

Verification Review of the Scope 3 Greenhouse Gas Emissions Inventory for Fruit of the Loom

Prepared for:

Fruit of the Loom, Inc.

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1.0 Introduction

Fruit of the Loom Scope 3 GHG emissions inventory was reviewed for conformance with the World Resource Institute's (WRI's) Greenhouse Gas Protocol¹ and ISO 14064-3². The Scope 3 GHG inventory, calculation worksheets and supporting documentation were provided for the verification review. The findings of the review are intended to provide limited assurance that Fruit of the Loom Scope 3 GHG emissions are in conformance with the relevant requirements and guidance of the GHG Protocol.

The review focused on the integrity of the input activity data provided by Fruit of the Loom, the GHG emission estimation methodology and the accuracy of calculated results. The verification is based on a review of calculation worksheets and documentation provided³.

The findings of the review are intended to provide limited assurance that Fruit of the Loom's GHG emissions are in conformance with the relevant requirements and guidance of the GHG Protocol.

2.0 Scope and Objective

Objective

The objective of this verification is to provide interested parties with an objective, independent judgment regarding the information, data and emission estimates for Fruit of the Loom's Scope 3 GHG inventory for calendar year 2022. Specifically,

- Evaluate to a limited level of assurance whether Fruit of the Loom has completely and accurately measured and reported their total Scope 3 emissions, have reported all applicable data of emissions sources, and have correctly utilized the appropriate software and databases to report their Scope 3 GHG emissions, and
- Evaluate to a limited level of assurance whether the data reported are accurate, complete, consistent, transparent and free of material errors or omissions.

Scope

SCS conducted an assessment of Fruit of the Loom's reported Scope 3 GHG emissions for calendar year 2022 against the requirements of WRI's GHG Protocol. A desk review of the reported GHG emissions expressed as CO₂e, as well as the estimation methodologies and supporting data, was conducted by SCS Global Services (SCS) using documentation supplied by Fruit of the Loom as the basis for the evaluation. The verification was performed to a limited level of assurance.

¹ Greenhouse Gas Protocol. Corporate Value Chain (Scope 3) Accounting and Reporting Standard. World Resource Institute

² ISO 14064-3: 2006 Specification with guidance for the validation and verification of GHG assertions

³ FOTL, Inc Scope 3 Methodology 2022 - for review.docx

The GHG emission inventory includes the following Scope 3 categories and estimation methodology utilized:

Category	Description	Methodology
1.	Purchased Goods and Services	Mass-based method used based on emission factors from published LCAs and meta-analyses for apparel. A mass-based method for packaging and sporting goods was conducted separately based on Ecoinvent v3.7 data in SimaPro.
2.	Capital Goods	Economic input-output method using Quantis Scope 3 Evaluator for Other capital goods.
3.	Fuel and Energy Related Activities	Activity-based method using upstream and t&d loss emission factors from IEA 2022.
4.	Upstream Transportation and Distribution	Upstream transport is based on both spend for third party distributors, and a physical basis, using number of shipments, collective miles, and collective weight shipped. Emission factors sourced from Quantis and EPA Emission Factors Hub.
5.	Waste Generated in Operations	Waste generated in operations are calculated using the amount of recycle, universal waste, landfilled, and hazardous wastes per facility. Emission factors sourced from Ecoinvent v3.7 data in SimaPro.
6.	Business Travel	A spend-based method was used for business travel using data from Quantis.
7.	Employee Commuting	Average-data method using number of employees, average commuting distances, transportation modes, and country-specific activity data. Emission factors sourced from the EPA and Fraunhofer ISI.
9.	Downstream Transportation and Distribution	Distance-based method based on ton-mi from customer-paid freight. Emission factors sourced from EPA.
12.	End-of-Life Treatment of Sold Products	Average-waste-treatment method based on quantity of sold products and packaging use. Emission factors sourced from EPA and Ecoinvent v3.7 in SimaPro.
14.	Franchises	Spend-based method using WIOD (economic input-output) emission factor from Quantis Scope 3 Evaluator.

The following Scope 3 GHG categories were excluded from the inventory:

Category	Description	Justification for Exclusion
10.	Processing of Sold Products	<i>Sold products do not undergo additional processing.</i>
11.	Use of Sold Products	<i>In-direct energy use by consumers are relevant for products but optional.</i>
13.	Downstream Leased Assets	<i>No downstream leased assets are owned.</i>
15.	Investments	<i>Investments are not relevant.</i>

Materiality

Omissions, misrepresentations, or errors that can be quantified and result in discrepancies of more than 5% with respect to total CO₂e emissions declared are considered material.

Criteria

The verification assessment was conducted based on the requirements and guidance of WRI’s Greenhouse Gas Protocol and ISO 14064-3.

3.0 Verification Procedures

A summary of the verification review for Fruit of the Loom’s Scope 3 GHG emission inventory is presented below. The verification was based on a review of the inventory documentation and calculation workbooks provided. SCS examined the methodology documentation, calculation tools and other supporting evidence provided, for each of the reported Scope 3 GHG emission categories

A review of the GHG emission calculations indicate that all GHG calculations are accurate and free of errors. Table 1 summarizes Fruit of the Loom’s reported Scope 3 GHG emissions for 2022.

Table 1. 2022 Scope 3 GHG emissions for Fruit of the Loom.

<i>Category</i>	<i>Description</i>	<i>MT CO₂e</i>	<i>% Contribution</i>
1.	Purchased Goods and Services	938,482	83%
2.	Capital Goods	25,853	2%
3.	Fuel and Energy Related Activities	18,951	2%
4.	Upstream Transportation and Distribution	62,031	5%
5.	Waste Generated in Operations	804	0%
6.	Business Travel	1,270	0%
7.	Employee Commuting	21,058	2%
9.	Downstream Transportation and Distribution	11,321	1%
12.	End-of-Life Treatment of Sold Products	26,179	2%
14.	Franchises	28,884	3%
Total Scope 3		1,134,833	100%

SCS evaluated the conformity of Fruit of the Loom’s entity Scope 3 emissions, based on the reporting criteria prescribed by WRI’s ‘Corporate Value Chain (Scope 3) Accounting and Reporting Standard’. SCS examined the methodology documentation, calculation sheets and other supporting evidence presented by Fruit of the Loom, for each of the ten (10) reported Scope 3 categories.

For all categories, emission calculations were checked for accuracy and verified by recalculating the results, where possible, using data provided for the verification review. Based on the initial review, several issues and inconsistencies were identified with the submitted documentation and Scope 3 emissions, which were subsequently addressed (see Appendix A below) to the reviewer’s satisfaction.

Based on verification procedures conducted, the Scope 3 GHG emission inventories for Fruit of the Loom for 2022 were found to be accurate and free of errors based on the input data and calculation

methodologies used. A summary of the GHG emission estimation methodology and data sources for each Scope 3 source category reported by Fruit of the Loom for calendar year 2022 is presented below.

Estimation Methodology

Fruit of the Loom calculates its emissions with physical, spend-based data or average emissions, depending upon the importance of the category to the overall footprint. For the most significant categories, actual materials data was sourced and utilized for emissions and activity. Other GHG emissions are estimated using utilizing life cycle inventory data from sources including the World Input-Output Database (WIOD), Ecoinvent and the US EPA sources. Approximations and estimations used were otherwise in conformance with the applicable Scope 3 GHG standards and guidance.

For some categories, the Scope 3 Evaluator, developed by Quantis in conjunction with the GHG Protocol⁴, is used to calculate the annual Scope 3 GHG Inventory. The Scope 3 Evaluator is intended to streamline the calculation of Scope 3 GHG categories for companies and reduce the burden of data collection for those categories not likely to contribute greatly to the overall footprint⁵. In light of this, the categories calculated using the Scope 3 Evaluator are those not expected to contribute a significant impact to the total Scope 3 total.

Specific estimation methodologies and data sources used in the development of Fruit of the Loom's Scope 3 GHG inventory for 2022 are summarized below for each Scope 3 category considered.

3.1 Purchased goods and services

The Scope 3 GHG category of Purchased Goods & Services (PG&S) is calculated for representative raw material inputs and upstream processing of raw materials sold by Fruit of the Loom brands. The activity data for purchased goods are calculated by identifying the top selling products and extrapolating sales of the top selling products to the total sales. The top selling products are modeled using actual materials composition, fiber losses, and processing for each of the products. Actual weights of purchased cotton and polyester are collected and aligned with the extrapolated data.

The emission factor data used to model the impacts of fibers and textile production are derived from published LCAs to promote transparency and allow for better data quality analysis. LCAs were sourced from a search through science direct and semantic scholar databases. The GWP emission factors from the LCA model are combined and multiplied by the 2022 annual production volume of the corresponding product to estimate GHG emission for this category.

⁴ <https://ghgprotocol.org/scope-3-evaluator>

⁵ Quantis_WRI_Scope3Tool_Documentation_2021Feb.docx

Emission factors for packaging and Spalding brand products, which are not textiles, are all derived from the ecoinvent 3.7.1 database and evaluated in SimaPro 9.2. Expenditures for other raw materials including zippers and buttons are also collected separately and the emissions are calculated using WIOD emission factors taken from the Scope 3 Evaluator tool.

Fruit of the Loom's 2022 production volumes and LCA-derived emission factors were reviewed and verified based on the calculation worksheets and supporting data provided.

3.2 Capital Goods

GHG emissions for Capital Goods emissions are calculated utilizing the capital goods expenditures in 2022 and the WIOD emission factor for capital goods, as taken from the Quantis Scope 3 Evaluator tool. Supporting documentation provided for the verification review included calculation sheets and the Scope 3 Evaluator documentation.

3.3 Fuel-and-energy-related activities

Upstream CO₂e emissions from Fuel and energy related activities are estimated using the Scope 3 Evaluator tool and the Scope 1 and 2 emissions. Emissions in this category include the upstream impacts of fuel and electricity production. Emission factors taken from DEFRA 2022 and IEA 2022.

Supporting documentation provided for the verification review included calculation sheets and documentation.

3.4 Upstream transportation and distribution

This category covers all air, rail, ocean or road shipping paid for by Fruit of the Loom. Fruit of the Loom Logistics data was sourced for shipping-related data: tons of freight, distance shipped and in some cases expenditures. Emissions from the majority of shipping activities were calculated using a ton-mi approach and emission factors from EPA GHG Emissions Factor Hub 2023. Emissions associated with small carriers were based on spend data, using Scope 3 Evaluator emission factors, themselves taken from the World Input-Output Database (WIOD).

Supporting documentation provided for the verification review included calculation sheets and the Scope 3 Evaluator documentation. The estimated GHG emissions, in tons CO₂e, for this Scope 3 category were reviewed and found to be consistent with the supporting documentation and accurately reported for calendar year 2022.

3.5 Waste generated in operations

Waste emissions from operations are calculated utilizing waste generation data by facility, categorized by product and service. Waste includes landfilled, universal, and hazardous waste in operations and

factories. Recycling data was collected but not under the scope. Emission factors for this category were taken from Ecoinvent 3.7.1 in Simapro 9.2.

3.6 Business travel

GHG emissions for Business Travel were calculated utilizing the spend data for hotels, airfare, rental cars and mileage reimbursements across the top 5 markets (countries). Markets which contributed less than 0.61% of business travel were excluded. Calculations were performed within the Scope 3 Evaluator, in which spend-based emission factors are taken from the World Input-Output Database (WIOD).

3.7 Employee commuting

For the calculation, we used country-specific activity data: number of global employees, transportation mode, average commuting distances and days of commute per week. Emission factors from Fraunhofer ISI were applied for the calculation.

Please note that these driving distances and mode splits are based on local expert assumptions. This category contributes only 2% of emissions.

3.9 Downstream transportation and distribution

Downstream transportation and distribution included in the inventory consists of shipments not paid for by Fruit of the Loom. GHG emissions were calculated on a ton-mile basis, as received from the shipping carriers. The emission factor used in this category was taken from the US EPA GHG Emission Factor Hub 2023.

3.11 Use of sold products

The product use phase consists of indirect use, i.e. regular washing of the product. Because the emission is associated with indirect use, this category is optional and not reported.

3.12 End of life treatment of sold products

Disposal of products at end-of-life is modeled for the products using mass of materials, disposal rates taken from US EPA Waste Data, and ecoinvent emission factors calculated in Simapro.

3.14 Franchises

This category covers licensed income, where Fruit of the Loom has licensed its brands for production by other companies. The category uses a spend-based emission factor for textiles, as taken from the Scope 3 Evaluator tool (WIOD), as well as the revenue from the licensed products to calculate the total emissions in this category.

4.0 Assurance Findings

Scope 3 data checks were conducted according to a limited level of assurance. SCS reviewed Fruit of the Loom's data, the methodologies used and Scope 3 GHG emission estimates for calendar year 2022 as described above. Based on the verification procedures performed and evidence obtained, no matters have come to the attention of the audit team to cause the verification body to believe that the Scope 3 emissions assertion was materially misstated.

A listing of verification findings, including client responses, is provided in Appendix A below.

Appendix A. Scope 3 Verification Findings

Non-conformity report: Identified error, omissions, or misstatement that necessitates a mandatory response and corrective action

Status	Finding #	Type	Issued Date	Due Date	Date Closed	Standard Reference	Document Reference	Verifier Findings	Client Response	Conclusion
NCRs (Identified error, omission, or misstatement that necessitates a mandatory response and corrective action)										
New Information Request (Mandatory request for additional information)										
CLOSED	1	Formula	5/2/2023				Category 1 v 2022 for review.xlsx	[CAT 1] The formulas in cells P10, P11, and P13 of the '2022 PACKAGING' tab used to estimate emissions for the packaging items in cells D10, D11, and D13 are referencing emission factors that are empty in the 'Emissions Factors' tab. More specifically, these formulas are referencing blank values in cells D62 and D65 of the 'Emissions Factors' tab. Please provide the correct emission factors or cell references to correct these	This has been adjusted there were empty rows in the 'Emissions Factors' worksheet. These have been deleted and the cells reconnected to the right emission factors.	Confirmed and closed.
CLOSED	2	Formula	5/2/2023				Category 1 v 2022 for review.xlsx	[CAT 1] The Cat. 1 total in cell E44 of the summary tab does not include the fiber analysis in cell E39. Please confirm that this is correct.	This has been corrected. And summary tabs for Cat 1 updated in Category 1 v1. and Category 2-14 v1.	Confirmed and closed.
CLOSED	3	Omission	5/3/2023				Category 2-14 v2022 for review.xlsx	[CAT 12] For the materials included in Cat. 12, there are recycling rates listed for Textiles, Purchased Commodities, Packaging - Bags, and Packaging - Cartons, but no emissions calculated for this the disposal method. Please include or provide justification for exclusion.	Our GHG inventory was developed using the cutoff method, where all credit for recycled materials goes to the user of the recycled material, and the emissions associated with processing the recycled material into a new product goes to the producer and purchaser of the new product. For this reason, any emissions associated with using recycled textiles are included in Scope 3 Category 1. There is no recycled textile burden in our Scope 3 Category 12 factor. Guidance for this is set out on pages 44 & 46 (box 5.6) of the Corporate Value Chain	Acknowledged and closed.
CLOSED	4	Omission	5/3/2023				Category 2-14 v2022 for review.xlsx	[CAT 5] There is no waste data associated with several (12) facilities listed in the table for Cat. 5. Please provide justification for this.	We have updated the facility data with estimate data for the Main Corporate Center and we have indicated where some facilities share waste data with other locations and some sites where no waste data is available, e.g. for shared office space.	Confirmed and closed.
CLOSED	5	Formula	5/3/2023				Category 2-14 v2022 for review.xlsx	[CAT 3] The emission factors in cells F18 to F26 are misaligned with emission factors by country in the 'Scope 3 Emission Factors' tab (the countries are not in the same order). Please update the formulas to ensure the correct emission factor is	We updated the links to the emission factors and checked that they are correct for all countries.	Confirmed and closed.

Observations (Area to be monitored or improved upon, not material)										
CLOSED	1	Emission Factor					Category 2-14 v2022 for review.xlsx	[CAT 12] For Packaging - Bags and Packaging - Cartons included in Cat. 12, the emission factors used are from EPA WARM v15. EPA WARM should not be used for corporate GHG inventory calculations. It is primarily used to support alternative materials management decision-making and scenarios by integrating emissions avoidance. The EPA GHG Emission Factor Hub should be the primary source used to calculate GHG emissions in S3C5 and S3C12 related to waste. See this source for more information: https://www.epa.gov/sites/default/files/2020-	We updated EF to EPA Hub 2023 data - Table 9. We used the categories Mixed Plastics and Mixed Paper to make the updates.	Confirmed and closed.
OPEN	2	Formula	6/2/2023				Category 2-14 v2022 for review.xlsx	[Cat 3] The formula for converting tonnes of coal to MT CO2e is dividing by 1000000. Since the emission factor is KGs CO2e/tonne, you should only divide by 1000 to convert to MT CO2e. Although the difference is not material, you should consider updating the formula for next year.	We updated the fomula for coal and the description of the unit for the GHG emission factor.	Confirmed and closed.
OPEN	3	Formula	6/2/2023				Category 2-14 v2022 for review.xlsx	[Cat 4] The emission factors in cells (N15) and (N16) were missing. The formula for these cells should be updated to pull the emission factor from the correct cell.	Updated	Confirmed and closed.
OPEN	4	Omission	6/2/2023				Category 2-14 v2022 for review.xlsx	[Cat 7] For Australia, Automobile travel is listed as the primary mobility mode but only 1% of the employees are included in the calculations. Can you please provide an explanation for the mode of commuting for the remaining 99% of employees in Aust.	100% of Australian employees commute by car. Number is updated to 100% = 1	Confirmed and closed.
OPEN	5	Emission Factor	6/2/2023				Category 2-14 v2022 for review.xlsx	The emission factor used in the calculation for Customer paid freight is the CO2 emission factor and not CO2e. Although the difference is not material, you should consider updating this for	We calculated combined EF that include Methane and Nitrous Oxide. Formula is updated.	Confirmed and closed.