Once Upon Climate Report

2023

Climate Report –Once Upon Publishing AB, 2023

Introduction

This is the second climate report for Once Upon (Once Upon Publishing AB), since the base year 2022. The turnover of the company in 2023 was 237 MSEK, with an average of 62 full time employees.

The purpose of the reporting is to increase the understanding of what is driving the company's greenhouse gas emissions, set targets to reduce them, and secure transparency and traceability on the journey towards net-zero.

Methodology

The greenhouse gas accounting is based on the Greenhouse Gas Protocol's corporate and value chain standards (ghgprotocol.org).

The GHG Protocol defines emissions in three scopes:

- Scope 1 – The company's direct emissions from vehicles, combustion, processes, or leakages
- Scope 2 – The company's indirect emissions (electricity, heating, cooling) from energy purchased and consumed.
- Scope 3 – Greenhouse gas emissions that occur upstream and downstream in the company's value chain, as a consequence of the company's operations.

Total greenhouse gas emissions are quantified in carbon dioxide equivalents (CO2e), which take into consideration that different greenhouse gases (carbon dioxide, nitrogen oxides, methane etc.) have different global warming factors.

To set the organizational boundary the "operational control" principle is used, i.e., emissions from vehicles, assets, purchases, and services over which the company has control are taken into account, regardless of whether they are owned, part-owned, leased, rented or freeware.

For each emission calculation, relevant emission drivers and emission factors have been used. As priority, exact activity data has been used, and as a fallback option a spend based approach or conservative estimates have been applied.

For calculation of the company's emissions from electricity (scope 2), the "market-based" principle is used, i.e. the emission intensity of grid electricity is calculated based on the specific purchase contract. The Scope 2 result calculated with the location-based method is also shared for transparency, as per GHG reporting requirements.

The carbon calculations have been carried out with the help of consultants from ClimateHero AB.

Impact analysis

Calculating a company's total climate impact is an extensive process, especially for emissions within scope 3. Hence, as a first step, an impact analysis is performed in which the company's emissions in each category are identified and their overall impact estimated. Emissions categories that are concluded to have a high impact are included while categories with none or minor impact are generally excluded.

Included emission categories are listed in the table below.

Scope	Sub-scope	Activity	Significant (y/n)
Scope 1 - Direct emissions	1.1	Combustion	No
	1.2	Processes	No
	1.3	Emissions from own passenger cars	No
	1.4	Emissions from own trucks and machines	No
	1.5	Refrigerant leakage	No
	1.6	Other direct emissions	No
Scope 2 - Energy	2.1	Electricity	Yes
	2.2	District heating	Yes
	2.3	District cooling	No
	2.4	Steam	No
	2.5	Hot water	No
	2.6	Other indirect energy	No
Scope 3 - Upstream	3.1	Purchased goods and services	Yes
	3.2	Capital goods	Yes
	3.3	Fuel- and energy related activities	Yes
	3.4	Upstream transports	Yes
	3.5	Waste generated in operations	Yes
	3.6	Business travel	Yes
	3.7	Employee commuting	Yes
	3.8	Leased Assets	No
Scope 3 - Downstream	3.9	Downstream transports	Yes
	3.10	Processing of sold products	No
	3.11	Use of sold products	No
	3.12	End-of-life treatment of sold products	Yes
	3.13	Leased Assets	No
	3.14	Franchise	No
	3.15	Investments	No

Overall, the company's reported emissions can be considered comprehensive, expected to cover approximately 90% of the company's value chain emissions. For scope 1 and 2, all known emissions sources are covered in the scope. Once Upon do not have any leased cars or any other source of scope 1 emissions.

Emissions from printing houses are calculated based on their scope 1 and 2 emissions allocated to Once Upon, and activity data for their scope 3 emissions from materials needed to produce Once Upon products and the shipping of these products to the end customer.

Company emissions 2023

The company's greenhouse gas emissions for the year 2023 have been calculated to a total of 851 ton CO2e, which corresponds to 3,6 ton CO2e MSEK net revenue and 2,09 kg CO2e per book.

Total Emissions	2022	2023	2023 vs 2022	Part of total (2023)
Scope 1 - Direct emissions	**0**	**0**		**0,0%**
Scope 2 - Energy	3,5	3,0	-14%	0,4%
Electricity (market-based)	0,2	0,0		0,0%
Electricity (location-based)	1,0	1,5	45%	0,2%
District heating	3,3	3,0	-8%	0,4%
Scope 3 - Indirekta utsläpp	639	848	33%	99,6%
Purchased goods and services - HQ	30,0	38,8	29%	4,6%
Purchased goods and services - Printing house materials	386,3	551,5	43%	64,8%
Supply paper	184,9	243,0	31%	28,6%
Hard covers	39,7	49,0	24%	5,8%
Ink	139,0	197,8	42%	23,2%
Glue	8,5	37,7	341%	4,4%
Packaging	15,5	24,0	55%	2,8%
Purchased goods and services - Printing house energy	99,4	61,3	-38%	7,2%
Electricity	90,2	52,2	-42%	6,1%
Heating (gas)	9,2	9,1	-1%	1,1%
Capital goods	9,1	11,7	29%	1,4%
Fuel- and energy related activities	1,1	1,3	24%	0,2%
Upstream transport (Markbladet)	29,9	29,9	0%	3,5%
Business travel	6,0	28,4	374%	3,3%
Downstream transports	56,6	88,4	56%	10,4%
Commuting	8,3	10,7	29%	1,3%
End-of-life treatment of sold products	12,1	25,9	114%	3,0%
Total Emissions	642	851	32%	100%
Net revenue	152	237	56%	MSEK
Emissions per MSEK net revenue	**4,2**	**3,6**	**-15%**	tCO2e/MSEK
Number of books produced	298 964	406 324	36%	st
Emissions per book	**2,15**	**2,09**	**-3%**	kgCO2e/book

Absolute emissions have increased by 36%, reflecting an increased number of books sold and an increased turnover.

Emissions per net revenue are reduced (-15%) compared to the base year. This is a clear progress towards the near term target of reducing emissions (scope 1,2,3) with 35% by 2026. The intensity reduction is largely due to known improvements during 2023, see section on planned action to reduce. Data quality has also increased.

For supply paper, over 85% of emissions have been possible to calculate based on supplier data, compared to zero percent last year. As a result, the average emissions per kg supply paper bought is somewhat lower than the general factor applied. Emissions per book are marginally reduced (-3%). This fairly small reduction is explained by the fact that average pages per book sold have increased during the same period.

For glue, activity data has this year been calculated bottom-up for the majority of printing houses and includes more types of glue.

Base-year recalculation policy

Any differences in the result due to methodology changes or due to obtaining more accurate utility-specific data will be commented on year by year to allow transparency of the results and progress. If differences in emissions have a significant impact on the result in coming years, 2023 and onward, historic data will be recalculated applying the new data and/or methodology.

Commitment and targets

The company's overall goal is to align with a +1,5 °C ambition, by halving emissions before 2030 and reaching net-zero emissions well before 2050.

Once Upon will reduce the carbon footprint *per intensity* measured by tons of CO2e per net revenue from a 2022 base year. The following near-term, mid-term and long-term targets are set:

1. **Reduce the carbon footprint with 35% (**for scope 1, 2 and 3 combined) **by 2026.**
2. **Reduce the carbon footprint with 50% by 2030** (for scope 1, 2 and 3 combined), in line with what the UN-backed campaign Race to Zero (RTZ) requires.
3. **Reach net-zero greenhouse gas emissions across the value chain by 2040.** Based on the Science Based Target Net Zero standard, which requires a 90% reduction of emissions (scope 1,2,3) compared to the base year (2022) and that the residual is balanced with 'durable removals'. By 2040 no technically abatable greenhouse gas emissions shall remain.

The intensity target can be applied since Once Upon is setting targets from a baseline where it operates as a small company. The intensity target will be reviewed and compared with best guidelines year-by-year as the business grows and be adjusted downwards if not aligned with these thresholds.

The next carbon calculation will be made for the year 2024 and the report will include multi-year comparison with the base year (2022) and next target year (2026).

Plan and actions to reduce emissions

To achieve reductions and meet near-term targets the following key actions have been identified and will be implemented.

Scope	Actions	Status	Comments
3	**Supply paper.** a) Decrease the paper waste b) Request emission data from suppliers and make informed decision c) Investigate alternatives to FSC paper (recyclable, stone paper etc.) d) Keeping close track on parameters impacting the material use – pages/book and book size.	Some progress	a) Significantly reduced waste rates of supply paper for Swedish printing house implemented mid-2023. b) Over 85% of calculated emissions are based on supplier specific data (compared to 0% last year). c) No progress 2023. Investigations ongoing in 2024. d) Partly implemented. Part of product design work.
3	**Ink.** Work with printing partners to secure best practice to minimize usage of ink or find sustainable alternatives.	Some progress	Ongoing, no practical initiative that has shown results.
3	**Printing Houses -Energy.** All printing partners are expected to use operations with 100% renewable energy by 2026.	Good progress	All printing partners have worked hard with this during 2023, which is reflected in the 2023 result.
3	**Transport** a) shipments via Sweden - Internal mapping of current shipping destinations and way of shipping with the purpose to reduce the amount of countries and air freights by the end of 2024. a)shipments via foreign printing houses -Set policy to significantly decrease air freight in markets where this occurs and implement policy for all deliveries.	Some progress	a) Finalized, decreased the majority of countries with airfreight. Swedish print-house will go from approx. 20% air to 5% air after this. we're going to see a big difference in transports for next year's calculations. b) Not started.
3	**Business travel.** Implement an internal system to support all team leads with increasing the transparency and oversight of all business travels with the aim to decrease CO2e from business travels.	Not started	No progress during 2023. Being prioritized and implemented during 2024.
3	**Commuting**. Continuously remind all employees about the possibility to lease a bike for a good price	Some progress	Some initiative ongoing
2	**Purchased energy** Improved utilization of office space as the number of employees increases. Set guidelines which include flexible working.	Some progress	In progress, remote work policy to be finalized in 2024.

Once Upon will drive climate action through its supply chain by asking suppliers to halve emissions before 2030.

Accelerate climate action in society

In order to accelerate climate action in society the following actions and targets are set.

Stakeholders	Action	Status/ Comment
1. Our customers	Incorporate our work with CO2e reduction in our overall internal and external communication to nudge and support our customers to take climate conscious decisions.	A communication plan to integrate sustainability into all other internal and external communications is in progress (2024)
2. Our suppliers	Once Upon will communicate the commitment and actions to its printing houses and ask them to integrate the requirements to halve emissions by 2030 in their code of conduct. Target to request all printing partners by 2024.	Ongoing, Once Upon will request all printing partners to commit to Net zero goal during 2024.
3. Our Employees	Supporting employees to live climate-friendly	No progress 2023. Trainings for all employees regarding climate is a priority during 2024.
4. Business Community and Society	Share own commitments and progress to inspire actions. Join UN race to zero and actively engage in relevant networks	Once Upon is officially part of UN race to zero via SME Climate Hub. Identify and plan additional actions in this space during 2024.

Protect nature, store carbon and support climate action beyond the value chain:

To further contribute to the urgent global transformation, Once Upon supports climate projects outside our value chain to counter-balance own emissions. Once Upon has adopted an internal budget of 1000 Sek per ton of CO2e being emitted in the value chain (scope 1 -3) to invest in climate projects, representing >200% of our total (scopes 1, 2 & 3) emissions.

Once Upon has chosen to invest in a portfolio covering three types of investments:

- 40% of the budget is allocated to finance durable (100+ years) removals, by investing in biochar, being one of the more mature solutions on the market for durables, ready for exponential growth. This investment equals 136 tons of CO2e.

- 30% of the budget is spent on scaling of renewable energy in the global south and regions with high dependence on fossil fuels. Investments are made in a portfolio of Gold Standard certified projects with verified emission reductions (VER). All projects are being audited on a regular basis with a focus on both environmental and social sustainability. This investment equals 1 702 tons of CO2e, representing 200% of total scope 1,2,3.

- The remaining budget, 30%, is spent financing nature based protection and increased carbon sinks by supporting Eden mangrove reforestation projects. The landscape restoration programs mitigate the drivers of deforestation, employ local community members, plant new trees, restore and maintain biodiversity, and facilitate sustainable livelihood options.

The investment will be split between these three types of solutions that are essential to mitigate emissions in the short/medium term, to protect nature and to contribute to scale-up durable carbon removals. Note that the climate benefits of these investments are never deducted from our own scope 1, 2, and 3 footprint.

APPENDIX – Data quality and comments

Scope	Category	Data quality	Comments
Scope 2	Electricity	Medium - High	Purchased electricity; kWh and information and supplier contract information. Renewable only for all confirmed contracts. Calculated as 0 g per kWh i scope 2 based on supplier data.
Scope 2	District heating	Medium - High	Calculated based on actual consumption for some locations and based on average energy intensity per square meter for some locations. Site-specific emission factors for district heating applied.
Scope 3	Purchased goods and services	Medium	See comment per category below.
	Purchased goods and services - HQ	Medium	Cloud consumption, food, consultancy and cleaning services included. Based on activity data. Some supplier specific information for cloud consumption. Emission factors applied based on similar products/services.
	Purchased goods and services - Printing house materials	Medium	The majority of material emissions are calculated based on specific activity data. The majority of supply paper is calculated based on supplier specific emission factors which is a large increase in data quality since 2022. The supplier specific data is based on PCF data (Product Carbon Footprint) where transport emissions from the mill to the printing house have been added (based on actual distance and general data for type of transport). These values are hence very comprehensive. General emission factors used where supplier specific emission factor are not available.
	Purchased goods and services - Printing house energy	Medium	Majority of emissions estimated based on specific activity data and emissions factors reflecting a known energy mix. Location-based energy factors applied for some of the locations.
Scope 3	Capital goods	Medium	IT equipment. Activity data on type of product and emission factors for same type of products. Refurnishing of new office excluded from scope.
Scope 3	Fuel- and energy related activities	High	Calculated based on scope 2, and available general emission factors for upstream emissions. Upstream emissions for electricity calculated based-on location-specific factors. Upstream emissions for Skellefteå district heating applied, where the largest office is located.
Scope 3	Upstream transports	Medium	Calculated as a combination of supplier specific data and estimations based on average distance and transport type.
Scope 3	Business travel	High	Based on activity data (air, train, taxi /car compensation, hotel nights), combined with general emission factors for these type of activities (passenger-km, hotel nights per country etc.) For flights, the Radiative Forcing Index (RFI) of high altitudes is included (BEIS).
Scope 3	Employee commuting	Medium	Calibrated per number of employees based on last years employee survey (which had a high a response rate). Commuting patterns remain the same.
Scope 3	Downstream transports	Medium	Calculated based on average distance and transport type, or as per supplier data where available.
Scope 3	End-of-life treatment of sold products	Low	Estimated based on assumption of waste stream per country where Once Upon printing houses and majority of sales are located. Products generally have a very long lifetime why it assumed that the proportion of landfill is lower than current practice (25% landfill on average assumed for US and AU markets which are the locations with the highest impact to the result).

Definition Data Quality

Low	= Mainly based on general data or conservative estimates
Medium	= Mainly based on specific data and some level of estimation
High	= Mainly based on specific data and/or exact emission factor from supplier or activity