THE SCANDINAVIAN
TEXTILE INITIATIVE
FOR CLIMATE ACTION

STICA COMPANY CLIMATE ACTION PROGRAM

2025 PROGRESS REPORT

INCLUDING SIGNATORY DISCLOSURES 2024/2025

December 2025

POLICYMAKERS: STOP BLOCKING FASHION'S CLIMATE ACTION

The scientific community continues to sound the alarm, highlighting record temperatures, accelerated ocean warming, declining groundwater levels, and increasing heat stress, to name just a few. In fact, according to the Planetary Boundaries scientific framework, scientists report that we have now crossed seven of the nine planetary boundaries[1]. With this in mind, world leaders recently completed the latest round of climate negotiations at COP 30 in Brazil. Given the critical nature of our situation, it is no surprise that the outcome disappointed many of us, particularly due to the lack of commitment to phase out fossil fuels. Still, this does not mean we are not making progress. New data from the global energy think tank Ember shows that renewable energy overtook coal as the world's leading source of electricity in the first half of this year - a historic first[2]. This may mark the beginning of a shift where clean power is finally keeping pace with demand growth.

In the apparel sector, there is both bad news and good news. The most recent report from the Apparel Impact Institute, using 2023 data, shows an overall increase in industry emissions[3]. There are also reports that garment workers are experiencing increasingly dangerous heat stress[4]. However, industry experts also see encouraging developments on the ground. They highlight progress in China, where renewable electricity is becoming cheaper; in Vietnam and India, where corporate power purchase agreements are making 100% renewable electricity more accessible, and that all other major production countries now offer clear electrification and decarbonisation pathways for Tier 1 garment manufacturing units. The hope is that Tier 2 facilities will soon follow.

STICA's company signatories, most of whom are SMEs, are demonstrating that progress remains possible despite the challenges. As our analysis shows, a significant number of signatories are decreasing their emissions. But even if they are relative leaders in the industry, securing the internal commitment and investments needed to reduce emissions at the pace and scale required remains an uphill battle. Most importantly, politicians and policy makers are not making this easier. STICA signatories, who want to lead, do see a need for simplified legislation - but not diluted legislation[5]. The EU's move to roll back sustainability reporting legislation risks creating an uneven playing field that disadvantages climate leaders. The impending changes to CSRD and CSDDD mean that most companies, including STICA members, will now be out of scope for mandatory reporting. So where will the incentives for climate action come from?

I hope textile-specific legislation at the product level will help, and that the legislation emerging from the Circular Economy Act and specifically EPR will reward climate leadership. But at present, policymakers are making it harder for the industry to do

what is necessary. Smarter legislation is required to ensure meaningful financial penalties for failing to reduce emissions and commensurate rewards for reducing emissions and transforming business models. In short, climate action needs to make economic sense.

The progress made by STICA signatories, albeit slow, demonstrates that companies have no excuse not to act on climate. But to ensure these actions are in line with what science tells us is required to avoid the worst consequences of global warming, that we address the escalating climate risks already affecting apparel workers today, and that companies are able to build resilient supply chains, politicians and policymakers must stop creating barriers that hinder company climate action. Instead, they must help ensure that climate action becomes the driver of the innovation and industry transformation that are so urgently needed.

MICHAEL SCHRAGGER,
INITIATIVE DIRECTOR

[1] Planetary Boundaries Science (PBScience), Planetary Health Check 2025, Potsdam Institute for Climate Impact Research (PIK), Potsdam, Germany (2025)
[2] Rowlatt, Justin, Renewables overtake coal as world's biggest source of electricity, BBC (7 October 2025)
[3] Apparel Impact Institute, Taking Stock of Progress Against the Roadmap to Net Zero 2025 (July 2025)
[4] ILO, The Heat is On: How heat stress impacts the apparel industry, jobs, and worker health, Geneva: International Labour Office (2025)
[5] The Sustainable Fashion Academy (SFA), The Scandinavian Textile Initiative for Climate Action (STICA), Position on the European Commission's Omnibus Simplification Package (June 2025)

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EXECUTIVE SUMMARY

Our 2025 Report provides an update on the progress being made by company signatories participating in STICA's Company Climate Action Program. It also summarizes key challenges and solutions reported by these companies, as well as analysis and general conclusions made by the Sustainable Fashion Academy (SFA), an independent non-profit organization that leads the STICA initiative.

The report presents data for each company, disclosing total Scope 1, 2, and 3 GHG emissions from their most recent financial year, their GHG reductions or increases since their base years, and indications of whether they are on track to meet their targets. It also includes an aggregated summary of how signatories are progressing with the development and implementation of their Climate Action Transition Plans.

By taking this together, it is possible to better assess: 1) how committed company signatories are to climate transparency and accountability; 2) what actions companies are currently taking to reduce their GHG emissions and transform their businesses; and 3) what impact these actions are having on the companies' overall GHG emissions reductions and business transformation.

The report contains many data points, and readers are recommended to review these in detail. **Highlights include:**

SELECTED HIGHLIGHTS

Participation & Reporting

53 signatories in total

50 reported

3 did not report due to limited capacity and/or financial challenges

Data Quality & Verification

39 companies use primary data in their calculations

14 companies have third-party-verified data

Emissions Performance

35 companies reduced absolute emissions since their base year

11 companies report an increase in absolute emissions since their base year

9 companies increased emissions by >10% vs. last year, despite reductions since base year

4 companies lack target to assess progress against

Target Setting in Scope 3

36 companies have 1.5°C -aligned targets (Category 1)

2 companies have well-below-2°C targets (Category 2)

6 companies companies have minimum level - temporary targets (Category 3)

2 companies have targets not aligned with any STICA category

4 companies have not set a target

Target Progress

26 companies are on track to meet their Scope 3 target

- **21** companies aligned with 1.5°C (Category 1)
- **2** companies aligned with well-below 2°C (Category 2)
- **2** companies aligned with 2°C (Category 3)
- **1** company uncategorized

9 companies on track for Scope 3 Category 1 have increased revenue and reduced absolute emissions since their base year

Supplier Engagement

34 companies support suppliers in setting GHG targets

+3 from last year

42 companies engage suppliers on implementing renewable energy

+2 from last year

Just Transition

17 companies have a Just Transition plan

Unchanged from last year

Policy Engagement

companies endorsed a climate solutions campaign/sign-on letter

13 (2024) to 21 (2025)

companies provided feedback on STICA policy positions

23 (2024) to 29 (2025)

BASED ON THE DATA IN THIS REPORT, SFA CONCLUDES THE FOLLOWING:

- **This data has its strengths and weaknesses. To ensure more reliable and accurate reporting, supply chain traceability, transparency, and data quality need to be significantly improved. Moving forward STICA will require that signatories continually increase the percentage of primary data they use when doing future calculations.**

- **Many company signatories participating in STICA's Climate Action Program have come a long way in a relatively short time. It can also take time for climate actions and investments to yield results.**

- **The progress of a significant number of STICA signatory members continues to be too slow. Companies have reported a number of challenges they are facing and suggested solutions, many of which require government action.**

- **Shareholder and owner demands for short-term financial growth and the lack of sufficient financial incentives continue to make absolute GHG emissions reductions challenging. That being said, there are positive developments in a number of countries where apparel products are manufactured. Progress is possible, even if it is too slow for what the scientific community says is needed to remain on the 1,5C warming pathway.**

- **The move in the EU to rollback sustainability reporting legislation is not helping. STICA signatories want simplified legislation but not diluted legislation[6]. The impending changes mean most STICA companies will now be out of scope.This is not welcome, especially given the lack of financial incentives for climate action. Smarter legislation is needed to ensure there are sufficient financial penalties for not reducing emissions and commensurate rewards for reducing emissions and transforming business models.**

- **It is essential that stakeholders explore additional and/or different success indicators for the industry based on concepts such as well-being and sufficiency.**

In examining the data provided here, it is important to keep in mind that all the information is self-reported by the companies, with only some of the data verified by accredited third parties. We have included a section detailing the strengths and weaknesses of the STICA approach and methodology to ensure the data presented here is not misunderstood or misinterpreted.

This report does not include detailed policy proposals or recommendations for action. Past and future policy proposals can be found on the STICA website.

[6] The Sustainable Fashion Academy (SFA), The Scandinavian Textile Initiative for Climate Action (STICA), Position on the European Commission's Omnibus Simplification Package (June 2025)

ABOUT STICA

The Nordic region has a reputation for leadership in climate action and sustainable development. In this context, the Sustainable Fashion Academy (SFA) - a non-governmental organization - launched the Scandinavian Textile Initiative for Climate Action (STICA) in collaboration with well-recognized apparel and textile companies and industry stakeholders. STICA's aim is to ensure that the Nordic region and Europe do more than their share to reduce their climate impacts in line with the 1.5°C global warming pathway, while transforming their businesses and the industry - and well before 2050. STICA believes this is the only way to avert the worst impacts of the current climate crisis.

To achieve this aim, STICA is organized into two workstreams. In workstream one, commercial companies commit to ambitious climate action, and STICA holds them accountable and supports them in reducing their emissions and transforming their businesses. The companies currently participating in this workstream represent a broad range of segments and business models, from fashion and outdoor to workwear and home interiors, to name a few. In workstream two, STICA applies the insights gained from working closely with participating companies to advocate for the policies and legislation needed to accelerate climate action at the pace and scale required. Here, STICA carries out analysis and publishes policy positions, educates policy makers and other stakeholders, and collaborates with key stakeholders on industry projects to propel the climate action agenda onward.

STICA was initiated and is led by the SFA, whose mission is to accelerate progress toward science-based sustainability targets and the Global Sustainable Development Goals by harnessing the power and influence of the apparel and textile industry. SFA's role in STICA is to ensure independence, integrity, accountability, and industry progress. For more information, please visit STICA's website.

WORKSTREAMS

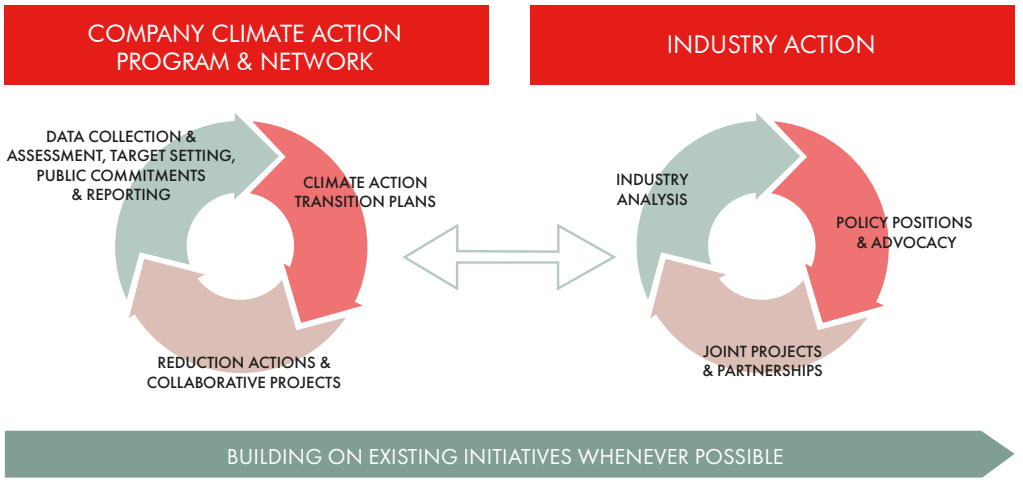
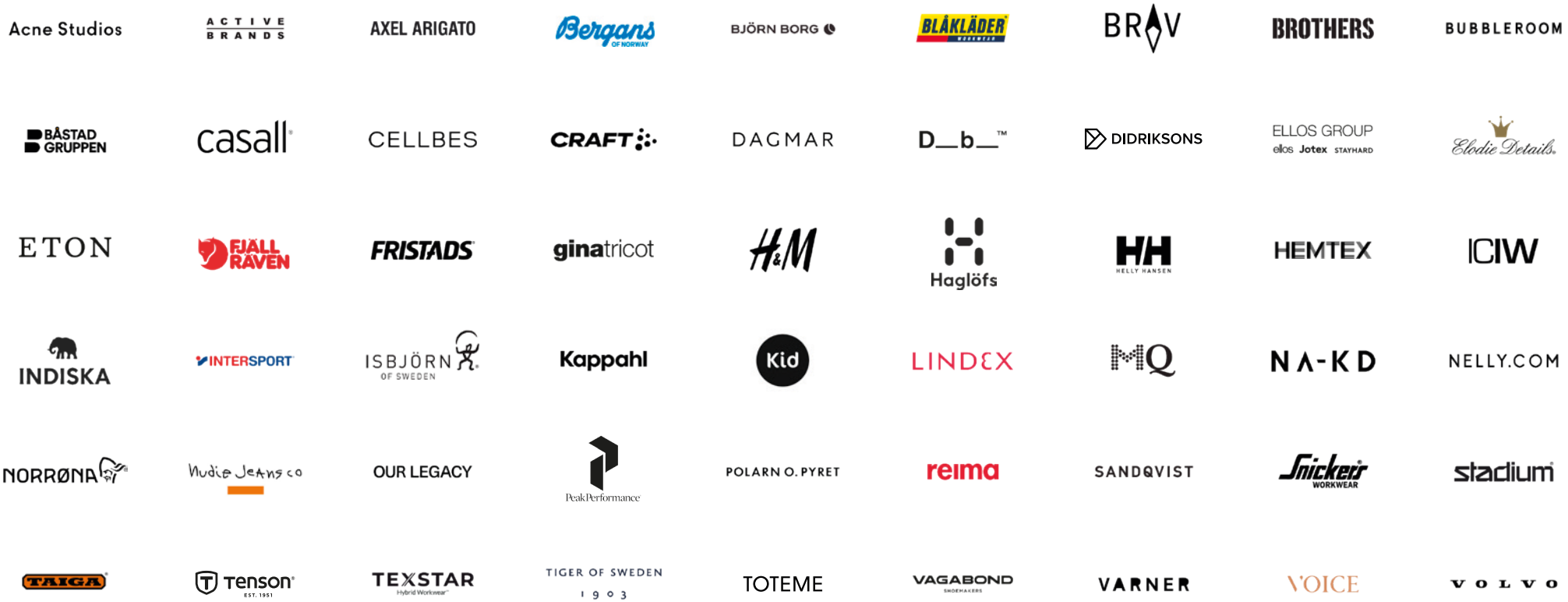


Figure 1. STICA workstreams

SIGNATORIES PARTICIPATING IN STICA'S COMPANY CLIMATE ACTION PROGRAM 2025



COMPANY CLIMATE ACTION PROGRAM: SIGNATORY OVERVIEW[7]

COMPANY TYPE

BRAND 81%	RETAILER 15%	OTHER 4%

COMPANY SEGMENT

Members were able to select more than one response

Fashion 46%	Outdoor 37%	Sport 19%	Workwear 15%	Home interior 8%	Other 19%

PRODUCT CATEGORY/SEGMENT

Members were able to select more than one response

Soft goods 98%	Home textiles 13%	Footwear 54%	Hard goods 33%	Mixed gear 40%	Beauty 8%	Other 2%

YEAR JOINED STICA

2019 50%	2020 13%	2021 17%	2022 6%	2023 8%	2024 6%	2025 0%

FY 2024 REVENUE[8]

Less than 150 MSEK	6 members	12%
150-1,000 MSEK	20 members	41%
Over 1,000 MSEK	18 members	37%
Not disclosed	5 members	10%

COMPANY SIGNATORIES NO LONGER PARTICIPATING IN STICA

Joining STICA's Company Climate Action Program as a signatory is a long-term commitment, and companies who choose to withdraw from the program are asked to consider their decision very seriously. The following companies have discontinued their membership in STICA since 2021 for reasons such as limited human and financial resources capacity, insufficient commitment from owners and senior leadership, and financial pressure.

Kasthall (2021)
Newbody (2022)
Rudholm (2022)
Elis Textile Service (2023)
A Day's March (2024)
Non-stop Dogwear (2025)

[7] Unless noted otherwise, aggregate data presented in this section is collected in October 2025, representing 52 of the then 53 companies committed to the program, excluding Stadium (due to changes in reporting)
[8] FY2024 revenue numbers based on 50 signatories, excluding companies that have not reported this year: Blåkläder, House of Dagmar, Elodie Details, Tiger of Sweden

COMPANY SIGNATORY PARTICIPATION REQUIREMENTS

TO ENSURE CREDIBILITY, TRANSPARENCY AND PROGRESS, STICA REQUIRES COMPANY SIGNATORIES TO:

Set targets, measure, and report in accordance with STICA guidelines, which are informed by the Science Based Targets initiative (SBTi) methodology and the GHG Protocol. STICA provides guidelines for how to measure and report, and offers education and training. Company targets and methods do not need to be approved by the SBTi, although this is encouraged. Requirements include:

- Public targets for Scopes 1, 2 and 3.
- Scope 1 and 2 targets in line with what it will take to limit warming to no more than 1.5°C, which in practice means reducing absolute emissions by roughly half by 2030.
- Scope 3 targets in line with what it will take to limit warming to no more than 1.5°C, as defined by the STICA Scope. Currently, If a member company cannot commit to the reductions required to stay on this pathway, the company can select a temporary target, explain why, and present a plan for what is needed to be able to do so. STICA addresses these exceptions on a case-by-case basis.[9]
- More detailed information can be found in STICA's calculation and reporting guidelines and target setting requirements.

Report progress on an annual basis (Scopes 1, 2, and 3, according to the GHG Protocol). Members need to report progress for all scopes.

Make their targets and commitments public. Companies and organizations should present their impacts and progress publicly. STICA also publishes members' progress annually.

Submit annual updates on their Climate Action Transition Plans. This better ensures climate action is embedded into the core business of the company and STICA can monitor the companies' progress.

Share knowledge and insights with other companies and engage in joint projects, where possible and practical. Company and organizational representatives are expected to participate in webinars and engage in working groups when relevant. This ensures the network is robust and that learning is shared effectively.

Support action at the industry level. Without changes at the industry level, there are limits to what a company can do to reduce its emissions and transform its business. By engaging at the industry level and supporting STICA in doing so, companies also prompt more fundamental structural changes.

[9] Scope 3 target requirements are now being revised in order to improve their credibility and practicality. These will be finalised in early 2026. Ambitious target setting is important but does not necessarily equate to greenhouse gas reductions. That is why STICA is also considering adding additional minimum performance requirements for the signatories during 2026.

THE CLIMATE IMPACT OF APPAREL & TEXTILES REVISITED

The Paris Agreement, a legally binding international treaty on climate change, was adopted by 196 countries at COP 21 in Paris in 2015. These countries agreed to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels. In 2018, the Intergovernmental Panel on Climate Change (IPCC) stated in its special report "Global Warming of 1.5°C" that a global temperature rise of more than 1.5°C will likely result in severe consequences for people and the planet. Scientists tell us we need to halve our emissions every decade in order to limit warming to no more than 1.5°C.

A number of reports have estimated the GHG emissions from the apparel sector. These figures have varied depending on which studies are referenced and where industry boundaries are drawn. The most recent analysis estimates GHG emissions from the apparel sector at roughly 2% of global GHG emissions. Given the anticipated growth of the industry in emerging markets and our need to halve emissions by 2030, it is crucial that the textile industry does its part—and more.[10 11 12 13 14]

Studies from organizations including WRI[15], McKinsey[16], Quantis[17], and Apparel Impact Institute[18] show general agreement that a majority of the apparel industry's GHG emissions is generated in the value chain, especially during fiber and material production, yarn production, preparation of fabrics and dyeing, assembly, and transportation within production. This is in line with what STICA signatories report, with emissions in the value chain accounting for 80–90% of most of the companies' total emissions.

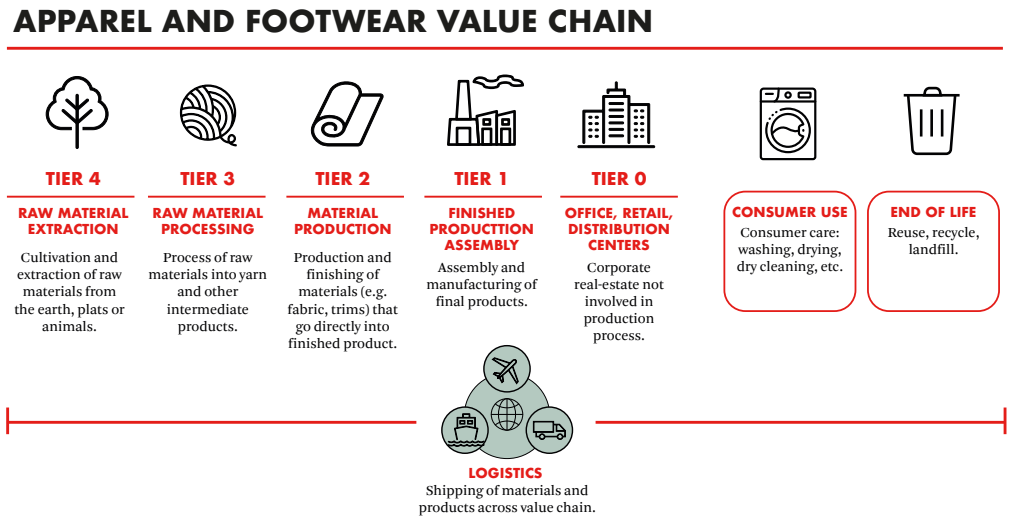


Figure 2. Apparel and footwear value chain. Sadowski, Yan and Adan, Apparel and Footwear Sector Science-Based Targets Guidance (2019).

To halve emissions by 2030, the industry will need to decarbonize material processing, production, and garment manufacturing and minimize waste. But it will not be sufficient to only reduce emissions in the supply chain. Emissions created during consumer use can also be addressed by encouraging less washing and drying, increasing the use of circular business models, and promoting collection and recycling. It may also be necessary to reduce the overall volumes of production, as industry growth could outpace the emissions reductions achieved through these actions.

10 Apparel Impact Institute, Taking Stock of Progress Against the Roadmap to Net Zero (2024)
11 Ellen MacArthur Foundation and McKinsey & Co, Redesigning Fashion's Future (2017)
12 WRI and Apparel Impact Institute, Roadmap to Net Zero (2020)
13 McKinsey & Co., Fashion on Climate (2020)
14 Quantis, Measuring Fashion: Insights from the Environmental Impact of the Global Apparel and Footwear Industries (2018)
15 WRI and AII, Roadmap to Net Zero: Delivering Science-Based Targets in the Apparel Sector (2021)
16 McKinsey & Co., Fashion on Climate (2020)
17 Quantis, Measuring Fashion (2018)
18 Apparel Impact Institute, Taking Stock of Progress Against the Roadmap to Net Zero (2024)

KEY INTERVENTIONS FOR REDUCING EMISSIONS TOWARDS NET ZERO

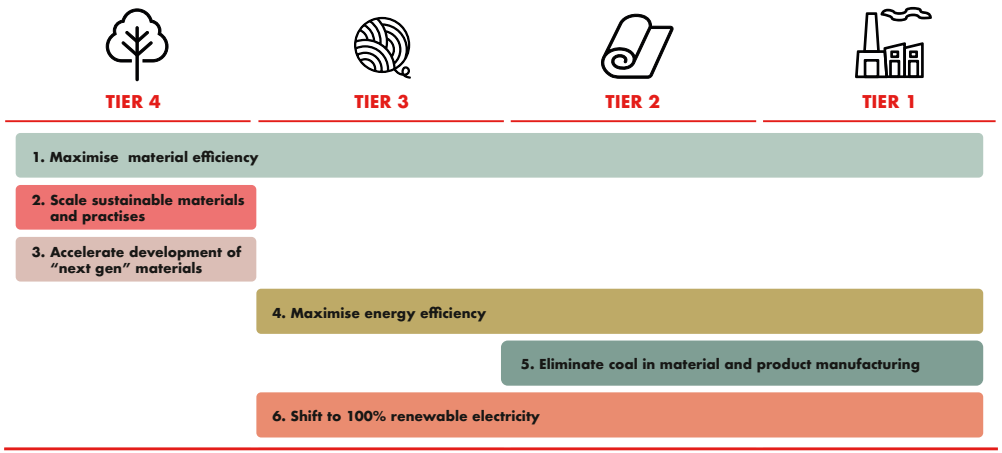


Figure 3. Key interventions for reducing emissions toward Net Zero. WRI, Aii, Roadmap to Zero (2011)

REDUCING SCOPE 3 "SUPPLY CHAIN" EMISSIONS

COMPANIES PARTICIPATING AS SIGNATORIES IN STICA HAVE A NUMBER OF OPTIONS FOR REDUCING THE EMISSIONS IN THEIR SUPPLY CHAINS. THESE MAY INCLUDE:

- using materials more efficiently to minimize waste;
- sourcing more sustainable materials;
- investing in the development of the next generation of materials with better climate profiles;
- sourcing from energy-efficient factories;
- eliminating coal as an energy source in supply chains;
- sourcing from factories that use renewable energy (use of onsite renewable energy and sourcing of lower CO_2 grid electricity);
- reducing GHG emissions from transportation;
- and investing in the development of new circular business models (i.e., repair, subscription and resale) that lead to an increased number of uses, and ultimately should replace linear models and the need for virgin products and materials, thereby reducing production volumes.

The diagram below further illustrates a selection of actions a STICA signatory company may take in implementing its emissions-reduction strategies for 2030 and transforming its business. As you can see, some actions will likely have a bigger impact than others. The actual effect of the actions, such as eliminating coal, depends on what it is substituted with.

REDUCTION ROADMAP FOR A GENERIC COMPANY IN STICA AND THE POTENTIAL OF 8 KEY REDUCTION AREAS

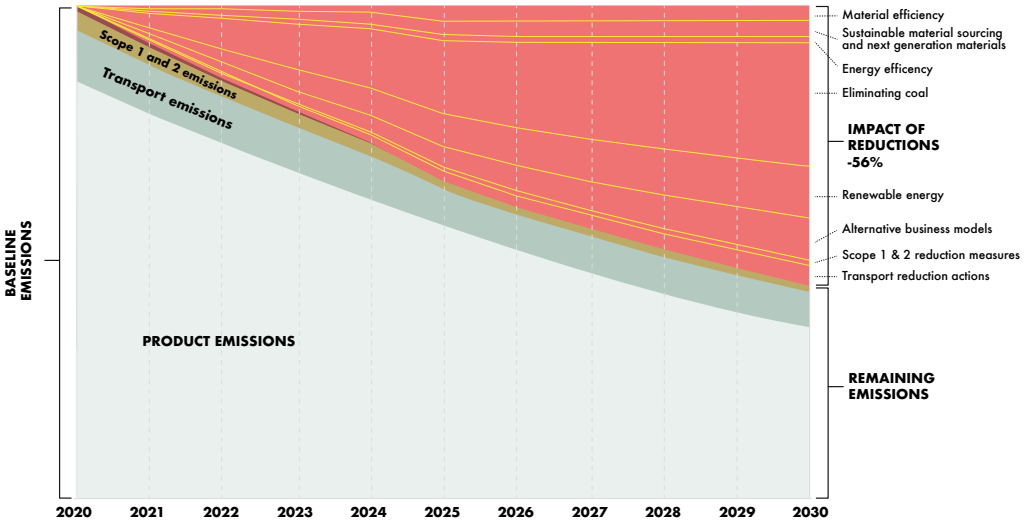


Figure 4. Example of a reduction roadmap for a generic company in STICA and the potential from eight key reduction areas

COMPANY DISCLOSURES 2024/2025

THIS SECTION PROVIDES INFORMATION ABOUT:

- The STICA calculation and reporting methodology
- The strengths and limitations of the STICA methodology
- Additional considerations when reviewing company disclosures
- Company signatories' GHG emissions reporting

OUR METHODOLOGY

STICA requires that its members follow the methodology and recommendations of the GHG Protocol standard when reporting GHG emissions. To ensure quality, robustness, and consistency, companies are required to follow the guidelines and support documents outlining the reporting requirements within STICA, including guidance on emissions factor sources and how to handle scope, exclusions, assumptions, and estimates made. STICA also performs quality checks on a select group of companies' reports each year to ensure their quality and to provide additional guidance.

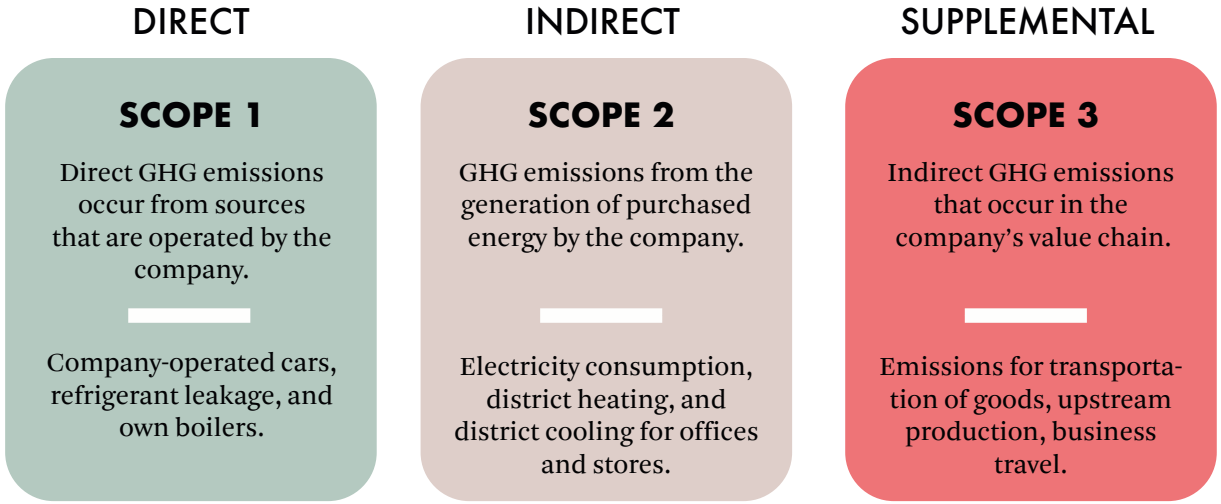
Under the STICA reporting, companies are required to disclose emissions within Scope 1, Scope 2, and selected categories from Scope 3. These categories cover purchased goods and services (relating to the production of sold goods, i.e., excluding office supplies and store interior and the like), upstream and downstream transportation and distribution, and finally, fuel- and energy-related activities. In addition to these required categories, many companies also choose to disclose emissions from the recommended categories: business travel, use of sold products, and the excluded parts of purchased goods and services.

The required scope of reporting is based on a combination of the relative size of these categories in terms of emissions, and the allowance from the Science Based Targets initiative, to exclude up to one-third of Scope 3 emissions excluding the indirect use phase, such as washing and drying. Generally, the categories included in the STICA scope cover the most significant emissions sources—i.e., two-thirds of Scope 3 emissions—for companies in the apparel and footwear sector. Should member companies have significant emissions sources elsewhere, they are strongly recommended to include these as well. STICA requires that its members apply the operational control approach and the market-based method, as described in the GHG Protocol. For target-setting, STICA requires companies to align with a set of criteria, and to set targets in the near term, toward 2025–2030. These criteria are available here.

When calculating GHG emissions, companies use a variety of data sources and estimated values. For production of purchased products, most members use a combination of primary data from suppliers and estimated values for the parts of the supply chain where primary data is not yet available.

IF YOU DON'T MEASURE YOUR EMISSIONS, YOU CAN'T MANAGE THEM

The first step in decreasing emissions is mapping and measuring them. The GHG Protocol was established in the late 1990s and is the global standard for accounting and reporting emissions from private and public sector operations, value chains, and climate actions. The standard is divided into three scopes:



THE STRENGTHS AND LIMITATIONS OF THE CURRENT STICA METHODOLOGY

When reviewing and interpreting the results reported for each STICA member company, it is important to keep in mind both the strengths and limitations of the methods used for calculations and reporting. In this section, we specifically address some of these under the following headings: 1) The strengths and limitations of the GHG Protocol; 2) The STICA scope; 3) Accounting for product quality and longevity; 4) Data quality and uncertainty; and 5) Target-setting methods.

THE STRENGTHS AND LIMITATIONS OF THE GHG PROTOCOL

Firstly, the STICA method is based on the GHG Protocol. Few frameworks within sustainability have reached the same widespread use and level of acceptance as the GHG Protocol. All major reporting initiatives and frameworks rely on these rules and requirements for consistency over time. However, the GHG Protocol also has some limitations, such as:

- **Inclusion criteria** for Scope 3 are not specifically outlined in the GHG Protocol, meaning that the activities included in disclosures may vary significantly. To counter this, STICA has defined the minimum parts to be included, informed by the SBTi guidance for apparel and footwear as well as screenings made by individual companies.

- **Comparability** between companies is not an explicit objective of the GHG Protocol. Many actors, however, still use the results in this way. But the activities included in company disclosures may differ between STICA members. For instance, some members measure the impact of business travel, for example, while others do not. This means that the data presented may not be comparable. STICA is aware that this can lead to misleading conclusions, but also sees value in presenting company results together, to help inspire and challenge STICA members. The reader is advised to consider this when reviewing the information presented.

- **Land-related emissions** from the production of natural fibers, as well as biogenic emissions, are partially addressed in the current version of the GHG Protocol—but while they have never been explicitly excluded, methodologies for calculating these have varied between different sources. An addition focusing on land-related emissions is under development and will be launched in the summer of 2026 to clarify what emissions to include and how to calculate them, and this will become a required part of GHG accounting in the future. This will illustrate the required level of detail and, in some cases, account for additional emission sources, thereby affecting data collection and reporting work. As this addition will have an impact on textile companies' reporting, STICA is currently monitoring the developments of the GHG Protocol's Land Sector and Removals Guidance, but has not yet developed guidance for member companies on how to address this.

STICA, along with most other initiatives, has chosen the GHG Protocol for accounting and reporting, as this is currently the best available option. We feel comfortable that we have mitigated the main drawbacks of the current protocol and how it is applied to the apparel and textile sector. STICA continuously monitors the development of frameworks and accounting rules to ensure we are using the most robust and relevant standards.

THE STICA SCOPE

As mentioned in the methodology section, STICA member companies are required to report emissions from selected parts of their value chains in addition to Scopes 1 and 2. STICA's Scope 3 requirements are informed by SBTi's inclusion criteria stating that two-thirds of emissions in Scope 3 - excluding, for example, the indirect use phase emissions—should be included. Based on screenings of several global apparel and footwear companies, the categories listed below meet the inclusion criteria for apparel and footwear companies, although this can potentially vary for individual companies in the industry. Therefore, individual members are not required to perform complete Scope 3 screenings, which would be a requirement for companies having their targets validated by the SBTi. The justification for the STICA scope is described in greater depth in STICA's Reporting Guidelines. These requirements are described briefly below, together with the reasons why they are required:

- **Scope 3 Category 1: Purchased goods and services (commercial goods)** include emissions from producing the products that the companies sell, from production of raw materials through to a finished product and packaging. In most cases, this is by far the most significant emission source for textile brands and retailers, and on average may represent 80% or more of their emissions and should thus be a crucial part of any textile company's reporting.

- **Scope 3 Category 3: Fuel- and energy-related activities** such as production and distribution of fuels used in Scope 1 and 2 activities are often a small part of the overall Scope 3 emissions for apparel and footwear companies. However, these emissions are included in the accounting as this category is considered an extension of the Scope 1 and 2 emissions and thus close to the companies' own operations.

- **Scope 3 Category 4 and Category 9: Upstream and downstream transportation and distribution** that companies use is also a significant source of emissions from trucking, air freight, and maritime shipping. These emissions are accessible for companies both in terms of data and reduction opportunities, and are thus natural to include in emissions accounting.

In addition to these, STICA offers some support for measuring and reporting emissions from optional Scope 3 categories, briefly described below:

- **Scope 3 Category 1: Purchased goods and services (non-commercial goods and services)** cover emissions from store interiors, hangers, office equipment, purchased services etc. that are not sold by the company. This category is optional to decrease the reporting burden on companies and help them focus on major emissions sources instead.

- **Scope 3 Category 6: Business travel** is often included in company accounting, even though it may, in many cases, be a fraction of the overall emissions. This is generally because companies have direct control over how employees travel, and this data is readily available. STICA has opted not to require this, again to reduce the reporting burden and to focus on major emissions sources. However, a number of companies still report emissions in this category.

- **Scope 3 Category 11: The use of sold products** is not required for inclusion in the reporting. The emissions from the use phase - e.g. from washing and drying of garments - are a significant category in terms of emissions for apparel and footwear companies, but are outside the minimum boundary defined by the GHG Protocol and thus not required for inclusion in companies' inventories and targets. The SBTi does encourage apparel and footwear companies to consider separate use phase targets, though. STICA currently does not require companies to measure emissions from the use phase but is actively reviewing this. This is primarily because of the uncertainty in the underlying data, as consumers' use and transportation are very difficult to measure credibly and any emissions reductions can be hard to substantiate. The Product Environmental Footprint Category Rules Guidance for the apparel and footwear industry (PEFCR A&F), which is currently under development, will offer guidance to companies in this matter, although it will not directly solve all data-related challenges in the use phase.

The following section further highlights the challenges when measuring the use phase impact.

Member companies are therefore encouraged to investigate their use phase emissions to understand the relative size of these emissions and which parameters impact them.

ACCOUNTING FOR PRODUCT QUALITY AND LONGEVITY

It is important to highlight the issue of product quality and thus product longevity, and the role this can - and should - play in the accounting of a company's emissions and its emissions-reduction strategies. The theoretical discussion on longevity is as follows: even if one high-quality product has larger GHG emissions in the production phase than another, if the high-quality product is used many more times because of its better quality, this could result in lower GHG emissions overall. This is because the higher-quality product would, in theory, be used more, thus decreasing the need for the customer to buy an additional or replacement product. As a result, this can help decrease the total amount of GHG emissions when comparing the total emissions of using one (higher-quality) product versus many with the same purpose.

While this can be true in theory, it can be hard for a company in reality to know whether the emissions actually decrease, because:

- It can be difficult to prove how much a customer **actually** uses a product. In theory, a customer could buy a better product that lasts longer, but still not use it more. This is because customers often underutilize high-quality products.

- Customers also tend to overconsume products due to factors like fashion trends, low prices, and procurement policies, leading to the purchasing of more products than needed.

- If a lower-quality product creates **significantly lower GHG emissions** than a high-quality product, the benefits of buying and using the higher-quality product might no longer be sufficiently significant to offset the production emissions. For example, the added emissions from two lower-quality products may still be less than those of one higher-quality product. Lower-quality products, however, could lead to other problems, such as increased waste, or lower wages for workers if the products are cheaper. These issues are not accounted for if the focus is on GHG emissions alone.

When accounting for emissions in a company-wide perspective, quality and longevity can be included in performance tracking and targets by including them in the KPIs associated with the number of uses that their products have, such as "total GHG emissions"/"number of uses," which should be as close to zero as possible. This allows companies to use longevity and quality improvements as a direct measure in reducing emissions, given that they do not produce and sell more new products. Increasing the number of uses per product sold should thus be in the apparel and footwear industry's interest. This introduces demands on circular business models like repairs, reselling, etc. to prolong the lifetime of the products and generate new income streams for the companies.

For economic-based KPIs like emissions per revenue, quality and/or longevity increases are included in economic terms, as a higher-quality product would fetch a higher price. For example, a company that offers a repair service for its products can take a higher product price while prolonging the life of the product. As we have seen, the actual number of uses is very difficult to measure, so measurements of any such targets and KPIs must be clearly defined and justified and will need to be considered credible by STICA. We are following the progress of the EU's Product Environmental Footprint closely, as this methodology can potentially include a way to measure product longevity.

DATA QUALITY AND UNCERTAINTY

When surveyed, many STICA members cite data collection and quality as a significant challenge. Data availability, quality, representativeness, and the sheer volume of data raise challenges for truly understanding a company's impact and options for emissions reductions. Like many of the world's commodities, textile value chains are complex and span much of the globe today. From the cotton field to the finished pair of jeans, a large number of companies can handle, process, resell, launder, and pack the product. This makes it challenging for an individual company to collect data from all these actors—the goal that STICA member companies are working toward. This is why many companies combine average data from parts of the value chain with primary data from others. Currently, and for the foreseeable future, this is the reality in the industry.

Using average data and emission factors carries some uncertainty, especially when used on a general level. For example, many companies use weights of different materials and a global average for producing the fabric required. Consequently, information such as the processes or energy sources used, or even which countries of origin are relevant, is unknown to a large degree.[19] Even when these are known, there is still a need for emission factors representing the specific processes, energy sources, or geographies involved, which are often difficult to track down or do not exist.

Currently, STICA recommends using the emissions factors from the HIGG Material Sustainability Index (MSI) when working with average data. STICA has been following the recent criticism of the MSI closely and acknowledges the critique. This refers to consumer marketing claims using factors from the MSI, but also to the validity and representativeness of the factors. From STICA's perspective, the Higg MSI is currently one of the most widely used databases for working with average data and emission factors in the industry. However, given legislative and other developments moving forward STICA will allow for more options regarding databases, based on guiding principles.

In summary, we see three aspects driving this uncertainty: 1) the company's own data and the level of detail; 2) the availability and representativeness of emission factors or average data; and 3) the quality of the data in these emission factors. We will elaborate on the latter below.

- **Data accuracy** is a problem when the data the emission factor is based on is lacking. The data can be old, non-representative of processes or geography, or have other limitations in the specifics of its use. The accuracy of the data in an emission factor relates to how it is applied. For example, a global average cotton production factor for 2023 is a poor indicator for cotton produced in Egypt using irrigation agriculture in 2009, but could be useful to represent a market mix. This is often the case with all types of emission factors, and the MSI is no exception.

[19] Stridsland, Thomas, et al. "No-one left behind: An open access approach to estimating the carbon footprint of a Danish clothing company." Journal of Cleaner Production 426 (2023): 139126.

- **Method accuracy issues** occur when the method applied is not representative of the reality of a production system or market or is used for comparisons between materials. An example of this is allocation methods: in a wool production system, where both meat and wool are produced together, this is apparent. The emissions from this system can be allocated to these two products, for example, by using economic terms, such as the share of the income generated by each, or by physical terms like protein content. Depending on the choices made when creating the factor, the different methods can provide very different emissions outcomes. This issue was also highlighted in a KPMG review of the Higg MSI. The experts participating in the review argued that: *"Higg MSI, used as a stand-alone tool and incorrectly, could be prone to misinterpretation as the tool does not integrate a proper functional unit definition, as "per kg" is currently used but has clear limitations. For example, a certain material "A" could have a lower environmental impact per kg than another material "B". However, material "A" could require more weight than material "B" to deploy the same function, potentially leading to higher impacts if material "A" is selected instead of material "B". This example illustrates how the Higg MSI could be prone to misinterpretation due to its functional unit."*[20]

- **System-wide impacts, or marginal issues**, reflect the fact that using emission factors when making decisions on fiber choice, for example, can change the representativeness of the emission factor. For example, if companies move from using conventional to recycled polyester, they will create additional demand for recycled polyester that may be produced in a new way and that does not reflect the data we have for the global average of recycled polyester production, such as if the new factory producing recycled polyester uses coal-fired boilers.

- **Data ownership and bias**, combined with a **lack of transparency**, is also problematic. Most available average data is owned by private companies, hindering users from disclosing more details on their impacts. Much of the available data is also difficult to access in a practical manner, since it is often fixed values for GHG emissions, rather than more useful energy consumption figures. A significant share of global average data is also produced by business networks and industry organizations, which causes concerns about the built-in biases in some of the data points. For example, LCA impacts for individual fiber types, such as cotton or polyester, are often produced by cotton or plastics industry associations.

- **Not accounting for all impact categories** is another perspective that companies must provide a rationale for. Today, STICA only requires members to report their climate impact, but this should not be the only parameter member companies account for when setting their fiber strategies. Biodiversity and microplastics are other important aspects to consider, and ones the MSI currently does not account for—as pointed out in the KPMG report. Although STICA does not require members to report on biodiversity or microplastics today, members are recommended to account for potential synergies or target conflicts between climate impact, biodiversity, microplastics, and other impact categories when developing and implementing fiber strategies.

The uncertainty in the average data outlined above could also lead to questionable conclusions regarding material or process choices, and STICA recommends that our members carefully consider this uncertainty when choosing a reduction strategy.

STICA acknowledges that using some average data is an absolute necessity for the foreseeable future, and there will always be uncertainty and inaccuracy in this way of working. For the time being, average data can help companies to understand their emissions hotspots and emissions trajectories. STICA is, however, actively working to improve the way we work with the data, and together with member companies, we aim to significantly increase the amount of primary data and improve the quality of the available average data.

That said, to ensure credibility in the STICA reporting, companies are required to substantiate any reported emissions reductions by justifying, with transparency, any changes in their emissions. Should any changes stem from adjustments to organizational or operational boundaries, the methodology used, or other inorganic changes, members are required to recalculate their base years to ensure comparability over time. For instance, if a company starts replacing average data with primary data and sees a significant emissions reduction based on this methodological change, it should consider recalculating its base year inventory.

[20] KPMG, Technical review of the Higg MSI and Higg PM tools (2023)

TARGET-SETTING METHODS

To stay below 1.5°C warming by the end of the century requires a drastic reduction in emissions. The SBTi has translated this into a requirement for all companies to cut their emissions by at least 42% every decade and to achieve Net Zero by no later than 2050. This is based on the carbon budgets set by the IPCC for keeping warming in line with 1.5°C.

A number of methods are available to guide companies in setting GHG emissions targets. Generally speaking, these are: absolute reduction targets; intensity targets based on either physical or economic intensities; sectoral or product emission targets, such as the sectoral decarbonization approaches (SDAs) from the SBTi (note that there is no SDA for apparel and footwear companies), or the One Planet Plate from WWF; and supplier engagement targets. The absolute reduction method is often considered the most ambitious and credible approach, as it ensures that a company reduces its total emissions. In other words, this approach effectively caps a company's emissions. This is why STICA strongly recommends that its members set absolute reduction targets.

However, setting targets in this way does not account for some unique challenges or situations:

- An absolute target implies that because a company has emitted large amounts of GHGs historically, **it should be entitled to a larger share** emissions budget. For example, if Company A emitted twice the amount of Company B in their base years, then Company A's absolute target would allow it to emit twice the amount of Company B by the target year.
- **New entrants** to the market or small companies typically have very low emissions from the start. In this case, an absolute target requiring them to halve their emissions by 2030 can be difficult to achieve because their emissions budget is particularly small to begin with. This would be the case even if they had products that, on average, incurred a fraction of the emissions of established companies.
- **High-performing** companies that have already taken significant action to reduce their emissions are also required to halve their emissions, the same as those who have not yet started. They will, to some extent, find it harder to reach the target, as they have already picked the lowest-hanging fruit of their emissions reductions.
- A variant of the above is companies **aiming to take market share** in a slowly expanding sector. In this case, an absolute cap on a company's emissions could, in theory, be at odds with the goal of reducing the total emissions of an industry sector. For example, a company that produces products with a relatively lower GHG profile could out-compete companies with worse-performing products. As this company grows, its products could replace those from companies with higher GHGs, thereby reducing the overall emissions of the sector. But, through its growth, the company's overall emissions would increase, while the sector's overall emissions would decrease. Moreover, as the apparel and footwear sector has expanded steadily in recent years - and is expected by some to continue doing so - can we feel confident that the absolute emissions are not increasing? This is the theory, but it is based on many assumptions and is difficult to substantiate.

Aware of these challenges, STICA thus temporarily allows companies to use other target types while requiring transparency as to how these targets influence their absolute emissions. You can read more about our current target-setting requirements here.

COMPANY DISCLOSURES

In this section, you will find company-specific information presented in two tables: one covering Scopes 1 and 2 and the other covering Scope 3. Companies are listed in alphabetical order to make it easier to find a company, and the same information is also available here, organized by company revenue. In both tables, the column titled "Change in absolute emissions since base year expressed in tonnes CO e" includes the relative change in emissions since the base year in parentheses. For the Scope 3 table, the column "Scope 3 emissions within target boundary" reflects the companies' reported Scope 3 emissions in full, not only those within the STICA or target-specific scopes.

These tables illustrate that some companies have reduced their emissions, while others have seen increases. The change in emissions is shown only for companies with a base year prior to 2024. The disclosures reflect STICA members' reported emissions for the fiscal year 2024, or 2024/25 for companies with irregular fiscal years.

When reviewing and interpreting the data, several considerations are important:

- First, total emissions reported in the tables are not directly comparable across companies. STICA does not require members to report emissions from all Scope 3 categories, and some companies choose to include optional categories, resulting in differing system boundaries. Further explanation of what is required versus optional can be found in the section "The STICA Scope."
- Second, the quality of data varies between companies. Although STICA strives for methodological consistency, variations in GHG accounting practices persist. This report does not attempt to highlight uncertainties in the data displayed; for more detail, please refer to the section "Data Quality and Uncertainty."
- Finally, the targets reported by signatories are not always comparable. For Scopes 1 and 2, all STICA members are required to set targets aligned with an absolute annual reduction of 4.2%. For Scope 3, companies may set targets using one of three permitted approaches. More information can be found in the "Target-setting Methods" section above, and in STICA's target-setting requirements document.

SCOPE 1&2 REPORTING

Table 1. Company-level information outlining the size of the company and progress toward their Scope 1 and 2 target for fiscal year 2024 (or 2024/2025). In some cases (marked with [E]), fiscal year 2023/2024 has been used as the break of year occurs later than the release of this report.

STICA company member	FY2024 - Revenue	Currency	FY2024 - Scope 1&2 emissions in 2024 (tonnes CO2e)	Change in absolute emissions since base year (tonnes CO2e)	Target description[A]	Target progress[B]	Required annual reduction from 2024 onwards[B]	Data verified by 3rd party[C]
Acne Studios[E]	3 603	MSEK	192	-729 (-79%)	50% absolute reduction by 2030 (2020 base year)	Target achieved	-	GHG calculations have been verified through a limited assurance made by an accredited auditor
Active Brands	1 227	MNOK	85	-257 (-75%)	90% absolute reduction by 2025 (2021 base year)	Ahead of target	-14,9%	Considering verification
Axel Arigato	930	MSEK	151	-84 (-36%)	40% absolute reduction by 2033 (2023 base year)	Ahead of target	-0,5%	Considering verification
Bergans	532	MNOK	272	-334 (-55%)	60% absolute reduction by 2025 (2018 base year)	Ahead of target	-4,9%	Considering verification
Björn Borg	990	MSEK	186	-177 (-49%)	50% absolute reduction by 2030 (2020 base year)	Ahead of target	-0,2%	Not considering
Blåkläder			No Scopes 1&2 disclosure					
Brav	984	MSEK	1 255	516 (70%)	42% absolute reduction by 2030 (2021 base year)	Behind target	-18,6%	Not considering
Brothers	356	MSEK	244	154 (173%)	100% absolute reduction by 2030 (2021 base year)	Behind target	-45,4%	Not answered
Bubbleroom	440	MSEK	2	-19 (-89%)	100% absolute reduction by 2030 (2021 base year)	Ahead of target	-1,8%	GHG calculations have been verified through a reasonable assurance made by an accredited auditor
Båstadgruppen	672	MSEK	223	0 (0%)	50% absolute reduction by 2030 (2024 base year)	-	-8,3%	GHG calculations have been verified through a limited assurance made by an accredited auditor
Casall[E]	143	MSEK	53	-103 (-66%)	75% absolute reduction by 2025 (2018 base year)	Ahead of target	-9,0%	Not considering
Cellbes	529	MSEK	36	-89 (-72%)	50% absolute reduction by 2030 (2018 base year)	Target achieved	-	Not considering
Craft	679	MSEK	207	-98 (-32%)	42% absolute reduction by 2030 (2020 base year)	Ahead of target	-1,6%	GHG calculations have been verified through a reasonable assurance made by an accredited auditor
Dagmar			No Scopes 1&2 disclosure					
DB Equipment	408	MNOK	7	-32 (-82%)	50% absolute reduction by 2030 (2019 base year)	Target achieved	-	GHG calculations have been verified through a reasonable assurance made by an accredited auditor
Didriksons	786	MSEK	169	-167 (-50%)	60% absolute reduction by 2025 (2018 base year)	Behind target	-10,3%	Not considering
Ellos[D]	-		438	196 (81%)	50% absolute reduction by 2025 (2020 base year)	Behind target	-130,9%	Not considering
Elodie Details			No Scopes 1&2 disclosure					
Eton shirts	1 011	MSEK	24	-357 (-94%)	92% absolute reduction by 2030 (2019 base year)	Target achieved	-	Considering verification
Fenix Outdoor	686	MEUR	1 355	-3601 (-73%)	40% absolute reduction by 2025 (2019 base year)	Target achieved	-	GHG calculations have been verified through a limited assurance made by an accredited auditor

SCOPE 1&2 REPORTING

STICA company member	FY2024 - Revenue	Currency	FY2024 - Scope 1&2 emissions in 2024 (tonnes CO2e)	Change in absolute emissions since base year (tonnes CO2e)	Target description[A]	Target progress[B]	Required annual reduction from 2024 onwards[B]	Data verified by 3rd party[C]
Fristads	1 520	MSEK	694	0 (0%)	50% absolute reduction by 2030 (2022 base year)	Behind target	-8,3%	Not verified but have SBTi targets
Gina Tricot	3 220	MSEK	450	-210 (-32%)	50% absolute reduction by 2030 (2021 base year)	Ahead of target	-3,0%	Not verified but have SBTi targets
H&M Group[E]	234 478	MSEK	41 655	-28644 (-41%)	56% absolute reduction by 2030 (2019 base year)	Ahead of target	-2,5%	GHG calculations have been verified through a limited assurance made by an accredited auditor
Haglöfs[D]	-		214	-85 (-28%)	50% absolute reduction by 2030 (2020 base year)	Ahead of target	-3,6%	GHG calculations have been verified through a limited assurance made by an accredited auditor
Helly Hansen	7 018	MNOK	1 893	-1808 (-49%)	42% absolute reduction by 2030 (2022 base year)	Target achieved	-	Not considering
ICANIWILL	361	MSEK	2	-3 (-64%)	42% absolute reduction by 2030 (2021 base year)	Target achieved	-	Not considering
Indiska	276	MSEK	239	-71 (-23%)	50% absolute reduction by 2030 (2021 base year)	Ahead of target	-4,5%	Not considering
Intersport	2 437	MSEK	1 714	484 (39%)	50% absolute reduction by 2030 (2021 base year)	Behind target	-14,9%	Not considering
Isbjörn of Sweden	30	MSEK	1	-1 (-58%)	50% absolute reduction by 2033 (2021 base year)	Target achieved	-	Not considering
Ivanhoe	55	MSEK	154	Target not set	Target not set	Target not set		Not considering
Kappahl	5 135	MSEK	10 324	-1780 (-15%)	50% absolute reduction by 2032 (2022 base year)	On target	-4,4%	Considering verification
Kid Hemtex	3 785	MNOK	2 491	-1350 (-35%)	50% absolute reduction by 2030 (2020 base year)	Ahead of target	-2,5%	GHG calculations have been verified through a limited assurance made by an accredited auditor
Lindex	7 170	MSEK	7 770	1850 (31%)	42% absolute reduction by 2030 (2022 base year)	Behind target	-12,2%	GHG calculations have been verified through a limited assurance made by an accredited auditor
MQ[E]	1 175	MSEK	471	148 (46%)	50% absolute reduction by 2030 (2021 base year)	Behind target	-16,0%	GHG calculations have been verified by an independent third-party
NA-KD[D]	-		142	-45 (-24%)	80% absolute reduction by 2025 (2020 base year)	Behind target	-55,9%	Considering verification
Nelly	1 094	MSEK	83	-150 (-64%)	95% absolute reduction by 2025 (2018 base year)	Behind target	-30,7%	GHG calculations have been verified through a limited assurance made by an accredited auditor
Norrøna	756	MNOK	20	-57 (-73%)	60% absolute reduction by 2029 (2018 base year)	Target achieved	-	Not answered
Nudie Jeans	511	MSEK	120	-331 (-73%)	51% absolute reduction by 2030 (2018 base year)	Target achieved	-	Considering verification
Our Legacy	440	MSEK	6	Target not set	Target not set	Target not set		Not answered
Peak Performance[D]	-		283	-484 (-63%)	60% absolute reduction by 2030 (2022 base year)	Target achieved	-	GHG calculations have been verified through a limited assurance made by an accredited auditor
Polarn O. Pyret[E]	731	MSEK	105	-257 (-71%)	-100% absolute reduction by 2030 (2017 base year)	Target achieved	-	Not considering
Reima[D]	-		220	-137 (-38%)	90% absolute reduction by 2030 (2021 base year)	Ahead of target	-8,6%	Not verified but have SBTi targets
Sandqvist	88	MSEK	8	-16 (-67%)	42% absolute reduction by 2030 (2019 base year)	Target achieved	-	Not considering

SCOPE 1&2 REPORTING

STICA company member	FY2024 - Revenue	Currency	FY2024 - Scope 1&2 emissions in 2024 (tonnes CO2e)	Change in absolute emissions since base year (tonnes CO2e)	Target description[A]	Target progress[B]	Required annual reduction from 2024 onwards[B]	Data verified by 3rd party[C]
Snickers WW	1 999	MSEK	662	73 (12%)	42% absolute reduction by 2030 (2022 base year)	Behind target	-9,1%	Not verified but have SBTi targets
Stadium[E]	7 261	MSEK	5 224	-703 (-12%)	50% absolute reduction by 2025 (2017 base year)	Behind target	-38,1%	Not considering
Taiga	156	MSEK	11	Target not set	Target not set	Target not set		Not answered
Tenson	111	MSEK	20	-84 (-81%)	50% absolute reduction by 2030 (2019 base year)	Target achieved	-	Considering verification
Texstar	91	MSEK	32	5 (17%)	40% absolute reduction by 2030 (2022 base year)	Behind target	-9,6%	Not answered
Tiger of Sweden	654	MSEK	161	-227 (-59%)	50% absolute reduction by 2025 (2018 base year)	Target achieved	-	Not considering
TOTEME	1 762	MSEK	30	-55 (-65%)	42% absolute reduction by 2030 (2022 base year)	Target achieved	-	Not considering
Varner	11 464	MNOK	29 257	5006 (21%)	50% absolute reduction by 2030 (2019 base year)	Behind target	-11,8%	Not considering
VOICE	2 215	MNOK	4 485	1712 (62%)	100% absolute reduction by 2025 (2021 base year)	Behind target	-161,7%	Considering verification
Volvo Merchandise	162	MSEK	4	-4 (-48%)	50% absolute reduction by 2030 (2019 base year)	Ahead of target	-0,4%	Considering verification

A) According to STICA's Target Setting Requirements, members are required to set targets for Scope 1 and 2 that lead to an absolute reduction in emissions in line with the 1.5°C pathway.
For more information, please refer to the STICA Target Setting Requirements document

B) Comparison is made linearly with percentage points, i.e. the change in emissions from the base year to 2023 compared to the target reduction. E.g. if a company's target is -50% reductions by 2030 and the reduction achieved in FY2023 from the base year is -20%, the remaining reduction required is -30% by 2030, or 4.3% annually until 2030. STICA uses this analysis to determine if a company is behind target, on target or ahead of target

C) Data verification information based on self-reported, unverified responses from members

D) Revenue not disclosed

E) Numbers for 2023/2024 shown due to broken fiscal year

SCOPE 3 REPORTING

Table 2. Company-level information outlining the size of the company and progress toward their Scope 3 target for fiscal year 2024 (or 2024/2025). In some cases (marked with [E]), fiscal year 2023/2024 has been used as the break of year occurs later than the release of this report. Keep in mind, companies may have different categories included in their targets, e.g. Company A could include the optional category business travel in its targets, while Company B might exclude this from its targets. A few companies have not yet set targets but are currently developing these and will submit them to STICA during the year.

STICA company member	FY2024 - Revenue	Currency	Scope 3 emissions within target boundary (tonnes CO2e)	Change in absolute emissions in reported scope since base year (tonnes CO2e)	Target description[A]	Target progress[B]	Required annual reduction from 2024 onwards[B]	Data verified by 3rd party[C]
Acne Studios[E]	3 603	MSEK	34 041	-8852 (-21%)	50% absolute reduction by 2030 (2020 base year, Category 1)	On target	-4,9%	GHG calculations have been verified through a limited assurance made by an accredited auditor
Active Brands	1 227	MNOK	29 059	-14068 (-33%)	60% reduction per product by 2030 (2021 base year, Category 1)	Ahead of target	-3,6%	Not considering
Axel Arigato	930	MSEK	22 919	-522 (-2%)	40% reduction per Per unit of goods sold by 2033 (2023 base year, Category 3)	-	-3,9%	Considering verification
Bergans	532	MNOK	8 257	1255 (18%)	50% absolute reduction by 2030 (2020 base year, Category 1)	Behind target	-11,3%	Considering verification
Björn Borg	990	MSEK	23 924	4385 (22%)	50% absolute reduction by 2030 (2020 base year, Category 1)	Behind target	-12,1%	Not considering
Blåkläder			No Scope 3 disclosure					
Brav	984	MSEK	8 181	-14506 (-64%)	63% absolute reduction by 2035 (2021 base year, Category 1)	Target achieved	-	Not considering
Brothers	356	MSEK	6 890	-4119 (-37%)	30% absolute reduction by 2030 (2021 base year, Category 2)	Target achieved	-	Not answered
Bubbleroom	440	MSEK	5 127	-2257 (-31%)	38% absolute reduction by 2030 (2021 base year, Category 1)	Ahead of target	-1,2%	GHG calculations have been verified through a reasonable assurance made by an accredited auditor
Båstadgruppen	672	MSEK	15 115	0 (0%)	50% absolute reduction by 2030 (2024 base year, No target)	-	-8,3%	GHG calculations have been verified through a limited assurance made by an accredited auditor
Casall[E]	143	MSEK	926	906 (4531%)	50% absolute reduction by 2030 (2019 base year, Category 1)	Behind target	-763,5%	Considering verification
Cellbes	529	MSEK	7 759	-6556 (-46%)	42% absolute reduction by 2030 (2020 base year, Category 1)	Target achieved	-	Not considering
Craft	679	MSEK	23 005	-2482 (-10%)	50% absolute reduction by 2030 (2021 base year, Category 1)	Behind target	-6,7%	GHG calculations have been verified through a reasonable assurance made by an accredited auditor
Dagmar			No Scope 3 disclosure					
DB Equipment	408	MNOK	6 291	68 (1%)	50% reduction per purchased products by 2030 (2019 base year, Target is not in a category)	Ahead of target	-0,1%	GHG calculations have been verified through a reasonable assurance made by an accredited auditor
Didriksons	786	MSEK	18 227	1930 (12%)	50% absolute reduction by 2030 (2020 base year, Category 1)	Behind target	-10,3%	Not considering
Ellos[D]	-		103 841	-30408 (-23%)	50% absolute reduction by 2030 (2020 base year, Category 1)	On target	-4,6%	Not considering
Elodie Details			No Scope 3 disclosure					
Eton shirts	1 011	MSEK	10 218	-9533 (-48%)	28% absolute reduction by 2030 (2019 base year, Category 2)	Target achieved	-	Considering verification
Fenix Outdoor	686	MEUR	51 691	-17943 (-26%)	50% reduction per Products produced by 2025 (2019 base year, Category 1)	Behind target	-50,8%	GHG calculations have been verified through a limited assurance made by an accredited auditor

SCOPE 3 REPORTING

STICA company member	FY2024 - Revenue	Currency	Scope 3 emissions within target boundary (tonnes CO2e)	Change in absolute emissions in reported scope since base year (tonnes CO2e)	Target description[A]	Target progress[B]	Required annual reduction from 2024 onwards[B]	Data verified by 3rd party[C]
Fristads	1 520	MSEK	38 159	-1 (0%)	50% absolute reduction by 2030 (2022 base year, Category 1)	Behind target	-8,3%	GHG calculations have been verified through a reasonable assurance made by an accredited auditor
Gina Tricot	3 220	MSEK	95 150	37946 (66%)	50% absolute reduction by 2030 (2021 base year, Category 1)	Behind target	-19,4%	Not verified but have SBTi targets
H&M Group[E]	234 478	MSEK	6 955 000	-2161000 (-24%)	56% absolute reduction by 2030 (2019 base year, Category 1)	Behind target	-5,4%	Partially verified
Haglöfs[D]	-		11 419	-7043 (-38%)	50% absolute reduction by 2030 (2020 base year, Category 1)	Ahead of target	-2,0%	GHG calculations have been verified through a limited assurance made by an accredited auditor
Helly Hansen	7 018	MNOK	164 631	-70472 (-30%)	42% absolute reduction by 2030 (2022 base year, Category 1)	Ahead of target	-2,0%	Not considering
ICANIWILL	361	MSEK	7 193	1257 (21%)	52% reduction per Economic intensity: Gross Profit (Added Value) by 2030 (2021 base year, Category 3)	Behind target	-7,3%	Not considering
Indiska	276	MSEK	6 191	-8487 (-58%)	50% absolute reduction by 2030 (2021 base year, Category 1)	Target achieved	-	Not considering
Intersport	2 437	MSEK	45 819	-2315 (-5%)	42% absolute reduction by 2030 (2021 base year, Category 1)	Behind target	-6,2%	Not considering
Isbjörn of Sweden	30	MSEK	431	-225 (-34%)	50% absolute reduction by 2033 (2021 base year, Category 3)	Ahead of target	-1,7%	Not considering
Ivanhoe	55	MSEK	0	Target not set	Target not set	Target not set		Not considering
Kappahl	5 135	MSEK	139 778	-38652 (-22%)	50% absolute reduction by 2032 (2022 base year, Category 1)	Ahead of target	-3,5%	Considering verification
Kid Hemtex	3 785	MNOK	144 815	-34895 (-19%)	50% absolute reduction by 2030 (2020 base year, Category 1)	Behind target	-5,1%	GHG calculations have been verified through a limited assurance made by an accredited auditor
Lindex	7 170	MSEK	112 510	-12066 (-10%)	42% absolute reduction by 2030 (2022 base year, Category 1)	Behind target	-5,4%	GHG calculations have been verified through a limited assurance made by an accredited auditor
MQ[E]	1 175	MSEK	13 374	-2182 (-14%)	50% absolute reduction by 2030 (2021 base year, Category 1)	Behind target	-6,0%	GHG calculations have been verified by an independent third-party
NA-KD[D]	-		39 310	-31267 (-44%)	50% absolute reduction by 2030 (2020 base year, Category 1)	Ahead of target	-0,9%	Considering verification
Nelly	1 094	MSEK	15 561	-7866 (-34%)	50% absolute reduction by 2030 (2020 base year, Category 1)	Ahead of target	-2,7%	GHG calculations have been verified through a limited assurance made by an accredited auditor
Norrøna	756	MNOK	8 663	2621 (43%)	60% absolute reduction by 2029 (2020 base year, Category 1)	Behind target	-20,7%	Not answered
Nudie Jeans	511	MSEK	6 092	-2924 (-32%)	51% absolute reduction by 2030 (2018 base year, Category 1)	Ahead of target	-3,1%	Considering verification
Our Legacy	440	MSEK	3 214	Target not set	Target not set	Target not set		Not answered
Peak Performance[D]	-		23 666	-5738 (-20%)	25% absolute reduction by 2030 (2022 base year, Category 1)	Ahead of target	-0,9%	Not answered
Polarn O. Pyret[E]	731	MSEK	9 714	-12 (0%)	-50% absolute reduction by 2030 (2020 base year, Category 1)	Target achieved	-	Not considering
Reima[D]	-		19 826	-20674 (-51%)	52% reduction per sold product by 2030 (2021 base year, Category 3)	Behind target	-8,7%	Not verified but have SBTi targets
Sandqvist	88	MSEK	807	-1206 (-60%)	50% absolute reduction by 2030 (2020 base year, Category 1)	Target achieved	-	Not considering

SCOPE 3 REPORTING

STICA company member	FY2024 - Revenue	Currency	Scope 3 emissions within target boundary (tonnes CO2e)	Change in absolute emissions in reported scope since base year (tonnes CO2e)	Target description[A]	Target progress[B]	Required annual reduction from 2024 onwards[B]	Data verified by 3rd party[C]
Snickers WW	1 999	MSEK	74 239	-29958 (-29%)	42% absolute reduction by 2030 (2022 base year, Category 1)	Ahead of target	-2,2%	Considering verification
Stadium[E]	7 261	MSEK	126 902	-100936 (-44%)	50% absolute reduction by 2025 (2017 base year, Category 1)	On target	-5,7%	Not answered
Taiga	156	MSEK	0	Target not set	Target not set	Target not set		Not answered
Tenson	111	MSEK	5 641	1915 (51%)	50% absolute reduction by 2030 (2020 base year, Category 1)	Behind target	-16,9%	Not considering
Texstar	91	MSEK	2 053	-1945 (-49%)	40% absolute reduction by 2030 (2022 base year, Category 1)	Target achieved	-	Not answered
Tiger of Sweden	654	MSEK	14 658	-20831 (-59%)	50% absolute reduction by 2030 (2018 base year, Category 1)	Target achieved	-	Not considering
TOTEME	1 762	MSEK	13 862	-3876 (-22%)	52% reduction per Per value added MSEK by 2030 (2022 base year, Target is not in a category)	Behind target	-6,7%	Not considering
Varner	11 464	MNOK	317 389	4914 (2%)	55% reduction per MNOK (Revenue in MNOK , Key metric of our Scope 3 goal) by 2030 (2019 base year, Category 3)	Behind target	-8,4%	Not considering
VOICE	2 215	MNOK	42 386	-1213 (-3%)	55% reduction per Million NOK in revenue by 2030 (2021 base year, Category 3)	On target	-5,8%	Considering verification
Volvo Merchandise	162	MSEK	2 170	-1727 (-44%)	46% absolute reduction by 2030 (2019 base year, Category 1)	Ahead of target	-0,3%	Considering verification

A) According to STICA's Target Setting Requirements, members are required to set targets for Scope 1 and 2 that lead to an absolute reduction in emissions in line with the 1.5°C pathway.
For more information, please refer to the STICA Target Setting Requirements document

B) Comparison is made linearly with percentage points, i.e. the change in emissions from the base year to 2023 compared to the target reduction. E.g. if a company's target is -50% reductions by 2030 and the reduction achieved in FY2023 from the base year is -20%, the remaining reduction required is -30% by 2030, or 4.3% annually until 2030. STICA uses this analysis to determine if a company is behind target, on target or ahead of target

C) Data verification information based on self-reported, unverified responses from members

D) Revenue not disclosed

E) Numbers for 2023/2024 shown due to broken fiscal year

AGGREGATE DATA IN DETAIL

IN THIS SECTION, WE INCLUDE AGGREGATE DATA SUMMARIZING:

1. the actual impact, i.e. GHG emissions reductions, achieved by company signatories participating in STICA's Company Climate Action Program;
2. how committed to transparency and accountability companies participating in STICA's Company Climate Action Program are, as of October 2025; and
3. what actions companies are taking or are planning to take, as of October 2025.

The aggregate data presented here summarizing company signatories' progress is self-reported by the companies and not all data is independently verified by a third party. When reviewing the aggregate data presented in this report, it is important to consider the strengths and weaknesses of our methodology to avoid any misinterpretations and misunderstandings. We provide a more detailed analysis and discussion of these issues in the section that outlines the strengths and weaknesses of the STICA methodology, proceeding the company-specific disclosures.

IMPACT

This section summarizes the actual impact, i.e., GHG emissions reductions, achieved by company signatories participating in STICA's Company Climate Action Program, in aggregate. The data presented below is based on company calculations from fiscal years 2024, or 2024/2025 for companies with irregular financial years. Three companies are entirely or partially not included in the aggregate numbers because they did not report this year.[21] Read more about STICA's Target Setting Requirements and Calculation & Reporting Guidelines on the STICA website.

STICA reporting is based on the GHG Protocol, the global standard for accounting and reporting emissions. Few frameworks within sustainability have reached the same widespread use and level of acceptance. The aim of the standard is to monitor a reporting company's progress over time rather than compare results between companies. Despite its complexity, the textile industry has come a long way in calculating emissions. While more and more companies collect primary data from suppliers in Tier 1 and Tier 2, many of the general textile industry company's calculations are based on estimated values for materials depending on their weight. However, many of the climate calculations in other industries base their emissions related to purchased goods and services on spend data, which is an even broader estimation, as prices fluctuate.

TOTAL GHG EMISSIONS FOR ALL MEMBERS, BREAKDOWN PER SCOPE

	tonnes CO2e (tCO2e)	%
Scope 1:	19,737	0.2%
Scope 2:	94,107	0.9%
Scope 3:	10,650,178	99%

TOTAL AMOUNT OF GHG EMISSIONS WITH/WITHOUT H&M GROUP

	tCO2e
With H&M:	10,764,022
Without H&M:	1,993,367

For reference, 10.8 million tCO2e is the same amount of carbon emissions as producing close to 108.5 million kg of beef[22], or circumnavigating the world by plane close to 13,000 times.[23]

PRODUCTION EMISSIONS PER TIER, WITH/WITHOUT H&M GROUP, AND SHARE OF PRODUCTION EMISSIONS

	tCO2e	%
Overall production emissions	7,056,153	100%
excluding H&M	*1,614,153*	*100%*
Production emissions Tier 1	506,780	7%
excluding H&M	*226,780*	*14%*
Production emissions Tier 2-4	6,405,155	91%
excluding H&M	*1,353,155*	*84%*
Packaging and transport between factories	144,218	2%
excluding H&M	*34,218*	*2%*

ABSOLUTE INCREASE/DECREASE OF TOTAL GHG EMISSIONS FOR ALL MEMBERS SINCE BASE YEARS, WITH/WITHOUT H&M GROUP

	tCO2e	%
With H&M:	-2,650,582	-23%
Without H&M:	-460,938	-19%

The overall change in total GHG emissions for STICA companies (with/without H&M Group) is not calculated using a common base year for all the companies, but by applying the base year for each company individually. Base years span from 2017 to 2024. Because new members join STICA on a regular basis, a comparison with GHG emissions from a specific year, e.g. 2019, is not feasible.

INCREASE/DECREASE OF TOTAL GHG EMISSIONS SINCE BASE YEAR, AND AVERAGE CHANGE (NOT WEIGHED)

Increased:	11 members	average (median) increase: 21%
Decreased:	35 members	average (median) decrease: -31%
No change:	4 members (3 signatories have not set a target. 1 signatory has 2024 as its base year.)	

[21] The following companies have not reported this year: Blåkläder, House of Dagmar, Elodie Details
[22] Statista, Average greenhouse gas emissions per kilogram of major food products worldwide (2023)
[23] World Economic Forum, Aviation industry net-zero tracker (2023)

INCREASE/DECREASE OF TOTAL GHG EMISSIONS SINCE LAST YEAR

Increased:	28 members
Decreased:	19 members
No change:	3 members

ON TRACK TO MEET THEIR TARGETS FOR SCOPES 1&2

32 members	64%

MEMBERS' SCOPE 3 TARGET CATEGORIES

(more information on STICA target categories in STICA's Target Setting Requirements)

1.5°C aligned targets (STICA target Category 1)	36 members	72%
Well below 2°C targets (STICA target Category 2)	2 members	4%
Minimum level - temporary targets (STICA target Category 3)	6 members	12%
Targets not aligned with any STICA category	2 members	4%
Have not set a target	4 members	8%

Companies that have set a Category 2 target are: Brothers, Eton Shirts. Companies that have set a Category 3 target are: Acne Studios, Axel Arigato, ICANIWILL, Isbjörn of Sweden, Reima, Varner, VOICE Norge. Companies with targets that do not belong to any category are: Db Journey[24] , TOTEME[25]. Companies that have not set any targets are: Båstadgruppen, Ivanhoe, Our Legacy, Taiga.

ON TRACK TO MEET THEIR TARGETS FOR SCOPE 3

26 members	54%
SEGMENTED BASED ON TARGET TYPE:	
Category 1 targets	58%
Category 2 targets	100%
Category 3 targets	33%

ON TRACK TO MEET THEIR TARGETS FOR ALL SCOPES

17 members	32%

VALUE CHAIN EMISSIONS DATA SOURCE

Collected directly from suppliers in the value chain:	39 members	78%
Using only industry averages for value chain emissions:	11 members	22%

[24] Db Equipment AS commits to reduce its Scope 3 emissions by 50% per purchased products by 2030 from a 2019 base year.
[25] TOTEME commits to reduce its Scope 3 emissions by 51,6% per value added MSEK by 2030 from a 2022 base year.

TRANSPARENCY & ACCOUNTABILITY

This section summarizes how committed to transparency and accountability companies participating in STICA's Company Climate Action Program are, as of October 2025. The aggregate data presented below was collected in October 2025 and includes answers from 52 of the then 53 companies committed to the program, unless noted otherwise.[26] Read more about STICA's Target Setting Requirements and Calculation & Reporting Guidelines on the STICA website.

MEMBERS CALCULATING GHG EMISSIONS ACCORDING TO STICA GUIDELINES FOR LATEST FINANCIAL YEAR[27]

Scopes 1 & 2:	50 members	94%
Scope 3:	50 members	94%

REPORTING OPTIONAL CATEGORIES (I.E. BUSINESS TRAVEL, USE OF SOLD PRODUCTS

(more information can be found in STICA's Reporting Guidelines) [28]

42 members	79%

PRODUCTION EMISSIONS REPORTED AS PRIMARY DATA PER TIER, WITH/WITHOUT H&M GROUP, AND SHARE OF PRODUCTION EMISSIONS

	tCO2e	%
Tier 1:	411,941	81%
Excluding H&M	131,941	58%
Tier 2-4:	3,971,118	62%
Excluding H&M	131,598	10%

OBTAINED THIRD-PARTY ASSURANCE OR VERIFICATION OF GHG EMISSIONS INVENTORY FOR SCOPES 1 & 2 FOR MOST RECENT REPORTED YEAR

(more information on the business benefits of third-party verification of climate data, and definition of limited vs. reasonable assurance in sustainability reporting)

	%
Yes, total Scopes 1 & 2 GHG calculations verified through reasonable assurance by accredited auditor	15%
Yes, total Scopes 1 & 2 GHG calculations verified through limited assurance by accredited auditor	9%
Yes, total Scopes 1 & 2 GHG calculations verified by third party regarding ISO 14064-3	0%
Total Scopes 1 & 2 GHG calculations not verified by third party, but Scopes 1 & 2 target approved by SBTi	6%
Scopes 1 & 2 GHG calculations will be verified in the future by independent third party	6%
Considering Scopes 1 & 2 verification from third party	31%
No, and not considering Scopes 1 & 2 verification from third party at this time	33%

OBTAINED THIRD-PARTY ASSURANCE OR VERIFICATION OF GHG EMISSIONS INVENTORY FOR SCOPE 3 FOR MOST RECENT REPORTED YEAR

(more information on the business benefits of third-party verification of climate data, and definition of limited vs. reasonable assurance in sustainability reporting)

	%
Yes, total Scope 3 GHG calculations verified through reasonable assurance by accredited auditor	15%
Yes, total Scope 3 GHG calculations verified through limited assurance by accredited auditor	8%
Yes, total Scope 3 GHG calculations verified by third party regarding ISO 14064-3	0%
Total Scope 3 GHG calculations not verified by third party but Scopes 3 target approved by SBTi	4%
Some Scope 3 GHG emissions verified by independent third party	9%
Scope 3 GHG calculations will be verified in the future by independent third party	4%
Considering Scope 3 verification from third party	27%
No, and not considering Scope 3 verification from third party at this time	33%

[26] Excluding Stadium (due to changes in reporting)
[27] Statistics based on 53 signatory members, excluding Blåkläder, House of Dagmar, Elodie Details who did not report this year.
[28] -"-

SET A LONG-TERM NET ZERO TARGET

Yes, approved by SBTi	13%
Committed to Net Zero target through SBTi, not yet approved	12%
Set long-term Net Zero target but not through SBTi	25%
No	48%

SET LAND-RELATED GHG EMISSIONS TARGETS

Yes, SBTi-approved Forest, Land & Agriculture Guidance (FLAG) targets	6%
Yes, set targets using SBTi's FLAG definition but not yet approved	0%
Yes, but not using SBTi's FLAG definition	2%
No, but measured land-related GHG emissions	27%
No	65%

CALCULATE TOTAL GHG EMISSIONS PER PRODUCT

Yes, through LCAs	13%
Yes, through EPDs	8%
Yes, using other product-specific methodologies	10%
Yes, as KPI using total company emissions per purchased product	58%
Yes, as KPI using total company emissions per sold product	29%
Yes, other	10%
No	15%

PUBLIC DISCLOSURE OF NUMBER OF ITEMS PRODUCED DURING FINANCIAL YEAR (REPORTING PERIOD)

Yes, items purchased and sold	13%
Yes, only items sold	4%
Yes, only items purchased	4%
No	79%

CLIMATE ACTION TRANSITION PLAN PUBLICLY AVAILABLE

Yes, Scopes 1, 2 & 3	33%
Only Scopes 1 & 2	0%
Only Scope 3	4%
No, but plans to	13%
No	50%

MECHANISM IN PLACE FOR STAKEHOLDERS TO PROVIDE FEEDBACK ON CLIMATE ACTION TRANSITION PLAN

Yes 17%	**No 83%**

PUBLIC DISCLOSURE OF SUPPLIER LIST

Yes 58%	**Partially 4%**	**No 38%**

TIER LEVEL SPECIFICATION IN DISCLOSED SUPPLIER LIST

Yes 73%	**Partially 6%**	**No 21%**

ACTIONS TO DATE

Company signatories participating in STICA's Company Climate Action Program are required to submit information about their Climate Action Transition Plans on an annual basis. This section summarizes what actions companies are taking or are planning to take as of October 2025. The answers are based on voluntary, unverified responses from the companies. The aggregate data presented below was collected in October 2025 and includes answers from 52 of the then 53 company signatories, unless noted otherwise.[29] More information about STICA's company requirements and reporting guidelines can be found here.

CLIMATE TRANSITION PLANS

DEVELOPMENT OF CLIMATE ACTION TRANSITION PLAN FOR SCOPES 1 & 2

Completed and taking actions	38%
Partially completed and taking actions	27%
Development in progress, building strategy	27%
Not yet started	18%

TIMEFRAME FOR SCOPES 1 & 2 TRANSITION PLAN

Most companies have 2030 as their target year for their Scopes 1 & 2 transition plan

DEVELOPMENT OF CLIMATE ACTION TRANSITION PLAN FOR SCOPE 3

Completed and taking actions	25%
Partially completed and taking actions	35%
Development in progress, building strategy	29%
Not yet started	11%

TIME FRAME FOR SCOPE 3 TRANSITION PLAN

Most companies have 2030 as their target year for their Scope 3 transition plan

CLIMATE ACTION TRANSITION PLAN FORMALLY APPROVED BY OWNERS, BOARD OF DIRECTORS, CEO, AND/OR SENIOR MANAGEMENT TEAM

Yes 69%	**No 31%**

ASSIGNED BOARD-LEVEL OVERSIGHT OF CLIMATE ACTION TRANSITION PLAN

Yes 40%	**No 37%**
Oversight structured in different way 23%	

BOARD HAS COMPETENCE IN CLIMATE ISSUES

Yes 33%	**No 67%**

EXECUTIVE PAY AND BONUSES LINKED TO DECARBONIZATION

Yes 12%	**No 88%**

C-SUITE-LEVEL PERSON IN COMPANY RESPONSIBLE FOR CLIMATE ACTION

Yes 67%	**No 33%**

[29] Excluding Stadium (due to changes in reporting)

CLIMATE ACTION TRANSITION PLAN CURRENTLY USED TO GUIDE COMPANY STRATEGIC DECISIONS/ACTIONS

Yes 73%	No 27%

CLIMATE ACTION TRANSITION PLAN USED TO GUIDE COMPANY FINANCIAL DECISIONS AND ACTIONS

Yes 46%	No 54%

CURRENT CLIMATE ACTION TRANSITION PLAN ENABLES MEETING SCOPES 1 & 2 COMPANY CLIMATE TARGETS

Yes 83%	No 17%

CURRENT CLIMATE ACTION TRANSITION PLAN ENABLES MEETING SCOPE 3 COMPANY CLIMATE TARGETS

Yes 48%	No 52%

FINANCIAL GROWTH PLAN ALIGNS WITH CLIMATE ACTION TRANSITION PLAN

Yes 44%	No 56%

CLIMATE-RELATED RISK ASSESSMENT

PROCESS IN PLACE FOR IDENTIFYING, ASSESSING, AND RESPONDING TO CLIMATE-RELATED IMPACTS/RISKS/OPPORTUNITIES

Yes 62%	No 38%

RISK AND OPPORTUNITY TYPES CONSIDERED IN CLIMATE-RELATED RISK ASSESSMENTS
Members were able to select more than one response

Transition risks (e.g. carbon pricing, changing consumer preferences, etc.)	84%
Physical risks (e.g. more extreme weather events)	88%
Opportunities (e.g. resource efficiency, new product lines, and/or business models, etc.)	81%
Other	3%

PUBLICLY REPORTED ON ONE OR MORE OF TCFD'S RECOMMENDED DISCLOSURES
Members were able to select more than one response

Reported on climate-related governance	37%
Reported on climate risk management	29%
Reported on climate strategy	48%
Reported on climate-related metrics and targets	54%
No	37%

CLEARLY DEFINED KPIS AND "SMART" TARGETS TO MANAGE KEY/MATERIAL CLIMATE-RELATED RISKS APPROVED BY SENIOR MANAGEMENT TEAM

Yes, fully 8%	Yes, partially 54%	No 38%

ACTIONS PLANNED OR TAKEN

ACTIONS PLANNED OR TAKEN TO REDUCE SCOPE 1 & 2 EMISSIONS

Members were able to select more than one response

Improved energy efficiency at owned/operated facilities	73%
Produced or procured renewable electricity (and/or renewable energy credits) for owned/operated facilities	87%
Reduced fuel consumption of owned/operated vehicles or other alternatives	42%
Electrification of vehicles	80%
Reduced onsite use of fuels through electrification or other energy sources for owned/operated facilities	21%
Procured renewable fuels for onsite use at facilities	8%
Adopted use of refrigerants with low global warming potential (GWP) at owned/operated facilities	6%
Other	8%
None of the above	4%

QUANTIFIED SCOPE 1 & 2 EMISSION REDUCTIONS PER ACTION AND SET TIMELINE/DEADLINE

Quantified emission reduction potential per action, set timeline/deadline for each action	23%
Quantified emission reduction potential per action, set timeline/deadline for some action areas	19%
Quantified emission reduction potential per action only	25%
None of the above	33%

SET TARGET FOR SOURCING 100% RENEWABLE ENERGY IN SCOPE 2 BY 2030

Yes 75%	**No 25%**

ACTIONS PLANNED OR TAKEN TO REDUCE SCOPE 3 EMISSIONS

Members were able to select more than one response

Engaging suppliers to support in measuring their GHG emissions	75%
Engaging suppliers to support in setting GHG targets	65%
Engaging suppliers to support in implementing energy-efficiency measures	71%
Engaging suppliers to support in implementing renewable energy	81%
Helping/demanding relevant suppliers to phase out coal	52%
Engaging suppliers to support in implementing cleaner thermal processes	35%
Increasing materials with lower GHG profiles	87%
Reducing GHG impacts of packaging	71%
Reducing GHG impacts of inbound distribution	79%
Reducing GHG impacts of outbound distribution	73%
Implementing circular business models	52%
Decreasing volumes of new products	19%
Other	8%
None, no actions taken	0%

QUANTIFIED SCOPE 3 EMISSION REDUCTIONS PER ACTION AND SET TIMELINE/DEADLINE

Quantified emission reduction potential per action, set timeline/deadline for each action	17%
Quantified emission reduction potential per action, set timeline/deadline for some action areas	33%
Quantified emission reduction potential per action only	17%
None of the above	33%

SUPPLIER ENGAGEMENT

PERCENTAGE OF PURCHASED VOLUME PRODUCED BY SUPPLIERS CURRENTLY MEASURING GHG REDUCTIONS AT FACILITY LEVEL, SETTING TARGETS, BUILDING ACTION PLANS

	0%	1-25%	26-50%	51-75%	76-100%	No data
Tier 1 suppliers	4%	15%	13%	8%	37%	23%
Tier 2 suppliers:	6%	25%	6%	19%	7%	37%
Tier 3 suppliers:	9%	6%	4%	4%	0%	77%
Tier 4 suppliers:	19%	2%	0%	2%	0%	77%

PERCENTAGE OF PURCHASED VOLUME PRODUCED BY SUPPLIERS THAT ACTIVELY ENGAGE IN DECARBONIZATION ACTIONS

	0%	1-25%	26-50%	51-75%	76-100%	No data
Tier 1 suppliers:	4%	25%	13%	6%	29%	23%
Tier 2 suppliers:	8%	23%	9%	8%	8%	44%
Tier 3 suppliers	11%	8%	2%	4%	0%	75%
Tier 4 suppliers:	19%	2%	0%	2%	0%	77%

PERCENTAGE OF PURCHASED VOLUME PRODUCED BY SUPPLIERS PROVIDING PRIMARY DATA

	0%	1-25%	26-50%	51-75%	76-100%	No data
Tier 1 suppliers:	4%	4%	6%	13%	65%	7%
Tier 2 suppliers:	13%	21%	8%	21%	19%	17%
Tier 3 suppliers:	39%	12%	2%	4%	2%	42%
Tier 4 suppliers:	52%	2%	0%	2%	0%	44%

PERCENTAGE OF PURCHASED VOLUME PRODUCED BY SUPPLIERS WHOSE CONTRACTS INCLUDE CLIMATE-RELATED REQUIREMENTS

	0%	1-25%	26-50%	51-75%	76-100%	No data
Tier 1 suppliers:	38%	0%	0%	2%	37%	23%
Tier 2 suppliers:	52%	6%	0%	0%	9%	33%
Tier 3 suppliers:	58%	2%	2%	2%	0%	36%
Tier 4 suppliers:	61%	2%	0%	0%	0%	37%

PERCENTAGE OF PURCHASED VOLUME PRODUCED BY SUPPLIERS WITH CONTRACTS THAT INCLUDE FINANCIAL INCENTIVES FOR CLIMATE ACTION

	0%	1-25%	26-50%	51-75%	76-100%	No data
Tier 1 suppliers:	65%	0%	0%	2%	8%	25%
Tier 2 suppliers:	65%	2%	0%	2%	2%	29%
Tier 3 suppliers:	69%	2%	0%	0%	0%	29%
Tier 4 suppliers:	71%	0%	0%	0%	0%	29%

HAVE PUBLIC TARGETS TO PHASE OUT COAL-FIRED BOILERS BY 2030 AT THE LATEST

Yes 12%	**No 88%**

PUBLIC DISCLOSURE OF HOW SUPPLIERS' INCENTIVES ARE LINKED TO DECARBONIZATION

Yes 4%	**No 96%**

RETAILERS

Below are specific questions asked to STICA company members that are primarily retailers (companies who do not sell their own brands).

CLIMATE ACTION TRANSITION PLAN INCLUDES STRATEGY TO ENSURE EXTERNAL BRANDS MEET CLIMATE ACTION REQUIREMENTS

Yes 42%	No 58%

SET CLIMATE ACTION REDUCTION TARGETS FOR EXTERNAL BRANDS

Yes 33%	No 67%

MATERIALS STRATEGY

PLAN FOR SOURCING MATERIALS THAT HAVE LOWER CLIMATE IMPACT THAN CONVENTIONAL MATERIALS

Yes 96%	No 4%

TARGETS SET FOR SOURCING MATERIALS THAT HAVE LOWER CLIMATE IMPACT THAN CONVENTIONAL MATERIALS

Yes 90%	No 10%

TRANSPORTATION

CLIMATE ACTION TRANSITION PLAN INCLUDES SOURCING TRANSPORTATION WITH LOWER CLIMATE IMPACT, AND/OR OTHER STRATEGIES TO REDUCE GHG EMISSIONS IN TRANSPORTATION

Yes 88%	No 12%

TARGET SET FOR SOURCING TRANSPORTATION WITH LOWER CLIMATE IMPACT

Yes 75%	No 25%

CIRCULAR BUSINESS MODELS

CLIMATE ACTION TRANSITION PLAN INCLUDES CIRCULAR BUSINESS MODELS (I.E., REPAIR, RESALE, RENTAL)

Yes 73%	No 27%

TYPES OF CIRCULAR BUSINESS MODELS INCLUDED
Members were able to select more than one response

Repair services	71%
Buying back or facilitating the resale of used products	71%
Offering product leasing or subscription services	18%
Other	32%

PROJECTED BUSINESS REVENUE FROM CIRCULAR BUSINESS MODELS BY 2030

0%	11%
1–5%	29%
6–10%	10%
11–20%	10%
21–30%	2%
>30%	2%
Don't know	36%

HAVE LAUNCHED ONE OR MORE CIRCULAR BUSINESS INITIATIVES TO DATE

Yes 63%	**No 37%**

CUSTOMER USE

CALCULATE GHG EMISSIONS FROM USE OF COMPANY'S PRODUCTS/SERVICES ON ANNUAL BASIS

Yes 17%	**No 83%**

METHODS FOR COLLECTING DATA REGARDING USE OF GARMENTS

Members were able to select more than one response

QR codes 5%	RFID tags 2%	Other 13%	Don't collect data 80%

MEASURE PRODUCT LONGEVITY

Yes 21%	**No 79%**

ACTIVE ENGAGEMENT OF CUSTOMERS IN CLIMATE ACTION

Yes 40%	**No 60%**

ECONOMIC INCENTIVES & FINANCIAL INTEGRATION

SPECIFY FINANCIAL COSTS/INVESTMENTS NEEDED PER TYPE OF CLIMATE ACTION

Yes 6%	**Partially 44%**	**No 50%**

ADDRESS DECOUPLING ECONOMIC GROWTH FROM CLIMATE IMPACT

Yes 19%	**Partially 37%**	**No 44%**

USE INTERNAL CARBON PRICING MECHANISM TO INCENTIVIZE BETTER CLIMATE ACTION DECISIONS

Yes 2%	**Partially 4%**	**No, but planning to 15%**	**No 79%**

USE OTHER FINANCIAL TOOLS TO SUPPORT CLIMATE ACTION WORK

Yes 10%	**No, but planning to 25%**	**No 65%**

PERCENTAGE OF ANNUAL REVENUE INVESTED IN CLIMATE ACTION AND DECARBONIZATION

0%	1–5%	6–10%	>10%	Don't know
31%	13%	2%	0%	54%

COMMITMENT OR INVESTMENT PLAN FOR SUPPORTING AND SCALING CARBON REMOVALS

Yes 13%	**No 87%**

ENGAGED IN BEYOND VALUE CHAIN MITIGATION (BVCM)
(more information by the Science-Based Targets initiative)

Yes 4%	**No 96%**

INDUSTRY ACTION & POLICY ENGAGEMENT

FORMAL PLAN TO ENGAGE WITH POLICYMAKERS TO INFLUENCE LEGISLATION INCENTIVIZING DECARBONIZATION

Yes 42%	**No 58%**

ACTIONS TAKEN TO DRIVE POLICY CHANGE AT INDUSTRY LEVEL
Members were able to select more than one response

Endorsing climate solutions campaign or sign-on letter	40%
Corresponding directly with politicians	10%
Participating in government meetings	12%
Providing customers with an opportunity to advocate for climate action	4%
Supporting advocacy groups through donation or membership	31%
Providing feedback on STICA-related position papers	56%
Other	10%
Not taken any industry advocacy actions	21%

JUST TRANSITION

ROADMAP INCLUDES PLAN FOR JUST TRANSITION
Transition (as outlined by the United Nations and the International Labour Organisation (ILO)

Yes 33%	**No 67%**

ACTIONS RELATED TO JUST TRANSITION PLAN
Members were able to select more than one response

Public Just Transition commitment	6%
Disclose climate adaptation investments	6%
Disclose supplier consultation in climate goal-setting	24%
Co-create local climate adaptation solutions with suppliers	0%
Disclose financial compensation for workers affected by climate impacts	0%
Support re/up-skilling of workers affected by climate transition	0%
Disclose real-time heat and humidity data in supplier facilities	0%
Disclose % of supplier facilities with collective bargaining agreements	12%
Disclose % of supplier facilities with independent unions	29%
Disclose approach to achieving living wages	41%
Disclose % of workers paid a living wage	24%
Disclose supplier exit strategy	24%
None of the above	35%

Global warming is having and will continue to have an impact on the people and communities who work throughout the textile supply chain and who are dependent upon the textile industry. All companies, including buyers, will need to ensure that they are considering the implications of their climate-related decisions on the people and communities they have an impact on, thus supporting a Just Transition - transitioning in a way that is fair and "just" to the workers, communities, and end-consumers involved, ensuring no one is left behind.

WORKING GROUPS

Company participants in STICA's Company Climate Action Program are organized into working groups to help them share insights and to identify potential areas for collaboration.

PARTICIPATE IN ONE OR MORE STICA WORKING GROUPS

Yes 81%	No 19%

WORKING GROUP PARTICIPATION

Members were able to select more than one response

WG1: Data Collection & Reporting	48%
WG2: Energy Efficiency & Renewable Energy: China	50%
WG2: Energy Efficiency & Renewable Energy: India	17%
WG2: Energy Efficiency & Renewable Energy: Turkey	14%
WG2: Energy Efficiency & Renewable Energy: Vietnam/Taiwan	17%
WG2: Energy Efficiency & Renewable Energy: Bangladesh	21%
WG3: Materials	29%
WG4: The User Phase & Circular Business Models	31%
WG6: Retail Group	12%
WG7: Retail Scope 2 Emissions	10%
WG8: Norway Group	12%

The signatory company participants in STICA's Company Climate Action Program are organized into working groups where they can share insights, identify areas for collaboration and initiate joint action.

STICA has established 12 working groups, 9 of which are currently active. 156 people from 51 STICA signatory companies participate in these working groups (i.e. three on average from each company). Here are some **examples of working group activities during 2025:**

WG1 Data Collection & Reporting has supported STICA Admin with feedback rounds to the updated calculation and reporting guidelines as well as target requirements. Presentations from WG members to the group about calculation and reporting tool implementation experiences, as a way to collect more in-depth insights to practical tool use. Recordings of presentations are available.

WG2 Energy Efficiency and Renewable energy in Scope 3
Updates of the shared supplier lists with approximately 1,500 Tier 1 and 2 facilities with their brand connections, which have been matched with other organizations like Apparel Impact Institute (Aii) and European Outdoor Group (EOG). The **Bangladesh group** has run a four-part webinar series for suppliers with the Swisscontact led PROGRESS project. They also conducted a mapping of national climate initiatives for the garment sector and connected with two climate action platforms in BD, led by GIZ and Swisscontact. The **China working group** has continued learning about Energy Attribute Certificate (EAC) with focus on the new GEC certificates. Contact with external providers Climate Bridge and Southpole to simplify certificate procurement for the group and their suppliers. The **India working group** conducted a poll to understand further supplier needs, resulting in three webinars for suppliers: GHG emission calculation, Energy efficiency in Tier 2 and Green financing. A data collection template for simplification of supplier GHG accounting has been shared within the group by H&M, for individual dialogues with suppliers. The **Turkey working group** has collected data on Tier 2 use of renewable energy, for sharing in supplier lists, to use as a basis for further work. The **Vietnam/Taiwan/Korea working group** is conducting joint energy audits in Korean Tier 2 factories, with an external auditor (Enerteam) and shared cost/data for selected facilities. They had a group webinar on Vietnamese dPPAs and on-site renewable options and invited suppliers to a local in-person event in HCMC.

WG3 Materials - Tiers 3 and 4 has concluded the research on material traceability tools and regenerative cotton standards/programs, with a focus on better GHG emissions data from Tier 3 and 4. Results were presented to all of STICA and the material on providers and learnings is available in Teams. Recordings and presentation materials from tool providers are also available.

WG4 Circularity/User phase has finalized phase 1 for the two workstreams: 1) measuring circularity impacts; and 2) the business case (including policy input) for circularity. Two surveys and a series of group webinars and interviews with external experts have resulted in a 50-page STICA report on circular business models and a STICA webinar where both the report conclusions and the findings on measuring circularity were presented. All material is available in STICA Teams platform and has been distributed by email to STICA signatory companies.

WG7 Retail Scope 2 emissions has collected data from landlords and evaluated responses to find strategies for working on emission reductions with landlords for retail locations. The group has had a presentation from E.ON on heating systems and sustainable heating options to explore new solutions.

ASSESSING PROGRESS: WHAT DOES THE DATA TELL US?

WHEN ANALYZING THE 2024/2025 DATA, OUR AIM IS TO COMPARE THE MOST RECENT COMPANY REPORTED DATA WITH PREVIOUS YEARS' DATA, ENABLING US TO ASSESS ANNUAL PROGRESS, OR THE LACK THEREOF. IN THIS SECTION, WE DO THIS BY:

- Explaining how we make comparisons using specific key performance indicators
- Detailing current data quality, with a special focus on primary data
- Summarizing STICA's 2024/2025 aggregate results, comparing it with previous years
- Comparing like-for-like–individual company performance

SHEDDING SOME LIGHT ON THE DATA

We ensure comparability across reporting years by analyzing data from companies that have reported consistently for the current and previous periods. This approach means that changes in total emissions or revenue reflect real progress, not shifts in the reporting group. **This year marks the first time that comparable data is available for the reporting year, last year, and the base year.** This enables more robust tracking of the signatories in STICA's Company Climate Action Program. **Specifically, we have focused on the 50 companies that have reported last year, this year and the base year.**

KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) play a central role in the analysis. By focusing on emissions per sold product and emissions per revenue, the analysis enables like-for-like comparisons between companies, and over time. Totals alone—such as aggregate emissions or revenue—can be misleading, as they do not account for differences in company size, business models, or the number of reporting companies. KPIs help normalize these differences and provide a clearer picture of underlying trends.

There are important caveats, however. Aggregating all product categories into a single KPI can obscure significant variation between companies and product types. KPIs are best used as a complement to absolute figures, helping to identify relevant questions and offering a foundation for further analysis, rather than providing definitive answers. Luxury brands may show high emissions per product due to exclusive materials or heavyweight garments, and the use of weight-based emission databases, but low emissions per revenue, reflecting differences in product mix and higher pricing per product.

Emissions per net revenue: Calculated by taking the totals within boundary emissions, Scopes 1–3, and dividing them by the revenue of the company for the reporting year. This is a KPI more widely used outside of the apparel industry.

Emissions per sold product: Calculated by taking the totals within boundary emissions, Scopes 1–3, and dividing them by the number of products the company has sold during the reporting year. This is a good indicator for a company wanting to analyze its own progress over time.

In addition to analyzing company progress using emissions per sold product or per revenue, there are other ways to assess company progress. We discuss the following additional indicators further below:

- **Data quality**
  - Share of primary data used for GHG calculations
  - Third-party verification of Scopes 1 & 2 and Scope 3
- **Targets and progress**
  - Scope 3 target alignment
  - Progress for Scopes 1 & 2 and Scope 3
- **Carbon accounting and progress**
  - Change in total emissions since base year and last year
  - Change in emissions per sold product since base year and last year
  - Change in emissions per revenue since base year and last year

Overall, KPIs are a key tool for monitoring progress and framing the right questions for deeper analysis. Their legitimacy depends on consistent methodology and transparent reporting being maintained across all participating companies.

EMISSIONS REDUCTIONS

Some companies have lowered their emissions since their base year, and their emissions reductions are in line with or ahead of their target. But how do we know whether the emissions reductions are legitimate or not—in other words, whether they result from conscious actions taken by the company? Here are some factors and questions to consider when assessing a company's progress:

1. The base-year emissions determine how the progress towards the target appears. Do a company's base-year calculations paint an accurate picture of the company's business? For example, if the base year coincides with the Covid-19 pandemic, the company may have operated differently during the set base year compared with before and after the pandemic. For fast-growing companies, setting the base year will always be a difficult decision, as the business is ever-changing.
2. Due to magnitude, adjustments in purchased goods will affect the overall change in emissions and will likely decide a company's target progress. Decreases in emissions stem in some instances from effective measures like replacing materials with more climate-friendly alternatives, and in others from fewer purchased products. Fewer purchased products can be the result of decreased sales, or the conscious result of implementing alternative business models. Likewise, increases in emissions can stem from a greater number of purchased products rather than a lack of initiative towards targets.
3. Does the company use average database data for its calculations or primary data from suppliers? While using average database data still means comparisons between the years are correct, it also adds uncertainty regarding the company's progress because the calculations are not based on primary data from the company's value chain.
4. Have emissions per net revenue (adjusted for inflation) and emissions per sold product decreased as well? If not, are the decreases the result of overstock from last year, meaning the company did not need to buy as much material for the coming year to maintain sales figures? Or has the company reported lower sales figures and thus had fewer purchased products?
5. Can the company explain what actions it has taken to reduce emissions? Are these actions part of a long-term plan?
6. Are guarantees of origin (GOs)/Renewable Energy Certificates (RECs) one explanation for the decrease? The objective of these is to ensure that purchased energy has been produced from renewable sources. These are accepted in STICA's emissions follow-up, but it is worth noting the ongoing debate about whether these lead to actual emissions reductions globally.
7. Have any external forces during the year affected the target progress? Is there an impact from energy prices, war, or pandemics, for example, that plays a role in the decrease in emissions?

Finally, it is also important to highlight that STICA member companies submit their calculations voluntarily and with assurances that their calculations follow STICA's Reporting Guidelines. Even so, we cannot guarantee that the information provided by member companies is accurate. That said, some STICA members have their calculations verified by third parties, and STICA conducts quality checks on selected companies each year to ensure their calculations and reporting are in line with our methodology. In the future, we expect third-party verification to be more common and, ultimately, required by law.

PRIMARY DATA

The Greenhouse Gas Protocol defines primary data as "Data from specific activities within a company's value chain" [30].

This year, 39 companies have reported the collection of primary data from suppliers, compared with 36 companies last year, marking an important step toward improved accuracy. However, the concept of primary data is not always clear among member companies, and the definition put forward by the Greenhouse Gas Protocol may not always be top of mind for them.

Data quality remains a significant challenge. While primary data is generally considered more reliable than that from secondary sources, it may still rely on assumptions or incomplete measurements. Its accuracy depends on how it is collected and verified. Variations in supplier reporting practices, inconsistent methodologies, and gaps in coverage introduce risks that affect comparability and confidence in results. These issues are particularly evident in upstream tiers, where data collection is complex and resource-intensive. The Greenhouse Gas Protocol also offers guidance regarding data quality, with five indicators that give a qualitative assessment of the primary data. This is not something that STICA does today.

Improving primary data requires clearer standards and stronger collaboration across the value chain. The next steps include defining what qualifies as qualitative primary data for STICA, enhancing supplier engagement, and implementing verification processes to ensure consistency. Digital tools and harmonized reporting frameworks can also play a key role in reducing uncertainty and improving reliability.

Overall, while the quality and interpretation of primary data remain critical areas for development, progress is evident. Primary data is essential for tracking real progress and meeting near-term climate targets. Addressing these challenges will be essential for achieving credible emissions reporting and supporting long-term climate targets.

EVALUATING IMPACT: STICA'S TOTAL NUMBERS

STICA includes 53 companies, of which 50 have reported this year. Last year, 55 companies reported. Among this year's reporters, within-target boundary emissions increased by about 240,000 tCO_2e compared with last year, a rise of 3%. Production emissions also grew by 3%. Scope 1 & 2 emissions decreased by roughly 15,000 tCO_2e, or 12%, while Scope 3 emissions within the target boundary rose by 3%.

WITHIN TARGET BOUNDARY COMPARED TO LAST YEAR, AND SHARE OF PRODUCTION EMISSIONS

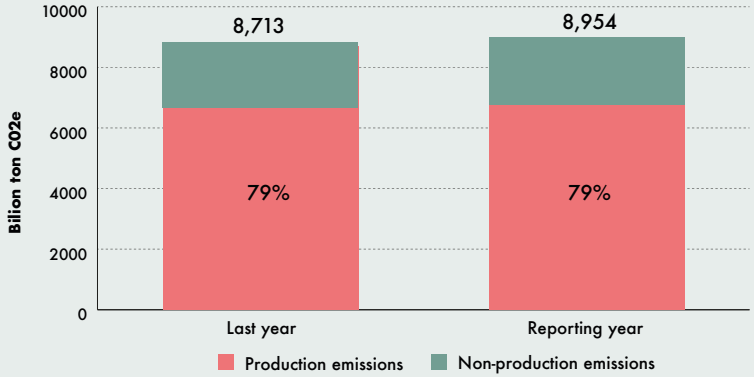


Figure 5. Comparison of production and non-production emissions within target boundary of STICA signatories for last and current reporting years

[30] Greenhouse Gas Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard (accessed November 2025)

H&M accounts for 81% of STICA's overall emissions, and thus has a significant influence on STICA's overall progress. It is therefore interesting to look at how STICA signatories are doing both including and excluding H&M's data. One such aspect is within-target boundary emissions, which rose by 3% for the rest of the signatories. Another is the use of primary data, as discussed below.

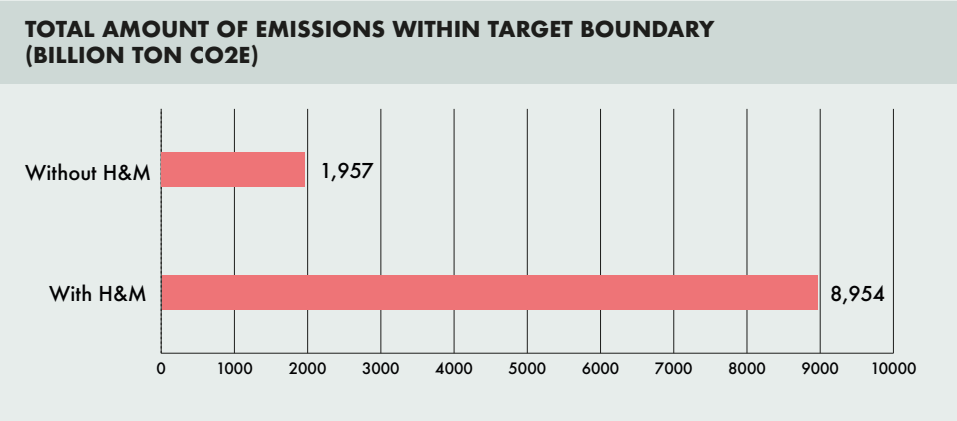


Figure 6. Total amount of emissions within target boundary for STICA signatories including and excluding H&M

Production accounts for about 80% of all emissions within the target boundary. Tier 1 emissions represent 7% of production emissions, which is close to industry averages. Emissions per product in Tier 1 show a slight increase compared with last year. Of calculated Tier 1 emissions, 81% are based on primary data, or 58% when excluding H&M. This is a relatively high share, although supplier data quality remains uncertain.

For Tiers 2–4, 62% of emissions are calculated using primary data when including H&M, and 10% without. H&M has made significant progress in this area. In general, larger companies are more able to collect primary data, thanks to greater resources and supplier leverage. A breakdown by individual tiers is not available at present.

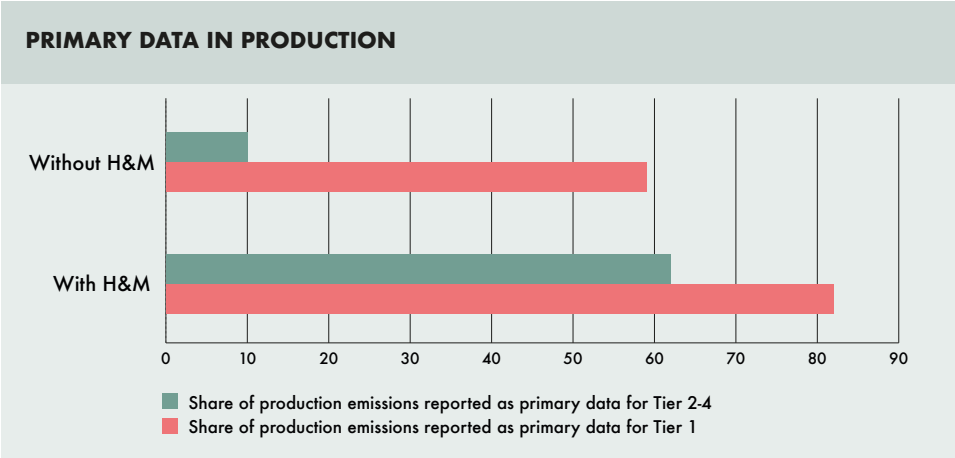


Figure 7. Share of STICA signatories' production emissions reported as primary data, per Tier including and excluding H&M

A key insight from this year's data is that 26 companies are on track to meet their targets, with 21 of these aligned to the 1.5°C pathway. This stands out as a strong indicator of progress among STICA members. No consistent patterns emerge regarding company size, base year selection, or emissions intensity per product among companies whose emissions have increased compared with their base year. Notably, 60% of signatories use 2020 or 2021 as their base year—years heavily influenced by the pandemic. During that period, some companies increased stock levels to secure supply chains, which may partly explain positive progress for certain signatories.

Overall, differences in target achievement appear to be driven by individual strategies rather than structural factors. At the same time, the industry has moved beyond the initial phase of setting targets and collecting data: almost 80% of companies now gather primary data, and 85% use emissions per product as a KPI, enabling more granular performance tracking.

COMPARING LIKE-FOR-LIKE - INDIVIDUAL PERFORMANCES

DATA QUALITY

Within STICA, 39 companies use primary data in their calculations, and 14 have their data verified by a third party.

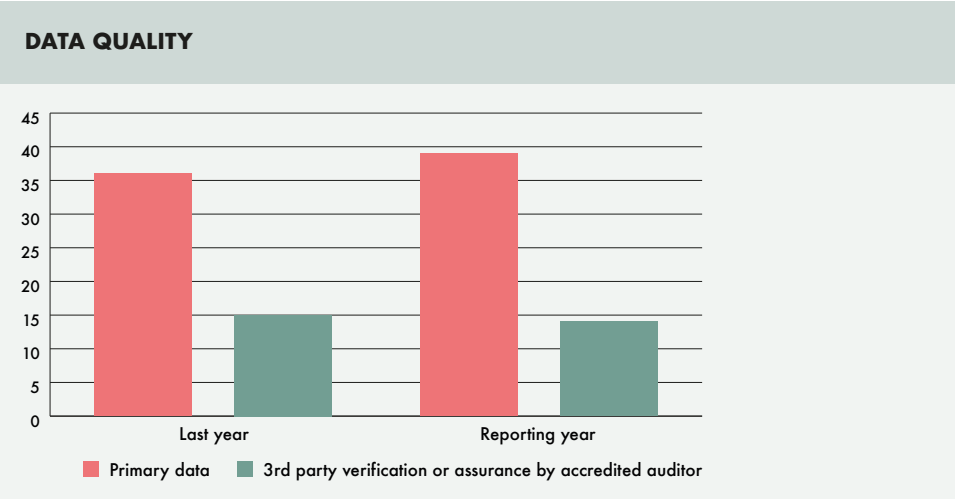


Figure 8. Comparison of use of primary data in STICA signatories' calculations and third-party verification of data, for previous and current reporting years

TARGETS AND PROGRESS

A total of 36 companies have set targets aligned with the 1.5°C pathway.

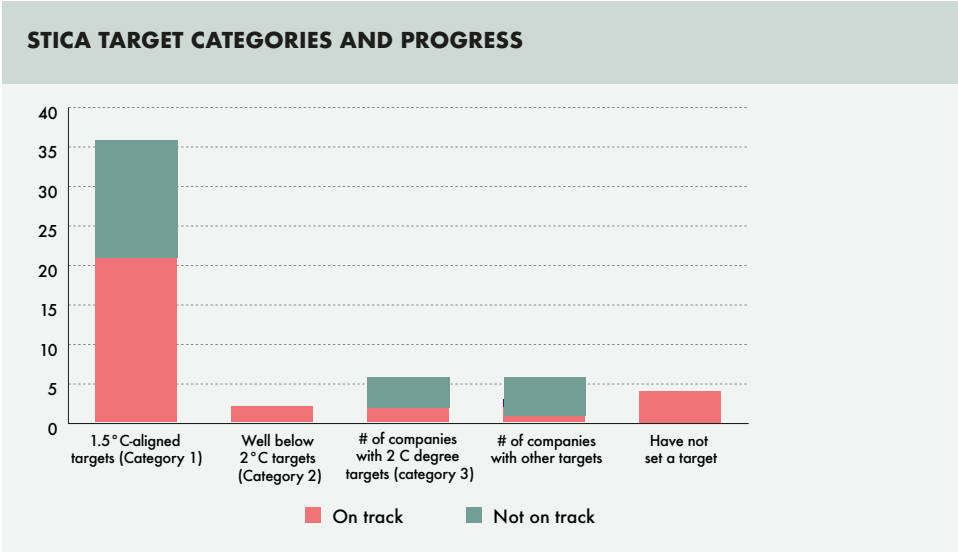


Figure 9. STICA target categories and progress

35 companies report decreases in emissions since their base years. But as we have mentioned above, not all decreases are necessarily the result of conscious climate actions by the companies. These emissions reductions could, for example, stem from a reduction in sold products or sales. It is therefore important to examine the available data regarding each of these companies' sales figures. For instance, of the 35 companies who have decreased their emissions since their base year, 23 have reported information regarding their sold products and their revenue. For 16 of these 23 companies, revenue has increased, but there are no clear trends when looking at the KPI emissions per sold product. Seven companies reported a decrease in revenue, but those seven have also reported decreases in their emissions per revenue; two of them reported increases in emissions per sold product.

26 companies are on track to meet their set Scope 3 targets, with 21 of these having targets in line with the 1.5°C trajectory. Two companies have targets following a trajectory well below 2°C, two companies have a 2°C trajectory, and one company has a target that does not correspond to STICA's target setting requirements. This last target has been approved by the SBTi.

Seven of the companies that are on track to meet their Scope 3 Category 1 targets have increased their revenue and reduced their absolute emissions from their base years. This means they could be decoupling their emissions from economic growth.

CARBON ACCOUNTING

Nine companies showed an increase of more than 10% in emissions compared with last year, despite reductions since the base year. While there will be annual shifts, the trend is still pointing upward for these companies.

Eleven companies have increased their absolute emissions since their base year. Among these, three achieved modest reductions in emissions per sold piece, ranging from 1% to 16%. Four of the eleven companies recorded increases of at least 30%, with three of these also reporting higher emissions per revenue. Two companies have not reported their sold pieces and are thus not subject to this analysis.

28 companies have increased their absolute emissions since last year. Of these, five achieved reductions in emissions per sold piece, ranging from 6% to 21%. Eight companies saw decreases in revenue since last year, but despite this, increased their emissions. Emissions per revenue saw modest decreases for three of the companies, which means that 25 companies have increased their emissions per revenue in the past year.

Compared with their base years, 17 companies have reduced both their emissions per sold product and emissions per revenue. Of these, six are still short of their set Scope 3 targets, all with increasing revenue. Of the 11 in this group that are on track to meet their targets, six companies have also increased their revenue. 15 companies have reduced both their emissions per sold product and per revenue compared with last year, and nine of these are on track to meet their Scope 3 targets. There will always be variations on a year-to-year basis, but the overall trend points in the right direction.

Emissions per revenue range from 6.4 to 51 tCO_2e per MSEK, while emissions per sold product range from 1.9 to 33 tCO_2e. These results show several things: there are a number of business models within STICA, the focus on different market segments can affect results, as can the different methodologies and data sources used. For more information, please see the methodology section earlier in this report.

CHANGE IN TOTAL EMISSIONS COMPARED WITH LAST YEAR

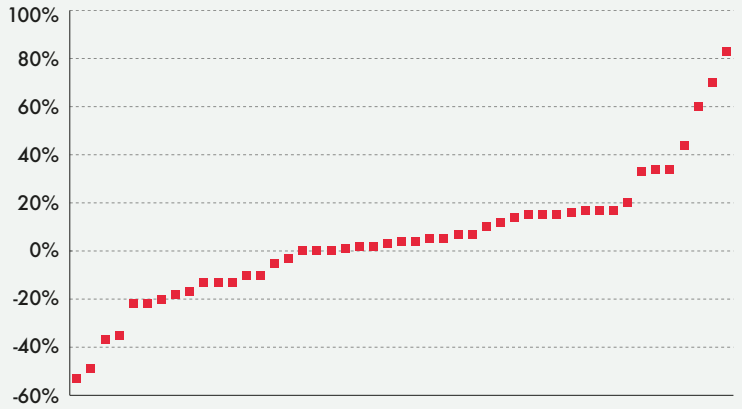


Figure 10. Change in total emissions for STICA signatories compared with last reporting year

CHANGE IN TOTAL EMISSIONS COMPARED WITH BASE YEARS

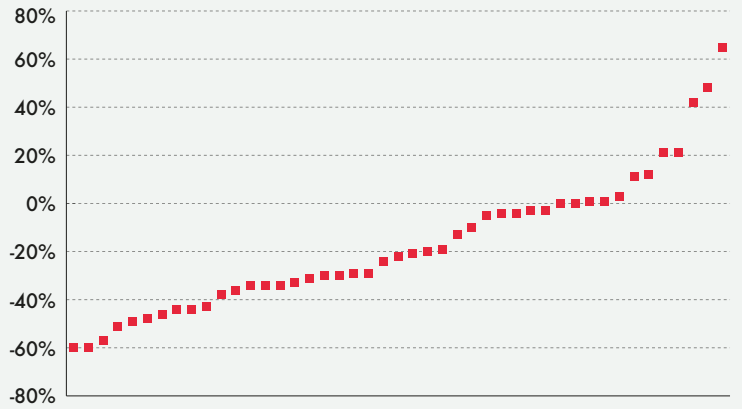


Figure 11. Change in total emissions for STICA signatories compared with base years

ASSESSING PROGRESS IN ACCOUNTABILITY & TRANSPARENCY

There have not been any substantial changes to most indicators reported in the sections focused on Accountability & Transparency. This is unwelcome news. However, they have improved in one key area: significantly more companies are measuring their emissions per product (from 15 previously to 30 companies).

ASSESSING PROGRESS IN TERMS OF ACTION

For most of the indicators reported in the Actions To Date section there have been no significant changes since last year. However, several positive developments stand out.

This year, 20 companies report that they have completed their Scopes 1 and 2 transition plan and are consciously taking action, compared with only nine companies last year. Additionally, 42 companies report an increased use of electric vehicles, up from 36 previously.

Progress is also evident with regard to Scope 3 transition plans. 13 companies have completed their plans and started implementing actions, up from 11 last year. 18 have partially completed their plans and are carrying them out. Curiously, in contrast to their reporting, 36 companies have now had their transition plans formally approved by their owners, board of directors, CEO, and/or senior management team, up from 33 last year. 21 companies have assigned board-level oversight to ensure the development and implementation of their climate transition plans, an increase from 18 last year. Furthermore, 35 companies indicate that a C-suite leader is responsible for climate action in their company, up from 33 last year. 24 companies report they are using their transition plans to guide financial decisions and actions, compared with 20 last year, and 23 report that their financial growth plans align with their climate transition plans, up from 19.

In terms of planned or taken action to reduce Scope 3 emissions, companies continue to demonstrate increasing engagement with suppliers. 34 companies report supporting suppliers in setting GHG reduction targets, up from 31. Meanwhile, 42 companies are now engaging suppliers on renewable energy implementation, an increase from 40 last year. 18 companies report supporting suppliers with cleaner thermal processes, up from 16. Moreover, 17 companies state they have a plan for ensuring a Just Transition as part of their climate action work, up from 12 last year. Another 17 companies report that they have quantified the expected emission reductions from specific actions and set timelines or deadlines for each, up from 12.

Finally, when it comes to policy engagement, 21 companies report endorsing a climate solutions campaign or sign-on letter, up from 13 last year, and 29 companies report providing feedback on STICA-related positions, compared with 23 last year.

COMPANY PERSPECTIVES

KEY CHALLENGES FACING STICA COMPANY SIGNATORIES:

A number of industry reports [31] [32] [33] [34] [35] have outlined the challenges fashion and apparel companies face when trying to reduce their GHG emissions; these are also challenges that STICA signatories report they are facing. These include:

- **Lack of supply chain transparency and access to data.** There is a lack of transparency and data quality regarding primary emissions data in the supply chain, making it harder to determine emissions hotspots and get credit for reducing emissions. Many STICA signatories still do not know their Tier 2, 3, and 4 suppliers and must invest in new data collection tools and infrastructure to be able to identify suppliers and credibly collect primary data.
- **Lack of knowledge or economic incentives to implement energy-efficiency measures in manufacturing.** Manufacturers may not have the capital to invest in efficiency improvements or new equipment, and brands do not yet know how they can help to fund such investments. Banks are also hesitant to lend money for this.
- **Difficulties in eliminating coal in textile mills and manufacturing facilities.** Coal is used in textile mills for thermal processes like heating water for fabric dyeing and generating steam—representing a majority of the energy used in textile mills today. Today, coal is cheap and readily available in many manufacturing countries. Use of alternatives such as natural gas and biomass can be difficult to implement, but a number of brands and countries have made progress more recently by substituting coal with biomass.
- **Slow uptake of or inability to shift to 100% renewable energy in manufacturing.** To achieve 100% renewable energy, a facility needs to be located in a region with sufficient renewable electricity resources and/or where onsite renewable energy (solar panels) is not limited by space. To supplement onsite renewables, companies need to procure energy from off-site sources or via renewable energy products (power purchase agreements, green tariffs, and renewable energy certificates). Additionally, manufacturers in some countries may not have a strong business case to invest in efficiency or new equipment. Again, banks may be hesitant.
- **Insufficient economic incentives for shifting to circular business models.** The low cost of fashion, limited infrastructure, consumer attitudes toward repair, resale, and rental models, the nascent state of recycling technology, and insufficient regulation all slow the development of these models. Although there are some successful cases, general circular business models like repair, resale, and rental are currently less profitable and cannot compete with established linear models. As one company representative explains: "It is usually cheaper for customers to buy new baby clothes rather than second-hand or re-sold baby clothes because the cost of collection and sorting of second-hand clothing is often much more expensive than producing new clothes."
- **Limited availability and quality of materials with better climate profiles.** The climate impact of materials depends not only on what the material is but also on how it is made. Today, there is limited availability of materials made and processed (dyed and finished) using renewable energy. Most recycled materials made into garments and textiles are processed using fossil fuels. A majority of recycled polyester, for instance, is not recycled from textiles but is made from pre- and post-consumer PET. There is a debate about how bad fossil-based polyester is for the climate and the industry overall, since it is made from fossil fuels, sheds microplastics, and is relatively inexpensive, meaning it may contribute to overproduction and overconsumption, i.e., "fast fashion."[36] That said, other materials can have significant negative environmental impacts as well.
- **Lack of availability of next-generation materials**. Most next-generation materials, such as bio-based synthetic materials, are at an early stage of development and also need to compete on cost, quality, and scalability. The timeline from innovation to commercial scalability can be decades long.

[31] Ellen MacArthur Foundation and McKinsey & Co, Redesigning Fashion's Future (2017)
[32] WRI and Apparel Impact Institute, Roadmap to Net Zero (2020)
[33] McKinsey & Co., Fashion on Climate (2020)
[34] Quantis, Measuring Fashion: Insights from the Environmental Impact of the Global Apparel and Footwear Industries (2018)
[35] WRI and Apparel Impact Institute, Roadmap to Net Zero: Delivering Science-Based Targets in the Apparel Sector (2021)
[36] Changing Markets Foundation, Fashion's Plastic Paralysis: How Brands Resist Change and Fuel Microplastic Pollution (2024)

Additionally, challenges reported in a recent survey by STICA signatory companies include both internal and external challenges:

INTERNAL CHALLENGES

Financial constraints. The signatories report that profit margin expectations limit sustainability investments. The high costs of sustainable materials, renewable energy and certifications and the low return on investment discourage long-term green investments, while economic instability and growth pressure conflict with climate goals, and there are transition costs for smaller firms. All this restricts companies' ability to advance climate action.

Strategic misalignment. The signatories report growth and profit goals conflicting with emissions reduction, a lack of anchoring in leadership and board-level commitment, circular business models that are not yet profitable, a lack of long-term sustainability planning, weak integration of sustainability into core strategy, and limited internal incentives or KPIs for climate targets. This all restricts their ability to advance climate action. Generally, short-term profit expectations by owners, investors, and shareholders have been identified as the major obstacle hindering climate action. Short-term profit expectations drive demand for company growth, which makes reducing total GHG emissions at the pace and scale required very difficult. Profit demands prompt the production and sale of larger volumes, in turn requiring a significant reduction in emissions per produced unit if a company is to achieve its absolute GHG reduction target. In addition, radical shifts in assortment are needed to combine economic growth with emissions reductions, which can prove a challenge for a company's fundamental business strategy. Companies owned by private equity firms also face competing incentives, because investments are made to increase the value of the company in the short term (with the goal of selling it at a profit), but if these companies choose to reduce their short-term profits to reach their climate targets, their low profitability reduces their value and thus their attractiveness to banks and other potential buyers. Signatories also mentioned that brands negotiate to reduce FOB (freight on board) prices, leaving suppliers with less room to invest in GHG reductions and relevant technology. In other words, suppliers may not be receiving the return on investment (ROI) they need to invest further in climate action. They also report the challenge of product mix and price sensitivity. To meet company financial goals while also achieving their climate targets, companies could, in theory, produce fewer products and charge more per product. However, it is difficult in practice for many STICA signatories to simply change their product mix and sell more expensive "premium" products to their current customer bases. Signatories also report potential conflicts between GHG reduction strategies and Just Transition principles. To reduce their emissions, companies need to assess whether their primary suppliers can reduce their emissions and, if they cannot, whether to source their products elsewhere. However, Just Transition principles (as outlined by the United Nations and the International Labour Organisation (ILO)) encourage companies to remain with their suppliers, supporting them in the energy transition, and to stay engaged in the surrounding communities and countries to ensure long-term commitments and investments in climate mitigation and adaptation. Some STICA signatories perceive these aims—to reduce emissions at the pace and scale required and to continue to source from suppliers and countries that cannot offer sufficient emissions reductions—as potentially in conflict with one another, making them difficult to negotiate.

Organizational knowledge and capacity. The signatories report a lack of knowledge, tools, and human resources and insufficient time and data management systems. Even if many STICA signatory companies have been working with climate action for a number of years, they still report that their owners and C-suite have limited climate expertise and that the financial and human resources available to them for climate action are insufficient. Larger companies, like H&M Group, have a significant number of staff and resources, but most medium-sized and smaller companies do not.

EXTERNAL CHALLENGES

Supplier engagement. The signatories report that their suppliers lack clear business incentives, knowledge, resources, and renewable energy access, that small brands have little leverage to demand change, and that global value chains make oversight difficult. A majority of STICA members are smaller or medium-sized companies. Although an increasing number of their Tier 1 and 2 suppliers are interested in reducing their emissions, STICA signatories purchase relatively small quantities from them, and thus have less influence on them or fewer incentives to offer their suppliers to help them accelerate decarbonization.

Market dynamics. The signatories report that consumers are unwilling to pay more for sustainable products, that overconsumption remains a systemic issue, and that competition from "fast fashion" brands (e.g. Shein, Temu) undermines fair competition. The signatories report that when investing in climate action, they are at a disadvantage because worse-performing international companies are not penalized for failing to invest in climate action, or for bad climate action performance, and are still taking market share. It is unclear at this time whether EU legislation will sufficiently address this issue.

Gaps in legislation and policy. The signatories report a lack of clear, harmonized legislation or incentives, that fragmented or shifting EU regulations create uncertainty, and that there is an absence of carbon pricing or penalties for high emissions.

Infrastructure and technology. The signatories report that there is limited renewable energy in production countries at present, along with a lack of large-scale recycling, renewable heat, and clean tech, and that there is limited infrastructure to help them scale circular solutions.

KEY SOLUTIONS PROPOSED BY STICA COMPANY SIGNATORIES:

To address the challenges outlined above, STICA signatories have proposed the following suggestions (not presented in order of importance). The solutions listed below are not fully developed or vetted by the SFA and the STICA secretariat, but are ideas reported by STICA companies in a recent survey:

INTERNAL SOLUTIONS

Strategic and cultural change. The signatories see a need to integrate sustainability into business strategy and decision-making, secure management commitment with measurable KPIs, shift from short-term profit to long-term value creation, and ideally decouple growth from emissions and volume sales.

Capacity building. The signatories need to invest in data systems and training, increase climate knowledge across departments, and improve cross-team collaboration and supplier engagement.

Resource allocation. The signatories suggest considering lower profit margins to enable the purchase of better materials and increasing staffing and budgets for sustainability initiatives. They say their companies need to prioritize climate action and build greater internal understanding and capacity, especially within corporate finance departments. Smaller companies need more resources within sustainability and a climate-responsible person should be part of the management team. Financial departments should be given significant responsibility for monitoring and driving climate action. Only 46% of STICA signatories report that their Climate Action Transition Plans are used to guide company financial decisions and actions.

EXTERNAL SOLUTIONS

Legislation and regulation. The signatories want governments to use legislation and taxes to make climate economics work. Many STICA companies argue that they should be rewarded financially for making progress with their climate goals and that those who don't should potentially be penalized (with tax benefits, reduced VAT for second-hand products and eco-modulation of fees for better-performing products from companies making good progress). They report wanting stronger, harmonized climate laws across the EU, with legally binding emissions reductions for all players, as well as a tax increase on materials with a negative environmental impact being considered. Moreover, they report wanting to see penalties for those not meeting GHG targets, a global emission tax or carbon price, and simplified compliance and standardized reporting frameworks to reduce the administrative burden, especially for SMEs. Governments should also ensure fair competition by making international companies subject to the same demands and penalties as EU-based companies.

Economic incentives. The signatories report the need for VAT reductions on recycled or certified materials, repair and reuse services, second-hand, and circular business models, as well as financial transition support for suppliers with incentive programs for renewable energy investments. They also note that financial institutions should provide more monetary incentives, with banks and financial institutions offering lower fees and interest rates for brands, retailers, and manufacturers that have validated climate targets and are making significant, credible reductions.

Infrastructure and energy transition. The signatories report the need for greater government investment in renewable energy and grid stability in both the EU and those countries that specialize in textile and garment manufacture, plus the need to facilitate electrification of heat processes and renewable sourcing, and even to support carbon capture and storage initiatives.

Data, collaboration and innovation. The signatories see the need for industry-wide data sharing and standardization, multi-brand coalitions to de-risk low-carbon material investments, improved LCA data and material emissions indices, and more joint advocacy between small and large brands. All stakeholders should accelerate investments in the development of recycled materials made with renewable energy. Today, a majority of recycled materials, especially polyester, comes from recycled PET. Companies need textile-to-textile fibers and materials processed using renewable energy.

Consumer and cultural shifts. The signatories report that durable, long-lasting products should be promoted, climate literacy and reduced overconsumption should be advocated for, and that responsible consumer behavior should be rewarded (climate-based taxation).

FINAL ANALYSIS AND GENERAL CONCLUSIONS

In this section, SFA, which leads the STICA initiative, provides additional analysis and general conclusions based on the data and information presented in this report. This analysis and these conclusions are independent from the feedback that STICA signatories reported in an earlier section.

A FUNDAMENTAL CHALLENGE REVISITED: REACHING TARGETS WHILE GROWING A COMPANY

As noted by company signatories in previous sections, a major challenge for STICA signatories is to both grow their companies financially and to reduce their emissions. In this section, we will explore this challenge in greater detail.

Companies in STICA need to set targets, identify possible opportunities for emissions reductions, and implement them. One common way of looking at possible reductions over time is as an area diagram, as shown below. In this diagram, we have added a number of the more commonly cited actions that companies can use to reduce GHG emissions and have included the potential reductions from these actions for a fictional "average" STICA company, all grouped into eight categories.

According to our calculations, implementing these key actions would allow this fictional company to reduce emissions by as much as 56% over a 10-year period. One should also consider the innovation gap between now and the target year. We cannot expect to foresee all potential actions that could be taken by 2030, meaning that companies should accept some gaps between the potential reductions they could forecast today and the targets set. The innovation gap is even larger for coming Net Zero targets beyond 2030.

Even so, there is an elephant in the room that can prevent companies from reaching their target: their growth ambitions. Commercial businesses are, by design, expected to grow. For apparel and footwear companies, financial growth is traditionally associated with selling more products. It is thus not unusual for companies in this sector to set annual growth targets of 10%, or even 20% or more. Growing at these rates presents an overwhelming challenge when combined with absolute emissions reduction targets.

REDUCTION ROADMAP FOR A GENERIC COMPANY IN STICA AND THE POTENTIAL OF 8 KEY REDUCTION AREAS

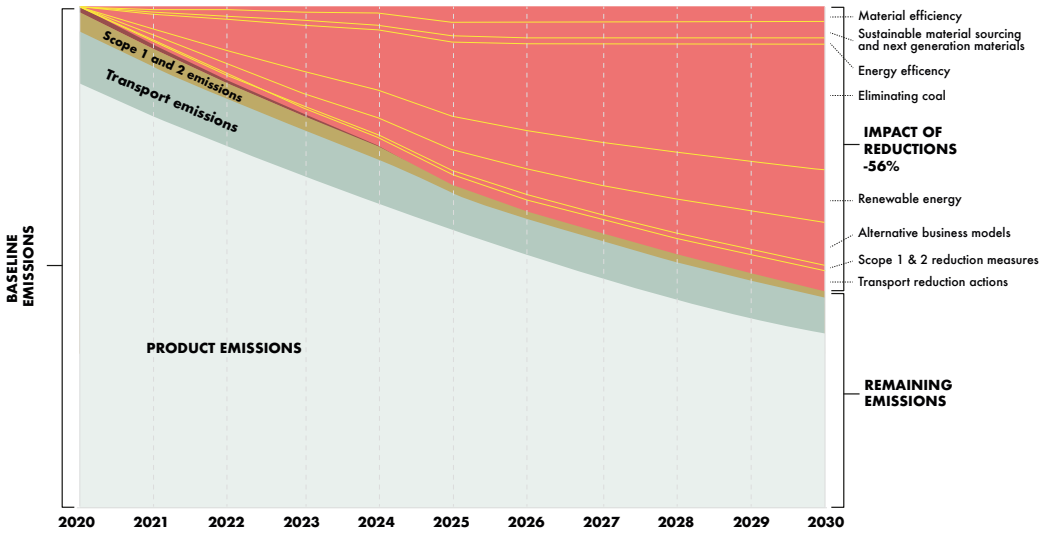


Figure 12. Reduction roadmap for a fictional STICA company, assessing the potential emissions reductions that are achievable from a set of key actions that companies could take

Let us illustrate this in more detail by considering the linear relationship between economic growth and purchased products and assuming a company should reach an absolute emissions reduction of 42% by 2030 from a 2020 base year. A company with 0% growth will have to reduce emissions per unit by 42% to reach the absolute reduction of 42%. A company expecting to grow at a relatively moderate pace of 4% annually would be required to reduce emissions by 60% per unit by 2030 over a 10-year period to reach the absolute reduction of 42%[37] . For companies targeting 10% or even 20% annual growth, the percentage of reductions needed per unit could be 80% or 90%, respectively, to keep up with the absolute reduction pace.

ABSOLUTE REDUCTIONS UNDER DIFFERENT GROWTH SCENARIOS

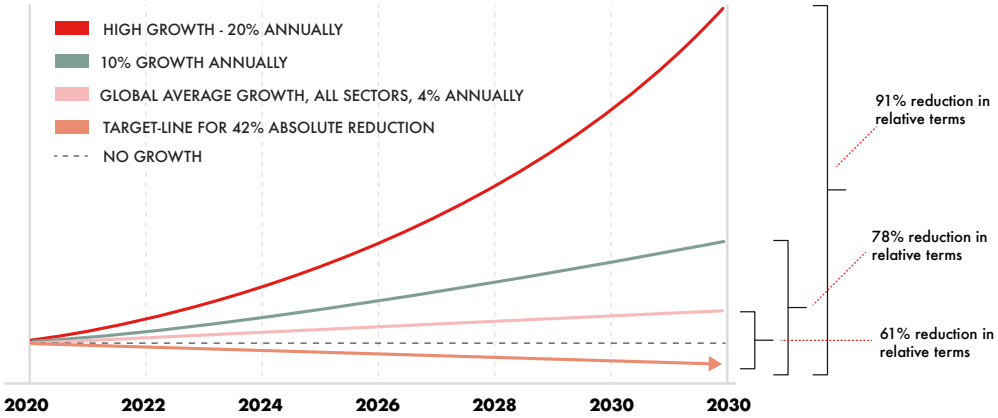


Figure 13. The implications of an absolute target under three different growth scenarios.

We will now consider what a similar reduction roadmap could look like with the 20% annual growth that some of the fast-growing STICA members target. By looking at a company expected to grow by 20% annually, we learn that growth quickly overtakes the reduction potential of the identified actions outlined above, and it almost quadruples the absolute emissions by 2030, even though the actions taken and the reduction ambition are the same. Without these actions, the emissions would have been more than six times that of the baseline.

REDUCTION ROADMAP FOR A GENERIC COMPANY IN STICA AND THE POTENTIAL OF 8 KEY REDUCTION AREAS [TONNES CO2E, ASSUMING 20% GROWTH]

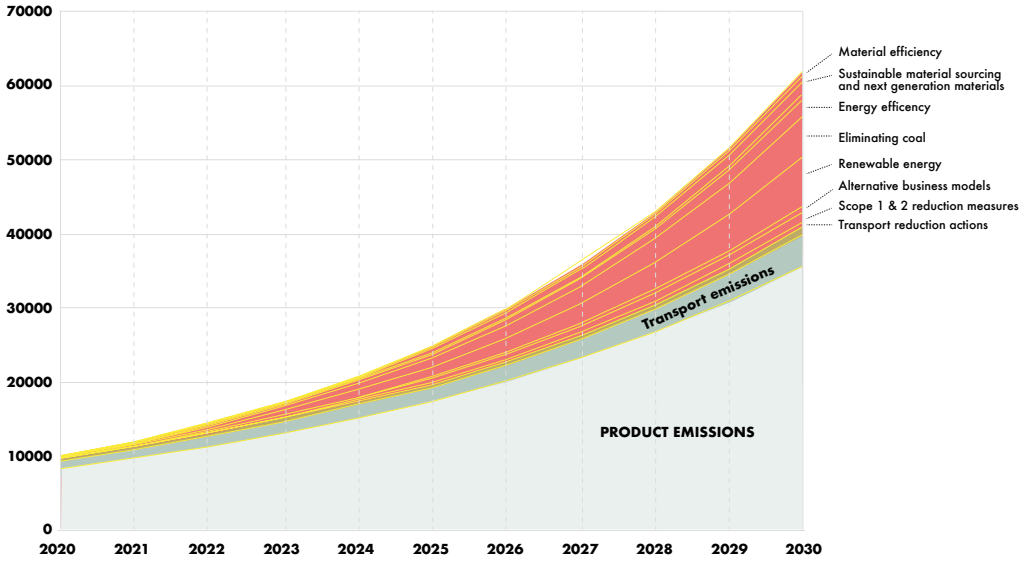


Figure 14. Emission development for a fast-growing company. The green areas represent remaining emissions after actions have been implemented, while the red areas represent emissions reductions. Even though actions are implemented, absolute emissions increase significantly. For example, we see a reduction when the company has more energy-efficient processes, but as it produces much more, it needs more energy at its production facilities, which offsets the reduction and increases net emissions.

[37] Year-on-year growth of 4% results in a 48% increase after ten years (100% in the starting year of 2020). The change between 148% and 42% (the "budget") is 72%.

CIRCULAR BUSINESS MODELS — CAN A BUSINESS GROW AND MEET ABSOLUTE REDUCTION TARGETS?

A key component of any successful reduction plan is likely to be a decoupling of material and products from economic growth, e.g. through rental, second-hand, or subscription business models. This implies that economic growth of 10% would not translate into a 10% increase in sold goods and thus GHG emissions (with the assumption that emissions per produced product remain at the same level). Using the projected economic growth as a baseline for emissions allows companies to understand the potential of these business models in reducing company-wide emissions.

Although these business models have received significant attention in the past years, and the second-hand clothing market is growing significantly, STICA signatories report difficulties in making circular business models sufficiently profitable. Based on the effects and market penetration that companies expect to see, the share of GHG emissions reductions coming from circular business models is modest.

In short, if apparel and textile companies are to achieve their targets in line with what science requires, they need to be able to grow with little or no emissions. To achieve this, the industry needs to speed up its transformation and companies need substantial economic incentives that steer their businesses in this direction.

GENERAL CONCLUSIONS

Based on the data, challenges, and proposals we have received from STICA company signatories, SFA concludes the following:

- **The individual company data and aggregated data presented in this report has its strengths and weaknesses.** The increase in primary data used for calculations by many companies is a very positive development. Even so, if the data presented in this report is to become increasingly more accurate, trustworthy, and helpful, STICA signatories must improve traceability in their supply chains and, in turn, collect significantly more quality primary data for their annual GHG emissions calculations. Calculating GHG emissions using average data from databases can help a company determine general hotspots and indicate a direction of travel, but it can also be misleading, providing a false sense of progress. It may also lead to poorer decisions regarding where to prioritize climate action efforts. That is why, in the future, STICA will require signatories to use an increasing amount of primary data in their calculations each year.

- **Many company signatories participating in STICA's Climate Action Program have come a long way in a relatively short time.** The companies in STICA's Company Climate Action Program, especially the SMEs, have been on a steep climate action learning curve over the past few years and are demonstrating leadership when it comes to climate commitments and transparency. In terms of action, 52% also self-report that they are on track to meet their Scope 3 targets. They should be commended for this.

- **It takes time for climate actions and investments to yield results.** In the best case, if a manufacturer were to, for instance, replace a coal boiler with an electric one, and its electricity source was renewable, the manufacturer's emissions would decrease to zero. But more often the process of developing a strategy, engaging supplier partners, agreeing on actions, financing these actions, and measuring the results takes longer than anticipated. In cases where brands and retailers are taking meaningful action but have yet to see the results, it is understandable for their emissions to remain at the same levels or even increase before starting to diminish.

- **The progress of a significant number of STICA signatory members is still too slow.** Despite the hard work to date, the pace and scale of the emissions reductions of many companies are not in line with what is required by science to stay within 1.5°C of global warming. 48% of the companies self-report that they are not currently on track to meet their Scope 3 targets, and 52% state that their Climate Action Transition Plans do not enable them to reach their Scope 3 climate targets. According to companies' supplier engagement reporting, a majority of suppliers to many of the companies do not actively engage in decarbonization actions, nor do most STICA signatories have contracts with suppliers that have established climate-related requirements or financial incentives for climate action.

- **Shareholder and owner demands for short-term financial growth and the lack of sufficient financial incentives make absolute GHG emissions reductions difficult.** The most fundamental obstacle to progress is the underlying misalignment between climate goals and owner/shareholder demands for short-term profits derived from the growth in the volume of products purchased or sold. The primary demand by owners and investors for significant short-term financial growth undermines the emissions reductions that companies could achieve now and in the future. This "elephant in the room"—which we anticipated when establishing STICA and have written about in this and previous reports — is increasingly apparent. No matter how much a company is committed to reducing its emissions and transforming its business model, if its success is ultimately measured by its financial growth in the shorter term, it becomes very difficult to prioritize absolute emissions reductions according to the timeframes stipulated by science. In theory, decoupling emissions from company growth may be possible, such as by switching to circular business models like resale and subscription services. In practice, however, this decoupling is extremely difficult in today's markets. As STICA companies tell us, circular business models are currently not profitable enough to out-compete and replace traditional linear business models.

- **Diluted EU climate-related legislation only makes climate action harder.** Deregulation for deregulation's sake weakens the business case. Last year, impending EU legislation—such as the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and the EU Taxonomy regulation— was perceived to be strengthening the business case. Now, the likely rollback of this legislation, which involves reducing the size of companies in scope as well as some demands, weakens the business case further.

- **Smarter legislation is needed to ensure sufficient financial penalties for not reducing emissions, and sufficient rewards for reducing emissions and transforming business models.** Ultimately, the best way to ensure emissions reductions at the pace and scale required and to accelerate the necessary transformation of the industry overall is to make it too costly to emit GHGs and sufficiently profitable to reduce them. Regulation and legislation designed to penalize or reward companies

for their climate actions are thus critical. A significant number of legislative proposals and directives are taking shape in Europe and in New York State, for example, to address this problem. EU legislation, as currently designed, does not include penalties or rewards for emissions increases or decreases for companies operating in the apparel industry. Rather, with the Omnibus legislation related to CSRD, the EU will only require the largest companies to disclose their climate impacts and implement Climate Action Transition Plans. Over time, this could enable watchdogs, investors, and financial institutions to use this information to compare the largest companies' sustainability performance, hold them accountable, and invest in those with better climate performance. However, a majority of apparel brands in the EU are SMEs and will thus be out of scope. This removes a critical business incentive for apparel companies in the EU.

- **Additional approaches are needed.** STICA signatories include many enlightened companies doing good work, but they operate in an economic system that rewards economic growth and does not sufficiently incentivize reduced emissions. Even if greater financial penalties and incentives were established, it is unlikely they would be sufficient to address the overproduction and overconsumption of resources used to produce and consume fashion and apparel, or to meet the GHG reductions required for companies and the industry to stay within the 1.5°C warming pathway. Simultaneously, it is essential that stakeholders explore additional and/or different success indicators for the industry based on concepts such as well-being and sufficiency.

The SFA and the STICA secretariat will continue to address these challenges during the coming year.

CONTACT INFORMATION

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