



ESPRIT CASE STUDY ON ITS CARBON FOOTPRINT IN FY17/18

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ESPRIT

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1. INTRODUCTION

Esprit operates local offices in Europe and in the Asia-Pacific region. Warehouses in Europe and the APAC region support direct sales in those areas as well. All of these operations influence our company's carbon footprint. We first published data on our company's carbon footprint for FY 2014/15, which focused on our German operations and the inbound transportation of our goods. The reason is that Germany is our main market with 45 – 50 % of Esprit's turnover during the recent years. Accordingly, our "European Distribution Center (DCE)" in Germany is the biggest warehouse that we operate. This year, we were able to widen the reporting scope, which now includes our operations and logistics in Europe and the APAC region.

2. REPORTING SCOPE AND METHODOLOGY

Our report covers the six main greenhouse gases (GHG), as defined by The Kyoto Protocol: carbon dioxide (CO₂), methane (CH₄), hydrofluorocarbons (HFCs), nitrous oxide (N₂O), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). The emissions of these GHGs are converted into Carbon Dioxide Equivalents (CO₂e), which allows to unify the reporting while considering the different global warming potential of each of the GHGs, and to compare emissions from different sources. In such cases in which we are provided consumption data (not emissions data), we apply the conversion factors published by the UK Government, which are annually adapted (<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>).

The scope of our report on Esprit's carbon footprint in FY17/18 comprises the following locations and operations (clustered into Scopes 1, 2 and 3, as defined by the GHG Protocol 2; <https://ghgprotocol.org/>):

2.1 Scope 1: Emissions generated by combustion (direct emissions)

Organizational Unit	Geographical location	Combustion for heating/cooling purposes	Fuel combustion by car fleet
Local offices, retail stores, warehouse	Germany	X	X
Retail stores	Netherlands	X	
Local office & retail stores	Belgium	X	

2.2 Scope 2: Emissions generated by purchased electricity, heat or steam (indirect emissions)

Organizational Unit	Geographical location	Emissions generated by purchased electricity	Emissions generated by purchased heat or steam
Local offices/showrooms	Austria, Bangladesh, Belgium, China (incl. Hong Kong), Denmark, France, Germany, India, Italy, Malaysia, Netherlands, Poland, Singapore, Spain, Switzerland, Taiwan	X	
Retail stores	Austria, Belgium, China (incl. Hong Kong), France, Germany, Luxemburg, Macau, Malaysia, Netherlands, Poland, Singapore, Switzerland, Taiwan	X	
Retail stores & showrooms	Finland	X	X
Warehouses	China, Germany, Malaysia, Singapore	X	

2.3 Scope 3: Upstream and downstream emissions (indirect emissions)

Operations	Emissions generated by transportation of people or goods
Logistics inbound to Distribution Center Europe (DCE)	X
Logistics outbound from DCE to stores	X
Logistics inbound to APAC hubs	X
Logistics outbound from APAC hubs to stores	X
Business air- & rail travel Global Headquarters (Germany), business air travel APAC	X

2.4 Data Sources

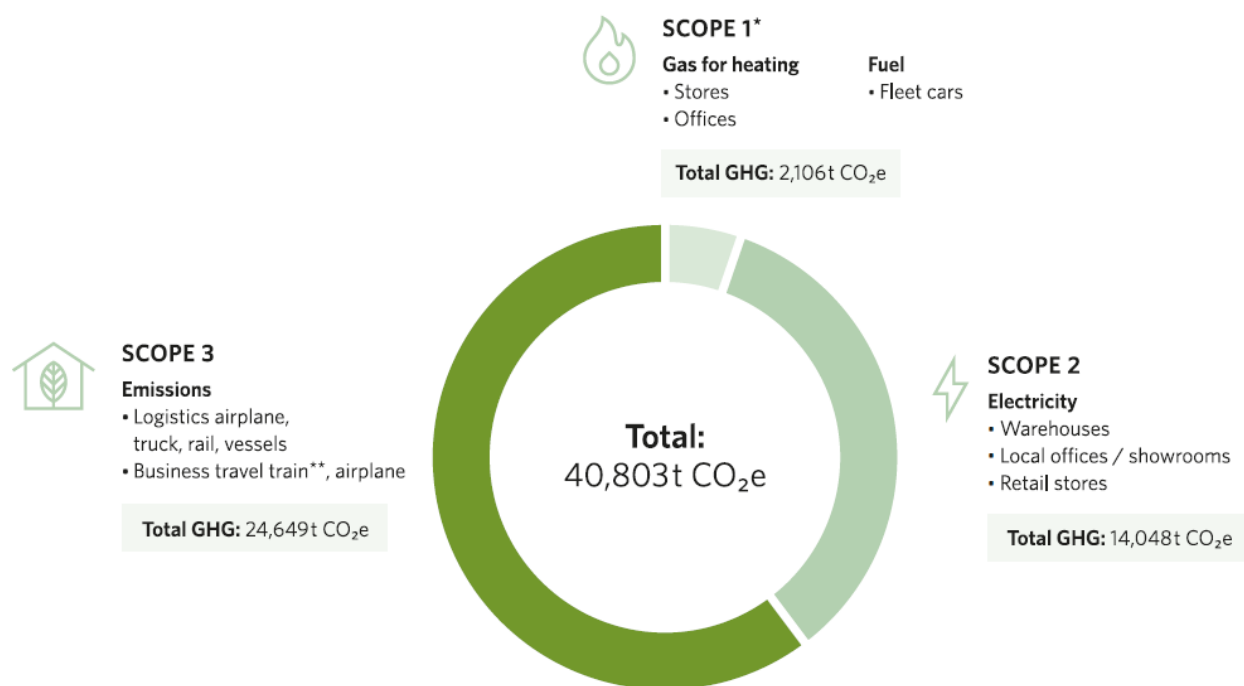
We have different sources for the consumption- and emissions data on which we report:

Topic	Scope	Data Source
Combustion for heating/cooling purposes	1	Energy bills + meter readings
Fuel combustion by car fleet	1	Amount + kind of fuel that was bought during the period under report
Emissions generated by purchased electricity	2	Energy bills + metre readings
Emissions generated by purchased heat or steam	2	Energy bills + metre readings
Emissions generated by transportation of people or goods	3	Data delivered by service providers & own calculations

In order to gather and compile all of the data, the support of more than 20 people inside and outside of the Esprit organization and located in different places all over the world was necessary. All of them helped to put together the data in the right and comprehensive format.

3. RESULTS AND DISCUSSION

Esprit's accounts for a total carbon footprint in its financial year 2017/18 of 40,674 t CO₂e. The footprint is clustered according to the reporting scopes 1, 2 and 3 in the following way:



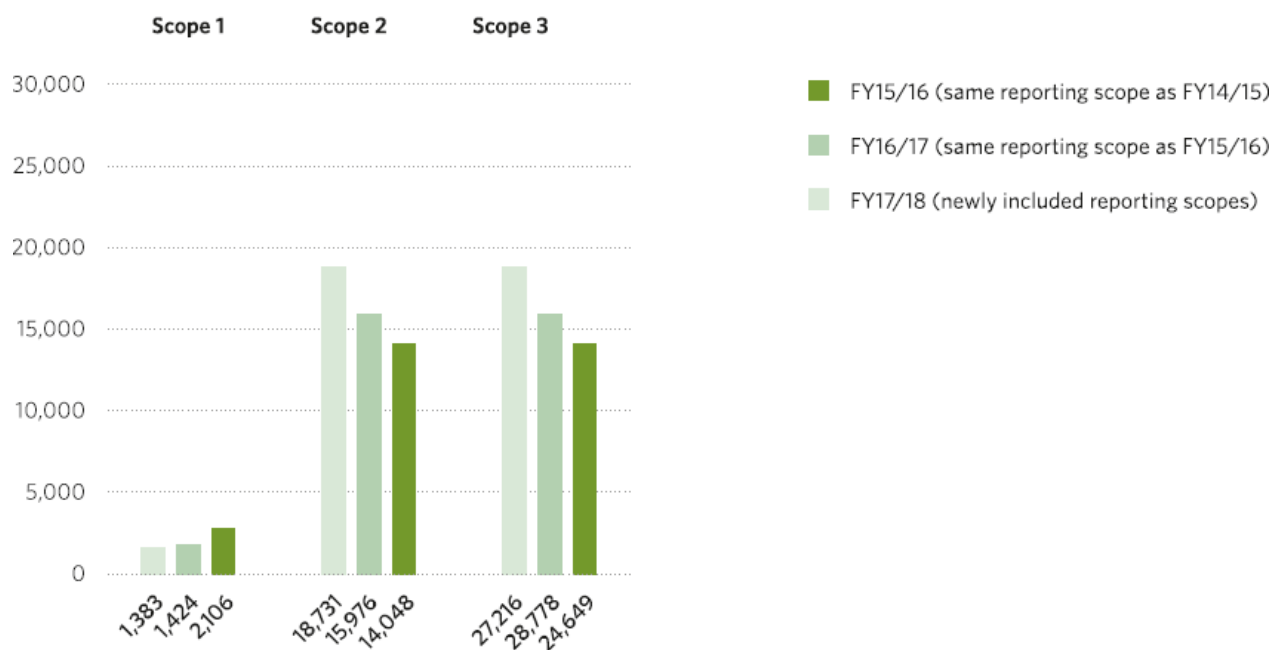
*Out of scope: 1.16 t CO₂e due to bio-fuel

**Esprit participates in the 'DB Umwelt Plus' program of Deutsche Bahn

The "out of scope" emissions are accounted for when a fuel contains a portion which was generated from renewable sources. E. g., the average European diesel blend contains a certain amount of so-called "Biodiesel", which is diesel fuel sourced from vegetable or animal fat. The "out of scope" emissions define the portion of the emissions that can be assigned to the portion of biofuel in the diesel blend. The reason for this is that the plants from which the vegetable fat for generating the biofuel are taken from have sequestered as much carbon during their lifecycle as is emitted as CO₂e when being burnt by the motor.

Compared to the previous reporting cycles, we were able to decrease our emissions under Scopes 2 and 3, although the reporting boundaries have expanded and now also include Esprit's operations in the APAC region.

Carbon footprint per scope for the last 3 financial years



3.1 Results Discussion Scope 1

Esprit's footprint in Scope 1 has increased by 52.3 %. The main reason for this increase is that some European offices and retail stores which are heated with gas are now included in the report.

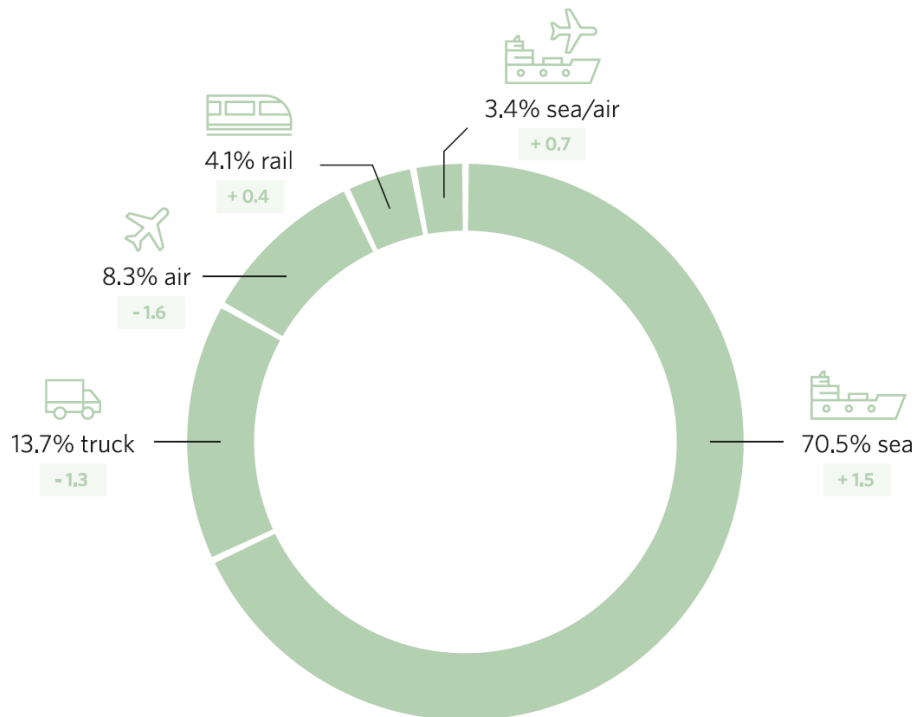
3.2 Results Discussion Scope 2

An increase in the portion of renewable electricity helps to lower our Scope 2 emissions by 12 %. In Germany, for example, 45.3 % of the overall electricity used by our operations is generated based on renewable sources.

3.3 Results Discussion Scope 3

3.3.1 Logistics Inbound

Regarding the inbound shipments to our warehouses, we increased the portion of sea, sea/air and rail shipments. In combination with the increasing sustainability approach of the logistics services providers themselves, this shift led to a decrease in Esprit's carbon footprint in Scope 3 of 14.3 %.



3.3.2 Business Air Travel

Business air travel is closely monitored so that emissions can be tracked. We aim to reduce air travel as much as possible.

Carbon footprint generated by business flights

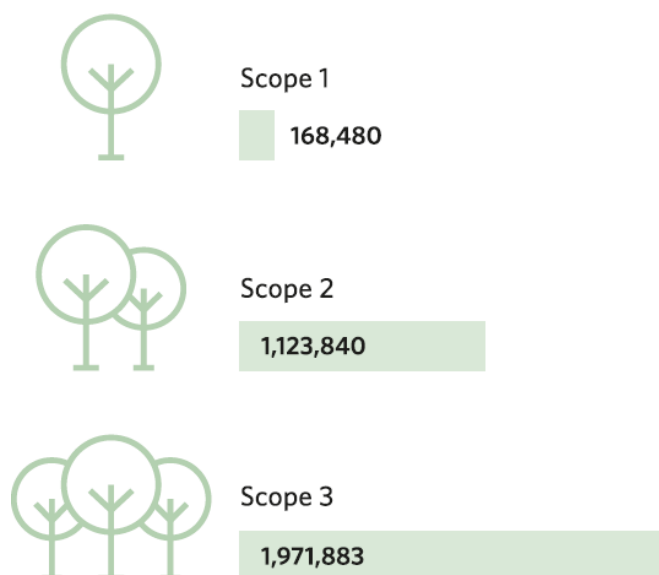


* Headquarter Germany
 ** Headquarter Germany and APAC

4 COMPENSATION CALCULATIONS

In order to compensate the emissions related to our business operations, 3,264,203 trees would be necessary*.

Number of trees necessary to compensate Esprit's emissions in FY17/18



Due to the fact that 45.7 % of the electricity which we use in Germany is generated by using renewable sources, the sequestration of 441.681 trees was saved*. In addition, our improved logistics processes saved the sequestration of 340,640 trees.

Saved emissions in FY17/18



* assuming a carbon sequestration rate of 12.5 kg per growing tree and year in an average European forest

5 CLIMATE FRIENDLY INITIATIVES

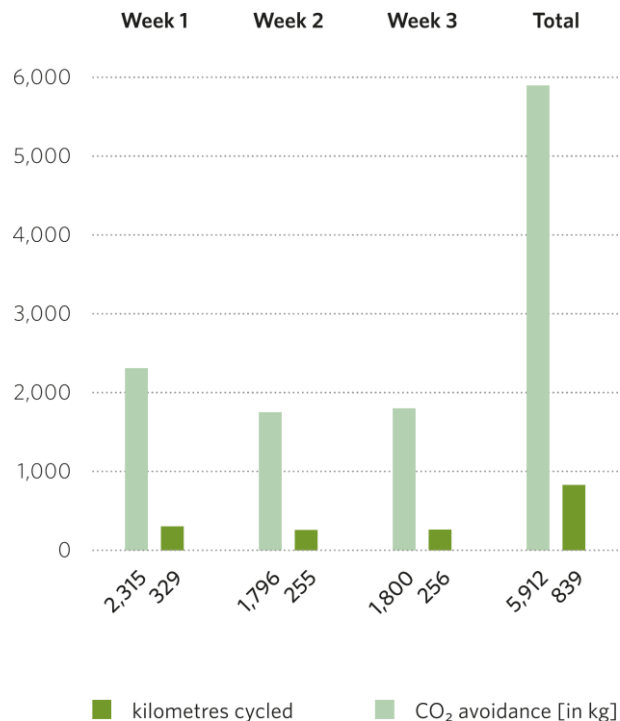
Apart from Esprit's attempt to reduce its carbon footprint in the areas about which report above, we support the following initiatives and programs:

5.1 Employee Commuting

We track distances and modes of transport used by our colleagues in the headquarters to travel to work every day. Nearly 40% of them commute in a way that is neutral for Esprit's carbon footprint accounting, because they use public transportation, come by foot or by bike.

5.2 City Cycling

In 2018, 31 of Esprit's employees & friends in Germany participated in the yearly "City Cycling" Campaign. This campaign was developed by "Climate Alliance", a European network of cities, towns and districts. Local people are invited to team up with the aim of cycling as many kilometers as possible during 21 consecutive days, and thus raise awareness for climate protection. During the 3 weeks of the campaign, the Esprit team cycled nearly 6,000 kilometres and saved 840 kg of CO₂.



5.3 Cafeteria

Also the Esprit staff that are operating the cafeteria in our headquarters are dedicated to sustainability. Therefore, they focus on ever perfecting their planning in order to reduce leftovers as well as to source local and organic products to the extent possible. A vegetarian dish per day has been a firm component of the menu. In addition, some time ago, one “Veggie Day” per month has been introduced, which has encountered a very high acceptance rate among the employees.

5.4 Business Rail Travel

The long distance rail travel in trains operated by Deutsche Bahn AG are carbon neutral, because these trains are operated with renewable energy. In 2017, Esprit employees travelled 1,076,190 carbon neutral passenger-kilometres with Deutsche Bahn AG and thus saved emissions equivalent to 3,809 trees.

5.5 e-shop Shipments

Last, but not least, we would like to mention that our e-shop was able to carry out approximately 80 % of the European shipments in a carbon neutral way and thus save 3,588 t of CO₂e, which is equivalent to 287,040 trees.

6 OUTLOOK

Esprit is already well on the way to shifting its operations in order to make them as sustainable as possible. This year, we have chosen a very new and integrated approach, which is the circularity model. Under this model, our products and operations are not any longer considered as stand-alone items, but it is recognized that they exercise influence among themselves. We are very confident that this is the right approach to achieve our sustainability targets according to the timelines that are set out in our annual Sustainability Report.