

Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Fossil Group, Inc. is a design, innovation and distribution company specializing in consumer fashion accessories. Our products include traditional watches, smartwatches, jewelry, handbags, small leather goods, belts and sunglasses. We design, develop, market and distribute products under our owned brands FOSSIL, SKAGEN, MICHELE, RELIC and ZODIAC and licensed brands ARMANI EXCHANGE, DIESEL, DKNY, EMPORIO ARMANI, KATE SPADE NEW YORK, MICHAEL KORS, and TORY BURCH. Based on our range of accessory products, brands, distribution channels and price points, we are able to target style conscious consumers across a wide age spectrum on a global basis.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022

End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for

2 years

Select the number of past reporting years you will be providing Scope 2 emissions data for

2 years

Select the number of past reporting years you will be providing Scope 3 emissions data for

2 years

C0.3

(C0.3) Select the countries/areas in which you operate.

Australia
Austria
Belgium
Canada
China
China, Macao Special Administrative Region
France
Germany
Hong Kong SAR, China
India
Italy
Japan
Malaysia
Mexico
Netherlands
Poland
Portugal
Republic of Korea
Singapore
South Africa
Spain
Sweden
Switzerland
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	FOSL

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Chief Executive Officer (CEO)	Our CEO currently chairs the ESG Council to oversee the climate-related issues.
Board-level committee	<p>The Audit Committee has an indirect reporting line from the ESG Council to oversee the climate-related issues.</p> <p>The Nominating and Corporate Governance Committee is responsible for the enterprise risk, which includes the climate risk issues.</p>
Other, please specify ESG Council	<p>The ESG Council is comprised of members from the executive leadership team and typically reports directly to the CEO. The CEO is currently the chair for the ESG Council.</p> <p>The ESG Council is accountable for the enterprise's ESG strategy, provides strategic direction to the ESG working group and makes enterprise-level ESG-related decisions. The Council has a direct reporting line to the Executive Leadership Team (ELT) and an indirect reporting line to the Audit Committee.</p>

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<ul style="list-style-type: none"> Overseeing acquisitions, mergers, and divestitures Reviewing and guiding strategy Overseeing and guiding the development of a transition plan Overseeing the setting of corporate targets Overseeing and guiding public policy engagement Overseeing value chain engagement Reviewing and guiding the risk management process 	<p>ESG Council, chaired by the company CEO, has dual reporting lines. One is reporting to the Executive Leadership Team (ELT), which is comprised of our C-suite executives plus senior leaders. The council also reports to the Audit Committee which is chaired by another outside board member.</p> <p>There are 3 core teams under the ESG Council to direct the ESG strategy in environmental, community and social issues. All climate-related initiatives are driven by the “Good for the Planet” core team.</p>

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	No, and we do not plan to address this within the next two years	Important but not an immediate priority	<p>The sustainability team has been sharing trends, knowledge and insight of climate-related issues in the quarterly held ESG council meeting and select board meetings.</p> <p>Our executive leaders would develop their competence of the topic through appraising and making decision on the climate-related initiatives. For example, our CEO and senior leaders learned about the net-zero topic when we were</p>

			committing with the Science-Based Targets Initiative in 2022.
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C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee

Other, please specify
ESG Council

Climate-related responsibilities of this position

Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Developing a climate transition plan
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities

Coverage of responsibilities

Reporting line

Other, please specify
“Executive Leadership Team” and “Audit Committee”

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

ESG Council, chaired by the company CEO, has dual reporting lines. One is reporting to the Executive Leadership Team (ELT), which is comprised of our C-suite executives plus senior leaders. The other reporting line is to the Audit Committee, a subcommittee of the board.

There are 3 core teams under the ESG Council to direct the ESG strategy in environmental, community and social issues. All climate-related initiatives are driven by the “Good for the Planet” core team.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	We have been going through a process to have climate-related targets incorporated into department goals. Incentives being tied to climate-related KPI can be in multiple forms and we are still evaluating the impact of them. We anticipate the incentives to be important for achieving the company's decarbonization roadmap.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	This is in line with Fossil Group's financial calendar. It is also a reasonable time frame to initiate and evaluate most climate-related piloting ideas.
Medium-term	2	5	We anticipate a medium-term time horizon allows reasonable time for ramping up successful pilot projects into full scope initiatives.
Long-term	5	15	Fossil Group considers long-term horizon timeframe for defining long term sustainability strategy and plans.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Not available.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

Fossil Group's Enterprise Risk Management process identifies and assesses significant risks for the business by incorporating cross-company senior management evaluation of risks on an on-going basis. The Enterprise Risk Management program and accompanying risk matrices are formally updated annually and refreshed quarterly to include risks that could have substantive financial and strategic impact. Risks related to sustainability and climate may be considered within the risk management processes and resultant risk taxonomy and integrated into multi-disciplinary company-wide risk identification, assessment, and management processes.

The Audit Committee of the Board of Directors has ultimate oversight of the Company's risk management approaches, under which the Executive Leadership Team Risk Committee provides on-going review and evaluation of current and emerging risks in addition to advising on mitigation plans. Additional sustainability and climate risk management identification, assessment and evaluation may occur through the Board-level Nominating and Corporate Governance Committee that reviews progress on the company's approach to sustainability, in addition to climate risks and opportunities as core focus areas under the environmental sustainability strategy.

To manage short, medium and long term transition risks and opportunities, Fossil Group has kicked off the evaluation process to partner with external subject matter expertise to conduct an individual climate-related risk assessment.

To understand transitional risks and opportunities, specifically related to market and

reputational risks, Fossil Group undertook a materiality assessment in 2022 with our stakeholders, from business partners, supply chain partners, customers and employees, to understand their perspectives on the company's climate-related issues.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The enterprise's business operation is spread across the world and we are subject to numerous countries' regulations. For example, Corporate Sustainability Reporting Directive (CSRD) became mandatory for EU subsidiaries of non-EU parent companies. Fossil Group is now preparing for the disclosure requirement. Since 2022, the company have invested more than usd 50,000 to implement an ESG application as our climate-related data analysis platform. It enables the company to optimize the reporting efficiency, data quality and process.
Emerging regulation	Relevant, always included	Fossil Group closely monitors changes to regulations that may impact our business, including those related to climate. To closely monitor all legal developments, Fossil Group has legal teams in its head offices in the U.S., Hong Kong and Switzerland, and such monitoring is also a focus of the sustainability team. Risks associated with emerging legislation are included in the Enterprise Risk Management process that is updated on an annual basis and refreshed quarterly. For example, being a company listed in US, the group is monitoring the development of the climate-related disclosure requirement of SEC as it will lead to direct and indirect cost impact to the company.
Technology	Relevant, always included	The rapid development of technology presents the enterprise both risk and opportunity. The use of new emerging technology by our competitors could present a risk to parts of our business which are based on the existing technology. Risks associated with technology are included in our Enterprise Risk Management process that is updated on an annual basis and refreshed quarterly.
Legal	Relevant, always included	Failure to comply with our legal obligations in relation to climate change is a major risk to the business operation. To closely monitor all legal developments, Fossil Group has legal teams in its head offices in the U.S., Hong Kong and Switzerland. Monitoring emerging legislation is also an important part of ongoing climate risk assessment by Fossil Group's Sustainability team. Risks associated with emerging legislation are included in the Company's Enterprise Risk Management process that is updated on an annual basis and refreshed quarterly.

Market	Relevant, always included	We recognize the transition to a low-carbon economy may lead to a market shift toward consumer products which have a lower impact on the climate. Understanding these changing market forces, Fossil Group is continuously assessing how to offer lower impact product to its consumers. A changing climate may also impact the availability of raw materials which is also a risk area that is monitored. Market risks are included in the Company's Enterprise Risk Management process that is updated on an annual basis and refreshed quarterly.
Reputation	Relevant, always included	We are aware that failure to manage climate issues presents a risk of damage to our brand, trust and reputation.
Acute physical	Relevant, always included	Serious physical risks are included in Company's risk management processes. Such risks may be as a result of extreme weather such as droughts, flooding and typhoons that directly impact Fossil Group's operations as a result of stoppages from damage to facilities impeding manufacturing, disruption to transportation of product, or employees not being able to reach work. Extreme weather can also severely affect the livelihoods of its employees and customers. Extreme weather events can also impact agricultural harvests which could reduce the availability of resources and/or raise their price. Supply chain disruption is managed through its supply chain risk management policies, which direct the sourcing strategy in impacted situations.
Chronic physical	Relevant, always included	Sustained unfavorable weather conditions as a result of chronic physical risks are relevant to the business and included in company risk management processes. As mentioned above, changing weather patterns resulting in more frequent and severe weather events may affect both direct business operations, as well as supply chain operations. Supply chain disruption is managed through Company's supply chain risk management policies.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation
Enhanced emissions-reporting obligations

Primary potential financial impact

Increased direct costs

Company-specific description

As a US public listed company with business operations around the world, we are subject to different international and local emerging climate-related regulations, e.g. SEC climate-related disclosure, and European Union CSRD. Fossil Group considers this to be an identified risk as it will disrupt our sourcing strategy. We will need to re-evaluate our supply chain partner(s) to determine who can support us in meeting the requirements of the climate-related disclosure frameworks. In addition, we face the pressure to improve our current data management process and system in order to deliver in shorter reporting cycles and with higher data quality required by the coming disclosure regulations.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

2,000,000

Potential financial impact figure – maximum (currency)

80,000,000

Explanation of financial impact figure

In a scenario where the company fails to meet disclosure requirement, the potential financial impact is estimated based on the projected sales loss which might result from import/export activity suspension (cross-regional) from 1 week to 3 months.

Cost of response to risk

2,200,000

Description of response and explanation of cost calculation

The financial impact would be the estimated cost of additional human capital, digitalization investment, consulting service and the transition to new suppliers.

Comment

Being a company which has over 500mio net sales in the EU, we are subjected to the disclosure requirement of the CRSD. We also anticipate the implementation of climate-related disclosure requirements from the SEC. We have started the transformation of our process and management program with our supply chain partners since 2021. With support from senior leadership, we have partnered with an IT solution platform to support our carbon-related data storage in this 3 years transformational project. In 2022, the Company approved a project to conduct a GHG emissions verification with an external agent.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market

Increased cost of raw materials

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

If a climate-related tariff is implemented, like the Carbon Border Adjustment Mechanism (CBAM), it would likely have a direct impact to the value chain of carbon-intensive sectors, currently categorized as cement, iron and steel, aluminium, fertilisers, electricity and hydrogen. We anticipate a value chain consolidation and additional cost for our suppliers to source the components if any climate-related tariffs are implemented, At Fossil, stainless steel is a major raw materials used in our products. It amounted more than 1/3 of the total mass of materials used in 2022. We also anticipate that tariffs will likely increase our indirect costs as well.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1,500,000

Potential financial impact figure – maximum (currency)

8,000,000

Explanation of financial impact figure

The potential financial impact is estimated from the impact of the consolidation of the supply chain for stainless steel. The consolidation shall impact the indirect cost of our watch and jewelry products.

Cost of response to risk

Description of response and explanation of cost calculation

The cost estimation has a direct correlation to the imposing climate-related tariffs in the scenario analysis. Cost of response to risk is not estimated due to the fluctuation in market pricing.

Comment

This risk is being monitored.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Reputation
Shifts in consumer preferences

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

According to an in-house customer survey conducted in 2022, customers have shown their desire for product with a lower environmental impact. We have been implementing initiatives to increase the usage of lower carbon intensive materials (e.g. Litehide™ material was used as an alternative to the traditional leather used in our products; in 2022, >30% of leather material mass was replaced with Litehide™). And improve our engagement with the suppliers (target to cover >85% tier 1 by 2025)

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

20,000,000

Potential financial impact figure – maximum (currency)

110,000,000

Explanation of financial impact figure

Based on a scenario that we cannot meet the expectation from the growing population of “sustainable fashion shoppers”, the company would face the risk of losing these existing customers to other choices. If the projected CAGR is 5-8%, the financial impact is estimated as the sales loss (2022 revenue: 1.68 bn) caused by losing 25% of this category of shoppers over a period of 1 to 10 years.

Cost of response to risk

3,000,000

Description of response and explanation of cost calculation

The estimation is based on an estimate of the increased direct cost associated with the switch to existing low carbon alternative materials.

The cost of response also includes an estimated cost of partnering with an external advisor on new materials development as part of the long-term strategy.

Comment

The company has had a team dedicated to sustainable material development as early as in 2018. We have successfully adopted various lower-climate-impact materials in our watches, leather goods, jewelry, connected device and accessories. In 2022, through the effort from the product development team, >30% of leather material used in our leather goods was substituted with Litehide™, which helped the category to save 7.5% of the absolute emissions.

The Company’s supply chain sustainability program was established in 2022. The program has been targeting our tier 1 vendors to enable us to collect data regarding policy and licenses for environmental affairs, environmental performance, manufacturing

processes, raw materials used etc.. The data will help us to evaluate the impact of our tier 1 vendors for different product categories.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

According to an in-house customer survey conducted in 2022, customers has shown their desire for with less environmental impact. During our process of setting our science-based targets, we have been engaging with the business team and supply chain team to explore the scenario. We plan to implement working groups and initiatives to increase the usage of low impact materials and improve our engagement with our suppliers on the selection of lower impact materials and processes.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

20,000,000

Potential financial impact figure – maximum (currency)

110,000,000

Explanation of financial impact figure

Based on the 5-10 year scenario, there is a high possibility that the business size for low carbon products (watch, leather goods, jewelry) will grow 5-8%.

Cost to realize opportunity

3,000,000

Strategy to realize opportunity and explanation of cost calculation

Based on a scenario that we can meet the expectation from the growing population of “sustainable fashion shoppers”, the company would estimate a gain of new customers. If the projected CAGR is 5-8%, the financial impact is estimated as the sales gain (2022 revenue: 1.68 bn) caused by gaining 25% of this category of shoppers over a period of 1 to 10 years.

Comment

The company had a team dedicated to sustainable material development as early as in 2018. We have successfully adopted various lower-climate-impact materials in our watches, leather goods, jewelry, connected devices and accessories. As an example of making progress, >30% of leather material mass used in our leather product category was substituted with Litehide™.

The Company’s supply chain sustainability program was established in 2022. The program has been targeting our tier 1 vendors to enable us to collect data regarding policy and licenses for environmental affairs, environmental performance, manufacturing processes, raw materials used, etc.. The data will help us to evaluate the impact of our tier 1 vendors for different product categories.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Returns on investment in low-emission technology

Company-specific description

In 2022, 20% of our electricity was sourced from renewable energy, mainly in the EMEA region. In the past years, we have established successful cases with on-site installation of solar power generating facility with an average payback period of 3-5 years. In 2022, we worked with one of our key vendors to install a rooftop power generation facility, which had a payback period of 1.5 year. Because of these successful cases, we are working to increase our investment to expand the adoption of renewable energy sources at our facilities. We are aiming to double our renewable energy usage by 2025 (2021 baseline).

We have a goal to reduce 85% scope 1 + 2 emissions by 2030. In addition to the on-site installation, we are also developing a transition plan to establish renewable energy contracts for additional locations.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The potential financial opportunity is based on an estimate of the savings gained by the difference between a predetermined energy price set up in a Corporate Power Purchase Agreement and the energy price in the market.

Cost to realize opportunity

2,100,000

Strategy to realize opportunity and explanation of cost calculation

Based on the assumption that 100% of our direct energy consumption is switched to renewable source. The estimated cost is the total spend on Renewable Energy Contract (REC) and the price of REC is based on the inputs from multiple REC suppliers. The

amount of usage is based on the total non-renewable energy consumption in our 2021 baseline, and assume we have to purchase REC for these non-renewables.

The potential return is based on the positive gain through setting a pre-determined energy price of a CPPA.

Comment

This opportunity is being monitored.

C3. Business Strategy

C3.1

(C3.1) Does your organization’s strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan

Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan

We do not have a feedback mechanism in place, and we do not plan to introduce one within the next two years

Attach any relevant documents which detail your climate transition plan (optional)

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C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	No, but we anticipate using qualitative and/or quantitative analysis in the next two years	Important but not an immediate priority	The key priorities in 2022 were to determine the Company’s emission reduction target and to increase internal engagement and awareness

			related to emission reductions. We anticipate engaging with climate-related scenario analysis consultants to identify transition risk and the anticipated financial risk for the company in 2024.
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C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>Some of the raw materials used in our watches, jewelry, and leather goods are considered as high carbon intensive materials. Emerging regulations may lead to higher tariffs on products manufactured with these materials. This is identified as a climate-related risk to our products which will affect our strategy.</p> <p>The growing demand for low-impact products pose both risks and opportunities with respect to our products. During the transition to a low carbon economy, some of products will lose their competitiveness and be eliminated from the market. On the other hand, there is opportunity if we can innovate to meet the market's expectation. For example, in 2022, we have successfully replaced 30% of traditional leather with the Litehide™ leather, which offers 25% carbon reduction in the product footprint. It was a saving of ~10,000 MT CO₂eq.</p> <p>In addition to products, we are also exploring new business models to meet the climate-related risk and opportunity. In 2022, we launched a circular business model in the EMEA region where customers can take back used watches (selected models) to our stores and exchange them for buying credits. In the first 3 months of the initiative, we have successfully collected >700 watches, which were given a second life by refurbishment and reselling.</p>
Supply chain and/or value chain	Yes	Our scope 3 (production related) includes the emissions of the raw materials used in the products, packaging of finished goods, bulk packaging and the emissions

		<p>generated from the product assembling process.</p> <p>Our manufacturing emissions account for 7% of our total Scope 3 emission. We also acknowledge the general public interest to know more about our product carbon footprint. Therefore, we have begun setting up the supply chain sustainability program, which aspires to build closer connections with our suppliers, and also to share relevant industry updates with them.</p> <p>In 2022 we performed our first sustainability-related engagement with our T2 suppliers, which we identify as an opportunity to share our progress in science-based target setting. We are also planning to roll out a new IT solution platform dashboard to our suppliers that will indicate their contributed emission for Fossil Group, which will improve our data transparency, and raise awareness within the suppliers.</p>
Investment in R&D	No	Currently, investment in R&D has not yet influenced climate-related risks and opportunities, as our priority was to address risks and opportunities within our existing business operation and supply chain. We anticipate future investment with an external partner for new materials development opportunities.
Operations	Yes	The requirement of reducing Scope 1 and Scope 2 emission through science-based targets has raised internal awareness that green energy is the strategic solution to reduce our operational carbon emission. For example, our warehouse in Germany has already switched to renewable energy through on-site solar power generation facility. We would continue to invest in green energy transition projects in order to meet our science-based target to reduce 85% of our Scope 1 and Scope 2 emissions.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

Financial planning elements that have been influenced	Description of influence

Row 1	Direct costs	<p>To address the climate-related risks specified in C3.3, we realized the essential needs to increase our direct cost in our financial plans. In 2022, we included additional budget for a new technology solutions platform implementation and additional human capital for setting up a new team in India to manage the system. These impact our financial planning of our direct cost.</p> <p>In 2022, the financial planning was also impacted by the cost of switching to low carbon alternative materials (e.g. more than 3 million kg of Litehide™ leathers, more than 1 million kg of recycled FSC certified paper packaging); and the switching to low carbon services (e.g. carbon-offset logistics).</p>
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C3.5

(C3.5) In your organization’s financial accounting, do you identify spending/revenue that is aligned with your organization’s climate transition?

Identification of spending/revenue that is aligned with your organization’s climate transition	
Row 1	Yes, we identify alignment with our climate transition plan

C3.5a

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization’s climate transition.

Financial Metric

OPEX

Type of alignment being reported for this financial metric

Alignment with our climate transition plan

Taxonomy under which information is being reported

Objective under which alignment is being reported

Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)

260,000

Percentage share of selected financial metric aligned in the reporting year (%)

1

Percentage share of selected financial metric planned to align in 2025 (%)

1

Percentage share of selected financial metric planned to align in 2030 (%)

1

Describe the methodology used to identify spending/revenue that is aligned

The business plan of climate-related initiatives is discussed and appraised by the ESG Council and the Executive Leadership Team.

Some climate-related spending is collected in the annual carbon accounting cycle. On an annual basis, the team will send out surveys to our global functions and >100 suppliers to collect the spending and consumption data for the company's carbon calculus.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

No, but we anticipate setting one in the next two years

Target ambition

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Base year

2021

Base year Scope 1 emissions covered by target (metric tons CO₂e)

370

Base year Scope 2 emissions covered by target (metric tons CO₂e)

13,127

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO₂e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

13,487

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO₂e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO₂e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO₂e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO₂e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO₂e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO₂e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO₂e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO₂e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO₂e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO₂e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO₂e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO₂e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO₂e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO₂e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

85

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

2,023.05

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

777

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

8,207

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

8,985

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

39.2709319214

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

The absolute emissions target covers for both Scope 1 & 2.

Plan for achieving target, and progress made to the end of the reporting year

In a long run, we are going to implement energy efficiency guidelines for the logistics centres and production facilities. In addition, we continue to look for opportunity for establishing REC as part of our decarbonization roadmap in the medium-term.

We are currently working on these initiatives:

- Switch to renewable energy option for offices and stores in markets where available
- Implement energy saving policy at the regional logistics centers and production facility
- Implement best practices of energy saving at office locations

List the emissions reduction initiatives which contributed most to achieving this target

Target reference number

Abs 2

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Year target was set

2022

Target coverage

Company-wide

Scope(s)

Scope 3

Scope 2 accounting method

Scope 3 category(ies)

Category 1: Purchased goods and services

Category 2: Capital goods

Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2)

Category 4: Upstream transportation and distribution

Category 5: Waste generated in operations

Category 6: Business travel

Category 7: Employee commuting

Category 9: Downstream transportation and distribution

Category 11: Use of sold products

Category 12: End-of-life treatment of sold products

Base year

2021

Base year Scope 1 emissions covered by target (metric tons CO2e)

Base year Scope 2 emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

194,665

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

5,658

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

2,870

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

31,258

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

146

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

3,663

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

5,315

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

8,188

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

1,103

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

1,937

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

268,300

Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

268,300

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO₂e)

100

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO₂e)

100

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e)

100

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e)

100

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO₂e)

100

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO₂e)

100

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO₂e)

100

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO₂e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e)

100

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO₂e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO₂e)

100

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO₂e)

100

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO₂e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO₂e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO₂e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO₂e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO₂e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

100

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

45

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

147,565

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO₂e)

166,373

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO₂e)

8,336

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO₂e)

2,145

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO₂e)

22,743

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO₂e)

487

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO₂e)

3,123

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO₂e)

5,623

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO₂e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO₂e)

5,289

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

1,258

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

1,781

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

217,157

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

217,157

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

42.359713422

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

The intensity target covers scope 3 emissions from our direct operation and direct suppliers. It excludes scope 3 cat 1 (non-production related) emissions.

Plan for achieving target, and progress made to the end of the reporting year

Scope 3 category 1 contributed more than 55% of our total emissions last year. We identified the hotspots and prioritized them in the decarbonization roadmap. Our plan was to focus on using more low carbon alternatives in key product category, packaging and bulking packaging.

Our current emission reduction initiatives:

- Increase the usage of LiteHide™ leather in our leather goods category
- Increase the recycled content of stainless steel components of the watch category
- Measure and increase the recycled content of the paper bulk packaging

In a long-term, we identified the hotspots and prioritized them in the decarbonization roadmap. Our plan was to focus on using more low carbon alternatives in key product category, packaging and bulking packaging.

List the emissions reduction initiatives which contributed most to achieving this target

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	7	0
To be implemented*	2	720.9

Implementation commenced*	1	902.5
Implemented*	1	3,357.5
Not to be implemented	1	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Other, please specify

Other, please specify

Increase the usage of Litehide™ leather in leather goods products

Estimated annual CO2e savings (metric tonnes CO2e)

3,357.5

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 3 category 1: Purchased goods & services

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

0

Payback period

No payback

Estimated lifetime of the initiative

6-10 years

Comment

Litehide™ leather material is a type of leather hide which has approximately 25% reduction in carbon intensity compared to conventional animal hide. Since leather goods account for more than 40% of our production-related emissions, we commenced a project to expand the use of Litehide™ materials in our leather products. In 2022, Litehide™ usage was successfully increased to 35% (by mass) which helped us to reduce 6400 MT CO2eq.

To align with the corporate science-based target, we are planning to have >35% of leather materials of leather goods be sourced from low carbon materials, e.g. Litehide™,

by 2030. For the long term goal, we anticipate new alternatives with greater environmental benefits will be available in the market, which will be the new engine for us to further reduce the carbon footprint of our leather goods.

We see the investment required is dependent on our product design consideration. The investment cost is still under-negotiation in 2023.

Initiative category & Initiative type

Other, please specify

Other, please specify

Switch to lower carbon alternatives in packaging

Estimated annual CO₂e savings (metric tonnes CO₂e)

902.5

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 3 category 1: Purchased goods & services

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

800,000

Payback period

No payback

Estimated lifetime of the initiative

11-15 years

Comment

Fossil Group's signature FOSSIL brand packaging for watches includes a collectable tin box. The major raw material used for this packaging is iron which becomes the main source of emission of the packaging. We commenced a project in 2022 to evaluate the possibility of switching from metal tin to recycled aluminium, which is a transition to lower-carbon material and also an increase in recycled content.

To align with the corporate science-based target, we proposed a plan to achieve 95% of emission reduction through switching all tin boxes to recycled aluminium boxes by 2030. We anticipate a medium-term lifetime for this project as it has to be consistent with our 2030 and 2040 SBT.

The investment cost is still under-negotiation, estimated to be additional 800,000 USD in sourcing the new raw materials.

Initiative category & Initiative type

Low-carbon energy consumption
 Low-carbon electricity mix

Estimated annual CO2e savings (metric tonnes CO2e)

55.9

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

0

Investment required (unit currency – as specified in C0.4)

800,000

Payback period

4-10 years

Estimated lifetime of the initiative

6-10 years

Comment

To align with the corporate science-based targets, we proposed a green energy transition plan in our operational sites in the Americas. This includes extra expenditure of switching to suppliers providing a green energy option. We also have plans to promote energy efficiency, e.g. switching to more LED lighting, with Americas being our priority.

The estimated lifetime of this first phase project to be 6-10 years that meets the upcoming science-based target of 75% Scope 1-2 emissions by 2030.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Employee engagement	A corporate training activity was held in 2022 to introduce leaders to the key findings of the Intergovernmental Panel on Climate Change (IPCC) report, and they were asked to brainstorm carbon emission reduction initiatives for their team.

Financial optimization calculations	Financial optimization and emission reduction calculations were conducted to determine the cost required to increase the proportion of lower-emission material in our packaging, and also the potential to switch to onsite renewable energy in some areas of EMEA.
Other Cost reduction and innovation	Regular meetings were also scheduled to present the carbon emission intensity (kg CO2/kg product manufactured) across different business units, to discuss the possibility to switch to lower carbon products or materials.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

No

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in methodology	Change in boundary: For Scope 1, the EMEA natural gas, EMEA and APAC mobile source data in 2021 base year were not obtainable. In 2022, we received comprehensive natural gas and mobile source data from all

<p>Yes, a change in boundary</p>	<p>AMERICAS, EMEA and APAC regions, which support us to expand our Scope 1 boundary.</p> <p>For Scope 3 Category 1 purchased goods and services, we remove software expenditure in our boundary as they are categorized as emissions controlled by our software provider. We added bulk packaging into this Scope 3 category, since we identified bulk packaging such as cardboard and plastic bags are purchased in our warehouse operation.</p> <p>For Scope 3 Category 1 purchased goods and services (manufacturing emission), in 2021 we were not able to obtain straps and mass market traditional watch manufacturer emission. This year, we were able to approach relevant suppliers and estimate the general manufacturing process emission which expanded the boundary.</p> <p>For Scope 3 Category 5 waste, in the 2021 baseline we only relied on several data points from small amounts of stores to calculate our waste emission. In 2022 calculation, we understood most of the bulk packaging purchased by the warehouse will be either disposed/recycled in our warehouse, or disposed/recycled in our directly operated stores.</p> <p>For Scope 3 Category 12, in the 2021 baseline we only assumed the case and strap materials of our watch to be disposed of by our customers. After considering our watch battery will most likely be replaced after 2 years, we added battery disposal by customers in the 2022 boundary.</p> <p>Change in methodology: For Scope 3 Category 1 purchased goods and services, in 2021 we have not divided the raw materials usage into smaller groups. For example, we assumed all types of plastics (PP, PU, silicone, rubber) to be the same generalized plastic with only one specific emission factor. This year, we separated plastics into 10 groups. For leather goods, in 2021 we were not able to obtain material breakdown, so we assumed all materials under our leather goods product category to be cowhide. In 2022, we were able to provide an estimated percentage and weight of non-leather materials, which we were able to expand our materials to 10 under leather goods categories. Each new materials were assigned a specific emission factor that improves the accuracy of the emission estimation.</p> <p>For Scope 3 Category 5, in 2022 we assumed all bulk packaging purchased will be disposed of in our direct operation.</p>
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C5.1c

(C5.1c) Have your organization’s base year emissions and past years’ emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Base year emissions recalculation policy, including significance threshold	Past years’ recalculation
Row 1	No, because the impact does not meet our significance threshold	Fossil identifies the significance threshold to be above 5% of previous year’s total emission, which will be more than 13300 MT CO2 change in emission.	No

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

370

Comment

Scope 2 (location-based)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO2e)

14,098

Comment

Scope 2 (market-based)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

13,127

Comment

Market-based emission factors (EFs) were used for EMEA as green energy were widely sourced in EMEA facilities.

Scope 3 category 1: Purchased goods and services

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

194,665

Comment

Scope 3 category 2: Capital goods

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

5,658

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

2,870

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

31,258

Comment

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

146

Comment

Scope 3 category 6: Business travel

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

3,663

Comment

Scope 3 category 7: Employee commuting

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

5,315

Comment

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

8,188

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 11: Use of sold products

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

1,103

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

January 1, 2021

Base year end

December 31, 2021

Base year emissions (metric tons CO₂e)

1,937

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO₂e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

777

Start date

January 1, 2022

End date

December 31, 2022

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO₂e)

370

Start date

January 1, 2021

End date

December 31, 2021

Comment

Past year 2

Gross global Scope 1 emissions (metric tons CO₂e)

3,514

Start date

January 1, 2020

End date

December 31, 2020

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

The Scope 2 emission figures relating to electricity are obtained using market-based methodology, giving specific attention to the proportion of electricity from renewable sources.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

10,840

Scope 2, market-based (if applicable)

8,207

Start date

January 1, 2022

End date

December 31, 2022

Comment

Past year 1

Scope 2, location-based

14,098

Scope 2, market-based (if applicable)

13,127

Start date

January 1, 2021

End date

December 31, 2021

Comment

Past year 2

Scope 2, location-based

25,161

Scope 2, market-based (if applicable)

27,034

Start date

January 1, 2020

End date

December 31, 2020

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source of excluded emissions

The emission from the purchased heat of 7 stores in Japan and the manufacturing site in Switzerland.

Scope(s) or Scope 3 category(ies)

Scope 2 (location-based)

Relevance of Scope 1 emissions from this source

Relevance of location-based Scope 2 emissions from this source

Emissions are relevant and calculated, but not disclosed

Relevance of market-based Scope 2 emissions from this source

Relevance of Scope 3 emissions from this source

Date of completion of acquisition or merger

Estimated percentage of total Scope 1+2 emissions this excluded source represents

3.3

Estimated percentage of total Scope 3 emissions this excluded source represents

Explain why this source is excluded

The sites could not provide the type of purchased heat and accurate activities data.

Explain how you estimated the percentage of emissions this excluded source represents

Assume the purchased heat type is hot water. Referencing the Chinese government central heating's input temperature 90 °C and output hot water temperature 70 °C. Using the formula of activity data for hot water = Mass of hot water * (90-20)*4.1868*0.001 to get the GJ provided by hot water. Then multiply activity data by emission factor of steam and heat in Greenhouse Gas Inventories 1 April 2022.

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

166,373

Emissions calculation methodology

Hybrid method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

9.68

Please explain

Both non-production related and production related data are collected. Spend data of non-production related is collected, which includes materials for marketing/communication, facilities for fixtures/furniture/office supplies, hardware and print product.

Actual quantities of raw materials used in bulk packaging and product production are collected for production-related emissions. Products comprise of traditional watches, jewelry, leather goods, connected devices, straps, watches (mass market), and packaging goods.

Suppliers were asked to provide energy consumed during the production process of our products. Average data methods were used to fill in the data gap if the suppliers failed to provide reliable energy consumption.

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

8,336

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Total spend data related to manufacturing equipment and operational vehicles is collected.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

2,145

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The amount of purchased fuel and electricity are collected. Well-to-tank for fuel, and electricity generation and T&D losses are calculated.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

22,743

Emissions calculation methodology

Supplier-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

All logistic vendors provide the carbon footprint of products transportation. Allocation of the emissions for Fossil's products is adopted.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

487

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The sewage treatment process was considered as a source of emission. For facilities without sewage volume, assume freshwater intake volume equals sewage volume. The mass of bulk packaging was extracted and assumed to be the overall waste volume of our direct facilities.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

3,123

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Spend data related to lodging, air travel, ground transport and rental cars is recorded and collected for calculation.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

5,623

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Total number of staff from operations in each region is counted.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

This category includes emissions from the operation of assets that are leased by the reporting company in the reporting year and not already included in the reporting company's scope 1 and scope 2 inventories. All emissions from leased facilities were involved in the result of scope 1 and scope 2. No leased facilities were excluded in the calculation. Therefore, this category is not relevant.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

5,289

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The emissions were divided into two sources: E-commerce and customer travel to retail. The emissions were estimated by distance-based method: which involves determining the mass, distance, and mode of each shipment, and applying the appropriate mass-distance emissions factor for the vehicles used. The mass of sold products and packaging is estimated by sold units and the mass of product-related purchased raw materials during the reporting year. Using the mass of raw materials and packaging by total sold units to estimate the average weight of each product.

For e-commerce estimation, assuming 25% of sold units through the internet were already covered by Fossil Group. This proportion has been accounted into category 4 because the fee was already paid by the reporting company to the logistic vendors. Therefore, we excluded this 25% of e-commerce to avoid double counting. The other 75% of e-commerce is involved in category 9. The e-commerce sold units for each product line were provided by the reporting company. Estimated by assumptions such as the transport distance is 500 miles and distribution distance is another 5 miles to end customers. Thus the carbon footprint of e-commerce could be calculated through the mass of product, sold units, transport mode and distance.

For retail parts, assuming the customers in the NAM region will travel 11 km and purchase 3 units each time. The customers in the EMEA and the APAC regions will travel 3 km and purchase 2 units each time. Assumed 50% consumers travel to stores by their own private cars and other 50% consumers travel to stores by public transportation. The carbon footprint of retail could be calculated through the number of trips, mode of transportation and distance travelled.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

This category includes emissions from the processing of sold intermediate products by third parties after the sale by the reporting company. Fossil did not sell intermediate products, so this category is irrelevant to the business.

Use of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,258

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

This category primary emission comes from the use of connected devices. The smart watches' sold units are recorded by Fossil group. Our results assume one full charge consumes 1.5 Wh based on Fossil Gen 6 rechargeable battery capacity to be 300 mAh and charging voltage to be 5 volts. We also assume users charge rechargeable watches from empty to full every day, and it's assumed that these products are in use for 5 years.

End of life treatment of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,781

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The sold production's end-of-life treatment's emission is estimated by the mass of raw materials. The raw materials' mass is recorded by Fossil Group. Battery disposal was estimated by a 3 year averaging method of the number of watches we produced in 2020, 2021 and 2022. Since our battery has a normal lifespan of two years, we estimate the previous watch manufacturing activities will lead to our customers' disposal of the battery. We assume each battery to be 5 grams in weight.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Fossil does not act as a lessor.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Fossil does not have franchises.

Investments

Evaluation status

Relevant, not yet calculated

Please explain

Fossil is not an investment firm nor does it provide financial services.

Other (upstream)

Evaluation status

Relevant, not yet calculated

Please explain

All relevant emissions are captured in the Categories above.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

All relevant emissions are captured in the Categories above.

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date

January 1, 2021

End date

December 31, 2021

Scope 3: Purchased goods and services (metric tons CO₂e)

194,665

Scope 3: Capital goods (metric tons CO₂e)

5,658

**Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
(metric tons CO₂e)**

2,870

Scope 3: Upstream transportation and distribution (metric tons CO₂e)

31,258

Scope 3: Waste generated in operations (metric tons CO₂e)

146

Scope 3: Business travel (metric tons CO₂e)

3,663

Scope 3: Employee commuting (metric tons CO₂e)

5,315

Scope 3: Upstream leased assets (metric tons CO₂e)

Scope 3: Downstream transportation and distribution (metric tons CO₂e)

8,188

Scope 3: Processing of sold products (metric tons CO₂e)

Scope 3: Use of sold products (metric tons CO₂e)

1,103

Scope 3: End of life treatment of sold products (metric tons CO₂e)

1,937

Scope 3: Downstream leased assets (metric tons CO₂e)

Scope 3: Franchises (metric tons CO₂e)

Scope 3: Investments (metric tons CO₂e)

Scope 3: Other (upstream) (metric tons CO₂e)

Scope 3: Other (downstream) (metric tons CO₂e)

Comment

This is our base year.

Past year 2

Start date

January 1, 2020

End date

December 31, 2020

Scope 3: Purchased goods and services (metric tons CO2e)

129,192

Scope 3: Capital goods (metric tons CO2e)

588

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

17,342

Scope 3: Upstream transportation and distribution (metric tons CO2e)

21,658

Scope 3: Waste generated in operations (metric tons CO2e)

32

Scope 3: Business travel (metric tons CO2e)

1,155

Scope 3: Employee commuting (metric tons CO2e)

10,146

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

8,282

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

2,432

Scope 3: End of life treatment of sold products (metric tons CO2e)

14,309

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

5.3

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

8,985

Metric denominator

unit total revenue

Metric denominator: Unit total

1,680,000,000

Scope 2 figure used

Market-based

% change from previous year

28

Direction of change

Decreased

Reason(s) for change

Change in renewable energy consumption

Other, please specify

Improved data quality

Please explain

An improved data quality based on reliable consumption data, instead of spend data that could have caused over-estimation in previous year. Also, green energy has been used in more EMEA countries.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO ₂ e)	GWP Reference
CO ₂	716.516	IPCC Fifth Assessment Report (AR5 – 100 year)
CH ₄	0.389	IPCC Fifth Assessment Report (AR5 – 100 year)
N ₂ O	1.781	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	4.643	IPCC Fifth Assessment Report (AR5 – 100 year)
Other, please specify	52.916	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

Country/area/region	Scope 1 emissions (metric tons CO ₂ e)
Americas	577
Europe, Middle East and Africa (EMEA)	164
Asia Pacific (or JAPA)	37

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Storage	251
Daily Operation	174
Retail Activity	352
Distribution	0.002

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Americas	4,842	4,842
Europe, Middle East and Africa (EMEA)	3,120	486
Asia Pacific (or JAPA)	2,878	2,878

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Storage	1,851	1,254
Daily Operation	3,889	3,806
Manufacturing	332	332
Retail Activity	4,769	2,815

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

No

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption				
Other emissions reduction activities				
Divestment				
Acquisitions				
Mergers				
Change in output	2,851	Decreased	20	Store closure leads to the decrease in overall emission.
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Don't know

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

Don't know

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	4,155	4,155
Consumption of purchased or acquired electricity		5,354	21,345	26,699
Total energy consumption		5,354	25,500	30,854

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

Comment

We don't consume sustainable biomass.

Other biomass

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

Comment

We don't consume other biomass.

Other renewable fuels (e.g. renewable hydrogen)

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

Comment

We don't consume other renewable fuels.

Coal

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

Comment

We don't consume coal as fuel.

Oil

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

Comment

We don't consume oil.

Gas

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

4,046

Comment

Natural gas is consumed mostly for heating purpose in AMERICAS and EMEA region.

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

109

Comment

Diesel, LPG, LNG is consumed for warehouse/factory trucks.

Total fuel

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

4,155

Comment

Total of our natural gas used for heating and fuels for trucks.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

Country/area of low-carbon energy consumption

Austria

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify
unknown mix

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

18

Tracking instrument used

No instrument used

Country/area of origin (generation) of the low-carbon energy or energy attribute

Austria

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Information based on electricity bills.

Country/area of low-carbon energy consumption

Belgium

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify
unknown mix

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

64

Tracking instrument used

No instrument used

Country/area of origin (generation) of the low-carbon energy or energy attribute

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Information based on electricity bills.

Country/area of low-carbon energy consumption

Spain

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify
unknown source

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

10

Tracking instrument used

No instrument used

Country/area of origin (generation) of the low-carbon energy or energy attribute

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Information based on electricity bills.

Country/area of low-carbon energy consumption

Germany

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify
unknown source

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

2,151

Tracking instrument used

No instrument used

Country/area of origin (generation) of the low-carbon energy or energy attribute

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Information based on electricity bills.

Country/area of low-carbon energy consumption

France

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify
unknown source

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

361

Tracking instrument used

No instrument used

Country/area of origin (generation) of the low-carbon energy or energy attribute

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Information based on electricity bills.

Country/area of low-carbon energy consumption

United Kingdom of Great Britain and Northern Ireland

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify
unknown source

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

808

Tracking instrument used

No instrument used

Country/area of origin (generation) of the low-carbon energy or energy attribute

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Information based on electricity bills.

Country/area of low-carbon energy consumption

Italy

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify
unknown source

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

325

Tracking instrument used

No instrument used

Country/area of origin (generation) of the low-carbon energy or energy attribute

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Information based on electricity bills.

Country/area of low-carbon energy consumption

Netherlands

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify
unknown source

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

66

Tracking instrument used

No instrument used

Country/area of origin (generation) of the low-carbon energy or energy attribute

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Information based on electricity bills.

Country/area of low-carbon energy consumption

Switzerland

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Energy carrier

Electricity

Low-carbon technology type

Renewable energy mix, please specify
unknown source

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

585

Tracking instrument used

No instrument used

Country/area of origin (generation) of the low-carbon energy or energy attribute

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Information based on electricity bills.

Country/area of low-carbon energy consumption

Germany

Sourcing method

Other, please specify
onsite solar panel installation in our warehouse

Energy carrier

Electricity

Low-carbon technology type

Solar

Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

965

Tracking instrument used

No instrument used

Country/area of origin (generation) of the low-carbon energy or energy attribute

Germany

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Comment

Information based on electricity bills.

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

United States of America

Consumption of purchased electricity (MWh)

12,906

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

12,906

Country/area

United Kingdom of Great Britain and Northern Ireland

Consumption of purchased electricity (MWh)

1,096

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,096

Country/area

Canada

Consumption of purchased electricity (MWh)

583

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

583

Country/area

Austria

Consumption of purchased electricity (MWh)

107

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

107

Country/area

Belgium

Consumption of purchased electricity (MWh)

190

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

190

Country/area

France

Consumption of purchased electricity (MWh)

935

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

935

Country/area

Germany

Consumption of purchased electricity (MWh)

2,151

Consumption of self-generated electricity (MWh)

965

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

3,116

Country/area

Italy

Consumption of purchased electricity (MWh)

587

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

587

Country/area

Mexico

Consumption of purchased electricity (MWh)

363

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

363

Country/area

Netherlands

Consumption of purchased electricity (MWh)

224

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

224

Country/area

Spain

Consumption of purchased electricity (MWh)

14

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

14

Country/area

Switzerland

Consumption of purchased electricity (MWh)

1,116

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,116

Country/area

United Arab Emirates

Consumption of purchased electricity (MWh)

7

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

7

Country/area

South Africa

Consumption of purchased electricity (MWh)

316

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

316

Country/area

Australia

Consumption of purchased electricity (MWh)

239

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

239

Country/area

India

Consumption of purchased electricity (MWh)

1,604

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,604

Country/area

Japan

Consumption of purchased electricity (MWh)

288

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

288

Country/area

Republic of Korea

Consumption of purchased electricity (MWh)

200

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

200

Country/area

Malaysia

Consumption of purchased electricity (MWh)

700

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

700

Country/area

Singapore

Consumption of purchased electricity (MWh)

138

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

138

Country/area

Viet Nam

Consumption of purchased electricity (MWh)

231

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

231

Country/area

Hong Kong SAR, China

Consumption of purchased electricity (MWh)

994

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

994

Country/area

China, Macao Special Administrative Region

Consumption of purchased electricity (MWh)

86

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

86

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Waste

Metric value

1,626

Metric numerator

Metric tons waste

Metric denominator (intensity metric only)

N/A

% change from previous year

2

Direction of change

Decreased

Please explain

Last year's estimation was extrapolated based on limited data that could have led to over-estimation of waste volume. In 2022, based on our observation in the corporate environment, we noticed most of the waste disposed of is from our bulk packaging purchased by the warehouse. We directly adopt the weight of purchase of bulk packaging that should support a more accurate estimation of our actual waste volume.

Description

Energy usage

Metric value

26,699

Metric numerator

mWh

Metric denominator (intensity metric only)

N/A

% change from previous year

25

Direction of change

Decreased

Please explain

A number of stores and warehouses have been closed.

Description

Other, please specify
Water withdrawal

Metric value

134,000

Metric numerator

m3

Metric denominator (intensity metric only)

N/A

% change from previous year

46

Direction of change

Decreased

Please explain

A number of stores and warehouses have been closed. Last year's estimation was mostly converted from spending which could lead to an over-estimation. In 2022, we were able to obtain more consumption data to convey a more accurate water withdrawal figure.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	No third-party verification or assurance
Scope 2 (location-based or market-based)	No third-party verification or assurance
Scope 3	No third-party verification or assurance

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

In progress

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect targets information at least annually from suppliers

Collect climate transition plan information at least annually from suppliers

% of suppliers by number

60

% total procurement spend (direct and indirect)

% of supplier-related Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

Although the % of suppliers by number is 60%, this covers all suppliers that manufacture at least 85% of our products. Our supplier engagement strategy is based on the Scope 3 component of our science-based target to be submitted, which suggests we should at least cover 70% of our T1 supplier distribution. We increase our coverage to 85% per product group to ensure we obtain adequate data for emission disclosure.

In 2022, it is our first time to perform sustainability engagement with some of our T2 suppliers.

Impact of engagement, including measures of success

Prior to 2022, we were not able to collect data from all product categories. The impact of our engagement is our improvement in our emission estimation, that we were able to estimate our T1 manufacturers' manufacturing emission across all of our product categories in 2022, which accounts for 7% of our total emission. In 2022, we have engaged 60% of T1 suppliers (covers the most critical 85% of our manufactured goods)

In 2022, we have built an extended connection with our T2 suppliers to obtain reference data of our component manufacturing, and to understand their manufacturing process and sustainability initiatives implemented. The 2022 T2 engagement rate is 53%.

Success will be measured by percent of supplier's engagement.

Comment

Our engagement of suppliers will also support our product carbon footprint project that helps us to estimate the carbon footprint per product.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

Other, please specify

explain Fossil's SBT planning and to suggest how transition to lower carbon initiatives will increase suppliers' competitiveness for Fossil Group

% of suppliers by number

60

% total procurement spend (direct and indirect)

% of supplier-related Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

Although the % of suppliers by number is 60%, this covers all suppliers that manufacture at least 85% of our products. Our supplier engagement strategy is based on the Scope 3 component of our science-based target to be submitted, which suggests we should at least cover 70% of our T1 supplier distribution. We increase our coverage to 85% per product group to ensure we obtain adequate data for emission disclosure.

In 2022, it is our first time to perform sustainability engagement with some of our T2 suppliers.

Impact of engagement, including measures of success

We have arranged supplier training workshops to explain Fossil's SBT planning and to suggest how transition to lower carbon initiatives will increase suppliers' competitiveness for Fossil Group.

Success will be measured by percent of supplier's engagement.

Comment

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

No, but we plan to introduce climate-related requirements within the next two years

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

No, we have assessed our activities, and none could either directly or indirectly influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

No, but we plan to have one in the next two years

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

Our “Good for Planet” Core team support formulation of our external engagement activities, so as to manage external enquiries regarding our climate commitments or climate transition plan. Our legal team also supports our external engagement to ensure it aligns with our internal strategies.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Important but not an immediate priority

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

We are facing a budget constraint and a need to prioritize engagement within our supply chain, before we can allocate resources to influence the external environment.

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document

 FG_2021SustainabilityReport_FINAL.pdf

Page/Section reference

15, 27-30

Content elements

- Emissions figures
- Emission targets
- Other metrics

Comment

Fossil Group will annually announced emission figures and progress of emission targets.

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization’s role within each framework, initiative and/or commitment
Row 1	UN Global Compact	Committed member

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues
Row 1	No, and we do not plan to have both within the next two years

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity
--	--

Row 1	No, and we do not plan to do so within the next 2 years
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C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

No and we don't plan to within the next two years

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

No and we don't plan to within the next two years

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?

Not assessed

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?
Row 1	No, and we do not plan to undertake any biodiversity-related actions

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No	

C15.7

(C15.7) Have you published information about your organization’s response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
No publications		

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

No additional information

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Director, Sustainability	Other, please specify Director

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

In an effort to align with and support our valued partners, Fossil Group will continue to share its goals for reducing overall emissions in our supply chain, including those directly impacting Nordstrom and FICCA. Fossil Group has set internal goals to reduce emissions by 2030. Please note that the allocated emissions included in SC1.1 are a total allocation and not isolated to each partner.

SC0.1

(SC0.1) What is your company’s annual revenue for the stated reporting period?

	Annual Revenue
Row 1	1,680,000,000

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	A standardized methodology of each product category would be helpful.
Customer base is too large and diverse to accurately track emissions to the customer level	A standardized way to estimate the emissions processes of the same industry would be helpful.
Managing the different emission factors of diverse and numerous geographies makes calculating total footprint difficult	Currently, emission factors from different regions are stored by individualized emission factor hubs. A shared and compiled guideline featuring raw materials emission factors by each region will be useful to ensure we adopt the accurate and reliable emission factor.

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Yes

SC1.4a

(SC1.4a) Describe how you plan to develop your capabilities.

In 2021, we contracted with a 3rd party partner to implement their sustainability application , which enables us to centralize the data and resources needed to conduct internal carbon accounting.

In 2022, we built a new team to handle the carbon accounting internally and launch projects to optimize the data collection and analysis process. The higher competence of the carbon accounting process enables the company to allocate the emissions, internally and externally, with the highest quality of data. Meanwhile, we engaged with >80 tier 1 suppliers and started to collect data to calculate the emissions from their processes, and extend our supply chain engagement to tier 2.

In 2023, we are going to conduct a 3rd party verification to improve the quality and integrity of our emissions data.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

No

SC4.1

(SC4.1) Are you providing product level data for your organization’s goods or services?

No, I am not providing data

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms