

1. Overview

This Greenhouse Gas Emissions (GHGs) inventory report prepared by Ostrom Climate Solutions (Ostrom Climate) details the corporate emissions of Novex Delivery Solutions (Novex) for the years 2021 to 2023, as well as the changes in emissions from the baseline year. Novex has transitioned from reporting inventories for fiscal years to calendar years, and has been collecting and analyzing data on their organizational emissions since 2007, which is the company's baseline year. Calculations of emissions presented in this summary report follow the accounting guidelines of *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition*, published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD); this is the industry standard for corporate GHG inventories.

Novex, a certified B Corporation, has applied the operational control approach described in the GHG protocol; as such, all business units for which they have direct authority over operating policies have been included. The emissions are reported in tonnes of carbon dioxide equivalent (tCO₂e), the internationally recognized unit that converts all relevant GHGs to the global warming potential of carbon dioxide.

As part of a continuous improvement program, Ostrom Climate accounted for additional emissions sources for the 2021 to 2023 inventories, which were not quantified in previous years; these sources include third-party servers, capital goods, and fuel and energy GHGs not included in Scope 1 and 2. Ostrom Climate estimated these sources back to the baseline year to enable a year-over-year comparison of the overall emissions. Additionally, a couple of sources, namely purchased paper and reimbursed driving, were determined to be minor contributors to Novex's 2016 footprint (approximately 1% of the total), and were therefore assumed to be the same for subsequent years.

Novex generated a total of 893.8 tCO₂e in 2021, 898.2 tCO₂e in 2022 and 876.8 tCO₂e in 2023. For reporting purposes, we have compared emissions to both the baseline year and the year preceding the pandemic, which would reflect typical periods of operations. The updated emissions in 2007 and 2019 were 1,839.1 tCO₂e, and 947.9 tCO₂e, respectively, as summarized in Table 1.

Exclusions

Some source categories listed in the GHG Protocol were excluded from this inventory, because they were not applicable, immaterial or data was not available, as outlined below.

Scope 1 & 2

- **Stationary Combustion:** This category was excluded as Novex does not burn fuel for heating in their facilities.
- **Fugitive Emissions:** Novex's operations had no significant fugitive emissions sources.
- **Mobile Combustion:** Since Novex does not own or lease any fleet vehicles, emissions from this source are not applicable.

Scope 3

- **Category 4: Upstream Transportation and Distribution:** Emissions from this category were excluded as Novex utilizes contracted drivers who operate independently, and these emissions are instead accounted for in Category 1 - Purchased Goods and Services.
- **Category 5: Waste Generated in Operations:** Anticipated to be immaterial.
- **Category 8: Upstream Leased Assets:** Included in Scope 1 and Scope 2.
- **Category 9: Downstream Transportation and Distribution:** Since Novex primarily functions as a courier company, it does not manufacture products that are then shipped to their clients; therefore, this source is immaterial.
- **Category 10: Processing of Sold Products, Category 11: Use of Sold Products, Category 12: End-of-Life Treatment of Sold Products:** These categories do not apply to Novex's business operations.
- **Category 13: Downstream Leased Assets:** As Novex solely operates their office in Richmond and doesn't lease any other facilities to external entities, there are no GHGs from this category.
- **Category 14: Franchises:** Novex is a standalone shipping company; therefore, this category does not apply.
- **Category 15: Investments:** Given that Novex does not provide financial services and did not make any significant investments in other companies between 2021 and 2023, this source is not applicable.

TABLE 1: Novex's Year-Over-Year GHG Emissions

Emissions Source	GHG Emissions (tCO ₂ e)					% Change (2019-2023)	
	2007	2019	2021	2022	2023		
Scope 1	18.6	-	-	-	-		-
Stationary Combustion – Natural Gas	12.9	-	-	-	-		-
Mobile Combustion	5.7	-	-	-	-		-
Scope 2	10.0	1.2	1.2	1.3	1.4	↑	19.3%
Electricity (location-based)	10.0	1.2	1.2	1.3	1.4	↑	19.3%
Scope 3	1,810.5	946.7	892.6	896.9	875.4	↓	-7.5%
Category 1: Purchased Goods and Services	1,710.8	891.7	859.0	847.0	840.2	↓	-5.8%
Purchased Services – Contracted Driving (Small Vehicles)	1,350.4	699.1	601.5	600.1	571.4	↓	-18.3%
Purchased Services – Contracted Driving (Freight Vehicles)	355.0	188.2	253.2	242.5	264.3	↑	40.4%
Paper	1.6	0.6	0.6	0.6	0.6	-	-
Third-Party Servers	3.8	3.8	3.7	3.9	3.9	↑	2.9%
Category 2: Capital Goods	5.0	5.0	0.2	14.4	0.3	↓	-93.5%
Category 3: Fuel and Energy-Related Activities Not Included in Scope 1 and 2	0.6	0.6	0.5	0.6	0.6	↑	9.0%
Category 6: Business Travel	67.6	11.1	12.7	11.1	11.1	-	-
Air Travel	-	-	1.6	-	-	-	-
Reimbursed Driving, Automobile Allowances, etc..	67.6	11.1	11.1	11.1	11.1	-	-
Category 7: Employee Commute & Teleworking	26.5	38.3	20.2	23.8	23.1	↓	-39.7%
Employee Commute	26.5	38.3	17.4	21.9	21.2	↓	-44.5%
Teleworking	-	-	2.8	1.9	1.8	↑	100.0%
Total GHG Emissions	1,839.1	947.9	893.8	898.2	876.8	↓	-7.5%

*Note: Figures may not sum to whole integers due to rounding

To provide context for the emissions listed in this report, Novex’s 2023 carbon footprint (876.8 tCO₂e) is roughly equivalent¹ to:

- The annual emissions of 50 Canadians
- Driving approximately 195 gasoline-powered passenger vehicles for one year
- Combusting over 375,000 litres of gasoline

2. GHG Emissions Summary: 2021 – 2023

From 2021 to 2023, Novex's largest emissions sources were the same three categories (listed below). In 2023, the % contribution of each was:

- Purchased Services – Contracted Driving (Small Vehicles), 65.2%
- Purchased Services – Contracted Driving (Freight Vehicles), 30.1%
- Employee Commute and Teleworking comprising, 2.6%

Figure 1 illustrates Novex’s 2021 - 2023 GHGs by emissions source.

¹ Greenhouse Gas Equivalencies Calculator, Environmental Protection Agency (EPA) <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

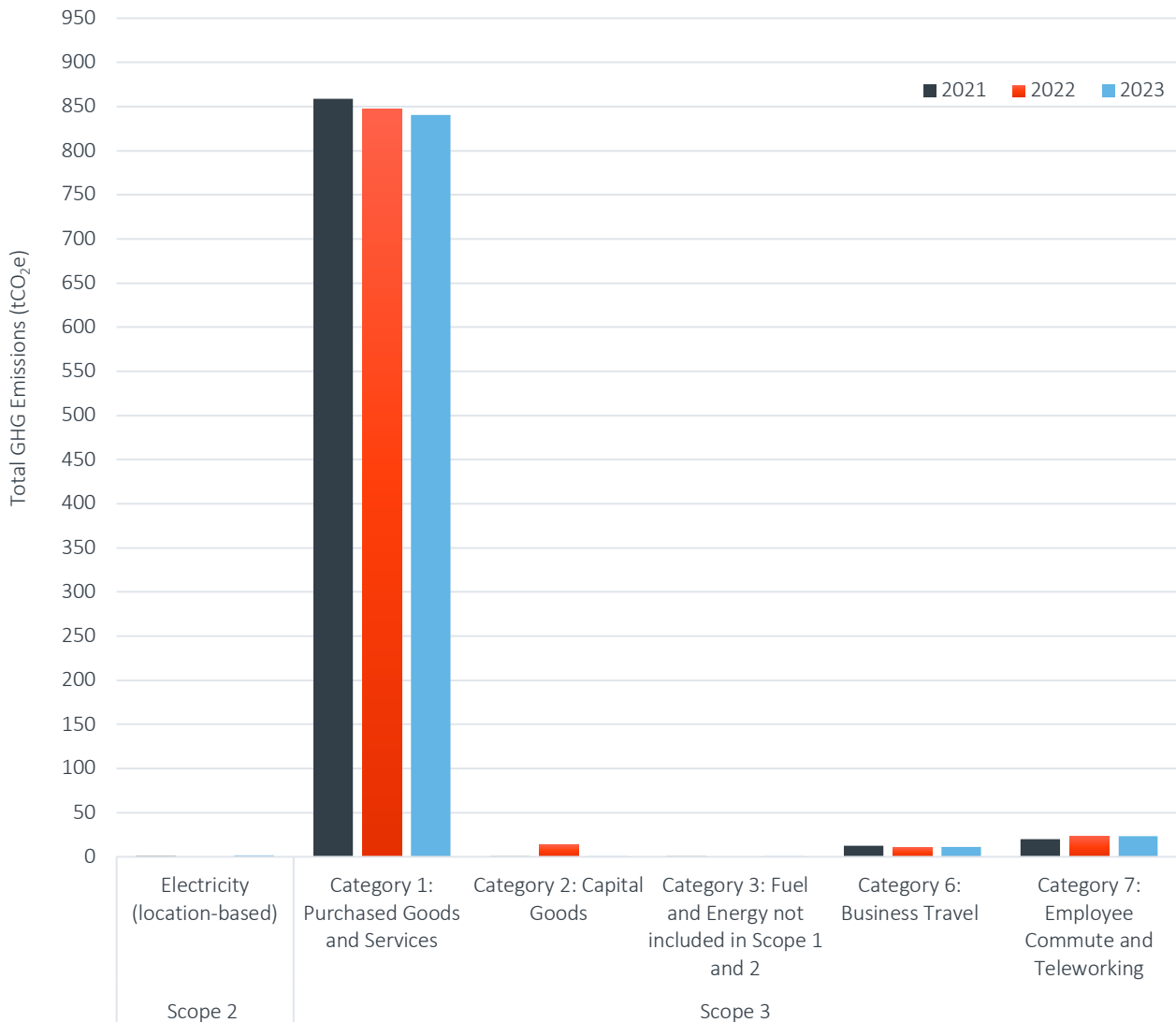


FIGURE 1: Novex’s 2021 - 2023 GHG Emissions by Source (tCO₂e)

3. Comparison of Emissions: 2007-2023

Novex’s total 2023 emissions were 52.3% lower than in 2007, decreasing by an impressive 962.3 tCO₂e. From 2007 to 2023, GHGs from teleworking, fuel and energy not included in Scope 1 and 2, and third-party servers increased by 1.8 tCO₂e, 0.1 tCO₂e, and 0.1 tCO₂e respectively. All other emission sources fell over the same period. The largest contributor to the reduction was contracted driving emissions from small vehicles, which dropped by 779.0 tCO₂e or 57.7%. Additionally, contracted driving emissions from freight vehicles saw a significant decrease, falling by 90.7 tCO₂e or 25.6%. The next largest decrease was from reimbursed staff driving, which fell by 56.5 tCO₂e or 83.6%. Overall, there was a 100.0% reduction in Scope 1 emissions, an 85.8% decrease in Scope 2, and a 51.6% reduction in Scope 3 emissions.

4. Reduction Strategies

Ostrom Climate recommends that Novex continue to focus on reducing their largest sources of emissions.

4.1. Purchased Services – Contracted Driving

The largest source of emissions is from the contracted drivers who complete Novex's deliveries. To reduce GHGs from this source, it is recommended to:

- Continue increasing the number of contracted drivers with electric vehicles (EVs) to reach the target of achieving 100% EVs by 2030

Figure 2, below, illustrates the distance travelled by EVs and non-EVs from 2021-2023, with a projection of distances for 2030 assuming full EV transition. Figure 3 shows both the total emissions from 2021 to 2023 and the projected emissions from a 100% EV system in 2030.

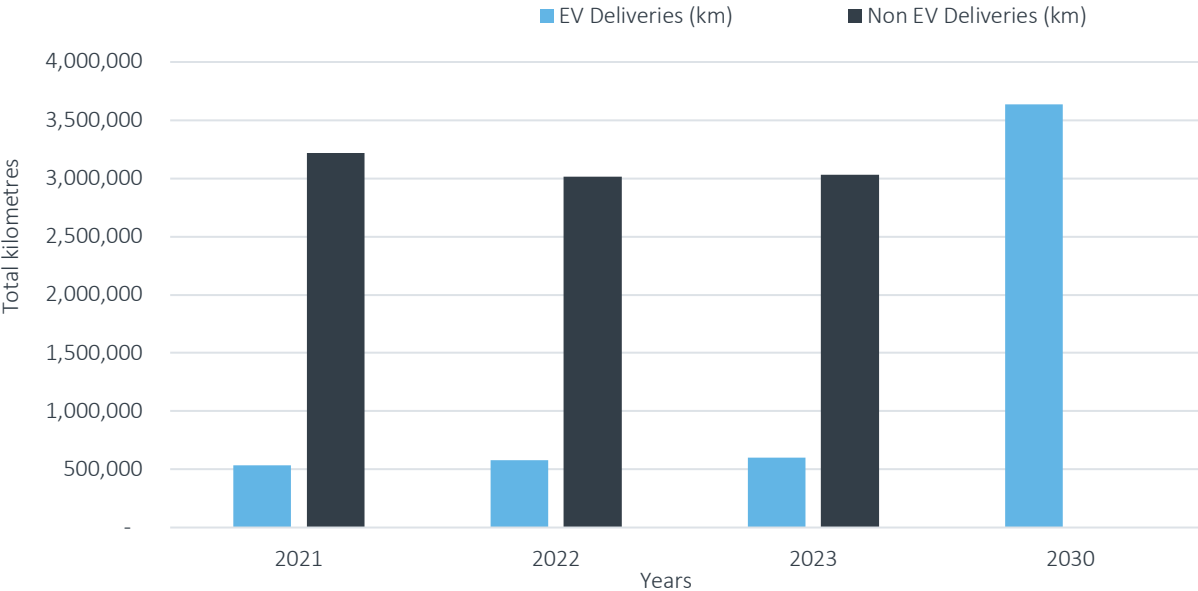


FIGURE 2: Novex’s Contracted Driving – Distance Travelled (2021-2023) with 2030 Projections

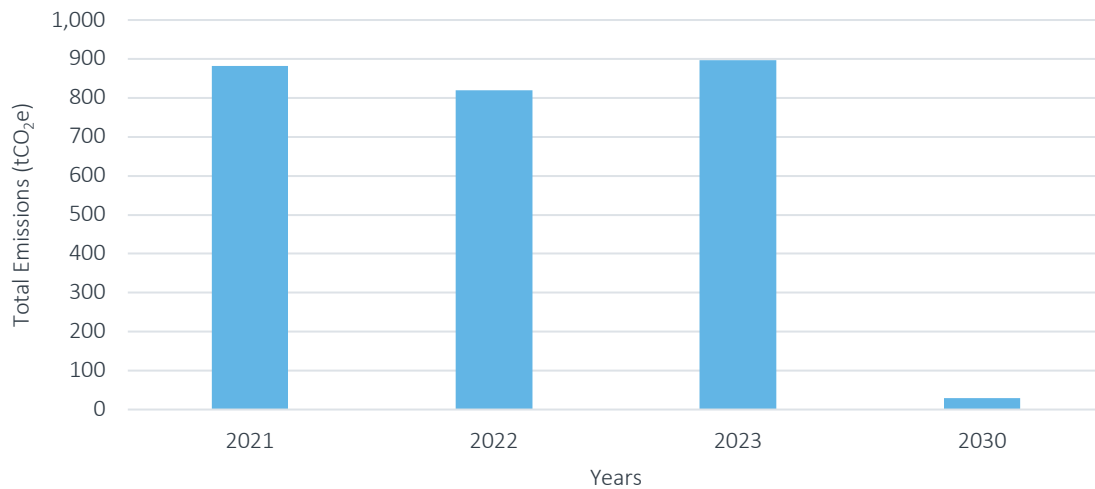


FIGURE 3: Novex’s Contracted Driving – Total Emissions with 2030 Projections

4.2. Employee Commute

To reduce emissions from this category, it is recommended to communicate with staff regarding the GHGs from commuting and encourage the use of lower-emissions modes of transportation such as ride-sharing and electric vehicles. It is advisable to incentivize a bike/walk-to-work week program, when possible. Additionally, providing EV charging stations, shower facilities, and free or discounted transit passes are recommended practices.

5. Year-Over-Year Emissions Intensity Trends

Ostrom Climate calculated Novex’s emissions intensity per kilometre travelled by contracted drivers and per delivery, as shown Table 2, below. Intensity metrics account for fluctuations in business activities, allowing companies to accurately monitor emissions efficiency over time. Emissions intensity per kilometre decreased significantly (-19.9%) from 2007 to 2023, reflecting a transition to lower emissions vehicles. Data regarding the number of deliveries in the baseline year was not available, so a comparison of GHGs per delivery was not possible; instead, a comparison of this intensity metric for 2019 and 2023 shows an increase of 19.4%, which would suggest that the distance travelled per delivery has increased.

TABLE 2: Novex’s Year-Over-Year GHG Emissions Intensity Trends

Intensity Metric	2007	2018	2019	2020	2021	2022	2023	% Change (2019-2023)	
Total kgCO ₂ e per kilometre	0.31	0.26	0.24	0.25	0.25	0.24	0.25	↑	1.9%
Total kgCO ₂ e per delivery	-	2.42	2.40	2.42	2.57	2.63	2.87	↑	19.4%

6. Reduction Targets and Emissions Trends

Having surpassed their original target of reducing 33% of their emissions by 2020 compared to their baseline year of 2007, Novex is currently on track to reach their new goal of completing all deliveries in electric vehicles by 2030. This corresponds with an absolute emissions target of 69.3 tCO₂e, assuming that emissions from utilities and other sources remain unchanged. This would mark a reduction of 96% from 2007 levels, or an average reduction of 76.9 tCO₂e per year as shown in Figure 4. Figure 5 represents a linear progression toward achieving 100% EV usage by 2030.

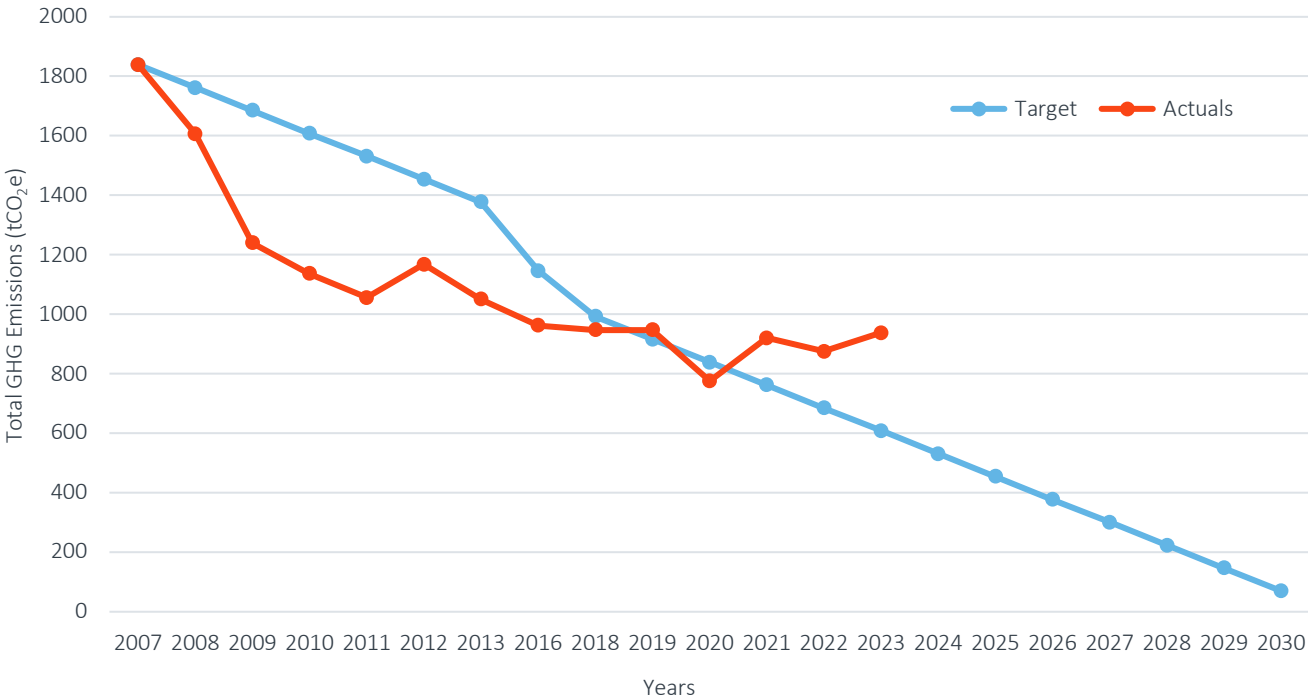


FIGURE 4: Emissions Reduction Target with 100% EV Deliveries by 2030

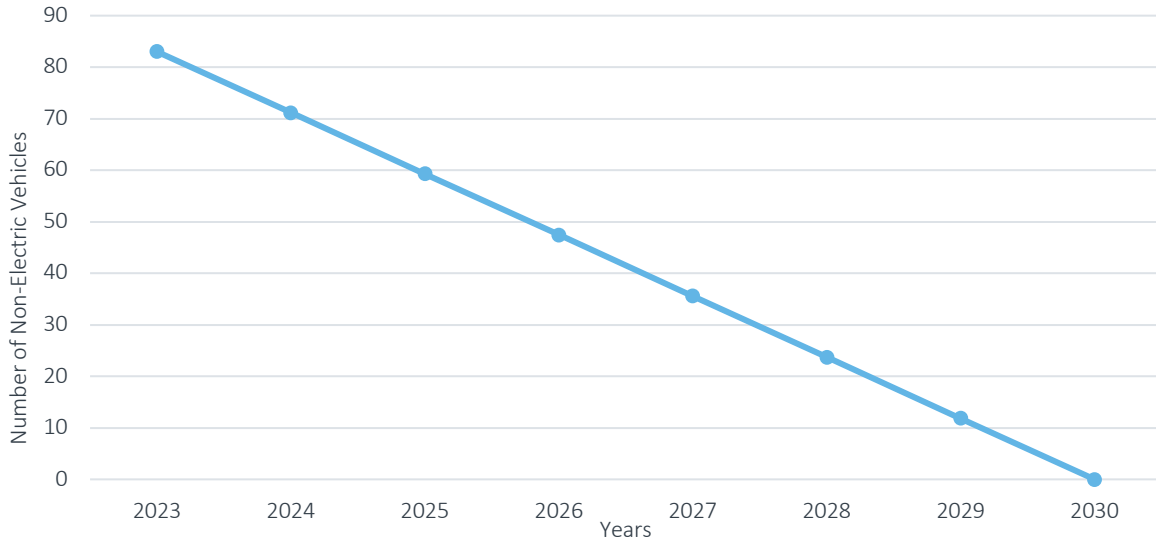


FIGURE 5: Novex’s Contracted Driving – Transition to 100% electric by 2030

7. Climate Designation

In most cases, organizations are unable to reduce 100% of their operational emissions and are left with unavoidable GHGs. To go beyond this reduction barrier and take full responsibility for their emissions, organizations can purchase carbon offsets to mitigate their GHGs and achieve carbon neutrality. A carbon offset is an investment in a project with real and measurable emissions reductions and can help organizations cost-effectively meet their carbon targets.

In order to mitigate the climate impacts of their operations from 2021-2023, Novex has purchased 2,669 tonnes of carbon offsets from Ostrom Climate’s Climate Action Portfolio. In doing so, Novex has contributed to a collection of high-quality offsets from British Columbia and around the world, such as the Darkwoods Forest Carbon Project and The Southern Cardamom REDD+ Project. Supporting these projects ensures the long-term conservation and viability of forest ecosystems and wildlife. This portfolio also supports a variety of clean energy projects, including a Solar Cooker Project in China, a Wind Energy Project in India, a Solar Power Project in China, a Hydropower Plant Project in Brazil, and a Biomass Power Generation Project in China. These projects reduce the need for fossil fuels by promoting cleaner and renewable energy in the area, thus reducing carbon emissions.

Novex has offset 100% of their emissions from sources that they have previously reported on. They have thus achieved Carbon Neutral Company status for 2022, 2023, and 2024.

