THE SCANDINAVIAN
TEXTILE INITIATIVE
FOR CLIMATE ACTION

STICA Signatory Requirements and Guidelines

Version 3. 2026-06-01

TABLE OF CONTENTS

SUSTAINABLE FASHION ACADEMY

1. Introduction and Purpose

1.2 Purpose of the Document

The purpose of this document is to provide a clear, consistent, and authoritative set of guidelines for how STICA signatories shall measure, report, and manage their greenhouse gas emissions, set credible climate targets, and develop robust transition plans in line with STICA's expectations. It outlines both the mandatory requirements for participation in STICA and the recommended best practices that help companies strengthen the integrity, comparability, and impact of their climate action efforts. By establishing a harmonized approach, the document enables STICA to ensure integrity in reporting, track collective progress, support signatories more effectively, and maintain a high standard of climate leadership across the textile and apparel sector.

1.2 Intended Audience

This document is primarily intended for all companies that are signatories of the Scandinavian Textile Initiative for Climate Action (STICA), as well as individuals within those organizations who are responsible for climate reporting, target setting, carbon accounting, or strategic sustainability work. However, to ensure transparency and accountability, STICA also makes this document available to the public.

The guidelines are designed to support users with varying levels of experience—from those who are new to greenhouse gas accounting and climate target development, to experienced practitioners and technical specialists. The document also serves as a reference for consultants, verifiers, and other stakeholders supporting STICA signatories in meeting the reporting and performance requirements. It aims to provide both a clear overview for readers seeking guidance at a strategic level, and detailed methodological information for those working directly with data collection, calculations, and reporting.

STICA updates these guidelines regularly in order to ensure they are in line with international standards, the latest science and best practices. Given the fast-changing nature of carbon accounting and climate action, there may be topics or issues not sufficiently addressed in this document. Please contact the STICA secretariat should you have any questions, concerns or input that should be considered.

1.3 Version 3

Version 3 includes several updates, including updates on signatory participation requirements, updates on target setting requirements, guidelines for primary activity data collection, guidelines for purchasing EACs, etc.

Companies setting targets or updating their targets after the launch of Version 3 must follow the updated requirements. Signatories that have their existing targets developed using Version 1 or Version 2 do not need to revise their targets, unless they have set what STICA has referred to as temporary Category 2 and 3 targets.[1] Please be sure to update these based on the new framing language found in this document.

STICA updates requirements to stay in line with science and best practices in the industry. The SBTi is currently initiating an updated version of the Apparel and Footwear guidance, which STICA will follow closely going forward.

1.4 The Strengths and Weaknesses of the STICA Methodology

Carbon accounting is an evolving field and has its strengths and weaknesses. STICA has summarized the strengths and weaknesses of our approach here:
https://sustainablefashionacademy.org/stica/stica-methodology/

1 *For physical intensity targets, the new Guidelines require an annual reduction of 7% a year. In the old version, this is 5%. Signatories that have set targets using this approach must revise their targets to align with these updated requirements.*

2. Participation and Performance Requirements

2.1 Overview of Signatory Requirements

While target setting is a crucial step towards impactful climate action, reducing actual emissions is the goal. With this in mind, STICA has updated our participation and performance requirements. STICA signatories are required to:

1. 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 in this document.
2. Set near-term targets in accordance with STICA's target setting requirements and show progress towards target achievement.
3. Communicate their commitments and progress publicly, adhering to legal requirements and STICA's communication guidelines.
4. Collect an increasing amount of primary activity data on an annual basis, thus increasing the credibility of their calculations, enabling more robust analysis and proof of progress.
5. Submit annual updates regarding their Climate Action Transition Plans. This better ensures climate action is embedded into the core business of the company and STICA can monitor company progress.
6. Participate in STICA working groups and network activities, thus ensuring the robustness of the company network.
7. Contribute to advocacy at the industry level, at minimum through STICA relevant policy activities.

2.2 Additional Tracking of Progress

Setting a target does not necessarily lead to emissions reductions and, despite good intentions, the commercial model growth imperative can lead to an increase in absolute emissions despite a signatory commitment to reaching their target. Therefore, in addition to the participation requirements stated above, to ensure signatories are making progress and decreasing their emissions, STICA will also track signatories' progress according to their emissions per purchased weight, emissions per sold product and emissions per revenue.

As a rule of thumb, if a signatory is not decreasing these at minimum by at least 2%[2] per year over a period of five years[3], STICA will assess whether a signatory is investing sufficiently in climate action and if said signatory can remain in the Company Climate Action Program. Here is an explanation of each KPI and why they will be evaluated:

a. Emissions per purchased weight: Calculated by taking the total emissions within the mandatory STICA scope and dividing them by the weight the company has purchased and/or produced during the reporting year. This reflects emissions from the production phase but does not account for whether the goods are actually sold. Measuring weight instead of pieces avoids some of the annual fluctuations in assortment. For example, companies setting 2020 as their base year and 2030 as their target year must reach a 20% reduction in kg CO_2e/kg.

b. Emissions per sold product: Calculated by taking the total emissions within the mandatory STICA scope and dividing them by the number of products the company has sold during the reporting year. Unlike emissions per purchased weight, this KPI aligns more with the business than the production phase and accounts for what is actually sold, meaning that one reduction lever is to reduce the level of potentially unsold goods, as well as increasing the number of sold products through alternative revenue streams. However, there are likely fluctuations between purchased and sold volumes over time. While this KPI is expected to be more volatile over time, what is important is the long-term trend.

c. Emissions per net revenue[4]: this is calculated by taking the total emissions within the mandatory STICA scope and dividing them by the net revenue of the company for the reporting year. It describes emissions per value added to the customer. This is a KPI more widely used outside of the apparel industry but enables a more comprehensive inclusion of revenue generated through secondhand sales, rentals and other circular business models. This KPI is more reactive to external factors, such as inflation and price increases.

2 In SBTi's Apparel and Footwear Guidance a physical intensity target of 2% linearly annually is suggested along with an absolute cap at the base year level. STICA, in this case, applies the 2% annual linear reduction of emissions per product sold, but does not require companies to cap the absolute emissions at the base year level.

3 SBTi's coming Corporate Net-Zero Standard Version 2 will require near term targets to be updated every 5 years. Thus, this is the evaluation time STICA adapts as well.

4 Emissions per SEK and emissions per kg take us one step closer to being able to compare companies' progress. However, there are still factors to consider when comparing results between companies. For example, assumptions made in the calculations, databases used, and the amount of primary activity data used.

2.3 Specific Requirements for Large Versus Small and Medium Companies

STICA aims to be robust in its reporting and takes into consideration the best practices put forward by e.g. the Science Based Targets initiative (SBTi) and the EU's Corporate Sustainability Reporting Directive (CSRD). To make the reporting efficient and useful to its signatories, STICA have set in place certain gradual implementation requirements, detailed in each section according to the following definitions:

> ***Large companies:*** *Companies with a turnover of more than 550 MSEK.*
> ***Small & Medium companies:*** *All companies that fall outside of the Large companies definition.*

STICA's signatories consist of a range of different-sized companies according to the definitions above. There are also fast-growing companies that pose challenges regarding e.g. identifying a realistic pathway to reduce emissions in line with STICA's requirements. Supported by SBTi and UNGC, companies may set near-term intensity targets for Scope 3 (Approach 2) to address challenges from rapid growth but must commit to long-term absolute reductions aligned with net-zero. This approach ensures signatories' total emissions decline over time, despite expansion, meeting global climate goals.

2.4 New Signatories

Although the general requirements listed in this document are deemed relevant and necessary for STICA's work in limiting the climate impact, STICA is aware that there is a fair amount of work required by the signatories. To support new STICA signatories in a smooth start to their work, there is a grace period according to the table below.

#	Signatory Requirements	Year 1	Year 2	Year 3
1	Measure emissions in Scopes 1, 2, and 3, and report to STICA	X		
2	Set near-term targets		X	
3	Communicate commitments	X		
4	Collect primary activity data (depending on company size)		X	X
5	Submit updates on Climate Action Transition Plan		X	X
6	Participate in STICA working groups and network activities	X		
7	Contribute to advocacy at the industry level	X		

2.5 Summary of Requirements and Timelines

#	Signatory Requirements	Who	By When
1	STICA signatories must 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 in this document.	All Signatories	No later than two years after becoming a STICA signatory.
2	STICA signatories must set near-term targets in accordance with the target setting requirements and show progress towards target achievement.	All Signatories	No later than two years after becoming a STICA signatory.
3	STICA signatories are required to collect primary activity data, both to increase the credibility of their calculations, and to enable more robust analysis and progress. Guidelines for how to define primary activity data, how much should be collected and when are included in the STICA guidelines.	All Signatories	See section on primary activity data collection. Requirements begin starting in 2028, but differ depending on the size of the company.
4	Once STICA signatories have measured their baseline emissions according to STICA guidelines and set targets, they are required to develop and submit annual updates on their Climate Action Transition Plans. This ensures climate action is embedded into the core business of the signatory and STICA can monitor the signatories' progress.	All Signatories	Companies must confirm key aspects of their transition plan is completed no later than two years after becoming a STICA signatory. All companies must submit annual updates on their transition plans.
5	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. STICA signatories should therefore contribute to advocacy at	All Signatories	This requirement is assessed on an annual basis.

	the industry level, at minimum through STICA relevant policy activities, but ideally beyond STICA activities.		
6	STICA signatories should participate in STICA relevant working groups and network activities. This ensures the robustness of the company network.	All Signatories	This requirement is assessed on a case-by-case basis.
Recommended but not required:			
7	*Scope 3 screening*		*As soon as possible, to align fully with the GHG Protocol.*
8	*FLAG targets for signatories in scope*		*By 2028 reporting, to align with the GHG Protocol*
9	*STICA signatories are recommended to set net-zero targets when STICA has developed new guidance after the launch of SBTi's Corporate Net-Zero Standard V2 (expected in 2026).*	*All Signatories*	*Large companies, by June 2028.* *Small and Medium companies by June 2029.*
10	*Third-party verification*		*As soon as possible.*

3. Annual Reporting Requirements

3.1 Annual Reporting Overview

By joining STICA, companies participate in a neutral platform for accountability, transparency, and shared learning. Annual reporting allows STICA to track individual and collective progress, analyze trends, and understand the impact of different reduction measures.

Each year, companies must report:

- GHG emissions for the most recent financial year, the previous year, and the base year
- Changes in emissions since the base year
- Methodologies used
- Any organisational or operational exclusions
- Targets and progress
- Transition plan activities and progress

To ensure data accuracy, STICA requires either third-party verification, consultancy assurances, the use of harmonized calculation tools, and/or STICA-led quality assurance checks.

3.2 Reporting Template and Structure

Use the reporting template for STICA for reporting in accordance with these requirements. Reporting is designed to be manageable for both smaller and larger signatories.

Reporting for Climate Transition Plans is covered via a separate survey.

3.3 Reporting Deadlines

Signatories are free to submit their report to STICA when it best fits their reporting timelines during the year. However, all reports of their most recent reporting year must be received by the STICA secretariat no later than June 30 each year. The reporting template is submitted to support-stica@2050.se.

Reporting on the status of signatories' Climate Transition Plans occurs in October.

3.4 Required Datapoints

Appendix A details what the annual report must include:

- General data
- Emissions reporting

- Methodological data
- Targets and other data
- Climate Action Transition Plans

STICA relies on the methodology of the GHG Protocol and the requirements from the SBTi in the companies' emissions reporting.

In general, companies committing to the SBTi should include emission sources where they have the potential to influence GHG reductions but are allowed to exclude activities that are not contributing significantly to their emissions. Specifically, SBTi requires companies to include 95% of Scopes 1 and 2 emissions and at least 67% of the emissions in Scope 3 for near-term targets.

The mandatory STICA scope includes Scopes 1 and 2 emissions and, for the individual signatories, relevant parts of Scope 3. To help ensure that near-term targets cover at least 67% of Scope 3 emissions, as required by the SBTi, STICA recommends – though does not require – that signatories conduct a comprehensive Scope 3 screening in their first year of reporting and every five years thereafter. Under the SBTi Apparel and Footwear Guidance, indirect use-phase emissions in Scope 3 are currently exempt from this requirement. However, STICA recognises the significance of use-phase emissions for apparel companies and therefore recommends that they be included in the screening to identify the Scope 3 categories most relevant to each signatory. Despite the outcome of the screening, the use-phase emissions should not be included in the target boundary.

If no Scope 3 screening is performed, STICA signatories must still report in accordance with the "Mandatory categories" listed in Appendix A. This ensures that critical parts of the value chain are accounted for.

4. Target Setting Requirements

STICA's target setting requirements are informed by the criteria and recommendations developed by the Science Based Targets initiative (SBTi). For a full breakdown on how STICA's target setting requirements differ from the SBTi, please refer to Appendix O - Gap Analysis vs SBTi. STICA does recommend signatories to officially commit to the SBTi to provide further solidity and accountability to their targets, as long as those commitments are in line with the requirements below.

STICA requires signatories to set absolute near-term targets in Scopes 1 and 2. In Scope 3, signatories may choose from setting absolute or intensity targets. In versions 1 and 2 of STICA's target setting requirements, companies were allowed to express absolute targets in intensity terms, meaning tying an intensity target to an absolute reduction. Although absolute and intensity targets are indirectly interconnected, in this updated version of the target setting requirements, version 3, absolute targets and intensity targets are separated.. For more background on why different target types are needed, and the differences between absolute and intensity targets, refer to Appendix F – Background to STICA's Target Setting Requirements.

STICA also encourages signatories to set sub-targets to aid progress, and if signatories conduct a screening of land-related emissions (see Appendix E – Screening of Land-Related Emissions in Line with GHG-LSRS and SBTi FLAG), signatories are recommended to follow SBTi's guidance and set FLAG targets. Read more in Appendix G – Recommended Targets.

Companies setting targets or updating their targets after the launch of Version 3 must follow the updated requirements. Signatories that have their existing targets developed using Versions 1 or 2 do not need to revise their targets following this update[5]. For companies wishing to revise their existing targets with these Version 3 as basis, please contact the STICA Secretariat.

4.1 Base Year

When setting a reduction target, companies must set a base year, from which all changes are measured. STICA recommends that companies select the most recent year for which they have representative data as their base year. Signatories shall choose the same base year for their Scopes 1 & 2 emissions and their Scope 3 emissions, as required by the SBTi when setting net-zero targets. In previous versions of STICA's target setting requirements, signatories were allowed to choose different base years for Scopes 1 and 2

5 If members have set targets that are temporary, that is Category 2 or 3 in version 1 or 2 of the target setting requirements, the signatory must develop new targets in line with these updated requirements.

and Scope 3 targets. More information on how the base year relates to the targets can be found in the sections below.

4.2 Requirements for Scopes 1 and 2 Targets

STICA signatories are required to set targets for Scopes 1 and 2 that represent the company's ambitions in the near term.

These targets must comply with the following:

- Have a base year no earlier than 2017 for companies setting their targets using version 1 of STICA's Target Setting Requirements. Companies setting targets using version 2 or 3 of STICA's Target Setting Requirements should not set a base year earlier than 2020.
- Have a target that stretches no longer than from 2017 to 2030 for companies setting their targets using version 1 of STICA's Target Setting Requirements. Companies setting targets using version 2 or 3 of STICA's Target Setting Requirements must have a target that stretches 5-10 years from the year the target was set[6].
    - Companies wanting to set 2030 as their target year are exempt from this criterion as 2030 has long been viewed as a milestone year. Members may set 2030 as their target year, although the target is submitted in 2026-2029. However, in line with SBTi requirements, this would mean that these members will have to reduce their emissions by 42% over a shorter time span.
- Cover at least 95% of emissions in the company's Scopes 1 and 2.
- Lead to an absolute reduction in emissions in line with the 1.5°C pathway. This means a minimum absolute reduction of 42% between 2020 and 2030.
    - If the base year is earlier than 2020, or the target year lies beyond 2030, an additional 4.2% reduction per year is required.
    - If the base year is later than 2020, a higher annual reduction rate is required to compensate for the shorter timeframe to net-zero. Companies can calculate their specific reduction target using SBTi's target-setting tool[7].
- Any target for Scopes 1 and 2 must have a minimum forward-looking ambition. This is to ensure that companies do not set targets that they have more or less already achieved. This means that the target must be consistent with reaching net-zero by 2050 at the latest.

---

6 Note that this requirement relates to the year the target was set and does not necessarily require a 5-10 year period between the base and target year. Example: The base year chosen is 2020. The year the target is set is 2026. The target year (5-10 years from the year the target is set, i.e., 2026) is 2035. The time between the base and target years is 15 years.

7 See the SBTi Corporate Near-Term Tool to calculate the required reduction for a specific base year and target year combination. Refer to the SBTi Corporate Net-Zero Standard V1.3.1 and its Method Appendix for the full methodology.

- To ensure alignment with this criterion, companies opting for an earlier base year must also submit their climate impact for the most recent year (MRY). The MRY must not be more than 2 years before the year of the target submission. For companies using the MRY as their base year (which is recommended), this criterion is irrelevant.
- If the minimum forward-looking ambition is not aligned with reaching net-zero by 2050, the reduction ambition must be adjusted (increased) accordingly[8].

4.2.1 Framing of Target

The framing of such a target is:

Example: *Company X commits to reducing its absolute emissions in Scopes 1 and 2 by 58.8% by 2034 from a 2024 base year.*

4.3 Requirements for Scope 3 Target

STICA signatories are required to set near-term Scope 3 targets that represent the company's ambitions going forward.

These targets must comply with the following:

- Have a base year no earlier than 2017 for companies setting their targets using version 1 of STICA's Target Setting Requirements. Companies setting targets using version 2 or 3 of STICA's Target Setting Requirements should not set a base year earlier than 2020.
- For companies setting targets under Version 1 of STICA's Target Setting Requirements, the target period may not extend beyond 2017–2030.
- Companies setting targets under Version 2 or Version 3 must set a target year that is 5–10 years from the year in which the target is established[9].
    - Companies wanting to set 2030 as their target year are exempt from this criterion as 2030 has long been viewed as a milestone year. Members may set 2030 as their target year, although the target is submitted in 2026-2029 (i.e. not 5-10 years after the target is set). However, in line with SBTi requirements, a shorter timeframe to net-zero means a

8 The methodology of the minimum forward-looking ambition is that if the emissions in the MRY are lower than for the base year, a linear reduction projection towards net-zero in 2050 is made, i.e, a reduction of 90% in absolute terms. The projection is then compared to the reduction ambition at the target year, and if the projected emissions in 2030 are lower than the target ambition, the target reduction level should be adjusted to be more ambitious. Example: in 2025, company X sets a target with a base year of 2020 (i.e. earlier than 2023, which is two years prior to the submission year). To ensure the minimum forward-looking ambition is enough, companies must provide data for their most recent year (in this example, 2024).

9 Note that this requirement relates to the year the target was set and does not necessarily require a 5-10 year period between the base and target year. Example: The base year chosen is 2020. The year the target is set is 2026. The target year (5-10 years from the year the target is set, i.e., 2026) is 2035. The time between the base and target years is 15 years.

higher annual reduction rate is required. Companies can calculate their specific target using SBTi's target-setting tool.

- Cover at a minimum the required STICA scope[10] within Scope 3.
- Follow Approach 1, 2 or 3 below.

4.3.1 Framing of Target

4.3.1.1 1.5°C Ambition Aligned – Absolute Targets

STICA strongly recommends its signatories adopt a target that leads to an absolute reduction in emissions in line with the 1.5°C pathway.

- For signatories with a base year of 2020 or earlier, the target ambition shall at least be a 4.2% linear annual reduction in absolute terms between the base year and target year.
- For signatories with a base year of 2021 or later, the annual reduction rate is higher than 4.2% to account for the shorter timeframe to net-zero. Companies can calculate their specific target using SBTi's target-setting tool.
- or signatories with a target year later than 2030, additional reductions beyond 2030 are required in line with reaching net-zero. Companies can calculate their specific target using SBTi's target-setting tool.

The framing of such a target is:

- Example 1: *Company X commits to reduce absolute Scope 3 emissions 46.2% by 2030 from a 2019 base year.*
- Example 2: *Company X commits to reduce absolute Scope 3 emissions 37.8% by 2030 from a 2021 base year.*
- Example 3: *Company X commits to reduce absolute Scope 3 emissions 46.2% by 2031 from a 2020 base year.*

4.3.1.2 Well-below 2 Degrees – Absolute Targets

While the scientific consensus is that absolute emissions reductions in line with the 1.5°C pathway are necessary in the short term, STICA accepts other targets that enable companies to make investments in the near term and decrease emissions at a rate consistent with reaching net-zero emissions by 2050.

10 The STICA scope and the justification of the inclusion criteria is explained further in the reporting guidelines. Note that companies submitting their Scope 3 targets for validation by the SBTi must perform a complete Scope 3 screening.

Approach 2 includes alternatives for absolute reduction targets in line with a well-below 2 degrees pathway:

- For signatories with a base year of 2020 or earlier, the target ambition shall at least be a 2.5% linear annual reduction in absolute terms between the base year and target year.
- For signatories with a base year of 2021 or later, the annual reduction rate is higher than 2.5% to account for the shorter timeframe to net-zero. Companies can calculate their specific target using SBTi's target-setting tool.
- For signatories with a target year later than 2030, additional reductions beyond 2030 are required in line with reaching net-zero. Companies can calculate their specific target using SBTi's target-setting tool.

The framing of such a target is:

- Example 1: *Company X commits to reduce absolute Scope 3 emissions 27.5% by 2030 from a 2019 base year.*
- Example 2: *Company X commits to reduce absolute Scope 3 emissions 26.6% by 2030 from a 2021 base year.*
- Example 3: *Company X commits to reduce absolute Scope 3 emissions 29% by 2031 from a 2020 base year.*

4.3.1.3 Near-term Intensity Target Not Aligned with Absolute Reductions

In line with the SBTi, STICA allows signatories to opt for physical and economic intensity targets.

1. Physical Intensity Target
   Companies may set an intensity target based on a physical unit (such as the number of sold or purchased products) with a reduction of **at least** 7% year-on-year. Companies choosing this approach must include all their products within the target boundary.

   The framing of such a target is:
   Example: *Company X commits to reduce Scope 3 emissions by 61.07% per unit sold by 2033 from a 2023 base year.*

2. Economic Intensity Target
   Companies may set an intensity-based target built on an economic intensity unit (such as value added). STICA requires companies setting economic intensity targets to have at least a 7% year-on-year reduction.

The framing of such a target is:
Example: *Company X commits to reduce Scope 3 emissions by 61.07% per MSEK value added by 2033 from a 2023 base year.*

4.3.2 Additional Information Required on Intensity Targets

In addition to setting a target, signatories opting for intensity targets not aligned with absolute emissions reductions are required to submit a projection of their total absolute emissions for the target year to the closest +/- 5% (e.g. "following our trajectory, company X will increase absolute emissions by 10-15% [for an estimated impact of 12%] in 2034 compared to the 2024 base year").

Signatories applying for economic intensity targets should articulate explicit growth assumptions, report actual growth against these assumptions, and outline a credible pathway demonstrating how financial expansion will be decoupled from absolute emission increases.

4.4 Net-Zero Targets

STICA's aim is for its members to reach net-zero by 2050 at the latest. STICA therefore highly recommends the signatories to set net-zero targets going forward. As SBTi is currently fine-tuning the Corporate Net-Zero Standard V2, STICA awaits the launch expected in 2026 before developing requirements for the signatories. Further, ISO is launching a Net-Zero Standard in 2026. With these as a basis, requirements on STICA signatories will be developed.

4.4.1 First-Movers Set Net-Zero Targets

For companies aiming to be first-movers within STICA, it is recommended that net-zero targets be set in line with the current recommendations from SBTi – Net-Zero standard. The company shall also commit to neutralizing the residual emissions from the target year and after. Net-zero targets are framed as a year in which the company considers itself to be net-zero, by 2050 at the latest. Net-zero can be achieved through 90% absolute reduction across all scopes. Optionally in Scope 3, companies can set physical or economic intensity targets with reductions of 97% per unit, from base year to target year.

Example: *Company X commits to achieve net-zero greenhouse gas emissions across the value chain by 2045.*

4.5 What Happens When a STICA Signatory Reaches Their Target?

We are approaching 2030, the target year for many signatories' near-term targets. While some signatories have already reached one or both of their targets, more will follow suit. STICA recommends

these signatories maintain their momentum, as additional emission increases can come from growth or factors not controlled by the signatories. Maintaining momentum will also help signatories plan for their long-term net-zero target and develop the necessary action plan. For companies that have not yet set a long-term target, establishing one should be the next priority.

4.5.1 Challenges in Target Development

If a signatory encounters difficulties in meeting STICA's expectations, it is expected to initiate a dialogue with STICA. This dialogue allows STICA to understand the support the company requires to achieve its target and to identify how STICA can assist.

Exclusion from STICA is a possible risk if the company is unable to show how serious and credible their climate-related work is, and how it is contributing to a change in the industry.

5. Primary Activity Data Requirements

To understand when real impact is achieved, STICA signatories must collect and analyze primary data. While STICA recognizes that this adds complexity to carbon accounting, it provides significant value: it is essential for developing a credible reduction strategy or roadmap, allows companies to take ownership of their data sources, facilitates progress tracking, and forms the basis for constructive dialogue with suppliers. Accordingly, STICA sets primary data requirements for signatories, as outlined in the table below.

The definition of primary activity data is data from specific activities within a company's value chain[11], i.e. actual consumption data collected from a supplier that is used to produce your goods. This covers all energy sources used by the supplier[12]. The basis for calculation (pieces, weight, etc.) must also be measured in order for the data to be considered primary. Collected data is considered primary for three years, unless major changes in the operations of the supplier are made.

The requirements on primary activity data are specified accordingly:

1. The share of primary activity data needs to meet the conditions specified in the table below.
2. Additionally, signatories must increase the number of suppliers they collect primary activity data from by two each year.
3. Volume is based on weight, rather than number of purchased pieces. For Tier 1, this means the volume in weight for ready-made products purchased from facilities[13]. For Tier 2 and Tier 3, it means the total weight of the specific fibers from each facility.
4. Tier 1 is the finished product assembly. This includes garment manufacturing.
5. Tier 2 is the material production. This includes textile formation and coloration.
6. Tier 3 is the raw material processing. This includes yarn formation and other intermediate products.
7. Within each tier, materials can move between different facilities. Primary activity data must be collected from each facility the material passes through. E.g. a cotton shirt is woven and colored in different facilities. Both are included in Tier 2 for the cotton shirt, and thus primary activity data must be collected from both facilities.

11 Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

12 Primary activity data here is only related to energy use. Information regarding waste and packaging are exempt from these primary activity data requirements.

13 If a company struggles to receive weight data for Tier 1, the number of pieces can be used as well.

The requirements relate to commercial goods only, and only for own brands. Third-party brands are exempted. So are non-textile products, smaller parts of the assortment (e.g. cosmetics/similar making up a small part of the overall assortment) and packaging.

Primary Activity Data Requirements	June 2028 Reporting (% volume)	June 2029 Reporting (% volume)	June 2030 Reporting (% volume)
Large companies*	Tier 1: 50% Tier 2: 20% Tier 3: 10%	Tier 1: 80% Tier 2: 40% Tier 3: 20%	Tier 1: 80% Tier 2: 60% Tier 3: 30%
Small & Medium companies*	Tier 1: 50% Tier 2: 0% Tier 3: 0%	Tier 1: 50% Tier 2: 20% Tier 3: 10%	Tier 1: 80% Tier 2: 40% Tier 3: 20%

*Large companies: Companies with a turnover of more than 550 MSEK.
Small & Medium companies: All companies that fall outside of the Large companies definition.

For more detailed guidance, please revert to Appendix H - Primary Activity Data Requirements.

6. Climate Action Transition Plans: Reducing Emissions in Line With Targets

Setting targets is a crucial part of a company's work towards reducing emissions, but it is not a guarantee that companies will take the necessary actions to meet their target. Therefore, STICA requires that signatories develop, implement, and regularly update a Climate Action Transition Plan which will be their guide for how they intend to reach their targets and transform their business.

6.1 Transition Plan Recommendations

STICA does not place detailed requirements on what transition plans should include or how they should be formatted. Different aspects, such as company size and other commitments, can impact the scope and content. Also, other reporting frameworks, such as the CSRD, may require specific information.

Currently, STICA assesses signatories' transition plans through an annual survey. We recommend signatories also benchmark and structure their plans against global standards such as the disclosure requirements for CSRD, SBTI, and the VSME. If a company makes its Climate Action Transition Plan publicly available, it is important it complies with the latest legislation. Below are three standards that can guide signatories in what should be included in their transition plans.

Under the Corporate Sustainability Reporting Directive (CSRD):

- Companies **must disclose** information about their **Climate Action Transition Plans** as part of their sustainability reporting in line with ESRS, particularly ESRS E1-1.
- Disclosure should cover **alignment with climate goals, mitigation actions and their expected emissions reduction impact (where quantifiable), allocated resources over relevant time horizons, integration into business strategy, and related risks and financial effects.**
- If a company does not yet have a plan, it must state this and detail whether and when one will be adopted.
- CSRD **does not itself require** companies to adopt or legally implement a plan — that obligation sits in separate laws like CSDDD, which have seen recent negotiation changes.

SBTi requires or expects companies to:

- Set science-based near-term and long-term/net-zero GHG targets.
- **Publish a Climate Action Transition Plan** (especially for larger companies) that shows the *actions, timelines, and resources* for achieving these targets.

- Align the plan with net-zero by 2050 objectives and provide transparent reporting on progress and updates.
- Review and update transition plans regularly as part of good climate governance.

VSME standard tells SMEs that if they **have a Climate Action Transition Plan** they *may* disclose it by:

- Explaining how the plan supports emissions reduction
- Defining its scope, actions, governance and timelines
- Relating it to GHG targets and company planning
- Describing monitoring and review arrangements

Keep in mind, according to the **Empowering Consumers for the Green Transition (ECGT) Directive:**

- The Climate Action Transition Plan must be feasible in practice and include clear, measurable goals with defined time frames.
- The plan should also include any other relevant components necessary to support and enable its execution.
- The business operator is responsible for ensuring that an independent expert regularly reviews how the plan is being followed. Please note that this is not the same thing as having your calculations third-party verified. The findings from these reviews must be made publicly available.

7. Quality Assurance

STICA will verify that company reports are accurate by requiring either 1) third-party verification; 2) assurances from a reputable consultancy; 3) ensuring companies use a common tool that has built in parameters; and/or 4) by doing quality assurance checks.

7.1 Third-Party Verification

Research and industry evidence show that third-party verification significantly improves the accuracy and reliability of emissions data and is associated with more substantial emissions reductions over time. Independent reviews also strengthen data quality, identify improvement opportunities, and enhance overall transparency – capabilities that are increasingly important as expectations for credible climate reporting rise. While large companies often realize clear strategic and compliance advantages from verification, STICA acknowledges that for small companies the benefits may be weighed against more limited internal resources, even though independent validation can still support better data practices and climate action.

Therefore, STICA does not require signatories to perform third-party verifications. The development of third-party verification is something that is followed closely and may be added moving forward.

To read more on third-party verification, we refer to CDP's guide on the subject.

7.2 STICA Quality Assurance Checks

7.2.1 Process

Each year, a predetermined number of randomly selected companies will be requested to submit all their activity data for a quality assurance check. This check may be performed in company-specific reporting tools, documents, or other data sources. The purpose of this quality assurance process is to ensure credibility, and to confirm that the reporting guidelines are correctly understood, followed and implemented across all STICA signatories.

Quality assurance checks are conducted throughout the year, and signatories may submit this data to STICA once they have finalised their annual calculations. *Quality checks by STICA do not qualify as independent third-party verification.*

7.2.2 Required Documentation and Evidence

The relevant data must be made available to enable the following checks:

- Calculation process
- Emission factors, sources, and relevance for each data point (further details on emission factors are provided in Appendix I)
- Completeness check verifying that all facilities, products, and areas that should be disclosed are included
- Reasonability-check confirming that the activity data reports are within reasonable limits, such as energy use per square meter. This check will be conducted wherever feasible.

Companies that need to go through a quality assurance check must be able to provide this data in an accessible format and in a timely manner. STICA expects all signatories to carry out quality assurance checks even if they are not selected for a STICA quality check.

8. Public Disclosure and Communication

The importance of transparency in reporting emissions of greenhouse gases cannot be overstated. It is important that signatories communicate their climate action calculations and commitments in a way that both adheres to legal requirements and ensures credibility. STICA will publish signatories' greenhouse gas calculations and targets on an annual basis.

Each company has an obligation to ensure that they follow the regulations in place for their company.

When communicating information in company sustainability reports, STICA requires that the following is included:

- Base year emissions calculations
- Target description and year
- Climate Action Transition Plan
- Emission increases or decreases since base year
- Percentage of primary activity data used in the calculations
- Whether calculations are third-party verified, and if so, the verification type

In addition to these requirements, STICA signatories are encouraged to provide further details on actions they are taking to actively reduce their emissions.

When communicating information on your company's consumer-facing channels, it must comply with the Empowering Consumers for the Green Transition (ECGT) Directive. This requires that the transition plan and progress towards the targets are publicly available, e.g. on your company website.

Each company must ensure that the transition plan is regularly reviewed to verify its implementation. The review must be conducted by an independent party with relevant expertise. The conclusions from the review must be made publicly available, in accordance with the ECGT Directive.

If referring to STICA, the text provided below should be used along with the approved logotype.

Suggested Text

*Company X is a signatory of the Scandinavian Textile Initiative for Climate Action (STICA). STICA aims to ensure that the apparel and textile industries in the Nordic region and Europe r**educe their greenhouse gas emissions in line with 1.5°C warming pathway**, as outlined by the United Nations Framework on Climate Change and the Paris Agreement. STICA is led by The Sustainability Fashion Academy, a non-profit, independent organization.*
https://sustainablefashionacademy.org/stica/climate-action-program-network/

As a signatory of the Scandinavian Textile Initiative for Climate Action (STICA), we commit to:

1. *Reducing our absolute greenhouse gas emissions in Scopes 1, 2 and 3 by X% by 20XX from a 20XX base year. Our targets are calculated in accordance with the Greenhouse Gas Protocol and aligned with the 1.5°C pathway required by scientific consensus;*
2. *Communicating our commitments and progress publicly, in compliance with legal requirements;*
3. *Collecting an increasing amount of primary activity data annually to improve accuracy of calculations;*
4. *Submitting annual updates regarding our Climate Action Transition Plans to the STICA secretariat;*
5. *Participating in STICA working groups and network activities;*
6. *Contributing to climate advocacy at the industry level.*

STICA Communications Materials

You can find approved logo types for STICA in the STICA Teams Library.

9. Exiting STICA as a Signatory

Committing to STICA's requirements is a serious act of accountability and leadership. Companies that do so help demonstrate that meaningful change is possible and should be highly commended. Participation in STICA should also be understood as a long-term commitment. While we recognise that the economic circumstances of signatories may change, a decision to exit STICA should not be taken lightly, as fewer participants ultimately reduce collective impact and resources.

At the same time, signatories are expected to meet STICA's core requirements. Companies that do not adhere to these may be asked to leave the initiative. In particular, failure to report for two consecutive years will typically result in being asked to leave, although each case will be considered individually.

10. Contact and Support

If you have any questions or need clarification regarding these guidelines, please do not hesitate to contact us. The STICA secretariat is here to provide support and ensure you have the resources needed to meet the requirements and adhere to the guidelines.

Michael Schragger
Director, The Scandinavian Textile Initiative for Climate Action (STICA)
michael@sustainablefashionacademy.org
+46 733 30 90 60

11. Appendices

11.1 Appendix A — Full Annual Reporting Datapoints

11.1.1 General Data

- Reporting periods for which all reported data refers: the reporting year, the year before the reporting year, and the base year
- Reporting company name
- Any discrepancies to the determined consolidation approach for GHG inventory for STICA signatories (see accounting approach for STICA signatories outlined in Appendix B)
- Net revenue for all reporting periods
- Share of revenue related to apparel and footwear products, for all reporting periods
- Number of employees (FTEs), for all reporting periods
- Number of net sold products, for all reporting periods
- Number of purchased products, for all reporting periods
- Number of unsold products, for all reporting periods
- Total area of all facilities, for all reporting periods
- Organizational boundaries including geographies, subsidiaries, joint ventures etc. Exclusions should be motivated.
    - For example: *The operations of our US subsidiary are excluded from our figures, from an assessment made in 2021 it was estimated that the subsidiary only stood for 1% of the impact in Scopes 1 and 2 and 3% in Scope 3.*
- Operational boundaries including exclusions of product segments, departments etc. Exclusions should be motivated.
    - For example: *Our beauty assortment is excluded from our figures, from an assessment made in 2020 it was estimated that the beauty assortment stood for 2% of our Scope 3 emissions and since then the relative share of the revenue from the beauty assortment decreased.*
- Shares of total emissions which come from actual data and estimated data. Actual data is for example weight, volume or distance whilst estimated data is based on spent money, number of trips or extrapolations from actual data. Companies should also disclose the share of primary versus database data in production, i.e. if emissions are calculated using primary activity data from suppliers (energy and fuel use) or using average values from emission factor databases in combination with data on purchased product volumes.

11.1.2 Emissions Reporting

The following section is split into two parts: Mandatory categories and Optional Scope 3 categories. The optional Scope 3 categories may need to be reported based on the results of a Scope 3 screening. If a company has conducted the recommended Scope 3 screening and identified additional categories are needed to meet the 67% inclusion threshold, these must be included in the emissions reporting.

Mandatory Categories

A. Total emissions in **Scope 1**. Biogenic emissions in Scope 1 should be reported separately, i.e. emissions from biogenic CO_2 excluded from the company inventory.

B. Total emissions in **Scope 2 (Market based)**. Biogenic emissions in Scope 2 should be reported separately, i.e. emissions from biogenic CO_2 excluded from the company inventory.

C. Total emissions in **Scope 2 (Location based)**

D. Emissions in **Scope 3, Category 1 Purchased goods and services**. Only commercial goods i.e. items to be sold to customers. All packaging (transportation-, intermediate- and consumer packaging) is considered commercial for the purpose of this reporting, e.g. cardboard boxes for transportation and product specific packaging such as polybags and wrapping material.

   Where possible, emissions should be broken down into tiers (Tiers 1–4) and key process categories (e.g. dyeing, packaging). If data granularity is insufficient, aggregate emissions for all purchased goods can be reported.

E. Emissions in **Scope 3, Category 4 Upstream transportation and distribution**. All inbound transport[14], regardless of whether the transport is paid for or not by the reporting company, should be disclosed in GHG Protocol's Scope 3 Category 4 Upstream transportation and distribution. Category 4 also includes other purchased transport paid for by the reporting company (even outbound transport) and any upstream transport-related activities, such as third-party warehousing solutions.

   If possible, companies should separate these emissions between inbound, intermediary and outbound.

14 Inbound transportation includes the transports fromTtier 1 suppliers to the facilities of the reporting company. Outbound transportation and distribution include transports from the facilities of the reporting company to retail/wholesale/end customers etc. Intermediary transportation includes the transports between two of the reporting company's facilities.

Please note that any transport between two suppliers in the production not paid for by the reporting company should be included in Scope 3, Category 1 Purchased goods and services.

F. Emissions in **Scope 3, Category 3 Fuel and energy-related activities.** Emissions from the production and distribution of fuels before it reaches e.g. the furnaces, cars or power plants where the fuels are consumed. Note: this only applies for emissions not accounted for in Scopes 1 and 2. For example, the upstream emissions of consumed electricity and fuels are reported here.

G. Emissions in **Scope 3, Category 9 Downstream transportation and distribution**. Any outbound transport not paid for by the reporting company should be disclosed here. Transports paid for by B2B customers should be reported here. For companies with business models where the products are sold in other companies' stores it is strongly recommended that Scopes 1 and 2 emissions from these stores are included in this category even though these emissions are generally small, e.g. emissions from concession stores. Category 9 could also include emissions from consumer transport to and from stores and other downstream transport-related activities but since these emissions are not included in the minimum boundary of the GHG Protocol it is not required by STICA.

Optional Scope 3 Categories

H. **Category 3.1 Purchased goods and services, Other purchases**. For example, emissions from materials other than those purchased with the intention to sell to customers, such as hangers or office interior. Also includes emissions from purchased services such as consultancy services.

I. **Land-related emissions**. Land use and land use change emissions related to purchased materials based on natural animal- and plant fibers, as well as man-made cellulosic fibers. These should be disclosed both separately from other (non-land-related) emissions and as part of the total inventory.

J. **Category 3.2 Capital goods**. Emissions from purchased products listed as capital goods in the financial accounting, e.g. production machinery, vehicles and facilities.

K. **Category 3.5 Waste generated in own operations**. Emissions from waste management of waste generated in own operated warehouses, stores etc.

L. **Category 3.6 Business travel**. For example, business flights, hotel nights or train travel excluding everyday work commute.

M. **Category 3.7 Employee commuting**. Emissions from the everyday commute of employees, excluding business travel.

N. **Category 3.8 Upstream leased assets**. As all STICA signatories should use an operational control approach no emissions should be reported in this category.

O. **Category 3.10 Processing of sold goods**. Emissions from further processing of a sold product before reaching the end consumer, e.g. printing.

P. **Category 3.11 Use of sold products**. For example, emissions from used electricity in sold home interior. It should also include indirect use from washing and drying of garments sold even though this is excluded from the minimum boundary of the GHG Protocol as this impact is usually substantial for apparel and footwear companies.

Q. **Category 3.12 End-of-life treatment of sold products**. Emissions from waste management in the end-of-life of the products sold by the company. In general emissions from Category 12 are relatively insignificant but looking at the overall industry these emissions are material.

R. **Category 3.13 Downstream leased assets**. Scopes 1 and 2 emissions from assets leased to another company.

S. **Category 3.14 Franchises**. Scopes 1 and 2 emissions from franchises, for example emissions from franchise stores' electricity and heat use.

T. **Category 3.15 Investments**. For example, emissions from potential subsidiaries and joint ventures. The reporting company should account for the same share of emissions from a subsidiary as the ownership share for that subsidiary.

11.1.3 Methodological Data

For **each** reported data point (A-U above) companies must report:

- The activities included (and any exclusions) for the category (for example: *For business travel: flights, trains and taxis are included. Bus and ferry are excluded.*). Any exclusions need to contain motivation for the exclusion (for example: *Bus and ferry travel make up less than 1% of business travel emissions and are therefore omitted.*).
- Any assumptions made to make calculations or fill data gaps (for example: *Some flights have been booked outside of our travel agency. We have assumed that the emissions from these are*

the same per SEK spend, as for those booked with our agent. These flights account for 10% of spend with business travel.).

- Any estimates made, and an explanation of the basis for these estimates (for example: *We estimate that there is an average cut waste of 10% in all our Tier 1 suppliers' operations, based on a survey covering 12 of our largest suppliers.*).
- On a general level, the sources for emission factors used – i.e. not per data-point (for example: *For transports, emission factors used come from NTM Calc (https://tinyurl.com/NTMCalc4).*).

11.1.4 Targets and Other Data

Companies must also disclose data on their targets, their progress and potential emission reductions. Companies follow STICA's target requirements when setting their targets.

- Scopes 1 and 2 emissions reduction targets, including base year, target year, reduction ambition (i.e. percentage reduction), any partial targets and any exclusions.
- Scope 3 emissions reduction target, including base year, target year, reduction ambition (i.e. percentage reduction), any partial targets and which categories are included in the target. Any exclusions should be reported, described and motivated for each Scope 3 category.
- Change in emissions compared to the base year, for both Scopes 1 and 2 and each Scope 3 category included in the target boundary. This should include a brief explanation of what the major drivers behind this change were. If companies reduce/increase their emissions by 5% or more compared to the previous reporting year, they must clearly outline where these reductions/increases stem from to ensure the credibility of the results. Companies must also state whether the changes are part of the roadmap, i.e. the long-term plan.
- Any changes to assumptions, methodology, coverage, or other aspects other than emission reduction, during previous years' results, including the base year, including a brief explanation of why these changes were made.
- Whether companies have set public targets, committed to SBTs, and obtained third-party assurance or verification.

11.1.5 Climate Transition Plans

Companies must submit detailed responses to a set of standardized questions regarding their Climate Transition Plans on an annual basis. The STICA Secretariat reviews these submissions and engages directly with each company to provide guidance, request clarifications, and monitor progress toward emissions reduction targets.

11.2 Appendix B — Methodological Choices

11.2.1 Consolidation Approach for STICA Signatories

STICA signatories must use the operational control approach when reporting GHG emissions.

Using the operational approach means that companies should account for emissions from leased assets under operational control as Scope 1 instead of Scope 3[15].

When it comes to company operated cars, the operational control approach accounts for rental and leased cars in Scope 1 since the employees have full operational control over the car, although the company does not own the cars. On the other hand, emissions from taxis are reported in Scope 3 since the company buys a service from the taxi company.

Similarly, for transport, companies with employees operating trucks and buses should report these emissions in Scope 1. Companies that buy transport services from transport companies, like UPS or DHL, should report these emissions in Scope 3.

For more information about the operational approach, see the GHG Protocol Corporate Standard.

11.2.2 Market-Based and Location-Based Method for Scope 2 Emissions

STICA signatories should use the market-based method when reporting GHG emissions from energy.

Location-based emissions should also be accounted for and reported separately, in line with the Greenhouse Gas Protocol, but the market-based method is the primary method and should be used in all cases where nothing else is specified. Calculations using the market-based method account for not only the location of the electricity generation but also market mechanisms, such as guarantees of origin for the specific source of electricity generation (e.g. wind, solar, nuclear etc.)[16].

15 The reason for advocating the operational control approach is that if a company rents and operates an asset, the renting company should account for the emissions from the asset and not the owner of the asset. If the financial control approach was used, the owner of the asset would instead account for these emissions. The financial control approach is, for example, usually recommended for real estate businesses where the companies can affect the climate footprint of the facilities in terms of making the facilities more environmentally friendly. Within the apparel sector though the operational control approach is more relevant.

16 Calculations using the location-based method are based solely on where electricity is consumed and the production mix of that location (e.g. the Nordic average electricity mix). This method does not account for the use of specific electricity sources. Companies aiming to set a science-based target should select either the location-based or market-based method to calculate base-year emissions and track performance over time. The market-based method is recommended, as it allows companies to see the direct impact of switching from fossil to renewable electricity sources on total emissions. For more information, see the GHG Protocol Scope 2 Guidance.

11.3 Appendix C — Calculation of Emissions Within Mandatory Scope

STICA requires its signatories to report on specific emissions within their inventory deemed highly relevant to textile companies, in line with the Greenhouse Gas Protocol methodology. These emissions, and guidelines on how to calculate them, are presented below:

11.3.1 Scope 1

- Emissions should be calculated based on activity data such as liters of fuel used or volume of gases emitted, multiplied by relevant emission factors.
- Biogenic CO_2 emissions (e.g. from combustion of biomass or biofuels) should be calculated and reported separately, excluded from the total Scope 1 figure.

11.3.2 Scope 2

- Market-based: Emissions should be calculated based on activity data (e.g. purchased electricity in kWh) and using supplier-specific emission factors reflecting contractual electricity purchases (e.g. guarantees of origin, green tariffs). Where no such data is available, a country specific residual mix factor should be used.
- Location-based: Emissions should be calculated using average grid emission factors for the geographical location where electricity consumption occurs. These factors are typically published by national or regional authorities.
- Biogenic CO_2 emissions (e.g. from combustion of biomass or biofuels) should be calculated and reported separately, excluded from the total Scope 2 figure.

11.3.3 Scope 3, Category 1 Purchased Goods and Services, Commercial Goods

- Emissions should be calculated using activity data such as the weight of materials or units purchased, multiplied by life-cycle emission factors (cradle-to-gate) specific to each material or product.
- It is recommended, if possible, that companies also divide data into:
    - Garment manufacturing (Tier 1)
    - Textile formation (Tier 2)
    - Coloration (Tier 2)
    - Yarn formation (Tier 3)
    - Preparation (Tier 3)
    - Raw material extraction (Tier 4)

    - Coloration, printing, laundry, and other processes that are not included in the above
    - Transport between factories, up until a finished garment
    - Packaging used in the production phase, and in e-commerce
- If companies cannot divide their data into these categories, they can report their total Tiers 1-4 emissions from Purchased goods and services. The emissions can also be divided between Tier 1 and Tiers 2-4. Signatories should clearly disclose which activities are included in each step of their production.
- When using primary activity data (see section 9.8) from suppliers, this data should constitute production-related Scope 1 and 2 emissions as well as upstream emissions corresponding to Category 3.3 Fuel and energy-related activities, calculated in the same manner as the signatory's own emissions. Supplier emissions can then be allocated to the signatory by using purchased volumes in relation to the supplier's total produced products.
- The use of primary activity data within production is often combined with estimated data. This can be done in different ways:
    - Primary activity data within Tier 1: Companies can estimate the remaining Tier 1 emissions using the primary activity data at hand. This is done by making reasonable averages of emissions per product. E.g. one average can be made per product type. For the rest of the emissions from commercial goods, global average emissions factors based on the weight of the purchased materials can be used.
    - Primary activity data within several tiers: When a company collects primary activity data from more than Tier 1, the same method as above can be used for each separate tier where there is primary activity data. Another option is to handle Tier 1 as above, but use global average emission factors for the remaining emissions in the value chain. As primary activity data is often more difficult to collect further up the value chain, the share of collected primary activity data per tier tends to be smaller. Thus, it is less reliable to build averages on that data.

11.3.4 Scope 3, Category 3 Fuel and Energy-Related Activities

- Emissions should be calculated using upstream emission factors for electricity and fuels used, covering extraction, refining, and distribution. Only emissions not already accounted for in Scopes 1 or 2 should be included here, such as T&D (transmission and distribution) losses for electricity and well-to-tank emissions for fuels.

11.3.5 Scope 3, Category 4 Upstream Transportation and Distribution

- Emissions should be calculated using distance travelled and weight or volume of goods transported, multiplied by emission factors per transport mode. All calculations should apply a well-to-wheel (WTW) approach to cover the life-cycle impact from transporting the reporting company's goods. The transport emissions must be reported in CO_2e as there are other greenhouse gases in conventional fuels than CO_2 that should be considered. Where possible, data should be separated by inbound, intermediary and outbound transport. Third-party warehousing and handling emissions should be included where applicable.

11.3.6 Scope 3, Category 9 Downstream Transportation and Distribution

- This category should include emissions generated by downstream transport that the signatory does not pay for. This could, for example, include transport in a B2B sales scenario where the purchasing part arranges their own transport of the goods. Emissions generated by the end-customers' transport from and to the point of purchase can be included here but is not required by STICA. Scopes 1 and 2 emissions of any stores and downstream storage facilities that are part of the retail chain, but outside of the signatory's own operation, should also be included here. This could for example be concession stores or whole-sale customers' warehouses.

11.4 Appendix D — Scope 3 Screening Methodology

A Scope 3 screening is strongly recommended to all signatories. The purpose of the screening is to identify material emission categories which can then be further explored to get a better understanding of said emissions, and how to work to reduce them. **STICA recommends its signatories to perform a Scope 3 screening, and to include at least 67% of Scope 3 emissions in target setting and reporting. Only the emissions included in set targets need to be followed up every year.** If a screening shows that additional and/or other emissions categories need to be reported on, these new categories need to be calculated for the base year as well. Signatories should perform the screening every fifth consecutive year, in line with SBTi requirements.

Screening Scope 3 emissions constitutes going through each of the GHG Protocol's 15 Scope 3 categories, identifying sources of emissions and calculating these emissions. In a screening scenario, emissions calculations can usually be performed using estimates based on company-specific data in combination with standardized emission factors. Below follows a list of all 15 categories and a brief description of how emissions can be screened within each category.

11.4.1 Category 1 Purchased Goods and Services

- For purchases other than those directly related to commercial goods, emissions can be calculated using spend-data, i.e. amount of money spent in different purchasing categories, be it goods or services.

11.4.2 Category 2 Capital Goods

- Emissions can be calculated using spend data, following the same categorization of capital goods as financial accounting.

11.4.3 Category 5 Waste Generated in Operations

- For STICA signatories, material emissions within this category should mainly be related to disposed packaging material in own warehouses and/or stores, and in owned production units. Other waste, such as that generated in offices, can be estimated using the number of employees when specific data is not available. Generated waste volumes (by weight) should also be categorized by type of waste management solution (such as recycling or landfill).

11.4.4 Category 6 Business Travel

- Emissions can be estimated with spend-data, calculated with activity data such as travelled distance and hotel nights, or using emission reports from travel agencies.

11.4.5 Category 7 Employee Commuting

- Emissions can be calculated based on employer commuting habits, gathered through an employee survey. Calculations can also be based on averages.

11.4.6 Category 8 Upstream Leased Assets

- As all STICA signatories should use an operational control approach, no emissions should be reported in this category.

11.4.7 Category 10 Processing of Sold Products

- If the signatory sells products that require processing in any way, by the end customer or by a retailer, emissions from those activities should be reported within this category. This could, for example, be branding of apparel items through printing or embroidery.

11.4.8 Category 11 Use of Sold Products

- For STICA signatories, use of sold products generally constitutes washing, drying and ironing of apparel items. This type of use, in contrast to for example the use of an electric appliance or a car, is usually hard to track and influence and is thus outside what the Greenhouse Gas Protocol calls the “minimum boundary” of reporting requirements. When performing a Scope 3 screening, STICA highly recommends signatories to screen these emissions as this impact is usually substantial for apparel and footwear companies. Emissions outside of minimum boundaries are not included in the target boundary when setting a target in line with SBTi.
- STICA recommends all signatories to follow the methodology to calculate emission in the use-phase as described in the Product Environmental Footprint Category Rules for Apparel and Footwear (PEFCR A&F). Emissions are calculated using average weights of sold products together with standardized values for washing, drying and ironing of apparel items. All of these can be obtained through the PEFCR A&F. More company-specific data could also be used, such as specific weights, destination countries and washing recommendations. There are also detailed descriptions of how to calculate the effect of prolonged product lifetimes (Duration of Service) through intrinsic product durability and repairability. For more information, please visit the European Commission’s website on the PEF methodology.

11.4.9 Category 12 End-of-Life Treatment of Sold Products

- Emissions can be estimated based on data about sold products, including their average weight and the country where they are sold (or the destination country in the case of e-commerce). This information is combined with average emission factors for different waste treatment methods—such as landfill, recycling, and incineration—along with country-specific data on how textile waste is typically managed.

11.4.10 Category 13 Downstream Leased Assets

- If available, emissions should preferably be calculated using activity data such as used kWh of electricity or litres of fuel but could also be calculated using averages. If the reporting company retains operational control over the leased asset, 100% of the assets' Scopes 1 and 2 emissions should be included; otherwise, emissions should be allocated proportionally based on lease duration or usage.

11.4.11 Category 14 Franchises

- This category should include emissions generated in the operation of franchises (i.e. the Scope 1 and Scope 2 emissions of franchises)

11.4.12 Category 15 Investments

- Emissions from investments, of which the signatory has operational control, following the operational control approach, should be reported in the signatory's Scope 1 and Scope 2 and the relevant Scope 3 categories (1-14) by 100% even when the signatory owns less than 100%.
- In this category emissions from investments, of which the signatory does not have operational control, e.g. associated subsidiary and joint ventures, should also be included. The emissions that shall be disclosed relates to the equity share, e.g. the signatory owns 40% of an associated subsidiary (where the signatory lacks operational control) and shall therefore disclose 40% of the emissions from the associated subsidiary. The minimum boundary for this category is the investment´s Scope 1 and 2. The Scope 3 emissions are optional to disclose.

11.5 Appendix E — Screening of Land-Related Emissions in Line with GHG-LSRS and SBTi FLAG

In January 2026, the Greenhouse Gas Protocol released the Land Sector and Removals Standard(LSRS). This new standardbuilds upon the Corporate Standard and Scope 3 Standard and describes how companies should calculate and report land-related emissions as well as carbon removals. The is a mandatory addition to the GHG Protocol much like the Scope 3 Standard before it. This means all companies who account for their GHG inventory according to the protocol will have to comply with the new requirements and reporting structure. The extent to which companies are affected will however differ.

For STICA signatories, a screening of land-related emissions is of high relevance as many raw materials are sourced from forestry and agricultural activities. The LSRS will guide and support companies in accounting for these emissions, divided into Land Management and Land Use Change emissions, as well as potential carbon removals. For STICA signatories, these emissions most often arise in Scope 3 Category 1 Purchased goods and services, during the extraction of raw nature-based materials such as cotton, wool, or cellulosic fibers. However, they can also occur elsewhere in the value chain.

STICA are awaiting the final version of the GHG Protocol Land Sector and Removals Guidance before detailing what FLAG targets signatories will need to set. For now, no requirements are put on the signatories to set FLAG targets. Please read more in the section on target setting requirements.

Definitions and Boundaries:

The following definitions, shared by both the GHG Protocol and SBTi, are from the latest draft of the LSRS which SBTi refers to for calculating land-related emissions until the final guidance is published.

- Land Management emissions: All emissions that occur on-farm in land-related operations and production systems. For example, this includes soil emissions from nitrogen fertilizer application, enteric fermentation in ruminants and losses in soil carbon stock, as well as emissions from industrial activities that occur on-farm such as the combustion of fossil fuels in tractors or electricity used for drying crops.
- Land Use Change: includes greenhouse gas emissions and losses of carbon stock that occur as a result of land use change, when an area changes from one land use to another.

11.5.1 Land Management Methodology

Land Management emissions are mostly equivalent to STICA Tier 4 emissions. In cases where Tier 4 emissions are not available, they should be calculated in line with LSRS. Land Management includes all emissions occurring on-farm to farm-gate, including activities such as:

- Fuel and energy related activities from agricultural and/or forestry practices
- Soil emissions, including use of fertilizers
- Emissions from enteric fermentation from livestock

11.5.2 Land Use Change Methodology

When accounting for Land Use Change (LUC) emissions, the most geographically representative data should be used. Where the exact origin of purchased materials is known, LUC emissions can be calculated for the specific land where the potential LUC has occurred. This is called direct Land Use Change (dLUC). In cases where exact origins are unknown, emissions are instead calculated on a country or regional level as statistical LUC (sLUC) using a methodology described in the LSRS. Many emission factor databases currently include LUC calculated as sLUC. For a screening of land-based emissions, sLUC is recommended. When accounting for LUC emissions, an assessment period of 20 years shall be applied. A linear discounting method is suggested to distribute emissions across the assessment period.

When accounting for LUC emissions from animal fibers, please acknowledge that LUC emissions vary depending on livestock and assumptions regarding the production system. Potential emissions include LUC from mostly the cultivation of crops for animal feed. Livestock may also be associated with multiple products, and therefore an allocation of emissions is necessary. For example, in the case of leather, which is often considered a co-product of meat production, an allocation of emissions between meat and leather is required to accurately reflect associated emissions. The same applies to materials such as wool and cashmere. For plant-based fiber materials and man-made cellulosic fibers, an allocation of LUC emissions is typically not necessary. For more information regarding emission allocation, see the Greenhouse Gas Protocol Land Sector and Removals Standard (LSRS). Suggested input values of relevance for calculating emission allocation are listed below:

- Feed consumed per year per individual livestock
- LUC emissions from feed
- Fiber (e.g. wool) produced per year per individual livestock
- Meat produced per year per individual livestock

11.6 Appendix F — Background to STICA's Target Setting Requirements

11.6.1 Why Different Target Types are Needed

Companies that publicly commit to GHG reduction targets in line with 1.5°C and are implementing a credible roadmap to meet these targets are demonstrating serious leadership and responsibility. That being said, we also acknowledge that:

- Smaller commercial companies begin their journey with smaller greenhouse gas base years, and therefore, if they continue to grow, they may have more difficulty halving their emissions in the time frames stipulated by current methods.
- Some companies, if new signatories in STICA, are just starting their journey and have not yet sufficiently assessed how absolute reductions impact their business and/or have not yet created company reduction roadmaps that are anchored internally.
- Absolute reduction requirements can place limits on the traditional business model and the growth ambitions of companies – both new, fast-growing challengers and high-performing businesses that want to take market share.
- Companies that have done significant reductions before the set base year will be disadvantaged, as the low-hanging fruits of reduction actions may have been picked already. The last percentage reductions are often more challenging and costly than the first.

11.6.2 Absolute Versus Intensity Targets

The main difference between absolute and intensity targets is that absolute targets link to absolute emissions in tonnes CO_2e, while intensity targets link to the relative emissions in terms of tonnes CO_2e per unit. Intensity targets may be expressed as physical or economic intensity targets, where physical intensity targets relate to a physical unit such as the number or weight of products and economic intensity targets relate to the economic value added[17] in the relevant currency. Intensity targets do not come with any limitation on absolute emissions reductions.

Achievement of absolute targets relies on reductions of absolute emissions. For intensity targets, achievement too relies on reductions of absolute emissions, but also on increases in the denominator (i.e. the sold products or value added).

17 SBTi's definition of *value added* is normally EBITDA + personnel costs

The risk of intensity targets with no absolute reduction requirement is that absolute emissions are not limited in any way. A company can decrease emissions per product sold and still increase absolute emissions if the number of products sold increases faster than the emissions reduction rate.

STICA's target setting requirements are informed by the SBTi, which allows companies to set intensity targets. However, STICA strongly recommends signatories to set absolute targets, specifically aligned with the 1.5°C pathway.

While both physical and economic intensity targets can result in increased absolute emissions, economic intensity targets pose additional challenges due to their reliance on financial metrics. These challenges introduce methodological complexities that warrant further explanation, which is provided in the following subsection.

11.6.2.1 Economic Intensity Targets

Economic intensity targets relate emissions to the economic value added, expressed in currencies such as SEK, NOK, USD or EUR. In SBTi guidance, a 7% year-on-year[18] reduction rate in economic terms is required. This is based on a global GDP growth projection and carbon emissions assumptions and means that only companies growing slower than this rate will reduce their absolute emissions under an economic intensity target.

The approach builds on the premise that global GDP equals the sum of value added across economic actors. If a company's emissions per unit of value-added decline, but the company's emissions grow at or above the boundary rate (≈7% annually), any efficiency gains can be offset by growth in the absolute emissions. Importantly, the SBTi boundary uses a global projection, not firm-specific growth. Economic intensity targets therefore only align with global carbon budgets if the company's actual growth rate remains below the boundary (≈7% annually).

Under the assumption that company growth translates directly into growth in absolute emissions, this leads to the following implications:

- If company growth < 7% per year, the intensity improvement translates into absolute emission reductions.
- If company growth ≈ 7% per year, absolute emissions are broadly flat.
- If company growth > 7% per year, absolute emissions increase, even if the intensity target is met.

18 *Year-on-year* means an exponential change and not a hard requirement of reductions every year. The year-on-year reductions are aggregated over the period from the base year to the target year.

Because the denominator is financial, economic intensity targets are sensitive to factors unrelated to operational decarbonisation, such as inflation (where nominal value added can increase without real productivity or decarbonisation gains) and currency fluctuations, which can inflate or deflate reported value added when converting foreign operations into the reporting currency.

As a result, economic intensity targets are generally less robust than absolute targets and less reliable than physical intensity targets, which link to real-world physical units and avoid the above financial distortions.

11.7 Appendix G — Recommended Targets

Apart from the required near-term and net-zero targets, companies may set other climate-related targets. Should signatories' results show that their land-related emissions exceed 20% of total Scopes 1-3 emissions, they are recommended to follow SBTi's guidance and set FLAG targets. Further, STICA recommends sub-targets to steer progress and processes in the right direction, such as renewable energy targets, coal phase-out targets, or primary activity data targets.

11.7.1 Target for Land-Related Emissions (FLAG)

To set Forest, Land and Agriculture (FLAG) targets through the SBTi, performing a screening on land-related emissions is mandatory. If the land-related emissions represent 20% or more of total emissions (Scopes 1, 2 and 3 included), companies are required by the SBTi to set a FLAG target in addition to the Scopes 1 and 2 and Scope 3 targets. To know whether the land-related emissions exceed the 20% threshold or not, signatories must perform a complete Scope 3 screening.

As STICA today does not require companies to perform a Scope 3 screening or a screening of land-related emissions, there is no requirement to set FLAG targets. However, STICA recommends that companies measure land-related emissions to set FLAG targets. Companies not setting FLAG targets must still account for emissions related to land management in their Scope 3 inventories. As signatories already include the emissions from the raw material processing of cellulosic, MMCF and animal fibers in Tier 4, the land management emissions are already included in their inventories. Member companies must therefore still work with better fiber choices to reach their targets.

While SBTi bases their guidance on the draft of the GHG Protocol Land Sector and Removals Standard (LSRS), STICA wants to ensure that the requirements put on signatories are final. STICA will therefore await the Land Sector and Removals Guidance before developing requirements on the topic. For now, STICA members are encouraged to set FLAG targets if land-related emissions exceed the 20% threshold.

11.8 Appendix H — Primary Activity Data Requirements

To understand when real impact is achieved, STICA signatories must collect and analyze primary data. While STICA recognizes that this adds complexity to carbon accounting, it provides significant value: it is essential for developing a credible reduction strategy or roadmap, allows companies to take ownership of their data sources, facilitates progress tracking, and forms the basis for constructive dialogue with suppliers. Accordingly, STICA sets primary data requirements for signatories, as outlined in the table below.

The definition of primary activity data is data from specific activities within a company's value chain[19], i.e. actual consumption data collected from a supplier that is used to produce your goods. This covers all energy sources used by the supplier[20]. The basis for calculation (pieces, weight, etc.) must also be measured in order for the data to be considered primary. Collected data is considered primary for three years, unless major changes in the operations of the supplier are made.

The requirements on primary activity data are specified accordingly:

2. The share of primary activity data needs to meet the conditions specified in the table below.
3. Additionally, signatories must increase the number of suppliers they collect primary activity data from by two each year.
4. Volume is based on weight, rather than number of purchased pieces. For Tier 1, this means the volume in weight for ready-made products purchased from facilities[21]. For Tier 2 and Tier 3, it means the total weight of the specific fibers from each facility.
5. Tier 1 is the finished product assembly. This includes garment manufacturing.
6. Tier 2 is the material production. This includes textile formation and coloration.
7. Tier 3 is the raw material processing. This includes yarn formation and other intermediate products.
8. Within each tier, materials can move between different facilities. Primary activity data must be collected from each facility the material passes through. E.g. a cotton shirt is woven and colored in different facilities. Both are included in Tier 2 for the cotton shirt, and thus primary activity data must be collected from both facilities.

19 Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

20 Primary activity data is here only related to energy use. Information regarding waste and packaging are exempt from these primary activity data requirements.

21 If a company struggles to receive weight data for Tier 1, number of pieces can be used as well.

The requirements relate to commercial goods only, and only for own brands. Third-party brands are exempted. So are non-textile products, smaller parts of the assortment (e.g. cosmetics/similar making up a small part of the overall assortment) and packaging.

Primary Activity Data Requirements	June 2028 Reporting (% volume)	June 2029 Reporting (% volume)	June 2030 Reporting (% volume)
Large companies*	Tier 1: 50% Tier 2: 20% Tier 3: 10%	Tier 1: 80% Tier 2: 40% Tier 3: 20%	Tier 1: 80% Tier 2: 60% Tier 3: 30%
Small & Medium companies*	Tier 1: 50% Tier 2: 0% Tier 3: 0%	Tier 1: 50% Tier 2: 20% Tier 3: 10%	Tier 1: 80% Tier 2: 40% Tier 3: 20%

*Large companies: Companies with a turnover of more than 550 MSEK.
Small & Medium companies: All companies that fall outside of the Large companies definition.

Alternative pathway for signatories without access to Tier 3 data. Signatories that are unable to collect primary activity data from Tier 3 may instead apply the alternative pathway below, in which the Tier 3 share is added to the Tier 2 share. To use this pathway, the signatory must motivate in their reporting submission why Tier 3 data collection is not feasible.

Primary Activity Data Requirements (Alternative Pathway)	June 2028 Reporting (% volume)	June 2029 Reporting (% volume)	June 2030 Reporting (% volume)
Large companies*	Tier 1: 50% Tier 2: 30%	Tier 1: 80% Tier 2: 60%	Tier 1: 80% Tier 2: 80%
Small & Medium companies*	Tier 1: 50% Tier 2: 0%	Tier 1: 50% Tier 2: 30%	Tier 1: 80% Tier 2: 60%

*Large companies: Companies with a turnover of more than 550 MSEK.
Small & Medium companies: All companies that fall outside of the Large companies definition.

STICA signatories are required to adopt measures to identify any outliers or potential errors, such as assurances, reasonability checks and second-party verifications. Third-party verification of the primary activity data is not currently required by STICA, but encouraged. Its development, in regard to systems approaches and pricing, is something that is followed up on and could lead to requirements moving forward.

Collecting primary activity data may incur additional costs for companies, as it is more time-consuming and adds complexity to carbon accounting calculations. To comply with the Greenhouse Gas Protocol, the base year must be recalculated whenever a methodological change causes a significant impact—for example, when moving from database estimates to primary supplier data. Base year recalculations may occur as the data quality increases over time. While this is an inherent and unavoidable aspect of carbon accounting, STICA will guide signatories in performing these recalculations as efficiently as possible. For more information, please refer to Appendix L — Base Year Recalculation Guidance.

11.8.1 Primary Activity Data Conditions

While primary activity data is generally considered more reliable than secondary sources (i.e. database data), 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.

The Greenhouse Gas Protocol offers guidance regarding data quality through data quality indicators[22]. These give a qualitative assessment of the primary activity data by describing representativeness and the measurement methods through five lenses: technology, time, geography, completeness, and reliability. STICA has implemented the relevant data quality indicators in its definition above. Completeness, i.e. "the degree to which the data is statistically representative of the relevant activity", is handled on a supply chain-level according to the table above with increasing shares of primary activity data being required. Reliability, i.e. "the degree to which the sources, data collection methods and verification procedures used to obtain the data are dependable", has been discussed above. The table below thus illustrates the connection between STICA's requirements and the Greenhouse Gas Protocol regarding the representativeness indicators.

Indicator	Description from GHGp	Minimum requirements on primary activity data
Technological representativeness	The degree to which the data set reflects the actual technology(ies) used	Data from the measured activities At minimum: Average from facility energy use divided by total production volume
Temporal representativeness	The degree to which the data set	Data is from last three years

22 Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

	reflects the actual time (e.g. year) or age of the activity	
Geographical representativeness	The degree to which the data set reflects the actual geographic location of the activity (e.g. country or site)	Production data from site and geographical region of facility for energy data

11.9 Appendix I — Emission Factors and Database Selection Guidance

11.9.1 Emission Factors

STICA recommends that the tools or consultancies you use for GHG calculations rely on the sources for emission factors listed below. Keep in mind, this is not an exhaustive list - and other sources may be used. However, any alternative sources must be disclosed and justified in the methodological disclosure, explaining why they were chosen instead of the sources listed above. To ensure comparability over time and avoid methodology-driven reductions, the same emission factor sources should be applied consistently wherever possible.

Companies must be willing and able to share all individual emission factor data points as part of quality assurance checks or other quality assurance work within STICA. Any tools or commercial data providers used must also be willing to make these data points available for a limited period to allow for review.

Signatories can use international emission factor databases, e.g. Defra and the GHG Protocol's own emission factor set, as well as data from national authorities. This below list will be updated on an ongoing basis. Signatories seeking guidance on additional sources of emission factors are encouraged to contact STICA directly.

- **For liquid and gas fuels:**
  - National energy agencies (e.g. Swedish Energy Agency)
  - Other national agencies (e.g. Swedish Environmental Protection Agency)
  - United Kingdom Department for Environment, Food & Rural Affairs – Defra

- **For electricity renewable, residual and grid mixes, and district heating:**
  - Association of Issuing Bodies (AIB)
  - International Energy Agency (IEA)
  - National energy markets inspectorates (Swedish Energy Markets Inspectorate)
  - International EPD system
  - Swedenergy

- **For transports:**
  - Network for Transport Measures (NTM)
  - Global Logistics Emissions Council (GLEC)
  - National energy agencies (e.g. Swedish Energy Agency)
  - National transport agencies (e.g. Swedish Transport Administration)
  - United Kingdom Department for Environment, Food & Rural Affairs – Defra

- For air transport, the Radiative Forcing Index (RFI) must be accounted for. Signatories should apply an RFI of 1.7. There is great uncertainty surrounding radiative forcing and no clear consensus, but 1.7 is based on the best available scientific evidence[23]. If the reporting company changes from one RFI value to another, this should be stated clearly in the annual report to STICA, and the base year emissions should potentially be recalculated.

- **For business travel:**
  - United Kingdom Department for Environment, Food & Rural Affairs – Defra
  - Network for Transport Measures (NTM)
  - International Civil Aviation Organization (ICAO)
  - National transport agencies (e.g. Swedish Transport Administration)
  - National energy agencies (e.g. Swedish Energy Agency)
  - Greenview Hotel Footprinting Tool

- **Other:**
  - Refrigerant leakage – IPCC. The most recent Assessment report of the IPCC is recommended, currently this is the AR6 (p. 1831).

- **Materials and production:**
  - STICA recommends that companies follow the guidance developed by the UN Fashion Charter Decarbonization Working Group and Cascale when calculating their climate impact from their production.
  - For calculations using primary activity data from the suppliers' electricity consumption and fuel use, the above-mentioned factors are recommended. If any tools are used for this type of data collection, such as the Higg Facility Environmental Module (FEM), the built-in emission factors in these tools can be used instead. Make sure you state clearly if you use a tool for these calculations.
  - For calculations using material weights and global averages, companies can use a database of their choice. See more about STICA's guiding principles when choosing a database further down in this document.
  - If specific data on conversion rates in the different production stages is not available, STICA suggests that you make assumptions and and disclose these, e.g. if cashmere is not available in the database you are using you can estimate the impact using another emission factor for wool.

23 Department for Energy Security & Net Zero, 2025 Government Greenhouse Gas Conversion Factors for Company Reporting

- **Land use change emissions:**
  - At present, there are no ready-to-use land-use change emission factors. STICA recommends using the FAOSTAT database, provided by the Food and Agriculture Organization (FAO), to calculate these emissions. Signatories may also refer to the report Navigating Forest, Land, and Agriculture (FLAG) Emissions by Cascale and Worldly when performing these calculations, and can consult STICA for further support if needed.

11.9.2 Considerations Regarding Databases and LCA Tools in the Textile Production Phase

Using average data and emissions 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. Even when these are known, there is still a need for emissions factors representing the specific processes, energy sources, or geographies involved, which are often difficult to track down or do not exist.

Data accuracy is a problem when the data the emissions 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 emissions factor relates to how it is applied.

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.

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 emissions 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, are 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.

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

STICA acknowledges that using some average data will remain necessary in the foreseeable future, and that this approach inherently involves uncertainty and inaccuracy. For the time being, average data can help companies to understand their emission hotspots and emissions trajectories. STICA is, however, actively working to enhance data practices, and together with member companies, we aim to significantly increase the availability of primary activity data and improve the quality of existing average data.

While the production phase is the most significant source of emissions for apparel and footwear companies, data and emission factors come with a degree of uncertainty. Changing databases also requires recalculations of base years and previous years, which is a technical task adding costs to companies. The choice of a database or LCA tool used is therefore a critical one.

Considering the range in complexity, maturity and ambition among STICA's members, and with a growing market for databases, STICA has developed database principles, criteria and recommendations for members when choosing a database or LCA tool. In general, signatories should carefully consider the ambition of the company, and the complexity of their carbon accounting. Note that these criteria are only for the textile production phase.

The following five criteria must be met in order for a database or tool to be considered viable for STICA reporting purposes.

Criteria:

1. **Emission factors on fibers** matching at least 80% of the company's fiber portfolio, including alternatives such as organic and recycled but excluding geography.[24]

24 No database holds an exhaustive list of fibers, processes or regional alternatives. Companies should aim for a database that matches the company's products best.

2. **Emission factors on production processes or tier level** (for each fiber) covering the most commonly used processes, such as weaving, knitting, or specific dyeing alternatives.[25]
3. **Functional unit is not spend-based**, which is considered the lowest degree of quality. Units accepted include, among others, kg CO_2e/kg and g CO_2e/pcs.
4. The provider of the database offers an **established and robust methodology document** outlining how the database should be used.
5. The database must **meet any legislation related to its intended use**. E.g. if legislation puts demands on data quality or claims made, the database of choice should meet the requirements specified by the legislation. For example, French legislation states that companies should use their database in the Eco Score framework.

The following recommendations should be considered by STICA signatories when choosing a database or tool. They are not mandatory but do well to increase the robustness of the database, thereby increasing the value and representativeness of the carbon accounting.

Recommendations:

6. LCAs specifying **emission factors per country/region**[26] where possible.
7. **Transparency** on the original source of the LCA studies and assumptions made, e.g. conversion rates applied or methodology of allocation.
8. The LCAs in the database are **third-party verified** through external expert revision.
9. The database should be **regularly updated**. The industry is setting targets and reducing its climate impact through energy efficiency and renewable alternatives, and fiber and process innovation are continuously seen on the market. This calls for databases that are up-to-date.
10. **Version history of updates** showing changes made over time as well as motivations for the changes made.
11. Emission factors for **land management and land-use change**, as well as separated for land-related activities and industrial activities.
12. Add-on solutions for **primary activity data**. For example, if primary activity data collection is included in the costs or if there are built-in functions to manage replacing secondary data with primary activity data. Additionally, add-on solutions of this kind should enable verification/validation of the primary activity data.

There are other variables to consider as well, outlined below.

25 Ibid.

26 No database holds an exhaustive list of fibers, processes or regional alternatives. Companies should aim for a database that matches the company's products best.

Variables:

13. How **well-established** a database is considered to be.
14. How **credible** a database is considered to be.
15. The **usability** of the database/tool, e.g. whether there are ready-to-use factors or if LCA expertise is needed.
16. If the database is **apparel and footwear focused** or not.
17. **Other implications** that may exist, e.g. needs of recalculation, provided insights, license fees and consultancy costs.

11.10 Appendix J — Integrity in the Use of EACs

Companies seeking to reduce emissions from purchased electricity must choose an appropriate strategy for sourcing renewable energy (RE). Currently there are three main approaches which differ in their level of additionality, availability, and operational complexity. These approaches are: self-generation, Power Purchase Agreements (PPAs), and unbundled Energy Attribute Certificates (EACs).

11.10.1 Definitions of RE

Self-generation and PPAs typically offer a higher level of transformational impact towards RE, while unbundled EACs serve as a flexible tool when these options are not feasible. Before introducing EACs in more detail, it is useful to clarify what each option entails.

Self-generation

Electricity produced directly by the company through onsite or company-owned renewable installations, such as rooftop solar panels or small-scale wind turbines. This typically provides high additionality by adding new renewable capacity to the grid. Accompanied by storage solutions, self-generation offers the highest impact in the transition towards RE.

Power Purchase Agreements (PPAs)

PPAs are long-term contracts between a company and a renewable energy producer. Through the agreement, the company procures renewable electricity — either physically or through a financial (virtual) structure — helping to finance or maintain renewable infrastructure which might not have happened without the funding.

Some advantages of PPAs compared to EACs are that PPAs offer long-term access to renewable electricity and stable electricity prices, while providing a stable stream of funding for the developer, enabling new investments in green infrastructure.

However, PPAs only deliver genuine additionality when it directly enables the construction of new generation capacity. If the underlying asset already exists, PPAs offer no additionality advantage over purchasing unbundled EACs.

Unbundled Energy Attribute Certificates (EACs)

EACs are certificates representing the environmental attributes of renewable electricity generation, such as source and technology. While self-generation and PPAs provide strong pathways for companies seeking to directly support new renewable energy infrastructure, these options are not always feasible due to geographic, financial, or operational constraints. For many organizations – particularly those with

smaller electricity loads, distributed operations, or global value chains – EACs offer a practical and widely accessible alternative for procuring renewable electricity under the market-based method.

Some EACs can function very similarly to virtual PPAs by ensuring financing for new renewable infrastructure, but EACs can only ever present an additional cost on top of corporate buyers' separate electricity purchases. This is a key point of distinction between long-term contracts for EACs and virtual PPAs, which can sometimes realize a financial benefit.

EACs are divided into bundled and unbundled options. Bundled EACs come together with the electricity directly from the electricity supplier (for example, bundled EACs come together with electricity sourced through self-generation or PPAs), while unbundled EACs can be purchased separately from other market actors. Examples of EACs are Guarantees of Origin (GOs) and Renewable Energy Certificates (RECs).

Although EACs are an important and widely used tool for sourcing renewable electricity when self-generation or PPAs are not feasible, their role in driving real-world emission reductions is debated. Understanding these concerns before developing a procurement strategy is important.

11.10.2 Understanding EAC Quality Differences

There are a range of different EACs available on the market, from certificates from hydro power with infrastructure built in the 1970s to certificates from recently built solar or wind power. Demand, technology, vintage, volume, and regionality create the basis for the pricing and the quality of certificates.

To navigate this variation, many companies rely on the guidance provided by the RE100 initiative, which sets a globally recognized benchmark for credible renewable electricity sourcing. RE100's technical criteria guide how EACs can be credibly used in carbon accounting, ensuring that claims align with robust sustainability principles and that there is no double counting of attribute generation. For example, RE100 emphasizes factors such as recent commissioning dates for renewable infrastructure and preferences for technologies like solar and wind over hydro and bioenergy.

High-quality certificates are typically linked to newer renewable energy installations, more recent vintages, technologies such as wind and solar, and regions where additional renewable capacity is needed. Furthermore, there are labels incorporating other environmental criteria. One example is EKOenergy, which prohibits development in protected rivers or important bird areas, as well as generates funding for the restoration of habitats.

Low-quality EACs, by contrast, generally originate from older facilities—often decades old—and from regions with abundant existing renewable supply. These certificates are inexpensive but provide limited

additionality, as they do not meaningfully influence new renewable development. Understanding this quality spectrum is essential when assessing the climate impact of EAC procurement.

11.10.3 Minimum Requirements for STICA Members Using EACs

As a minimum, EACs must meet the Scope 2 Quality Criteria, developed by the GHG Protocol, to enable RE claims under the market-based methodology. These criteria aim to ensure that certificates accurately represent renewable electricity consumption and does not lead to double counting of attribute generation. While EACs are widely used to demonstrate progress toward renewable energy targets, the GHG Protocol emphasizes that they should be applied in line with these quality requirements to maintain integrity in carbon accounting.

The Scope 2 Quality Criteria include criteria on contractual instruments (i.e. EACs) which shall:

1. Convey the direct GHG emission rate attribute associated with the unit of electricity produced.
2. Be the only instruments that carry the GHG emission rate attribute claim associated with that quantity of electricity generation.
3. Be tracked and redeemed, retired, or cancelled by or on behalf of the reporting entity.
4. Be issued and redeemed as close as possible[27] to the period of energy consumption to which the instrument is applied.
5. Be sourced from the same market in which the reporting entity's electricity-consuming operations are located and to which the instrument is applied.

Using an established and recognized system, e.g. Guarantees of Origin (GOs), Renewable Energy Certificates (RECs) or international RECs (I-RECs), automatically checks off points 1-3. Points 1-3 must be checked off to ensure there is no double counting of generation attributes. RE100 describes this as "Exclusive ownership".

STICA signatories must ensure points 4-5, i.e. temporal and geographical alignment, in their purchases.

EACs used to claim renewable energy by signatories in Scope 2 must, as a minimum, meet the Scope 2 quality criteria, outlined above.

27 Neither the GHG Protocol nor the RE100 defines "as close as possible" or "reasonably close" as the RE100 describes it as there is no official consensus on this. The vintage varies between markets and certification standards.

Verification of EACs

For STICA signatories to claim the renewable electricity procured from unbundled EACs, they must receive cancellation statements from their EAC provider. The cancellation statement should include information about:

1. The name of the beneficiary, i.e. the name of the STICA signatory
2. The number of certificates cancelled, i.e. corresponding to the intended consumption
3. The country of consumption
4. The consumption period, e.g. 2025-01-01 to 2025-12-31
5. The redemption purpose, e.g. *cancelled as part of the consumption of the Swedish stores and offices operated by the STICA signatory*

If signatories purchase EACs bundled with the procured electricity, the electricity provider would receive and manage the cancellation statements and should be able to provide this upon request.

Scope 2 Versus Scope 3

EACs are contractual instruments used in Scope 2 accounting, allowing companies to verify and claim renewable electricity in their own operations. **In Scope 3, the Scope 2 Quality Criteria still apply to the certificates themselves, but the rules governing who may purchase and claim the certificates differ significantly.**

It is important to note that EACs cannot be used to directly reduce emissions in a brand's Scope 3 inventory. A brand purchasing and retiring EACs on behalf of a supplier does not constitute a Scope 3 reduction, but is rather considered offsetting under the GHG Protocol. Scope 3 reductions are instead achieved when suppliers themselves procure and retire EACs for their own electricity consumption (e.i., their Scope 2), subsequently leading to reductions in brands' Scope 3 inventories.

To avoid double counting, where a supplier covers production for a specific brand, the brand's name should be included on the redemption statement. These EACs may not be allocated to other brands. This is unless the supplier has transitioned to 100% renewable electricity across its full operations as a result of joint effort between brands and suppliers - an approach STICA strongly encourages.

These differences are important to understand to avoid double counting, misreporting, and claims that fall outside the GHG Protocol's accepted boundaries. See the table below for a summary of differences between Scope 2 and Scope 3.

Unlike cancellation statements used for renewable electricity claims in Scope 2, cancellation statements from suppliers in Scope 3 must include:

1. The name of the beneficiary, i.e. the name of the supplier
2. The redemption purpose specified for the brand, unless the supplier sources 100% renewable electricity, e.g. *cancelled as part of the consumption for the production of the STICA signatory's products*

The similarities and distinctions between EAC use in Scopes 2 and 3 summarized

Verification	Scope 2 Requirement	Scope 3 Requirement
Follow the Scope 2 quality criteria	Yes	Yes
Name of beneficiary	Name of *signatory*	Name of *supplier*
Certificates cancelled	Volume cancelled for the *intended activities* in Scope 2, e.g. the electricity consumption of stores and offices.	Volume cancelled for the *production of the signatory's products* unless the supplier sources 100% renewable electricity consumption.
Country of consumption	The country of the electricity consumption, or within the market boundaries of the EAC system, e.g., GOs in Europe. RE100 lists market boundaries in their Technical Criteria under Appendix B. Further, RE100 lists EACs in common use[28] in different countries in their technical criteria in Appendix C.	The country of the electricity consumption, or within the market boundaries of the EAC system, e.g. GOs in Europe.
Consumption period	The consumption period	The consumption period
Redemption purpose	The intended use should be stated, e.g. the electricity consumption of store and offices.	The *brand's name* should be stated.

28 EACs in common use only indicate which type of EAC is typically used in a given geography, and do not assess whether it represents the most robust solution.

11.10.4 Additional Guidance and Recommendations

Although some criticism has been directed towards EACs, they are a credible way for the signatories to work with emissions reductions from purchased electricity. But before deciding to purchase EACs, signatories are also strongly recommended to evaluate opportunities for higher quality electricity procurement, such as self-generation of electricity or Power Purchase Agreements (PPAs).

In addition to the minimum requirements stated above, STICA strongly recommends that companies follow the RE100 criteria when procuring renewable electricity using EACs. As an addition to the minimum requirements outlined in section 9.10.4, this includes:

1. Strive to have as recent a year of commissioning of the generating infrastructure as possible, but no more than 15 years old[29].
2. Renewable electricity generated by co-firing with coal must not be procured. No procurement is exempt from this requirement in normal operations. Some biomass mono-firing generators may use a small amount of fossil fuel to start up.
3. Wind, solar, geothermal and marine power are preferred. Hydropower and biomass must be sustainably sourced (see more in RE100's technical criteria). Hydropower can have negative effects communities and local ecosystems, for example through dams disrupting river flows and fish migration impacting biodiversity while concerns with biomass relate to displacing food crops of natural ecosystems as well as deforestation risks. RE100 requires *some form of assurance* that RE generated from biomass and hydropower was generated sustainably. Third-party verification is recommended on sustainably sourced biomass and hydropower to ensure credibility, but is not required by the RE100. STICA therefore encourages signatories to source other renewables than hydropower and biomass.
4. Long-term contracts are preferred over one-time purchases.

Furthermore, signatories are encouraged to source EACs that incorporate other sustainability criteria, such as the EKOenergy label.

These principles collectively highlight the importance of making deliberate and well-informed choices when sourcing renewable electricity certificates.

29 The draft Corporate Net Zero Standard 2.0 from the SBTi pushes the bar on year of commissioning requirement further and says that low-carbon attributes shall be from generation facilities commissioned or re-powered in the past ten years, and proposes a five-year requirement from 2035 onwards.

11.10.5 How to Select and Source EACs

When purchasing EACs, one must determine the required volume and the desired certificate quality, both of which influence price. Different parts of the value chain may justify prioritizing either cost or quality. Since pricing is not standardized in the market—different intermediaries use different pricing models—the solutions should be compared against each other. It is also advisable to explore whether certificates can be purchased in larger volumes to reduce costs.

STICA signatories can procure EACs through several channels. Direct sourcing from a project—such as a wind farm—provides transparency in price but requires more administration. Another option is to engage with brokers handling administration and have insight into relevant projects. Brokers can also purchase larger volumes, thereby offering competitive prices. Finally, platforms offer convenient solutions where companies can choose certificates, though they typically charge higher fees.

In strategically important parts of the value chain, STICA members may prioritise high-quality EACs and choose projects that align with broader sustainability goals. For example, companies with a strong focus on biodiversity may avoid certificates linked to projects in sensitive bird habitats or vulnerable river systems. Conditions across the value chain can, however, differ significantly. Electricity grids in common production countries, such as those in Southeast Asia, often face challenges unlike those in Sweden or neighbouring regions. In Bangladesh, where renewable electricity availability is low, ensuring supply reliability may be the primary concern, and longer-term contracts can help secure stable access over time. In areas near rainforests or similar ecosystems, avoiding deforestation linked to new renewable development may be a higher priority.

Sourcing strategies in parts of the value chain may be developed in collaboration with suppliers and brokers who have strong local market knowledge.

When developing strategies for Scope 2 and in Scope 3 together with suppliers, STICA signatories should take into account changes in operational expenses, to support the suppliers in financing the transition to renewable energy, while also considering the criticisms of EACs.

11.10.6 Criticisms of EACs

Under the market-based methodology, purchasing EACs does not change the physical electricity delivered through the grid. Instead, the accounting system adjusts for these purchases through the residual mix[30], which represents the remaining, more carbon-intensive, electricity after all renewable attributes have been allocated to consumers who bought EACs. Companies that do not purchase EACs

30 In some instances, a residual mix may not be readily available. Companies should disclose this in their sustainability reports.

are therefore assigned this residual mix, absorbing the emissions that others have chosen to remove through their certificate purchases. This means that the more EACs are purchased, the dirtier the residual mix becomes, and those who do not purchase EACs get penalized with higher emissions. Due to this, some critics argue that emission reductions are inflated and that EACs undermine the ambition of climate targets, as purchasing EACs does not necessarily imply a lower climate impact globally in practice.

Other criticism has been directed at the use of EACs for the lack of additionality, meaning that EACs do not support the development of more renewable infrastructure. Compared to self-generation or power purchase agreements (PPAs), it is generally true that EACs offer lower additionality. This is because, unlike self-generation and power purchase agreements (PPAs) where new infrastructure is added to the grid, EACs are certificates of electricity generated by existing infrastructure. However, the developers of the infrastructure and their lenders receive part of the certificate cost paid for by the consumer, which can be used to develop new renewable projects. Further, different EACs may offer higher additionality than others. For instance, low-cost certificates from 1970s hydro power in areas dense with renewable infrastructure may contribute less to funding new infrastructure than high-cost certificates from solar power from recently built infrastructure in geographies with poor accessibility to renewable electricity. Higher demand for renewable EACs increases the rates, making it more attractive to developers to drive the renewable electricity transition forward.

Given the practical nature of EACs in the transition to renewable electricity and to ensure their credible use, it is critical to understand the differences between certificates. Not all EACs contribute to the renewable transition in the same way, and companies may experience different levels of environmental benefit depending on which certificates they choose.

11.10.7 GHG Protocol Scope 2 Update

An updated Scope 2 guidance from the GHG Protocol is currently being developed, with an anticipated launch in 2027. There are several proposed changes, for example the hourly matching (also known as 24/7 matching). There are several uncertainties remaining, including threshold values for which entities should be included by this criteria. While most STICA signatories do not have a significant electricity consumption in their own scope 2, their suppliers in some cases do.

STICA signatories are not required to follow the proposed changes to the Scope 2 guidance, but are recommended to start a dialogue about this with their electricity providers and EAC suppliers.

Going forward, STICA will monitor the proposed changes to the Scope 2 guidance closely and update the approach if needed.

11.11 Appendix K — Carbon Offsets, Avoided Emissions and Climate Financing

Carbon offsets and avoided emissions (potential emission reductions that occur outside of a product's life cycle but because of the use of that product) are not counted towards the progress of the reported emission reduction targets. However, it can be reported separately.

11.11.1 Climate Financing and Neutralizing Measures

The recommendation for STICA members is to prioritize efforts on emission reductions in their own value chain. If members have previously purchased traditional carbon credits, STICA recommends following the Beyond Value Chain Mitigation (BVCM) framework, referenced by the SBTi.

When SBTi's Corporate Net-Zero Standard V2 is finalized, STICA will develop requirements informed by the BVCM framework.

STICA recommends the following approach:

- **Focus on emission reductions first.** Focus on emission reductions and take action in high-impact areas in your own value chain that potentially require investments. Support suppliers in the transition phase.
- **Do not use traditional offsets for climate neutrality claims.** Members are recommended not to use offsets to claim "net-zero" or "climate-neutral" status. Instead, focus on absolute emission reductions and transparent reporting.
- **Invest in a curated portfolio of climate projects, aligned with each company's business values and goals.** Rather than a generic approach, each member could build a portfolio of climate investments that reflects their unique brand, strategic priorities, and stakeholder expectations.
    - For example, a company with a strong focus on innovation might prioritize technological solutions like Direct Air Capture or BECCS, while a brand with a sustainability or social impact profile could invest in nature-based solutions or projects with co-benefits such as biodiversity, equality or community wellbeing.
    - This approach ensures that climate action is meaningful, relevant, and supports both business and climate objectives.
- **Set clear criteria for project selection.** All projects in the portfolio should meet strict standards for additionality, permanence, traceability, and co-benefits. Alignment with the UN SDGs and company values is key.

- **Implement an internal carbon price.** Use a science-based internal carbon price to drive investments and ensure transparency.
- **Communicate transparently.** Members are recommended to report annually on their climate finance activities, investments, and outcomes, focusing on impact rather than claims of neutrality.

11.12 Appendix L — Base Year Recalculation Guidance

The inventory for the base year of the target should always be kept relevant, to ensure accurate and transparent progress measurement toward emissions reduction goals. This section describes the policy for how STICA signatories shall do base year recalculations for Scopes 1, 2, and 3. The same rules that apply for the base year recalculation can be applied for any year between the base year and the reporting year if it is of interest to track changes for these years as well. The policy is informed by the Greenhouse Gas Protocol and the SBTi.

All re-calculations and adjustments shall be documented and transparently reported in the annual reporting to STICA.

11.12.1 Reasons for Recalculating the Base Year

If any of the below (or similar) activities occur, companies must analyze if the base year inventory is to be recalculated:

- **A significant change in calculation methodology**, i.e. adjustments in how emissions are calculated but not in the activities. E.g. going from using global average values for the whole supply chain, to starting to measure actual emissions from parts or the entire supply chain. Adding new suppliers, changing production volumes or modifying transportation flows is not a change in methodology.
- **A significant change in operational boundary**, e.g. including previously excluded parts of the assortment.
- **Changing database**, e.g. going from using Ecoinvent to using the Higg MSI.
- **Inorganic growth of the company or changes in organizational boundary**, i.e. mergers and acquisitions. If company A buys company B, it should add company B's emissions in the base year to its own inventory.
- **Calculation errors or data gaps**, i.e. if a company identifies an error or gap in their reporting for the base year, they should update their base year.
- **Every five years**, companies should review, and if necessary, revalidate their targets. In this process, the base year inventory may be updated.

11.12.1.1 Significant Changes

A change is significant if it changes the base year emission inventory within a scope with more than 5 %. Changes are estimated based on the current year's data. If there is significant change, the company must recalculate the base year inventory to maintain consistency and comparability over time.

11.12.2 The Process of Recalculating the Base Year

There are some challenges with collecting data that is several years old. Companies can recalculate the base year according to different alternatives:

- Alternative 1: Collect primary activity data. Ideally, comparable primary data should be collected. In practice, however, this is often challenging. For example, obtaining primary data from suppliers for previous years can be complex, both in terms of resource requirements and data availability, particularly as supplier structures and sourcing arrangements may change over time.
- **Alternative 2: Extrapolate data**. Another option is to extrapolate data from the most recent year to the base year (or any intermediate year). The extrapolation can be made with different functional units, such as revenue, purchase volumes, or other relevant activity data. This potentially disables the impact of any actions implemented between the base year and the current year as the base year inventory is now based on the current year data. To mitigate this, companies can collect information about changes made during this period, for example if suppliers have changed energy sources from fossil fuels to renewable ones. Note that this information cannot be used to account for potential energy efficiency measures (i.e. energy intensity) but only in identifying improvements in energy sources (i.e. carbon intensity).

11.12.3 Recalculating the Base Year or Changing it – What Suits Our Company?

As companies further develop their carbon accounting and the base year moves further into the past, the question may arise whether to recalculate the base year or establish a new one. The following points should be considered, and the most appropriate approach for a specific company should be discussed with STICA.

11.12.3.1 Maintaining and Recalculating the Base Year

Advantages:

- Maintains continuity with existing targets.
- Ensures clarity and consistency both internally and externally.
- Demonstrates steady direction and ambition.

Disadvantages:

- May cause the original base year to become less representative of current operations.
- It can be challenging to determine what is “representative enough,” especially if organizational circumstances have changed.
- Collecting sufficient and accurate historical data may require significant effort, and sometimes it might not be possible.

Recommended practice:

- Attempt to gather the necessary data for the original base year, as long as the effort required is reasonable and the results will be reasonably representative.
- If full data collection is not feasible, or if available data would give a misleading picture, consider changing the base year.
- Document the rationale for your choice and the implications for target setting and tracking. Transparency and consistency will help maintain trust and clarity in your process.

11.12.3.2 Changing the Base Year

Advantages:

- Allows you to select a base year that more accurately reflects the current state of your operations.
- Improves confidence in the relevance and accuracy of targets and analyses.

Disadvantages:

- May pose communication challenges, both internally and externally.
- Frequent changes can undermine credibility; stakeholders may question whether the ultimate goal will ever be reached.
- Raises the question of how precise and representative the base year must truly be for your purposes.

Recommended practice:

- Select the new base year carefully, considering the reasons the previous year became unsuitable.
- Clearly communicate the rationale for changing the base year to all stakeholders.
- Ensure that targets, reporting, and tracking reflect the change consistently.

- Document the rationale for your choice and the implications for target setting and tracking. Transparency and consistency will help maintain trust and clarity in your process.

11.13 Appendix M — Second-hand, Rentals and Circularity Methodology

Products sold second-hand are items being resold to extend their lifespan. Since these products were already sold once, the emissions from their production have been accounted for during the initial sale and should not be counted again. However, any emissions from activities related to the second sale—such as repair, refurbishment, washing, transportation, or distribution—must be included in your reporting.

- If these activities are performed under the company's operational control, report them under Scopes 1 and 2.
- If they are outsourced, report them under their respective Scope 3 categories: processes under Category 3.1 Purchased goods and services and transportation under Category 3.4 Upstream transportation and distribution.

If the company reports emissions in Category 3.11 Use of sold products, the use-phase impact of the products sold through the second-hand platform are required to be included as well. If there are resales of own goods, use-phase impact should only be accounted for once. The same goes for emissions reported in Category 3.12 End-of-life treatment of sold products. To calculate these, please refer to the methodology as explained in Appendix D – Scope 3 Screening Methodology, Category 11 Use of Sold Products.

Rental services follow a similar principle. The upstream production emissions for a product should only be counted once—when the company purchases the product. Emissions related to the use of rented products should not be reported under Category 3.11 Use of sold products, but instead under Category 3.13 Downstream leased assets. For reporting, include the use-phase emissions for all customers renting the product during the reporting year, and any additional emissions from transportation, washing or other processes. Optionally, provide information on the number of rentals per product.

11.14 Appendix N — Considerations for Retailers

In general, STICA signatories should cover as much as possible of the emissions from their purchased products. This means that the signatories should not just account for the emissions from the production of their own products, but also for the emissions from the production of their external brands' products. This is especially important for retailers to account for, as retailers in general have a larger share of external brands' products in their product portfolio. Retailers should account for the emissions in the same way as a brand would, but the availability of data could be more complex as retailers commonly do not have direct contact with these suppliers.

To support retailers in their data collection from external brands, the External brands questionnaire has been developed. Access to the External brands questionnaire is granted by STICA.

11.15 Appendix O — For Companies Aiming to Commit to SBTi

This section outlines gaps in the STICA reporting guidelines compared to the SBTi guidance for Apparel and Footwear companies as well as the SBTi Corporate Near-Term Criteria version 5.2. Going forward, this section will be updated with any new guidance or legislation relevant to the signatories.

STICA does not currently require signatories to formally commit to SBTi, although some signatories have done so. As many STICA requirements are informed by the criteria and recommendations of the SBTi but do not follow these to 100%, the aim in this section is to provide support for the signatories committing to SBTi. Before committing to the SBTi, signatories are advised to log on to SBTi's Apparel and footwear webpage and get accustomed to the resources provided.

1. Submitting targets for validation through the SBTi comes with a fee that varies depending on what type of target companies submit for validation, e.g. a near-term target or a net-zero target. The fee is paid when submitting the targets and not at the committing stage. More information about the fees can be found here.
2. Signatories of STICA are required to set a base year no further back than 2017 and, for previous versions of this document, to set target years no further ahead than 2030. Companies setting targets using this updated guidance must have a target year that stretches 5-10 years from the year the target was set, as with SBTs. Companies submitting their targets to SBTi must not set base years earlier than 2015 and must set target years 5-10 years from the submission year.
3. For signatories that are unable to commit to a 1.5°C absolute target in the near term can set other targets that enable them to make investments in the near term and decrease emissions at a rate consistent with reaching net-zero emissions by 2050. In most cases, this means an intensity target aligned with the prerequisites of the SBTi. If a company chooses this Approach 3, they must also provide supplementary information regarding their climate-related work on an annual basis to give STICA insight to the goal's credibility (see section *4.3.2 Additional Information Required on Intensity Targets*). Note that companies are not allowed to set supplier or customer engagement targets only.
4. The SBTi requires that the companies' targets must be revalidated every five years to ensure the relevance of the targets, both in terms of target ambition and in terms of staying up to date with the latest methodology. As STICA does not validate the signatories' targets, no revalidation process is in place.
5. When it comes to long-term targets, STICA follows the SBTi net-zero standard. Note that neither STICA signatories nor companies committing to the SBTi are currently required to set net-zero targets.

6. STICA requires that signatories use the operational control approach and the market-based method. These are methodological choices that are most widely used in carbon accounting. The SBTi allows companies to choose other consolidation approaches and to use the location-based method if desired.
7. To set SBTs, companies must conduct a full Scope 3 screening and include at least 67% of Scope 3 emissions within their target boundary. For STICA signatories, a full Scope 3 screening is not mandatory but is strongly recommended. Regardless of whether a screening is conducted, signatories are required to report on the mandatory Scope 3 categories. These categories are considered essential to the business model of all apparel companies and are therefore of high importance to STICA.
8. When setting SBTs, companies must perform a FLAG screening. A screening of land-related emissions in line with GHG-LSRS and SBTi FLAG is not required, but recommended, of STICA signatories.
9. STICA signatories are not required to mention what approach or method was used in their calculations specifically, but they are required to list any assumptions and estimates used in their calculations. When submitting their targets for validation by the SBTi, companies must report whether their emissions have been calculated using an inventory (more detailed) or a screening (more general) approach.
10. STICA does not require companies to report biogenic emissions in any of the three scopes. This is required by the SBTi.
11. SBTi includes a range of different targets companies can set. STICA's target setting requirements are informed by the SBTi, but not fully aligned. The below table demonstrates the differences.

Scope	Target Type	STICA	SBTi
Scope 1 and 2	Absolute	-4.2% annual linear reduction between 2020 and 2030	-4.2% annual linear reduction between 2020 and 2030
	Physical intensity	Not accepted	Not accepted for cross-sector, only for certain sectors (SDA), not for the apparel and footwear sector
	Economic intensity	Not accepted	Not accepted for cross-sector, only for certain sectors (SDA), not for the apparel and footwear

			sector.
Scope 3	Absolute	-4.2% annual linear reduction -2.5% annual linear reduction	-2.5% annual linear reduction
	Physical intensity	7% reduction per unit (e.g. sold pair of shoes) year-on-year with no absolute emissions cap. Required to submit projection of their total absolute emissions for the target year	7% reduction per unit (e.g. sold pair of shoes) year-on-year with no absolute emissions cap
	Economic intensity	7% year-on-year with no absolute emission cap. Required to submit projection of their total absolute emissions for the target year	-7% year-on-year with no absolute emissions cap
	Other	-	Targets using the SME route Supplier and engagement targets

11.16 Appendix P — Change Log

Version Date	Changes	Motivation for Changes