

CLIMATE IMPACT REPORT 2022

INTRODUCTION TO THE REPORT

This is GripGrab's second carbon report. Once again, we use it to present an overview of our greenhouse gas (GHG) emissions and use it as an integrated part of our climate strategy.

Carbon accounting remains fundamental when identifying and choosing specific initiatives to contribute to reducing GHG emissions. Our first carbon report covering the fiscal year 2021 allowed us to set a benchmark for our performance, which we now use to evaluate our progress in the current report covering the fiscal year 2022.

Based on the first report, we have made new commitments for our future carbon emissions, which we present in this report as well. Going forward, we will continue to perform annual calculations of our GHG emissions to ensure that we are on the right path toward fulfilling our commitments. It will also enlighten us as to how our actions affect the results and consequently how we can make any necessary changes.

The report has been produced in collaboration with Sustaina Company. It has not been verified by a third party.

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INTRODUCTION TO GRIPGRAB

GripGrab Aps is a Danish family business founded in 2000, by the Krøyer brothers Kristian, Martin and Bjørn. Today we are run by CEO Martin Krøyer and CPO Kristian Krøyer.

GripGrab's core philosophy is based on our experience as cyclists: creating products that protect against any conditions. These products give riders the confidence to go further, push their limits and explore more. Our mission is to create products that enable all cyclists to explore and live out their individual cycling potential.

The company started with three dedicated brothers doing basically everything. Today, we are approximately 42 employees, most of who work out of our headquarters (HQ) in Copenhagen, but there are Gripsters based all across Europe, Pakistan and India. Our products are manufactured by our trusted suppliers based in Europe and Asia and sold globally via hundreds of physical shops, online retailers, marketplaces, and our own website www.gripgrab.com.



WHY WE'RE CALCULATING OUR EMISSIONS

At GripGrab, we want to make well-informed decisions based on updated data. That way, we can more easily make sure our choices and decisions have the desired impact. Based on our first carbon accounting report covering our activities in the fiscal year 2021, we were able to learn more about the impact of our organisation, value chain, and products. This has enabled us to analyse our emissions, identify any reduction opportunities, big and small, as well as set objectives and commitments to encourage us to reduce our impact over time.

We use this report to communicate our impact and objectives to external stakeholders and employees. It helps to show our progress, our level of commitment, and the importance of every action and every change we make.



OUR COMMITMENTS

In our first report, we presented our intention to set reduction targets in 2022. Keeping to that promise, we have committed to two initiatives with a near-term target and a long-term target.

As a part of the cycling industry, we have a responsibility to participate in the industry's collective sustainability efforts. This includes efforts toward general positive climate action and more specifically toward reaching the UN Paris Agreement targets on Climate Change. Therefore, we have decided to commit to the Shift Climate Commitment initiated by Shift Cycling Culture. Through this initiative, we commit to reducing our Scope 1 and 2 GHG emissions by at least 55% by 2030 as well as to measure and disclose our Scope 1 and 2 GHG emissions in accordance with the GHG Protocol. We will achieve the latter through the publication of this report, while the former is our new near-term target.

While our short-term target helps us to focus our efforts and set an immediate direction for us, it is also important to maintain a clear path for our environmental initiatives and not lose that focus or direction in the future. Setting an ambitious long-term goal will help us do that. For this reason, we have committed to the Science Based Target Initiative (SBTi). Committing to this initiative means a commitment to reducing our GHG emissions by at least 42% before 2030 and to become net-zero by 2050. However, through our signature on the Shift Climate Commitment, our short-term target is to reduce our Scope 1 and 2 emissions by 55% by 2030 with 2021 as our base year. Furthermore, we believe companies must be ambitious in order to make a real change, and therefore, our long-term target is to become net-zero by 2040 also with 2021 as our base year. Our next step is to ensure that we will be able to reach these targets. Consequently, we will develop a strategic action plan with clear courses of action for both our short-term and long-term goals.

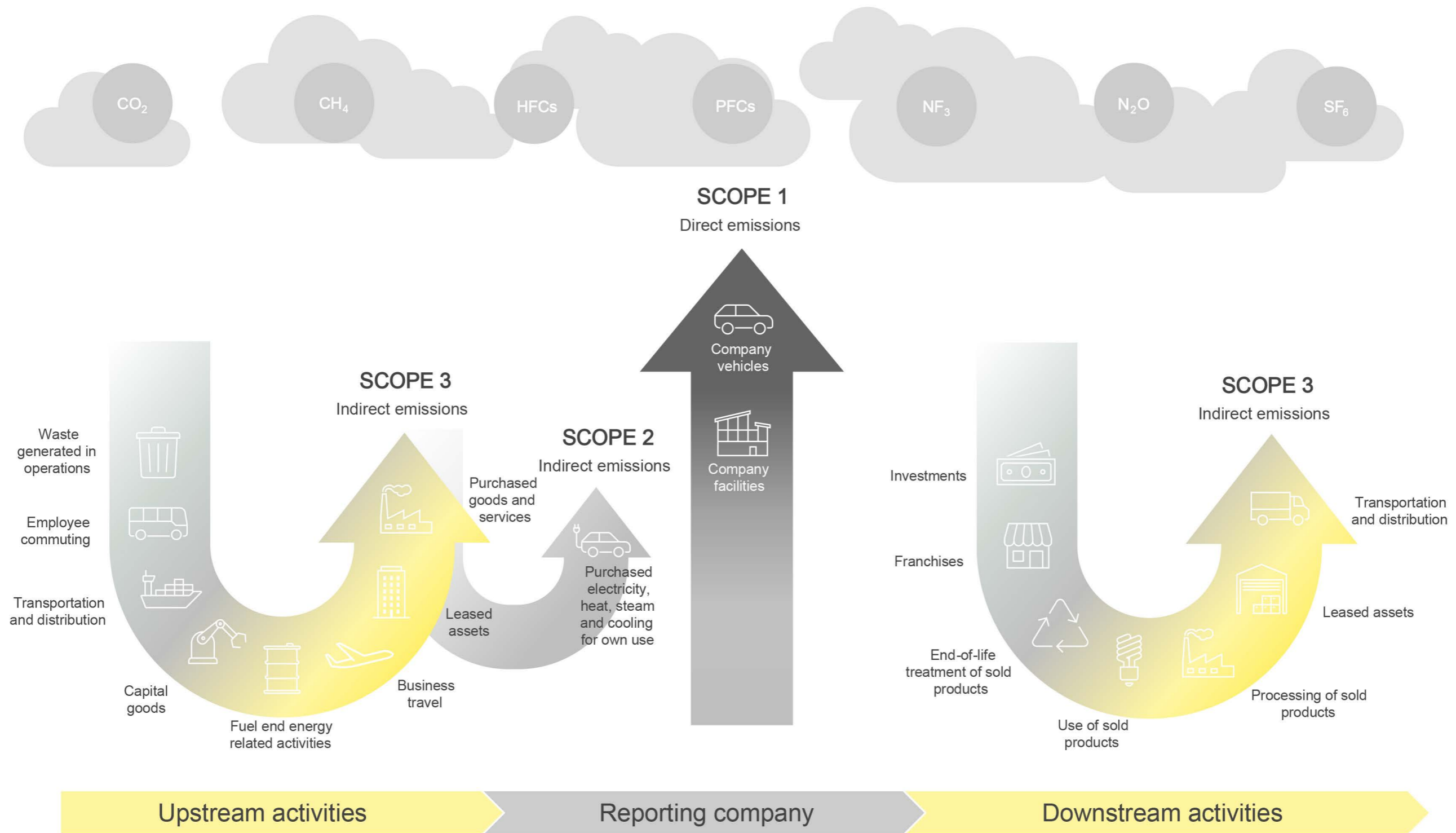
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ABOUT THE GHG PROTOCOL

The GripGrab 2022 Carbon Report has been made in accordance with the guidelines of International Accounting and Reporting Standards, Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard and Corporate Value Chain (Scope 3) Standard. The Greenhouse Gas Protocol (GHG Protocol) is the most widely used and recognised international standard for measuring greenhouse gas emissions and is the basis for the standard related to calculating and reporting GHG emissions ISO 14064-1. The GHG Protocol was developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). The input data is based on consumption data from internal and external sources, which are converted into tonnes CO₂-equivalents (tCO₂e). The reporting considers the following greenhouse gases, all converted into CO₂-equivalents: CO₂, CH₄ (methane), N₂O (laughing gas), SF₆, HFCs, PFCs and NF₃.





The GHG protocol divides emissions into three scopes, namely Scope 1, 2, and 3.

Scope 1 All emissions related to a company's direct GHG emissions should be reported in Scope 1. This includes all use of fossil fuels for stationary combustion or transportation, in owned and depending on the chosen consolidation approach, leased or rented assets. It also includes any process emissions, from for example chemical processes, industrial gases, direct methane emissions, and so on.

For GripGrab, Scope 1 consists of litres of fuel for owned and leased cars.

Scope 2 All indirect emissions related to a company's activities should be reported in Scope 2. Specifically, this means all emissions from electricity as well as district heating and/or -cooling where the organisation has operational control.

Scope 3 Finally, Scope 3 gathers a company's indirect emissions resulting from value chain activities.

The Scope 3 emissions are a result of the company's upstream and downstream activities, which are not controlled by the company (therefore indirect). This Scope consists of 15 categories, of which not all will be relevant for a company to calculate emissions for. Furthermore, unlike the two former scopes, Scope 3 emissions accounting is not obligatory for a company for it to be aligned with the GHG standard. This allows for companies to develop their Scope 3 accounting with time to allow data collection processes and structures to mature.

DELIMITATIONS AND FOCUS

We have, in addition to calculating direct (Scope 1) and indirect (Scope 2) emissions associated with our operations, chosen to investigate selected value chain emissions (Scope 3). The selected value chain emissions are from purchased materials used in either production or packaging, transportation (up- and downstream), business travels, and waste management.

We have chosen to focus our resources on the categories where we expect the biggest emissions, resulting in some Scope 3 categories being left out, as we expect these to be insignificant.





These are: employee commuting, leased assets, end-of-life treatment of sold products and use of sold products.

In future reports, we might include these categories should we need the data to inform any decisions regarding the reduction of our impact.

GripGrab does not have significant activities in the following Scope 3 categories: capital goods, fuel and energy related activities, processing of sold products, investments, and franchises.

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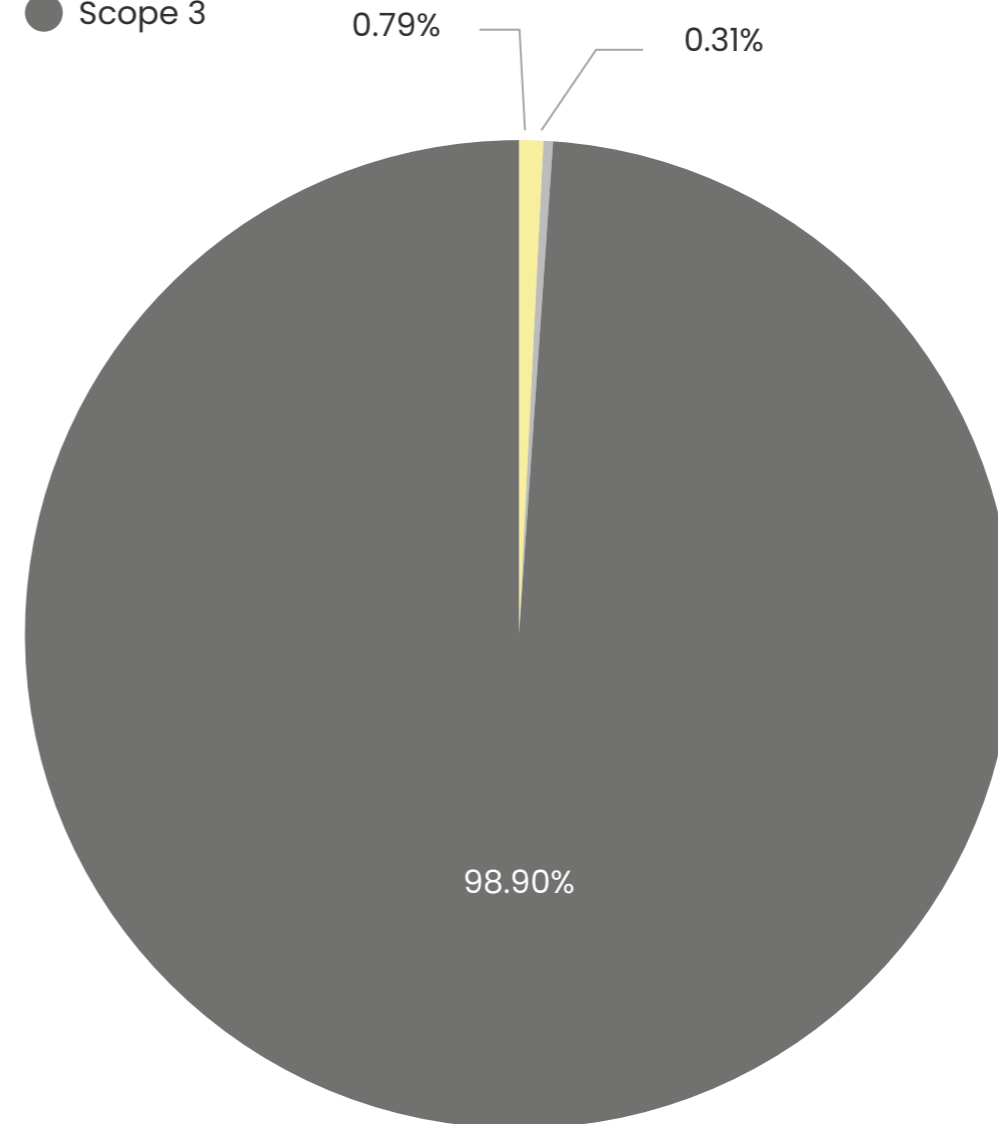
SUMMARY

The vast majority of our emissions are placed in Scope 3. In fact, Scope 3 accounts for 98.90% of our emissions, a very small increase from last year. Scope 1 and 2 account for merely 0.79% and 0.31%, respectively. Of our total emissions, the category 'Purchased goods and services' alone accounts for 92.80%, up from 91,26% in 2021.

This category includes all materials and products we have purchased, and it is continually evident that we can make the most significant impact by making changes in this category. Our progress from last year will be explained below.

GHG Emissions

- Scope 1
- Scope 2
- Scope 3



Emission Source	Emissions TCO2e	% Share
Scope 1	18.28	0.79%
Scope 2	7.14	0.31%
Scope 3	2274,11	98.90%
Total	2,299.53	100%

SCOPE 1 RESULTS AND COMMENTS

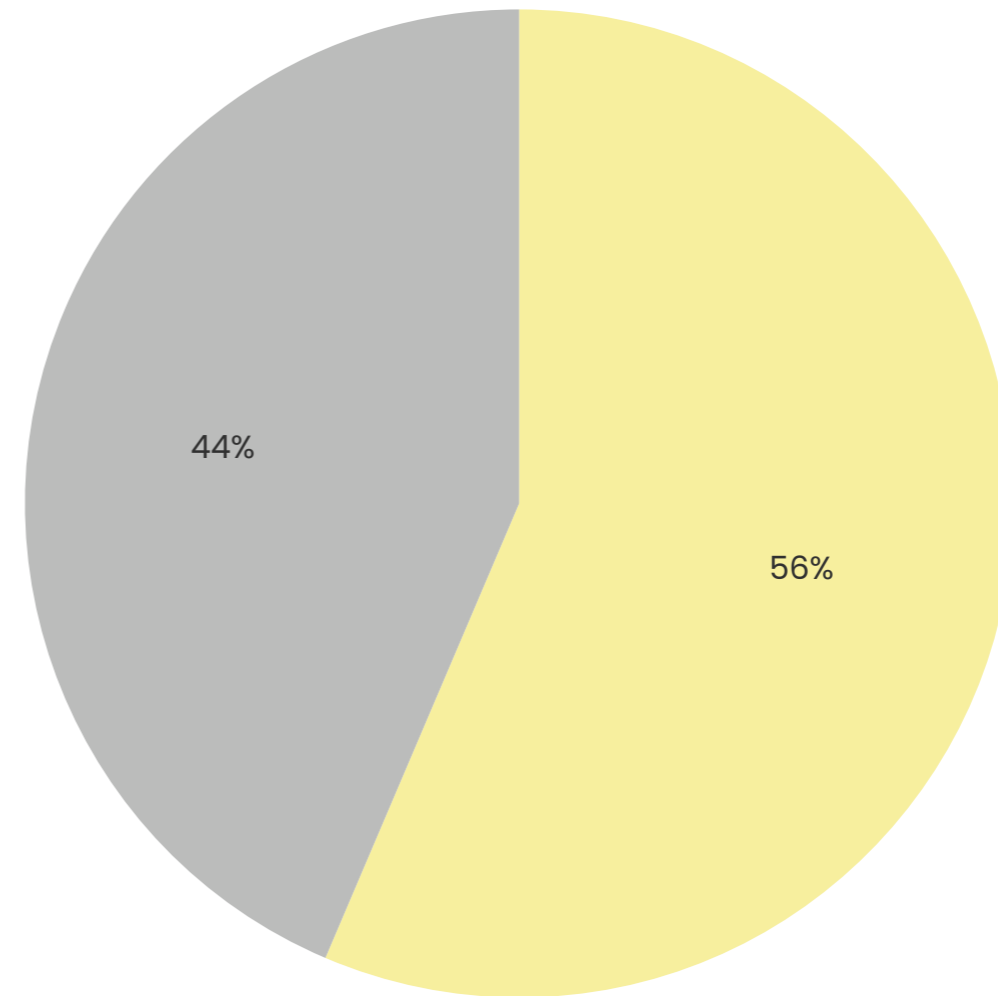
At GripGrab, we do not heat our offices using gas or oil or emit any greenhouse gases through process emissions. However, sales representatives utilize leased cars in their work. Since we have taken an operational control approach to our carbon reporting, the emissions from leased assets must be included in our Scope 1 and 2 accounting. We have therefore included the sales personnel’s leased cars in the Scope 1 emissions.

This year, we have decided to categorize the emissions according to fuel type (petrol and diesel) as opposed to the nationality of our sales representatives. This way, we can more easily track our total progress toward limiting transportation by company cars and using only electric vehicles.

All in all, GripGrab’s Scope 1 emissions account for 0,79% of the total emissions, corresponding to 18.28 tCO₂e. Of this, petrol accounts for 10.31 tCO₂e (56%) and diesel accounts for 7.97 tCO₂e (44%).

Scope 1

- Petrol
- Diesel



Emission Source	Consumption	Unit	Emissions TCO ₂ e	% Share
Transportation total			18.28	0.79%
Petrol	4,751	Liters	10.31	0.45%
Diesel	3,166	Liters	7.97	0.35%
Scope 1 total			18.28	0.79%

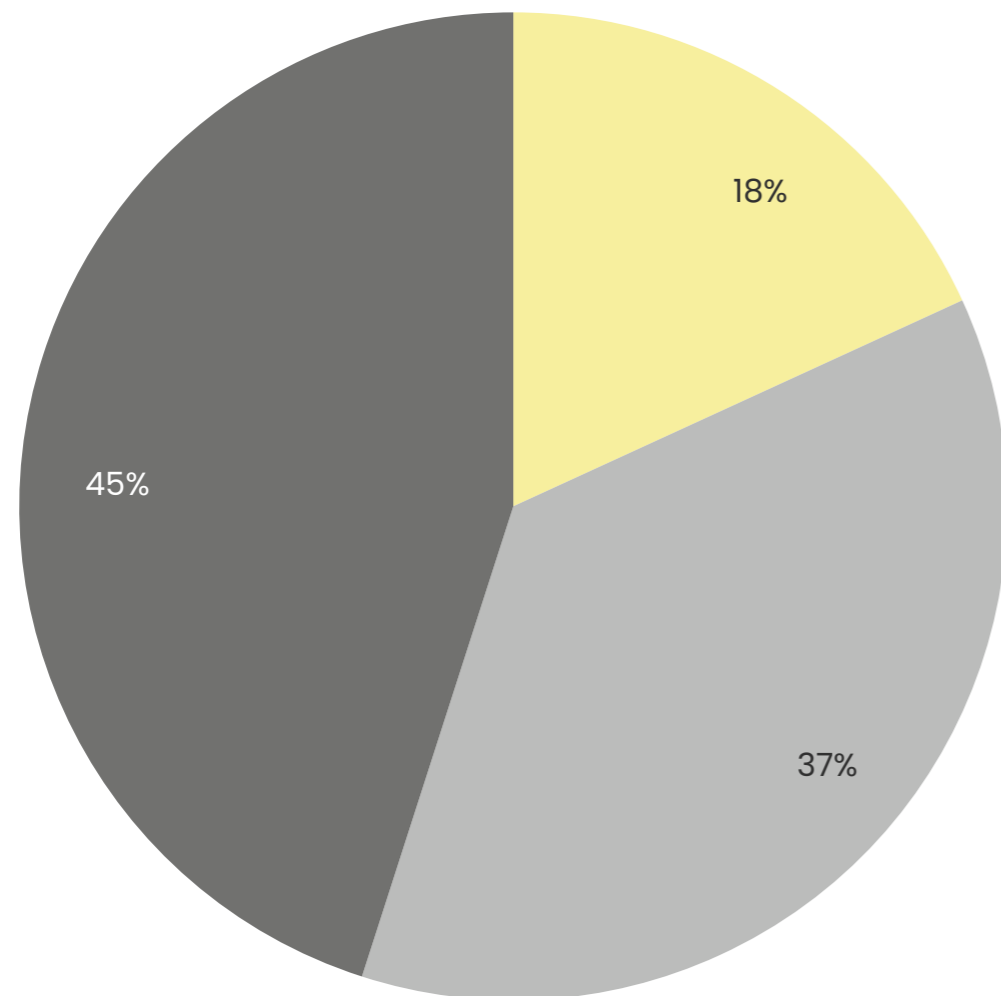
SCOPE 2 RESULTS AND COMMENTS

Our Scope two emissions are made up of electricity used in our offices in Denmark and Pakistan as well as district heating in Denmark. The Pakistan office does not use district heating or cooling.

Using the location-based method, our total Scope 2 emissions account for 0,31% of our total emissions, which translates to 7.14 tCO₂e. Of this, district heating in Denmark makes up 45% (3.22 tCO₂e) of our Scope 2 emissions. The remaining 55%, or 3.92 tCO₂e, consist of electricity consumption, 67% of which is consumed in our Danish office (2.63 tCO₂e) and 33% in our Pakistani office (1.3 tCO₂e).

Scope 2

- Electricity Pakistan
- Electricity Denmark
- District Heating DK



Emission Source	Description	Consumption	Unit	Emissions TCO2e	% Share
Electricity total				3.92	0.17%
Electricity	Denmark	21,787.07	kWh	2.63	0.11%
Electricity	Pakistan	3,639.0	kWh	1.3	0.06%
District heating location total				3.22	0.14%
District heating	Denmark Mix	80,391.8	kWh	3.22	0.14%
Scope 2 total				7.14	0.31%

When using the market-based method to calculate emissions from electricity, Scope 2 increases with 6.34 tCO₂e. This equals an increase of 0.55% in the total emissions.

Emission Source	Emissions TCO2e	% Difference from location-based
Electricity market-based	10.26	+161.73%
Scope 2 market-based total	13.48	+88.8%
Total market-based	2305.86	+0.54%

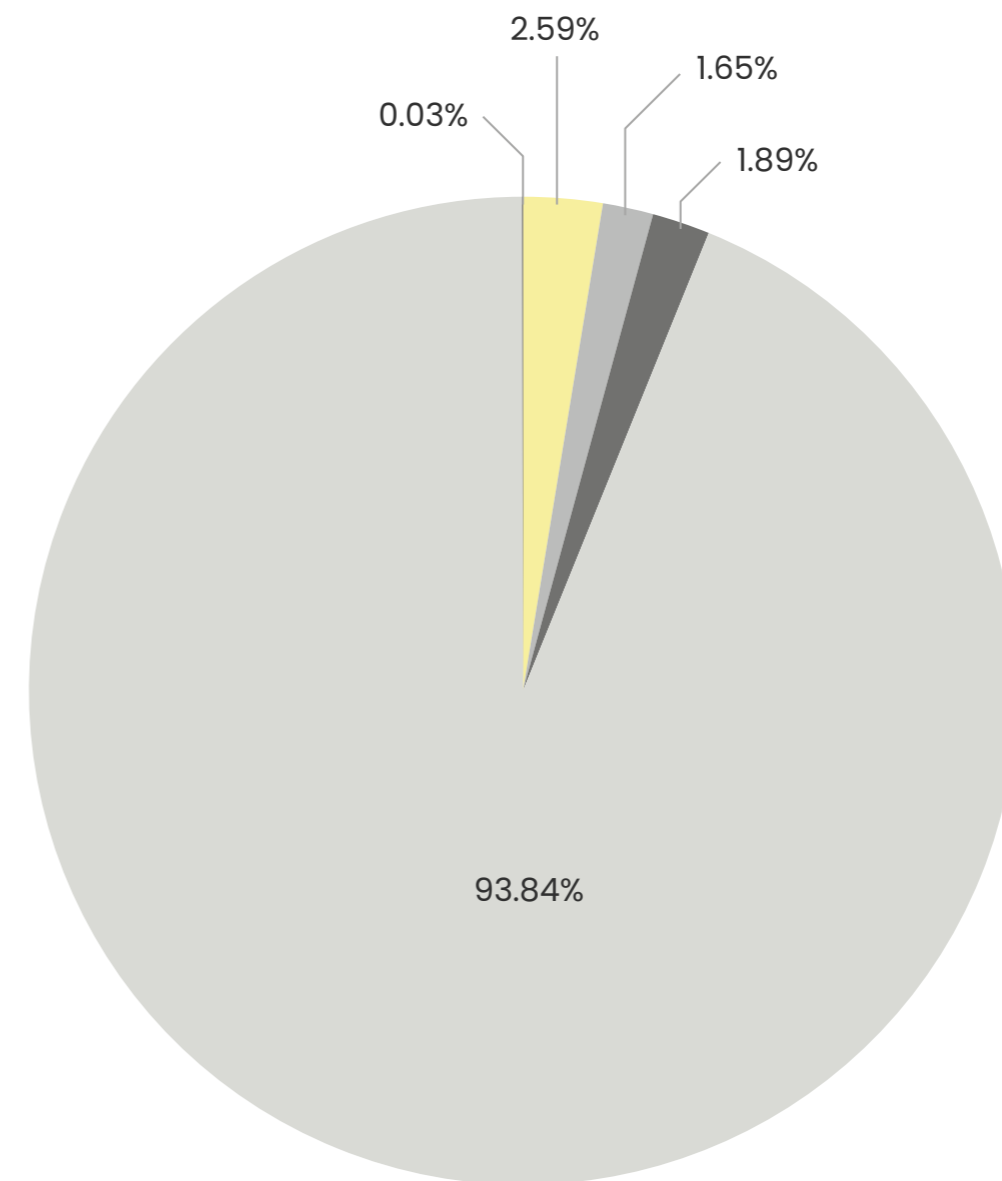
SCOPE 3 RESULTS AND COMMENTS

Our value chain emissions in 2022 consist of emissions from our production-related purchasing, packaging, transport (up- and downstream), business travel, and waste management.

GripGrab's total Scope 3 emissions of 2274.11 tCO₂e account for 98.9% of our total emissions. This is a slight increase from 2021, where Scope 3 emissions were 1978,8 tCO₂e.

Scope 3

- Upstream Transportation
- Downstream Transportation
- Business Travel
- Purchased Good and Services
- Waste Management



Transportation

GripGrab's transportation emissions are divided between upstream transportation (58.9 tCO₂e) and downstream transportation (37.61 tCO₂e). All downstream transportation is done on land and by truck. The total transportation emissions of 96.51 tCO₂e is equal to 4.2% of our total emissions and 4.24% of our Scope 3 emissions, both of which are a decrease from 2021. As for upstream transportation, we have a strategy in place in which sea freight is the default option. However, in exceptional situations, we deem it necessary to resort to air freight. Such situations arose four times in 2022 due to various delays.

To compensate for the estimated CO₂ emissions from this transportation, amounting to approximately 7.5 tonnes, we have invested in carbon credits equivalent to 9 tonnes CO₂. These credits benefit the Kenya Biogas Programme, whose objective is to create a commercially viable biogas sector. Through the construction of biodigesters, which recycle waste into biogas, households with livestock are enabled to reduce their dependence on firewood and fossil fuels.

Waste handling

A new addition to the carbon accounting is our waste handling. This accounted for a very small part of our total emissions (0.03%) as well as of our Scope 3 emissions (0.03%). Since we did not include this in our 2021 carbon accounting, we cannot measure our progress.

Business travel

As mentioned earlier, the COVID 19 lockdowns ended in 2022, once again allowing for more travel. Therefore, GripGrab's business travel emissions in 2022 were spread over more types of transportation, namely air, train, ferry, bus, car, and taxi travel, than in 2021.

The emissions associated with train travel were extremely small and are therefore not reflected in the carbon accounting. Similarly, our travel by ferry, bus, and taxi was quite limited and only amounted to 0.06, 0.20, and 0.21 tCO₂e, respectively. Emissions from rental cars used for business travel were 1.6 tCO₂e. The two most significant emission causes from our business travels, however, were flights and hotel nights. The former amounts to 30.42 tCO₂e, 70.7% of our business travel emissions, while the latter amounts to 10.33 tCO₂e, 23.99% of our business travel emissions.

Considering all of these, the total emissions for our business travels were 43.01 tCO₂e, which accounts for 1.87% of our total emissions and 1.89% of our Scope 3 emissions. This is a 207% increase from 2021. It is important to note that 2021 was highly characterized by the inability to travel anywhere, which decidedly has influenced this category significantly.

Purchased goods

The largest category in the carbon accounting is 'Purchased goods and services', which in total equals 2133.99 tCO₂e or 92.8% of total emissions.

Emissions from packaging equals 107.21 tCO₂e, or 4.66% of total emissions and 4.71% of Scope 3 emissions.

Packaging includes virgin plastic, PET/recycled plastic, and cardboard purchased in relation to the packaging of products being sent from GripGrab to the end user.

This is a significant increase from 41.5 tCO₂e in 2021, which can be accredited to changed emissions factors.

In 2022, we have used different emissions factors, which are used to calculate tCO₂e, for some categories to ensure a more precise match with the materials. The remaining 95.34%, or 2026.79 tCO₂e, of emissions in this category are from the purchasing of materials used in the production of our different products, thus, mainly textiles.

In the following, purchased textiles and materials used in our products are summarized in terms of tCO₂e emissions, the percentage of the textiles in relation to total overall emissions, and the total purchased weight of the material in kilos.

Of all the materials we have purchased in 2022, polyester constitutes the majority both in weight and share of emissions, closely followed by polyamide. One kilo of polyamide emits more than one kilo of polyester, which is illustrated when comparing their emissions and their weight. The third-largest emission-source on the materials list is wool, accounting for 11.91% of the total emissions.

The emissions per kilo of wool are markedly higher than for many other textiles. The reason for this is the fact that emissions for textiles include all production emissions, therefore also raw material production. For wool, this naturally includes the emissions related to livestock. Altogether, the three highest-emitting materials account for 60.82% of total emissions, showing clearly that this is an area where we can make influential changes.

Emission Source	Description	Consumption	Unit	Emissions tCO2e	% Share
Upstream transportation and distribution total				58,90	2,56%
Freight	BWS	22,802.00	kgCO2e	22.80	0.99%
Freight	YOYO/Linklog upstream	11,909.00	kgCO2e	11.91	0.52%
Freight	DTK	8,574.00	kgCO2e	8.57	0.37%
Freight	DSV	8,210.00	kgCO2e	8.21	0.36%
Freight	ISA nordic	7,402.00	kgCO2e	7.40	0.32%
Downstream transportation and distribution total				37.61	1.64%
Freight	PostNord	30,471.00	kgCO2e	30.47	1.33%
Freight	UPS	6,500.00	kgCO2e	6.50	0.28%
Freight	JAS	640.00	kgCO2e	0.64	0.03%
Business travel total				43.01	1.87%
Air travel	Continental	150,635	pkm	17.65	0.77%
Air travel	Europe	106,427	pkm	12.47	0.54%
Air travel, Non-Europe		2,478	pkm	0.29	0.01%
Hotel nights	Europe	493	nights	10.32	0.45%
Hotel nights, Non-Europe		4	nights	0.08	0.00%
Car-rental		7,198	km	1.60	0.07%
Taxi		1421	km	0.31	0.01%
Bus		1519	Km	0.22	0.01%
Ferry		408	pkm	0.06	0.00%
Train		27	pkm	0.00	0.00%
Purchased goods and services total				2,133.99	92.80%
Polyester fabric (TI-4)		54625.58	kg	575.25	25.02%
Nylon fabric (6) (TI-4)	Polyamide	32504.39	kg	549.37	23.89%
Wool, fine (TI-4)		6765.58	kg	273.81	11.91%
Cycling shoe cover 2022		18700	kg	176.90	7.69%
Cycling gloves 1055		23910	kg	135.81	5.91%
Acrylic fabric (TI-4)		8947.54	kg	94.76	4.12%
Elastane/Spandex fabric (TI-4)		6140.08712	kg	65.79	2.86%
Cardboard, virgin	Export boxes	22000	kg	59.15	2.57%
Cardboard, virgin	Packaging	16010	kg	43.05	1.87%
Polypropylene		4036.67	kg	42.51	1.85%
Polyurethane fabric (TI-4)		3634.29	pcs	34.73	1.51%
Cycling gloves 1080		6660	kg	34.03	1.48%
Socks 3003		23628	pcs	21.74	0.95%
Viscose/Rayon fabric (TI-4)		545.98	pcs	7.90	0.34%
Cotton fabric, conventional (TI-4)		766.5	pcs	7.14	0.31%
Nylon fabric (6) (TI-4)	Polyethylene	241.66	kg	4.09	0.18%
Plastic avg. (virgin)	Packaging	1109.45	kg	3.52	0.15%
Rubber, TPE		16546.62	kg	2.25	0.10%
Plastic PET, recycled (OL)	Packaging	1109.45	kg	1.49	0.06%
Nylon fabric (6) (TI-4)	Other	36.46	kg	0.62	0.03%
Copper wire rod		66.26	pcs	0.09	0.00%
Mesh base layer 6015		0	kg	-	0.00%
Other categories				0.60	0.03%
Food waste		290	kg	0.06	0.0%
Cardboard		7090	kg	0.35	0.02%
Plastic		90	kg	0.0	0.0%
Residual waste		820	kg	-	0.0%
Paper		3700	kg	0.19	0.01%
Scope 3 total				2,274.11	98.90%

PROGRESS

In this, our second report, we are for the first time able to provide insights into our current performance and progress. However, when comparing our emissions for 2021 and 2022, it is essential to keep in mind the restrictions put in place in 2021 due to the COVID-19 pandemic and its consequent lockdown, which greatly influenced our operations.

This is especially evident in our total Scope 1 emissions. These have increased with 38% from 2021, from 13.2 tCO₂e to 18.28 tCO₂e. The reason for this can largely be explained by significantly less travel in company cars in 2021. In 2022, lockdowns were lifted, and sales representatives were once again able to travel.

In contrast, our Scope 2 emissions have almost halved (46%) from 2021 to 2022. This is especially due to a significant decrease in our district heating in Denmark. More specifically, we cut down from 8.4 tCO₂e in 2021 to 3.22 tCO₂e in 2022, a 62% decrease. This means that district heating now accounts for less than half of our Scope 2 emissions. Moreover, our electricity consumption has decreased by 18%, which can be accredited to the Danish electricity consumption, which has decreased from 3.6 tCO₂e to 2.63 tCO₂e, meaning our efforts to cut down electricity usage are working.

Finally, our Scope 3 emissions have increased by 15%. The reason for this can largely be attributed to the 17% increase in the purchased goods and services category. In the future, we want to decrease material use and choose low-emission materials to ensure a decrease in this specific category, which is the largest source of emissions in our carbon accounting. Additionally, we have seen a considerable increase in business travel emissions. As mentioned above, the removal of the travel restrictions that were put in place during the pandemic meant a return to pre-pandemic conditions and consequently a great deal more travel. We, therefore, expected this increase, which should not be considered alarming, although we will remain vigilant so as to keep these numbers at a minimum. Finally, downstream transportation emissions increased slightly, 8%, while upstream transportation emissions decreased a great deal, 41%, which is where the majority of our transportation emissions come from. This may be explained by potential initiatives made by the transport suppliers.

LOCATION-BASED

Emission Source	Base year 2021	Previous year 2021	Current year 2022	% Change from previous year
Transportation	13,2	13,2	18,28	38%
Scope 1 total	13,2	13,2	18,28	38%
Electricity	4,8	4,8	3,92	-18%
District heating location	8,4	8,4	3,22	-62%
Scope 2 total	13,2	13,2	7,14	-46%
Upstream transportation and distribution	99,9	99,9	58,90	-41%
Downstream transportation and distribution	34,9	34,9	37,61	8%
Business travel	14	14	43,01	207%
Purchased goods and services	1830,1	1830,1	2.133,99	17%
Other Categories	-	-	0,60	-
Scope 3 total	1978,9	1978,9	2274.11	15%
Total	2005,3	2005,3	2299.53	15%

MARKET-BASED

Emission Source	Base year 2021	Previous year 2021	Current year 2022	% Change from previous year
Scope 1 total	13.2	13.2	18.29%	+38%
Scope 2 total	20.6	20.6	13.48	-35%
Scope 3 total	1,978.9	1,978.9	2274.11	+15%
Total	2,012.7	2,012.7	2305.86	+15%

In the previous page explanation of our progress, one very important factor is not included: our growth. To account for this factor and gain a general and comparable overview of our emissions, we include the development of our emissions per sold unit. In 2021, we sold 907,564 units with a total emission of 2005.3 tCO₂e, meaning our emissions per sold unit came in at 2.21 kgCO₂e. In 2022, we sold 777,159 units with a total emission of 2299.53 tCO₂e and thus, our emissions per unit were 2.96 kgCO₂e. This is a 34% increase, which is explained in the above section on our progress.

Unit	Base year	Previous year	Current year	% Change from previous year
	2021	2021	2022	
kgCo2e pr sold unit	2.21	2.21	2.96	34%

In relation to the average emissions per sold unit, we also aspire to not only base our calculations on more primary data but also to get a better understanding of our product-specific emissions. Consequently, we have worked with Made2Flow, a team of fashion supply chain experts, who can help trace environmental impact throughout the value chain, including transport, packaging, and all four tiers. They have helped calculate the emissions for a number of our products. When presenting the results, they work with a benchmark to indicate the average emissions for such products in the industry. These results, compared with the benchmarks, show that our products either emit the same or less than the benchmark numbers but never exceeding them. Moreover, as is evident in the table, two of the products (the Windster 2 windproof winter glove and the ultralight mesh sleeveless base layer) have a non-recycled version and a version with recycled content. The calculations for these products show a reduction in the use of raw materials for the products with recycled content. For instance, while the non-recycled winter gloves (1080) emit the same level of GHG and use the same amount of water and land as the benchmarks for the industry, the winter gloves with recycled content emit 9.73% less GHG and use 67.8% less water as well as 29.2% less land than

the benchmarks. The same is the case for the base layer (6015), where the numbers for the non-recycled product are identical to the benchmarks, whereas the product with recycled content emits 8.26% less GHG and uses 54.2% less water as well as 28.8% less land than the benchmarks. These results help not only verify the benefits of using recycled materials, but they also help us make decisions about material selection. Ultimately, this shows that we are already on the right track.

Product	Results – cradle-to-site (kg CO2e)	Benchmark – cradle-to-site (kg CO2e)	Savings
Ride Windproof Winter Glove (1055)	5.72	5.72	0%
Windster 2 Windproof Winter Glove (1080 – non-recycled)	5.70	5.70	0%
Windster 2 Windproof Winter Glove (1080 – recycled content)	5.15	5.70	9.65%
Ride Winter Road Shoe Cover (2022)	9.57	9.94	3.72%
Ultralight Mesh Sleeveless Base Layer (6015 – non-recycled)	5.51	5.55	0.72%
Ultralight Mesh Sleeveless Base Layer (6015 – recycled content)	5.10	5.55	8.11%
Classic Regular Cut Summer Socks (3003)	0.94	0.99	5.05%

NEXT YEAR'S REPORT

Our focus for 2023 will be to begin working towards the reduction targets and commitments we have made in 2022. We wish to continue using more primary data as we have started to do in 2022 as well.

Simply stating our intentions to reduce our emissions and become net-zero is naturally not enough. Because in order to actually reach those targets, a strategic action plan is needed. Furthermore, to make as large an impact as possible, it is essential to involve the entire organization and not merely a select few. Therefore, developing a strategic action plan and including all employees are part of our goals for 2023.



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METHODOLOGY

This analysis is done in accordance with A Corporate Accounting and Reporting Standard Revised edition, currently one of four GHG Protocol accounting standards on calculating and reporting GHG emissions.

GHG accounting and reporting must be based on the following principles:

Relevance

The GHG inventory must reflect the GHG emissions of the company, so they can serve the decision-making needs of users.

Completeness

Account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.

Consistency

Companies must use consistent methodology so they can compare emissions over time. If changes are made, companies must be described and explained.

Transparency

All limitations and methodology choices are explained and justified.

Accuracy

The quantification of GHG emissions is neither over nor under actual emissions, as far as can be judged, and uncertainties are reduced as far as practicable.

In general, the carbon accounting should include information that users, both internal and external to the company, need for their decision making. An important aspect of relevance is the selection of an appropriate inventory boundary which reflects the substance and economic reality of the company's business relationships.

For corporate reporting, two distinct approaches can be used to consolidate GHG emissions: the equity share approach and the control approach. The most common consolidation approach is the control approach, which can be defined in either financial or operational terms. GripGrab has chosen the operational control approach, meaning that leased assets should be included in scope 1 and 2.

CALCULATION METHOD

When doing carbon accounting several calculation methods can be used to calculate scope 3, all with different advantages and disadvantages. The chosen calculation method usually depends on which data is available.

When lacking data, the spend-based method is often used. When using the spend-based method emissions are calculated based on finances spent on that activity. Using emission factors converting monetary value into greenhouse gas emissions, this will provide an indication of which business activities have the biggest impact but lacks the necessary accuracy to set targets and measure progress. To be able to do that, more precise data is needed.



Using emission factors, the concept is similar to the spend-based method, but the input for the average-data method will be a more relevant unit of measurement than monetary value, such as kg for materials or km for business travel. This is called the average-data method.

The spend-based and the average-data method both rely on emission factors from existing scientific research resulting in industry averages. This is also referred to as secondary data.

To obtain even more knowledge on a company's impact, it needs to collect data specific to the facilities or processes in which an activity takes place. This is also referred to as primary data.

When the carbon accounting is based on a mixture of primary and secondary data, it will be referred to as using the hybrid method. Usually, it will be a result of using supplier specific data for suppliers' scope 1 and 2 emissions and average data for the remaining emissions.

Lastly, the calculations can be done using the supply-specific method, where all calculations are based on primary data and average emission factors are not used.

The goal should be to aim for an increased use of primary data, as this will provide a more accurate representation of the impact.

This report is based on consumption data collected by GripGrab for the fiscal year 2022, which has been recalculated into CO₂e using relevant emission factors, i.e., the average-data method. There are two exceptions to this.

First, the transportation emissions are based on reports on CO₂e-emissions provided by the transportation companies, i.e., the supplier specific method. Second, information about product-specific emissions is based on the calculations made by Made2Flow.

The combination of these approaches results in the hybrid method, which was employed in 2021 and is expected to be the calculation method used going forward as well except with an increase of primary data.

SCOPE 2 EMISSION FACTORS

In January 2015, the GHG Protocol published new guidelines for calculating emissions from electricity consumption. Primarily two methods are used to “allocate” the GHG emissions created by electricity generation to the end consumers of a given grid. These are the location-based and the market-based methods.

The location-based method reflects the average emission intensity of the grids on which energy consumption occurs, while the market-based method reflects emissions from electricity that companies have purposefully chosen (or not chosen).





Organisations who report on their GHG emissions will now have to disclose both the location-based emissions from the production of electricity and the market-based emissions related to the potential purchase of Guarantees of Origin (GoOs) and Renewable Energy Certificates (RECs).

The purpose of this amendment in the reporting methodology is on the one hand to show the impact of energy efficiency measures, and on the other hand to display how the acquisition of GoOs or RECs affect the GHG emissions. Using both methods in the emission reporting highlights the effect of all measures regarding electricity consumption.

The location-based method

The location-based method is based on statistical emissions information and electricity output aggregated and averaged within a defined geographic boundary and during a defined time period. Within this boundary, the different energy producers utilize a mix of energy resources, where the use of fossil fuels (coal, oil, and gas) result in direct GHG-emissions. These emissions are reflected in the location-based emission factor.

The market-based method

The choice of emission factors when using this method is determined by whether the business acquires GoOs/RECs or not. When selling GoOs or RECs, the supplier certifies that the electricity is produced exclusively by renewable sources, which has an emission factor of 0 grams CO₂e per kWh. However, for electricity without the GoO or REC, the emission factor is based on the remaining electricity production after all GoOs and RECs for renewable energy are sold. This is called a residual mix, which is normally substantially higher than the location-based factor. As an example, the market-based Danish residual mix factor is approximately 4 times higher than the location-based Danish mix factor. The reason for this high factor is due to Denmark's export of GoOs/RECs to foreign consumers. In a market perspective, this implies that Danish wind power is largely substituted with an electricity mix including fossil fuels.

GripGrab

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