

2021

Corporate Sustainability Report



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CEO LETTER

Hello everyone,

Purpose has always been at the core of who we are at Fossil Group. Despite the global disruption and heartache of the past few years, we have remained true to our purpose to connect people with the one resource that everyone runs out of — time. Time to create success. Time to connect with each other. Time to make the world greater, together. Knowing time is finite for each of us, we are mindful of the limited nature of the resources we use to create our products and the impact of our work on communities and our people. We can and we should do the right thing. Our corporate responsibility strategy, Make Time for Good, provides the framework for how we manage environmental, social, and governance (ESG) initiatives at Fossil Group and establishes a path forward to be a purpose-driven leader for our planet, communities, and people.

For over 35 years, we have designed and created thoughtful accessories that bring joy and help people live their lives to the fullest. We started as a small watchmaking business and have grown into a diverse portfolio of brands, crafting traditional watches, smartwatches, handbags, small leather goods, and more. Prioritizing our ESG initiatives is a natural extension of our company’s legacy to create better products that are not only high quality, but that also leave a lighter environmental footprint and support the livelihoods of people who design and produce them.

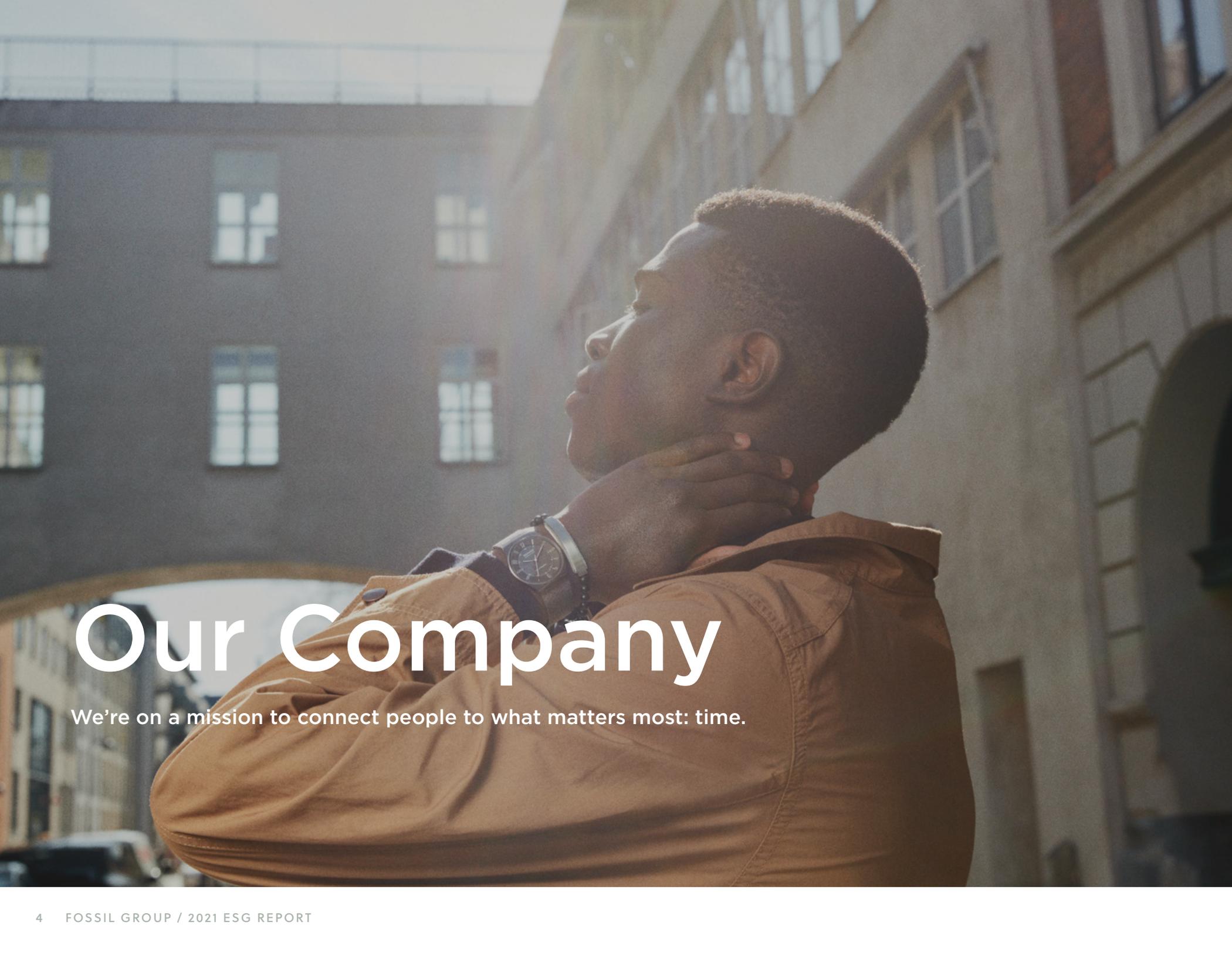


We are proud to present our first Corporate Sustainability Report. This report is a summary of the work we accomplished in 2021 and serves as our UN Global Compact (UNGC) Communication on Progress, affirming our support for the UNGC and its 10 Principles.

As our first report, it also explains some of the history behind our initiatives and approaches, as well as our ESG performance strategy and vision moving forward. In the past year, we have worked to further define what corporate responsibility looks like for our company. We’ve increased our collaboration with our stakeholders, continued to deliver supportive initiatives to our employees and communities despite the pandemic’s challenges, and created new goals that reflect the current reality and our evolving priorities ... all in an effort to Make (even more) Time for Good.

We look forward to continuing this journey together.

Kosta N. Kartsois
CEO of Fossil Group

A man in a brown jacket is shown in profile, looking upwards towards a large, multi-story building with many windows. He has his hand resting on his neck and is wearing a watch on his left wrist. The scene is set outdoors in an urban environment.

Our Company

We're on a mission to connect people to what matters most: time.

Highlights



Good for the Planet

- We achieved partial traceability in our handbag and small leather goods categories (**10%** of total vendor base).
- Over **25%** of all our packaging contains recycled materials, and **20%** of our packaging can either be recycled or reused.
- Our **Net-Zero road map** is now underway in partnership with Science-Based Targets.



Good for Communities

- Fossil Foundation has positively impacted the lives of over **2.6 million** underserved youth around the world.
- **1%** of all Fossil.com e-commerce sales goes to support Fossil Foundation.
- Achieved a **73%** score on the Women's Empowerment Principles Assessment.



Good for Our People

- Achieved a **14%** increase in female leadership.
- DE&I goals were added to the Executive Leadership Team's performance reviews and compensation plans.
- **100%** score on the Human Rights Campaign Corporate Equality Index.

OUR FOOTPRINT

3

global regions

14

world-class brands

40+

offices around the globe

140+

countries of business and operation

1000s

of (crazy) talented employees



About Fossil Group

In 1984, we set out to be a different kind of company.

Fossil Group was founded on the belief that we can do greater things together. This belief, ignited by our five core values, transformed a humble watchmaking business into a customer-first digital and design powerhouse with a powerful global footprint (and unmatched culture).

The rest? History. We made our mark on the accessory world one collectible at a time, launching the iconic Fossil tin in 1989 and introducing our first leather goods shortly thereafter. We grew our portfolio, our reach, our categories, and ultimately expanded our capabilities to bring world-changing smart technology to our current consumers.

Today, we are home to a collection of world-class owned and licensed brands that share our passion for design, innovation, and doing good. Together, we make distinctive watches, smartwatches, and lifestyle accessories like no one else, and bring each brand and product story to life through an extensive channel and distribution network.

We've made it our goal to create lasting change at the intersection of fashion and technology. Change is the smallest shifts towards one's personal bests, change is at the forefront of a digital frontier at which we connect and shop, and change that scales the globe for the health of our planet. The way we use our time matters; and to us, it's a matter of making time to transform watches and accessories for the better.

SPOTLIGHT

The Iconic Fossil Tin

What if a package could communicate the soul of a brand? That's just what our designers set out to prove back when they designed the very first watch tin in 1989. Taking a cue from the colorful packaging of the '40s and '50s, Fossil's unique packaging came to embody our young, fun, authentic brand and creative culture.

More than 35 years and thousands of designs later, our famous tins are as much a part of our product as the watches themselves. Today, we continue to create iconic designs for these little boxes that have come to embody our DNA. And our customers have become as creative as us in the ways they choose to both collect and "re-use" their tins. Whether it continues to serve as the watch's home, a place for all those little things that we store in our pockets, or the perfect planting spot for desktop greenery, since day one we have always made our tins with recycling and sustainability in mind.

Our goal is to create lasting change at the intersection of fashion and technology.

SPOTLIGHT

We are Fossil Group because of our values, but more so, because of the people who keep them.

Authenticity

We go all in as we are.

Grit

We push through, set our sights, and go for it.

Curiosity

We ask, 'What if? What's next?'

Humor

We don't take ourselves too seriously.

Making an Impact

We go big, perform, and strive to make a difference.

OUR BRANDS



SKAGEN



DIESEL

DKNY



kate spade
NEW YORK

MICHAEL KORS



OUR CORPORATE RESPONSIBILITY STRATEGY

make
time
FOR
good

Our Corporate Responsibility Strategy

Making a positive impact has always been central to who we are. Our more than 7,000 employees are change-makers who make time to support the causes that matter to them. Through Make Time for Good, our corporate responsibility strategy for managing environmental, social, and governance (ESG), we are reducing our products' environmental impact while supporting our communities and employees. Our strategy is made up of three drivers — Good for the Planet, Good for Communities, and Good for Our People.

**We don't
have time
to wait for
change. Now
is the time.
We are the
change.**



Our industry intersects with many ESG topics. We carefully examine how our products use resources and how our business affects people and communities around the world so that we can explore ways to transform ourselves and our industry for the better. We embrace our employees' backgrounds, experiences and perspectives. We also aspire to be a leader in the community by empowering women and girls, supporting human rights, and addressing challenges with sourcing, design, and transparency.

For more information about Make Time for Good, including recent news and program highlights, please see our corporate [website](#).

About This Report

This is Fossil Group's first Corporate Responsibility Report, which covers the calendar year 2021, summarizing our initiatives and progress toward goals. The report's structure and disclosures are aligned with the [Global Reporting Initiative \(GRI\)](#) and [Sustainability Accounting Standards Board \(SASB\)](#) frameworks. We have also used the [Task Force on Climate-related Financial Disclosure \(TCFD\)](#) recommendations to inform our disclosures on climate-related risks and the United Nations Sustainable Development Goals (SDGs) to inform our programmatic initiatives.

For GRI and SASB data, please find the disclosures in the [index section](#) at the end of this report. For information about how we manage climate-related risks and opportunities, please see the [Leaving a Light Footprint section](#). For connection to the SDGs, please see each Make Time for Good strategic driver to learn more about alignment with specific goals.

The relevant topics included in this report were determined through our recent Materiality Assessment and ongoing engagement with our stakeholders.





Materiality Assessment

Fossil Group’s culture is rooted in the belief that we are Greater Together. In that spirit, we engage with a range of stakeholders, including our employees, nonprofit organizations, investors, customers, licensors, and suppliers, each of whom plays a vital role in our business. At the end of 2021, we collaborated with a third party to conduct a comprehensive Materiality Assessment that identified and prioritized the environmental, social, and governance (ESG) issues most important to our business and our stakeholders.



The Fossil Group 2021 Materiality Matrix summarizes our findings.

Using peer benchmarking and industry research, we created a list of the 35 most important ESG issues to our company. Then, we surveyed business leadership and the stakeholder groups listed above about these ESG issues. Survey respondents ranked each issue on a range of importance and had the opportunity to volunteer for a follow-up conversation with the third-party provider to give additional feedback.

The Fossil Group 2021 Materiality Matrix summarizes our findings. The vertical axis summarizes responses from our business leadership, while the horizontal axis summarizes responses from stakeholder groups. All topics in the far top right of the matrix (Tier 1) are our material topics¹. While all topics on the matrix are important, material topics are the highest priority to both our business and stakeholders. In alignment with Global Reporting Initiative (GRI) practices, we are including all material topics in this report.

We created a list of the **35** most important ESG issues to our company.

MATERIALITY MATRIX



¹In this Corporate Responsibility report and our other reports, communications, and statements regarding ESG, we use the terms “material,” “materiality,” and similar terms to refer to ESG topics that are most significant to Fossil Group’s business and stakeholders. We are not using these terms as they have been defined or construed in accordance with the securities laws or any other laws of the U.S. or any other jurisdiction, or as these terms are used in the context of financial statements and financial reporting, and nothing in this report or other ESG communications or statements should be construed to indicate otherwise.

Good for the Planet

We're taking action to lead the industry in environmentally-friendly innovation to help revitalize our natural world.

Our Good for the Planet strategic driver is informed by the United Nations Sustainable Development Goals (SDGs).





We aim to reduce our environmental impact and interact responsibly with the natural world.

While we are still early in our journey of developing environmental initiatives and programs, we know that time is of the essence. Our Good for the Planet commitments prioritize transforming to a low carbon business model, reducing our environmental impact, and creating more responsible products. We focus on sustainable sourcing and circularity, which are important steps to achieving our current long-term goals, and help lay the groundwork for more ambitious targets in the near future.

Our current approach focuses on two areas: Designing for the Future and Leaving a Light Footprint. Meeting these targets will require the focus of everyone in the company, from frontline workers to the C-suite. Our efforts are led by leaders from a range of teams, including Sustainable Materials team, Product Development, and the Environmental Sustainability team. Their main goal is to focus on the daily operations and management of our environmental initiatives to make meaningful progress toward our targets.

We focus on sustainable sourcing and circularity, which are important steps to achieving our current long-term goals.



OUR GOOD FOR THE PLANET GOALS AND PROGRESS

DESIGNING FOR THE FUTURE

BY 2025

Achieve 95% traceability of our suppliers and our processing units on our raw materials to ensure transparency and responsibility within design and supply chains.



2021 PROGRESS

We achieved partial traceability in our handbag and small leather goods categories. This represents 10% of our total vendor base, and we plan to expand traceability across our remaining product categories.

BY 2030

Fully roll out our global take-back program.



We rolled out our take-back program to 30% of our retail stores, specifically within select Fossil stores in our European and Asian regions. We are using these stores to test and refine practices, which will ultimately support our global approach.

Complete Life Cycle Assessment by third-party certification/validation organization of all products for their sustainability benefits (e.g., recycled content, sustainably sourced origins, recyclability, degradability).



As we strive to find environmentally-friendly materials, sourcing, and manufacturing for all our products, having reliable third-party sources confirming these efforts is important to us. Thus, we are currently researching the proper certifying organizations to which will align our business practices.

Use 100% circular packaging (e.g., recyclable and/or reusable).



20% of our packaging is now recyclable and/or reusable.

BY 2040

Design 100% of our owned brand products with recycling in mind. Our teams will continue designing to eliminate waste, using materials that are regenerative, recycled, or sourced sustainably, to create products that are more durable, easily repaired, or recyclable.



30% of our owned brand products and packaging utilize environmentally-friendly materials.

LEAVING A LIGHT FOOTPRINT

BY 2025

Double the adoption of clean energy sources with our operations and suppliers in three years.



2021 PROGRESS

We partnered with a third party to map out our energy landscape globally, using a digital platform. Over 85% of our managed facilities are now mapped in this digital platform. In 2021, we sourced 3MWh of power from clean energy.

Engage 100% of our direct suppliers to meet the water stewardship policy set by Fossil Group.



We have engaged 87 Tier 1 suppliers (>90% of our Tier 1 suppliers), including suppliers from watches, leather goods, jewelry, packaging, and connected devices, in our environmental initiatives through online workshops.

BY 2040

Achieve Net-Zero GHG emissions by 2040, starting with halving emissions by 2030.

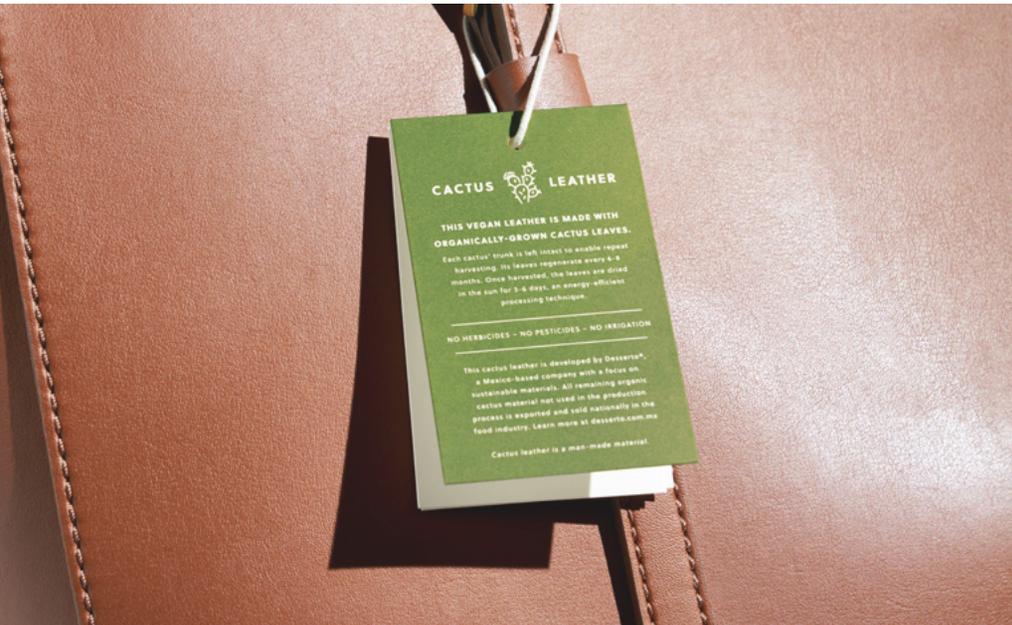


In 2021, we began working with a third-party assessor to validate our complete Scope 1, 2, and 3 emissions. We also began developing our Net-Zero road map with science-based targets.



Designing for the Future

We aspire to be part of leading industrywide change by transitioning to a circular business model for watches and packaging materials. By incorporating sustainability as an integral part of product design and using less resource-intensive materials, we are creating products with reduced environmental impact throughout the complete product life cycle.

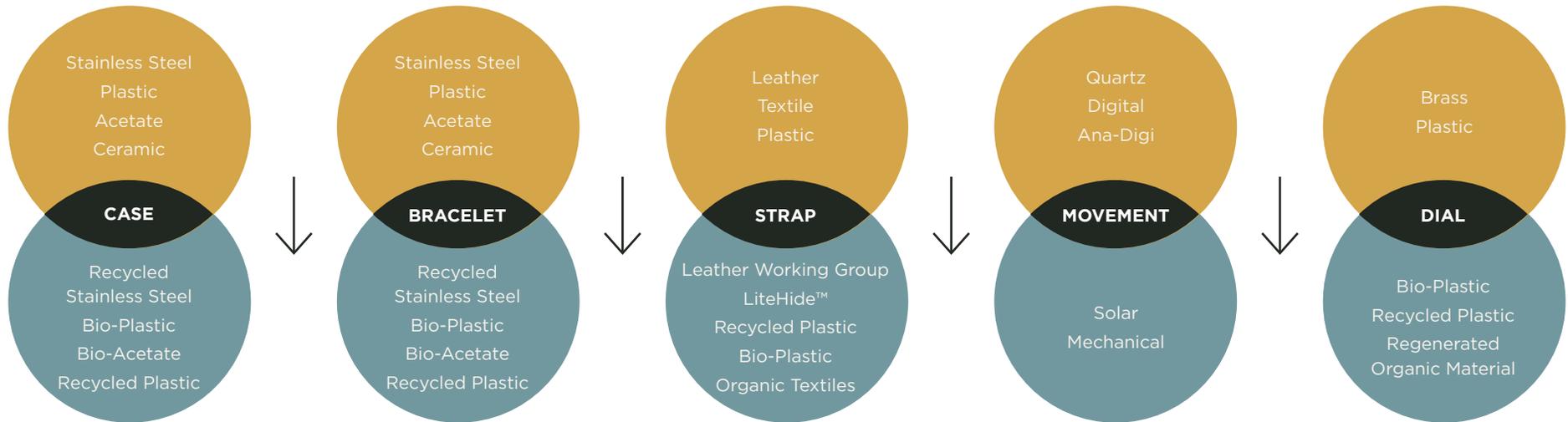


Environmentally-Friendly Criteria

Our products' life cycles begin with environmentally-friendly criteria for the design and selection of raw materials that reduce our impact on the planet.

This includes renewable and regenerative materials, recycled content, reduced use of natural resources and chemicals, and leading environmental certifications. We use these criteria as a guide to help us create more sustainable products.

FROM CURRENT MATERIALS



TO SUBSTITUTE SUSTAINABLE/RECYCLED MATERIALS

OUR IMPACT

Sustainable Design

Designing with environmentally-friendly materials is only the beginning. By harnessing our passion for innovation, we are finding creative solutions to create long-lasting products that keep future generations in mind. Our Materials Team is spearheading the exploration of more sustainable materials and emerging technologies. We are experimenting with plant-based materials such as cactus, mulberry, and apple skin as leather alternatives, plus renewable materials, bio-based, and ocean-bound plastic. While not all materials are suitable for our products, we are committed to testing materials to make our

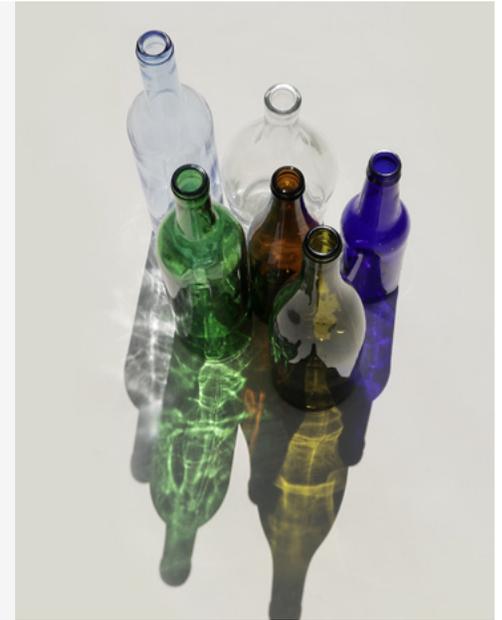
products more sustainable. For our watches and accessories, we are working to address the complex challenges along our supply chain and are exploring better ways to design and make products with more sustainable materials and processes. To reduce our products' footprints, we identify the core components with the greatest environmental impact, review the materials and potential alternatives, and research vendors who can help us transition to lower-impact options.



OUR IMPACT

Raw Materials

In addition to our internal research and development, we use leading environmental certifications to identify more sustainable raw material alternatives. In 2021, 25% of our four most used raw materials (leather, metals, plastic, and glass—the top three of which are outlined below), have a third-party environmental certification. We aim to increase our use of certified raw materials moving forward.



LWG represents over

25%

total production of finished leather in over 50 countries.

LWG has a diverse community of over

1,800

members.

Leather

Leather is one of our most used raw materials. To mitigate our environmental impact, we aim to find more sustainable leather sources and processes. Therefore, we are committed to supporting responsible leather manufacturing across the globe and that is why we are proud members of the [Leather Working Group](#) (LWG), plus partnering with [Litehide™](#). One hundred percent of the leathers from our nominated matrix used in our handbags/SLGs, watches, and jewelry, are leathers that have gone through a resource efficient tanning process or are from tanneries that support responsible manufacturing via the Leather Working Group.



Leather Working Group - The global multistakeholder, Leather Working Group (LWG), is a member-led nonprofit organization that is dedicated to driving excellence in the leather industry, minimizing the environmental impact of leather production, and challenging industry perceptions through a suite of tools and ESG certification.



SPOTLIGHT

LWG Members

- Brands/Retailers
- Leather Manufacturers
- Leather Traders
- Subcontractors
- Commissioning Manufacturers
- Suppliers to the leather industry (e.g., chemicals, machinery, testing)
- Groups/Associations
- NGOs/CSOs

LWG represents over 25% of the world’s total production of finished leather in over 50 countries and has a diverse community of over 1,800 members from across the leather supply chain.

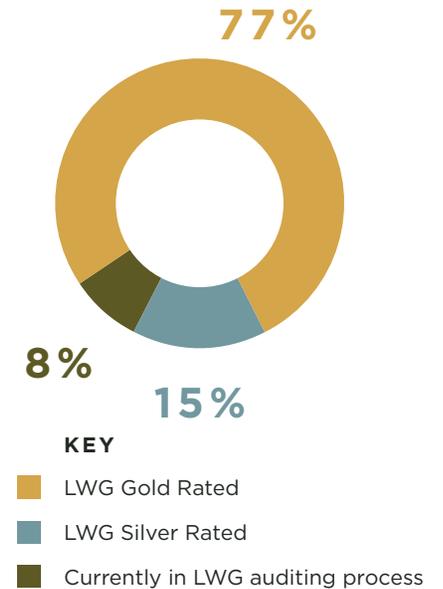
Launched in 2005, the group offers the LWG Leather Manufacturer Audit Protocol as a means of assessing the environmental performance and related business practices of leather manufacturers. Developed by industry experts, audit protocols allow the assessment and certification of best practice in leather manufacturing facilities, ensuring brands and retailers can make responsible sourcing decisions.

Litehide™ - Litehide leather has undergone resource-efficient raw materials processing that significantly reduces water consumption, wastewater pollution, CO₂ emissions, salt use, and waste generation. Compared to traditional hide processing, Litehide saves up to 60% freshwater use, decreases total dissolved solids in wastewater by 70%, and effectively eliminates salt in hide preservation. Since Litehide leather weighs less than traditionally processed leather, transporting Litehide emits fewer emissions than transporting traditionally processed leather. All Litehide is also produced in tanneries certified by LWG, which further reduces this leather’s environmental impact.

Metals

Our products use a variety of metals, with steel being our main metal resource. To reduce the footprint of this resource, we are seeking to source steel with the highest possible recycled content. According to the Environmental Protection Agency, the use of recycled steel in the United States conserves 60-70% of energy — that is equivalent to the energy used by nearly 26 million American households each year. Its durability, coupled with its infinite recyclability, enables us to create long-lasting, responsible products.

FOSSIL GROUP TANNERIES





Plastics

We use plastics in nearly every stage of production, from our watches and accessories to packaging. To minimize our impact, we utilize alternatives to petroleum-based virgin plastic, such as recycled polyethylene terephthalate (PET), ocean-bound, or bio-based plastics.

rPET - Recycled PET is plastic recycled from items like consumer packaging, such as plastic bottles and food containers. In 2021, we used a mix of 50% virgin plastic and 50% rPET in our handbag linings. In 2022, we will continue our transition to 100% rPET in our handbag linings. In addition to handbag linings, we use rPET across many of our watch cases, straps, and bracelet components.

Ocean-bound Plastics - Ocean-bound plastics are plastics found within 50 kilometers of a waterway or coastal area, making them at risk of becoming ocean pollution if they are not collected. This plastic can be repurposed into products as a more sustainable alternative to virgin plastic. We use ocean-bound plastics in many of our watch cases, straps, and bracelet components.

Bio-based Plastics - A renewable alternative to bio-based plastics are castor oil-based plastics. For example, castor oil comes from the seeds of the *Ricinus communis* plant, which is harvested by farmers predominantly in India, China, and Brazil. In addition to being a renewable material used to create bio-based plastics, this plant does not compete with land needed for food crops. We are increasingly using bio-based materials, such as castor oil, in a number of our watch models to replace fossil fuel-based virgin plastic. Similar to rPET and ocean-bound plastics, bio-based plastics can also be used in watch cases, straps, and bracelet components.

We are transitioning to

100%

rPET in our handbag linings.

Ocean-bound plastics are found within

50km

of a waterway or coastal area.

We are increasingly using bio-based materials with up to

45%

castor oil content in a number of watch models.

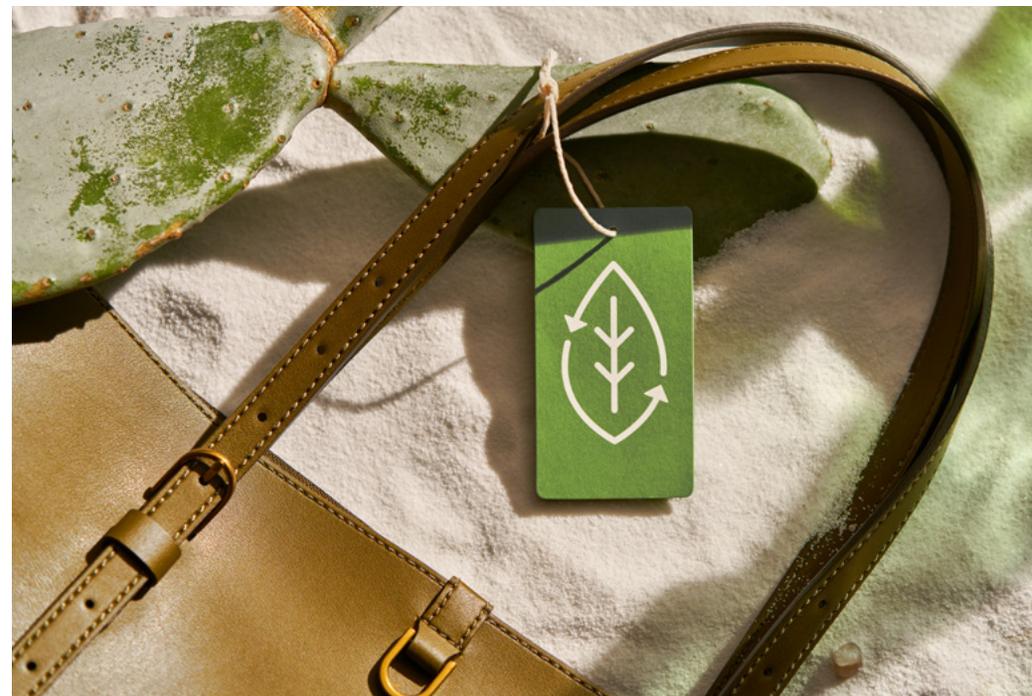
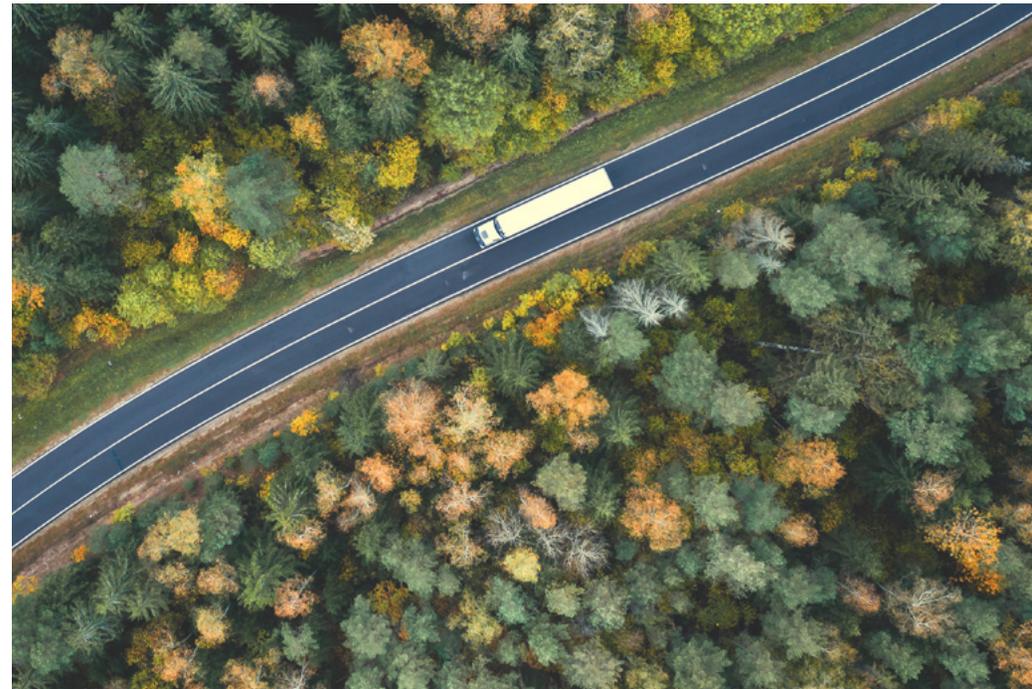


Management of Chemicals in Products

Our approach to chemicals management is grounded on compliance with global laws and regulations, as well as protecting the health and safety of our employees, customers, and the environment. We articulate our chemical management expectations with our suppliers through our Product Guidelines and our Restricted and Declarable Substance List (RDSL), which outlines potentially harmful chemicals used in our industry, specifies safe limits of each substance in our products, and prohibits specific chemicals that are found to be unsafe for humans and the environment. These resources were informed by industry best practices and developed with the guidance of third-party experts. We update our Product Guidelines and RDSL regularly to reflect the most updated safety information and also include chemical management expectations in our supplier trainings. We share our Product Guidelines and RDSL in our Supplier Guidebook. We have a goal to enhance our Chemical Management efforts in 2022 by increasing transparency of chemical standards in Fossil Group products.

Designing Out Waste

We are designing our products and packaging for reuse so that the raw materials in them don't end up as waste. This process will take many forms as we embark upon this journey. As a first step, we continue our long history of service and repair for our watch products. Allowing customers to make needed repairs rather than discard them allows for extended life and provides continued enjoyment. We also acknowledge we need to continue to do more. Second, by focusing on usage of environmentally-friendly criteria, we aim to identify materials and manufacturing processes that help our products reduce their impact on the planet when their life cycle is complete. This includes recycled content, reduced use of non-renewable natural resources,



chemicals, renewable and regenerative materials, and well-recognized sustainability process certifications. We use these criteria as a guide to help us create more sustainable products. Our goal is to achieve circularity, where resources are reused and repurposed back into new products to provide the next generation of customers with similar joy and longevity for our products. To that end, beginning in 2020, for products that could no longer be serviced or resold and for which we have exhausted all other options, we have begun to recycle the raw materials. This also includes our production samples and items developed during our creative and manufacturing processes. We are partnering with ReTeck, a member of the Li Tong Group, to manage recycling in the U.S. and Asia regions. Within Europe, we are working with Weisser Rabe Gruppe. In all cases, our recycling partners will ensure and certify the materials from these products are being recycled, reused, or disposed of in a more environmentally-friendly way. We are also pursuing additional circularity opportunities through our global take-back program and packaging initiatives.




EARTH MONTH WATCH RECYCLING HERE

FOSSIL GROUP



Global Take-Back Program

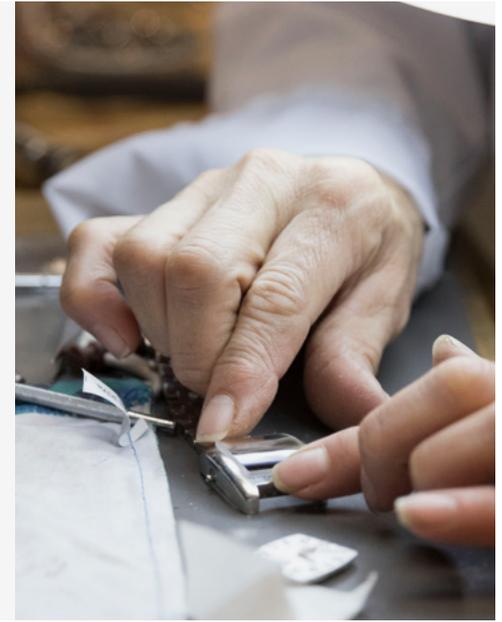
Supporting our “designing out waste” program and our partnership with Li Tong, we are currently developing a take-back program to collect watches from all brands. By working with multiple regional partners around the world, we plan to collect and then responsibly recycle unsellable, unusable, and unwanted watches. Next, we are working to find circular solutions to turn the materials in these unwanted watches into something new, which reduces waste to landfill. Our program is now available in 30% of our global stores. We are incorporating the lessons learned from this initial phase into the future expansion of this program. Our goal is to offer a take-back program in all of our stores by 2030.



OUR IMPACT

Watch Repair

The best way to reduce waste is to extend the life of what we already have. Fossil Group has offered watch repair to our customers for years, enabling our customers to love their watches for longer. Our customers initiate a repair request online and mail their item to us. One of our repair experts will examine and restore the watch, while also providing the customer with repair status updates. Then, we will mail the renewed item, ready for a second life, back to the customer.



Packaging

We aim to transition to 100% circular primary packaging by 2025. This means all our packaging would be reusable (like our famous tins) or recyclable. To accomplish this, we are re-imagining our packaging by first optimizing material usage and removing unnecessary packaging. Second, we are making packaging more easily recyclable through steps that include using single-source materials and water-soluble varnishes. Currently, over 25% of all our packaging contains recycled materials, and 20% of our packaging can either be recycled or reused. All paper used in our packaging is [Forest Stewardship Council \(FSC™\)](#) certified, which means it was sourced from responsibly managed forests.

As members of the Sustainable Packaging Coalition’s [How2Recycle Program](#), we also help inform customers in the U.S. and Canada about how to properly recycle our packaging to support less waste in our landfills, oceans, and communities.





Leaving a Light Footprint

Nations around the world are increasingly working to address climate change through international agreements, from the Kyoto Protocol to the Paris Agreement, and they have been vital to emphasizing the enormity of the issue as well as the importance of collaborations. We produced over 15 million watches in 2021. These watches, along with other accessories, used a wide range of natural resources — resources that we should use responsibly.

To protect the earth's resources for future generations, we conducted an internal assessment to better understand where our environmental impact comes from and how we can make the most meaningful reductions. From our internal assessment, we found that over 50% of our environmental impact comes from the manufacturing process of the materials used in our products and packaging.

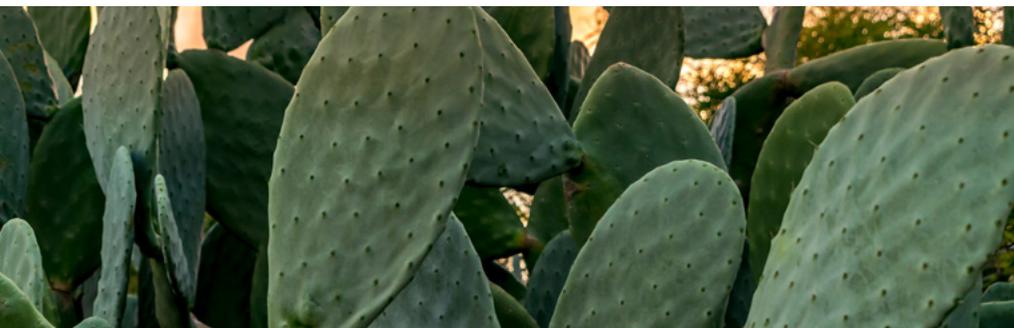


Our current goals focus on combating climate change, driving significant water and waste reductions, and providing transparency around chemicals. In 2021, one of our biggest milestones was committing to science-based targets, which aligns to the 1.5° Celsius scenario with the Paris Agreement. Collaboration with the industry and supply chain partners is important to realize such an ambitious goal. Our teams work hand in hand with our partners not only in decarbonization, but also minimizing the impact to water quality and chemical usage.

Climate Change

According to the [Intergovernmental Panel on Climate Change \(IPCC\)](#), in order to avoid the worst impacts of climate change, the world needs to drastically reduce global greenhouse gas (GHG) emissions. Scientists at the IPCC also warn that climate impacts are already beginning to unfold and will continue to do so even as GHG emissions are reduced. Therefore, we recognize it is important for companies to identify and manage the risks that climate poses to them.

Our business is susceptible to risks associated with climate change, including through disruption to our supply chain, potentially impacting the production and distribution of our products, and availability and cost of raw materials. Increased frequency and intensity of weather events due to climate change could increase the risk of a significant disruption to our operations, including at our global offices and warehouses and transportation and manufacturing partners. In addition, concern over climate change may result in new or additional legal, legislative, and regulatory requirements to reduce or mitigate the effects of climate change on the environment. Failure to implement our strategy or achieve our goals could damage our reputation, causing our investors, consumers, or employees to lose confidence in our company and brands, and negatively impact our operations.



From a climate risk identification and mitigation standpoint, our strategy for mitigating climate-related risks is focused on early identification of locations and physical infrastructure that are vulnerable to climate impacts. We routinely review our locations around the world to determine if there are any single locations or a concentration of locations that have a high probability for physical risk events, such as hurricanes and floods. As those locations are identified, we work with internal partners and third parties, such as our insurance provider, to determine the appropriate amount of coverage needed to address the potential effects of a physical risk event. Our risk engineers also regularly visit our key operating sites and third-party vendor sites to evaluate the overall safety and integrity of a site in case of an event.



If improvement opportunities are identified, we work with the local management or the third-party vendor to complete the recommended improvements.

Our Board of Directors conducts an annual review of climate-related risks and opportunities as part of our Enterprise Risk Management process and receives an annual strategy update on ESG matters. In addition, our senior management team regularly reviews this process as well. These assessments supported our decision to develop science based targets using a 1.5° Celsius scenario, so that we are mitigating impacts while managing our risks. Our science-based target is under development and will be formalized for submission to the Science Based Targets initiative (SBTi) next year. We will continue assessing climate impacts on our strategy and operational resilience, while developing our approach to climate mitigation, adaptation, and resilience across our operations and supply chain.

“To drive the fashion industry to net-zero Greenhouse Gas emissions no later than 2050 in line with keeping global warming below 1.5 degrees.”

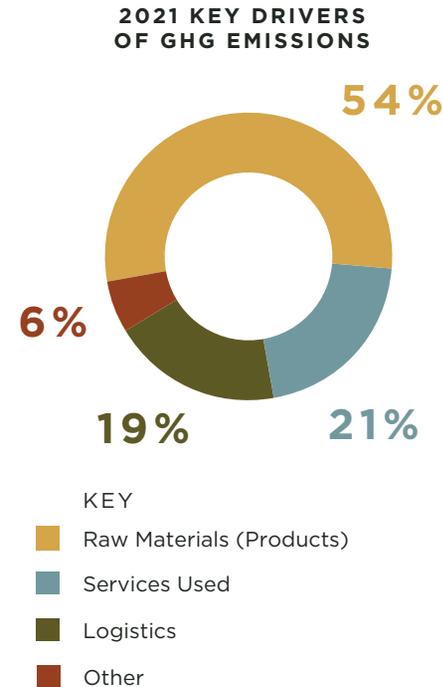
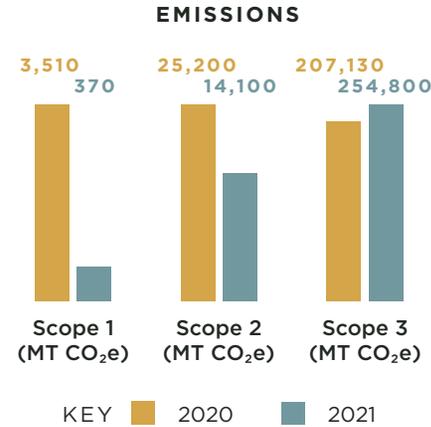
Mission of the Fashion Industry
Charter for Climate Action

Emissions

Reducing our carbon footprint has been a critical initiative within our Make Time for Good framework. In 2015, we began to evaluate our Scope 1, 2, and 3 greenhouse gas emissions. In 2018, we became one of the initial signatories of the [Fashion Industry Charter for Climate Action](#), which was launched at COP24 in Poland. Since 2019, we have been submitting data with regard to the impact of our carbon emissions through the [Carbon Disclosure Project \(CDP\)](#), a global disclosure platform.

Measuring footprint reductions, particularly for raw materials and components sourced from suppliers, remains challenging, and our footprint is strongly correlated with the quantity of products we put in the market. Our overall goal is to become a net-zero company by 2040, with a near-term target of cutting 50% of the 2021 GHG emissions by 2030. This is supported by our commitment to setting Scope 1 and 2 science-based targets through the [Science Based Targets initiative \(SBTi\)](#).

In 2021, the emissions associated with logistics increased due to air shipments handling multiple logistics challenges impacted by the COVID-19 pandemic.



SPOTLIGHT

Key milestones in 2021

- Started the process to engage with the Science Based Targets initiative (SBTi).
- Formed a cross-functional team with senior leaders to formulate and drive the carbon reduction and removal strategy.
- Enhanced our capability to measure and monitor energy consumption and carbon emissions with technology solutions from a third-party provider.
- Promoted green value chains by strengthening collaborations with 87 direct suppliers. Completed a preliminary evaluation to identify the carbon intensive process during product assembling.
- Improved the data quality by working with our carriers globally to track the carbon emissions associated with the transportation and distribution, which furthers our ability to identify the opportunity to reduce our emissions.

Energy

Fossil Group operates a combination of 402 retail locations worldwide. In 2021, amidst the pandemic, there was a total energy consumption of 33,489,000 kWh. Responsible energy management is essential for the long-term stability and resilience of our business. Our approach is to source smartly and use energy responsibly. We've identified areas in our operations where we can accelerate our transition to cleaner and more efficient uses of energy. A digital tool was implemented in 2021 to help us to drive further changes in our energy consumption. We also created a cross-functional team to oversee our energy agenda.

Clean Energy Transition

Making a transition to clean energy will be one important milestone toward our 2040 Net-Zero goals. We have already started the journey of the transition. For example, in Eggstätt, Germany, our biggest distribution hub in EMEA, we installed a rooftop solar system to power our operations. In 2021, we sourced over 4,000 MWh of green energy in our EMEA operations.

To accelerate our transition to clean energy, we are strengthening collaborations with our strategic suppliers. We want to grow our green value chains through these relationships and amplify our actions toward net-zero. We've enhanced tracking and measuring of energy usage throughout our supply chain with data technology from a third-party provider. Through this technology, we will be able to share best practices for prioritizing renewable or clean sources of energy with our suppliers.

**2021 ENERGY INTENSITY
(IN KWH PER M2; EXCLUDES CONCESSION STORES)**

	Americas	EMEA	APAC
Office/Domes	101.91	38.02	114.29
Retail Store	218.81	162.66	195.24
Manufacturing	0	88.09	126.87

Energy Efficiency Initiatives

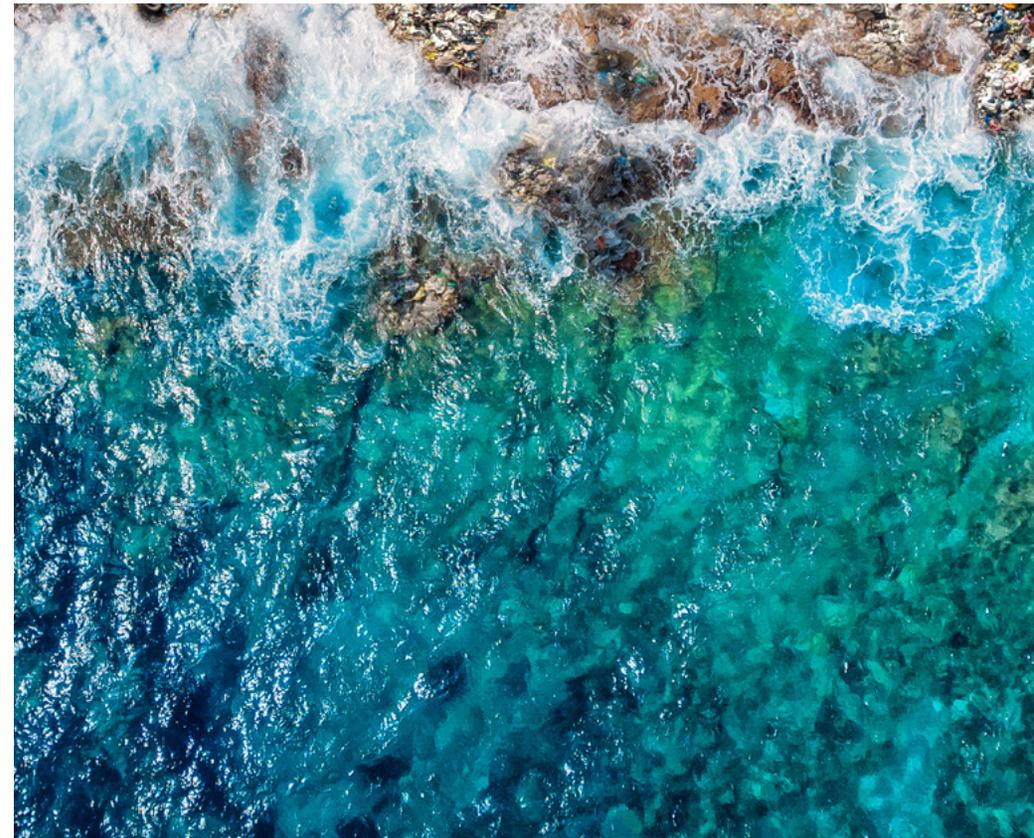
In our global facilities, we have an opportunity to reduce our carbon footprint through energy efficiency initiatives. In 2019, we responded to [CDP](#) to track, assess, and report on our carbon footprint in our direct operations. We have since expanded energy efficiency efforts by implementing smart meter solutions. Some examples of our initiatives include our corporate headquarters in the U.S., which implemented over 80% LED lighting several years ago. All of U.S. stores also have over 90% LED within the space.



Water

Water is a critical resource for our operations and products. Since 2020, we have estimated and reported our water consumption in our direct operations through our CDP disclosures. Our direct operations include offices, warehouses, retail stores, and three production facilities where we assemble our watches. Additionally, we plan to expand our water reporting efforts across our supply chain when we begin collecting water consumption data in 2022.

We have estimated our suppliers' total water consumption based on spend data, market, and geographic location. We manage wastewater discharge and supplier compliance with wastewater regulations by requiring all of our suppliers to comply with local regulations and country specific environmental laws, as well as assessing several selected suppliers regarding their wastewater treatment process. We are in the process of creating a Water Stewardship Policy to outline our expectations for responsible water management and plan to require all direct suppliers to adhere to this policy.



2021 WATER CONSUMPTION* (MEGALITERS)

Total Water Consumption	2,825
Surface Water	n/a
Ground Water	n/a
Seawater	n/a
Produced Water	n/a
Third-Party Water	n/a

2021 WATER WITHDRAWN* (MEGALITERS)

Total Water Withdrawn	2,825
Surface Water	n/a
Ground Water	n/a
Seawater	n/a
Produced Water	n/a
Third-Party Water	2,825

*We estimated water withdrawal and water consumption are the same. These are general estimates based on the best available data at the time, and we continue to refine our methodologies to increase precision on data. (In m3 per m2; excludes concession stores).



Good for Communities

We champion our employees to be a force for good in and alongside the communities we belong to globally.

Our Good for Communities strategic driver is informed by the United Nations Sustainable Development Goals (SDGs).

1 NO POVERTY 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 	17 PARTNERSHIPS FOR THE GOALS
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At Fossil Group, we are committed to sharing our time, talent, and resources to Make Time for Good within communities.

Our Good for Communities efforts focus on two areas: (1) Enhancing Communities; and (2) Empowering Women and Girls. The Fossil Foundation is the primary driver of this effort as the Foundation works toward the mission to unleash the power of underserved youth around the world. We also offer programs to support employee interests in the community such as a Volunteer-Time off policy, a robust Matching Gifts program, and corporate volunteerism. We create the biggest impact we can by bringing together the unique resources of our company, the Fossil Foundation, and our more than 7,000 employees.

The Social Impact Team is responsible for all strategy, operations, and results related to community engagement. The team engages in quarterly reviews with the Fossil Foundation Board of Directors, and oversees community investments across the business.



OUR GOOD FOR COMMUNITIES GOALS AND PROGRESS

ENHANCING COMMUNITIES

BY 2023

All employees have access to community engagement programs and opportunities.



2021 PROGRESS

23% of employees are registered on our Make Time for Good engagement platform.

BY 2025

Positively impact 5 million youth through Fossil Foundation.



2.6 million youth have been impacted globally.

EMPOWERING WOMEN AND GIRLS

BY 2023

Over 50% of Fossil Group and Fossil Foundation investments support women and girls.



2021 PROGRESS

We continue to partner with organizations that serve women, girls, and gender expansive youth. 67% of Fossil Foundation beneficiaries identify as women, girls, or gender expansive youth.

BY 2025

Be among the Women's Empowerment Principles (WEP)'s top 25% for women's empowerment and score 75% or above on the WEP's Gender Gap Analysis Tool.



We scored 73% on the Women's Empowerment Principles Gender Gap Analysis Tool.

Engage employees in global and local mentorship opportunities for women and girls.

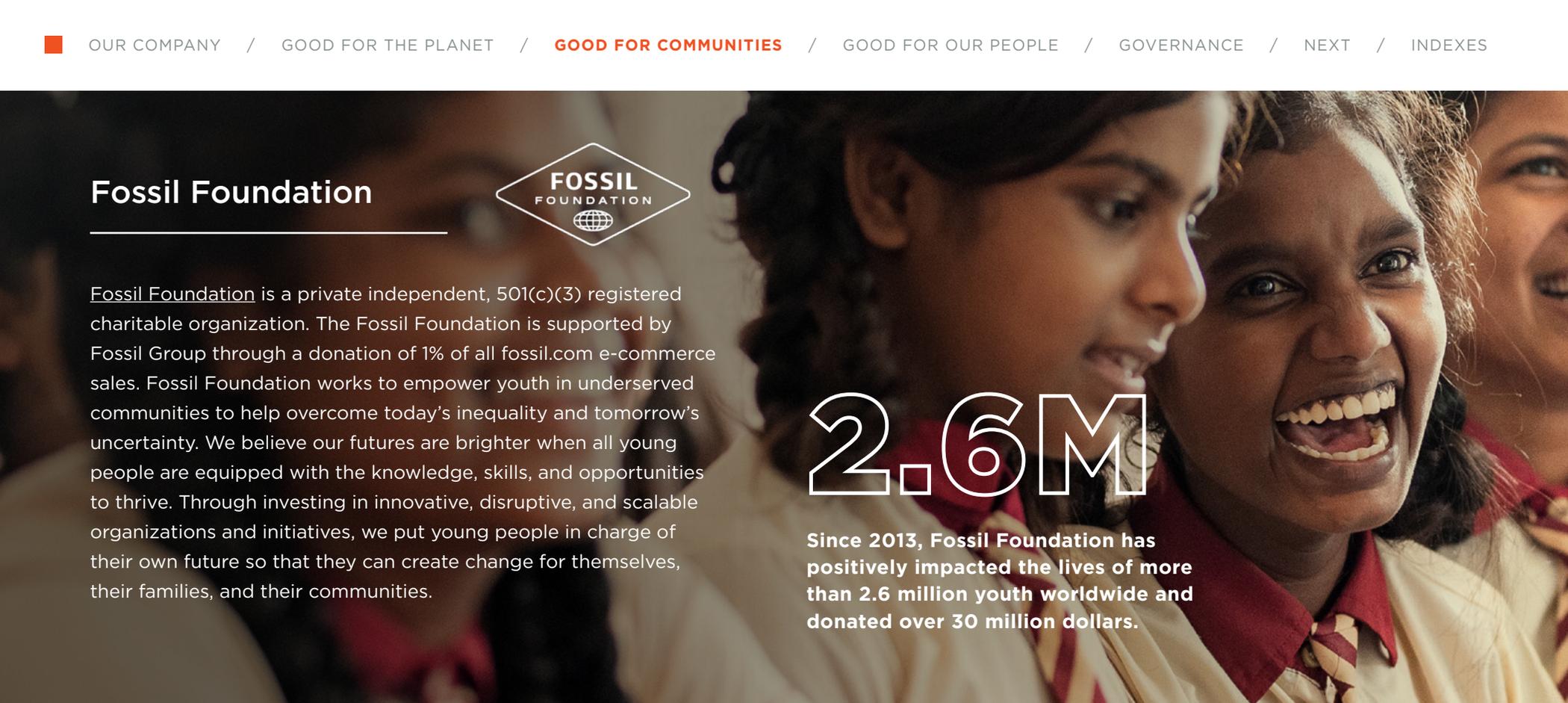


We expanded our partnership with a global mentorship partner that allows employees to virtually mentor and encourage women around the world. We continue to offer ongoing regional opportunities as well.

Fossil Foundation



Fossil Foundation is a private independent, 501(c)(3) registered charitable organization. The Fossil Foundation is supported by Fossil Group through a donation of 1% of all fossil.com e-commerce sales. Fossil Foundation works to empower youth in underserved communities to help overcome today's inequality and tomorrow's uncertainty. We believe our futures are brighter when all young people are equipped with the knowledge, skills, and opportunities to thrive. Through investing in innovative, disruptive, and scalable organizations and initiatives, we put young people in charge of their own future so that they can create change for themselves, their families, and their communities.



2.6M

Since 2013, Fossil Foundation has positively impacted the lives of more than 2.6 million youth worldwide and donated over 30 million dollars.

Partners in Purpose

At Fossil Group, we believe in acting with purpose, which is why we consider all the organizations we support across Fossil Group and the Fossil Foundation to be Partners in Purpose. We cultivate meaningful relationships with our partners by investing our resources, time, and expertise to be the change we want to see in our communities.

In 2021, Fossil Foundation partnered with 26 global nonprofit organizations and NGOs across the Americas, Europe, the Middle

East and Africa (EMEA), and Asia-Pacific (APAC) regions, including new partners in Latin America and the United Kingdom. Through our partnerships, we continued to focus on tackling inequalities and social injustices. We also improved communication and deepened engagement with our partners by launching an internal communication platform and creating a newsletter for Fossil Foundation Board members.

The Fossil Foundation seeks to empower underserved youth in marginalized communities globally. Young women and girls are disproportionately impacted by the lack of access and opportunities in marginalized communities around the world. Therefore, Fossil Foundation funding and partnerships over index in supporting agency for women and girls. In 2021, we connected our partners with our employees and communities to celebrate International Women’s Day and the International Day of the Girl. The Fossil Foundation has several key charitable partnerships with organizations that focus on empowering young women. We are proud to support these and all of our partners in their impactful work around the globe. To learn more about all of our Foundation partners, visit our [website](#).



SPOTLIGHT

Fossil Foundation has achieved more than \$1.8M in lending impact.

Through our partnership with KIVA, this impact was across a network of 119 partners and more than 45,000 individual borrowers, of which 87% were women.

OUR PARTNERS



Unlocks the leadership potential of young women and girls in East Africa through confidence-building workshops. Fossil Foundation’s support brings these workshops to more young women in remote areas.



Empowers women through workforce training. Fossil Foundation supports Buildher’s vocational training program that develops accredited, highly skilled, and confident women to join the construction workforce in Kenya.



Empowers young women to disrupt the tech space. Fossil Foundation supports AkiraChix’s signature codeHive program that empowers young women through an intensive coding course.



Unlocks young women’s self-confidence in the digital space. Fossil Foundation supports the Tujibebe empowerment platform that addresses youth unemployment among women in the Northern and Lake Zones of Tanzania.



Educates and mobilizes women and girls to achieve gender equality. Fossil Foundation supports C3’s agency-building programs for young women in Jharkhand, India’s Gumla district.



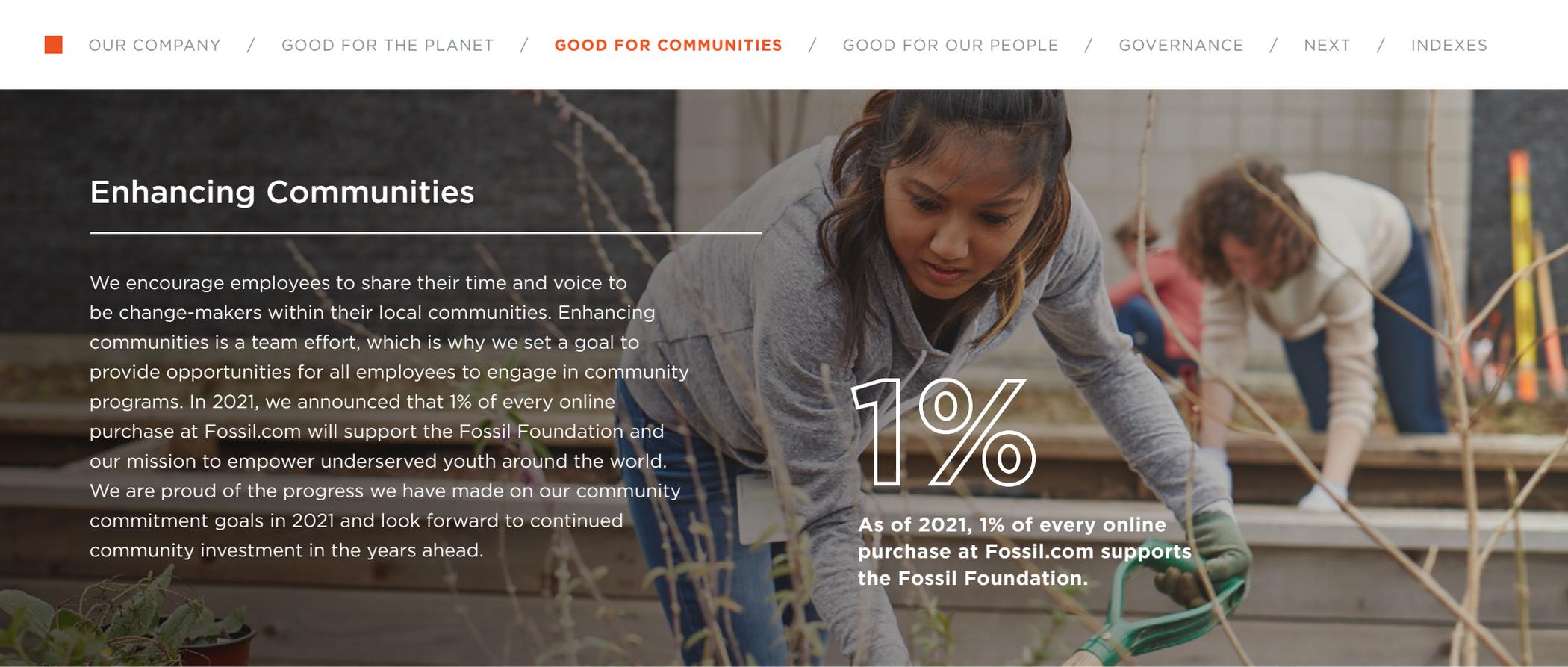
Advances Texas women’s economic security and leadership. Fossil Foundation supports the Young Women’s Initiative, a program that empowers young women to lead, prosper, and live safe and healthy lives.



Protects and prevents sexual violence against women and children in India. Fossil Foundation supports programming that coaches and mentors young women through education, career counseling, employability training, and advocacy.

Enhancing Communities

We encourage employees to share their time and voice to be change-makers within their local communities. Enhancing communities is a team effort, which is why we set a goal to provide opportunities for all employees to engage in community programs. In 2021, we announced that 1% of every online purchase at Fossil.com will support the Fossil Foundation and our mission to empower underserved youth around the world. We are proud of the progress we have made on our community commitment goals in 2021 and look forward to continued community investment in the years ahead.



1%

As of 2021, 1% of every online purchase at Fossil.com supports the Fossil Foundation.

**Our goal
is to reach
5 million
underserved
youth by
2025.**

Philanthropic Investments and Community Outreach

We cultivate meaningful change by investing our resources, our time, and our expertise in ways that are impactful to our communities, employees, and the company. In 2021, we made major achievements across our investments and outreach initiatives through community partnerships, Fossil Foundation, and employee volunteers.

In 2021, Fossil Foundation completed the collaborative partnership with [Accenture](#) and [Pearson](#), supporting [Unreasonable Group](#), working together to ensure underserved youth find new pathways to thrive with the final cohort of [Unreasonable FUTURE](#), a three-year initiative focused on the intersection of disruptive technologies such as automation, AI, and new business models, while ensuring marginalized youth are not left out of the equation. The initiative has now reached 19 million people, helping them gain access to new technology and skills, and accelerating our progress toward our goal of reaching 5 million underserved youth by 2025.

Emergency and Disaster Relief

Fossil Foundation provided \$130,000 in grants and employee match contributions in response to a variety of emergency and disaster relief efforts. These crises ranged from the COVID-19 pandemic in India, Afghan resettlement in the U.S., the earthquake in Haiti, and most recently, the Ukraine crisis. In addition, the Foundation provided unrestricted grant funds to its partners, allowing them to pivot quickly during different phases of the pandemic and refocus resources in times of disaster.

Giving Tuesday

To celebrate Giving Tuesday in 2021, Fossil Group’s global marketing team shared the stories of four Fossil Foundation partners – [WeThrive USA](#), [Shining Hope for Communities in Africa](#), [Friends International in Cambodia](#), and [Girl Effect in India](#) – connecting them directly with consumers via social media, email, and website features supporting their important work aligned with the Fossil Foundation’s mission to unleash the power of underserved youth around the world.

Employee Action

We provide generous, flexible, and accessible offerings for our employees to engage in their communities, including matching charitable gifts and volunteer time off (VTO). Our matching gift program matches employees’ charitable donations one to one, up to \$2,000 per employee a year. In 2021, employees made a total of 503 donations to 150 charities, and we matched our employees’ generosity with more than \$45,000.

\$130K

granted in response to emergency and disaster relief efforts

150+

charities received 503 donations from employees

729

hours volunteered

\$45K+

of employee donations matched

84K+

masks donated (a retail value of \$672,000)

SPOTLIGHT

World Cleanup Day

[World Cleanup Day](#) is a civic movement, uniting 180 countries and millions of people across the world to clean up the planet.

September 18, 2021, was the fourth annual World Cleanup Day. Since 2018, 50 million people have come out and cleaned their communities and the environment. This past year, Fossil Group Europe joined the movement. Our offices, stores, and concessions from seven countries (Switzerland, Germany, Spain, France, Italy, Portugal, and the United Kingdom) participated in the event, representing over 100 volunteers and generating 320 volunteer hours.





OUR COMMUNITIES

Our VTO program gives Fossil Group employees 16 hours of time off they can use to volunteer at charities and organizations in their community.

This time off does not include hours volunteered at corporate-sponsored service projects we host throughout the year. Even with the difficulties presented by the ongoing pandemic, employees logged a total of 729 volunteer hours in 2021 on our Make Time for Good Engagement Platform. The engagement platform is used to promote volunteer opportunities, match donations, and spread awareness on Fossil Group and Fossil Foundation engagement initiatives.



“Corporate Responsibility is all about the impact the company can make ...

... on society, the environment, and business and for us at Fossil, it goes far beyond this. It is so much about our culture and having a sense of purpose in our daily lives, and this is why so many of us at Fossil engage with Fossil Foundation and Make Time for Good initiatives. It is inspiring for me to be a part of our Fossil community and encouraging to join hundreds of our employees across the globe making pro bono work in order to make this planet a better place for us and for our children. Together with Fossil Foundation partners, our teams are greatly engaged in driving change for underserved youth and empowering girls and women, and we do commit to making a difference in this world!”

Anna Studzinska, Head of Sales Distributors, EMEA

Empowering Women and Girls

We are proud that women make up over 60% of our global workforce. Their strength and passion to make a difference inspire us to do even more to empower women and girls. We seek to amplify the power and impact of women inside and outside of our four walls. When we constructed the Make Time for Good strategy, we wanted to formalize our commitment to being a leader in women's empowerment. Our efforts focus on strategic partnerships with female-focused organizations and creating a new model of mentorship to reach more women and girls outside our company.

We reached
400+
women and girls in 2021.

Education and Mentorship

Our education and mentorship programs provide opportunities for our employees to connect with young women and girls in our global communities. In the face of ongoing challenges posed by the pandemic, we pivoted many of our in-person mentorship programs to virtual and hybrid opportunities. We worked with partners [GenHERation](#), [Step Up Women's Network \(SUWN\)](#), and [World Pulse \(WP\)](#) to continue to reach more women and girls around the world. Through our GenHERation partnership alone, we reached over 400 women and girls in 2021.



We also work with several legacy mentorship partners to help every girl fulfill her potential. We work with [StepUp Women’s Network](#) to give girls in underserved communities experiences to become confident, college-bound, and career-focused. We support the local chapter in our hometown of Richardson, Texas, by participating with their Board, providing employee mentors, and offering students experiential education in our offices.

International Day of the Girl

Fossil Group has been celebrating International Day of the Girl with events and learning opportunities since 2017. In 2021, all of our regions held engagement opportunities to mark the occasion. In our Americas office, we held a career panel discussion for young women with our partners at GenHERation featuring Fossil Group leaders. Our offices in Hong Kong held a guest speaker session with 2 B-girls, Little Lady and Mirage, who shared their experiences participating in competitive breakdancing, a sport traditionally dominated by men. And in EMEA, our Basel office hosted young women from [Job Factory](#), one of the Fossil Foundation partners, to learn from Fossil Group’s women leaders.



OUR IMPACT

Tory Burch Foundation

Fossil Group has invested over \$1.4 million in the Tory Burch Foundation since 2013. We specifically support the [Tory Burch Fellowship Program](#), a yearlong program for women entrepreneurs, and the [Embrace Ambition Summit](#), a powerful annual event that challenges stereotypes and unconscious bias around race, gender, and more. We also provide executive-level mentors for the program including our own CEO who has served as a mentor for several years. Additionally, we attend the annual summit, inviting our team leads, community partners, and aspiring Fossil Group women to the event.

SPOTLIGHT

Women’s Empowerment Principles Gender Gap Analysis

We continue to benchmark our progress through participation in the Women’s Empowerment Principles (WEP) Gender Gap Analysis. We began utilizing the tool five years ago when we set out to be a leader in driving women’s empowerment around the globe. Each year, we have worked to improve our score across four categories: 1) Leadership and Strategy, 2) Workplace, 3) Marketplace, and 4) Community. Since first participating, we have raised our score by 41 percentage points, from 32% to 73% in 2021, nearing our 2025 goal of 75%.



Good for Our People

Our belief that, together, we are capable of even greater innovation, collaboration, creativity, and growth drives our commitment to creating an environment where everyone is welcome and given the tools to learn, lead, and succeed.

Our Good for Our People strategic driver is informed by the [United Nations Sustainable Development Goals \(SDGs\)](#). Leaders from DE&I, Supplier Compliance, and Global People Development, Engagement, and Communications teams help drive the programs, progress, and initiatives within these commitments.

1 NO POVERTY 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES
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We are committed to fostering a culture of inclusivity and collaboration.

Fossil Group was founded on the belief that we can do greater things together when we harness the power of ourselves and empower those around us. All employees are encouraged to come as themselves and freely share their one-of-a-kind skills, experiences, and perspectives to make Fossil Group stronger. We have made Greater Together a rally cry at the core of our culture, guided by our core value of Authenticity. It's in the way we show up for each other and how we interact at work and in our communities around the world.



OUR GOOD FOR OUR PEOPLE GOALS AND PROGRESS

DRIVING DIVERSITY, EQUITY, AND INCLUSION (DE&I)

BY 2023

2021 PROGRESS

Grow our individual and collective knowledge of diversity, equity, and inclusion principles and practices.



We created Fossil Group Gatherings for DE&I-related discussions and implemented Creating Inclusive Environments workshops.

Increase all women, BIPOC² and Black leadership representation.



Increased women in executive leadership (ELT) by 14% and exceeded the global target for women for 2021 by 3%.

Create an inclusive experience that engages, retains, and provides opportunities for all employees.



We earned 100% on the Human Rights Campaign Corporate Equality Index and launched six Employee Resource Groups (ERGs) in the Americas.

Drive accountability, results, and transparency across the organization.



DE&I goals were added to the Executive Leadership Team's performance reviews and compensation. We also shared diversity metrics and goals internally with employees.

Leverage our diversity to benefit our external stakeholders and achieve our society and strategic business goals.



We created a DE&I Team and hired our first-ever VP of Global Diversity, Equity, and Inclusion. We also became a founding member of the Miller Knoll Diversity in Design Collaborative.

ADVANCING EQUALITY IN THE SUPPLY CHAIN

BY 2022

2021 PROGRESS

Ensure 100% of significant Tier 1 factories are on a grievance hotline, impacting the lives of 40,000 workers.



We achieved this goal in 2021, one year ahead of schedule.

Expand transparency efforts by reporting on our website the number of annual audits performed on our significant Tier 1 factories and the risk assessment results of those audits.



We reported Social Compliance numbers on our [website](#), including the percentage of Tier 1 suppliers that received audits and the risk assessment results.

BY 2025

Raise health education awareness of over 15,000 women by partnering with factories who educate their workers via the HER/SHE program.



13,000 women have been educated via the HER/SHE program, and we have a road map to educate the remaining 2,000.

²Defined as Black, Indigenous, and People of Color

Our Employees

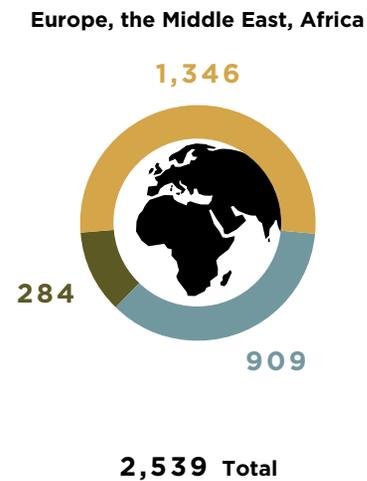
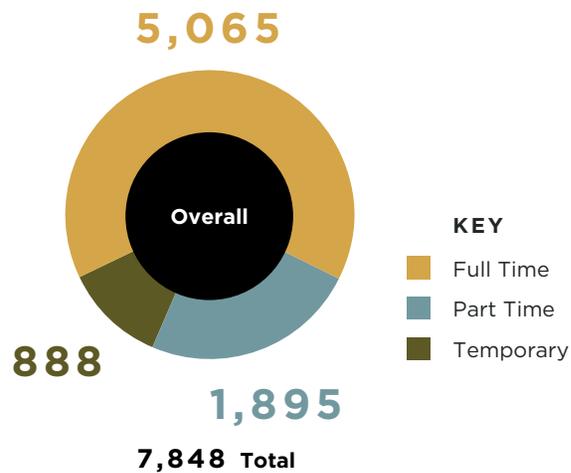
We are Fossil Group because of our core values—Authenticity, Grit, Curiosity, Humor, and Impact—but moreso because of the people who live these values every day.

7,000+

employees around the world.



GLOBAL EMPLOYEE BREAKOUTS



Driving Diversity, Equity, and Inclusion

We aspire to be a company that reflects the diversity of our communities. In pursuit of this aspiration, we created a DE&I strategy to formalize our commitment to not only create a diverse workplace but also foster an inclusive culture where people feel a sense of belonging and have access to opportunities for development, advancement, and recognition. Our DE&I strategy is rooted in five pillars: Knowledge, Diversity, Inclusion, Accountability, and External. In 2021, we engaged a third party to validate and review our strategy. Given this review, we believe that our DE&I strategy aligns with best practices in our industry. Our employees echo this sentiment, with 72% agreeing in an internal employee survey that we are actively making progress in the DE&I arena.

Growing Our Knowledge

One of our goals is to grow our individual and collective knowledge of diversity, equity, and inclusion principles and practices. We offer multiple avenues for our people to learn more through our DE&I sessions, gatherings, workshops, and online community.





Foundational DE&I Sessions

As a global company, we want to make sure every employee has a foundational understanding of our commitment to DE&I. That's why we created "Our DE&I Journey," a presentation of the whys, hows, and whens of our DE&I strategy and programs. This presentation was given across the North American, Asia-Pacific (APAC), and Europe, the Middle East, and Africa (EMEA) regions, reaching approximately 500 employees.

Fossil Group Gatherings

When we gather, we grow Greater Together, which is why we launched Fossil Group Gatherings where employees could support and learn from each other in 2021. In its inaugural year, we hosted four Fossil Group Gatherings with approximately 300 total attendees, each with their own designed theme.

April 2021 - Reflections on the Chauvin Verdict and Recent Events Impacting the Fossil Community

May 2021 - The Roots of Anti-Asian Racism and Violence

June 2021 - The History of Juneteenth and Its Continued Importance

October 2021 - Caminando con Orgullo: Pride in the Journey

**The DE&I Journey Presentation
has reached approximately**

500

employees.

**Fossil Group Gatherings have
had approximately**

300

total attendees.



Creating Inclusive Environments

In 2021, we focused our efforts on providing multiple forums and communication channels for employees to engage with DE&I topics. One of these channels was a virtual DE&I workshop called “Creating Inclusive Environments,” that aimed to increase individual belonging. Workshop participants learned specific actions and skills to create a stronger culture of inclusion, such as the ability to recognize biases and stereotypes that can affect workplace dynamics, identify those who have been excluded and invite them to the table, and develop skills to advocate for those with different perspectives and support their own success. These workshops were offered to all employees and were mandatory for leaders. We also added extensive bias training to our onboarding process for new employees.

“[Fossil Group stands] out as a business that prioritizes people’s well-being at its core – creating a safe place for everyone to be their true selves at work.”

Joel Kennard, H.R. Business Partner



Fossil Group DE&I Community

In 2020, we created the Fossil Group DE&I community, an online resource where Fossil Group employees can share and discuss DE&I articles, topics, and encourage engagement. Response to our efforts to grow companywide DE&I knowledge has been extremely positive. We saw a significant increase in employee participation in our online DE&I community board.

Increasing Diversity

In 2021, we sponsored 45 employees to attend three external leadership development conferences geared towards BIPOC professionals, specifically Asian American women professionals, Black male professionals, and mid-level Black managers.

Cultivating Inclusion

Diversity is not enough without an inclusive environment where all employees experience belonging and feel that they can bring their authentic selves to work. We continue to work to drive inclusivity for all employees by strengthening our employee benefits and introducing new Employee Resource Groups.

Employee Resource Groups (ERGs)

To ensure every employee at Fossil Group has the opportunity to be heard, valued, and engaged, we completed a comprehensive and collaborative process to usher in Employee Resource Groups (ERGs) in 2021. We kicked off this process by holding six introductory sessions entitled “Diversity@Fossil: What’s an ERG?”, where employees learned about potential ERGs and how they could become involved. At the end of the sixth session, employees voted on which ERGs they would like to establish first and applied to become an ERG leader, if interested. A selection committee chose an executive sponsor and three leaders for each of the six new ERGs, ensuring that the leaders represented employees across corporate, retail, and distribution center levels.



BAAM!: Black/African American and Allies Movement

Mission: To advance a diverse and inclusive work environment through professional development, mentoring, and leadership opportunities with a focus on the recruitment, retention, and advancement of Black people.



Contigo

Mission: To be a supportive group for Fossil Mexico employees that helps guide, teach, and represent diversity, equity and inclusion topics. A group that can serve as a resource for Mexico teams and Fossil ERGs developing more committed employees to their careers, company and environment.



Juntos

Mission: To create a space for Hispanic, LatinX, and Allies to support professional growth, bring cultural awareness, and make an impact in our communities.



PACT: Parents, Allies, and Caregivers Together

Mission: To promote a healthy work-life balance by providing support, leveraging resources, and being advocates for parents, caregivers, and allies in the workplace.



PLUS

Mission: To develop and foster an inclusive and supportive work environment for members and allies of the LGBTQ+ community. PLUS@Fossil is committed to building awareness and safe spaces through the affirmation of our unique intersections of LGBTQ+ identities, education, and community engagement.



Women and Allies

Mission: To foster a safe place within Fossil Group to support and empower women and allies to be their authentic selves and reach their full potential.

Mentoring

We strive to build relationships across our company, within our industry, and in our communities to help employees feel empowered and encouraged in the workplace. In 2021, we created a yearlong mentorship program that paired five members of the Executive Leadership Team (ELT) with five high-potential Black employees. These partnerships provided ELT members with a connection to Fossil Group employees and gave the select employees an opportunity to learn from the highest level of leadership. We are excited to expand our mentorship initiatives in 2022.



SPOTLIGHT

Celebrating Pride Month

In 2021, two of our brands launched their own limited edition Pride collections in support of the LGBTQ+ community. Driven by community partnerships, inspirational product design, virtual engagements, and our core values, the collections celebrate all people for being their own unique selves.

- [Fossil Brand](#) launched their latest limited-edition Pride collection designed to celebrate individuality and the spirit of love and equality. One hundred percent of proceeds from the sale of the Limited-Edition Pride Watch case and straps benefited [The Trevor Project](#), resulting in a donation of over \$100,000. The contribution will directly work to advance important dialogues about allyship, mental health, and suicide prevention to drive broader impact and ensure no LGBTQ+ young person ever feels hopeless.
- [Skagen](#) proudly launched their first-ever Pride collection. Inspired by the Pride and Transgender flags, the collection featured two limited-edition styles of one of Skagen's bestselling watches to honor a spectrum of love. To celebrate Pride month, Skagen donated \$25,000 to [InterPride](#), an international organization dedicated to promoting lesbian, gay, bisexual, and transgender Pride on an international level to increase collaboration, networking, and communication among Pride organizations.



Listening, Learning, Acting

As we drive diversity, equity, and inclusion across our global workforce, we seek to use our platforms and resources as a call for all of us to listen, learn, and act. Throughout the calendar year, we observe a wide range of social and cultural milestones, including: Lunar New Year, Black History Month (U.S.) International Women’s Day and Women’s History Month, Asian American and Pacific Islander Heritage Month (U.S.), Pride and World Pride, Hispanic Heritage Month (U.S.) and International Day of the Girl. During these special times, we encourage employees to show their support through custom company assets, share their voices, and give back.

Enhancing Accountability

We are forging ahead with our accelerated DE&I efforts, and that means we also need accountability measures to secure company buy-in and ensure transparency. In 2021, we partnered with a third-party firm to validate our DE&I strategy, ensuring that we are incorporating industry best practices, and linking executive compensation with individual success in reaching our DE&I goals. This applies to 100% of our senior leadership team (>35 executive leaders). This DE&I goal makes up 7.5% of the performance objectives of these executives’ year-end performance reviews.

Focusing Externally

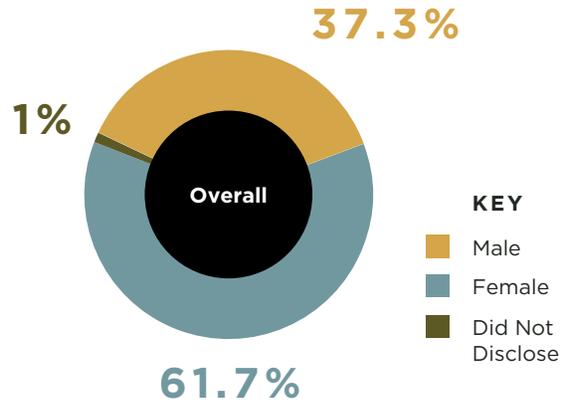
Our influence to make a difference and drive progress in DE&I extends outside our walls. We partner with external organizations to advance our DE&I work and bring more equality and fairness to Fossil Group and our global communities.



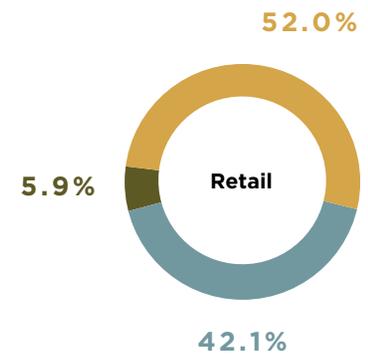
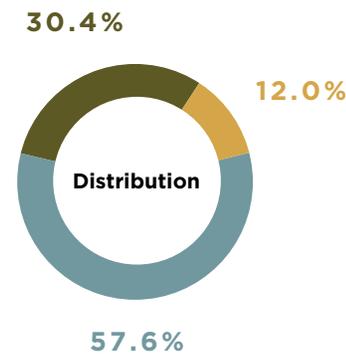
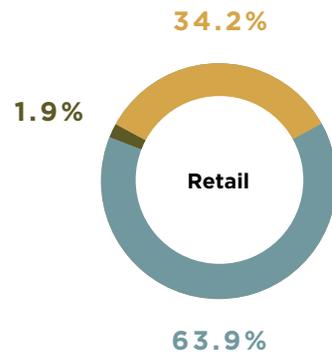
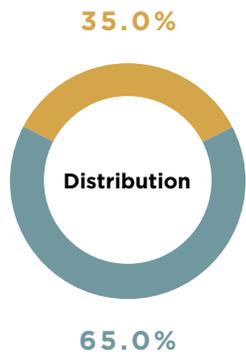
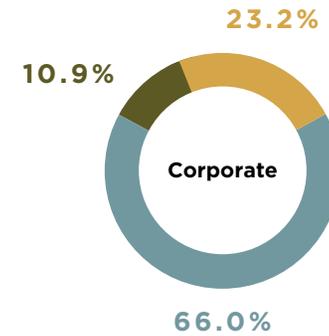
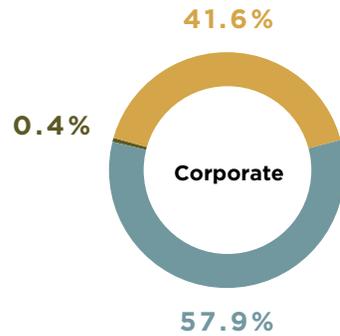
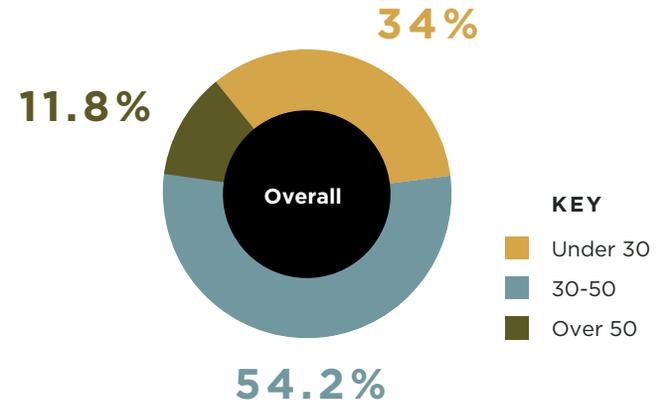
“I love that everyone cares — that my management is social, knowledgeable, and caring—and that I have flexibility when needed. Fossil is different because we work like we are greater together: we encourage each other to make each other become better; and we feel valued as employees.”

Chang Mee Fong, Third Key

GLOBAL GENDER BREAKOUTS

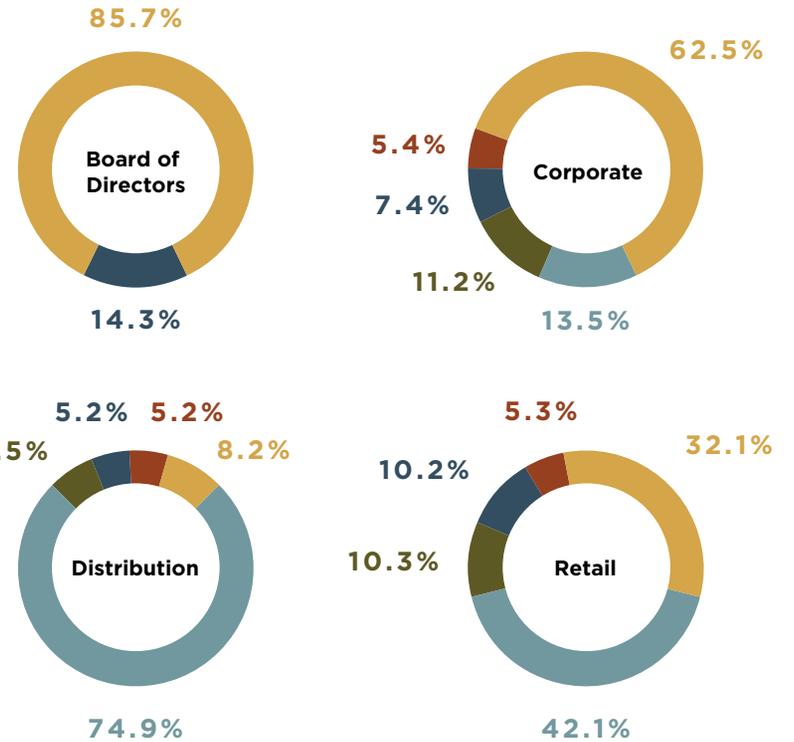
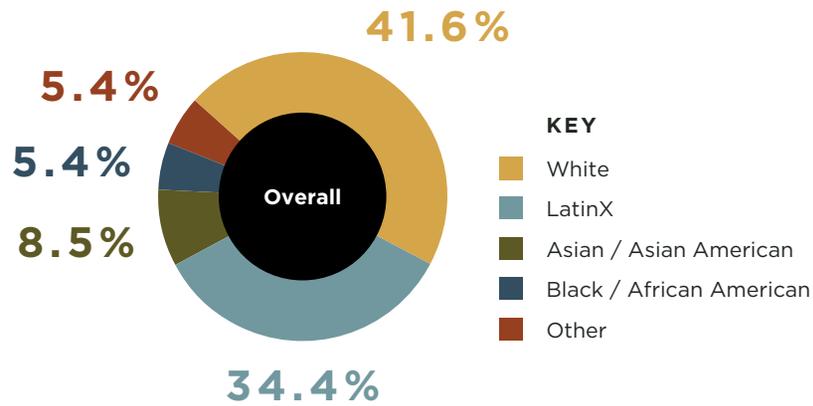


GLOBAL AGE BREAKOUTS





U.S. RACE BREAKOUTS



Complete Breakout Data

GLOBAL AGE BREAKOUTS

	Under 30	30-50	Over 50
Corporate	23.2%	66.0%	10.9%
Individual Contributor	31.6%	60.9%	7.5%
Manager	2.4%	81.6%	16.0%
Senior Executive	0%	40.7%	59.3%
Distribution	12.0%	57.6%	30.4%
Individual Contributor	12.6%	57.6%	29.8%
Manager	0%	60.9%	39.1%
Senior Executive	0%	0%	100%
Retail	52.0%	42.1%	5.9%
Individual Contributor	57.8%	36.5%	5.8%
Manager	13.7%	79.7%	6.6%
Total	34.0%	54.2%	11.8%

GLOBAL GENDER BREAKOUTS

	Male	Female	Did Not Disclose
Board of Directors	57.1%	42.9%	0.0%
Corporate	41.6%	57.9%	0.4%
Individual Contributor	38.0%	61.5%	0.5%
Manager	49.9%	49.9%	0.3%
Senior Executive	62.7%	37.3%	0%
Distribution	35.0%	65.0%	0%
Individual Contributor	33.2%	66.8%	0%
Manager	71.7%	28.3%	0%
Senior Executive	100%	0%	0%
Retail	34.2%	63.9%	1.9%
Individual Contributor	33.8%	64.1%	2.1%
Manager	36.8%	62.7%	0.5%
Total	37.3%	61.7%	1.0%

U.S. RACE BREAKOUTS

	White	LatinX	Asian or Asian American	Black or African American	Native American	Native Hawaiian or Other Pacific Islander	Two or More Races	Did Not Disclose
Board of Directors	85.7%	0.0%	0.0%	14.3%	0.0%	0.0%	0.0%	0.0%
Corporate	62.5%	13.5%	11.2%	7.4%	0.8%	0%	1.9%	2.7%
Individual Contributor	55.1%	16.8%	12.4%	9.1%	0.4%	0%	2.7%	3.5%
Manager	71.6%	8.9%	10.3%	5.5%	1.0%	0%	1.0%	1.7%
Senior Executive	80.0%	10.0%	5.0%	2.5%	2.5%	0%	0%	0%
Distribution	8.2%	74.9%	6.5%	5.2%	0.9%	1.3%	0%	3.0%
Individual Contributor	5.1%	79.4%	6.5%	3.7%	0.5%	1.4%	0%	3.3%
Manager	43.8%	18.8%	6.3%	25.0%	6.3%	0%	0%	0%
Senior Executive	100%	0%	0%	0%	0%	0%	0%	0%
Retail	32.1%	42.1%	10.3%	10.2%	0.1%	0.2%	3.8%	1.2%
Individual Contributor	29.2%	43.7%	10.8%	11.0%	0.1%	0.3%	3.8%	1.1%
Manager	50.0%	32.0%	7.0%	5.5%	0%	0%	3.9%	1.6%
Total	41.6%	34.4%	10.2%	8.5%	0.5%	0.3%	2.6%	2.0%

OUR PARTNERS



We are supporting this act that would explicitly guarantee permanent legal protections for LGBTQ people under federal civil rights laws.

In 2021 for the second year in a row, we received a perfect score of 100 on the Human Rights Campaign Foundation's 2021 Corporate Equality Index (CEI). The CEI is the nation's premier benchmarking survey and report on corporate policies and practices related to LGBTQ workplace equality.



We joined forces with 44 companies across the country as a founding member of the Diversity in Design Collaborative in June 2021. DID seeks to foster systematic change by increasing diversity in design across fields, addressing the lack of representation of Black creatives in design, increasing design career opportunities for Black creatives, and forming an educational pipeline that leads to full-time employment.



As of 2021, we committed to implementing the UNGC's Ten Principles. We are committed to making these Ten Principles on human rights, labor, environment, and anti-corruption part of our strategy, culture, and day-to-day operations, and we will annually communicate our progress toward implementing them.



We joined more than 200 civil rights and racial justice organizations to sign the Open to All pledge, a nationwide public engagement campaign to build awareness and understanding about the importance of protecting people from discrimination. We defend Open to All's bedrock principle that when businesses open their doors to the public, they should be Open to All and not discriminate.



We are a long-standing supporter of Catalyst, a 60-year-old global nonprofit helping to build inclusive workplaces for women. As part of our partnership, we participate in periodic calls to discuss new diversity and inclusion topics and utilize their DE&I resources in internal training.



We are one of more than 2,000 companies participating in one of the largest CEO-driven business commitments to advance diversity and inclusion in the workplace. We participate in monthly industry calls and periodically participate on member company panels.



Through this partnership, we have access to DBP's best practices, guidelines, and tools, including leading research and insights for corporate DE&I teams. We additionally participate in periodic calls to discuss relevant DE&I topics with other corporate teams.



We are one of 500 companies in The Valuable 500 global movement that puts disability on the business leadership agenda. As a member of this movement, we have made a commitment to action for disability inclusion.



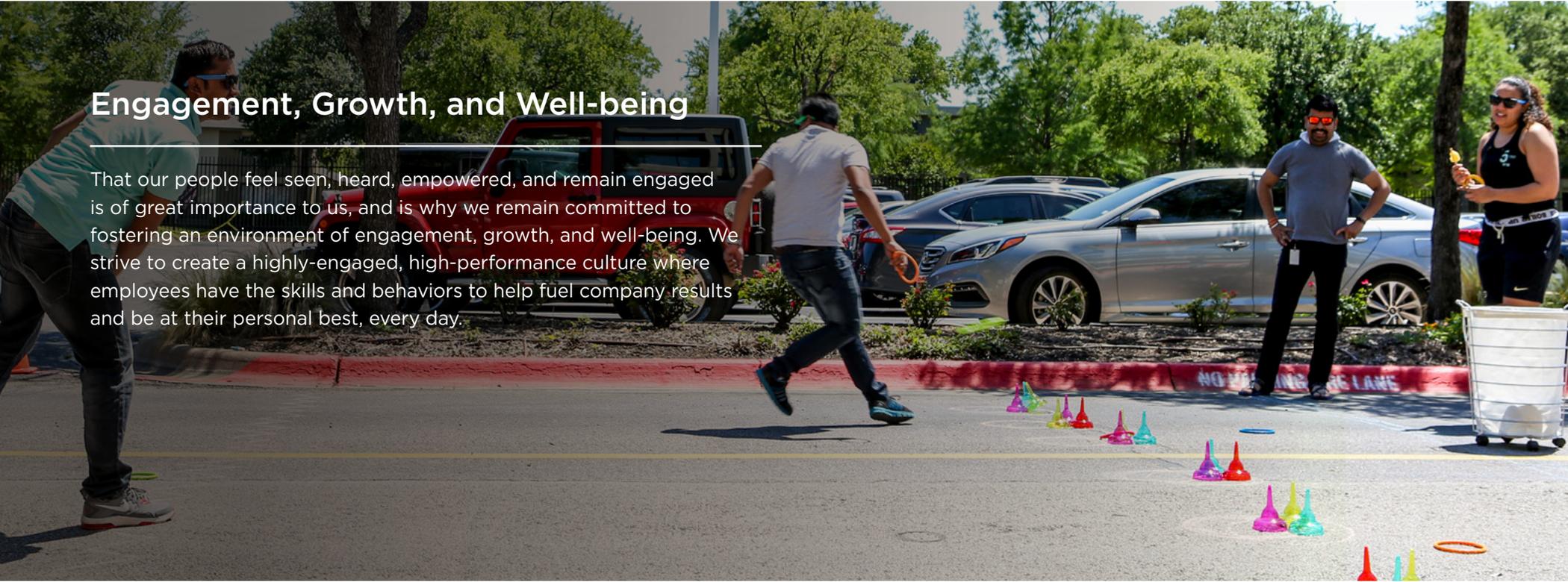
We have partnered with 50/50 Women on Boards for many years, driving the movement toward gender balance on corporate boards, and been recognized through their Winning Company achievements for several consecutive years.



In 2021, we started working with Black in Fashion Council, whose mission is to create a workforce where Black people are represented and amplified at every level to build a new foundation across the fashion industry for inclusivity.

Engagement, Growth, and Well-being

That our people feel seen, heard, empowered, and remain engaged is of great importance to us, and is why we remain committed to fostering an environment of engagement, growth, and well-being. We strive to create a highly-engaged, high-performance culture where employees have the skills and behaviors to help fuel company results and be at their personal best, every day.



An Unmatched Culture

We look for people who are authentic, have a great sense of humor, love to dream big, and ask “what if.” Whether in-person or remote, we prioritize supporting one another and celebrating our progress together every day. We embrace purpose and take every opportunity to work together to make the world a little better.



In addition to our annual observances of cultural heritage months, our key 2021 highlights include:

Welcome Back Home - We welcomed our employees back into the office in fall 2021 as part of our hybrid work schedule. To show our appreciation, we hosted several events including welcome back meals, a company barbeque, and more.

Spooktoberfest - Halloween is a special time of year for the Fossil Group. This year, we held a food drive, hosted an in-person celebration, and held a few friendly competitions, including costume, pumpkin carving, and home decoration contests.

Starfest - Every year, we take a week toward the end of the year to celebrate employees. In 2021, we organized a toy drive and recognized employee achievements through an online recognition portal, in-person banners, and numerous raffles for Fossil Group merchandise and more.

As part of our commitment to provide space for employees to be successful, we provide “Focus Fridays” a day once a month dedicated to no meetings and conquering your to-do list, getting innovative and creative, or pulling a cross-functional team to come up with the next big thing.



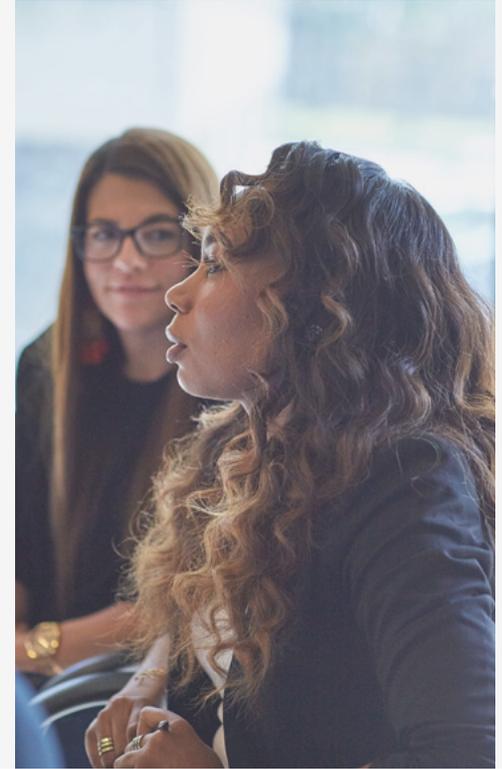


OUR PEOPLE

Employees' Voices

We highly value our employees' voices, and we always want to hear from them. From our Open-Door policy to regular employee surveys, we consistently seek their input. Based on employee feedback, overall we have a culture that is considered to be very healthy. Our top three categories consist of "Manager Effectiveness," "Team Dynamics," and "Diversity, Equity, and Inclusion."

82% of our employees participated in our 2021 annual Pulse survey.



Flexibility and Our New Way of Working

At Fossil Group, we want employees to love what they do and do what they love. A big part of that is a work-life balance that provides flexibility.

Beginning last year, we instituted a hybrid work schedule at our corporate offices that allows eligible employees to work at the office three days per week and from home two days per week and for select roles to work at the office 20 hours per month with the rest of their worked time at home. To add to this flexibility, we also offer half-day Fridays from May through September. The new hybrid work schedules, along with highlighted "Collaboration Days," bring us together for purposeful connection and enhances our culture of flexibility so we can retain top talent, remain attractive to new potential candidates, and drive the business forward.



“If you work here: expect to see your abilities recognized and to have the opportunities and tools necessary to grow.”

Elisa Celeghin,
Sales Associate

Professional Development

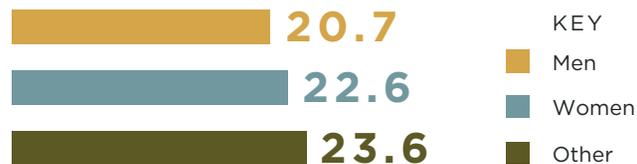
Fossil Group provides a myriad of opportunities for all employees to learn, advance, and succeed in their careers. New employees are supported from day one within our extensive onboarding program, while all employees are continually offered opportunities for self-guided learning, interactive group workshops, and on-the-job experiences.

Employees also have the opportunity to earn a degree with tuition reimbursement, pursue a professional certification, and participate in our rewarding development programs to grow and advance.

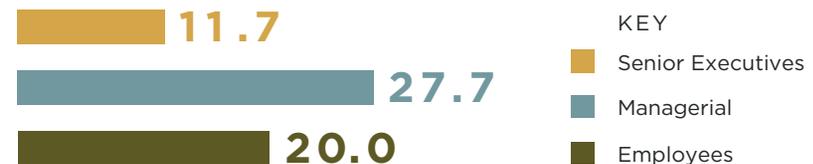
We are devoted to developing leadership through premiere programs such as “Pursuit” and “Compass.” In our global “Pursuit” program, participants are selected based on previous performance and sponsored by our Executive Leadership Team. The program focuses on increasing leadership knowledge and skills, cultural immersion, leadership mindset, expanding business acumen, and connecting leaders to leaders. Likewise, our “Compass” premier leadership program is designed to empower leaders with the skills to coach employees, build engagement, retain high-performing teams, and drive business results. In addition to these two key leadership development programs, we also feature an extensive development program with four distinct levels of mastery that is designed to provide a long-term career path for our retail employees.

Our performance process also supports employee progress, cascading company goals throughout the organization to ensure individual efforts are aligned with our strategic priorities. The performance cycle consists of three milestones annually, fueled by continuous dialogue between employees and leaders. At each milestone, we make time to focus on goal creation, mid-year check in, and end-of-year reflection. We support each of these milestones with dedicated performance days that are designed to provide our employees with the opportunity to focus on how they can successfully grow and achieve.

AVERAGE HOURS OF TRAINING BY GENDER



AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY



Professional Environment and Policies

All individuals should be treated with respect, especially at their workplace. We strictly prohibit discrimination, harassment, and retaliation of any kind. Our Non-Discrimination, Anti-Harassment, and Retaliation Policy apply to all employees, interns, and visitors. We prohibit customers, vendors, suppliers, and independent contractors from harassing, discriminating, or retaliating against our employees. Our policies are formalized in our [Code of Conduct](#) as well as in our internal Employee Handbook.

We also provide annual Professional Conduct training that focuses on creating an inclusive environment free from harassment, discrimination, and retaliation for all employees.

Benefits and Recognition

We want to be sure that all employees feel seen and valued by providing both comprehensive benefits and recognition. We introduced several new or enhanced employee benefits to accommodate a range of needs and values in 2021, many of which are highlighted in the descriptions below.

Short-term Disability Policy

To drive equity and inclusion throughout our company and help attract new talent, we eliminated our tiered benefits system for our employer-paid short-term disability program in 2021. In 2021, all eligible employees began to receive 100% of their base weekly earnings up to six weeks regardless of years of service. Additional weeks are paid at 60% up to \$1,200 per week, up to a maximum of 90 days.



85%

believe everyone is treated fairly regardless of race, gender, age, ethnic background, disability, sexual orientation, or other differences.

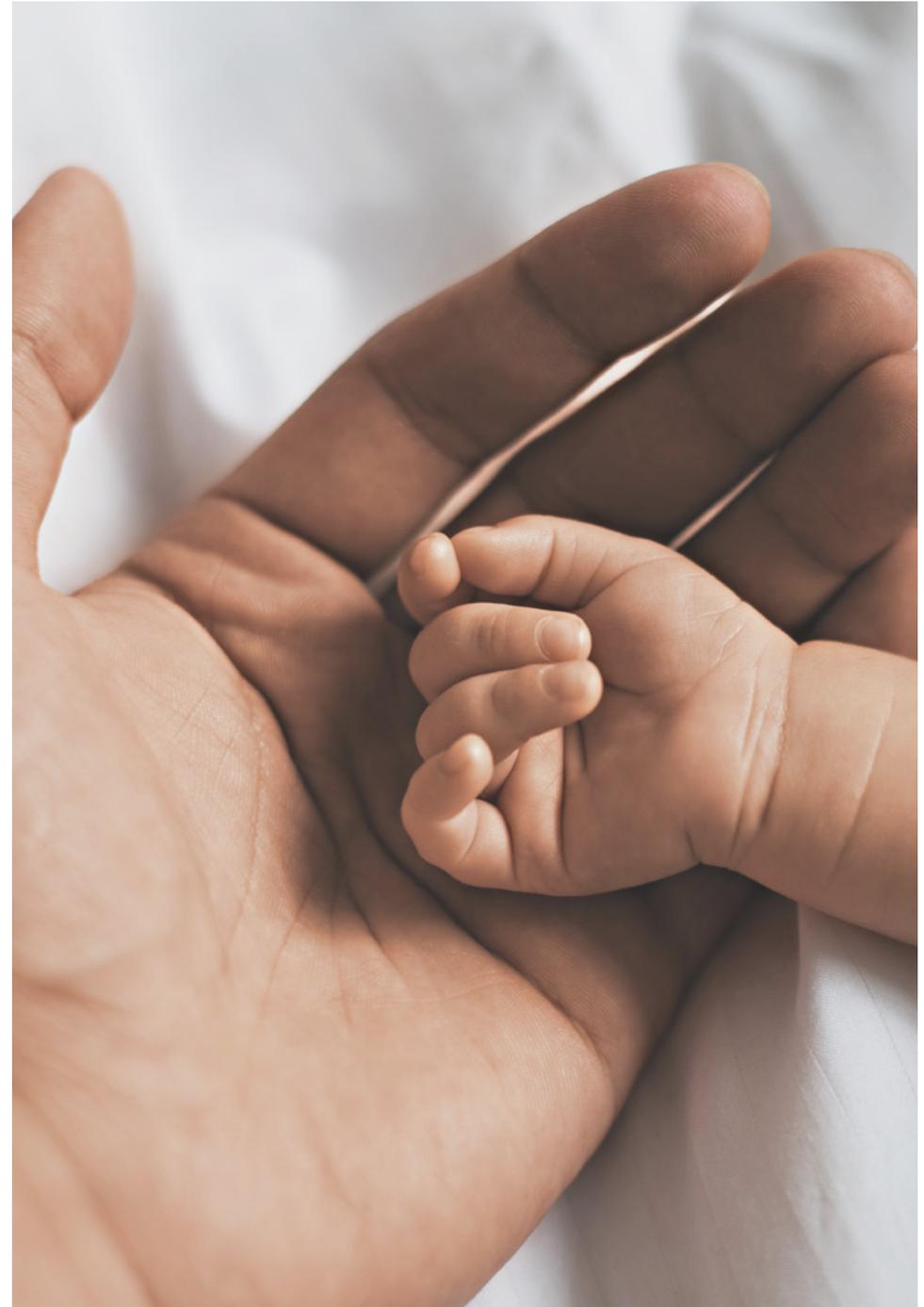


Parental Leave and Support

We know that the bonding time between a new parent and child is critical to their health and happiness. That's why in 2021, we increased the number of weeks of Paid Parental Leave for the birth of a child, adoption, surrogacy, or foster child placement from four to six weeks in the U.S. New parents receive Paid Parental Leave at One hundred percent of the employee's base weekly earnings for up to six weeks once any other disability or state-paid leave the employee is eligible for has been exhausted.

In addition, in 2021, we introduced a phased back-to-work program where returning new parents and caregivers can work a reduced schedule to ease back into work after a leave of absence for the birth, adoption, or foster care placement of a child in the U.S. Through this program, we also added specific managerial tools and resources to alleviate stress for our new parents and help prepare them during all stages of parental leave. To augment these resources, we launched PACT: Parents, Allies, and Caregivers Together, our new Employee Resource Group (ERG) that promotes balance, provides support, leverages resources, and advocates for parents, caregivers, and allies in the workplace. More information about our ERGs can be found in the Employee Resource Group (ERG) section.

**In 2021, we increased
the number of weeks of Paid
Parental Leave for the birth of
a child, adoption, surrogacy,
or foster child placement.**



Pay Equity

To remain a competitive and equitable employer where people feel fairly valued, we utilize a standardized compensation system to ensure pay equity among like jobs. We also incentivize our employees through a pay-for-performance merit and bonus program where employees are eligible to earn higher pay increases and bonus payouts through stronger individual performance ratings. Our standardized process defines, documents, and benchmarks jobs to each local market and uses third party, industry leading salary surveys to determine the appropriate pay range for each job.

Employee salary within each range is determined by a number of factors such as unique skill sets, added experience and/or education beyond the basic requirements of the applicable role, geographic location, outstanding performance history, and more. We regularly review our benchmarks and pay ranges to confirm we stay consistent with local markets to provide our employees with competitive compensation packages. In addition, to promote equitable pay, Fossil does not ask candidates or new hires about their salary history when determining their pay.

To verify that our internal practices align to the communities and customers we serve and what we stand for as a company, we conducted a gender and race pay equity audit in 2020 and 2021. The audit looked to find potential differences in compensation across indicators such as base pay, total cash compensation, variable pay, benefits, and other perquisites where those differences weren't the result of job-related factors. The audit found no disparities for gender or race.

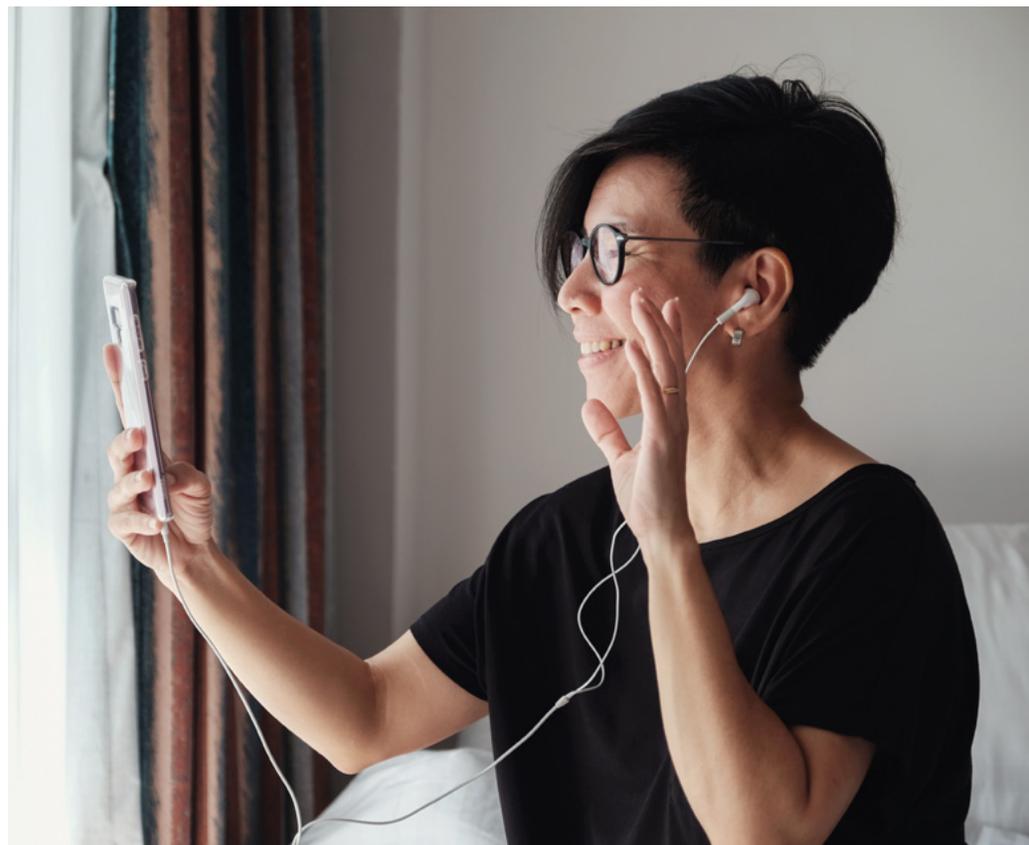




SHINE Program

SHINE is our holistic well-being benefits program that helps our employees thrive and be their best every day. SHINE’s guiding principles help to align our company’s well-being goals regionally and ensure all new initiatives are Sustainable, Human-centric, Inclusive, Nourishing, and Engaging (SHINE). Aside from the well-being benefits, the SHINE platform allows us to align benefits globally and ensure current and new initiatives meet our SHINE guidelines.

An important aspect of our SHINE platform is providing support whenever and wherever our employees need it through our global Employee Assistance Program (EAP). Our EAP is available to all our employees and families through Workplace Options, an online portal that provides 24/7 confidential counseling by phone, web, text, and email. This global resource offers support for a range of topics that impact employees at work or at home, such as stress management, couples support, the loss of a loved one, and more.



MENTAL SAMPLE ACTIVITIES

- Full service EAP
- Onsite individual EAP sessions
- Massage benefit onsite
- Virtual mediation classes
- Mental health benefits
- Resiliency and mindfulness programs
- Quiet rooms

WORK-LIFE BALANCE SAMPLE ACTIVITIES

- Parental leave above statutory
- Maternity and paternity benefits
- Volunteer time off
- Sabbatical program
- Hybrid work environment
- Flexible work hours
- Summer hours

PHYSICAL SAMPLE ACTIVITIES

- Competitive health coverage
- Biometric screening/assessments
- Preventive exams
- Device-enabled step tracking
- On-site fitness opportunities
- Targeted programs (diabetes, heart)
- Healthy food policies and programs

FINANCIAL SAMPLE ACTIVITIES

- Financial education workshops
- 1:1 financial planning with advisor
- WeCare fund
- Supplemental retirement programs
- Supplemental life insurance
- Savings plans
- Tuition and certification reimbursement

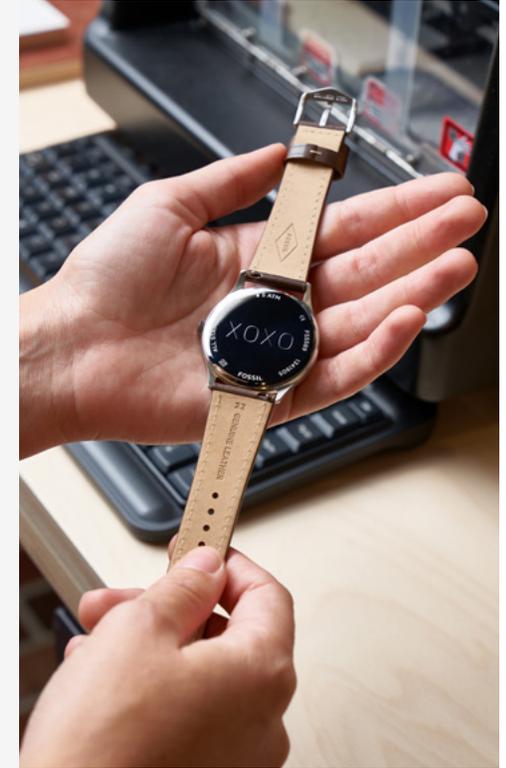


OUR PEOPLE

Additional Benefits

We want our employees to have the tools to care for themselves and their families. On top of the benefits listed above, we also provide:

- Paid time off and flexible work schedules
- Employee discount program
- Traditional 401(k), Roth 401(k), Flexible Spending Accounts, and other financial programs for eligible employees
- Medical, dental, and vision health coverage for eligible employees and their family members



Navigating the Global Pandemic

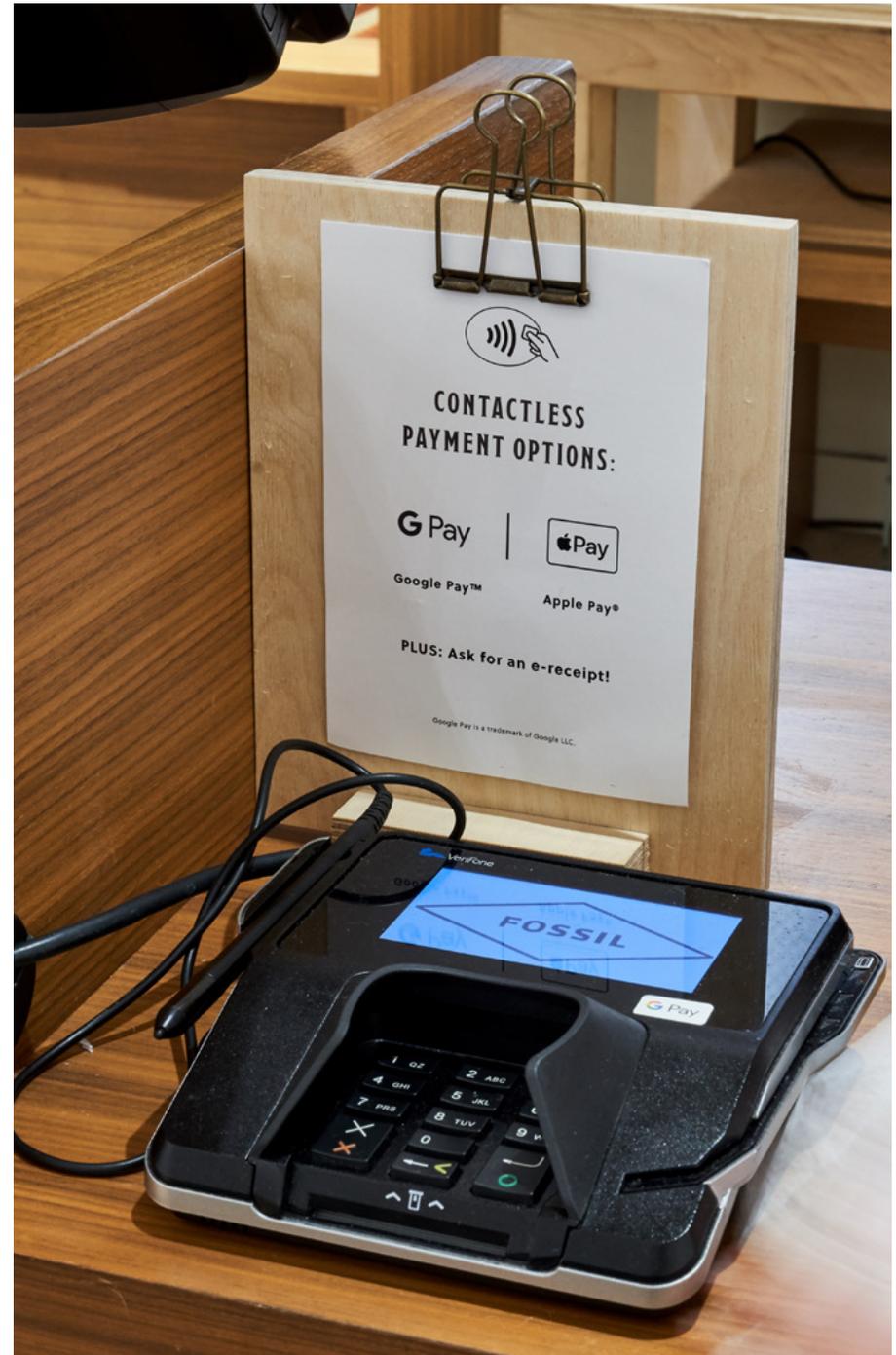
In the midst of the pandemic and throughout 2021, we continued to enable our employees to work remotely when possible and provided numerous related health and safety training and resources.

As we planned for a safe return to work, we surveyed our employees multiple times with the intent of understanding comfort levels related to working in an office environment, and their preferred working environments as a result of how our workforce shifted to operate during the pandemic. We listened to and collaborated with our employees to evolve our future way of working.

As employees returned to the workplace, we implemented extensive health and safety guidelines that included daily wellness checks, temperature checks, the required use of masks for employees and customers, along with social distancing, amplified cleaning and sanitizing practices and extensive health and safety training. Additionally, during the pandemic we offered on-site vaccination clinics for our employees and offered paid time away from work to get vaccinated, as well as time off for employees who may have experienced side effects resulting from the vaccine. As the pandemic evolves and medical advances continue, we'll continue to assess how we can support our workforce and put the health and safety of our employees first.

We are proud of the progress we have made to provide an inspiring, engaging, and rewarding work environment for our employees. We will never stop nurturing our culture in this quickly changing world. To exceed expectations and achieve our aspirations, we will listen, learn, collaborate, set meaningful goals, innovate, and be transparent in our progress, challenges, and opportunities that make Fossil Group a destination for high-performing, highly engaged talent.

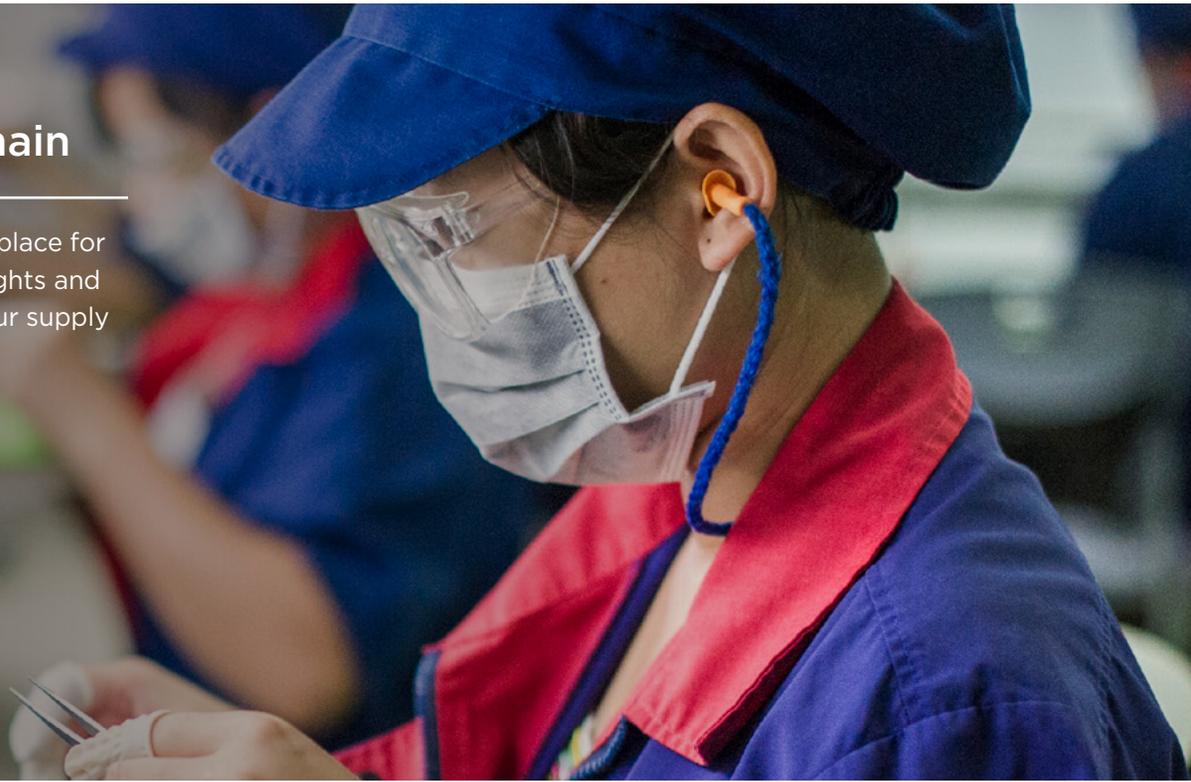
We'll continue to assess how we can support our workforce and put the health and safety of our employees first.





Advancing Equality in the Supply Chain

We go beyond aspiring to create a diverse and inclusive workplace for our employees. We also remain firmly committed to human rights and fair, equitable, and safe environments for factory workers in our supply chain with special consideration for empowering women.



Women's Health in the Supply Chain

We are committed to helping the world thrive and empower women around the globe. One of the ways we live this commitment is through our supply chain engagement with female workers. Since its inception, over 13,000 women have been empowered through our health education programs.



“Our female workers have become closer through peer health sharing. We all really appreciate that the factory organized this program.”

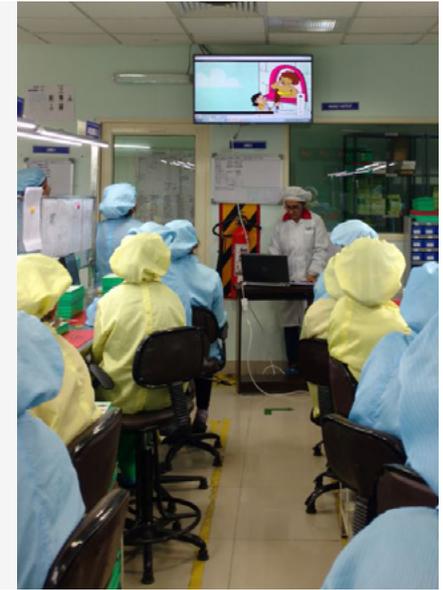
Zhang Li Fang,
Quality Control



OUR PEOPLE

Health Enables Returns (HER) Project

In 2014, we partnered with Business for Social Responsibility (BSR) to launch the Health Enables Return (HER) Project. The HER Project provides women in our supply chain with education and training on topics such as hygiene, family planning, nutrition, and exercise. Women who have completed this program could also be chosen as Peer Health Educators, who help sustain the training for future workers.



OUR PEOPLE

Sustainable Health Education (SHE) program

We began training in our factories through the HER program in 2014, and later brought the program in-house by developing the internal SHE (Sustainable Health Education) Program. SHE Program modules include topics such as health, nutrition, and family planning. Not only do these women receive health education that they may not normally receive, but they also pass along this information to their families and communities.



Human Rights Policy

Our Human Rights Policy outlines our long-standing commitment to ethical and responsible conduct throughout our operations to improve the quality of life in the communities we serve and respect the inherent rights of all people. Our policy aligns with the principles outlined in the [United Nations Guiding Principles \(UNGPs\)](#) on Business and Human Rights, the [Universal Declaration of Human Rights \(UDHR\)](#), the [International Covenant on Civil and Political Rights \(ICCPR\)](#), the [International Covenant on Economic, Social, and Cultural Rights \(ICESCR\)](#), and the International Labor Organization's (ILO) [Declaration on Fundamental Principles and Rights at Work](#). Additional information can be found on our website in our public [Human Rights Policy](#).

Social Compliance Program

We expect our suppliers to share in our responsibility to manufacture products in a legal and ethical manner. We execute this commitment through our Social Compliance Program, which helps us hold suppliers accountable, monitor and fix issues, and continually educate our partners on how to improve conditions. Our Code of Conduct for Manufacturers, factory audits, ongoing training, and Worker Hotline program are the anchors to our Social Compliance Program and aim to support the ethical treatment and health and safety of all people in our global supply chain.





Code of Conduct for Manufacturers

We work with suppliers who adhere to our same principles and standards of ethics. All Tier 1 finished goods and Tier 2 component factories are required to sign a Manufacturer’s Agreement, which include a Code of Conduct, as part of our business approval process.

Our Code is based on international best practices and guidance, including the ILO’s core conventions, the UDHR, and the UNGPs for Business and Human Rights. It is also complementary to our Human Rights Policy. The Code outlines our important guiding principles including the following topics: Child Labor, Involuntary Labor, Coercion and Harassment, Nondiscrimination, Association, Health and Safety, Compensation, Hours of Work, Protection of the Environment, and other applicable laws. All Fossil Group merchandise manufacturers are required to adhere to this policy.

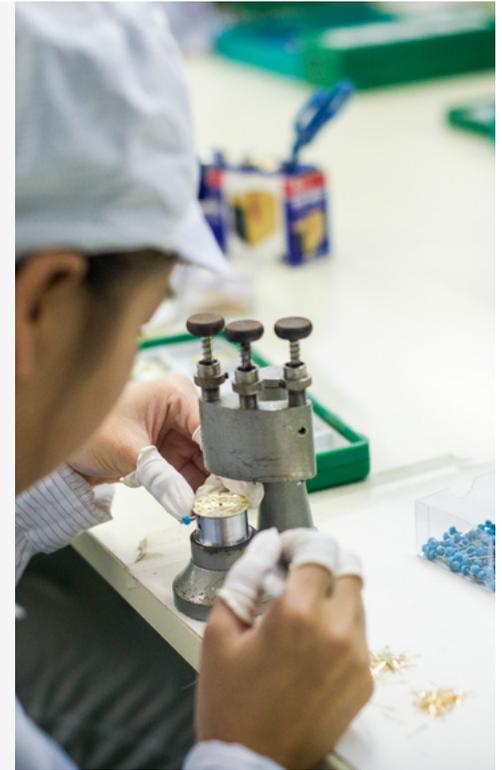
In 2019, we updated our Code of Conduct for Manufacturers with an increased focus on gender issues. We fine-tuned its Code language in four areas: Coercion and Harassment, Nondiscrimination, Health and Safety, and Compensation, in respect to improving the rights of women within our supply chain. Factory management was trained on this new language and communication in local languages was placed in each finished good factory. Additional information can be found on our website in our [Code of Conduct for Manufacturers](#).



OUR PEOPLE

Factory Audits

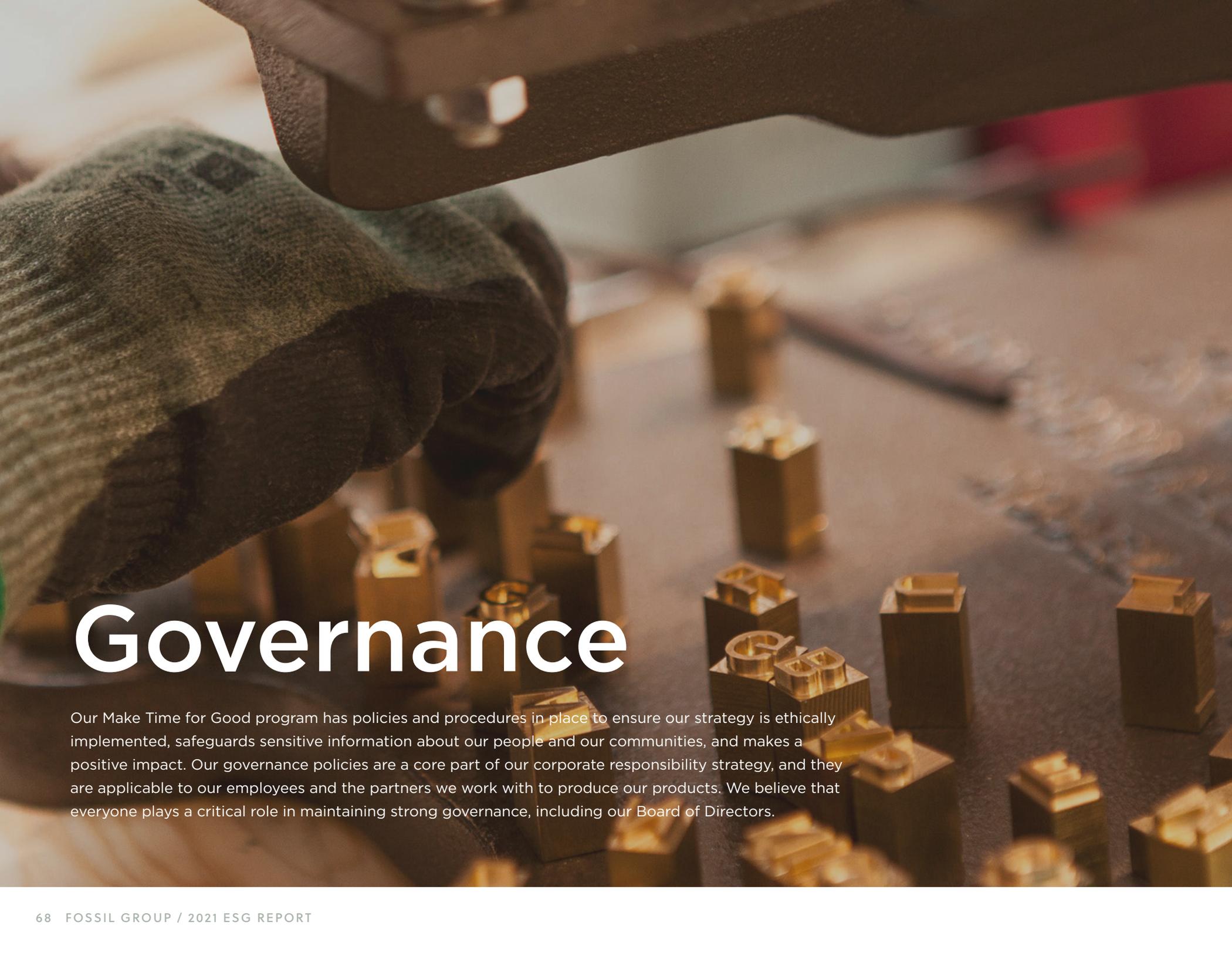
All Tier 1 finished goods factories receive an annual audit to verify that they comply with the requirements outlined in the Code of Conduct for Manufacturers. In 2021, all Tier 1 suppliers were audited to this Code. New suppliers additionally require an audit before any production purchase orders are placed. All data and information gathered during an audit informs a factory's final risk ranking. Factories ranking with high and moderate-high risk must attend supplier compliance training before production and schedule a re-audit. Each factory also partners with us to develop a timing and remediation action plan within two weeks of the initial audit and before the follow-up audit, if needed. We're proud that there was an 11% decrease in high-risk audit ratings from 2020 to 2021.



Handshake Worker Hotline

The [Inno Community Development](#) organization offers a Handshake Worker Hotline Program to protect the rights and enhance the well-being of the worker community in our supplier factories through support services for complaints, counseling, and consulting. This year, we paid for all Tier 1 factories to implement the Handshake Worker Hotline Program. In 2021, more than 160 worker calls were fielded through this new program.





Governance

Our Make Time for Good program has policies and procedures in place to ensure our strategy is ethically implemented, safeguards sensitive information about our people and our communities, and makes a positive impact. Our governance policies are a core part of our corporate responsibility strategy, and they are applicable to our employees and the partners we work with to produce our products. We believe that everyone plays a critical role in maintaining strong governance, including our Board of Directors.



Advancing Equality in the Supply Chain

Fossil Group's Board of Directors' Nominating and Corporate Governance Committee has oversight and responsibility for ESG issues. Members of the Nominating and Corporate Governance Committee are independent directors and provide an unbiased judgment. Fossil Group's corporate management provides regular periodic ESG reports and updates to this committee.



The Board committees also oversee the management of company risks, including climate-related risks. As part of its oversight, the Board receives and reviews regular reports on an annual basis from members of senior management, including our Chief Audit Executive, who oversees our Enterprise Risk Management program. When we detect significant risks, Fossil Group's management team develops and monitors risk assessment results and mitigation plans, and assigns "risk owners" who are responsible for further assessment or mitigation based on the risk assessment findings.

Our Executive Risk Committee reviews all enterprise risk and mitigation plans to ensure we address these risks in a timely and ethical manner. Our full Board reviews information concerning enterprise risks through regular reports of each Board committee.

In addition, our Audit, Compensation, and Nominating and Corporate Governance Committees are comprised solely of independent directors and have responsibility for the review of certain risks as defined in their governing documents, which are available on our [website](#).

Data Privacy and Security

Protecting the data of our employees, customers, and business partners is very important to us. We strive to safeguard this sensitive information, and take all steps necessary to comply with laws regarding the use of personal data.

Our Compliance Team has a dedicated Data Privacy Team. The Data Privacy Team is responsible for managing global data privacy and protection. The team works closely with our Legal Department and has direct access to executive leadership and the Board of Directors.

We also established a Privacy Committee that convenes every two months to consider topics and questions related to data privacy, and proactively address data privacy concerns or make necessary improvements. Our Leadership and Audit Committee of the Board of Directors conducts regular reviews of our current data privacy risks, mitigation activities, and trends.

In addition to these teams and committees, we created a comprehensive Privacy Compliance Program that describes our approach to compliance with global privacy laws and regulations. This program outlines how we manage personal data, privacy policies and procedures, privacy risks and impact assessments, internal documentation, privacy compliance monitoring and controls, a global development of data privacy laws and regulations, vendor management, incident reporting, data subject requests, international data transfers, and more.

All employees, including part-time employees, and certain contractors, are also required to complete online privacy awareness training, initially, and on an ongoing basis.



Ethical and Transparent Business

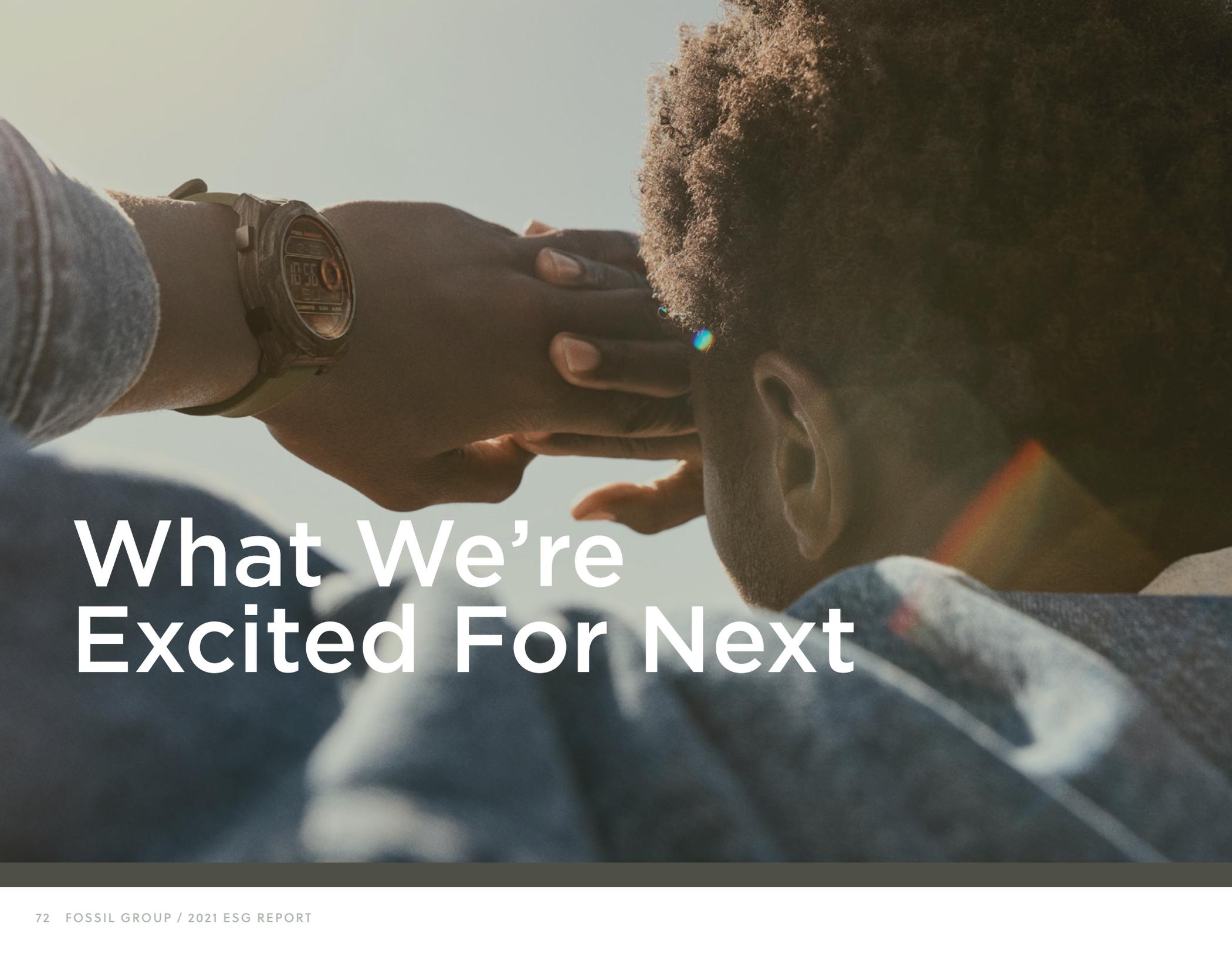
Authenticity is one of our key values and is integrated throughout Fossil Group's policies and procedures. Our policies reflect our commitment to upholding the highest ethical standards throughout our company and supply chain. We stress compliance with our policies through annual audits, ethical standard training for all employees (including part-time employees and third party contractors), and communication of our policies during the onboarding process. We highlight a few of our governing policies below, but all our significant governance policies are publicly available on our [Fossil Group website](#).

In addition to our policies, we also joined the [United Nations Global Compact \(UNGC\)](#) to demonstrate our public support for ethical business. This report constitutes our annual communication on progress to the UNGC. For more information about our partnerships, please see our Focusing Externally section. Partnerships and Commitments in 2021 had zero business ethics audit findings.

Code of Conduct

Our [Code of Conduct \(Code\)](#) outlines our shared ethical principles and standards for how we conduct business and treat each other. All employees are expected to uphold and comply with the Code, and we encourage employees to speak up if there are any known or suspected Code violations. Our Code covers our commitment to addressing issues such as anti-bribery and anti-corruption. The Audit Committee of the Board of Directors reviews the Code annually to identify and add any necessary changes to the policy and reviews adherence to the Code.





What We're Excited For Next

Science-Based Target Setting

Fossil Group is in the process of developing a science-based target for Scope 1 and 2 emissions that would align our GHG reductions with what science states is necessary to limit the average global temperature increase to 1.5° Celsius. As part of our goal setting, we are working with the [Science Based Targets initiative](#) (SBTi), a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).

Net-Zero Road Map

To achieve our net-zero GHG emissions goal by 2040, we've created a road map for success. Our journey toward this goal requires planning and short-term measurements.

HOW WE WILL TRACK OUR SUCCESS IN 2022



OUR IMPACT

Make (Even More) Time for Good

While we faced many challenges, along with the rest of the world, 2021 was a year that also helped set the stage for us to Make (even more) Time for Good.

As we look to the near-term, our goals communicated in this report, new systems of accountability, and our longer-term vision to leave future generations with a better world, our work continues. We know that time is precious; it can seem fleeting; it even gives us urgency when we feel like we are running out of it. But we also firmly believe that, with our employees, our community partners, our leadership, and our suppliers, we will be able to create more sustainable products, a more diverse, equitable, and inclusive company, and a continued investment in our communities as we Make Time for Good, together.

GLOBAL REPORTING INITIATIVE (GRI) INDEX / UN GLOBAL COMPACT (UNGC) COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Organizational Profile			
GRI 2-1	Organizational details	Fossil Group, Inc.	
GRI 2-2	Entities included in the organization's sustainability reporting	We own the Fossil, MICHELE, Skagen, Relic, and Zodiac brands, and market a variety of goods under these nationally and internationally known and licensed brands. More information is available at: Fossil Group , Fossil , MICHELE , Skagen , Relic , Zodiac Watches .	
GRI 2-3	Reporting period, frequency and contact point	Reporting Period: January 1, 2021 – December 31, 2021 Frequency: Annual Contact Point: <ul style="list-style-type: none"> • Media Inquiries media@fossil.com • Investor Inquires ir@fossil.com • Sustainability Contact Kara DeVita, Senior Director - Social Impact kdevita@fossil.com 	
GRI 2-4	Restatement of information	This is our first Corporate Responsibility report. No restatements have been made.	
GRI 2-5	External assurance	This report is not externally assured. However, we are working with a third party to assure our 2021 greenhouse gas (GHG) emissions data.	

GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Organizational Profile			
GRI 2-6	Activities, value chain and other business relationships	2021 Annual Report: Form 10-K .	
GRI 2-7	Employees	See our Global Employee Count . 2021 Annual Report: Form 10-K .	
GRI 2-8	Workers who are not employees	<p>While Fossil Group chooses to outsource some areas of the business where it makes sense, those are partnerships where we do not directly control the work of others. When it comes to controlling the work of non-employees, this is only done through contracts with temporary agencies. In the U.S., as of December 31, 2021, we had approximately 25 temporary workers employed through various agencies across our corporate functions. This is a fairly typical number for our corporate functions. Additionally, our U.S. distribution center in Dallas, Texas will utilize temporary agency workers throughout the year to augment staffing levels during peak seasons or for special assignments. The number of temporary workers brought in for peak (holiday) season in November and December can grow to roughly 200 workers. Fossil U.S. retail stores do not utilize agencies and directly employ all temporary/seasonal workers. Fossil Group is working to track all global temporary workers more accurately for future reporting.</p>	
GRI 2-9	Governance structure and composition	2021 Annual Report: Form 10-K .	



GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Organizational Profile			
GRI 2-10	Nomination and selection of the highest governance body	<p>The Nominating and Corporate Governance Committee is responsible for recommending candidates for nomination and election to the Board director. The Nominating and Corporate Governance Committee annually reviews with the Board the applicable skills and characteristics required of Board nominees in the context of the size, composition, and needs of the Board and Company circumstances.</p> <p>Upon the recommendation of the Nominating and Corporate Governance Committee, the Board may appoint a director to the Board, during the course of the year, to fill vacancies on the Board, and newly created directorships to serve until the next annual meeting of stockholders.</p>	
GRI 2-11	Chair of the highest governance body	The chair of the highest governance body is Fossil Group's Board of Directors Chairman.	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	The business of Fossil Group is managed under the direction of the Board, the primary responsibility of which is to provide oversight, counseling and direction to the Company's management team in the long-term interests of the Company and its stockholders. Responsibility for the everyday affairs lies with the CEO and other members of management. The CEO and management are responsible for seeking the advice and, in appropriate situations, the approval of the Board with respect to certain extraordinary corporate actions. Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the company and its stockholders, and to conduct themselves in accordance with their duties of care and loyalty.	
GRI 2-13	Delegation of responsibility for managing impact	See our Governance section .	
GRI 2-14	Role of the highest governance body in sustainability reporting	See our Governance section .	



GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Organizational Profile			
GRI 2-15	Conflicts of interest	See our Code of Conduct and our Governance section .	
GRI 2-16	Communication of critical concerns	See our Governance section .	
GRI 2-17	Collective knowledge of the highest governance body	See our Governance section .	
GRI 2-18	Evaluation of the performance of the highest governance body	<p>The Board and each committee perform annual self-evaluations. The Nominating and Corporate Governance Committee develops and recommends to the Board an annual performance evaluation process for the Board and its committees. The Nominating and Corporate Governance Committee oversees the process that the Board and its committees use to conduct annual performance evaluations.</p> <p>The Chairman of the Board, if the Chairman is a non-management director, or otherwise the Lead Independent Director of the Board, conducts a review of the performance of the CEO at least annually and communicates the results of the review to the CEO. The Compensation Committee establishes the evaluation process and determines the specific criteria on which the performance of the CEO is evaluated.</p>	
GRI 2-19	Remuneration policies	See our Corporate Governance Guidelines and Proxy Statement .	
GRI 2-20	Process to determine remuneration	See our Corporate Governance Guidelines and Proxy Statement .	



GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Organizational Profile			
GRI 2-21	Annual total compensation ratio	See our Proxy Statement .	
GRI 2-22	Statement on sustainable development strategy	See our Corporate Responsibility Strategy and our Governance section .	
GRI 2-23	Policy commitments	See our Governance Policies and our Governance section .	
GRI 2-24	Embedding policy commitments	See our Governance Policies and our Governance section .	
GRI 2-25	Processes to remediate negative impacts	See our Governance Policies , our Governance section , and Good for our People section .	
GRI 2-26	Mechanisms for seeking advice and raising concerns	See our Governance Policies , our Governance section , and Good for our People section .	1,2,6
GRI 2-27	Compliance with laws and regulations	2021 Annual Report: Form 10-K .	
GRI 2-28	Membership associations	50/50 Women on Boards, Black in Fashion Council, Business Coalition for Equality Act, Catalyst, Diversity Best Practices, Diversity in Design, How2Recycle, Human Rights Campaign, Leather Working Group, LiteHide™, Open to All, United Nations Global Compact, Valuable 500, and Women’s Empowerment Principles.	

GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Organizational Profile			
GRI 2-29	Approach to stakeholder engagement	We identify our stakeholders as those groups or individuals who are impacted, and influenced by, or who can impact, our company. They are a diverse group, each with specific needs. We work hard to engage all of our stakeholders in sincere and honest dialogue, and when requested and if feasible, to provide accurate and actionable information through public channels in a timely fashion. We engage with each of our stakeholders as often as required by the relationship.	
GRI 2-30	Collective bargaining agreements	Fossil Group has no collective bargaining agreements in the U.S. 100% of employees in Italy, France and FAST Europe, Spain, and Portugal are covered by collective bargaining agreements. For employees not subject to collective bargaining agreements, the terms and conditions of employment are determined by a variety of factors, including, without exclusion, local laws, local market conditions, and local customs.	3
Material Topics			
GRI 3-1	Process to determine materials topics	See our Materiality Matrix .	1-10
GRI 3-2	List of material topics	<ul style="list-style-type: none"> • Water Pollution • Ethical & Transparent Business Practices • Living Wages in the Supply Chain • Human Rights • Employee Engagement & Well-Being • Air Pollution • Health & Safety in Supply Chain • Equal Compensation • Environmental Impacts in the Supply Chain • Management of Chemicals in Products • Communicating Core Purpose 	1-10

GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Fossil Material Topic: Ethical and Transparent Business			
GRI 205: Anti-Corruption			
GRI 3-3	Management of material topics	See our Code of Conduct , our Code of Conduct for Manufacturers , and our Governance section .	1-10
GRI 205-1	Operations assessed for risks related to corruption	We ensure compliance with the policies through annual audits, training, and communicating our policies during the onboarding process. In 2021, we had zero business ethics audit findings.	10
GRI 205-2	Communication and training about anti-corruption policies and procedures	The Audit Committee annually reviews the company's Code of Conduct and Anti-Corruption Policy (FCPA). Fossil Group sends an annual email to all employees regarding Code of Conduct and other governing policies.	10
GRI 205-3	Confirmed incidents of corruption and actions taken	There were no confirmed incidents in 2021.	10
GRI 206: Anti-Competitive Behavior			
GRI 3-3	Management of material topics	See our Governance section .	1-10
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no legal actions for anti-competitive behavior, anti-trust, or monopoly practices.	

GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Fossil Material Topic: Water Pollution			
GRI 303: Water & Effluents			
GRI 3-3	Management of material topics	See our Water section .	7-8
GRI 303-1	Interactions with water as a shared resource	See our Water section .	7-8
GRI 303-2	Management of water discharge-related impact	All Fossil Group Tier 1 suppliers were compliant with wastewater discharge rules and regulations. 4 packaging factories were audited last year. There were no non-compliant issues for wastewater discharge permits.	7-8
GRI 303-3	Water withdrawal	See our Water Withdrawal .	7-8
GRI 303-5	Water consumption	See our Water Consumption .	7-8
Fossil Material Topic: Environmental Impacts in the Supply Chain			
GRI 308: Supplier Environmental Assessment			
GRI 3-3	Management of material topics	See our Social Compliance Program section .	7-8
GRI 308-1	New suppliers that were screened using environmental criteria	100% of new Tier 1 suppliers are required to fill out a self-assessment form, which includes environmental criteria.	7-8

GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Fossil Material Topic: Environmental Impacts in the Supply Chain			
GRI 308: Supplier Environmental Assessment			
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	All Fossil Group Tier 1 suppliers and key packaging facilities are assessed for environmental impact through our auditing process. Fossil Group requires all suppliers to be compliant with local environmental rules and regulations. Any supplier that is found to be non-compliant with local rules and regulations are considered as having significant potential negative environmental impacts. Fossil Group provides non-compliant suppliers with a corrective action plan and works with our suppliers until the corrective action plan is completed. Since we work with our suppliers until the corrective action plan is completed, all suppliers will be compliant with local environmental rules and regulations. In 2021, 38 factories were found to be non-compliant upon the initial audit. We are working with these suppliers to address these issues.	7-9
Fossil Material Topic: Health and Safety in Supply Chain			
GRI 403: Occupational Health and Safety			
GRI 3-3	Management of material topics	Please see our Advancing Equality in the Supply Chain section .	
GRI 403-1	Occupational health and safety management system	See our Social Compliance Statement .	1-6
GRI 403-2	Hazard identification, risk assessment, and incident investigation	All Tier 1 finished good factories receive an annual audit to verify that they comply to the requirements outlined in the Manufacturer's Code of Conduct . In 2021, all Tier 1 suppliers were audited to this Code. New suppliers additionally require an audit before any production purchase orders are placed. All data and information gathered during an audit informs a factory's final risk ranking. Factories ranking with high and moderate-high risk must attend supplier compliance training before production and schedule a reaudit. There was a 7% reduction in health and safety issues as compared to previous years.	1-6

GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Fossil Material Topic: Health and Safety in Supply Chain			
GRI 403: Occupational Health and Safety			
GRI 403-3	Occupational health services	See our Social Compliance Statement and our Advancing Equality in the Supply Chain section .	1-6
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	See our Social Compliance Statement .	1-6
GRI 403-5	Worker training on occupational health and safety	See the Training section of our Social Compliance Statement .	1-6
GRI 403-6	Promotion of worker health	See our Social Compliance Statement and Advancing Equality in the Supply Chain section .	1-6
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	See our Social Compliance Statement and Advancing Equality in the Supply Chain section .	1-6
GRI 403-8	Workers covered by an occupational health and safety management system	See our Social Compliance Statement and Advancing Equality in the Supply Chain section .	1-6

GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Fossil Material Topic: Health and Safety in Supply Chain			
GRI 403: Occupational Health and Safety			
GRI 403-9	Work-related injuries	Fewer than 30 work-related injuries occurred in FY2021 in the U.S. We had 0 work related injuries in Hong Kong, Ireland, Macau, Malaysia, Singapore, and U.K. We have local workers compensation policies issued in these countries. Fossil Group does not have visibility into work-related injuries in other countries where we operate due to work related claims being handled by their respective governmental plans.	1-2
GRI 403-10	Work-related ill health	No work-related ill-health reports were made. For the U.S., we use our insurance carrier's claim system to compile this data. For other countries, we compile claims information from our broker.	1-2
Fossil Material Topic: Equal Compensation			
GRI 405: Diversity and Equal Opportunity			
GRI 3-3	Management of material topics	<p>See our Cultivating Inclusion section and our Compensation Committee Charter.</p> <p>Fossil Group uses a standardized compensation system that is designed to be competitive and equitable. We have a global process to define, document and benchmark jobs to each local market using third party, industry leading salary surveys to determine the appropriate pay range. Each individual's compensation within that range is determined by a number of factors such as any other unique skill sets, added experience and/or education beyond the basic requirements, geographic location, outstanding performance history, etc. We regularly review our benchmarks and pay ranges to ensure we stay consistent with local markets to provide our employees with competitive compensation packages.</p> <p>In addition to calibrating salary annually during our Performance Review process, Fossil also completes external pay parity reviews bi-annually, with specific focuses on both Gender and Ethnicity in the United States. Fossil is a pay for performance environment, so individual performance will impact annual merit increases, bonus payment (if applicable) and eligibility for promotions into roles with larger scope and responsibility. All managerial and above pay increases and job offers include a review of internal pay equity to ensure we maintain appropriate parity among employees in equal job roles.</p>	6

GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Fossil Material Topic: Equal Compensation			
GRI 405: Diversity and Equal Opportunity			
GRI 405-1	Diversity of governance bodies and employees	See our Global Gender, Age, and Race Breakouts .	6
GRI 405-2	Ratio of basic salary and remuneration of women to men	<p>Fossil Group utilizes a standardized compensation system that is designed to be competitive and equitable. We have a global process to define, document, and benchmark jobs to each local market using third party, industry leading salary surveys to determine the appropriate pay range. Each individual's compensation within that range is determined by a number of factors such as any other unique skill sets, added experience and/or education beyond the basic requirements, geographic location, outstanding performance history, etc. We regularly review our benchmarks and pay ranges to ensure we stay consistent with local markets to provide our employees with competitive compensation packages.</p> <p>In addition to calibrating salary annually during our Performance Review process, Fossil Group also completes external pay parity reviews bi-annually, with specific focuses on both Gender and Ethnicity in the U.S. Fossil Group is a pay for performance environment, so individual performance will impact annual merit increases, bonus payment (if applicable), and eligibility for promotions into roles with larger scope and responsibility. All managerial and above pay increases and job offers include a review of internal pay equity to ensure we maintain appropriate parity among employees in equal job roles.</p> <p>For more information, see our Cultivating Inclusion section.</p>	6



GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Fossil Material Topic: Human Rights			
GRI 408: Child Labor			
GRI 3-3	Management of material topics	See our Advancing Equality in the Supply Chain section and our Fossil Group California Transparency in Supply Chains Act and U.K. Modern Slavery Act Statement . Fossil Group ensures that suppliers follow all local law and regulations related to human rights via our onboarding process, annual audits, and training.	5
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Our Code of Conduct for Manufacturers includes child labor restrictions and covers all suppliers. All Tier 1 finished good factories receive annual audits against the Code of Conduct for Manufacturers . We found 0 child labor and/or forced labor in our supply chain.	5
GRI 409: Forced or Compulsory Labor			
GRI 3-3	Management of material topics	See our Advancing Equality in the Supply Chain section , Human Rights Policy , and Fossil Group California Transparency in Supply Chains Act and U.K. Modern Slavery Act Statement . Fossil ensures that suppliers follow all local law and regulations related to human rights via our onboarding process, annual audits, and training.	4
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Our Code of Conduct for Manufacturers includes forced labor restrictions and covers all suppliers. All Tier 1 finished good factories receive annual audits against our Code of Conduct for Manufacturers. We found 0 child labor and/or forced labor in our supply chain.	4

GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Fossil Material Topic: Human Rights			
GRI 410: Security Practices			
GRI 3-3	Management of material topics	See our Advancing Equality in the Supply Chain section and our Human Rights Policy . Fossil ensures that suppliers follow all local law and regulations related to human rights via our onboarding process, annual audits, and training.	1-2
GRI 410-1	Security personnel trained in human rights policies or procedures	All Fossil Group employees and management who have direct responsibility in Supplier Compliance take annual human rights training. All Tier 1 finished good factories receive annual audits against our Code of Conduct for Manufacturers . We found 0 child labor and/or forced labor in our supply chain.	1-2
Fossil Material Topic: Living Wages in the Supply Chain			
GRI 414: Supplier Social Assessment			
GRI 3-3	Management of material topics	See our Advancing Equality in the Supply Chain section and our Social Compliance Statement .	1-2, 6
GRI 414-1	New suppliers that were screened using social criteria	For new Tier 1 suppliers a self-assessment form is required. Fossil Group's Supplier Compliance team provides onboarding training, followed by on-site social compliance audit. To be approved as a Fossil Group supplier, the initial audit risk rating should be moderate or below and all critical issues have been corrected. If the initial audit risk rating of a new supplier is Moderate high or above, Fossil Group will arrange a follow-up audit within one month or so according to the supplier's remediation.	1-6
GRI 414-2	Negative social impacts in the supply chain and actions taken	See our Advancing Equality in the Supply Chain section and our Social Compliance Statement .	1-6



GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Fossil Material Topic: Air Pollution			
GRI: N/A			
GRI 3-3	Management of material topics	See our Emissions section .	7-8
N/A	Air pollution	See our Emissions section .	7-8
Fossil Material Topic: Employee Engagement and Well-Being			
GRI: N/A			
GRI 3-3	Management of material topics	See our Engagement, Growth, & Well-being section . At Fossil Group, we are always trying to build relationships across our company, within our industry, and in our communities to help employees feel empowered and encouraged in the workplace.	1-6
N/A	Employee engagement and well-being	See our Engagement, Growth, & Well-being section .	1-6
Fossil Material Topic: Management of Chemicals in Products			
GRI: N/A			
GRI 3-3	Management of material topics	We communicate our chemical management expectations through our Product Guidelines and Restricted and Declarable Substance List (RDSL). This guideline lists our potentially harmful chemicals and specific safe limits of each substance in our products. We continually update these guidelines based on global laws and regulations as well as industry best practices. Also see our Chemical Statement .	7-8
N/A	Management of chemicals in products	See our Management of Chemicals in Products section .	7-8



GRI INDEX / UNGC COMMUNICATION ON PROGRESS

STANDARD DISCLOSURE	GRI DISCLOSURE TITLE	FOSSIL 2021 RESPONSE	RELATED UNGC PRINCIPLES
Fossil Material Topic: Communicating Core Purpose			
GRI 3-3	Management of material topics	See our CEO Letter , Our Company , and Our Corporate Responsibility Strategy : Make Time for Good sections.	
N/A	Communicating Core Purpose	See our CEO Letter , Our Company , and Our Corporate Responsibility Strategy : Make Time for Good sections.	

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX

ACCOUNTING METRIC	CODE	FOSSIL GROUP 2021 RESPONSE
Management of Chemicals in Products		
Discussion of processes to maintain compliance with restricted substances regulations	CG-AA-250a.1	<p>The <u>Manufacturer's Code of Conduct</u> requires all Fossil Group suppliers to ensure their materials comply with all regulatory laws and The Fossil Group's Restricted and Declarable Substance List (RDSL). The Fossil Group reviews products through internal component and finished goods testing and selects certain products for additional testing with an accredited third-party lab.</p> <p>Fossil Group's Supplier Compliance team works closely with all product development teams to ensure they understand RDSL requirements and conduct testing prior to new chemicals being introduced into production.</p>
Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-AA-250a.2	Fossil Group's process to assess and manage risks and/or hazard associated with chemicals is the same in our material and finished products. The process is outlined in the above response.
Environmental Impacts in the Supply Chain		
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	CG-AA-430a.1	All Tier 1 supplier facilities and supplier facilities beyond Tier 1 were compliant with wastewater discharge permits and/or contractual agreements in 2021.
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	CG-AA-430a.2	Fossil Group is in the process of rolling out the Higg Facility Environmental Module (FEM). Once we request responses to the Higg FEM from our suppliers, we will review the data accordingly for our 2022 Corporate Responsibility Report.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX

ACCOUNTING METRIC	CODE	FOSSIL GROUP 2021 RESPONSE
Labor Conditions in the Supply Chain		
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	CG-AA-430b.1	In 2021, 100% of Fossil Group’s Tier 1 supplier facilities were audited to our Manufacturer’s Code of Conduct . We do not have the number of audits beyond Tier 1. However, all suppliers are expected to adhere to all local rules and regulations regarding labor conditions.
Priority nonconformance rate and associated corrective action rate for suppliers’ labor code of conduct audits	CG-AA-430b.2	<p>Fossil Group does not assign an overall noncompliance rate. All significant Tier 1 finished good factories and key packaging factories receive an annual audit to verify that they comply to the requirements outlined in the Manufacturer’s Code of Conduct. In 2021, all Tier 1 suppliers were audited to this Code. All data and information gathered during an audit informs a factory’s final risk ranking. After our auditing process, we bucket factories into five risk ranking categories: low, low moderate, moderate, moderate high, and high.</p> <p>Here are our 2021 results:</p> <ul style="list-style-type: none"> • Low: 2 • Low moderate: 15 • Moderate: 23 • Moderate high: 13 • High: 22 <p>All factories that are noncompliant with any item during the audit are given corrective action plans to complete. We believe in working with our suppliers as partners, so we continue to work with our suppliers until all items on the corrective action plan are completed. If a supplier does not complete the corrective action plan or are found to be consistently noncompliant with our Manufacturer’s Code of Conduct, Fossil Group reserves the right to terminate work. In 2021, we found 0 child labor and/or forced labor in our supply chain.</p>
Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	CG-AA-430b.3	<p>Fossil Group’s top labor risks in the supply chain are (1) Health and Safety, (2) Compensation, and (3) Working Hours.</p> <p>Fossil Group’s top environmental, health, and safety risks in the supply chain are (1) Compliance with Environmental Regulations, (2) Hazardous Waste, and (3) Water Pollution.</p>

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX

ACCOUNTING METRIC	CODE	FOSSIL GROUP 2021 RESPONSE
Raw Material Sourcing and Innovation		
Description of environmental and social risks associated with sourcing priority raw materials	CG-AA-440a.1	<p>The environmental and social risks associated with sourcing priority raw materials include (1) Labor Conditions, (2) Deforestation, (3) Chemical Use, and (4) Water Quality.</p> <p>A priority raw material for Fossil Group is leather. The tanning process has a direct impact to water quality and indirect impact to deforestation. We are mitigating the risk by utilizing third-party environmental and social certifications and auditing processes, such as Leather Working Group (LWG) and Litehide™. 100% of our chosen tanneries are certified with LWG to ensure the tanning process is compliant with a robust environmental standard. We also use Litehide™ leather in our finished products. This patented preservation process eliminates the use of salt, which is a typical cause of water pollution in the tanning process.</p>
Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	CG-AA-440a.2	In 2021, 25% of our top four raw materials (leather, metals, plastic, and glass) had a third-party environmental certification.
Activity Metric		
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	CG-AA-000.A	Please see our Factory List .