

Doconomy Climate Disclosure

FY 2022

Introductory notes

Science has established, beyond doubt, that the window for climate action is closing rapidly. Limiting global warming to 1.5 degrees will require unprecedented cooperation across all of society and the economy. The 1.5 degrees limit comes from the Paris agreement, the international treaty on climate change. It was adopted by world leaders in Paris, 2015, with the goal to limit global temperature rise to well below 2 degrees, preferably 1.5 degrees, above pre- industrial levels. In order to do so, global greenhouse gas emissions must be cut in half by 2030.

Through this climate disclosure Doconomy aims to be part of creating a culture of transparency and accountability for companies, where environmental impact is measured and reduced over time. Our ambition is to minimize the footprint of our own operations, whilst driving climate awareness and action through our products.

Methodology

1. The Greenhouse Gas Protocol

Doconomy's Climate Disclosure has been conducted in accordance with the Greenhouse Gas (GHG) Protocol, the world's most widely used greenhouse gas accounting standard for companies and organizations.

According to the GHG protocol, emissions are divided into three scopes. Scope 1 covers the company's direct emissions, scope 2 covers indirect emissions from purchased energy and scope 3 covers all other indirect emissions in the company's value chain. Scope 3 is further divided into 15 categories.

The consolidation approach chosen for Doconomy's calculations is the operational control approach. The selection of a consolidation approach affects which company activities are categorized as direct emissions (i.e., scope 1 emissions) and indirect emissions (i.e., scope 2 and scope 3 emissions). By choosing the operational control approach, emissions from any assets Doconomy has operational control over are included in scope 1.

In terms of scope 2, there are two calculation methods to consider - the location-based method and the market-based method. The location-based method uses average emission intensities from the grid where the consumption occurs. I.e. the average emission intensity at your location (usually country). The market-based method on the other hand takes contractual agreements into account and allocates emissions thereafter. Doconomy is reporting its scope 2 emissions using both the location-based and the market-based method, as suggested in the GHG protocol standard.

Read more about the GHG protocol, the guidance and standards used at <https://ghgprotocol.org/>

2. Selection of sources

Doconomy consistently uses publicly available emission intensity sources from well known organizations such as DEFRA (Department for Environment, Food and Rural Affairs, UK GOV), NTM (Network for Transport Measures) and AIB (Association of Issuing Bodies). For the full list contact Doconomy directly.

The chosen sources include the greenhouse gasses covered by the Kyoto Protocol, expressed as carbon dioxide equivalents (CO₂e). GWP100 has been used, in line with the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report (AR4).

3. Exclusions

For FY2022, the following scope 3 areas have been excluded from Doconomy's climate disclosure:

Transportation and Distribution upstream — less than 1% of Doconomy's total emissions

Transportation and Distribution downstream — not applicable to Doconomy's operations

Leased Assets upstream — No emissions associated with leased assets upstream

Leased Assets downstream — less than 1% of Doconomy's total emissions

Waste generated in operations — less than 1% of Doconomy's total emissions

Processing of sold products — not applicable to Doconomy's operations

End-of-Life treatment of sold products — not applicable to Doconomy's operations

Franchise — not applicable to Doconomy's operations

Investments — not applicable to Doconomy's operations

Regarding Transportation and Distribution, Doconomy sometimes uses delivery services for transportation of e.g. office equipment or larger parcels.

Doconomy rents some of its office furniture, a printer and a phone booth, categorized as Leased Assets upstream. Furniture rental does not generate operational emissions, and the printer and phone booth electricity consumption are included in the scope 2 calculations. Hence, no emissions to report in this category.

Doconomy offers car fringe benefits, categorized as leased assets downstream (as the cars are used solely for personal travel and not for business). Note that all cars are either electric or hybrid electric.

Waste generated in Doconomy's operation is limited to office waste. Since Doconomy recycles most of its waste, and since the general waste goes to incineration with energy recovery, emissions in this category are low.

All excluded categories combined make up less than 1% of Doconomy's total emissions and have therefore been deliberately removed from the final results.

Results

1. FY 2022

The results from Doconomy's climate accounting are presented in table 1 and table 2. All emissions are presented in tonnes CO₂e.

Table 1, total emissions 2022

FY 2022	Emissions scope 1 [tonnes Co2e]	Emissions scope 2 [tonnes Co2e]	Emissions scope 3 [tonnes Co2e]	Total emissions [tonnes Co2e]	Percentage of total emissions
Office	-	0,4	0,4	0,8	0%
*Electricity consumption	-	0,0	0,3	0,3	0%
Heating consumption	-	0,4	0,1	0,5	0%
Business travel	-	-	282,8	282,8	49%
Car rental	-	-	0,5	0,5	0%
Taxi	-	-	2,3	2,3	0%
Train	-	-	0,2	0,2	0%
Boat	-	-	0,0	0,0	0%
Air	-	-	274,4	274,4	48%
Hotel	-	-	5,3	5,3	1%
Purchased goods & services	-	-	216,0	216,0	38%
Electronic equipment	-	-	9,0	9,0	2%
Food & Representation	-	-	79,0	79,0	14%
Marketing and events	-	-	45,0	45,0	8%
Software	-	-	11,0	11,0	2%
Consultancy services	-	-	15,0	15,0	3%
Other	-	-	57,0	57,0	10%
Capital goods	-	-	68,0	68,0	12%
Inventory	-	-	68,0	68,0	0,1
Employees	-	-	4,4	4,4	1%
** Employee commuting	-	-	4,4	4,4	1%
Use of sold products	-	-	0,3	0,3	0%
Data centers & Data transfer	-	-	0,3	0,3	0%
Total Emissions	-	0,4	571,8	572,2	100%
* The numbers in the table are calculated with the market-based method. The location-based scope 2 emissions are 0,9 tonnes CO ₂ e.					
** Full-time consultants have been calculated as part of Doconomy and included in employee commuting					

Table 2, scope breakdown

Breakdown 2022	Emissions [tonne CO2e]	Percentage of total emissions [%]
Scope 1	-	0
Scope 2	0,4	0,1%
Scope 3	571,8	99,9%

Scope 1 is zero since Doconomy does not burn any fuels in operations or has any company vehicles. Rental cars are included in scope 3, business travel, and leased vehicles for Doconomy's car fringe benefits are categorized as leased assets downstream.

Scope 2 emissions originate from electricity and heat consumption at Doconomy's offices. Doconomy purchases 100% renewable electricity with a guarantee of origin.

Scope 3 emissions include business travel, purchased goods and services, employee commuting, capital goods, use of sold products and fuel and energy related activities.

1. Air travel is one of the largest emission sources, not only in the business travel category but also for Doconomy as a whole. Business travel also includes taxi travel, train travel and hotel nights.
2. Purchased goods and services are divided into six sub-categories. Electronic equipment includes the purchase of computers, phones etc. for employees and offices. Food & Representation covers food for the office (fruit, milk etc.) as well as restaurant visits and other activities where food and beverages are purchased. Marketing and events cover different types of marketing media and advertising, translations, participation fees for events and sponsorships. Software includes software and licenses used in operations. Consultancy services cover all types of consultancy services Doconomy purchases except recurring consultants (calculated as FTCs and included in e.g. employee commuting). Other includes all other purchased goods or services, such as cleaning or security services, office material or digital subscriptions.
3. Doconomy's inventory is considered capital goods. As Doconomy moved into new offices, purchases this year include floors, screens, tables etc.
4. Employee commuting includes both Doconomy's full-time employees and full-time consultants. The number of employees and consultants used is an average over the year. The work from home percentage has been estimated and accounted for. Electricity consumption when working from home has not been included.
5. Doconomy offers digital products that help measure the climate footprint of purchases, lifestyles and products. Since the products Doconomy offers are digital, the emissions from the use of these products are emissions associated with data storage and data transfer. Even though the emissions are small today, Doconomy has chosen to include this number as it is connected to the company's core business and since it might grow in the future (as the use of Doconomy's products increases).
6. See description of scope 2 for fuel and energy related activities.

2. Comparison with previous year

Last year was Doconomy's first public disclosure. See comparison with this year in table 3 below.

Table 3, comparison with last year

Emissions [tonne CO2e]	2021	2022
Scope 1	0,4	-
Scope 2	0,7	0,4
Scope 3	313,8	571,8
Total	314,9	572,2

As seen in the table, there has been a substantial increase in emissions compared to 2021. This can be led back to primarily tree areas.

1. The largest category of emissions for Doconomy is Business travel, where air travel is by far the largest emitter within the category. There has been a buildup of travel coming out of the covid 19 pandemic, resulting in a quite significant increase of air travel compared to 2021. There are mainly three things that drive air travel at Doconomy.

First, Doconomy's products are sold globally, and a large part of business travel is connected to meetings with potential and current clients. Secondly, Doconomy has been present at events during 2022, to engage and accelerate climate action in society. Examples are the World Economic Forum in Davos and the 27th Conference of the Parties of the UNFCCC (COP27) in Sharm El-Sheikh. Lastly, Doconomy has employees across the globe, who occasionally travel to the Stockholm office.

2. Purchased goods and services is the second largest category of emissions for Doconomy. During 2022 a full review was made on Doconomy financials to make sure that all relevant emissions were captured. The review showed a need for updating the calculations in this category, and this year's emissions are a better representation of all Doconomy's products and services. In table 3, the emissions for 2021 have been updated with the same method.
3. Capital goods are considered higher than a normal year as Doconomy moved into, and improved, new office spaces. The inventory is considered to be used for years to come and purchased with re-furbishing and re-usage in mind.

Other changes compared to last year are:

4. Doconomy's scope 1 emissions are zero in 2022. This is because during 2022, rental cars are categorized as business travel and no personal vehicles were used for business purposes (during 2021, there was mileage expenses to cover).
5. Scope 2 emissions are lowered due to Doconomy being able to separate scope 2 from scope 3 fuel and energy related activities. During 2021, no such distinction could be made and all emissions were included in scope 2. In total, there has been a small increase when looking at all emissions from energy, 0.8 tonnes CO₂e during 2022 compared to 0.7 tonnes CO₂e 2021.
6. Employee commuting has decreased, even though the number of employees has increased compared to 2021. This is due to more accurate data. During 2021, all emissions were estimated, while during 2022 Doconomy did a survey where employees could fill out average distance to work and usual mode of transportation. As a result, emissions were lowered.

3. Biogenic emissions

Biogenic CO₂ emissions, both direct emissions and emissions that occur in the value chain, shall not be included in the scopes, but shall be reported separately. Biogenic CO₂ emissions refer to emissions from combustion or biodegradation of biomass. Doconomy has no biogenic emissions to report for FY 2022.

Discussion

Doconomy is following the guidance of the Greenhouse Gas Protocol and is including all three scopes in this climate disclosure report. For scope 3, Doconomy has conducted a thorough analysis estimating the emissions from all 15 categories. This has led to the conclusion that six categories have a relevant footprint and they have been included in the calculations and disclosure. For a service provider like Doconomy, business travel is usually a large part of the company footprint, and this is also what the calculations show. However, a category that is usually difficult to calculate emissions from is Purchased Goods and Services, but as Doconomy is aiming to inspire others and follow best practice, this category has been analysed thoroughly. The results show that this category is the second largest for Doconomy, with most emissions coming from purchases of food and different types of services. These are sources of emissions that are often overlooked within service companies, but Doconomy will follow up on these findings in its climate mitigation strategy to come, exploring more detailed data sources and ways to minimize these emissions.

1. Calculation methods & Uncertainties

All emissions in this climate disclosure originate from actual data (either activity data or spend data). Last year employee commuting was estimated, but during 2022 Doconomy conducted a survey where employees filled out average distance to work and mode of transportation. This survey was the basis for calculations this year.

Electricity and heating are based on primary data, in the form of kWh, and reported both according to the location-based and market-based method.

For purchased goods and services a spend-based method was used to estimate emissions. Data on economic value for the goods and services purchased was collected and emission factors from Doconomy's own product Åland Index (industry average emission factors, based on company reporting and an EEIO model) was used in calculations. The spend based method comes with some uncertainty, and Doconomy aims to improve the calculation method of the purchase goods and services category over time. For example, engaging with suppliers, or a hybrid method, could be relevant for emission intense areas.

The same goes for capital goods, that are calculated with spend based data in the same way as purchased goods and services.

For business travel the distance-based method has been used to the greatest extent possible. The spend-based method has been used to fill any gaps.

As Doconomy is selling digital products, the emissions associated with the use of sold products are connected to data storage and data transfer. The emissions are calculated using a supplier specific method, taking the specific supplier emissions from the data connected to Doconomy's products into account.

2. Events and changes that have an impact on reported data

Apart from being a rapidly growing company there are some noticeable events and changes that impacted the results.

As the world is coming out of the Covid 19 pandemic, Doconomy can still see its effects on the business. One example is business travel. As restrictions on travel are easing up, the buildup of travel coming out of the pandemic is starting to show.

Doconomy moved into new office spaces in Stockholm during 2021, but still under 2022 the old office was kept. Both have been included in the office related emissions in this disclosure. Doconomy also opened up an office in Tokyo. The new office spaces also influenced the category purchased goods and services and capital goods.

A full review of Doconomy financials was made to make sure that all relevant emissions connected to purchased goods and services were captured. The review showed a need for updating the calculations in this category, and this year's emissions are a better representation of all Doconomy's products and services. 2021 figures have been updated accordingly.

Climate mitigation targets & KPIs

Doconomy is joining the Exponential Roadmap Initiative (ERI) and the UN-backed Race to Zero. In line with these initiatives, and to contribute to the Paris Agreements target of keeping global warming to no more than 1.5°C, Doconomy has developed two climate mitigation targets.

Doconomy will create an overarching climate strategy for the company. This will be done in line with the WWF beyond net-zero framework. The work on the climate strategy, including a transition plan for reducing GHG emissions, will start during 2023 and will be completed during 2024.

As a significant increase in emissions can be seen during 2022 compared to previous years, both in absolute terms and per employee, relevant actions will be taken in parallel to the development of the target and strategy. One example is a cap on travel expenses which was introduced in 2023.

1. Targets

Doconomy commits to a 50% reduction in GHG emissions per employee until 2030, compared to 2022.

Doconomy commits to reach net zero by 2040.

2. KPIs

Doconomy is currently tracking the KPIs presented in table 4. However, as the company is in the process of creating a climate strategy, these will be reviewed during the upcoming year.

Table 4, Doconomy KPIs

KPIs	2021	2022
Target		
Tonnes CO2e/Employee	6,7	8,3
Progress towards 2030 target (emission reduction per employee)	-	0%
Office		
Electricity consumption total [MWh]	46	36
Electricity consumption [MWh] /Employee	1	0,5
Share of electricity with REC [%]	100%	100%
Energy consumption total [MWh]	49	64
Energy consumption [MWh] /Employee	1	0,9
Business travel		
Emissions from air travel total [tonnes CO2e]	43,6	274,4
Emissions from air travel [tonneCO2e] /Employee	0,9	4
Purchased goods and services		
Emissions from top 10 financial accounts [tonnes CO2e]	199	254,8
Employee commuting		
Emissions from commuting total [tonnes CO2e]	6,7	4,4
Emissions from commuting [kgCO2e] /Employee	142	64

As Doconomy is a growing company, emissions per employee are considered the best indicator of the company's emissions. Employees are defined as average FTE and average FTC during the year. As mentioned, the method for calculating emissions from purchased goods and services has been updated and 2021 KPIs have been recalculated accordingly.

3. Risks & Opportunities

As the impacts of climate change become more pronounced even smaller organizations must proactively identify and manage potential risks to maintain a sustainable business. This year Doconomy started tracking risks and opportunities affecting its business and operations. This chapter explores major identified risks and opportunities associated with climate change and other related factors so far.

- *Higher Cost of Materials due to Natural Resource Degradation:* Climate change leads to the degradation of natural resources, resulting in increased costs for materials required in various business operations. Doconomy assesses the potential impact of rising costs and explores alternative materials or sustainable sourcing practices to mitigate this risk.
- *Vulnerability of Offices and Employees to Natural Disasters:* As climate change intensifies, the frequency and severity of natural disasters like hurricanes, floods, and wildfires, may increase. This poses a risk to both office locations and employees residing in regions prone to such events.
- *Less Stable Institutions due to Polarization and Global Migration:* Climate change can intensify social and political tensions, leading to polarization and increased global migration. This instability can have significant impacts on business operations, particularly in regions where institutions become less stable. Understanding and monitoring the geopolitical landscape can help identify potential risks and adapt business strategies accordingly.
- *Increased Energy Usage for Cooling during Heat Waves:* Heat waves resulting from climate change can lead to a surge in energy demand for cooling systems, in regions with hot climates. Exploring energy-efficient cooling alternatives can help mitigate the risk of increased energy expenses.
- *Disruption in Supply Chains:* Climate change can trigger extreme weather events, including hurricanes, storms, and droughts, which have the potential to disrupt supply chains. This disruption can arise from damage to transportation infrastructure, delays in shipping, or destruction of facilities. Political tensions arising from climate-related issues, such as disputes over resources or trade policies, can also impact the supply chain.
- *Fast-changing Legal Requirements on the Financial Sector:* The financial sector faces rapidly evolving legal requirements, including those related to data protection, cybersecurity, and climate action plans. Failure to comply with these requirements can result in reputational damage, legal consequences, and potential loss of business opportunities. Implementing robust data protection measures, comprehensive cybersecurity protocols, and proactive climate action plans are essential to mitigate these risks. Strict regulations imposed on the financial sector are driving the availability of more climate data. This, in turn, presents an opportunity to enhance the accuracy of our solutions like Åland Index.

Financing additional climate action

As a complement to setting an ambitious reduction target and mitigating its emissions in line with that, Doconomy is also financing and supporting additional climate and nature action through purchases of carbon credits. To set the financial commitment for these purchases, Doconomy uses the social cost of carbon (SCC). The ambition is to invest in high-impact and high-quality solutions that work for people, nature. Doconomy is following the latest available principles for the voluntary carbon market such as the Integrity Council for the Voluntary Carbon Market (ICVCM) and their Core Carbon Principles. The purchase of carbon credits is carried out in two steps:

1. Registered carbon credits from projects that are already certified by the most established and well recognised conventional standards are purchased to meet the total of Doconomy's carbon footprint in tonnes.
2. As Doconomy uses the SCC to calculate the societal cost of the company's climate footprint, and the market price of the conventional carbon credits is usually much lower per tonne, a residual remains after the purchase in step one. This amount is then used to invest in new, frontier carbon removal projects. With this approach Doconomy can channel additional capital into the development of much needed solutions that require investments to scale.

As part of the development of a climate mitigation strategy, Doconomy will review the approach to carbon credits and update if needed.