



QES

Report

Carbon neutrality of operations
and value chain

Nordströms

2023

In collaboration with

ATMOZ

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Introduction

Nordströms was established in 1914 and is a builders merchant, based in Sweden, that specializes in supplying lumber and building materials to professional customers. Today, Nordströms consists of 13 facilities – from Uppsala in the north to Linköping in the south – and has 315 employees.

Nordströms achieved carbon neutrality for their baseline period January 1st 2022 – December 31st 2022 (Period 1). Together with Atmoz Consulting AB (Atmoz), Nordströms has quantified and reported all greenhouse gas (GHG) emissions from their operations and value chain during the period January 1st 2023 – December 31st 2023 (Period 2). This report, referred to as the Qualifying Explanatory Statement (QES) contains all the relevant documentation to support Nordströms commitment to and claim of achieved carbon neutrality, as defined in PAS 2060, for this period and coming periods.

General information

Table 1: General information about Nordströms.

| PAS 2060 introductory information | |
|--|---|
| Entity making PAS 2060 declaration | Nordströms (Nordströms Bygghandel AB and Nordström & Co Trävaror KB, which make up Nordströms entire organization) |
| Subject of PAS 2060 declaration | Total operations during 2023 |
| Function of subject | Nordströms is a builder's merchant that specializes in supplying lumber and building materials to professional customers. |
| System boundaries | The activities required for Nordströms to fulfil its function include all upstream, core and relevant downstream activities of their operations and value chain. See section Scope and Data for further information. |
| Rationale for the selection of subject | Pursuing carbon neutrality is part of Nordströms's broader commitment to sustainability. To achieve carbon neutrality for 2023, Nordströms measures its total carbon footprint using the GHG Protocol standards and supplements (see section Methodology). This approach covers all relevant activities and enables Nordströms to measure 100% of its carbon footprint. Furthermore, Nordströms is committed to reducing their carbon footprint annually. |
| Control Approach | Operational control approach |
| Type of conformity assessment undertaken | OPV-3, Other Party Validated by Atmoz - unified |
| Baseline date for PAS 2060 | 1 January 2022 |
| Achievement period | 1 January 2023 – 31 December 2023 |
| Commitment period | 1 January 2024 – 31 December 2024 |
| Individuals responsible for evaluation and provision of data necessary | Gustav Nordströms, CEO, Nordströms David Lindén, LCA Expert, Atmoz |



Declaration of Carbon Neutrality

Table 2: Declaration of Carbon Neutrality for the achievement period 2023.01.01-2023.12.31.

| PAS 2060 Declaration | |
|--|--|
| Declaration of achievement | Carbon neutrality of total operations achieved by Nordström in accordance with PAS 2060 at 2023.12.31 with commitment to maintain to 2024.12.31 for the period commencing 2022.01.01, Atmoz Consulting AB certified. |
| Reported carbon footprint of subject during period stated above | 55 775 tCO ₂ e (market-based method) |
| Amount of carbon offset of subject during period stated above (105%) | 58 564 tCO ₂ e |
| Location of GHG emissions report supporting this claim | See section Carbon Footprint Quantification |
| Location of the Carbon Footprint Management Plan | See section Carbon Management Plan |
| Location of the details describing of the carbon offsets | See section Carbon Offsetting Plan |
| Name of Senior Representative | Signature of Senior Representative |
| Name: Gustav Nordström Role: CEO Date: 2024.03.25 | |



Carbon Footprint Quantification

Methodology

The method for quantification of the carbon footprint is based on the following documents: PAS 2060:2014, GHG Protocol Corporate Standard, GHG Protocol Scope 2 Guidance and GHG Protocol Corporate Value Chain (scope 3).

The GHG protocol has been selected because it is one of the most recognized and frequently applied standards to quantify carbon footprint of corporations and as such is explicitly endorsed by PAS 2060. The carbon footprint of the selected subject is calculated based on the operational control approach. GHG emissions from electricity have been calculated using the market-based approach.

The following greenhouse gases have been included in the calculations.

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitric Oxide (N₂O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulfur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)

Each gas's corresponding global warming potential is obtained from the IPCC Assessment report 5 (2013) except for product specific supplier data from EPDs developed according to EN 15804+A2, which are based on the IPCC Assessment report 6 (2021). Total emissions are measured in CO₂ equivalents (CO₂e).

Scope and Data

The scope of Nordströms's carbon footprint quantification includes all GHG emissions from operations and across the value-chain, from acquisition of materials to end-of-life of sold products. No exclusions have been made.

In the quantification of Nordströms's carbon footprint, both primary and secondary sources of data have been used. Secondary data based on averages or estimates has only been used in cases where primary data was unavailable or could not reasonably be obtained. All activity data has been reported by Nordströms.

Emission factors are primarily selected from reputable sources, including national statistics and recognized emissions databases. Geographical, technological and temporal aspects have been considered when selecting emission factors. The emission factors are regularly reviewed and updated.

See Annex A – Scope and Data for further details regarding scope, data quality and source of emission factors per category.



Results

Table 3 shows the total carbon footprint of Nordströms 2023 operations, which amounts to 55 775,3 tCO₂e, and is a reduction of 9 017,7 tCO₂e compared with the baseline period 2022. Nordströms have measured GHG emissions from their operations and value chain since 2019, see Annex B – Detailed results for comparison with previous years and further breakdown of results. In Table 4 below, relevant key figures for follow-ups can be found.

Table 3: Results from quantified carbon footprint for Nordströms 2023 per scope and activity, and comparison with baseline period 2022.

| Scope / Category | 2022 (ton CO ₂ e) | 2023 (ton CO ₂ e) | % of total 2023 | Change 2022-2023 | Change % 2022-2023 |
|--|---------------------------------|---------------------------------|--------------------|---------------------|-----------------------|
| Scope 1 | 13,4 | 11,6 | 0,02% | - 1,8 | -13,3% |
| Vehicles | 13,4 | 11,6 | 0,02% | - 1,8 | -13,3% |
| Refrigerants* | - | - | - | - | - |
| Scope 2 | 68,0 | 103,5 | 0,2% | 35,5 | 52,2% |
| Electricity | 0,5 | 0,5 | 0,001% | 0,02 | 3,4% |
| District heating | 67,5 | 103,0 | 0,2% | 35,5 | 52,6% |
| Scope 3 | 64 711,6 | 55 660,2 | 99,8% | - 9 051,4 | -14,0% |
| Employee commuting | 459,1 | 419,2 | 0,8% | - 39,9 | -8,7% |
| Waste | 22,0 | 20,8 | 0,04% | - 1,2 | -5,4% |
| Fuel- and energy related activities | 43,5 | 43,5 | 0,1% | 0,0 | 0,0% |
| Capital goods | 1 166,7 | 723,4 | 1,3% | - 443,3 | -38,0% |
| Purchased services | 229,9 | 292,1 | 0,5% | 62,2 | 27,0% |
| Purchased goods | 55 999,4 | 48 467,7 | 86,9% | - 7 531,6 | -13,4% |
| Downstream leased assets | 10,0 | 12,9 | 0,02% | 2,9 | 29,0% |
| End-of-life treatment of sold products | 2 000,1 | 1 771,6 | 3,2% | - 228,5 | -11,4% |
| Business travels | 0,5 | 2,6 | 0,005% | 2,1 | 392,5% |
| Upstream transportation and distribution | 4 780,5 | 3 906,4 | 7,0% | - 874,0 | -18,3% |
| Total | 64 793,0 | 55 775,3 | 100,0% | - 9 017,7 | -13,9% |

*No leakage of refrigerants has been reported 2022 or 2023.

Table 4: Key figures for Nordströms 2022 and 2023.

| Description | 2022 | 2023 | Change 2022-2023 | Change % 2022-2023 | Unit |
|-------------------------------|--------|--------|---------------------|-----------------------|-----------------------------|
| Carbon footprint per revenue | 29,69 | 29,70 | 0,005 | 0,02% | Kg CO ₂ e / MSEK |
| Carbon footprint per employee | 187,81 | 177,06 | -10,74 | -5,72% | Kg CO ₂ e / FTE |



Assumptions and Uncertainties

The uncertainty in the quantification of the carbon footprint mainly stems from the estimates made where primary activity data was not available. About 3,2% of the calculated carbon footprint is based on estimates (i.e. secondary activity data). The estimates with the biggest potential influence on the quantified carbon footprint are stated below.

- GHG emissions from capital goods and purchased services are estimated based on spend-data. Together, these activities account for about 1,8% of total emissions.
- A calculation approach based on number of employees (FTE) is used to estimate the GHG emissions associated with the consumption of office supplies and employee commuting. Together, these activities account for less than 1% of total emissions.
- An estimation approach is used to account for GHG emissions associated with 0,3% of purchased warehouse goods and 1% of purchased goods via procurement and direct deliveries, where primary data coverage is not available (see Table 5). For these goods, extrapolation is applied to determine the GHG emissions from their production, as well as for the subsequent transportation and end-of-life activities. Together, these extrapolations account for less than 1% of total emissions.

The above-mentioned estimates are considered an acceptable and reasonable approximation of the emissions associated with the activities in question. Nevertheless, such estimates should be viewed with caution and should be subject to ongoing review and refinement. The accuracy of the results could be improved by collecting primary activity data for these activities.

Table 5: Coverage (%) of purchased goods calculated with given activity data.

| Category | Description | Primary activity data (%) | Secondary activity data (%) |
|---|----------------------|---------------------------|-----------------------------|
| Warehouse goods | Share of total mass | 99,7 | 0,3% |
| Procurement goods and direct deliveries | Share of total spend | 99,0 | 1,0% |

Furthermore, the use of average emission factors yields some uncertainty as actual emissions may differ from averages. Wherever there is uncertainty, efforts have been made not to underestimate the actual carbon footprint of the given activity. To limit the uncertainty of average emission factors, Nordströms is actively working on improving coverage of supplier specific emissions data for their largest emission source, purchased goods (see Table 6).

Table 6: Coverage (%) of purchased goods calculated with supplier specific emissions data.

| Category | Description | Supplier emissions data (%) | Average emissions data (%) |
|---|----------------------|-----------------------------|----------------------------|
| Warehouse goods | Share of total mass | 91,3 | 8,7 |
| Procurement goods and direct deliveries | Share of total spend | 62,6 | 37,4 |



Carbon Management Plan

Table 7 specifies the activities Nordströms plans to undertake to reduce their carbon footprint during the coming periods of carbon neutrality. The plan is further detailed in Nordströms's policy document (Environmental policy). Nordströms's carbon management plan spans the period 2024 - 2030. The plan will be reviewed annually.

Table 7: Planned reduction measures

| Activity | Reduction measure action |
|--|--|
| Company cars and other vehicles | Promote fossil-free fuel alternatives for company cars and other vehicles. |
| | Phase out diesel driven forklifts in favor for electric. |
| Company operated facilities | Improve energy efficiency and reduce energy consumption within company operated facilities. |
| | Continue to purchase certified electricity from non-fossil energy sources and explore the possibility to also do this for district heating. |
| Purchased goods | Set climate-related requirements for suppliers during procurement. |
| | Educate employees and customers about products that have better climate performance. |
| | Explore new circular business opportunities, such as the sale of reused building materials. |
| Transportation from company warehouses to customer | Optimization by improved transportation planning (shorter driving distances), higher load utilization, and the use of lighter trucks where possible. |
| | Increase use of fossil-free fuels (such as HVO100) for all shipments from warehouse to customers. |
| Waste generated in operations | Take necessary precautions on sites to reduce the amount of breakage, for example by exercising caution when handling goods with trucks. |
| | Advocate for careful sorting of waste to enable maximum recycling. |
| | Return wrongly ordered goods to the supplier, despite the cost, instead of discarding them. |



Carbon Offsetting Plan

For the second year of carbon neutrality cycle, in addition to reducing their footprint, Nordströms will offset the total carbon footprint of the selected entity. Because of excluded emissions, an additional five (5) percent of the total carbon footprint will be offset. The total volume that will be offset is thus 58 564 tCO_{2e}.

Nordströms has chosen to offset through two projects, see Table 8 below. All carbon credits are ex post.

Table 8. Carbon offsetting plan for Nordströms 2023.

| Project and ID | Verification body | Offset volume (tCO _{2e}) | Vintage | Description | Link to project |
|---|-------------------|------------------------------------|---------|---|----------------------------------|
| 20 MW Biomass Power Project at Godawari Power and Ispat Limited, Chhattisgarh ID: 3547 | Gold Standard | 29 155 | 2021 | The project aims to reduce GHG emissions by generating electricity using renewable biomass residues, thereby replacing fossil fuel intensive based power generation in India. | Read more here . |
| Solar Thermal Power Plant by Godawari Green Energy Limited ID: 3429 | Gold Standard | 29 409 | 2020 | The project aims to reduce GHG emissions by generating thermal energy using renewable solar power, thereby replacing fossil fuel intensive based power generation in India. | Read more here . |

The credits have been retired in their respective registries. This can be tracked via the following URL-links,

<https://registry.goldstandard.org/batch-retirements/details/122209>

<https://registry.goldstandard.org/batch-retirements/details/122206>



References

BSI, 2014, PAS 2060 Specification for the demonstration of Carbon Neutrality.

WRI/WBCSD, 2004. Greenhouse Gas Protocol Corporate Standard, Revised edition.

WRI/WBCSD, 2011. Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

WRI/WBCSD, 2015. Greenhouse Gas Protocol Scope 2 Guidance

Annex A – Scope and Data

Table A 1: Scope of Nordströms 2023, data type and quality and emission factor source per activity.

| | Scope/ category emission source | Inclusion | Activity data | Activity data quality | Emission factor sources |
|----|--|-----------|---|-----------------------|--|
| | Scope 1 | | | | |
| 1 | Vehicles | Included | Fuel consumption (liter) | Primary | Swedish Energy Agency 2023 |
| 2 | Refrigerants | Included | Emissions data (kg CO ₂ e) | Primary | - |
| | Scope 2 | | | | |
| 1 | Electricity | Included | Energy consumption (kWh) | Primary | Supplier data (EPD) and Swedish Energy Markets Inspectorate 2023 |
| 2 | District heating | Included | Energy consumption (kWh) | Primary | Swedenergy 2023 |
| | Scope 3 | | | | |
| 1 | Purchased goods and services | Included | Amount of product (kg), spend data (SEK), number of employees (FTE) and extrapolation | Primary and secondary | Supplier data (EPD), Boverket 02.05.000 and SCB 2023 |
| 2 | Capital goods | Included | Spend data (SEK) | Secondary | SCB 2023 |
| 3 | Fuel and other energy-related activities | Included | See Scope 1 and 2 | Primary | See Scope 1 and 2 |
| 4 | Upstream transportation and distribution | Included | Fuel consumption (liter) and payload-distance (tkm) | Primary and secondary | Swedish Energy Agency 2023 and DEFRA 2023 |
| 5 | Waste generated in operations | Included | Amount of waste (kg) | Primary | DEFRA 2023 |
| 6 | Business travel | Included | Means of travel and distance (pkm) | Primary | SJ 2023 and Atmoz 2023 |
| 7 | Employee commuting | Included | Number of employees (FTE) | Secondary | Atmoz 2023 |
| 8 | Upstream leased assets | NA | - | - | - |
| 9 | Downstream transportation and distribution | NA | - | - | - |
| 10 | Processing of sold products | NA | - | - | - |
| 11 | Use of sold products | NA | - | - | - |
| 12 | End of life treatment of sold products | Included | Sales volumes (kg) and extrapolation | Primary and secondary | DEFRA 2023 |
| 13 | Downstream leased assets | Included | Energy consumption (kWh) | Primary | Swedenergy 2023 |
| 14 | Franchises | NA | - | - | - |
| 15 | Investments | NA | - | - | - |



Annex B – Detailed results

Table A 2 shows the carbon footprint results for previous years. Nordströms have quantified GHG emissions from their operations and value chain since the years 2019 but were not climate neutral according to PAS 2060. Note that the scope was expanded in 2022, with the following categories added: employees' commuting, capital goods, purchased services, and office consumption (purchased goods). Hence, there is no result for these activities for the period 2019-2021.

Table A 2: Detailed results from previous and current years, 2019-2023.

| Scope/Category (ton CO ₂ e) | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Scope 1 | 57,2 | 49,4 | 25,3 | 13,4 | 11,6 |
| Vehicles | 52,0 | 49,4 | 25,3 | 13,4 | 11,6 |
| <i>Company cars</i> | <i>50,5</i> | <i>49,4</i> | <i>25,3</i> | <i>8,3</i> | <i>9,1</i> |
| <i>Other vehicles</i> | <i>1,5</i> | - | - | <i>5,1</i> | <i>2,6</i> |
| Refrigerants | 5,2 | 0,0 | 0,0 | 0,0 | 0,0 |
| Scope 2 | 74,8 | 187,0 | 52,6 | 68,0 | 103,5 |
| Electricity | 0,0 | 141,2 | 0,0 | 0,5 | 0,5 |
| District heating | 74,8 | 45,8 | 52,6 | 67,5 | 103,0 |
| Scope 3 | 63 173,4 | 66 635,3 | 63 228,1 | 64 711,6 | 55 660,2 |
| Employee commuting | - | - | - | 459,1 | 419,2 |
| Waste | 39,4 | 34,7 | 25,6 | 22,0 | 20,8 |
| Fuel- and energy related activities | 50,5 | 56,4 | 45,8 | 43,5 | 43,5 |
| Capital goods | - | - | - | 1 166,7 | 723,4 |
| Purchased services | - | - | - | 229,9 | 292,1 |
| Purchased goods | 54 758,4 | 58 486,1 | 55 967,6 | 55 999,4 | 48 467,7 |
| <i>Procurement goods and direct deliveries</i> | <i>17 111,2</i> | <i>19 308,1</i> | <i>16 317,5</i> | <i>16 059,0</i> | <i>13 066,4</i> |
| <i>Consumables</i> | <i>159,0</i> | <i>187,7</i> | <i>84,8</i> | <i>109,7</i> | <i>98,5</i> |
| <i>Office supplies</i> | - | - | - | <i>81,8</i> | <i>74,7</i> |
| <i>Warehouse goods</i> | <i>37 488,2</i> | <i>38 990,3</i> | <i>39 565,2</i> | <i>39 748,8</i> | <i>35 228,1</i> |
| Downstream leased assets | 9,7 | 6,1 | 7,3 | 10,0 | 12,9 |
| End-of-life treatment of sold products | 2 059,1 | 2 123,4 | 2 051,8 | 2 000,1 | 1 771,6 |
| Business travels | 8,3 | 1,1 | 0,6 | 0,5 | 2,6 |
| Upstream transportation and distribution | 6 248,1 | 5 927,4 | 5 129,4 | 4 780,5 | 3 906,4 |
| <i>Supplier to Nordströms</i> | <i>5 815,3</i> | <i>5 789,6</i> | <i>5 064,3</i> | <i>4 700,3</i> | <i>3 842,2</i> |
| <i>Nordströms to customer</i> | <i>432,8</i> | <i>137,8</i> | <i>65,1</i> | <i>80,2</i> | <i>64,2</i> |
| Total | 63 305,4 | 66 871,6 | 63 306,0 | 64 793,0 | 55 775,3 |

Annex C – Carbon Neutral Assurance Letter

Statement No.:
CN-OPV 24-019

Issuance Date:
2024.03.25

Valid until:
2025.03.25

This letter of assurance affirms that the Qualifying Explanatory Statement entitled:

Carbon neutrality of operations and value chain, Nordströms, 2023

Issued by the organization

Nordströms

aimed to demonstrate carbon neutrality as defined in PAS 2060:2014 *Specification for the demonstration of carbon neutrality*, has been verified in accordance with the requirements specified for other party validation (OPV-3).

Based on the process and procedures conducted, and the information provided, Atmoz Consulting AB confirms that Nordströms has achieved carbon neutrality for the period 2023.01.01-2023.12.31 and is committed to on-going carbon neutrality of their total carbon footprint in accordance with PAS 2060:2014.

Place and date:

Stockholm, 2024.03.25

For Atmoz Consulting AB



Joel Nord

Head of analysis