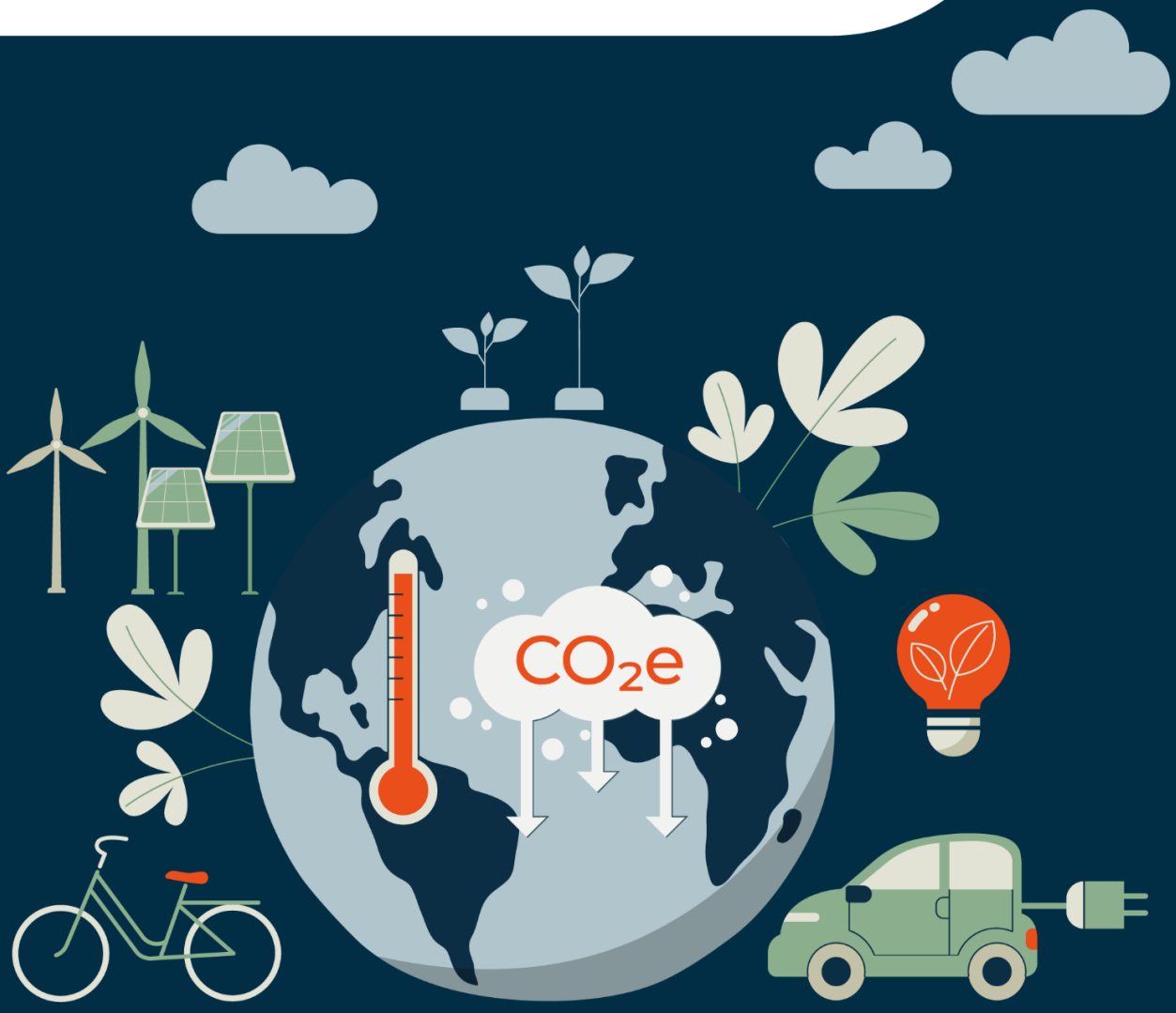
Climate Statement 2023

Tolerate Sweden AB



2050
Fast Forward to a Greener Future

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Introduction

Tolerate Sweden AB (Tolerate) was founded in 2014 and has since grown rapidly. Tolerate works actively with sustainability in the form of circularity and degradable materials and carried out climate calculations for 2023. The climate calculations described in this memo are therefore Tolerate's second climate calculations.

Tolerate has produced the basis for the climate calculations, which are based on consumption data, travel data, data from suppliers about purchased products, and the like. 2050 has then quality-reviewed the basis, which forms the basis for the climate calculations that have been carried out. In cases where data has been lacking, 2050 has made estimates based on standard rates from similar activities.

In a financial statement according to the GHG Protocol and before a Science Based Target application, scope 1&2 and the 15 categories in scope 3 must be calculated, where a first step is to determine whether any of the categories in scope 3 are irrelevant or account for a very small proportion of the value chain's total emissions. Calculations have been carried out using available data or spend data where direct data has been missing. Each scope 3 category has been analyzed and calculated whether there are emissions and, if so, how large these are.

What does this climate statement entail?

A climate statement, like a financial statement, is a summary of a company's climate impact during a financial year. A climate statement summarises emissions in carbon dioxide equivalents in a standardised way. The purpose of a climate statement is to identify a company's greenhouse gas emissions for all material (i.e. significant) parts of its operations.

What can this climate statement be used for?

A climate statement is often the foundation of a company's climate work, as it can be used as a basis for decision-making in strategy development, investment decisions and target setting, as well as for reporting to voluntary initiatives and legal requirements. Once goals and strategies are defined, the climate statement is an important tool for monitoring the climate work. The information in a climate statement can be used as a basis for:

- Setting and monitoring climate targets for the organisation.
- Applying for Science Based Targets (SBT).
- Reporting according to parts of the European Sustainability Reporting Standard (ESRS) E1 - Climate change, which is part of the Corporate Sustainability Reporting Directive (CSRD).
- Reporting according to parts of the CDP.
- Demonstrating the company's commitment and concrete actions towards key stakeholders.

The climate statement includes an assessment of which steps Tolerate Sweden AB could benefit from further work. This is described in the section "Next steps".

Method

To calculate Tolerate Sweden AB's climate statement the Greenhouse Gas Protocol (GHG Protocol) has been used, which is the most recognised global standard for calculating greenhouse gas emissions from a company's operations. The calculations have been carried out according to the three[1] associated standards: The Corporate Standard, The Corporate Value Chain (Scope 3) Standard and Technical Guidance for Calculating Scope 3 Emissions.

According to the GHG Protocol, an activity's emissions must be reported in three scopes (see Figure below), where:

- Scope 1 represents direct emissions from the operations.
- Scope 2 includes indirect emissions generated during the production of purchased electricity, district heating, cooling, and process steam.
- Scope 3 comprises other indirect emissions, both upstream and downstream in the value chain, arising from activities such as purchased travel, transportation, production of purchased goods and services, and commuting trips of employees.

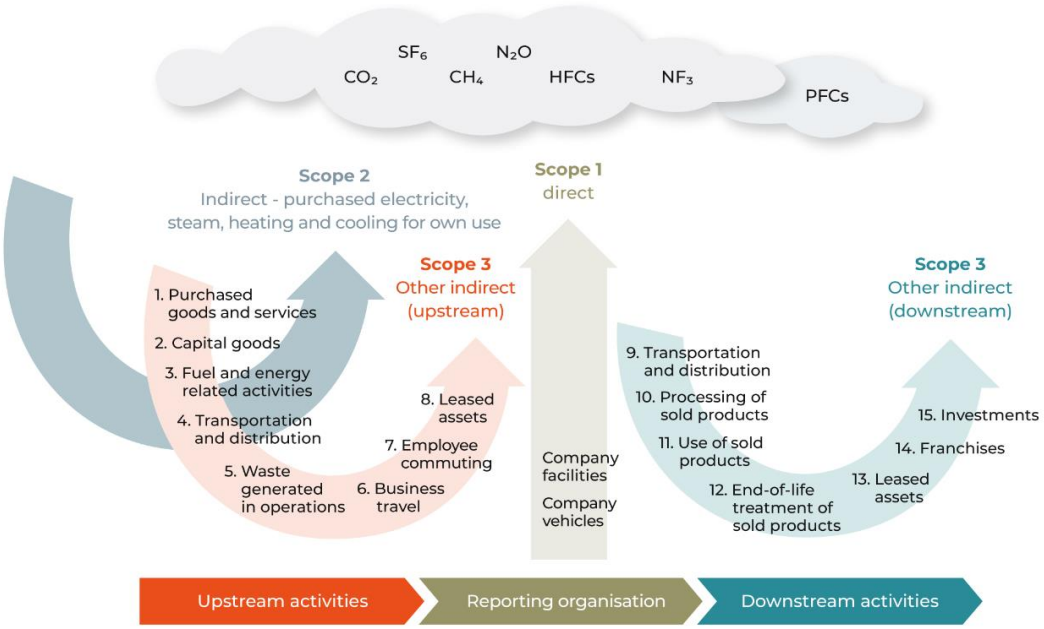

Figure 1. Schematic figure of emissions related to an activity and its value chain, according to the GHG Protocol.

An in-depth description of the calculation methods for all scopes and categories, including details on data sources, assumptions, default values and emission factors, is available in the Detailed Information section.

[1] Starting from the fiscal year 2024, the GHG Protocol's standard Land Sector and Removals Guidance will also be utilised, for which there is currently a draft.

Control Approach

Companies have different legal and organizational structures. The GHG Protocol therefore requires a control approach to be determined, either the *operational control approach* or the *financial control approach*. The allocation of greenhouse gas emissions in scope 3 is affected by the chosen control approach and is therefore important to report.

For Tolerate Sweden AB's climate statement, the operational control approach is used. This means that greenhouse gas emissions are classified as direct emissions when the activity gives rise to emissions during use, for example when leasing vehicles or operating in rented premises.

Table 1 Reporting of total emissions from electricity and district heating in scope 2 depending on the choice of method.

Method	Emissions [ton CO_2e]
Market-based	1,32
Location-based	1,09

Method for Scope 2

According to the GHG Protocol guidelines for scope 2, emissions from electricity consumption are calculated using either a location-based method or a market-based method. For Tolerate Sweden AB's climate accounts a market-based method is used.

Scope and Limitations

Tolerate Sweden AB's climate statement includes all emissions in scope 1 and 2. Greenhouse gas emissions in Tolerate Sweden AB's value chain are reported in scope 3 and are categorised according to the GHG Protocol in 15 different categories. Table 1 below shows which scope 3 categories are included and excluded in the climate accounts.

Table 1. Included and excluded scope 3 categories.

Scope 3 category		Category for Tolerate Sweden AB [Excluded, Included, Not relevant]
3.1	Purchased goods and services	Included
3.2	Capital goods	Excluded
3.3	Upstream fuel and energy-related activities not included in scopes 1 and 2	Included
3.4	Upstream transportation and distribution	Included
3.5	Waste management	Included
3.6	Business travel	Included
3.7	Employee commuting	Included
3.8	Upstream leased assets	Excluded

3.9	Downstream transportation and distribution	Excluded
3.10	Processing of sold goods	Not relevant
3.11	End use of sold goods	Included
3.12	End-of-life treatment/disposal of sold goods	Included
3.13	Downstream leased assets	Not relevant
3.14	Operation of franchises	Not relevant
3.15	Operation of investments	Not relevant

Methodological Changes

Previously, the emissions for the third-party storage's operations, district heating, and electricity use were calculated using the corresponding kWh and the respective emission factors. In this climate statement, the kg CO2e values for the third-party storage's total emissions were used.

Result and Analysis

Result

For the year 2023, the total amount of greenhouse gas emissions for Tolerate Sweden AB is 534 tons of CO2e, of which 2,2 tons (0,4%) of CO2e are attributed to scope 1, 1,4 tons (0,3%) to scope 2, and 541 tons (99%) to scope 3 (se Figure 1).

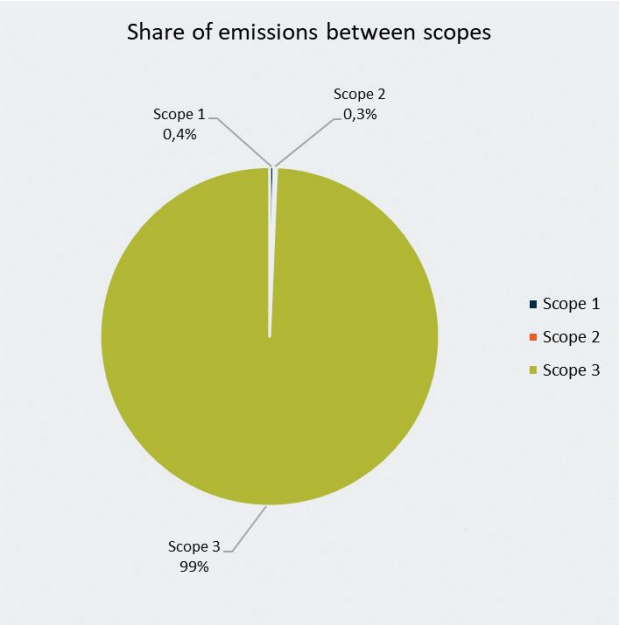

Figure 2. Distribution of all greenhouse gas emissions for Tolerate Sweden AB, divided into scope 1, 2, and 3, along with the number of carbon dioxide equivalents (CO2e).

The three dominant sources of emissions are purchased goods and services, upstream transport and business travel. Compared to 2022, emissions from purchased goods and services have decreased by 36%, emissions from upstream transport have decreased by 3% and emissions from business travel have increased by 153%.

Table 2[2] presents the greenhouse gas emissions (tons of CO2e) distributed across each scope and category, along with the change compared to the year 2022.

Table 2. Distribution of Tolerate Sweden AB's greenhouse gas emissions divided into scope 1 and 2, alongside 15 categories in scope 3, the number of carbon dioxide equivalents (CO2e), and the change compared to the previous year, 2022.

[2] The table is compliant with the reporting requirements for greenhouse gas emissions according to CSRD and is mandatory for disclosure.

Detailed emissions per scope [ton co2e]	2023	Share 2023	2022	Change 2022-2023
Scope 1	**2,2**	**0%**	**1,8**	**22%**
Scope 2	**1,4**	**0%**	**1,6**	**-7%**
Scope 3	**531**	**99%**	**697**	**-24%**
3.1 Purchased goods and services	271	51%	425	-36%
3.2 Capital goods	-	0%	-	-
3.3 Fuel and energy-related activities	0,8	0%	0,6	26%
3.4 Upstream transportation and distribution	233	44%	242	-3%
3.5 Waste generated in operations	0,02	0%	0,0	-50%
3.6 Business travel	20	4%	7,9	153%
3.7 Employee commuting	0,1	0%	1,0	-87%
3.8 Leased assets	-	0%	-	-
3.9 Downstream transportation and distribution	-	0%	-	-
3.10 Processing of sold products	-	0%	-	-
3.11 Use of sold products	3,8	1%	19	-80%
3.12 End of life treatment of sold products	1,5	0%	2,5	-40%
3.13 Leased assets	-	0%	-	-
3.14 Franchises	-	0%	-	-
3.15 Investments	-	0%	-	-
Total	**534**	**100%**	**701**	**-24%**

Key Metrics

In Table 3, relevant key performance indicators from Tolerate Sweden AB's climate report is presented. These metrics are utilized to monitor climate efforts (note that certain key indicators are mandatory for disclosure according to CSRD). Compared to 2022, greenhouse gas emissions per product sold and per full-time employee have decreased by 18 and 35 percent, respectively. On the other hand, the emissions per turnover have increased by 16 percent.

Table 3. Key metrics for Tolerate Sweden AB

Key metrics	2022	2023	Change 2022-2023
Emissions per turnover [ton CO_2e/MSEK]	13,2	15,3	16%
Emissions per full-time employee [ton CO_2e/FTE]	117	76	-35%
Emissions per sold product [kg CO_2e/sold produkt]	1,2	1	-18%
Production emissions per own sold product [kg CO2e/sold product]	0,583	0,556	-5%
Energy consumption per area [kWh/m^2]	130	132	1,3%

Analysis

This is the second year that Tolerate makes climate calculations, thus this year's result can be compared with the previous year (2022) to get an indication of how Tolerate's sustainability work has developed over time.

In line with the previous year, the majority (99%) of the company's emissions are scope 3 emissions. This is mainly due to Tolerate's extensive purchases of goods and services and the transports that take place when these materials are delivered to the company. Compared with the previous year, emissions for these categories have decreased by 36 and 3 % respectively. This is mainly due to a large decrease in the number of purchased products by 34%, despite this, there has only been a marginal reduction (3%) in the company's emissions related to upstream transport. The reason for this is transported from China has only decreased with 2%.

The category with the largest emissions (51% of total emissions) is purchased goods and services, in which chargers and polyurethane (PU) synthetic leather make up a majority of the emissions. Compared to previous year Tolerate has increased the number of recycled materials. Even though almost the same weight of material has been purchased compared to last year, the emissions have decreased by 21% for Tolerates own material and goods. This is mainly because a shift from virgin material to recycled material.

Tolerate's emissions related to upstream transport and distribution account for 44% of their total emissions. Within this category, air transport from Tolerate's suppliers in China accounts for 97% of the emissions. Tolerate therefore has great opportunities for emission reductions by, for example, choosing to transport more products by boat.

No significant changes have been introduced in the calculation methodology. However, in the case of third-party storage, more specific data for district heating and electricity have been used this year, as the company has received direct information on emissions from its storage providers. This improvement in data quality has resulted in more accurate reporting of emissions from third-party storage, this has affected the results in comparison with previous reporting periods.