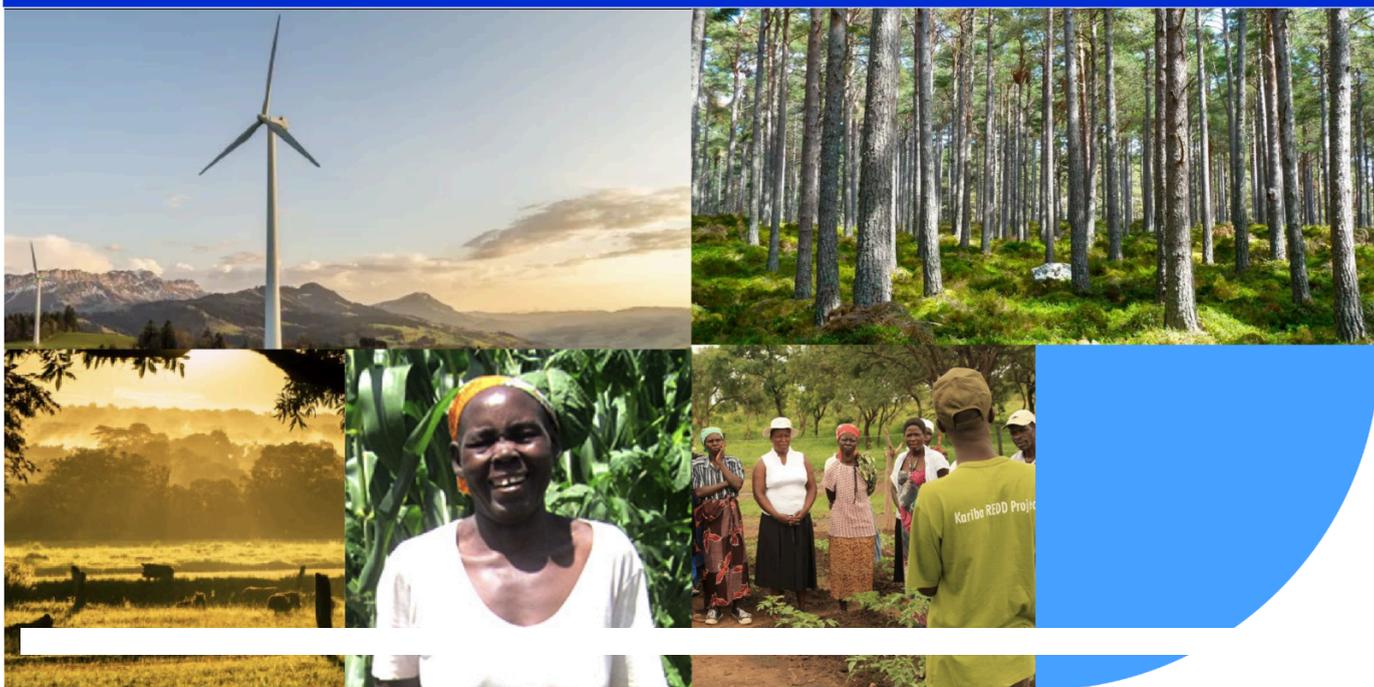


Non-confidential report

Funding Climate Action product label

Stockholm, October 2023



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General Aspects

Prepared for

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Prepared by

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Date

13 October 2023

Validated product

Stala ONE sink series

Calculation methodology

Greenhouse gas Protocol 'Product Life Cycle Accounting and Reporting Standard'

Underlying PCF study prepared by

GreenCarbon

Date

8th August 2023

Carbon footprint

cradle-to-grave: between 14.49 and 59.88 kgCO₂e

Emission reduction target

First year label, commitment to set up target and reduction plan within a year

Recorded emission reductions

First year label, cannot yet be recorded

Funding climate action

cradle-to-grave

This report was revised 2024-05-24 to include the models ONE-17, ONE-34, ONE-40 and ONE-50 in the review.

Introduction/Context

Stala Oy has received [South Pole's Funding Climate Action](#) product label for the sinks of the Stala ONE sink series. The Funding Climate Action label is aligned with the [Paris Agreement](#) and builds on the [SBTi's beyond value chain mitigation guidance](#). The label is awarded to organisations that have progressed through a comprehensive process to build thorough strategies to reduce their climate impact and to take credible climate action. The label features a bespoke QR code, leading to a personalised landing page where detailed information on the product can be found, including its emission accounting, as well as its emission reduction - both within and beyond its value chain. This non-confidential report accompanies the information provided on this landing page, and consists of three parts. Part 1 describes the methodology and outcome of the *emission accounting*, part 2 focuses on the *emission reduction strategy*, and part 3 provides information on the *funding of climate action projects*.

PART 1: EMISSION ACCOUNTING

To comply with the Technical Guidance and the requirements for a product label, the company must calculate the cradle-to-grave emissions of its product. A methodology in line with ISO 14067 or a similar standard, such as the GHG Protocol 'Product Standard', the 'Environmental Product Declarations', the European Union (EU) 'Product Environmental Footprint (PEF) Standard', or the principles of PAS2050 for products and services, shall be used. To qualify for label renewal, the company must show ambition to improve the data quality and the methodology applied on a yearly basis.

Objective of the underlying study & the review

South Pole (the reviewer) was engaged by Stala Oy to verify that the carbon footprint calculations for the Stala ONE sink series comply with South Pole's Funding Climate Action product label requirements. Hence, South Pole's review only serves the purpose to ensure compliance with the Funding Climate Action label requirements. It does not constitute and does not serve as a substitute for an assurance by an accredited third party.

Stala Oy has engaged GreenCarbon to carry out the carbon footprint calculation, with primary data provided by Stala Oy and secondary data from various sources including commercial LCI databases (such as ecoinvent 3.9). The carbon footprint was calculated based on the Greenhouse Gas Protocol 'Product Life cycle Accounting and Reporting Standard'. The purpose of Stala Oy's PCF study was to understand the life cycle Greenhouse Gas (GHG) footprint of the Stala ONE sink series, covering 20 different sink models.

Stala Oy retains exclusive accountability for the formulation, computation, and ascertainment of the GHG emissions pertaining to its Stala ONE sink series. Hence, the information subject to review falls solely within the purview and responsibility of Stala Oy. South Pole was neither engaged in the data collection process, nor the PCF calculations.

South Pole's sole responsibility is to provide an independent review of Stala Oy's compiled product carbon footprint (PCF) calculations for its Stala ONE sink series, and to check the accuracy and completeness of the submitted data. Our review team has adequate knowledge and experience in product GHG accounting, life cycle assessment (LCA), carbon management, and carbon offset

strategies. The team is also well-versed in relevant standards, including but not limited to, the GHG Protocol and the ISO 14040 series.

The underlying study

Accounting scope

The product systems under study include:

- Stala ONE sink series, 20 products with different sizes.
- Each sink model has different weights and set ups, see table 1.

The functional unit being assessed is defined as:

“One packed product i.e. one kitchen sink or counter and user’s manuals, packed in a cardboard box with plastic, is used as a functional unit. The weight varies depending on the product in question.”

The product GHG accounting evaluates the cradle-to-grave life cycle GHG footprint of the sinks and accompanying packaging material and manuals, from the extraction and sourcing of raw materials acquisition, to the end-of-life where materials are assumed to be recycled when possible. Aside from the impact of all transportation and installation, the sinks are assumed to have no carbon footprint associated with their use phase.

The study is representative for the sink production in Lahti, Finland and the distribution to the company's clients. As the product line will be launched in Q4 2023 the sales location is determined based on estimated future sales, with a focus on clients primarily situated in Europe, particularly Finland and other Nordic countries.

Methodology

Stala Oy has calculated and reported its Stala ONE sink series' GHG emissions following the principles of the Greenhouse Gas Protocol 'Product Life Cycle Accounting and Reporting Standard', a Standard that has been developed by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI).

Life cycle impact assessment

The product carbon footprint for each sink under study is presented in table 1. The estimated GHG footprint for the Stala ONE sink series varies between models, with a cradle-to-grave emission range of 14.49 to 59.88 kgCO₂e per unit.

Table 1: Specifications for each sink model included in the Stala ONE sink series

Product system	Weight (kg)	lifecyle GHG emissions (kg CO ₂ e)
ONE-T17-34	8.56	45.51
ONE-T34	5.88	30.33
ONE-T34-17	8.56	45.51
ONE-T34-34	10.17	57.03

Non-confidential report

ONE-T40	5.97	31.85
ONE-T50	7.39	37.74
ONE-TDL17-34	9.27	47.95
ONE-TDL34	7.21	33.97
ONE-TDL34-34	11.11	59.88
ONE-TDL40	7.24	33.29
ONE-TDL50	8.23	40.22
ONE-TDR17-34	9.27	47.95
ONE-TDR34	7.21	33.97
ONE-TDR34-34	11.11	59.88
ONE-TDR40	7.24	35.22
ONE-TDR50	8.23	40.22
ONE-17	4.19	14.49
ONE-50	5.89	26.79
ONE-34	5.14	21.7
ONE-40	5.44	23.77

Figure 1: The total carbon footprint of the different sinks under study

(Source: South Pole, 2023)

The review

South Pole's review only serves the purpose to ensure that Stala Oy meets the requirements of South Pole's Funding Climate Action Product label. It is important to clarify that this review does not constitute verification in line with ISO 14064-3, nor does it qualify as a critical review as per ISO 14044. Furthermore, it should not be construed as either a limited assurance or a critical review according to the GHG Protocol Product Standard.

Verification scope

The scope of the verification is the independent and objective review of the following documents:

1. Stala Oy_ONE Carbon Footprint Reports (comprising 20 individual Stala ONE carbon footprint reports)
2. Product life cycle emission calculator for Stala (including general goal and scope information)
3. Stala Oy_ONE carbon footprint data sources

The review (label verification) of the Stala ONE sink series' GHG footprint calculations included the following aspects which are in line with the requirements of the GHG Protocol Product Standard:

- Relevance
- Completeness
- Consistency

- Transparency
- Accuracy

Specific reviewed aspects include:

- the technical validity of the methodological choices,
- the appropriateness of the data used, and assumptions made based on the goal of the study,
- the transparency and consistency of the report,
- the completeness of calculations (i.e., the main emissions sources included); and
- the appropriateness of the conclusions based on the goal and limitations of the study.

Methodology

Stala Oy has calculated and reported its Stala ONE sink series' GHG emissions following the principles of the Greenhouse Gas Protocol 'Product Life Cycle Accounting and Reporting Standard'.

This Standard has been developed by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI), and has also been used as criteria for reviewing Stala Oy's footprint calculations.

Conclusions and recommendations

Stala Oy's PCF study is conducted following the Greenhouse Gas Protocol 'Product Life Cycle Accounting and Reporting Standard'. The result is deemed to be a reasonable estimate of the product's greenhouse gas emissions.

Based on the boundaries of the review and methods used, South Pole concludes: Upon reviewing the submitted data, South Pole has provisionally approved the GHG footprints, allowing for the issuance of the Funding Climate Action product label for one year. However, it has been stipulated that Stala Oy must make certain adjustments to its GHG accounting methods within a one-year timeframe, prior to the label's renewal. High level verification findings are¹:

- The product inventory follows the life cycle and attributional approaches outlined in the Greenhouse Gas Protocol, with a clearly defined studied system.
- The functional unit was set correctly. However, certain aspects such as expected lifetime and the basis for the assumed end-of-life pathway must be added. Additionally, documentation on the geographical, technological and temporal representativeness must be added.
- The life cycle and attributional approaches were correctly used. The GHG emissions were included, and their respective global warming potentials (GWPs) – i.e. the impact assessment method – were appropriate and well documented.
- Cut-off rules and exclusions must be clearly stated and justified, and data reliability and limitations/assumptions made must be explicitly addressed.
- Stala Oy provided proof of renewable origin for both district heating and electricity.

¹ A detailed list of verification findings and recommendations has been shared with Stala Oy.

PART 2: EMISSION REDUCTION

To comply with the Technical Guidance and the **best practice requirements** for a product label, the company must either have a target and a reduction plan for the product in place, and show an annual linear reduction of the product carbon footprint of at least 2.5%, and/or must have a target for the company's scope 3 emissions in place (in line with the SBTi near-term criteria²), and show the following progress:

- At least 2.5% annual linear reduction, or any plan that achieves a reduction of 25% by 2030, using the SBTi's absolute contraction method (assuming a baseline in 2020);
- At least 7% year-on-year reduction, using the SBTi's physical intensity contraction method (e.g. per product produced);
- At least 7% year-on-year reduction, using the SBTi's economic intensity method (per unit of value added).

To comply with the Technical Guidance and the **minimum requirements**³ for a product label, on the other hand, a company must commit to setting a target and developing a reduction plan for the product within a year, and show an annual linear reduction of the product carbon footprint of at least 0.5%. If the company decides to set a target and to develop a reduction plan for its scope 3 emissions, the following minimum progress is expected:

- At least 0.5% annual linear reduction (2.5% and above is considered as best practice), using the SBTi's absolute contraction method;
- At least 1% year-on-year reduction (7% and above is considered as best practice), using the SBTi's physical intensity contraction method (e.g. per product produced);
- At least 1% year-on-year reduction (7% and above is considered as best practice), using the SBTi's economic intensity method (per unit of value added).

Carbon Management Plan

This is the first year Stala Oy is qualifying for the Funding Climate Action label for its Stala ONE sink series. The company does not yet have a target for this product, nor a science-based target for the company's scope 3 emissions in place. However, Stala Oy has committed to set up a target and an emission reduction plan for the Stala One sink series within a year, latest by November 2024.

So for now, the product only **meets the minimum requirements for target setting**.

Carbon Reduction Achievements

As Stala Oy has not yet set a target and accompanying emission reduction plan, emission reductions in line with such a target and plan cannot yet be recorded.

This is why the product is only meeting the **minimum requirements for emission reductions** for now.

² The company must set up a target in line with the SBTi long-term criteria within two years. The reduction plan will be adjusted once the long-term target has been set.

³ Continuous improvement is a prerequisite for label renewal, the reduction ambition has to be aligned with the best practice requirements latest within 3-5 years.

PART 3: FUNDING CLIMATE ACTION

Carbon credits use

While working on the decarbonisation of the product's value chain, an organisation needs to fund high-integrity climate action projects that help reduce or remove emissions from the atmosphere, and support sustainable development around the world. To comply with the Technical Guidance and the **best practice requirements** for a product label, the investment must match the scale of at least all unabated cradle-to-grave emissions. To comply with the Technical Guidance and the **minimum requirements**⁴ for a product label, on the other hand, the investment must match the scale of at least all unabated cradle-to-gate emissions.

The emission reductions or removals achieved via this funding DO NOT contribute to the product's emission reduction target. On the contrary, they happen on top of emission reductions at the source and within the product's value chain, and are therefore also called [Beyond Value Chain Mitigations](#) (BVCM). Funding global climate action while progressing towards organisational net-zero is urgently needed. The current global actions are far from sufficient for achieving 1.5°C, and the IPCC and the global scientific community expect that the emission cuts will miss the 1.5°C target by a large margin if current levels of climate investment do not increase by at least sevenfold by the end of this decade.⁵

Stala Oy has invested in high-integrity climate action projects matching the Stala ONE sink series' cradle-to-grave emissions. With that, the product meets the **best practice requirements for funding climate action**.

Principles

The climate action credits must have been issued by one of the International Carbon Reduction and Offset Alliance (ICROA) endorsed standards or the Integrity Council for the Voluntary Carbon Market (ICVCM) approved programmes to ensure that they meet the best practice industry standards and follow a defined methodology. They should be purchased from third-party verified climate action projects in accordance with internationally approved carbon certification standards, such as the Gold Standard or the Verified Carbon Standard. As the market evolves, South Pole is constantly building up its quality assurance framework to uphold the best practice principles for the use of carbon credits. Thus, we reserve the right to determine the eligibility of climate action credits used in relation to this label on a case-by-case basis.

The climate action credits linked to this label must be clearly allocated to the product (and that product only). They must be purchased before the label can be issued, and must be retired in a best practice international registry, in order to avoid potential double-claiming. A proof of retirement from the respective registry must be provided to South Pole.

The voluntary carbon market plays an important role in channelling climate "finance to where it is most needed [to facilitate] a just transition, enhancing equality and sustainable development around the world."⁶ This might lead to a discrepancy between the location of companies from developed countries wishing to fund global climate action, and the location of the projects. The

⁴ Continuous improvement is a prerequisite for label renewal, the reduction ambition has to be aligned with the best practice requirements latest within 3-5 years.

⁵ Climate Change 2022: Mitigation of Climate Change, IPCC.

⁶ VCMi, 2023 (<https://vcmintegrity.org/>).

Non-confidential report

consistency between the geographical areas where the projects are carried out and where the emissions take place might thus be compromised.