

# Emissions Report 2023

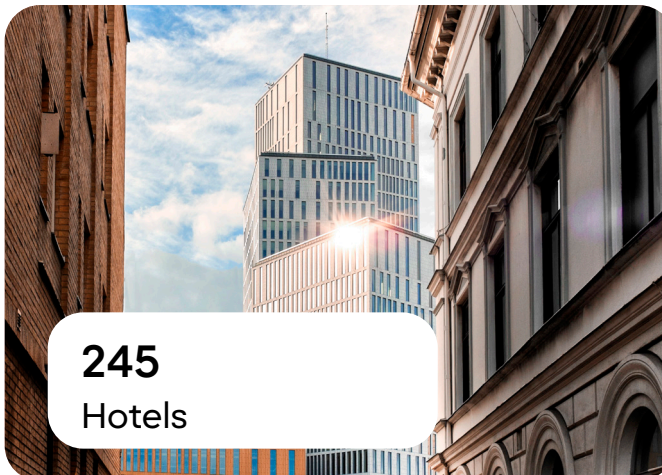




# It's time for action

Here at home, and around the world, we are already feeling the effects of climate change. In 2023 the planet saw record global temperatures, wildfires, flooding, droughts and extreme weather events. Science is clear: in order to avert the worst impacts of climate change and preserve a livable planet, global warming must be limited to 1.5°C above pre-industrial levels, as set out in the Paris Agreement. To achieve this, global emissions need to be reduced by 43% by 2030 compared to 2010 and reach net zero by 2050.

The sixth assessment report from the intergovernmental panel on climate change (IPCC) is clear. To avert irreversible climate impacts and meet the goals of the Paris Agreement, we need immediate and deep reductions across all sectors. The next couple of years are crucial and global emissions must peak by 2025. The sense



of urgency is spreading and in the EU we see more ambitious and stricter climate regulations. In 2021, the EU increased its climate ambition through the European Climate Law, which establishes a binding overall net GHG reduction target of at least 55% by 2030 compared to 1990 and climate neutrality by 2050. At Strawberry, we will do our part in reaching the global goals.

In 2022, Strawberry launched its 2030 sustainability strategy with ambitious goals to guide our environmental and social platform. With 18,000 employees and more than 245 hotels in over 100 destinations across the Nordics, we have the power to make a real difference. We strive to be a different kind of company – a rebel within the hospitality industry – with a warm beating heart. And our goal goes far beyond a desire to change the hospitality industry. We want to make the world a better place in which to live, work and travel. The actions we take over the next few years will have a direct impact on our ability to create a liveable and sustainable planet.

*“It’s now or never, if we want to limit global warming to 1.5°C.”*

Quote by Professor Jim Skea, co-chair of IPCC’s 6th assessment report.





# Our Climate Goals

To guide our environmental commitment, we have set a target to achieve net zero emissions in our own operations by 2030. This means that we want to reach net-zero greenhouse gas emissions in Scope 1 and 2. We also aim to reduce the intensity of greenhouse gas emissions throughout our supply chain (Scope 3) by 50% by the same year, compared to 2022.

To achieve our goals, we first need to understand where our greenhouse gas emissions come from. This is why we complete a greenhouse gas emissions inventory annually. This report is a summary of the 2023 emissions inventory.





# What are Scope 1, 2, and 3 emissions?

As with any strategy, we can't know where we're going if we don't know where to start. The first step in understanding our starting point is identifying the greenhouse gas emission sources that are within our scope. To measure our emissions, we use a widely recognized accounting tool called The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard,

developed by the World Resources Institute and World Business Council for Sustainable Development. This tool helps us calculate and report our emissions in a consistent and transparent way, making it easier to compare our performance with other organizations. By tracking our emissions over time, we can identify areas for emission reductions and share our progress in

our annual report. Read more about our emission boundary in Appendix A.

Throughout this report, we refer to Scope 1, 2 and 3 emissions. Each of these scopes represents a different category of greenhouse gas emissions and are defined in the GHG Protocol as:

## Scope 1

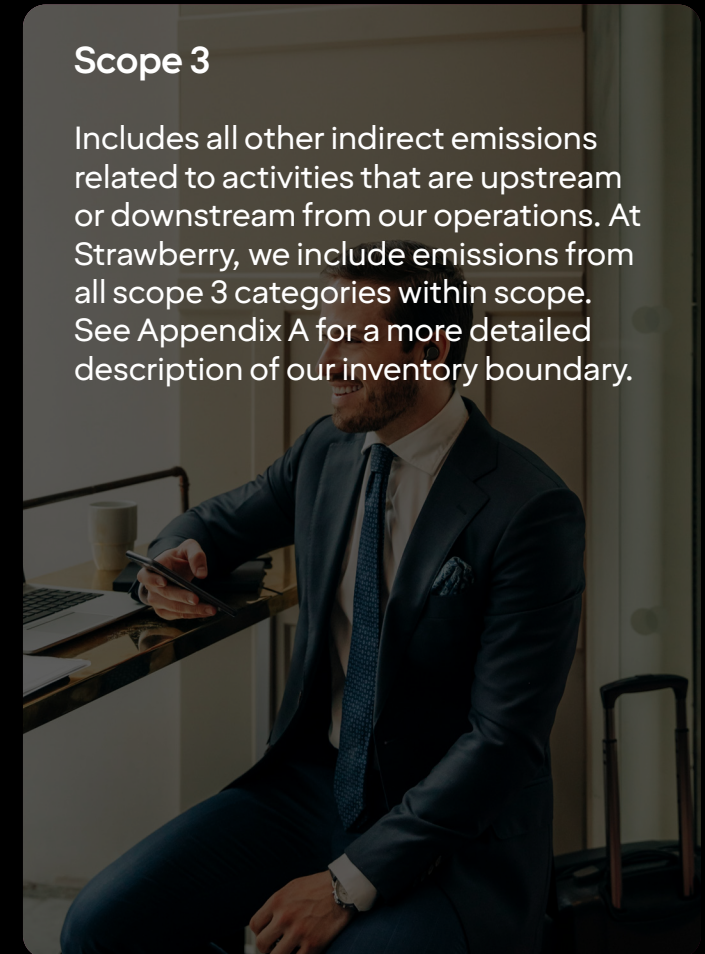
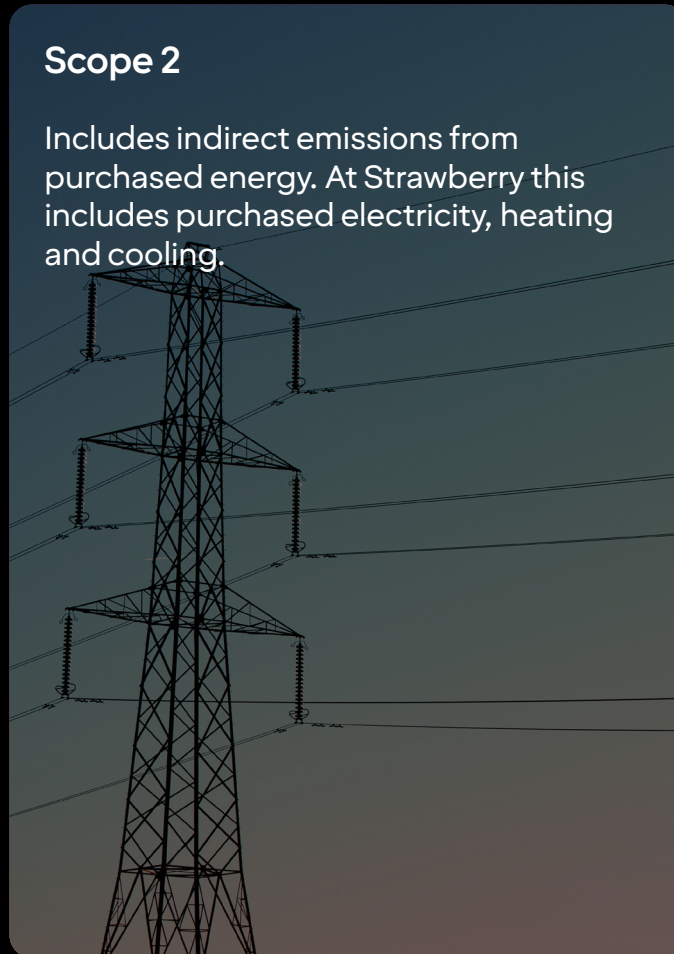
Includes direct emissions (i.e. emissions released into the atmosphere at our hotels and offices) from sources that are controlled by the reporting company. At Strawberry, this includes gas used for heating and food preparation, refrigerant leakages and fuels used by vehicles and machinery owned or controlled by Strawberry.

## Scope 2

Includes indirect emissions from purchased energy. At Strawberry this includes purchased electricity, heating and cooling.

## Scope 3

Includes all other indirect emissions related to activities that are upstream or downstream from our operations. At Strawberry, we include emissions from all scope 3 categories within scope. See Appendix A for a more detailed description of our inventory boundary.

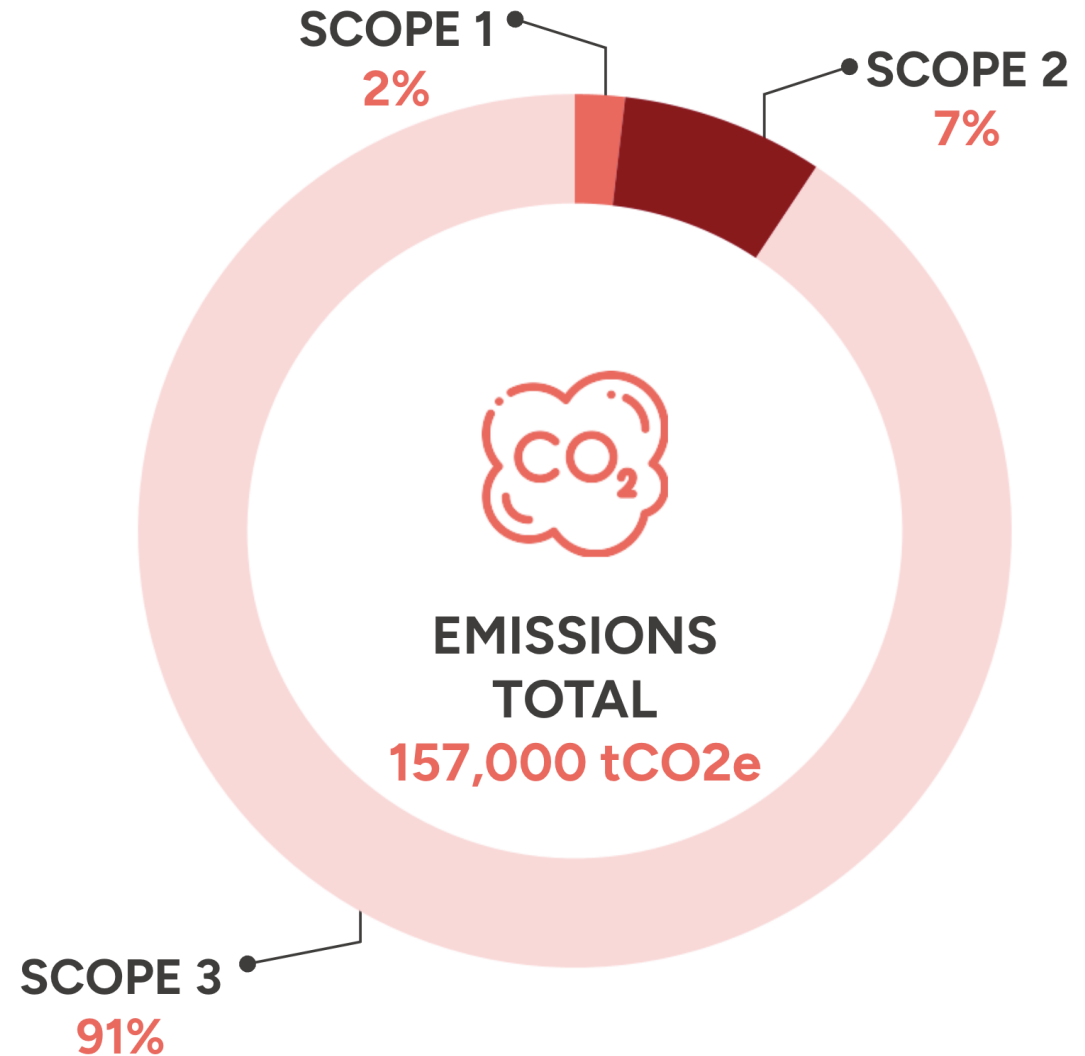




# Status 2023

We are proud to say that we for the first time now have a full understanding of our emissions as we are now including all of our Scope 3 emissions in our inventory. In our ongoing commitment to accurately measure and mitigate our carbon footprint, we have adopted a hybrid approach to account for our Scope 3 emissions, leveraging both supplier-specific and spend-based data. To complement supplier-specific data, we incorporate spend-based data into our Scope 3 emissions calculations. This approach estimates emissions based on procurement data to which industry-average emissions factors are applied. This dual strategy enables us to cover the full extent of our emissions while we don't have a full coverage of supplier-specific data.

Moving forward, we will continue to refine our data collection processes, engaging with suppliers to improve the availability and quality of emissions data. Our commitment to a hybrid approach demonstrates our dedication to environmental stewardship and our ambition to lead by example in corporate sustainability.





	2022	2023	% change
<b>Scope 1</b>	<b>3,626</b>	<b>2,902</b>	<b>-20%</b>
Gas (heating & kitchens)	968	719	-26%
Refrigerants	2,511	2,054	-18%
Fuels vehicles and machinery	147	129	-12%
<b>Scope 2*</b>	<b>14,704</b>	<b>11,741</b>	<b>-20%</b>
Electricity	5,667	4,494	-21%
District heating	8,850	7111	-20%
District cooling	187	137	-27%
<b>Scope 3</b>	<b>126,337</b>	<b>142,420</b>	<b>13%</b>
1 - Purchased goods & services	101,038	115,390	14%
2 - Capital goods	7,027	6,633	-6%
3 - Fuel & energy-related activities	2,043	2,175	6%
4 - Upstream transportation & distribution	740	728	-2%
5 - Waste generated in operations	1,455	1,470	1%
6 - Business travel	902	1,237	37%
7 - Employee commuting	4,461	4,665	5%
14 - Franchises	8,673	10,123	17%
<b>Total tonCO2e</b>	<b>144,667</b>	<b>157,064</b>	<b>9%</b>

\*Market-based emissions. Total location-based emissions were 16,970 ton CO2e in 2022 and 18,203 ton CO2e in 2023.

As our business continues to expand with new hotels and services, our overall emissions may naturally increase. However, by measuring our carbon footprint in terms of emissions intensity - CO2 equivalents per guest night and per square meter - we ensure that we are reducing the environmental impact relative to our business activities. This approach allows us to grow responsibly by decoupling our business growth from emissions growth.

By focusing on intensity metrics, we are pushing ourselves to be more efficient, using fewer resources and emitting less CO2 for each unit of business we conduct. This approach provides the flexibility to grow our operations while maintaining a stringent commitment to reducing the carbon intensity of our operations. Ultimately, it helps us achieve both our environmental and business goals in parallel, fostering a sustainable path forward for Strawberry as we continue to expand.



To reduce our overall emissions as well as our emission intensity, we focus on two main areas:

#### **Decarbonization of our operations**

We continuously strive to enhance the efficiency of our buildings, which in turn reduces our emissions. Our Climate Fund supports further investments aimed at lowering emissions from building operations.

#### **Decarbonization in our value chain**

Since 90% of our emissions come from our value chain, mainly from purchased goods and services, we are working with our supply chain partners to reduce emissions by:

- **Promoting Emissions Transparency:** We work with our suppliers to measure the environmental impact of their products, providing us with valuable insights into the carbon footprint of our purchases.
- **Enhancing environmental metrics in procurement:** We actively seek opportunities to incorporate environmental performance criteria into our procurement processes and plan to elevate these standards as our supply chain matures.

<b>Calculations and KPI's</b>	<b>2022</b>	<b>2023</b>	<b>% change</b>
kg CO2e/guest night (Scope 1+2)	2.0	1.7	-14%
kg CO2e/guest night (Scope 1+2+3)	10.9	11.1	1%
kg CO2e/m <sup>2</sup> (Scope 1+2)	8.6	6.1	-30%
kg CO2e/m <sup>2</sup> (Scope 1+2+3)	68.2	65.3	-4%
Number of Hotels	222	231	4%
<b>Total tonCO2e</b>	<b>144,667</b>	<b>157,064</b>	<b>9%</b>

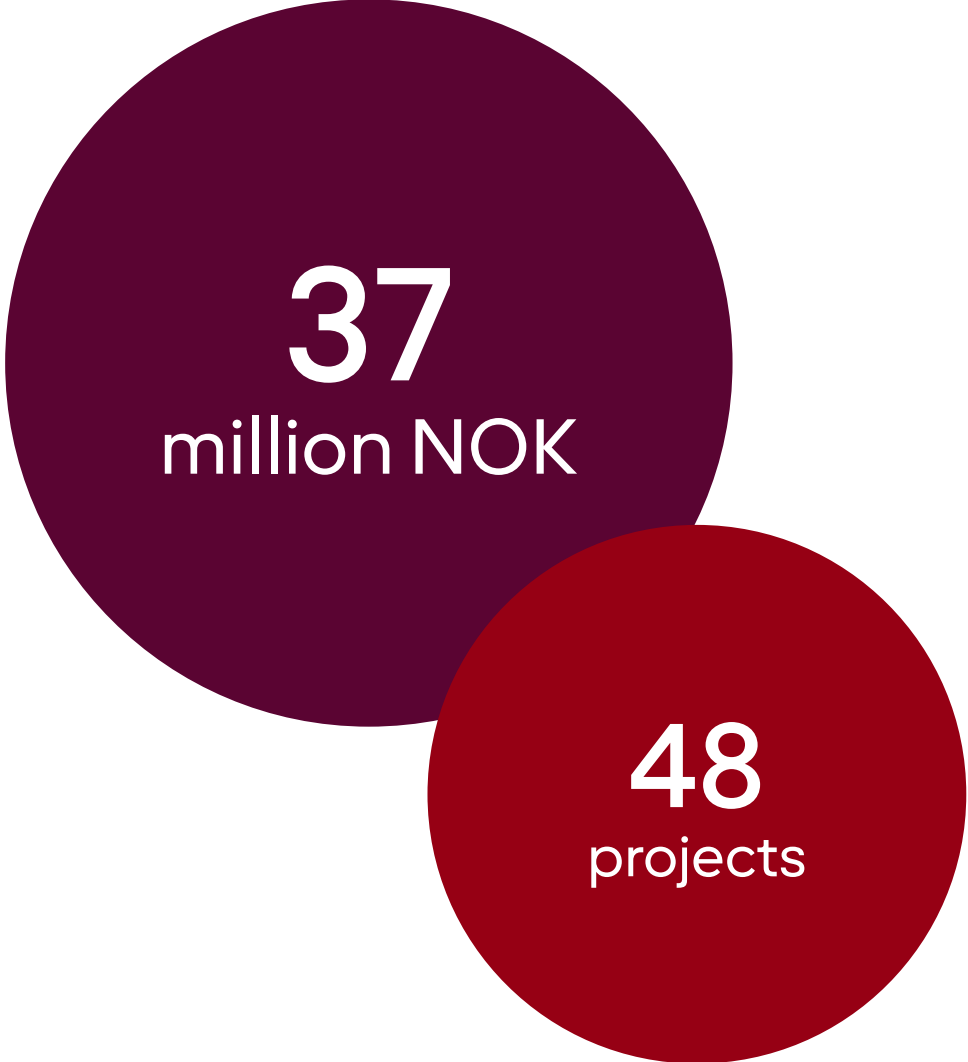


# From talk to action - Strawberry Climate Fund

To reach our ambitious goals we must find innovative ways to further improve our operations and reduce our emissions. We also know reaching our goals will require substantial investments. That's why we launched the Strawberry Climate Fund in 2022 with the aim to reduce emissions from our hotels and to fund greener technologies and smart solutions.

The fund is divided into two parts. The first part focuses on decarbonizing our operations to reach our net zero goal. The money in the fund will be used to implement the net zero strategy described in this document with a focus on eliminating the use of fossil fuels, transition to climate-friendly refrigerants and reduce our energy consumption. The second part is about supporting start-ups and entrepreneurs that will develop the future solutions that solve sustainability challenges in the hospitality industry.

Since April of 2022, we have committed 37 million NOK to the fund and funded 48 decarbonization projects at our hotels. The projects range from upgrades to ventilation and heating systems, rooftop solar panels, energy efficient heat pumps, LED lighting and many more.



37  
million NOK

48  
projects

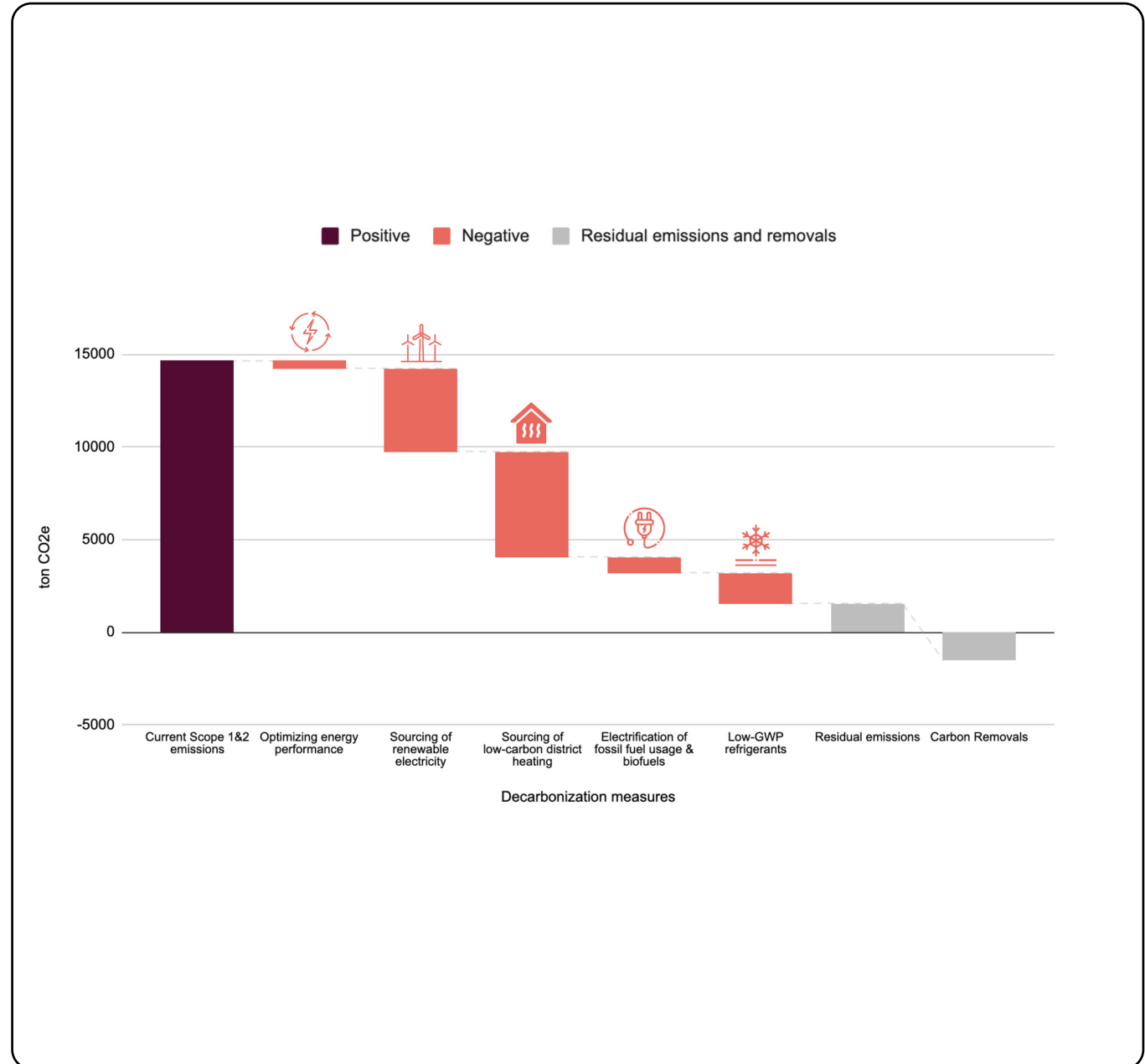


# Pathway to reaching net zero emissions in our own operations by 2030

To reach net zero emissions in our own operations, i.e. Scope 1 & 2, we have developed a comprehensive strategy that builds upon two fundamental pillars: significant emissions reduction and strategic counterbalancing of any emissions that may persist. Our approach is grounded in the scientific consensus that rapid, deep emission reductions are imperative for limiting global temperature rise to a critical threshold of 1.5°C.

We will therefore reduce our Scope 1 & 2 emissions by at least 90% by 2030. While we are committed to substantially reducing our Scope 1 and Scope 2 emissions, we recognize that complete elimination of all emissions remains challenging. Residual emissions, often termed “hard-to-abate” emissions, will persist in our operations despite our best efforts to minimize them.

To address this challenge, we have committed to neutralizing these unabated emissions through the permanent removal and secure storage of carbon. This approach aligns with the recommendations of both the Intergovernmental Panel on Climate Change (IPCC) and The Science Based Target Initiative (SBTi).





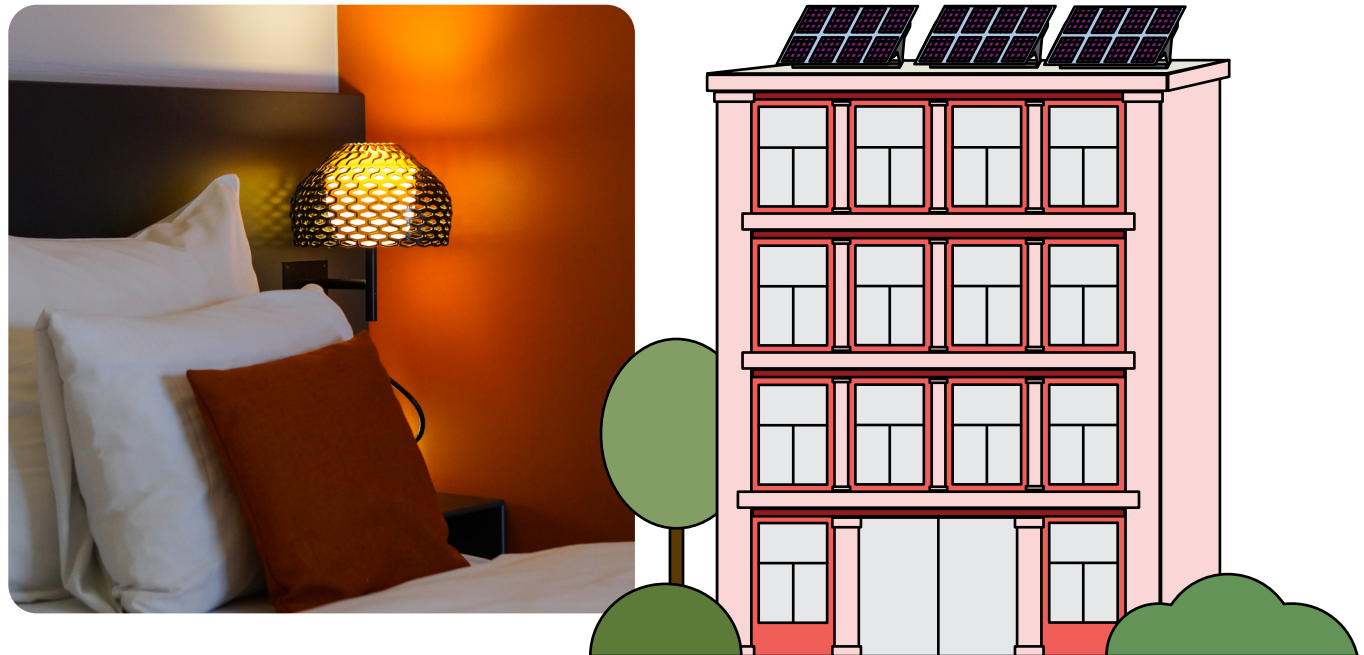
In 2022, we made a standpoint that we will not use “climate compensation” to offset our emissions to claim that we are carbon neutral. Instead, our commitment rests on the core principle of significantly reducing our emissions at the source and subsequently removing carbon equivalent to the remaining residual emissions.

As emissions from our franchise hotels are included in our Scope 3, the strategies described to reach our net zero goal are related to operations hotels only. However, the same strategies and principles are applicable to our franchise hotels.

To attain net zero emissions within Scope 1 and Scope 2, we have identified five key decarbonization pathways that will drive us toward achieving nearly 90% emissions reductions by the year 2030.

### Decarbonization pathway 1: Reducing Energy Usage

Optimizing our energy consumption is a fundamental element of our decarbonization strategy and serves as a critical initial phase in reducing emissions from our operations. We don't believe a decarbonization strategy can focus on only sourcing renewable or low-carbon energy. While renewable energy plays an essential role in a low-carbon energy system, we need to adopt a holistic approach where the energy demand is reduced first, before sourcing strategies are put in place. Reducing energy demand complements the use of renewables and contributes to a more resilient and sustainable energy system overall. Energy use reduction will also lead to operational cost savings, which strengthens the business case for further decarbonization.



3% towards target

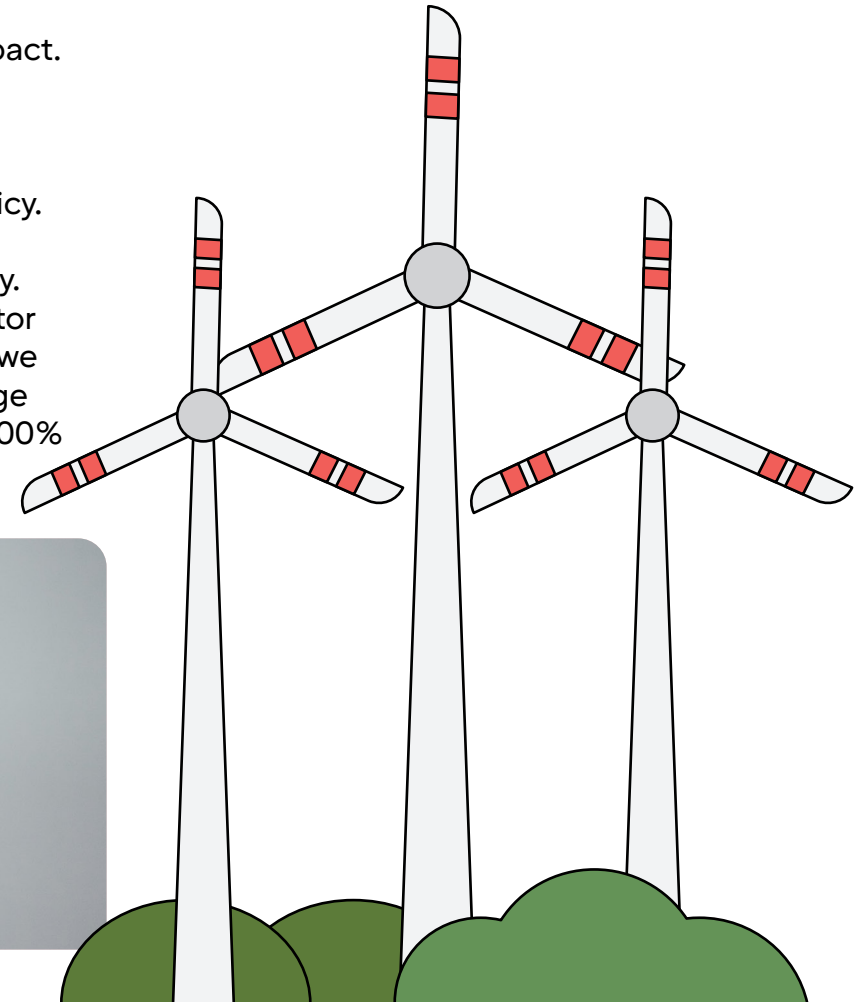
### 2030 Goal

20% energy use reduction by 2030 with a reduction potential of 450 ton CO<sub>2</sub>e.

## Decarbonization pathway 2: Sourcing of renewable electricity

Currently, almost 93% of our hotels are already purchasing renewable electricity, predominantly through corporate agreements that provide 100% hydropower with Guarantees of Origin. This marks a significant step towards reducing our carbon impact. However, we acknowledge that there is more work to be done.

For hotels not currently purchasing renewable electricity, we will initiate an effort to transition them to renewable sources through the implementation of a sourcing policy. This transition is vital, as a mere 4% of our hotels currently represent 31% of our total Scope 1 & 2 emissions due to the high emissions related to non-renewable electricity. When a hotel is not actively purchasing renewable electricity, a default emission factor representing the untracked or unclaimed emissions should be used. At Strawberry, we are using the Nordic Residual Mix which is more than 10 times higher than the average Nordic electricity mix. Our goal is to ensure that all our operations hotels purchase 100% renewable electricity by 2024.



31% towards target

### 2030 Goal

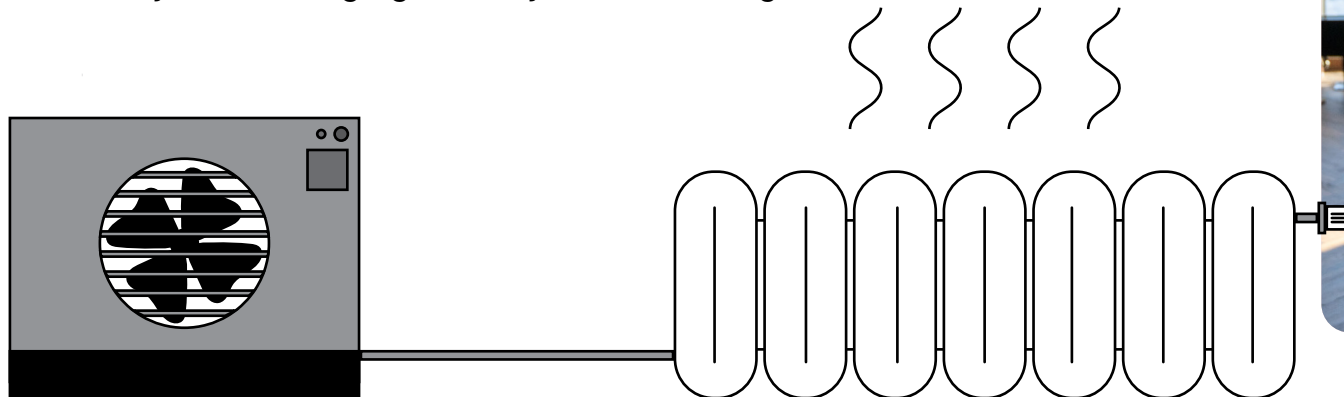
Purchasing 100% renewable electricity by 2030, with a reduction potential of 4500 ton CO<sub>2</sub>e.



### Decarbonization pathway 3: Sourcing of low-carbon district heating

District heating in the Nordics is already well-positioned as a sustainable and low-carbon energy solution. As we look ahead, the region's district heating sector is expected to continue along the path of decarbonization. A key driving force behind this progress is the growing demand from customers for low-carbon friendly heating options. Decarbonization of district heating will be facilitated by the gradual phasing out of fossil fuels from the energy mix and the adoption of renewable fuels for heat production. Nevertheless, challenges remain, particularly concerning waste-to-heat incineration, where a significant portion of the waste is plastics. As recycling rates of plastics increase, the emissions from waste-to-heat incineration will be reduced.

As the sector is on a path towards decarbonization and several of our providers have communicated their own goals in decarbonizing their district heating, we will partly achieve emission reductions from a "cleaner" supply. However, we pledge to support the decarbonization trend by actively purchasing low-carbon options where available. Our goal is to ensure that all operations hotels purchase low-carbon district heating where available as of 2025. By 2030, we aim to have 80% of our sourced district heating classified as low-carbon, thereby contributing significantly to our climate goals.

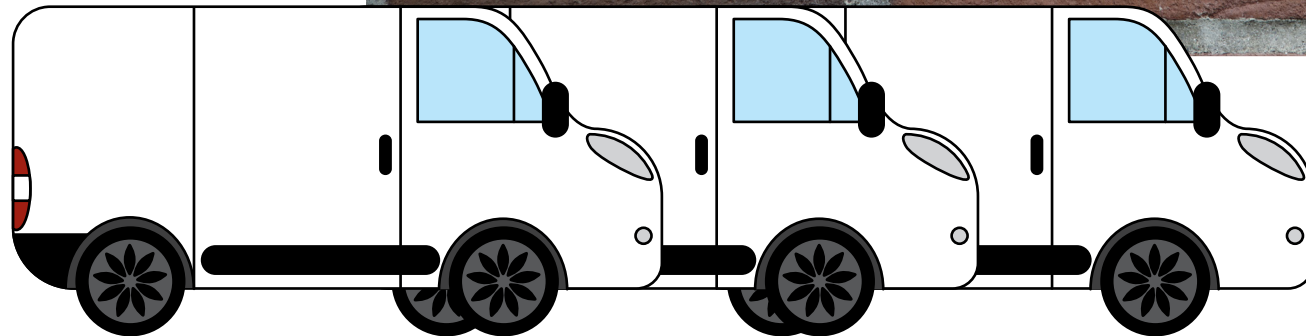


### 2030 Goal

80% of our sourced district heating is classified as low-carbon by 2030, with a reduction potential of 5700 ton CO<sub>2</sub>e.

## Decarbonization pathway 4: Electrification of fossil fuel usage & biofuels

Burning of fossil fuels is a main contributor to global climate change and scientists are clear that we need to reduce our dependence on fossil fuels to reach the goals of the Paris Agreement. At Strawberry, we currently rely on fossil fuels in various aspects of our operations, including kitchens, vehicles, machinery, equipment, and heating systems. As part of our 2030 sustainability goals, we are committed to completely eliminating the use of fossil fuels. In some cases, electrification might not be immediately feasible due to technical and financial reasons. In these cases, we will transition to biofuels as an intermediate solution until electrification is possible.



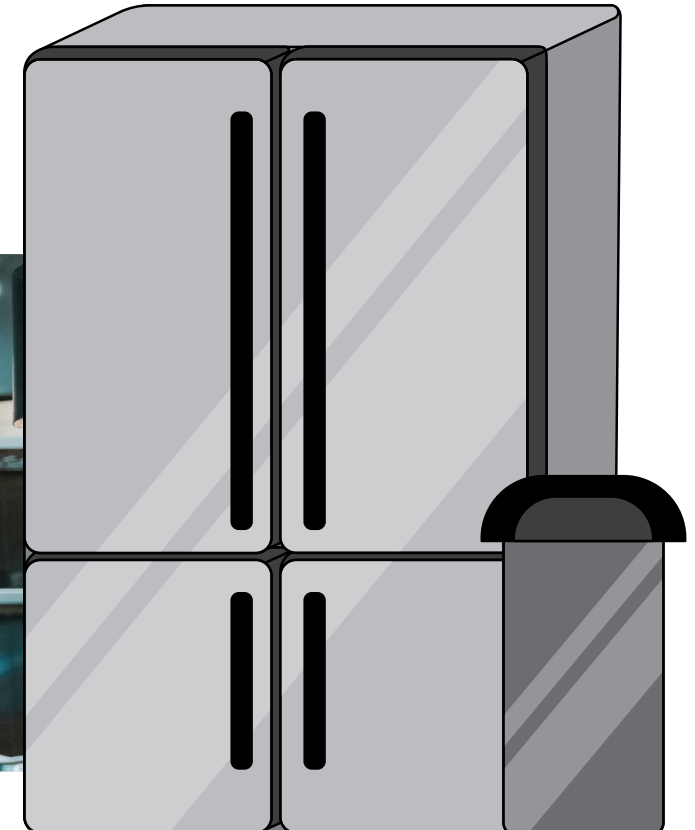
### 2030 Goal

100% fossil fuel free operations by 2030, with a reduction potential of 850 ton CO<sub>2</sub>e.



## Decarbonization pathway 5: Low-GWP refrigerants

Addressing refrigerant leakage emissions is a critical component of our decarbonization strategy. 11% of our Scope 1 & 2 emissions result from hydro-fluorocarbon (HFC) leaks in our onsite cooling and refrigeration systems, contributing to accelerated global warming. HFCs, when released into the atmosphere, contribute to global warming, with some having a global warming potential thousands of times higher than carbon dioxide (CO<sub>2</sub>). We aim to achieve an 80% reduction in HFC emissions by 2030 from 2022 levels, thereby outpacing regulatory requirements and demonstrating our commitment to environmental sustainability. One part of this is to include climate-friendly refrigerant requirements in our renovation and construction guidelines. As equipment is being replaced, we will make sure that only climate-friendly refrigerants are being used and thereby continuously reduce our GWP mix over the next 7 years. We will also substitute with lower-GWP refrigerants where possible.



11% towards target

**2030 Goal**

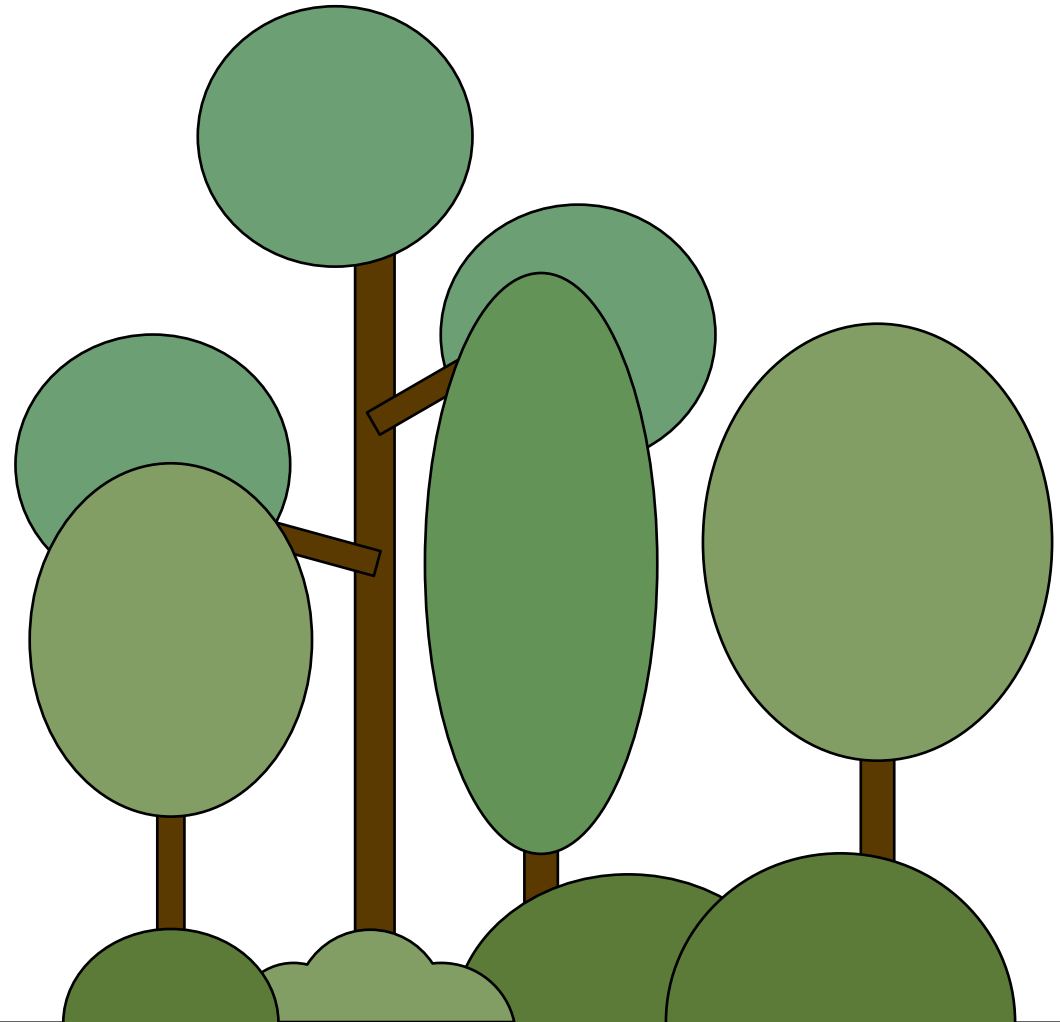
80% reduction in refrigerant emissions by 2030, compared to 2022, with a reduction potential of 1650 ton CO<sub>2</sub>e.

## Carbon Dioxide Removals

Reducing our greenhouse gas emissions through various decarbonization pathways is an essential step toward mitigating climate change and its adverse effects. However, we recognize that complete elimination of all emissions remains challenging.

The Intergovernmental Panel on Climate Change (IPCC) has underscored the inevitability of employing carbon dioxide removal (CDR) strategies to counterbalance these hard-to-abate emissions if we are to limit global warming to 1.5°C. The Science Based Target Initiative (SBTi) similarly recognizes carbon removal as a key element in reaching net zero emissions. Reducing emissions at the source is fundamental, but it is not the sole solution. Carbon removal serves as a complementary strategy to tackle those emissions that are deeply embedded in our operations and challenging to eliminate through other means.

Through our previously described decarbonization pathways, we will achieve a 90% reduction in Scope 1 & 2 emissions. Using carbon removal strategies we will neutralize the residual emissions that remain unabated. The carbon removal strategies we adopt encompass a balanced combination of nature-based and technological approaches that remove carbon dioxide from the atmosphere and permanently store it.



### 2030 Goal

10% towards target

Reach net zero Scope 1 and 2 emissions through using carbon removal strategies to eliminate any residual emissions.



# Appendix A: Greenhouse gas emissions boundary

Strawberry defines its organizational boundaries using the Operational Control Approach, as defined by the Greenhouse Gas Protocol. A company has operational control over an operation it has the full authority to introduce and implement its sustainability policies. To fully understand our emissions, we are including all hotels that operate under the Strawberry umbrella, regardless of whether they are franchise hotels or not. However, franchise emissions are included as Scope 3 emissions.

To determine the operational boundaries, Strawberry has identified direct and indirect emissions associated with our operations and categorized them into the three scopes defined by the Greenhouse Gas Protocol.

## **Scope 1 and 2 GHG emissions boundary**

As we do not have full operational control at franchise hotels, these hotels are not included in our Scope 1 and 2 emissions, but rather in Scope 3.

As per the GHG protocol, we can exclude minor sources of emissions, provided their exclusion does not affect the overall accuracy of the emissions reporting. The following sources of emissions were excluded and are estimated to account for less than 5% of our total Scope 1 & 2 emissions:

- **Wood for heating:** Some hotels have wood fireplaces. Main purpose is to create a cozy atmosphere rather than for heating.
- **Emergency diesel generators:** Generators are available for backup power and are rarely used. The vast majority of emissions are associated with regular maintenance activities.

## **Scope 3 GHG emissions boundary**

To improve data coverage related to Scope 3 emissions, we have completed a spend-based analysis to get a comprehensive picture of our value chain emissions. Even though spend-based estimates enable us to understand which emissions are most significant, we will strive to add more activity data from our suppliers. One important step is to work with our supply chain partners to improve the quality of the data we collect.

As we improve data quality related to Scope 3 emissions, our emissions baseline may change. If necessary, we will adjust our base year emissions in accordance with the reporting requirements of the GHG Protocol.

It is important to note that we lease the buildings that we operate in. This means that we are not in control of many of the investments that are required in the buildings themselves. For example, usually lamp fixtures are a responsibility of the property owners while replacing light bulbs are our responsibility. To achieve our ambitious goals, we need to work together with the property owners to make sure that we are working towards the same targets.

# Appendix B: Emission factors

The latest emission factors available at the time of the annual inventory compilation are used. Historical emission factors will not be adjusted unless new emission factors representing a significant methodology change become available. Where current year emission factors are not available, factors from the most recent available year are used.

## Scope 2: Market-based vs location-based method

As per the GHG Protocol, two methods for calculating scope 2 emissions shall be used, a location-based method and a market-based method. We calculate our emissions using both methods and make both numbers available. The location-based method considers the average emission factors of the grid where the energy consumption occurs. The market-based method reflects the GHG emissions associated with the choices a consumer

makes regarding its energy supplier or product, for example purchasing 100% renewable energy. Market-based emission factors are based on contractual agreements such as energy attribute certificates (Guarantees of Origin) or supplier-specific information. Where no contractual agreements are in place, other default emission factors representing the untracked or unclaimed energy and emissions (termed the “residual mix”) are used.

Emissions related to the production of electricity, district heating and district cooling are reported as Scope 2, while other emissions related to other parts of the energy source’s life cycle are reported as Scope 3.

Energy Source	Market-based method	Location-based Method
<b>Electricity</b>	For electricity consumption with Guarantees of Origins (GO), the Scope 2 emissions are calculated as zero. For electricity consumption without GO the emissions are calculated based on supplier-specific emission factors related to remaining sales after all renewable energy has been excluded. If this factor is not available, the emissions factor for the “Nordic Residual Mix” is used. The residual mix represents the share of electricity supply for which the energy source is not proven through Guarantees of Origin.	To calculate the location-based emissions, the average emission factor for each country is being used.
<b>District heating</b>	For district heating, supplier-specific emission factors are primarily used, and secondarily a country-specific average for hotels where supplier-specific factors are not available.	To calculate the location-based emissions, the average emission factor for each country is being used.
<b>District Cooling</b>	For district heating, supplier-specific emission factors are primarily used, and secondarily a country-specific average for hotels where supplier-specific factors are not available.	To calculate the location-based emissions, the average emission factor for each country is being used.