

# Askov Finlayson

## GHG Footprinting Methodology Disclosure

January 28, 2019

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### Executive Summary

In 2018, Askov Finlayson launched a new, climate-positive business model called Give 110% – an innovative system of climate change accountability designed to support leading-edge climate solutions, while incentivizing impact reductions throughout the company. The financial basis of this commitment is the social cost of carbon emissions, an economic value that internalizes the cost to society resulting from Askov Finlayson operations and product manufacturing.

To assist in developing a sound methodology for calculating its social cost of carbon emissions, Askov Finlayson engaged Third Partners, a firm with expertise in carbon footprinting and sustainability strategy for leading responsible brands.

The methodology was developed through a rigorous process to establish a calculation framework that achieves the objective of measuring Askov Finlayson's annual greenhouse gas emissions and resulting social cost. This framework will enable Askov Finlayson's Give 110% program to evolve and expand in the coming years as an integral part of a growing business.

# Methodology

Measuring the carbon footprint of business activities is straightforward in concept. First, measure the amount of an activity over a period of time. Second, identify the carbon impact of that activity using a reliable academic or professional data source. Third, multiply the first two numbers.

To perform this across Askov Finlayson's business activities in 2018, Third Partners first determined answers to the following questions:

1. Scope of the analysis: which business activities are included? Which components of specific activities are included?
2. Data sources: for which activities is primary data available, and for which activities will we identify and use secondary data sources?
3. Social cost of carbon: of the many published metrics on this topic, which is most relevant, reliable, and aligned with the mission of Give 110%?

Below is a summary of the methodology used for Askov Finlayson as it pertains to the questions above.

## Scope of Analysis

Askov Finlayson and Third Partners jointly determined the list of activities to include in the analysis based on the scope as defined by the GHG Protocol guidelines for [Scope 1, 2 and 3](#) emissions. Included in the analysis are:

- All direct emissions: Scope 1 from use of fossil fuels in company facilities and vehicles
- All indirect emissions: Scope 2 from purchased electricity
- Key Scope 3 emissions categories, including:
  - Product manufacturing, upstream transportation, material processing, raw material cultivation and extraction
  - Packaging
  - Shipping to consumer
  - Business travel
  - Employee commuting
  - Product use

## Data Sources

The table below summarizes the data sources used across this analysis.

Climate Impact Category	Business Activity Source	Emissions Factor(s) Source
Scope 1		
Natural Gas Usage	Askov Finlayson Utility bills	US EPA emissions factors
Scope 2		
Electricity Usage	Askov Finlayson Utility bills	US EPA emissions factors
Scope 3: Non-product		
Scope 3: Business Travel	Estimates of miles traveled	US EPA emissions factors
Scope 3: Employee Commuting	Estimates of miles traveled	US EPA emissions factors
Scope 3: Product		
Raw Materials Extraction, yarn formation, textile formation, textile treatments	Product weights, Materials used, Material origin (if known), Supplier primary data (if available)	Sustainable Apparel Coalition Higg Index GHG Midpoints
Product Manufacturing	Product weights, Supplier primary data (if available)	Sustainable Apparel Coalition Higg Index cut and sew estimates, Proxy data for manufacturing operations
Finished goods shipment to Askov Finlayson	Product weights, transport modes, distance	US EPA emissions factors
Packaging	Packaging materials used	Survey of published LCA data by material (corrugated, kraft paper)
Shipping to consumer	Shipment data including weight, origin, and destination	Model to assess mode (air versus ground) and estimate emissions, US EPA emissions factors
Product use	Product sales data, product type	Survey of published LCA data by product type, behavioral model to estimate consumer behavior over the life of the product

Notes on use of this data:

For product level estimates, the following data sources were used in order of priority:

- Primary data from manufacturers, where available (e.g. manufacturer LCA emissions factors per SKU)
- Industry-level data (e.g. Sustainable Apparel Coalition Higg Index GHG emissions midpoints)

- Material-specific emissions factors from third party LCAs and other reputable sources to estimate impact

Scope 3 product-specific emissions calculation is a relatively nascent field supported by a growing (but incomplete) body of technical data. The best practice to gauge with precision the impact of a specific product is to conduct a life cycle assessment (LCA). LCAs are performed on specific products and are a costly, lengthy process. This type of analysis is rarely, if ever, commissioned on an entire product portfolio or for the purposes of calculating a social cost of carbon, which is technical objective required to support the goals of the Give 110% program.

LCA was ruled out as an appropriate source of GHG data for a three primary reasons:

- 1) the large extent of styles, materials and manufacturing processes represented in Askov Finlayson's product portfolio ranging from wool to rubber
- 2) the high incremental cost of LCA relative to the incremental gain in accuracy to the Give 110% program
- 3) Askov Finlayson does not use this data to make claims on carbon footprint as compared to other brands or manufacturers.

It was and is not feasible to perform an LCA on Askov Finlayson's product portfolio due to the cost involved. Instead this analysis used reliable secondary data wherever primary data was not available. The secondary data used increases the uncertainty of data across activities and may affect the margin of error. Because of this, when arriving at activity estimates and selecting emissions factors using incomplete data, conservative values were applied to ensure the overall impact is not underestimated.

## What is the Social Cost of Carbon?

The Social Cost of Carbon (SCC) estimates the damage caused by adding an additional ton of carbon dioxide to the atmosphere. The SCC takes into account climate change impacts in the form of the economic costs of future damage to human health, property, and the environment.

Askov Finlayson has adopted the central SCC estimate – \$43 per metric ton of CO<sub>2</sub>e in 2018 – developed and implemented by the U.S. government under the Obama administration with significant consensus from the global science and economics community. It is currently the most credible and well-researched figure available.

Askov Finlayson chose this particular estimate of SCC based on conversations with experts, a comprehensive review of published work on the topic to-date, and based on alignment with the Give 110% program goals.

The applications for the SCC and the Give 110% program are aligned both technically and ideologically. Askov Finlayson's Give 110% program is designed to create social benefits by allocating funds across a blend of causes engaging in four focal areas that respond to the climate crisis. The SCC exceeds the price of traditional carbon offset vehicles, such as carbon credits or certified offsets, by several times in order to account for indirect impacts on society, not just the cost of capturing or preventing one ton of emissions. The company believes this model better reflects the true economic cost of climate change and its growing impact on our future – including our prosperity, our health, and our safety and security.

## Why is this program important?

With this methodology, Askov Finlayson is adopting a very comprehensive assessment of its climate impact. Many brands are quite selective in how they quantify and address the carbon impact of business operations, and deploy narrow programs that do not address the majority of emissions that result from business operations.

By applying the SCC to a comprehensive set of business activities, Askov Finlayson is pushing the status quo toward more meaningful contributions that fight climate change.

Through this process, Askov Finlayson found that taking responsibility for the SCC across all products is a reasonable financial undertaking and that other companies can and should follow its lead.

# About Third Partners

Third Partners is a management consulting firm that specializes in sustainability strategy. Third Partners works with leadership teams at responsible brands and helps design innovative solutions that achieve business growth, positive external impact and world-class operations. As third party sustainability advisors, Third Partners brings a multifaceted perspective grounded in resource management best practice, data science and business performance. Solutions help leaders align commercial growth with specific environmental and social impact goals.