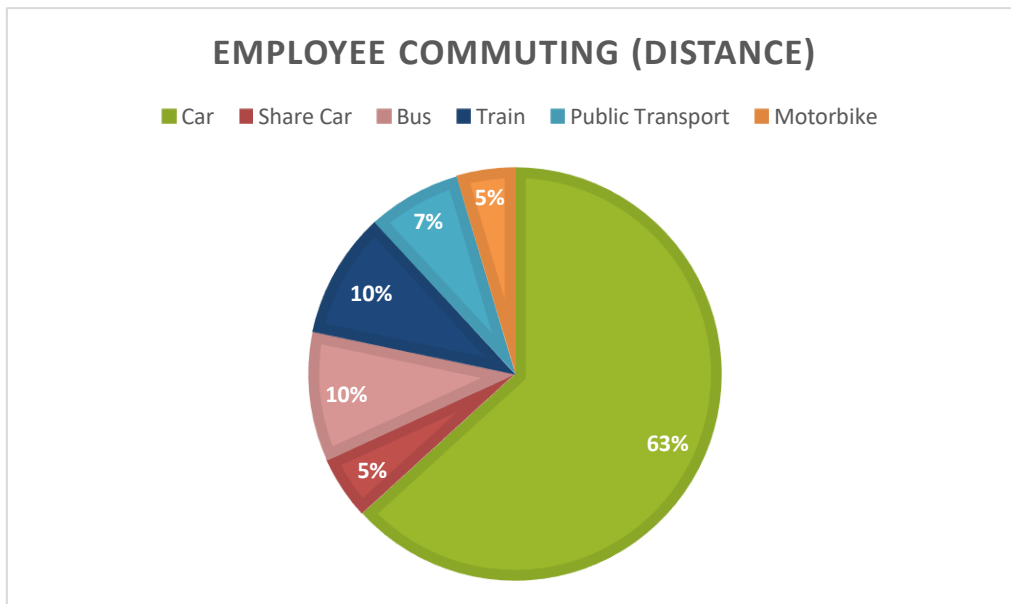


Figure 4 Share of employee commuting (distance) by transport mode