

Preferred by Nature Carbon Footprint 2022

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1 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 2022 from all operations.

2022 saw a return to traveling close to pre-pandemic levels. This is reflected in our carbon footprint. While there was more travel, more employees worked remotely. A week-long internal event, Development Week, was also held in Istanbul, Turkey, leading to emissions from travel and accommodation for employees who attended.

In 2022, the total net carbon footprint of Preferred by Nature's operations was an estimated 2,091 tCO₂e corresponding to a relative emission of 7.0 tCO₂e per employee. This total figure consists of 1,538 tCO₂e for our regular ongoing operations, plus 553 tCO₂e for the Development Week event. Figure 1 below depicts how our total absolute and relative emissions have evolved since 2016. Emissions from travel (transportation 53% and accommodation 11%) accounted for 64% of total carbon emissions from Preferred by Nature's normal operations in 2022 followed by Development Week 2022 (26%), commuting (3%), electricity for both remote workers and offices (2%), and heating of offices (1%). In addition, a buffer corresponding of 5% was added to the total emissions of our regular operations (excluding Development Week 2022). The buffer therefore made up 4% of total calculated emissions when Development Week is added to the total.

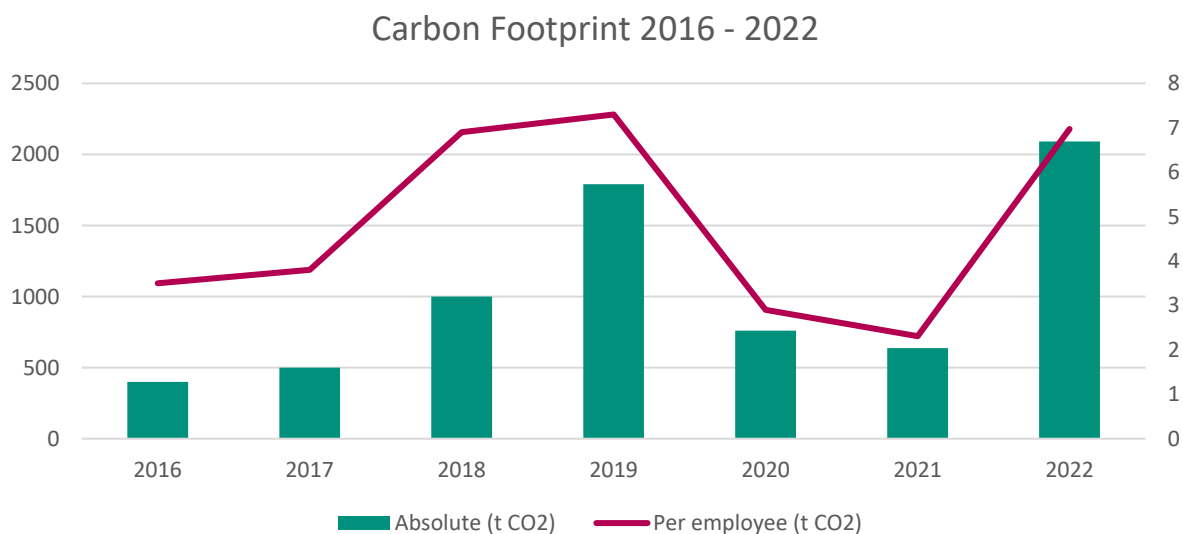


Figure 1 Evolution of Preferred by Nature's carbon footprint 2016-2022

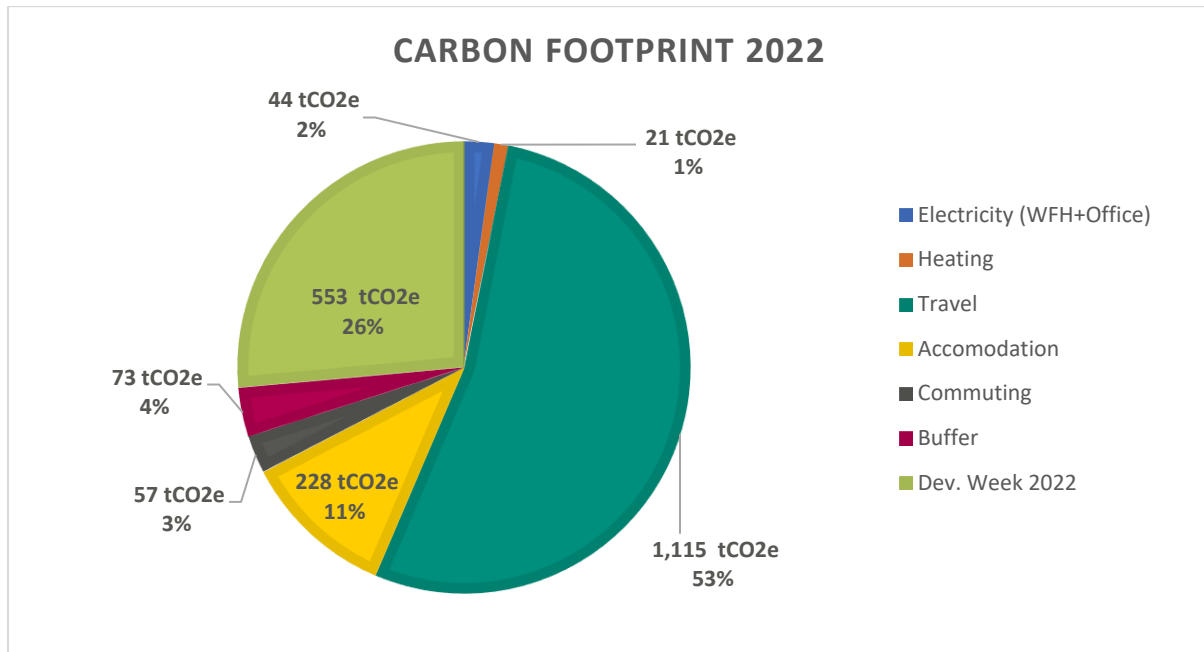


Figure 2 Breakdown of carbon footprint of Preferred by Nature in 2022

2 Results

2.1 Total net carbon emissions

The carbon footprint from Preferred by Nature's internal operations in 2022 was 1,538 tCO2e, plus an additional 553 t CO2e for the Development Week event. This totals 2,091 tCO2e for the year 2022, corresponding to a relative emission of 7.0 tCO2e per employee. Table 7 below provides a detailed overview of the Scope 1, Scope 2 and Scope 3 emissions.

Table 7 Detailed overview of Preferred by Nature's total emissions 2022

Scope	Category	Emission source	Unit	Activity data	Emission (tCO2e)
Scope 1	Transportation of products, materials, waste, and employees	Transportation in vehicles owned or controlled by Preferred by Nature (diesel)	km	64 082	13.6
		Transportation in vehicles owned or controlled by Preferred by Nature (petrol)		15 550	3.4
		Transportation in vehicles owned or controlled by Preferred by Nature (hybrid)		84 784	12.8
		Transportation of employees (Total)		164 416	29.8
Scope 2	Imports of electricity, heat, and steam	Electricity	kWh	3 684	
		Electricity (Total)		3 684	1.1
		Heating	kWh	132 155	
		Heating (Total)		132 155	20.8
Scope 3	Imports of electricity	Electricity/teleworking	kWh	108 638	
		Electricity (Total)		108 638	43.2

Travel - transportation of employees for business-related activities in vehicles owned or operated by third parties	Travel/Air travel	passenger/ km	4 487 261	904.2
	Travel/Train travel	passenger/ km	464 264	2.6
	Travel/Bus travel	passenger/ km	57 441	1.9
	Travel/Public transport travel	passenger/ km	3 025	0.3
	Travel/Ferry travel	passenger/ km	2 900	0.4
	Travel/Taxi travel	passenger/ km	13 680	1.6
	Travel/Employee-owned car	Km	445 152	96.0
	Travel/Rental car	Km	236 517	74.1
	Travel/hotel accommodation	room night	4 591	228.3
	Travel/unidentified	NA	N/A	3.9
	Travel (Total)			1 313.5
Employee commuting - transportation of employees between their homes and their worksites	Commuting/Car travel	km	235 074	47.9
	Commuting/Carshare	passenger. km	34 386	3.8
	Commuting/Bus travel	passenger. km	19 410	0.7
	Commuting/Rail travel	passenger. km	40 235	0.2
	Commuting/Motorbike travel	passenger. km	29 154	4.2
	Commuting (Total)		358 260	56.7
Total w Buffer				1 538.4
Buffer 5%				73.3
Development Week 2022¹				553.1
Total w Development Week 2022				2 091.47

Over 64% of the total carbon emissions were related to travel and accommodation followed by Development Week 2022 (26%), commuting (3%), electricity (2%), and heating (1%) with a buffer (5%) (Figure 2, above).

Mobility emissions such as travel (including Development Week 2022), owned/leased vehicles, and employee commuting, therefore accounted for 93% of Preferred by Nature's total carbon emission in 2022. The breakdown of the carbon emission from travel is shown in the figure below (Figure 3). Air travel accounts for 69% of all emissions related to travel followed by accommodation (17%) and car travel (13%).

¹ This value was calculated separately post-event and a 5% buffer has already been added to it.

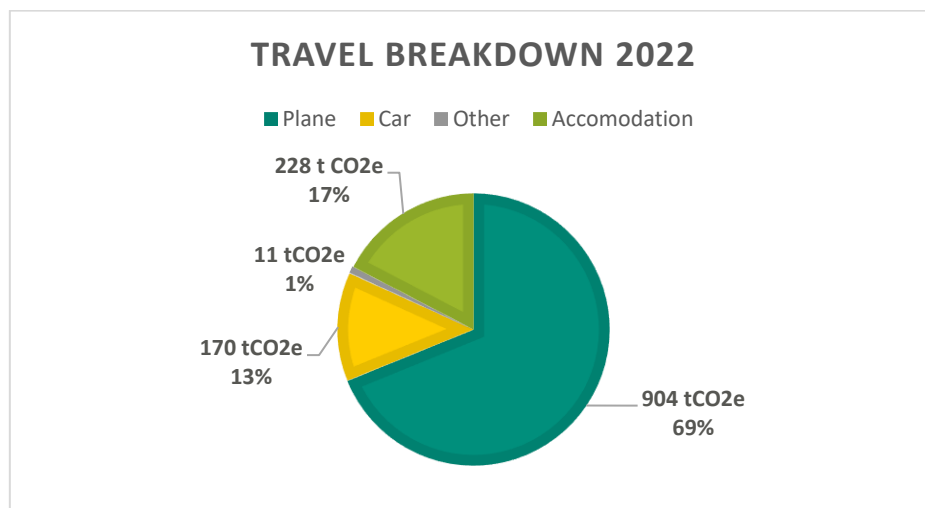


Figure 3 Carbon footprint from travel by emissions source (Other includes taxi, train, ferry, bus, public transport)

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 2022 (Table 7).

Table 7 Vehicles owned or leased by Preferred by Nature

Entity	Car Model	Fuel type	Car Manufacture year	Emission factor
NEPCon OÜ	Opel Astra	Diesel	2018	0.2118641
	Toyota Corolla 1.8 Hybrid e-CVT	Hybrid	2022	0.15136
NEPCon SIA	Kia Niro	Hybrid	2019	0.15136
	Skoda Octavia	Diesel	2016	0.2118641
	Toyota Yaris Cross	Hybrid	2022	0.15136
NEPCon LT UAB	Nissan Qashqai	Diesel	2016	0.2118641
	Kia Niro	Hybrid	2018	0.15136
NEPCon Bulgaria EOOD	Kia Ceed	Petrol	2016	0.21865

Approximately 164,416 kilometres was travelled in cars owned or leased by Preferred by Nature in 2022, resulting in net carbon emissions of approximately 29.8 t CO₂e.

2.3 Employee commuting

In 2022, Preferred by Nature employees commuted approximately total distance of 358 260 km from their home to work (please note that 62% of Preferred by Nature employees stated that they exclusively work from home and do not regularly go to any offices). Personal car accounted for 66% of the total commuting distance followed by train (11%), carshare (10%), motorbike (8%) and bus (5%). In terms of carbon emissions, commuting via personal car accounted for approximately 84% of the total emissions from commuting (Figure 5).

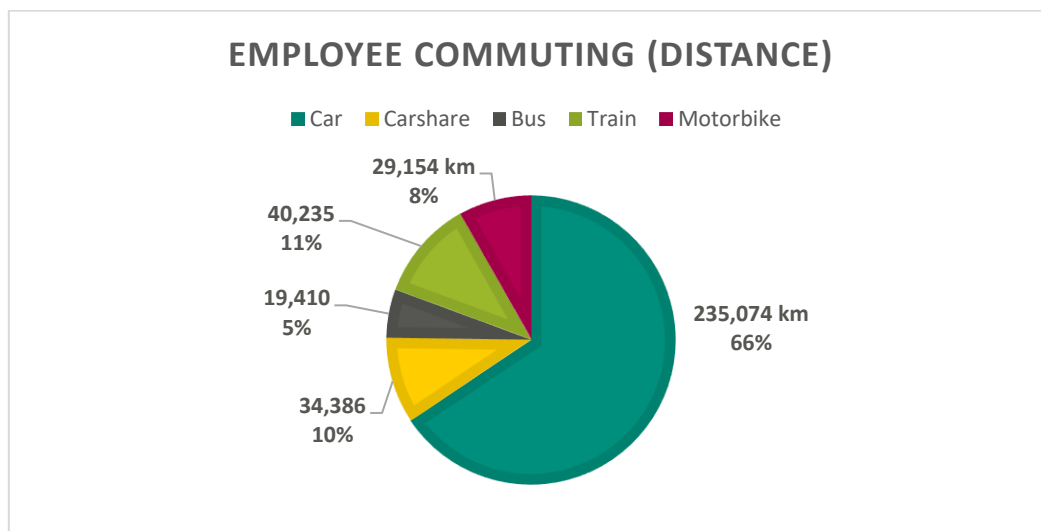


Figure 4 Share of employee commuting (distance) by transport mode

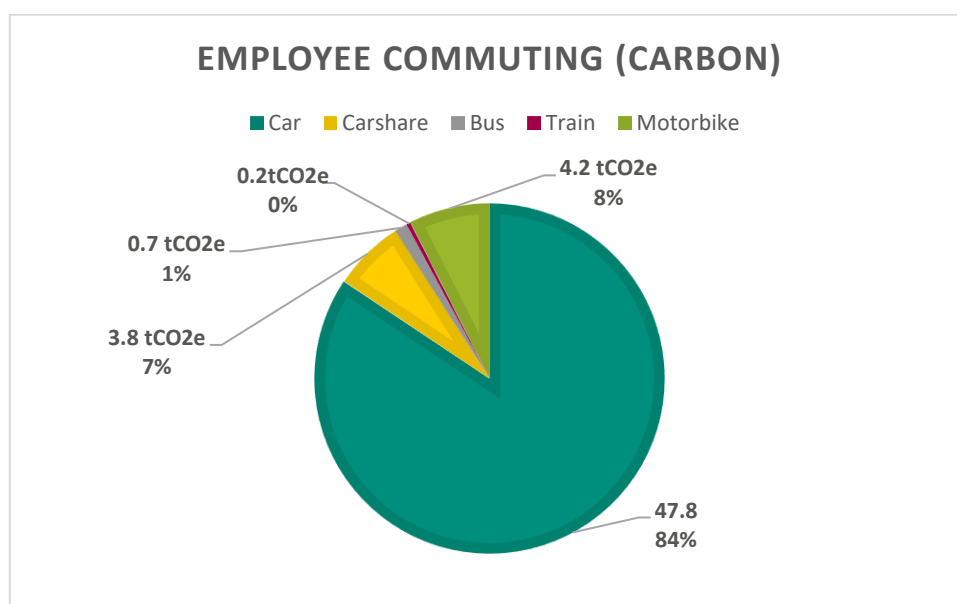


Figure 5 Share of employee commuting (carbon) by transport mode

3 Methodology

The carbon footprint accounting in this report is based on Preferred by Nature Carbon Footprint Management Standard (2022 version 2.0).

3.1 Organisational and operational boundaries

The accounting covers the corporate carbon footprint of Preferred by Nature's headquarters and all subsidiaries during the reporting year 01.01.2022 – 31.12.2022 (Table 1). The footprint includes all emissions related to delivery of all services, project activities and other activities of Preferred by Nature. It thus reflects our total organisational footprint.

Table 1 Legal entities of Preferred by Nature covered by carbon footprint accounting 2022.

Legal Entity	Main Office	Region of activity	Avg. no of employees 2022
Nature Ecology and People Consult Sdn Bhd	Kuala Lumpur, Malaysia	Asia Pacific	4
Nature, Ecology and People Consult Sweden AB	Home Office	Sweden	2.5
NEPCon F.M.B.A	Copenhagen, Denmark	Global	57.5
NEPCon Bulgaria EOOD	Sofia, Bulgaria	Bulgaria	2
NEPCon Certificering ApS	Aarhus, Denmark	Denmark	8.5
NEPCon Group s.r.o	Brno, Czech Republic	Czech Republic	7
NEPCon LT UAB	Vilnius, Lithuania	Lithuania, Belarus, Ukraine	6
NEPCon OOO	Home Office	Russia	10.5
Preferred by Nature OÜ	Tartu, Estonia	Estonia	17
NEPCon SIA	Riga, Latvia	Latvia	7.5
NEPCon Sp. z o.o.	Krakow, Poland	Belgium, Germany, Poland, Romania	18.5
NEPCon Spain S.L.	Madrid, Spain	Spain	9.5
NEPCon UK Ltd	London, UK	UK	5.5
NEPCon Vietnam Ltd	Ho Chi Ming City, Vietnam	Vietnam	17
NEPCon Guatemala Certificaciones, Limitada	Guatemala City, Guatemala	Meso America	7
NEPCon Costa Rica S.A.	Home Office	Meso America	4
PT Nature Economy and People Connected	Jakarta and Bali, Indonesia	Asia Pacific	23.5
NEPCon Kenya Limited	Nairobi, Kenya	Africa	4.5
NEPCon Bolivia S.R.L.	Santa Cruz, Bolivia	South America	6
NEPCon Peru S.A.C.	Home Office	South America	5
Nature Economy People Connected (NEPCon)	Accra, Ghana	Africa	5.5
NEPCon Canada Inc.	Home Office	North America	13
NEPCon LLC	Vermont, USA	North America	24
NEPCon MEXICO A.C.	Durango, Mexico	Meso America	9.5
NEPCon Certification (Beijing) Co., Ltd	Beijing, China	East Asia	10
NEPCon India Private Limited	Delhi, India	South Asia	9
NEPCon Cote d'Ivoire	Abidjan, Cote d'Ivoire	East Africa	4.5
The Long Run Ltd.	Home Office	Global	1
TOTAL			299.5 Rounded to 300

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
- Emissions from heating of offices owned or controlled by Preferred by Nature
- Emission from transportation in vehicles owned or controlled by Preferred by Nature
- Emissions from travel of Preferred by Nature employees, board members, external auditors, and consultants. This includes all travel, including related to services, project work and other activities.
- Emissions from Preferred by Nature employees commuting to work.

- Emissions from hotel accommodation due to 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
Heating	Heating in Preferred by Nature offices
Travel (employees, board members, external consultants)	Air travel /Economy class
	Rail travel (train travel)
	Coach travel (long-distance bus)
	Local Public Transport travel
	Ferry travel
	Taxi travel
	Employee-owned car travel
	Rental car travel
	Hotel accommodation due to travel
Commuting (employees)	Car travel
	Car sharing
	Rail travel
	Bus 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

3.2 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
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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 4** 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
		Purchased electricity, heat, and steam	Heating – Preferred by Nature offices	kWh	Office report
Indirect emission	Scope 3	Purchased electricity	Electricity – Home offices	kWh	Estimation based on Office report
		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	Travel/Air travel	passenger/km*	Employee expense report in Salesforce
			Travel/Rail travel	passenger/km	Employee expense report in Salesforce
			Travel/Coach travel	passenger/km	Employee expense report in Salesforce
			Travel/Public transport travel	passenger/km	Employee expense report in Salesforce
			Travel/Ferry travel	passenger/km	Employee expense report in Salesforce
			Travel/Taxi travel	passenger/km	Employee expense report in Salesforce
			Travel/Rental car	km	Employee expense report in Salesforce
			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/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
Travel	<p>Following average 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 – 5 km - Local bus trip – 10 km per euro spent - Local train trip - 10 km per euro spent - Metro trip - 5 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 BEIS 2022².</p>
Employee commuting	<p>Data from internal commuting survey was used to estimate the yearly distances travelled and modal split.</p> <p>235 annual working days was used to estimate the annual value for distances.</p>
Electricity consumption	<p>Electricity consumption data was collected from offices in 12 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 was applied to the calculations from an aggregate Our World in Data 2022 Carbon Intensity of Electricity source.</p>
Heating consumption	<p>Heating consumption data was available from 6 offices in 5 countries.</p> <p>The remaining countries did not have detailed consumption data available. In these cases, the consumption was estimated by dividing the total heating cost by the price per kWh of heating in the respective country (EUR/kWh). These estimated consumptions were then multiplied by emission factors found for the relevant heating systems in the countries. These included district heating and natural gas. Where specific district heating emission factors could not be found, the emission factor from BEIS 2022 was used. These estimated emissions are included in the total emissions related to purchase of heating.</p>

Table 5 Notes for calculations

5% Buffer Inclusion

² UK Government GHG Conversion Factors for Company Reporting 2022 from the Department for Business, Energy and Industrial Strategy hereafter referred to as BEIS 2022

According to Preferred by Nature Carbon Footprint Management Standard v2 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 2022 accounting: 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 (not including Development Week 2022). In the coming years, the feasibility of gathering the listed data will be re-assessed.

3.3 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 2022" was used as the best available public data source for conversion factors.

3.4 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 2022 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	0.21933	BEIS 2022/Business travel land + WTT
		Average car/ diesel	km	0.21186414	BEIS 2022/Business travel land + WTT
		Average car/ hybrid	km	0.15136	BEIS 2022/Business travel land + WTT
	Natural gas for heating of offices	Natural gas fuels	kWh	0.2176	BEIS 2022/Fuels Natural Gas + WTT
Scope 2, 3	Electricity for offices and remote working	Country average, (location-based, production mix) consumption	kWh	Country specific and global value of: 0.436	Our World in Data 2022 Carbon Intensity of Electricity
	District Heating of offices	District heating network	kWh	Country specific and global value of: 0.1707	BEIS 2022/Heating and Steam District Heating kWh and DH provider sites
Scope 3	Air travel	Economy class	passenger/km	0.20373	BEIS 2022/Business travel air + WTT
	Rail travel	International rail	passenger/km	0.00562	BEIS 2022/Business travel land + WTT
	Bus travel	Coach	passenger/km	0.03379	BEIS 2022/Business travel land + WTT
	Public transport travel	Light rail, city bus metro, and tram	passenger/km	0.11157	PBN Salesforce calculator devised EF

	Ferry travel	Average ferry	passenger/ km	0.13821	BEIS 2022/Business travel sea + WTT
	Taxi travel	Regular Taxi	passenger/ km	0.11157	PBN Salesforce calculator devised EF
	Motorbike	Average motorbike	km	0.14489	BEIS 2022/Business travel land + WTT
	Accommodation	Average accommodation	room per night	50	PBN rounded-up value based on BEIS average/Hotel stay

4 Reduction Plan

4.1 Commitment to reduction of carbon footprint

As a global organisation with local focus, we are concerned about the impacts of climate change and are committed to being an environmentally and socially responsible organisation that actively monitors and mitigates the impact of its decisions, policies and actions on people, nature and the climate. We have a Climate Policy which describes in detail the scope and management of our climate impact.

Preferred by Nature is committed to reduce its relative (per employee) carbon emissions by 70% by 2030 (compared to 2019 levels). Although we acknowledge that this is indeed a very ambitious target for our truly global organisation and that it may or may not be achieved, we are nevertheless committed to do our best in achieving it. A pilot reduction plan for our Danish assurance operations was prepared in 2022 and in 2023 an organisation wide initiative was launched to develop a global carbon reduction plan for the period until 2030. The plan is expected to be finalised and published within 2023.

4.2 Commitment to offsetting of residual emissions

As per Preferred by Nature's Climate Policy we are committed to offsetting what we cannot reduce. We are in the active process to develop a restoration project in Sabah, Malaysia in collaboration with local organisations and authorities.

About us

Preferred by Nature is an international non-profit organisation working to support better land management and business practices that benefit people, nature and the climate. We do this through a unique combination of sustainability certification services, projects supporting awareness raising, and capacity building.

Since 1994, we have worked to develop practical solutions to drive positive impacts in production landscapes and supply chains in 100+ countries. We focus on land use, primarily through forest, agriculture and climate impact commodities, and related sectors such as tourism and conservation. Learn more at www.preferredbynature.org

Contact

László Szoboszlai
Carbon Footprint Specialist
Email: lszoboszlai@preferredbynature.org
Phone: + 46 73 081 88 94



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