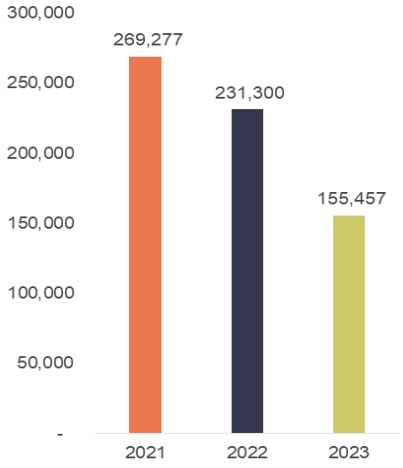
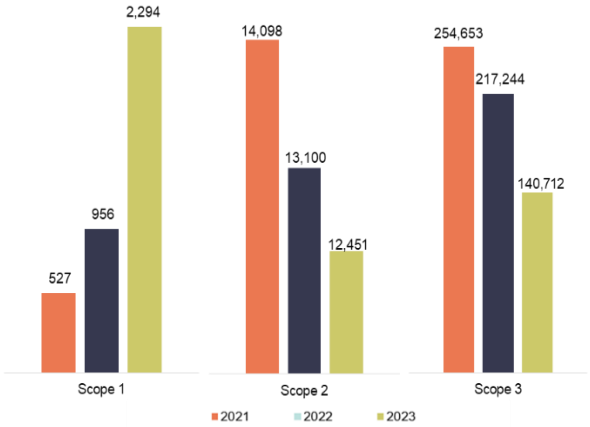
Emissions

We continue to work with the internal and external stakeholders to improve the data granularity of GHG emissions in 2023. This has also resulted in revisiting and restating our 2021 baseline emissions. It is an essential step in validating our near-term and long-term emissions goals with the Science Based Targets Initiative (SBTi) that was validated recently.



In the disclosure with the Carbon Disclosure Project (CDP), the carbon emissions of Scope 1, 2, and 3 are summarized as the following:



Scope 1

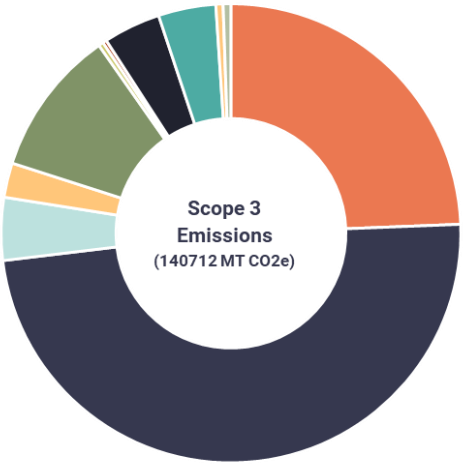
It consists of the fuel we consume and fugitive emissions onsite. The additional emissions between 2022 and 2023 were due to the 2023 actual consumption being higher than the 2021 estimation model from fugitive sources.

Scope 2

Electricity purchased and locally generated were the main sources of emissions in our scope 2. The reduction was due to the lower total consumption and usage of green energy.

Scope 3

It consists of a wide variety of emission sources, covering all indirect emissions from manufacturing and delivering our products and services. In 2023, we looked carefully into the natural resources mix used in the process. The data granularity enabled us to identify the high carbon-intensive sources and to prioritize initiatives to reduce them. There was a 35.2% emission reduction due to lower contribution from purchased goods & services and smart watches category.

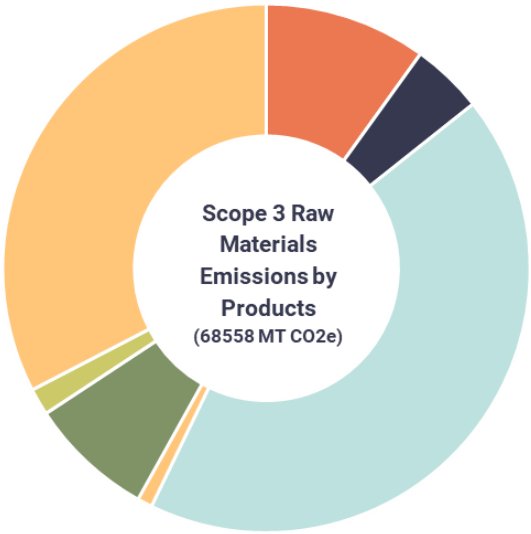


	Purchased Goods & Services - Production	24.4%
	Purchased Goods & Services - Non Production	48.7%
	Capital Goods	4.4%
	Fuel and energy related	2.4%
	Upstream transportation and distribution	10.3%
	Waste generated in operations	0.3%
	Business travel	0.3%
	Employee Commuting	4.0%
	Downstream transportation and distribution	4.0%
	Use of sold product	0.5%
	End-of-life treatment of sold product]	0.5%

The above figure provides more details about the Scope 3 emissions in 2023, the highest source is the GHG protocol Scope 3 category 1, which is 73.1% of the total Scope 3 in 2023. It is a common scenario in the consumer goods industry.

Product Carbon Footprint

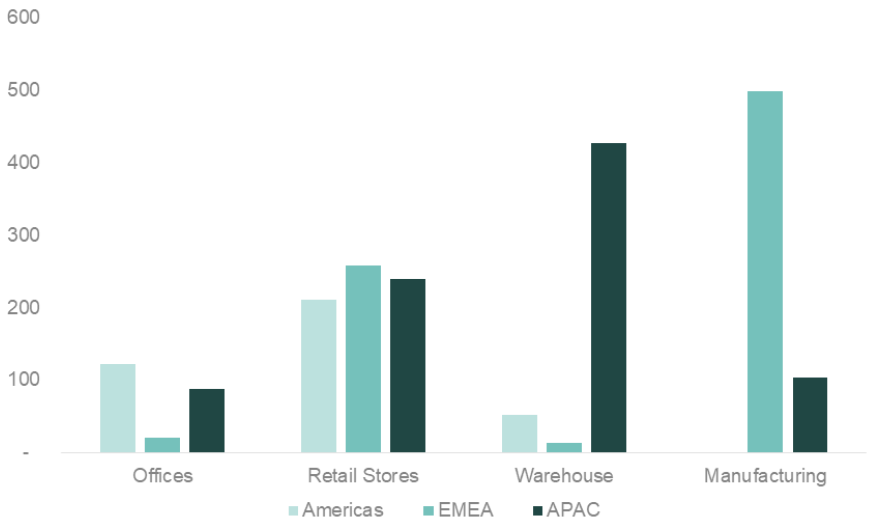
In 2023, we mapped the corresponding emissions contributed by various types of product categories. We started our engagement process with our internal stakeholders and suppliers, especially initiating the engagement of Tier 2 suppliers to identify new initiatives and new raw materials to reduce the carbon intensity of our products.



	Traditional Watch	9.9%
	Jewelry	4.4%
	Leather Goods	42.8%
	Connected Device	0.9%
	Accessories (Straps)	7.7%
	Mass Market (Watch)	1.6%
	Packaging Goods	32.6%

Energy

Fossil Group operates a combination of retail stores, offices, warehouses, and manufacturing sites worldwide. In 2023, there was a total energy consumption of 29,925,678 kWh. The sustainability digital platform implemented in 2021 has enabled us to monitor energy consumption and prioritize initiatives for better consumption efficiency. In 2023, we have successfully gathered a wider range of activity data from our facilities.



We are continually sharing good practices to drive for better energy efficiency.

Green Energy Transition

We value green energy as a strategic block to reach our 2040 Net-Zero goals. In 2023, we sourced over 2,251 MWh of green energy in our EMEA operations, covering 20.2% of the total electricity consumption.

For the energy used in our assembling and manufacturing process, we have been engaging with our suppliers to encourage a transition to renewables used in our product assembling and manufacturing process.