CLIMATE REPORT

CARBON ACCOUNTING REPORT 2020

INTRODUCTION

This report provides an overview of the organisation's greenhouse gas (GHG) emissions. Carbon accounting is a fundamental tool in identifying tangible measures to reduce GHG emissions. The annual carbon accounting report enables the organisation to benchmark performance indicators and evaluate progress over time.

The input data is based on consumption data from internal and external sources, which is converted into tonnes of CO2 equivalents (tCO2e). The carbon footprint analysis is based on the international standard 'A Corporate Accounting and Reporting Standard', developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The GHG Protocol is the most widely used and recognised international standard for measuring greenhouse gas emissions and is the basis for the ISO standard 14064-I.

PWT Group wants to start measuring and accounting for its activities' environmental footprint to be able to take informed decisions on how to reduce its carbon footprint. By using Cemasys' climate reporting tool, the Group ensures that the reporting is aligned with international principles.

The baseline year for PWT Group's climate reporting will be 2019, as the Group considers 2019 a more realistic baseline year than 2020 due to the COVID-19 pandemic and the reconstruction of PWT Group, which took place during 2020.

In terms of scope 2, the data has been divided into two parts; headquarters (including warehouse and showrooms) and the Group's own shops. No franchise shops will be included in the climate reporting, as they are largely independent from the Group.

Some of the 2020 data was not possible to obtain for different reasons; for scope 1, it was not possible to get data from the car leasing company, and therefore estimates have been applied. For scope 2, it was not possible to get data from the Group's transport supplier. In all cases, the aim is to get back on the data track for 2021.

This is the Group's first climate report, and the intention for the coming years is to include more and more parameters as the data becomes available.

REPORTING YEAR ENERGY AND GHG EMISSIONS

Emission source	Description	Consumption	Unit	Energy (MWh)	Emissions tCO2e	% share
Transportation total				**606.8**	**146.4**	**1.2 %**
Diesel (B5)		51,430.0	liters	544.1	131.8	1.1 %
Petrol (E5)		6,643.0	liters	62.7	14.6	0.1 %
Scope 1 total				**606.8**	**146.4**	**1.2 %**
Electricity total				**3,302.7**	**505.3**	**4.1 %**
Electricity Denmark 125		3,302,695.0	kWh	3,302.7	505.3	4.1 %
Scope 2 total				**3,302.7**	**505.3**	**4.1 %**
Purchased goods and services total				**-**	**11,761.6**	**94.7%**
Nylon fabric (6) (T1-4)		2,843.0	kg	-	48.0	0.4 %
Leather, cow (T1-4)		10,653.0	kg	-	391.3	3.2 %
Cotton fabric, conventional (T1-4)		700,408.0	kg	-	6,506.8	52.3%
Acrylic fabric (T1-4)		10,987.0	kg	-	116.4	0.9 %
Wool, fine+ (T1-4)		21,417.0	kg	-	866.7	7.0 %
Wool, recycled (T1-4)		300.0	kg	-	2.3	-
Cotton fabric, organic (T1-4)		11,847.0	kg	-	98.4	0.8 %
Polyester fabric (T1-4)		185,255.0	kg	-	1,950.7	15.7 %
Polyester fabric, recycled (T1-4)		2,178.0	kg	-	18.8	0.2 %
Lyocell fabric (T1-4)		718.0	kg	-	9.9	0.1 %
Modal fabric (T1-4)		309.0	kg	-	5.4	-
Viscose/Rayon fabric (T 1-4)		42,413.0	kg	-	617.1	5.0 %
Bamboo fabric (T1-4)		31,351.0	kg	-	440.8	3.6 %
Nylon/Polyamide (PA) fabric (T1-4)		19,152.0	kg	-	246.5	2.0 %
Elastane/Spandex fabric (T1-4)		14,493.0	kg	-	155.2	1.3 %
Linen (flax) fabric (T1-4)		14,683.0	kg	-	275.2	2.2 %
Tencel fabric (T1-4)		449.0	kg	-	4.4	-
Scope 3 total				**-**	**11,761.6**	**94.8 %**
Total				**3,909.5**	**12,413.2**	**100.0 %**
KJ				**14,074,323,552.0**		

REPORTING YEAR MARKET-BASED GHG EMISSIONS

Category	Unit	2020
Electricity market-based	tCO2e	1,535.8
Scope 2 market-based	tCO2e	1,535.8
Total market-based	tCO2e	13,443.7

ANNUAL GHG EMISSIONS

Category	Description	2019	2020	% change from previous year
Transportation total		184.2	146.4	-20.5 %
Diesel (B5)		167.2	131.8	-21.2 %
Petrol (E5)		16.9	14.6	-13.7 %
Scope 1 total		**184.2**	**146.4**	**-20.5 %**
Electricity total		818.1	505.3	-38.2 %
Electricity Denmark 125		818.1	505.3	-38.2 %
Scope 2 total		**818.1**	**505.2**	**-38.2 %**

ANNUAL GHG EMISSIONS

Category	Description	2019	2020	% change from previous year
Purchased goods and services total		**16,138.4**	**11,761.6**	**-27.1 %**
Nylon fabric (6) (T1-4)		410.4	48.0	-88.3 %
Leather, cow (T1-4)		507.6	391.3	-22.9 %
Cotton fabric, conventional (T1-4)		8,913.2	6,506.8	-27.0 %
Acrylic fabric (T1-4)		263.6	116.4	-55.9 %
Wool, fine+ (T1-4)		1,495.5	866.7	-42.0 %
Wool, recycled (T1-4)			2.3	100.0 %
Cotton fabric, organic (T1-4)		50.4	98.4	95.3 %
Polyester fabric (T1-4)		2,641.3	1,950.7	-26.1 %
Polyester fabric, recycled (T1-4)		1.5	18.8	1,151.7 %
Lyocell fabric (T1-4)		9.6	9.9	3.5 %
Modal fabric (T1-4)		20.1	5.4	-73.3 %
Viscose/Rayon fabric (T 1-4)		970.6	617.1	-36.4 %
Bamboo fabric (T1-4)		269.2	440.8	63.8 %
Alpaca fabric (T1-4)		0.3	-	-100.0 %
Silk fabric (T1-4)		22.3	-	-100.0 %
Nylon/Polyamide (PA) fabric (T1-4)		190.2	246.5	29.6 %
Nylon fabric, recycled (T1-4)		-	7.5	100.0 %
Elastane/Spandex fabric (T1-4)		178.6	155.2	-13.1 %
Linen (flax) fabric (T1-4)		192.1	275.2	43.3 %
Tencel fabric (T1-4)		1.8	4.4	144.0 %
Upstream transportation and distribution total*		**868.9**	-	-
Sea Container Avg load		254.0	-	
Air Intercontinental freight		519.6	-	
Truck avg.		88.6	-	
Rail freight		4.0	-	
RoRo-ferry avg.		2.6	-	
Scope 3 total		**16,138.4**	**11,761.6**	**-27.7 %**
Total		**17,140.6**	**12,413.2**	**-27.6 %**

*Data for upstream transportation and distribution for 2020 has not been available, hence the figures for 2019 is excluded in the totals.

ANNUAL MARKET-BASED GHG EMISSIONS

Category	Unit	2019	2020
Electricity market-based	tCO2e	2,320.6	1,535.8
Scope 2 market-based	tCO2e	2,320.6	1,535.8
Total market-based	tCO2e	19,512.0	13,443.7
Percentage change		**100.0 %**	**-31.1 %**

METHODOLOGY AND SOURCES

The Greenhouse Gas Protocol initiative (GHG Protocol) was developed by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). This analysis is performed according to A Corporate Accounting and Reporting Standard Revised edition, currently one of four GHG Protocol accounting standards on the calculation and reporting of GHG emissions. The reporting considers the following greenhouse gases, all converted into CO2-equivalents: CO2, CH4 (methane), N2O (laughing gas), SF6, HFCs, PFCs and NF3.

For corporate reporting, two distinct approaches can be taken 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.

The carbon inventory is divided into three main scopes of direct and indirect emissions.

Scope 1 includes all direct emission sources. This includes all use of fossil fuels for stationary combustion or transportation, in owned and, depending on the consolidation approach selected, leased or rented assets. It also includes any process emissions, from for example chemical processes, industrial gases, direct methane emissions etc.

Scope 2 includes indirect emissions related to purchased energy: electricity and heating/cooling, where the organisation has operational control. The electricity emission factors used in Cemasys are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat). Emission factors per fuel type are based on assumptions set out in the IEA methodological framework. Factors for district heating/cooling are either based on actual (local) production mixes, or average IEA statistics.

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 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 marked-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 affects 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 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 Norwegian residual mix factor is approximately 7 times higher than the location-based Nordic mix factor. The reason for this high factor is Norway's large export of GoOs/RECs to foreign consumers. From a market perspective, this implies that Norwegian hydropower is largely substituted with an electricity mix including fossil fuels.

Scope 3 includes 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, i.e. they are indirect. Examples are business travel, goods transportation, waste handling, consumption of products etc.

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.