



THE SCANDINAVIAN
TEXTILE INITIATIVE
FOR CLIMATE ACTION

STICA COMPANY CLIMATE ACTION PROGRAM

2024 PROGRESS REPORT

INCLUDING SIGNATORY DISCLOSURES 2023/2024

SIGNIFICANTLY MORE FINANCIAL PENALTIES AND REWARDS ARE NEEDED

The scientific community continues to sound the alarm regarding climate change. Among other unsettling details, 2023 was the warmest year on record and one of the ten hottest years—all of which have occurred since 2014.^{1,2} In a recent report, William Ripple at Oregon State University and his colleagues noted: “We are on the brink of an irreversible climate disaster. This is a global emergency beyond any doubt. Much of the very fabric of life on Earth is imperiled.”³ Scientists also are forewarning of the infringing of other critical planetary boundaries, such as freshwater and land use⁴.

The Paris Agreement aims to hold temperature increases to 1.5°C above pre-industrial levels, as recommended by the Intergovernmental Panel on Climate Change (IPCC). This translates into achieving net-zero GHG emissions by the second half of this century. The European Union is committed to achieving climate neutrality by 2050. The EU Climate Law sets a legally binding target for the member countries of reducing emissions by at least 55% by 2030.⁵

Relatively speaking, the apparel industry is not a large emitter of greenhouse gases (GHG), but given the need to reduce emissions to net zero by 2050, every industry must do its part. Additionally, climate change impacts other key environmental areas, leading to water scarcity, flooding, and the loss of biodiversity, to name a few. These consequences are—and will continue to be—experienced most acutely by workers and communities in the countries where a majority of clothing and apparel is made today.

A number of studies have estimated how much the apparel industry contributes in terms of global GHG emissions. These figures vary depending on which studies are referenced and where industry boundaries are drawn.^{6,7,8,9,10} The most recent analysis estimates that the apparel industry contributes around 2% of the total GHG emissions. In Europe, the consumption of textiles resulted in the fifth-highest GHG emissions in 2020 after housing, food, transport, and recreation.¹¹ Assuming business-as-usual growth for the industry, Apparel Impact Institute (Aii) projects emissions of 1.243 Gt CO₂e in 2030. In this case, the industry would need to reduce emissions from 0.879 Gt to 0.489 Gt CO₂e by 2030 (45%) to maintain the 1.5°C trajectory.¹² Given the current industry growth projections and trends, the industry will struggle to reduce its emissions in line with the 1.5°C pathway unless it makes substantially more progress.

This report marks the sixth year of the Scandinavian Textile Initiative for Climate Action (STICA). Only five years remain until 2030, the important milestone for companies and the industry overall. So how are the STICA company signatories performing and what can we learn from their progress, or lack thereof? In this report, we present both individual company disclosures and aggregate data on the progress of their Climate Action Transition Plans. Together, the data shows that a significant group of STICA companies are making relative progress, but the pace and scale of this varies—and is too slow.

Time is not on our side. The small and medium-sized enterprises (SMEs) participating in the STICA climate program represent a key segment of the fashion and apparel industry, even though these specific companies do not contribute a large percentage of the industry's total emissions. Their specific challenges illustrate that without more impactful financial incentives—penalties and rewards—for climate action, emissions reductions for a significant number of STICA companies and the industry overall will be slow and insufficient to meet the 2030 targets that science recommends. This is why STICA will keep working to accelerate industry change.

We need to be realistic about what is required. We need bold and courageous leadership. The path of real change will be bumpy, and probably painful. There will be tradeoffs; there will be winners and losers. But in the end, the alternative would be far worse. So let's not ease off now.



**MICHAEL SCHRAGGER,
INITIATIVE DIRECTOR**

¹ National Oceanic and Atmospheric Administration (NOAA), US Department of Commerce, [2023 was the world's warmest year on record, by far](#) (12 January 2024)

² Climate Central, [10 Hottest Global Years on Record](#) (12 January 2024)

³ Science Daily, [Climate report warns of escalating crisis, urges immediate action as UN summit nears](#) (8 October 2024)

⁴ The Guardian, [Earth may have breached seven of nine planetary boundaries, health check shows](#) (23 September 2024)

⁵ European Commission, [European Climate Law](#) (16 October 2024)

⁶ Apparel Impact Institute, [Taking Stock of Progress Against the Roadmap to Net Zero](#) (2024)

⁷ Ellen MacArthur Foundation and McKinsey & Co, [Redesigning Fashion's Future](#) (2017)

⁸ WRI and Apparel Impact Institute, [Roadmap to Net Zero](#) (2020)

⁹ McKinsey & Co., [Fashion on Climate](#) (2020)

¹⁰ Quantis, [Measuring Fashion: Insights from the Environmental Impact of the Global Apparel and Footwear Industries](#) (2018)

¹¹ European Environment Agency (EEA), [Textiles and the environment: the role of design in Europe's circular economy](#) (2022)

¹² Apparel Impact Institute, [Taking Stock of Progress Against the Roadmap to Net Zero](#) (2024)

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EXECUTIVE SUMMARY

Our 2024 Report provides an update on the progress being made by company signatories participating in STICA's Company Climate Action Program. It also summarizes key challenges and solutions reported by these companies, as well as analysis and general conclusions made by the Sustainable Fashion Academy (SFA), an independent non-profit organization that leads the STICA initiative.

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

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

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

- *38 members report that their emissions have decreased. 12 members report their emissions have increased. Five members have not seen any change in emissions.*
- *58% of the companies report that they are on track to meet their Scope 3 targets, even though only 43% of the companies report that they have a Climate Transition Plan to prove it. This is important since 98% of all emissions are in the value chain (Scope 3). One-third of the companies have produced a Climate Transition Plan for Scope 3 and have started to implement this. 15% have not started at all.*
- *Even though 62% of the companies report that they collect data directly from their suppliers, this data is often not verified. Lack of data or its low quality make it harder to identify cost-effective actions to reduce emissions among suppliers.*

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

- **This data has its strengths and weaknesses. To ensure more reliable and accurate reporting, supply chain traceability, transparency, and data quality need to be significantly improved.**
- **Many company signatories participating in STICA's Climate Action Program have come a long way in a relatively short time. It can also take time for climate actions and investments to yield results.**
- **The progress of a significant number of STICA signatory members is still too slow. Companies have reported a number of challenges they are facing and suggested solutions, many of which require government action.**
- **Shareholder and owner demands for short-term financial growth and the lack of sufficient financial incentives make absolute GHG emissions reductions challenging.**
- **Smarter legislation is needed to ensure there are sufficient financial penalties for not reducing emissions and commensurate rewards for reducing emissions and transforming business models.**
- **It is essential that stakeholders explore additional and/or different success indicators for the industry based on concepts such as well-being and sufficiency.**

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

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

ABOUT STICA

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

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

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

WORKSTREAMS

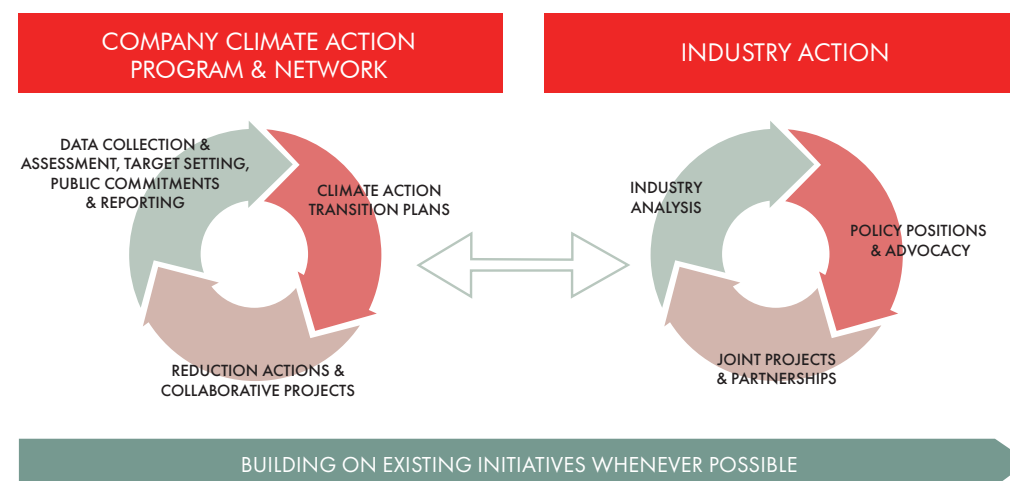
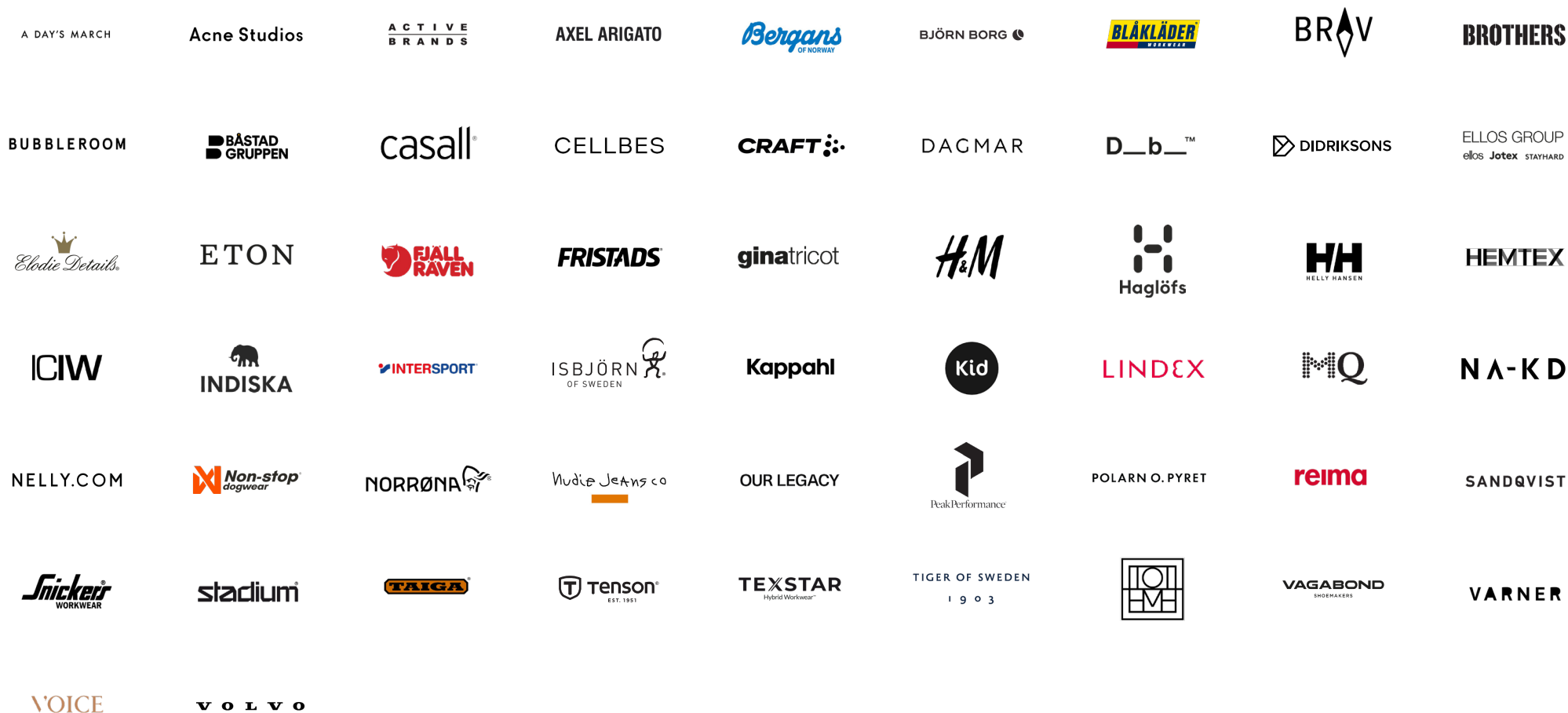


Figure 1. STICA workstreams

SIGNATORIES PARTICIPATING IN STICA'S COMPANY CLIMATE ACTION PROGRAM 2024



COMPANY CLIMATE ACTION PROGRAM: SIGNATORY OVERVIEW¹³

COMPANY TYPE

BRAND 80%	RETAILER 15%	OTHER 5%
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COMPANY SEGMENT

Members were able to select more than one response

Fashion 60%	Outdoor 39%	Sport 20%	Workwear 15%	Home interior 7%	Other 15%
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PRODUCT CATEGORY/SEGMENT

Members were able to select more than one response

Soft goods 96%	Home textiles 13%	Footwear 48%	Hard goods 30%	Mixed gear 39%	Beauty 6%	Other 7%
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YEAR JOINED STICA

2019 52%	2020 17%	2021 11%	2022 6%	2023 9%	2024 5%
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FY 2023 REVENUE^T

Less than 150 MSEK	7 members	13%
150-1,000 MSEK	22 members	41%
Over 1,000 MSEK	23 members	42%
Not disclosed	2 members	4%

COMPANY SIGNATORIES NO LONGER PARTICIPATING IN STICA

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

Kasthall (2021)	Newbody (2022)	Rudholm (2022)	Elis Textile Service (2023)	A Day's March (2024)
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¹³ Aggregate data presented in this section collected in October 2024, representing 54 of the then 55 companies committed to the program (A Day's March did not report and is therefore not included)

COMPANY SIGNATORY PARTICIPATION REQUIREMENTS

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

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

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

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

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

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

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

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

THE CLIMATE IMPACT OF APPAREL & TEXTILES REVISITED

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

A number of reports have estimated the GHG emissions from the apparel sector. These figures have varied depending on which studies are referenced and where industry boundaries are drawn. The most recent analysis estimates GHG emissions from the apparel sector at roughly 2% of global GHG emissions. Given the anticipated growth of the industry in emerging markets and our need to halve emissions by 2030, it is crucial that the textile industry does its part—and more.^{14, 15, 16, 17, 18}

Studies from organizations including WRI¹⁹, McKinsey²⁰, Quantis²¹, and Apparel Impact Institute²² show general agreement that a majority of the apparel industry’s GHG emissions is generated in the value chain, especially during fiber and material production, yarn production, preparation of fabrics and dyeing, assembly, and transportation within production. This is in line with what STICA signatories report, with emissions in the value chain accounting for 80–90% of most of the companies’ total emissions.

APPAREL AND FOOTWEAR VALUE CHAIN

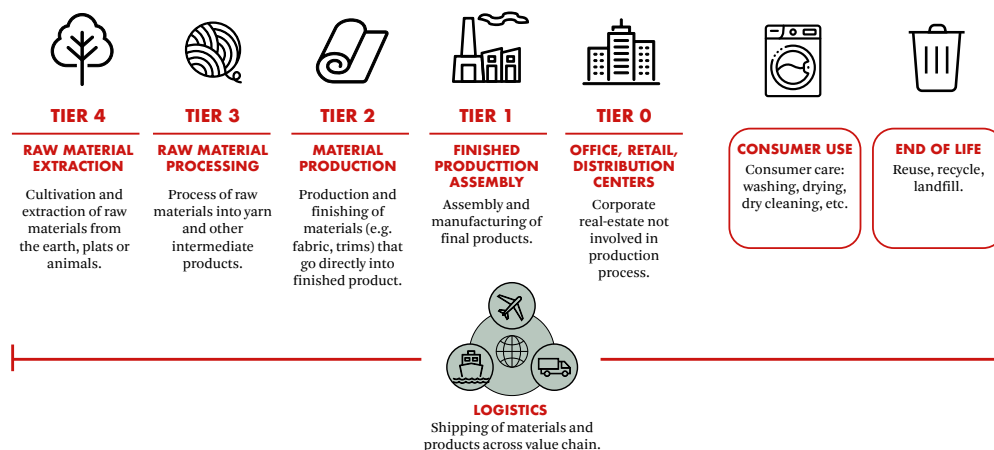


Figure 2. Apparel and footwear value chain. Sadowski, Yan and Adan, Apparel and Footwear Sector Science-Based Targets Guidance (2019).

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

¹⁴ Apparel Impact Institute, Taking Stock of Progress Against the Roadmap to Net Zero (2024)

¹⁵ Ellen MacArthur Foundation and McKinsey & Co., Redesigning Fashion’s Future (2017)

¹⁶ WRI and Apparel Impact Institute, Roadmap to Net Zero (2020)

¹⁷ McKinsey & Co., Fashion on Climate (2020)

¹⁸ Quantis, Measuring Fashion: Insights from the Environmental Impact of the Global Apparel and Footwear Industries (2018)

¹⁹ WRI and AII, Roadmap to Net Zero: Delivering Science-Based Targets in the Apparel Sector (2021)

²⁰ McKinsey & Co., Fashion on Climate (2020)

²¹ Quantis, Measuring Fashion (2018)

²² Apparel Impact Institute, Taking Stock of Progress Against the Roadmap to Net Zero (2024)

KEY INTERVENTIONS FOR REDUCING EMISSIONS TOWARDS NET ZERO

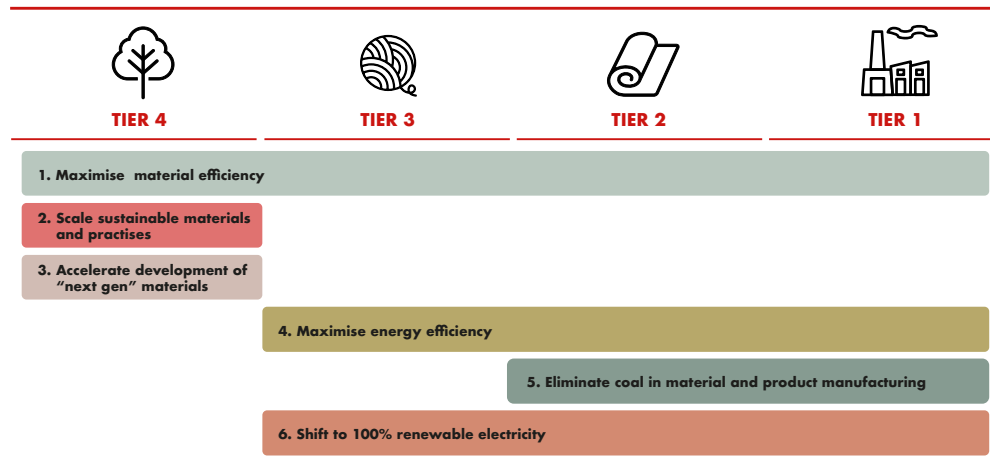


Figure 4. Key interventions for reducing emissions toward Net Zero. WRI, Aii, Roadmap to Zero (2011)

REDUCING SCOPE 3 "SUPPLY CHAIN" EMISSIONS

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

- using materials more efficiently to minimize waste;
- sourcing more sustainable materials;
- investing in the development of the next generation of materials with better climate profiles;
- sourcing from energy-efficient factories;
- eliminating coal as an energy source in supply chains;
- sourcing from factories that use renewable energy (use of onsite renewable energy and sourcing of lower CO₂ grid electricity);
- reducing GHG emissions from transportation;
- and investing in the development of new circular business models (i.e., repair, subscription and resale) that lead to an increased number of uses, and ultimately should replace linear models and the need for virgin products and materials, thereby reducing production volumes.

The diagram below further illustrates a selection of actions a STICA signatory company may take in implementing its emissions-reduction strategies for 2030 and transforming its business. The actual effect of the actions, such as eliminating coal, depends on what it is substituted with.

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

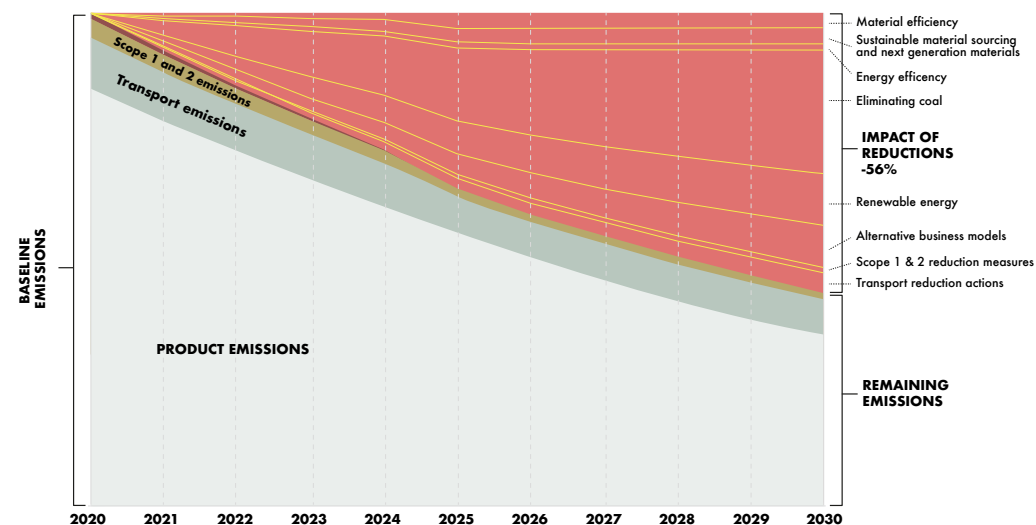


Figure 5. Reduction roadmap for a fictional STICA company, assessing the potential emissions reductions that are achievable from a set of key actions that companies could take



COMPANY DISCLOSURES 2023/2024

THIS SECTION PROVIDES INFORMATION ABOUT:

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

OUR METHODOLOGY

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

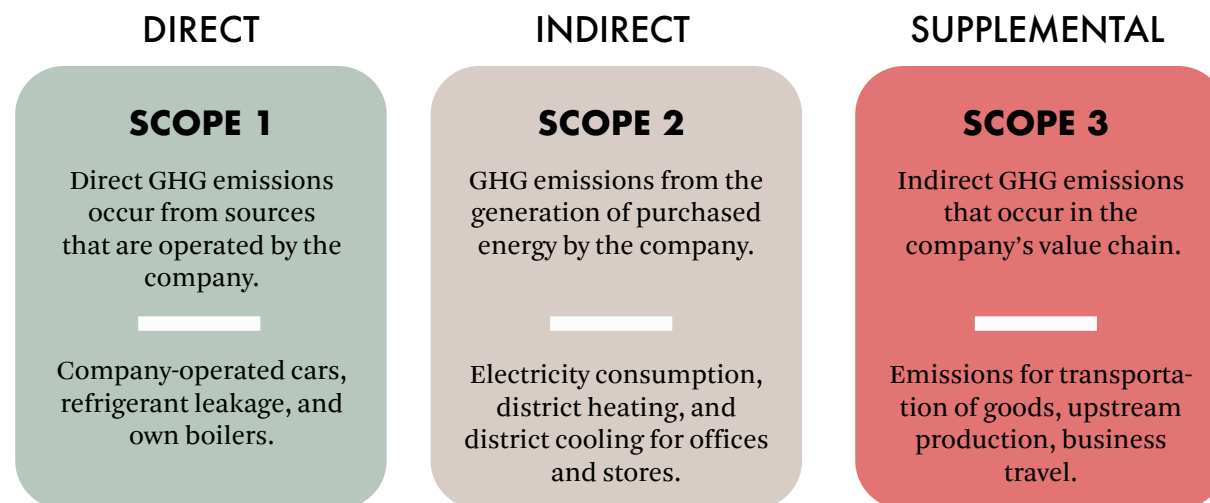
Under the STICA reporting, companies are required to disclose emissions within Scope 1, Scope 2, and selected categories from Scope 3. These categories cover purchased goods and services (relating to the production of sold goods, i.e., excluding office supplies and store interior and the like), upstream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

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

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

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

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



THE STRENGTHS AND LIMITATIONS OF THE CURRENT STICA METHODOLOGY

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

THE STRENGTHS AND LIMITATIONS OF THE GHG PROTOCOL

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

- **Inclusion criteria** for Scope 3 are not specifically outlined in the GHG Protocol, meaning that the activities included in disclosures may vary significantly. To counter this, STICA has defined the minimum parts of the members' businesses to be included, informed by the SBTi guidance for apparel and footwear as well as screenings made by individual companies.
- **Comparability** between companies is not an explicit objective of the GHG Protocol. Many actors, however, still use the results in this way. But the activities included in company disclosures may differ between STICA members. For instance, some members measure the impact of business travel, for example, while others do not. This means that the data presented may not be comparable. STICA is aware that this can lead to misleading conclusions, but also sees value in presenting company results together, to help inspire and challenge STICA members. The reader is advised to consider this when reviewing the information presented.

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

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

THE STICA SCOPE

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

- **Scope 3 Category 1: Purchased goods and services (relating to the production of sold goods)** include emissions from producing the products that the companies sell, from production of raw materials through to a finished product and packaging. In most cases, this is by far the most significant emission source for textile brands and retailers, and on average may represent 80% or more of their emissions and should thus be a crucial part of any textile company's reporting.
- **Scope 3 Category 3: Fuel- and energy-related activities** such as production and distribution of fuels used in Scope 1 and 2 activities are often a small part of the overall Scope 3 emissions for apparel and footwear companies. However, these emissions are included in the accounting as this category is considered an extension of the Scope 1 and 2 emissions and thus close to the companies' own operations.
- **Scope 3 Category 4 and Category 9: Upstream and downstream transportation and distribution** that companies use is also a significant source of emissions from trucking, air freight, and maritime shipping. These emissions are accessible for companies both in terms of data and reduction opportunities, and are thus natural to include in emissions accounting.

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

- **Scope 3 Category 1: Purchased goods and services (not sold by the company)** cover emissions from store interiors, hangers, office equipment, purchased services etc. that are not sold by the company. This category is optional to decrease the reporting burden on companies and help them focus on major emissions sources instead.
- **Scope 3 Category 6: Business travel** is often included in company accounting, even though it may, in many cases, be a fraction of the overall emissions. This is generally because companies have direct control over how employees travel, and this data is readily available. STICA has opted not to require this, again to reduce the reporting burden and to focus on major emissions sources. However, a number of companies still report emissions in this category.

- **Scope 3 Category 9 and Category 11: The use of sold products and downstream transportation and distribution** are not required for inclusion in the reporting. The emissions from the use phase—e.g. from washing and drying of garments—are a significant category in terms of emissions for apparel and footwear companies, but are outside the minimum boundary defined by the GHG Protocol and thus not required for inclusion in companies' inventories and targets. The SBTi does encourage apparel and footwear companies to consider separate use phase targets, though. STICA currently does not require companies to measure emissions from the use phase but is actively reviewing this. This is primarily because of the uncertainty in the underlying data, as consumers' use and transportation are very difficult to measure credibly and any emissions reductions can be hard to substantiate. The Product Environmental Footprint Rules Guidance for the apparel and footwear industry, which is currently under development, will offer guidance to companies in this matter, although it will not directly solve all data-related challenges in the use phase.

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

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

ACCOUNTING FOR PRODUCT QUALITY AND LONGEVITY

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

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

- It can be difficult to prove how much a customer **actually** uses a product. In theory, a customer could buy a better product that lasts longer, but still not use it more. This is because customers often underutilize high-quality products.
- Customers also tend to overconsume products due to factors like fashion trends, low prices, and procurement policies, leading to the purchasing of more products than needed.
- If a lower-quality product creates **significantly lower GHG emissions** than a high-quality product, the benefits of buying and using the higher-quality product might no longer be sufficiently significant to offset the production emissions. For example, the added emissions from two lower-quality products may still be less than those of one higher-quality product. Lower-quality products, however, could lead to other problems, such as increased waste, or lower wages for workers if the products are cheaper. These issues are not accounted for if the focus is on GHG emissions alone.

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

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

Footprint closely, as this methodology can potentially include a way to measure product longevity.

DATA QUALITY AND UNCERTAINTY

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

Using average data and 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.²³ 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.

Currently, STICA recommends using the emissions factors from the **HIGG Material Sustainability Index (MSI)** when working with average data. STICA has been following the recent criticism of the MSI closely and acknowledges the critique. This refers to consumer marketing claims using factors from the MSI, but also to the validity and representativeness of the factors. From STICA’s perspective, the Higg MSI is currently one of the most widely used databases for working with average data and emission factors in the industry.

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

²³ Stridland, Thomas, et al. “No-one left behind: An open access approach to estimating the carbon footprint of a Danish clothing company.” *Journal of Cleaner Production* 426 (2023): 139126.

- **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. For example, a global average cotton production factor for 2023 is a poor indicator for cotton produced in Egypt using irrigation agriculture in 2009, but could be useful to represent a market mix. This is often the case with all types of emissions factors, and the MSI is no exception.
- **Method accuracy issues** occur when the method applied is not representative of the reality of a production system or market or is used for comparisons between materials. An example of this is allocation methods: in a wool production system, where both meat and wool are produced together, this is apparent. The emissions from this system can be allocated to these two products, for example, by using economic terms, such as the share of the income generated by each, or by physical terms like protein content. Depending on the choices made when creating the factor, the different methods can provide very different emissions outcomes. This issue was also highlighted in a recent KPMG review of the Higg MSI. The experts participating in the review argued that: *“Higg MSI, used as a stand-alone tool and incorrectly, could be prone to misinterpretation as the tool does not integrate a proper functional unit definition, as “per kg” is currently used but has clear limitations. For example, a certain material “A” could have a lower environmental impact per kg than another material “B”. However, material “A” could require more weight than material “B” to deploy the same function, potentially leading to higher impacts if material “A” is selected instead of material “B”. This example illustrates how the Higg MSI could be prone to misinterpretation due to its functional unit.”*²⁴
- **System-wide impacts, or marginal issues**, reflect the fact that using emissions 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**, is also problematic. Most available average data is owned by private companies, hindering users from disclosing more details on their impacts. Much of the available data is also difficult to access in a practical manner, since it is often fixed values for GHG emissions, rather than more useful energy consumption figures. A significant share of global average data is also produced by business networks and industry organizations, which causes concerns about the built-in biases in some of the data points. For example, LCA impacts for individual fiber types, such as cotton or polyester, are often produced by cotton or plastics industry associations.
- **Not accounting for all impact categories** is another perspective that companies must provide a rationale for. Today, STICA only requires members to report their climate impact, but this should not be the only parameter member companies account for when setting their fiber strategies. Biodiversity and microplastics are other important aspects to consider, and ones the MSI currently does not account for—as pointed out in the KPMG report. Although STICA does not require members to report on biodiversity or microplastics today, members are recommended to account for potential synergies or target conflicts between climate impact, biodiversity, microplastics, and other impact categories when developing and implementing fiber strategies.

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

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

²⁴ KPMG, Technical review of the Higg MSI and Higg PM tools (2023)

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

TARGET-SETTING METHODS

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

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

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

- An absolute target implies that because a company has emitted large amounts of GHGs historically, **it should be entitled to a larger share** emissions budget. For example, if Company A emitted twice the amount of Company B in their base years, then Company A's absolute target would allow it to emit twice the amount of Company B by the target year.
- **New entrants** to the market or small companies typically have very low emissions from the start. In this case, an absolute target requiring them to halve their

emissions by 2030 can be difficult to achieve because their emissions budget is particularly small to begin with. This would be the case even if they had products that, on average, incurred a fraction of the emissions of established companies.

- **High-performing** companies that have already taken significant action to reduce their emissions are also required to halve their emissions, the same as those who have not yet started. They will, to some extent, find it harder to reach the target, as they have already picked the lowest-hanging fruit of their emissions reductions.
- A variant of the above is companies **aiming to take market** share in a slowly expanding sector. In this case, an absolute cap on a company's emissions could, in theory, be at odds with the goal of reducing the total emissions of an industry sector. For example, a company that produces products with a relatively lower GHG profile could out-compete companies with worse-performing products. As this company grows, its products could replace those from companies with higher GHGs, thereby reducing the overall emissions of the sector. But, through its growth, the company's overall emissions would increase, while the sector's overall emissions would decrease. Moreover, as the apparel and footwear sector has expanded steadily in recent years—and is expected by some to continue doing so—can we feel confident that the absolute emissions are not increasing? This is the theory, but it is based on many assumptions and is difficult to substantiate.

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

ADDITIONAL CONSIDERATIONS WHEN REVIEWING COMPANY DISCLOSURES

The following tables show the STICA members' disclosures for the fiscal year 2023, or for 2023/24 for companies with irregular fiscal years. When reviewing and interpreting company disclosures in these tables, it is important to keep in mind the following:

- The total emissions reported in the tables are not directly comparable between companies. The STICA scope does not require that members report emissions from all Scope 3 categories, and as some choose to report emissions from optional categories, the members' system boundaries are not the same. You can read more about the reasons for what is required and what is optional in the section "The STICA Scope".
- The quality of the data may differ between companies. While the intention is to consolidate the methodology used between STICA members, there are always variations in GHG accounting. It is not the purpose to highlight data uncertainties in the data shown in these tables. For more information, please revisit the section on "Data Quality and Uncertainty" above.
- The signatories' targets are also not necessarily comparable. For Scopes 1 and 2, all STICA members are required to set targets in line with an absolute reduction of 4.2% a year. For Scope 3, targets can be set in three different ways. Read more about this in the "Target-setting Methods" section above, as well as in [STICA's target-setting requirements document](#).

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

- The base-year emissions determine how the target progress appears. Do a company's base-year calculations paint an accurate picture of the company's business? For example, if the base year coincides with the Covid-19 pandemic, the company may have operated differently during the set base year compared to before and after the pandemic. For fast-growing companies, it will always be a difficult decision to set the base year, as the business is ever-changing.

- Due to magnitude, changes within purchased goods will affect the overall change in emissions and will likely decide a company's target progress. Decreases in emissions stem, in some instances, from effective measures like replacing materials with more climate-friendly alternatives, and in others from fewer purchased products. Likewise, increases in emissions can be the cause of a greater number of purchased products rather than a lack of initiative.
- Does the company use average database data for its calculations or primary data from suppliers? While using average database data still means comparisons between the years are correct, it also adds uncertainty regarding company progress because the calculations are not based on primary data from the company's value chain.
- Have emissions per net revenue (adjusted for inflation) and emissions per sold product decreased as well? If not, are the decreases a result of overstock from last year, meaning the company did not need to buy as much material for the coming year while still maintaining sales figures? Or does the company have lower sales figures and thus fewer purchased products?
- Can the company explain what actions it has taken to reduce emissions? Are these actions part of a long-term plan?
- Are guarantees of origin (GOs)/Renewable Energy Certificates (RECs) one explanation for the decrease? The objective of these is to ensure that purchased energy has been produced from renewable sources.²⁵ These are accepted in STICA's emissions follow-up, but it is worth noting the ongoing debate about whether these lead to actual emissions reductions globally.
- Have any external forces occurred during the year that affect the target progress? Is there an effect from energy prices, war, or pandemics, for example, that plays a role in the decrease?

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

²⁵ European Parliament, Council of the European Union, [Renewable Energy Directive EU/2018/2001](#) (2018)



COMPANY DISCLOSURES

In this section, you will find company-specific information in two tables, the first with Scope 1 and 2 information and the second with Scope 3 information. The companies are listed in alphabetical order to make it easier to find a specific company. However, you can also find the company information organized according to company revenue [here](#).

The column “Change in absolute emissions since base year expressed in tonnes CO_{2e}” includes the relative change in emissions since the base year in parentheses. This is true for both the Scopes 1 & 2 table and the Scope 3 table. For the Scope 3 table, the column “Scope 3 emissions within target boundary” represents the companies’ reported Scope 3 emissions, not just the STICA scope or the target scope.

Some companies have reduced their emissions, while other companies’ impact has increased. The change in emissions is only reflected for the companies with a base year prior to 2023 in these tables.

SCOPE 1&2 REPORTING

Table 1. Company-level information outlining the size of the company and progress toward their Scope 1 and 2 target for fiscal year 2023 (or 2023/2024). In some cases (marked with C), fiscal year 2022/2023 has been used as the break of year occurs later than the release of this report.

STICA company member	FY2023 - Revenue (MSEK)	FY2023 - Scope 1&2 emissions in 2023 (tonnes CO ₂ e)	Change in absolute emissions since base year expressed in tonnes CO ₂ e	Target description ^A	Target progress ^B	Required annual reduction from 2024 onwards (%pt) ^B	Data verified by 3rd party? ^C
A Day's March	No Scopes 1 & 2 disclosure	No Scopes 1 & 2 disclosure	No Scopes 1 & 2 disclosure	No Scopes 1 & 2 disclosure	No Scopes 1 & 2 disclosure	No Scopes 1 & 2 disclosure	
Acne Studios ^D	3 214	335	-564 (-63%)	50% absolute reduction by 2030 (2020 base year)	Target achieved	-	Scope 1 & 2 data 3rd party verified, limited assurance
Active Brands	1168 ^E	97	-245 (-72%)	90% absolute reduction by 2025 (2021 base year)	Ahead of target	-9,1%	Scope 1 & 2 data not verified
Axel Arigato	924	235	0 (0%)	80% absolute reduction by 2030 (2023 base year)	-	-11,4%	Scope 1 & 2 data not verified
Bergans	543 ^E	273	-334 (-55%)	60% absolute reduction by 2025 (2018 base year)	Ahead of target	-2,5%	Scope 1 & 2 data not verified
Björn Borg	872	389	25 (7%)	50% absolute reduction by 2030 (2020 base year)	Behind target	-8,1%	Scope 1 & 2 data not verified
Blåkläder	2 494	882	138 (19%)	50% absolute reduction by 2030 (2018 base year)	Behind target	-9,8%	Scope 1 & 2 data not verified
BRAV	1 170	2 812	2073 (281%)	42% absolute reduction by 2030 (2021 base year)	Behind target	-46,1%	Scope 1 & 2 data not verified
Brothers	369	52	-37 (-41%)	100% absolute reduction by 2030 (2021 base year)	Ahead of target	-8,4%	Scope 1 & 2 data not verified
Bubbleroom	438	2	-18 (-88%)	100% absolute reduction by 2030 (2021 base year)	Ahead of target	-1,7%	Scope 1 & 2 data not verified
Båstadgruppen	627	360	241 (204%)	34% absolute reduction by 2030 (2022 base year)	Behind target	-34,0%	Scope 1 & 2 data 3rd party verified, limited assurance
Casall ^D	203	35	-121 (-77%)	75% absolute reduction by 2025 (2018 base year)	Target achieved	-	Scope 1 & 2 data not verified
Cellbes	505	75	-50 (-40%)	50% absolute reduction by 2030 (2018 base year)	Ahead of target	-1,5%	Scope 1 & 2 data not verified
Craft	714	219	-117 (-35%)	42% absolute reduction by 2030 (2020 base year)	Ahead of target	-1,0%	Scope 1 & 2 data not verified
Db	375	6	-33 (-84%)	100% absolute reduction by 2030 (2019 base year)	Ahead of target	-2,3%	Scope 1 & 2 data 3rd party verified, reasonable assurance
Didriksons	735	224	-113 (-33%)	60% absolute reduction by 2025 (2018 base year)	Behind target	-13,3%	Scope 1 & 2 data not verified
Ellos	3 436	332	33 (11%)	50% absolute reduction by 2025 (2020 base year)	Behind target	-30,5%	Scope 1 & 2 data not verified
Elodie Details	68	2	-1 (-45%)	70% absolute reduction by 2030 (2020 base year)	Ahead of target	-3,6%	Scope 1 & 2 data 3rd party verified, reasonable assurance
Eton shirts	1 105	62	-357 (-85%)	50% absolute reduction by 2030 (2019 base year)	Target achieved	-	Scope 1 & 2 data not verified
Fenix Outdoor	8405 ^F	1 853	-3103 (-63%)	40% absolute reduction by 2025 (2019 base year)	Target achieved	-	Scope 1 & 2 data not verified

SCOPE 1&2 REPORTING

STICA company member	FY2023 - Revenue (MSEK)	FY2023 - Scope 1&2 emissions in 2023 (tonnes CO2e)	Change in absolute emissions since base year expressed in tonnes CO2e	Target description ^A	Target progress ^B	Required annual reduction from 2024 onwards (%pt) ^B	Data verified by 3rd party? ^C
Fristads	1 609	817	-40 (-5%)	50% absolute reduction by 2030 (2022 base year)	Behind target	-6,5%	Scope 1 & 2 data not verified
GinaTricot	2 243	856	143 (20%)	50% absolute reduction by 2030 (2021 base year)	Behind target	-10,0%	Scope 1 & 2 data not verified
H&M Group	236 035	54 805	-16952 (-24%)	56% absolute reduction by 2030 (2019 base year)	On target	-4,6%	Scope 1 & 2 data 3rd party verified, limited assurance
Haglöfs	923	303	-20 (-6%)	50% absolute reduction by 2030 (2020 base year)	Behind target	-6,3%	Scope 1 & 2 data 3rd party verified, limited assurance
Helly Hansen	7189 ^E	3 086	-75 (-2%)	42% absolute reduction by 2030 (2022 base year)	Behind target	-5,7%	Scope 1 & 2 data not verified
House of Dagmar	74	1	0 (42%)	50% absolute reduction by 2030 (2018 base year)	Behind target	-13,1%	Scope 1 & 2 data 3rd party verified, reasonable assurance
ICANIWILL	291	4	-5 (-53%)	42% absolute reduction by 2030 (2020 base year)	Target achieved	-	Scope 1 & 2 data not verified
Indiska	316	183	-124 (-40%)	50% absolute reduction by 2030 (2021 base year)	Ahead of target	-1,4%	Scope 1 & 2 data not verified
Intersport	2 226	1 431	201 (16%)	50% absolute reduction by 2030 (2021 base year)	Behind target	-9,5%	Scope 1 & 2 data not verified
Kappahl	5 002	11 808	-296 (-2%)	50% absolute reduction by 2032 (2022 base year)	Behind target	-5,3%	Scope 1 & 2 data not verified
Kid Hemtex	3 414 ^E	1 577	-2 264 (-59%)	50% absolute reduction by 2030 (2020 base year)	Target achieved	-	Scope 1 & 2 data not verified
Lindex	7 249	6 998	-7 248 (-51%)	60% absolute reduction by 2023 (2017 base year)	Target year passed	-	Scope 1 & 2 data not verified
MQ ^D	1 138	478	152 (47%)	100% absolute reduction by 2030 (2021 base year)	Behind target	-21,0%	Scope 1 & 2 data not verified
NA-KD	1 907	204	17 (9%)	80% absolute reduction by 2025 (2020 base year)	Behind target	-44,5%	Scope 1 & 2 data not verified
Nelly	1 061	26	-206 (-89%)	95% absolute reduction by 2023 (2018 base year)	Target year passed	-	Scope 1 & 2 data 3rd party verified, reasonable assurance
Non-stop Dogwear	No Scopes 1 & 2 disclosure	No Scopes 1 & 2 disclosure	No Scopes 1 & 2 disclosure	No Scopes 1 & 2 disclosure	No Scopes 1 & 2 disclosure	No Scopes 1 & 2 disclosure	Scope 1 & 2 data not verified
Nordic Kidswear	31	3	1 (34%)	50% absolute reduction by 2033 (2021 base year)	Behind target	-8,4%	Scope 1 & 2 data 3rd party verified, reasonable assurance
Norrøna	687 ^E	38	-83 (-69%)	60% absolute reduction by 2029 (2018 base year)	Target achieved	-	Scope 1 & 2 data not verified
Nudie Jeans	483	132	-319 (-71%)	51% absolute reduction by 2030 (2018 base year)	Target achieved	-	Scope 1 & 2 data not verified
Our Legacy ^D	293	10	-	Target not set	-	-	Scope 1 & 2 data 3rd party verified, reasonable assurance
Peak Performance	- ^G	426	-341 (-45%)	50% absolute reduction by 2030 (2022 base year)	Ahead of target	-0,8%	Scope 1 & 2 data 3rd party verified, reasonable assurance
Polarn O. Pyret ^D	792	214	-148 (-41%)	100% absolute reduction by 2030 (2017 base year)	Behind target	-8,4%	Scope 1 & 2 data not verified
Reima	931	204	-153 (-43%)	90% absolute reduction by 2030 (2021 base year)	Ahead of target	-6,7%	Scope 1 & 2 data not verified



SCOPE 1&2 REPORTING

STICA company member	FY2023 - Revenue (MSEK)	FY2023 - Scope 1&2 emissions in 2023 (tonnes CO2e)	Change in absolute emissions since base year expressed in tonnes CO2e	Target description ^A	Target progress ^B	Required annual reduction from 2024 onwards (%pt) ^B	Data verified by 3rd party? ^C
Sandqvist	95	9	-15 (-62%)	42% absolute reduction by 2030 (2019 base year)	Target achieved	-	Scope 1 & 2 data not verified
Snickers WW	1 986	824	93 (13%)	50% absolute reduction by 2030 (2018 base year)	Behind target	-9,0%	Scope 1 & 2 data 3rd party verified, reasonable assurance
Stadium ^D	7 100	4 454	-1473 (-25%)	50% absolute reduction by 2025 (2017 base year)	Behind target	-12,6%	Scope 1 & 2 data not verified
Taiga	130	3	-	Target not set	-	-	Scope 1 & 2 data not verified
Tenson	114	43	-119 (-74%)	50% absolute reduction by 2030 (2019 base year)	Target achieved	-	Scope 1 & 2 data not verified
Texstar	115	24	-3 (-12%)	40% absolute reduction by 2030 (2022 base year)	On target	-4,0%	Scope 1 & 2 data not verified
Tiger of Sweden ^D	780	384	-3 (-1%)	50% absolute reduction by 2025 (2018 base year)	Behind target	-24,6%	Scope 1 & 2 data not verified
TOTEME	1 535	128	122 (1815%)	50% absolute reduction by 2030 (2020 base year)	Behind target	-266,5%	Scope 1 & 2 data not verified
Vagabond	771	57	-21 (-27%)	56% reduction per net revenue (MSEK) by 2030 (2022 base year) ^H	Behind target	-14,4%	Scope 1 & 2 data 3rd party verified, reasonable assurance
Varner	11 231	25 321	1069 (4%)	50% absolute reduction by 2030 (2019 base year)	Behind target	-7,8%	Scope 1 & 2 data not verified
VOICE	2135 ^E	3 683	910 (33%)	100% absolute reduction by 2025 (2021 base year)	Behind target	-66,4%	Scope 1 & 2 data not verified
Volvo Merchandise	185	4	-4 (-54%)	50% absolute reduction by 2030 (2019 base year)	Target achieved	-	Scope 1 & 2 data not verified

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

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

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

D) Numbers for FY22 shown due to broken fiscal year.

E) Reported in NOK, numbers not converted to SEK due to currency rates being close to 1:1.

F) Revenue consists only of net sales.

G) Revenue not disclosed owing to the 2024 NYSE listing process for Amer Sports.

H) Intensity based.

SCOPE 3 REPORTING

Table 2. Company-level information outlining the size of the company and progress toward their Scope 3 target for fiscal year 2023 (or 2023/2024). In some cases (marked with C), fiscal year 2022/2023 has been used as the break of year occurs later than the release of this report. Keep in mind, companies may have different categories included in their targets, e.g. Company A could include the optional category business travel in its targets, while Company B might exclude this from its targets. A few companies have not yet set targets but are currently developing these and will submit them to STICA during the year. .

STICA company member	FY2023 - Revenue (MSEK)	Scope 3 emissions within target boundary (tonnes CO ₂ e)	Change in absolute emissions in reported scope since base year expressed in tonnes CO ₂ e	Target description ^A	Target progress ^B	Required annual reduction from 2024 onwards (%pt) ^B	Data verified by 3rd party? ^C
A Day's March	No Scope 3 disclosure	No Scope 3 disclosure	No Scope 3 disclosure	No Scope 3 disclosure	No Scope 3 disclosure	No Scope 3 disclosure	
Acne Studios ^D	3 214	37 546	6281 (20%)	50% absolute reduction by 2030 (2020 base year, category 1)	Behind target	-10,0%	Scope 3 data 3rd party verified, limited assurance
Active Brands	1168 ^E	25 148	-18977 (-43%)	60% reduction per product by 2030 (2021 base year, category 3)	Ahead of target	-5,5%	Scope 3 data not verified
Axel Arigato	924	23 441	-	Target not set	-	-	Scope 3 data not verified
Bergans	543 ^E	5 457	-1545 (-22%)	50% absolute reduction by 2030 (2020 base year, category 1)	Ahead of target	-4,0%	Scope 3 data not verified
Björn Borg	872	17 160	-2379 (-12%)	50% absolute reduction by 2030 (2020 base year, category 1)	Behind target	-5,4%	Scope 3 data not verified
Blåkläder	2 494	44 431	2546 (7%)	50% reduction per purchased product by 2030 (2020 base year, category 3)	Ahead of target	-3,4%	Scope 3 data partially 3rd party verified
BRAV	1 170	16 342	-7368 (-32%)	63% absolute reduction by 2035 (2021 base year, category 1)	Ahead of target	-2,6%	Scope 3 data not verified
Brothers	369	8 420	-2589 (-24%)	30% absolute reduction by 2030 (2021 base year, category 2)	Ahead of target	-0,9%	Scope 3 data not verified
Bubbleroom	438	4 553	-2837 (-38%)	38% absolute reduction by 2030 (2021 base year, category 2)	Target achieved	-	Scope 3 data not verified
Båstadgruppen	627	17 057	6415 (60%)	34% absolute reduction by 2030 (2022 base year, category 2)	Behind target	-13,5%	Scope 3 data 3rd party verified, limited assurance
Casall ^D	203	1 194	-738 (-38%)	50% absolute reduction by 2030 (2019 base year, category 1)	Ahead of target	-1,7%	Scope 3 data not verified
Cellbes	505	4 518	-9797 (-68%)	42% absolute reduction by 2030 (2020 base year, category 1)	Target achieved	-	Scope 3 data not verified
Craft	714	33 004	2084 (7%)	50% absolute reduction by 2030 (2021 base year, category 1)	Behind target	-8,1%	Scope 3 data not verified
Db	375	5 715	-535 (-9%)	50% reduction per kg CO ₂ e emissions per inbound product by 2030 (2019 base year, category 3)	Ahead of target	-0,4%	Scope 3 data 3rd party verified, reasonable assurance
Didriksons	735	13 860	-3499 (-20%)	50% absolute reduction by 2030 (2020 base year, category 1)	On target	-4,3%	Scope 3 data not verified
Ellos	3 436	90 630	-29605 (-25%)	50% absolute reduction by 2030 (2020 base year, category 1)	Ahead of target	-3,6%	Scope 3 data not verified
Elodie Details	68	2 370	-1222 (-34%)	60% reduction per per purchased product by 2035 (2020 base year, category 3)	On target	-3,7%	Scope 3 data partially 3rd party verified
Eton shirts	1 105	16 070	-3635 (-18%)	30% absolute reduction by 2030 (2019 base year, category 2)	Ahead of target	-1,7%	Scope 3 data not verified
Fenix Outdoor	8405 ^F	96 659	-10765 (-15%)	50% reduction per Product produced by 2025 (2019 base year, category 3)	Behind target	-28,0%	Scope 3 data not verified



SCOPE 3 REPORTING

STICA company member	FY2023 - Revenue (MSEK)	Scope 3 emissions within target boundary (tonnes CO2e)	Change in absolute emissions in reported scope since base year expressed in tonnes CO2e	Target description ^A	Target progress ^B	Required annual reduction from 2024 onwards (%pt) ^B	Data verified by 3rd party? ^C
Fristads	1 609	28 464	-25079 (-47%)	50% absolute reduction by 2030 (2022 base year, category 1)	Ahead of target	-0,5%	Scope 3 data not verified
GinaTricot	2 243	57 261	57 (0%)	50% absolute reduction by 2030 (2021 base year, category 1)	Behind target	-7,2%	Scope 3 data not verified
H&M Group	236 035	6 872 986	-1966242 (-22%)	56% absolute reduction by 2030 (2019 base year, category 1)	On target	-4,8%	Scope 3 data partially 3rd party verified
Haglöfs	923	11 253	-7100 (-39%)	50% absolute reduction by 2030 (2020 base year, category 1)	Ahead of target	-1,6%	Scope 3 data 3rd party verified, limited assurance
Helly Hansen	7189 ^E	197 099	-38212 (-16%)	42% absolute reduction by 2030 (2022 base year, category 1)	Ahead of target	-3,7%	Scope 3 data not verified
House of Dagmar	74	496	-	Target not set	-	-	Scope 3 data 3rd party verified, reasonable assurance
ICANIWILL	291	3 749	1272 (51%)	50% reduction per Economic intensity: Gross Profit (Added Value) by 2030 (2020 base year, category 3)	Ahead of target	-3,8%	Scope 3 data not verified
Indiska	316	9 898	-6412 (-39%)	50% absolute reduction by 2030 (2021 base year, category 1)	Ahead of target	-1,5%	Scope 3 data not verified
Intersport	2 226	42 890	-5245 (-11%)	42% absolute reduction by 2030 (2021 base year, category 1)	On target	-4,4%	Scope 3 data not verified
Kappahl	5 002	143 472	-23179 (-14%)	50% absolute reduction by 2032 (2022 base year, category 1)	On target	-4,1%	Scope 3 data not verified
Kid Hemtex	3414 ^E	124 757	-54952 (-31%)	50% absolute reduction by 2030 (2020 base year, category 1)	Ahead of target	-2,8%	Scope 3 data not verified
Lindex	7 249	134 181	-69800 (-34%)	49% absolute reduction by 2030 (2017 base year, category 1)	Ahead of target	-2,1%	Scope 3 data not verified
MQ ^D	1 138	15 396	-95 (-1%)	50% absolute reduction by 2030 (2021 base year, category 1)	Behind target	-7,1%	Scope 3 data partially 3rd party verified
NA-KD	1 907	31 945	-38632 (-55%)	50% absolute reduction by 2030 (2020 base year, category 1)	Target achieved	-	Scope 3 data not verified
Nelly	1 061	13 959	-9468 (-40%)	50% absolute reduction by 2030 (2020 base year, category 1)	Ahead of target	-1,4%	Scope 3 data 3rd party verified, reasonable assurance
Non-stop Dogwear	No Scope 3 disclosure	No Scope 3 disclosure	No Scope 3 disclosure	No Scope 3 disclosure	No Scope 3 disclosure	No Scope 3 disclosure	Scope 3 data not verified
Nordic Kidswear	31	410	-226 (-36%)	50% absolute reduction by 2033 (2021 base year, category 1)	Ahead of target	-1,4%	Scope 3 data 3rd party verified, reasonable assurance
Norrøna	687 ^E	7 544	1502 (25%)	60% absolute reduction by 2029 (2020 base year, category 1)	Behind target	-14,1%	Scope 3 data not verified
Nudie Jeans	483	6 755	-2261 (-25%)	51% absolute reduction by 2030 (2018 base year, category 1)	On target	-3,7%	Scope 3 data not verified
Our Legacy ^D	293	3 836	-	Target not set	-	-	Scope 3 data 3rd party verified, reasonable assurance
Peak Performance	- ^G	23 193	-7699 (-25%)	25% absolute reduction by 2030 (2022 base year, category 2)	Ahead of target	0,0%	Scope 3 data 3rd party verified, reasonable assurance
Polarn O. Pyret ^D	792	9 229	-797 (-8%)	50% absolute reduction by 2030 (2020 base year, category 1)	Behind target	-6,0%	Scope 3 data not verified
Reima	931	20 032	-20468 (-51%)	52% reduction per sold product by 2030 (2021 base year, category 3)	Behind target	-6,5%	Scope 3 data not verified



SCOPE 3 REPORTING

STICA company member	FY2023 - Revenue (MSEK)	Scope 3 emissions within target boundary (tonnes CO ₂ e)	Change in absolute emissions in reported scope since base year expressed in tonnes CO ₂ e	Target description ^A	Target progress ^B	Required annual reduction from 2024 onwards (%pt) ^B	Data verified by 3rd party? ^C
Sandqvist	95	1 717	-296 (-15%)	50% absolute reduction by 2030 (2020 base year, category 1)	Behind target	-5,0%	Scope 3 data not verified
Snickers WW	1 986	30 890	203 (1%)	42% absolute reduction by 2030 (2020 base year, category 1)	Behind target	-6,1%	Scope 3 data 3rd party verified, reasonable assurance
Stadium ^D	7 100	164 136	-31548 (-16%)	50% absolute reduction by 2025 (2017 base year, category 1)	Behind target	-16,9%	Scope 3 data not verified
Taiga	130	1 700	-	Target not set	-	-	Scope 3 data not verified
Tenson	114	3 059	-668 (-18%)	50% absolute reduction by 2030 (2020 base year, category 1)	On target	-4,6%	Scope 3 data not verified
Texstar	115	2 759	-1659 (-38%)	40% absolute reduction by 2030 (2022 base year, category 2)	Ahead of target	-0,3%	Scope 3 data not verified
Tiger of Sweden ^D	780	22 369	-13156 (-37%)	50% absolute reduction by 2030 (2018 base year, category 1)	Ahead of target	-1,8%	Scope 3 data not verified
TOTEME	1 535	15 867	10067 (198%)	42% absolute reduction by 2030 (2020 base year, category 1)	Behind target	-34,2%	Scope 3 data not verified
Vagabond	771	15 692	-8974 (-36%)	40% reduction per sold units by 2030 (2022 base year, category 3)	Ahead of target	-1,7%	Scope 3 data 3rd party verified, reasonable assurance
Varner	11 231	261 439	-51036 (-16%)	55% reduction per MNOK (Revenue in MNOK, Key metric of our Scope 3 goal) by 2030 (2019 base year, category 3)	On target	-4,8%	Scope 3 data not verified
VOICE	2135 ^E	40 721	-311 (-1%)	55% reduction per Million NOK in revenue by 2030 (2021 base year, category 3)	On target	-5,7%	Scope 3 data not verified
Volvo Merchandise	185	2 541	-1356 (-35%)	46% absolute reduction by 2030 (2019 base year, category 1)	Ahead of target	-1,6%	Scope 3 data not verified

A) According to STICA's Target Setting Requirements, members can set targets according to three different categories. For more information, please refer to the [requirements document](#).

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

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

D) Numbers for FY22 shown due to broken fiscal year.

E) Reported in NOK, numbers not converted to SEK due to currency rates being close to 1:1.

F) Revenue consists only of net sales.

G) Revenue not disclosed owing to the 2024 NYSE listing process for Amer Sports.



AGGREGATE DATA IN DETAIL

IN THIS SECTION, WE INCLUDE AGGREGATE DATA SUMMARIZING:

1. The actual impact, i.e., GHG emissions reductions, achieved by company signatories participating in STICA's Company Climate Action Program;
2. How committed to transparency and accountability companies participating in STICA's Company Climate Action Program are, as of October 2024; and
3. What actions companies are taking or are planning to take, as of October 2024.

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

IMPACT

This section summarizes the actual impact, i.e. GHG emissions reductions, achieved by company signatories participating in STICA's Company Climate Action Program, in aggregate. The data presented below is based on company calculations from fiscal years 2023, or 2023/2024 for companies with irregular financial years. Five companies are entirely or partially not included in the aggregate numbers, either because they are new members and do not have a base year to compare to, or because they did not report.²⁶ Read more about STICA's [Target Setting Requirements](#) and [Calculation & Reporting Guidelines](#) on the STICA website.

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

TOTAL GHG EMISSIONS FOR ALL MEMBERS, BREAKDOWN PER SCOPE

	tonnes CO ₂ e (tCO ₂ e)	%
Scope 1:	25,441	1%
Scope 2:	101,340	1%
Scope 3:	8,785,270	98%

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

	tCO ₂ e
With H&M:	8,912,051
Without H&M:	1,984,260

For reference, 8.9 million tCO₂e is the same amount of carbon emissions as producing close to 89.5 million kg of beef²⁷, or traveling around the world by plane close to 10 700 times.²⁸

OVERALL INCREASE/DECREASE OF TOTAL GHG EMISSIONS FOR ALL MEMBERS, WITH/WITHOUT H&M GROUP

	tCO ₂ e	%
With H&M:	-2,479,652	-22%
Without H&M:	-496,458	-20%

The overall change in total GHG emissions for STICA companies (with/without H&M Group) is not calculated by using a common base year for all of the companies, but rather by using the base year of each company individually. Base years span from 2017 to 2023. Because new members join STICA on a regular basis, a comparison with GHG emissions from a specific year, e.g. 2019, is not feasible.

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

Increased:	12 members	average (median) increase: 11%
Decreased:	38 members	average (median) decrease: -26%
No change:	5 members	

ON TRACK TO MEET THEIR TARGETS FOR SCOPES 1&2

26 members	47%
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²⁶ Excluding: A Day's March, Axel Arigato, Non-stop dogwear, Our Legacy, Taiga

²⁷ Statista, [Average greenhouse gas emissions per kilogram of major food products worldwide \(2023\)](#)

²⁸ World Economic Forum, [Aviation industry net-zero tracker \(2023\)](#)

MEMBERS' SCOPE 3 TARGET CATEGORIES*(more information on STICA target categories in STICA's Target Setting Requirements)*

1.5°C aligned targets (STICA target Category 1)	33 members	60%
Well below 2°C targets (STICA target Category 2)	6 members	11%
Other targets besides the above (including STICA target Category 3)	11 members	20%
Not set target	5 members	9%

Companies that have set a Category 2 target are: Brothers, Bubbleroom, Båstadgruppen, Eton, Peak Performance, and Texstar. Companies that have set a Category 3 target are: Active Brands, Blåkläder, Db, Elodie Details, Fenix Outdoor, ICANIWILL, Reima, Vagabond, Varner, and Voice Norway.

ON TRACK TO MEET THEIR TARGETS FOR SCOPE 3

32 members	58%
SEGMENTED BASED ON TARGET TYPE:	
Category 1 targets	67%
Category 2 targets	83%
Category 3 targets	45%

ON TRACK TO MEET THEIR TARGETS FOR ALL SCOPES

19 members	34%

VALUE CHAIN EMISSIONS DATA SOURCE

Collected directly from suppliers in the value chain:	34 members	62%
Using only industry averages for value chain emissions:	21 members	38%



TRANSPARENCY & ACCOUNTABILITY

This section summarizes how committed to transparency and accountability companies participating in STICA's Company Climate Action Program are, as of October 2024. The aggregate data presented below was collected in October 2024 and includes answers from 54 of the then 55 companies committed to the program, unless noted otherwise.²⁹ Read more about STICA's [Target Setting Requirements](#) and [Calculation & Reporting Guidelines](#) on the STICA website.

CALCULATION OF GHG EMISSIONS ACCORDING TO STICA GUIDELINES FOR LATEST FINANCIAL YEAR³⁰

Scopes 1 & 2:	53 members	98%
Scope 3:	53 members	98%
Scopes 1, 2, and 3:	53 members	98%

REPORTING OPTIONAL CATEGORIES (I.E. BUSINESS TRAVEL, USE OF SOLD PRODUCTS) (more information can be found in [STICA's Reporting Guidelines](#))³¹

39 members	74%
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REQUIRED TO REPORT ACCORDING TO CSRD WITHIN THE COMING FIVE YEARS

Yes 82%	No 9%	Other 9% ³²
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REQUIRED TO REPORT ACCORDING TO CSDDD WITHIN THE COMING FIVE YEARS

Yes 30%	No 65%	Other 5% ³³
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²⁶ Excluding A Day's March, who have not reported this year

³⁰ Statistics based on 51 company members, excluding: A Day's March, Axel Arigato, Non-stop dogwear, Our Legacy, Taiga

³¹ -"

³² This category refers to signatories that are brands operating within the context of a larger company group where the group will be required to report, but not the brand itself

³³ -"

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

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

	%
Yes, total Scopes 1 & 2 GHG calculations verified reasonable assurance by accredited auditor	17%
Yes, total Scopes 1 & 2 GHG calculations verified through limited assurance by accredited auditor	7%
Yes, total Scopes 1 & 2 GHG calculations verified through third-party against ISO 14064-3	0%
Yes, total Scopes 1 & 2 GHG calculations not verified in the future by third-party, but Scopes 1 & 2 target approved by SBTi	4%
No, Scopes 1 & 2 GHG calculations will be verified by independent third-party	9%
No, considering Scopes 1 & 2 verification from third-party	37%
No, not considering Scopes 1 & 2 verification from third-party at this time	26%

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

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

	%
Yes, total Scope 3 GHG calculations verified through reasonable assurance by accredited auditor	15%
Yes, total Scope 3 GHG calculations verified through limited assurance by accredited auditor	6%
Yes, total Scope 3 GHG calculations verified by third party regarding ISO 14064-3	0%
Yes, total Scope 3 GHG calculations not verified by third party but Scopes 3 target approved by SBTi	4%
Yes, some Scope 3 GHG emissions verified by independent third party	7%
No, Scope 3 GHG calculations will be verified in the future by independent third party	7%
No, but considering Scope 3 verification from third party	37%
No, and not considering Scope 3 verification from third party at this time	24%

SET A LONG-TERM NET ZERO TARGET

Yes, approved by SBTi	11%
Committed to Net Zero targets through SBTi, not yet approved	15%
Set long-term Net Zero but not through SBTi	24%
No	50%

SET LAND-RELATED GHG EMISSIONS TARGETS

Yes, SBTi-approved Forest, Land & Agriculture Guidance (FLAG) targets	2%
Yes, set targets using SBTi's FLAG definition but not yet approved	2%
Yes, but not using SBTi's FLAG definition	2%
No, but measured land-related GHG emissions	18%
No	76%

CALCULATE TOTAL GHG EMISSIONS PER PRODUCT

Yes, through LCAs	5%
Yes, through EPDs	2%
Yes, using other product-specific methodologies	15%
Yes, as KPI using total company emissions per purchased product	28%
Yes, as KPI using total company emissions per sold product	30%
Yes, other	4%
No	17%

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

Yes 19%	No 81%

CLIMATE ACTION TRANSITION PLAN PUBLICLY AVAILABLE

Yes, Scopes 1, 2 & 3	35%
Only Scopes 1 & 2	4%
Only Scope 3	0%
No, but plans to	11%
No	50%

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

Yes 17%	No 83%

ACTIONS TO DATE

Company signatories participating in STICA's Company Climate Action Program are required to submit information about their Climate Action Transition Plans on an annual basis. This section summarizes what actions companies are taking or are planning to take as of October 2024. The answers are based on voluntary, unverified responses from the companies. The aggregate data presented below was collected in October 2024 and includes answers from 54 of the then 55 company signatories.³⁴ More information about STICA's company requirements and reporting guidelines can be found [here](#).

CLIMATE TRANSITION PLANS

DEVELOPMENT OF CLIMATE ACTION TRANSITION PLAN FOR SCOPES 1 & 2

DEVELOPMENT OF CLIMATE ACTION TRANSITION PLAN FOR SCOPES 1 & 2	
Completed and taking actions	41%
Partially completed and taking actions	17%
Development in progress, building strategy	29%
Not yet started	13%

TIMEFRAME FOR SCOPES 1 & 2 TRANSITION PLAN

TIMEFRAME FOR SCOPES 1 & 2 TRANSITION PLAN	
Most companies have 2030 as their target year for their Scopes 1 & 2 transition plan	

DEVELOPMENT OF CLIMATE ACTION TRANSITION PLAN FOR SCOPE 3

DEVELOPMENT OF CLIMATE ACTION TRANSITION PLAN FOR SCOPE 3	
Completed and taking actions	33%
Partially completed and taking actions	21%
Development in progress, building strategy	32%
Not yet started	15%

TIME FRAME FOR SCOPE 3 TRANSITION PLAN

TIME FRAME FOR SCOPE 3 TRANSITION PLAN	
Most companies have 2030 as their target year for their Scope 3 transition plan	

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

CLIMATE ACTION TRANSITION PLAN FORMALLY APPROVED BY OWNERS, BOARD OF DIRECTORS, CEO, AND/OR SENIOR MANAGEMENT TEAM	
Yes 61%	No 39%

ASSIGNED BOARD-LEVEL OVERSIGHT OF CLIMATE ACTION TRANSITION PLAN

ASSIGNED BOARD-LEVEL OVERSIGHT OF CLIMATE ACTION TRANSITION PLAN	
Yes 33%	No 46%
Oversight structured in different way 20%	

BOARD HAS COMPETENCE IN CLIMATE ISSUES

BOARD HAS COMPETENCE IN CLIMATE ISSUES	
Yes 31%	No 69%

EXECUTIVE PAY AND BONUSES LINKED TO DECARBONIZATION

EXECUTIVE PAY AND BONUSES LINKED TO DECARBONIZATION	
Yes 9%	No 91%

³⁴ Excluding A Day's March, who have not reported this year

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

CLIMATE ACTION TRANSITION PLAN CURRENTLY USED TO GUIDE COMPANY STRATEGIC DECISIONS/ACTIONS	
Yes 72%	No 28%

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

CLIMATE ACTION TRANSITION PLAN USED TO GUIDE COMPANY FINANCIAL DECISIONS AND ACTIONS	
Yes 37%	No 63%

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

CURRENT CLIMATE ACTION TRANSITION PLAN ENABLES MEETING SCOPES 1 & 2 COMPANY CLIMATE TARGETS	
Yes 76%	No 24%

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

CURRENT CLIMATE ACTION TRANSITION PLAN ENABLES MEETING SCOPE 3 COMPANY CLIMATE TARGETS	
Yes 43%	No 58%

FINANCIAL GROWTH PLAN ALIGNS WITH CLIMATE ACTION TRANSITION PLAN

FINANCIAL GROWTH PLAN ALIGNS WITH CLIMATE ACTION TRANSITION PLAN	
Yes 35%	No 65%

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

PROCESS IN PLACE FOR IDENTIFYING, ASSESSING, AND RESPONDING TO CLIMATE-RELATED IMPACTS/RISKS/OPPORTUNITIES	
Yes 61%	No 39%

RISK AND OPPORTUNITY TYPES CONSIDERED IN CLIMATE-RELATED RISK ASSESSMENTS

Members were able to select more than one response

RISK AND OPPORTUNITY TYPES CONSIDERED IN CLIMATE-RELATED RISK ASSESSMENTS	
Members were able to select more than one response	
Transition risks (e.g., carbon pricing, changing consumer preferences, etc.)	82%
Physical risks (e.g., more extreme weather events)	88%
Opportunities (e.g., resource efficiency, new product lines, and/or business models, etc.)	88%
Other	6%

PUBLICLY REPORTED ON ONE OR MORE OF TCFD'S RECOMMENDED DISCLOSURES

Members were able to select more than one response

PUBLICLY REPORTED ON ONE OR MORE OF TCFD'S RECOMMENDED DISCLOSURES	
Members were able to select more than one response	
Reported on climate-related governance	33%
Reported on climate risk management	22%
Reported on climate strategy	50%
Reported on climate-related metrics and targets	54%
No	50%

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

CLEARLY DEFINED KPIS AND "SMART" TARGETS TO MANAGE KEY/MATERIAL CLIMATE-RELATED RISKS APPROVED BY SENIOR MANAGEMENT TEAM		
Yes, fully 4%	Yes, partially 61%	No 35%

ACTIONS PLANNED OR TAKEN

ACTIONS PLANNED OR TAKEN TO REDUCE SCOPE 1 & 2 EMISSIONS

Members were able to select more than one response

Improved energy efficiency at owned/operated facilities	72%
Produced or procured renewable electricity (and/or renewable energy credits) for owned/operated facilities	78%
Reduced fuel consumption of owned/operated vehicles or other alternatives	43%
Electrification of vehicles	67%
Reduced onsite use of fuels through electrification or other energy sources for owned/operated facilities	22%
Procured renewable fuels for onsite use at facilities	9%
Adopted use of refrigerants with low global warming potential (GWP) at owned/operated facilities	6%
Other	13%

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

Quantified emission reduction potential per action, set timeline/ deadline for each action	19%
Quantified emission reduction potential per action, set timeline/ deadline for some action areas	20%
Quantified emission reduction potential per action only	28%
None of the above	33%

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

Yes 69%	No 31%
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ACTIONS PLANNED OR TAKEN TO REDUCE SCOPE 3 EMISSIONS

Members were able to select more than one response

Engaging suppliers to support in measuring their GHG emissions	74%
Engaging suppliers to support in setting GHG targets	57%
Engaging suppliers to support in implementing energy-efficiency measures	67%
Engaging suppliers to support in implementing renewable energy	74%
Helping/ demanding relevant suppliers to phase out coal	57%
Engaging suppliers to support in implementing cleaner thermal processes	30%
Increasing materials with lower GHG profiles	91%
Reducing GHG impacts of packaging	72%
Reducing GHG impacts of outbound distribution	76%
Implementing circular business models	59%
Decreasing volumes of new products	22%
Other	9%
None, no actions taken	2%

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

Quantified emission reduction potential per action, set timeline/ deadline for each action	17%
Quantified emission reduction potential per action, set timeline/ deadline for some action areas	22%
Quantified emission reduction potential per action only	24%
None of the above	37%

ACTIONS PLANNED OR TAKEN

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

	0%	1-25%	26-50%	51-75%	76-100%	No data
Tier 1 suppliers	6%	13%	5%	9%	50%	17%
Tier 2 suppliers:	20%	20%	13%	11%	15%	21%
Tier 3 suppliers:	41%	15%	2%	2%	0%	40%
Tier 4 suppliers:	54%	3%	0%	2%	0%	41%

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

	0%	1-25%	26-50%	51-75%	76-100%	No data
Tier 1 suppliers:	13%	13%	13%	7%	39%	15%
Tier 2 suppliers:	29%	24%	3%	5%	13%	24%
Tier 3 suppliers	46%	13%	2%	2%	0%	37%
Tier 4 suppliers:	57%	2%	0%	2%	0%	39%

PERCENTAGE OF PURCHASED VOLUME PRODUCED BY SUPPLIERS PROVIDING PRIMARY DATA

	0%	1-25%	26-50%	51-75%	76-100%	No data
Tier 1 suppliers	4%	7%	5%	9%	67%	6%
Tier 2 suppliers:	22%	17%	13%	13%	22%	17%
Tier 3 suppliers:	48%	13%	2%	2%	0%	35%
Tier 4 suppliers:	61%	2%	0%	2%	0%	35%

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

	0%	1-25%	26-50%	51-75%	76-100%	No data
Tier 1 suppliers	37%	9%	2%	4%	30%	18%
Tier 2 suppliers:	54%	9%	0%	0%	11%	26%
Tier 3 suppliers:	61%	4%	0%	0%	0%	35%
Tier 4 suppliers:	65%	0%	0%	0%	0%	35%

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

	0%	1-25%	26-50%	51-75%	76-100%	No data
Tier 1 suppliers	72%	4%	0%	0%	6%	18%
Tier 2 suppliers:	78%	0%	0%	0%	2%	20%
Tier 3 suppliers:	76%	2%	0%	0%	0%	22%
Tier 4 suppliers:	78%	0%	0%	0%	0%	22%

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

Yes 15%	No 85%
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PUBLIC DISCLOSURE OF HOW SUPPLIERS' INCENTIVES ARE LINKED TO DECARBONIZATION

Yes 6%	No 94%
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RETAILERS

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

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

CLIMATE ACTION TRANSITION PLAN INCLUDES STRATEGY TO ENSURE EXTERNAL BRANDS MEET CLIMATE ACTION REQUIREMENTS	
Yes 77%	No 23%

SET CLIMATE ACTION REDUCTION TARGETS FOR EXTERNAL BRANDS

SET CLIMATE ACTION REDUCTION TARGETS FOR EXTERNAL BRANDS	
Yes 31%	No 69%

MATERIALS STRATEGY

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

PLAN FOR SOURCING MATERIALS THAT HAVE LOWER CLIMATE IMPACT THAN CONVENTIONAL MATERIALS	
Yes 94%	No 6%

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

TARGETS SET FOR SOURCING MATERIALS THAT HAVE LOWER CLIMATE IMPACT THAN CONVENTIONAL MATERIALS	
Yes 89%	No 11%

TRANSPORTATION

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

CLIMATE ACTION TRANSITION PLAN INCLUDES SOURCING TRANSPORTATION WITH LOWER CLIMATE IMPACT, AND/OR OTHER STRATEGIES TO REDUCE GHG EMISSIONS IN TRANSPORTATION	
Yes 91%	No 9%

TARGET SET FOR SOURCING TRANSPORTATION WITH LOWER CLIMATE IMPACT

TARGET SET FOR SOURCING TRANSPORTATION WITH LOWER CLIMATE IMPACT	
Yes 74%	No 26%

CIRCULAR BUSINESS MODELS

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

CLIMATE ACTION TRANSITION PLAN INCLUDES CIRCULAR BUSINESS MODELS (I.E., REPAIR, RESALE, RENTAL)	
Yes 72%	No 28%

TYPES OF CIRCULAR BUSINESS MODELS INCLUDED

Members were able to select more than one response

TYPES OF CIRCULAR BUSINESS MODELS INCLUDED	
Repair services	67%
Buying back or facilitating the resale of used products	64%
Offering product leasing or subscription services	26%
Other	44%

PROJECTED BUSINESS REVENUE FROM CIRCULAR BUSINESS MODELS BY 2030

0%	8%
1–5%	24%
6–10%	11%
11–20%	9%
21–30%	2%
>30%	0%
Don't know	46%

HAVE LAUNCHED ONE OR MORE CIRCULAR BUSINESS INITIATIVES TO DATE

Yes 65%	No 35%
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CUSTOMER USE**CALCULATE GHG EMISSIONS FROM USE OF COMPANY'S PRODUCTS/SERVICES ON ANNUAL BASIS**

Yes 22%	No 78%
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METHODS FOR COLLECTING DATA REGARDING USE OF GARMENTS

Members were able to select more than one response

QR codes 0%	RFID tags 4%	Other 15%	Don't collect data 83%
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MEASURE PRODUCT LONGEVITY

Yes 20%	No 80%
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ACTIVE ENGAGEMENT OF CUSTOMERS IN CLIMATE ACTION

Yes 39%	No 61%
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ECONOMIC INCENTIVES & FINANCIAL INTEGRATION**SPECIFY FINANCIAL COSTS/INVESTMENTS NEEDED PER TYPE OF CLIMATE ACTION**

Yes 2%	Partially 48%	No 50%
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ADDRESS DECOUPLING ECONOMIC GROWTH FROM CLIMATE IMPACT

Yes 19%	Partially 33%	No 48%
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USE INTERNAL CARBON PRICING MECHANISM TO INCENTIVIZE BETTER CLIMATE ACTION DECISIONS

Yes 2%	Partially 6%	No, but planning to 24%	No 68%
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USE OTHER FINANCIAL TOOLS TO SUPPORT CLIMATE ACTION WORK

Yes 11%	No 89%
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PERCENTAGE OF ANNUAL REVENUE INVESTED IN CLIMATE ACTION AND DECARBONIZATION

0%	1–5%	6–10%	>10%	Don't know
31%	26%	0%	2%	41%

COMMITMENT OR INVESTMENT PLAN FOR SUPPORTING AND SCALING CARBON REMOVALS

Yes 11%	No 89%
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ENGAGED IN BEYOND VALUE CHAIN MITIGATION (BVCM)

(more information by the Science-Based Targets initiative)

Yes 9%	No 91%
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INDUSTRY ACTION & POLICY ENGAGEMENT

FORMAL PLAN TO ENGAGE WITH POLICYMAKERS TO INFLUENCE LEGISLATION INCENTIVIZING DECARBONIZATION

Yes 44%	No 56%
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ACTIONS TAKEN TO DRIVE POLICY CHANGE AT INDUSTRY LEVEL

Members were able to select more than one response

Endorsing climate solutions campaign or sign-on letter	24%
Corresponding directly with politicians	9%
Participating in government meetings	9%
Providing customers with an opportunity to advocate for climate action	6%
Supporting advocacy groups through donation or membership	26%
Providing feedback on STICA-related position papers	43%
Other	19%
Not taken any industry advocacy actions	35%

JUST TRANSITION

ROADMAP INCLUDES PLAN FOR JUST TRANSITION

Transition (as outlined by the United Nations and the International Labour Organisation (ILO))

Yes 22%	No 78%
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Global warming is having and will continue to have an impact on the people and communities who work throughout the textile supply chain and who are dependent upon the textile industry. All companies, including buyers, will need to ensure that they are considering the implications of their climate-related decisions on the people and communities they have an impact on, thus supporting a Just Transition—transitioning in a way that is fair and “just” to the workers, communities, and end-consumers involved, ensuring no one is left behind. The companies responded to this question in a variety of ways. A substantial proportion of the signatory companies do not currently have a clear idea of what a Just Transition is and what they should do to implement this in their climate action plans. Many referred to their general practices for ensuring a fair relationship with their manufacturing partners as an example of how they are working with a Just Transition. We will ask more specific questions regarding this topic in our next company assessment.

WORKING GROUPS

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

PARTICIPATE IN ONE OR MORE STICA WORKING GROUPS

Yes 76%	No 24%
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WORKING GROUP PARTICIPATION

Members were able to select more than one response

WG1: Data Collection & Reporting	44%
WG2: Energy Efficiency & Renewable Energy: China	51%
WG2: Energy Efficiency & Renewable Energy: India	17%
WG2: Energy Efficiency & Renewable Energy: Turkey	17%
WG2: Energy Efficiency & Renewable Energy: Vietnam/Taiwan	17%
WG2: Energy Efficiency & Renewable Energy: Bangladesh	29%
WG3: Materials	29%
WG4: The User Phase & Circular Business Models	27%
WG6: Retail Group	12%
WG7: Retail Scope 2 Emissions	10%

STICA has established 12 working groups, 10 of which are currently active. 151 people from 51 STICA signatory companies participate in these working groups (i.e., three on average from each company). Here are some **examples of working group activities during 2024:**

WG1 Data Collection & Reporting compiled a list of software providers and consultants for data gathering and climate calculations. The group has also conducted an ESRS vs. STICA gap analysis and provided feedback on STICA guidelines in general.

WG2 Energy Efficiency and Renewable energy in Scope 3 compiled shared supplier lists with in total approximately 1,500 Tier 1 and 2 facilities with their brand connections, which are regularly matched with other organizations like Apparel Impact Institute (Aii) and European Outdoor Group (EOG), to find opportunities for support and joint engagement in the supplier climate transition. A subgroup within the **Bangladesh group** has established a webinar series run by an external service provider to inspire, educate, and provide concrete starting points for supplier climate action. The **China working group** has created guidance material about Energy Attribute Certificate (EAC)/International Renewable Energy Certificate (I-REC) use with suppliers and has drawn up checklists for potential Renewable Energy/Energy Efficiency actions at supplier facilities. It has also conducted a webinar series for suppliers' climate transition with 150–300 participating suppliers across the four sessions. The **India working group** organized a webinar series for suppliers' climate transition and has established a regional WhatsApp group for Indian suppliers for peer-to-peer support on concrete climate action. The **Turkey working group** has organized webinars for suppliers. The **Vietnam/Taiwan/Korea working group** has engaged in a solar rooftop initiative for Vietnamese factories and is running energy/water audits at five Vietnamese facilities, aiming to establish climate action plans with them.

WG3 Materials—Tiers 3 and 4 has researched several service providers and solutions for material traceability, as well as cotton traceability possibilities with a focus on better GHG emissions data from Tier 3 and 4 through certifiers, traders, sourcing programs, etc.

WG4 Circularity/User phase has initiated two workstreams: 1) measuring circularity impacts; and 2) the business case (including policy input) for circularity. To date, they have mapped solution providers for circular business models; investigated various ways to measure circularity and environmental impacts linked to circular business models; surveyed and interviewed STICA members about such business models with the aim of understanding drivers, hurdles, needs for policy, and other supporting factors; and gathered knowledge about the ISO 59000 standards on circularity.

WG7 Retail Scope 2 emissions is focusing on engaging the landlords of retail chains by investigating how to receive accurate data on energy consumption and sources (electricity, heating, cooling) and emissions data and how to engage and incentivize landlords to work with energy efficiency and switch to 100% renewables for all types of energy consumption.

COMPANY PERSPECTIVES

KEY CHALLENGES REPORTED BY STICA COMPANY SIGNATORIES:

A number of industry reports^{35, 36, 37, 38, 39} have outlined the challenges fashion and apparel companies face when trying to reduce their GHG emissions; these are also challenges that STICA signatories report they are facing. These include:

- **Lack of supply chain transparency and access to data.** There is a lack of transparency and data quality regarding primary emissions data in the supply chain, making it harder to determine emission hotspots and get credit for reducing emissions. Many STICA signatories still do not know their Tier 2, 3, and 4 suppliers and must invest in new data collection tools and infrastructure to be able to identify suppliers and credibly collect primary data.
- **Limited availability and quality of materials with better climate profiles.** The climate impact of materials depends not only on what the material is but also on how it is made. Today, there is limited availability of materials made and processed (dyed and finished) using renewable energy. Most recycled materials made into garments and textiles are processed using fossil fuels. A majority of recycled polyester, for instance, is not recycled from textiles but is made from pre- and post-consumer PET. There is a debate whether fossil-based polyester is particularly bad for climate and the industry overall, since it is made from fossil fuels, sheds microplastics, and is relatively inexpensive, meaning it may contribute to overproduction and overconsumption, i.e., “fast fashion”.⁴⁰ That said, other materials can have significant negative environmental impacts as well.
- **Lack of availability of next-generation materials.** Most next-generation materials, such as bio-based synthetic materials, are in an early stage of development and also need to compete on cost, quality, and scalability. The timeline from innovation to commercial scalability can be decades long.
- **Lack of knowledge or economic incentives to implement energy-efficiency measures in manufacturing.** Manufacturers may not have the capital to invest in efficiency improvements or new equipment, and brands do not yet know how they can help to fund such investments. Banks are also hesitant to lend money for this.
- **Difficulties in eliminating coal in textile mills and manufacturing facilities.** Coal is used in textile mills for thermal processes like heating water for fabric dyeing and generating steam—a majority of the energy used in textile mills today. Today, coal is cheap and readily available in many manufacturing countries. Alternatives such as natural gas and biomass can be difficult to implement.
- **Slow uptake of or inability to shift to 100% renewable energy in manufacturing.** To achieve this, a facility needs to be located in a region with sufficient renewable electricity resources and/or where onsite renewable energy (solar panels) is not limited by space. To supplement onsite renewables, companies need to procure energy from off site sources or via renewable energy products (power purchase agreements, green tariffs, and renewable energy certificates). Additionally, manufacturers may not have the capital or clear business case to invest in efficiency or new equipment. Banks are also hesitant to lend money for this.
- **Insufficient economic incentives for shifting to circular business models.** The low cost of fashion, limited infrastructure, consumer attitudes toward repair, resale, and rental models, the nascent state of recycling technology, and insufficient regulation all slow the development of these models. Although there are some successful cases, general circular business models like repair, resale, and rental are currently less profitable and cannot compete with established linear models. As one company representative explains: “It is usually cheaper for customers to buy new baby clothes rather than second-hand or re-sold baby clothes because the cost of collection and sorting of second-hand clothing is often much more expensive than to produce new clothes.”

³⁵ Ellen MacArthur Foundation and McKinsey & Co, Redesigning Fashion's Future (2017)

³⁶ WRI and Apparel Impact Institute, Roadmap to Net Zero (2020)

³⁷ McKinsey & Co., Fashion on Climate (2020)

³⁸ Quantis, Measuring Fashion: Insights from the Environmental Impact of the Global Apparel and Footwear Industries (2018)

³⁹ WRI and Apparel Impact Institute, Roadmap to Net Zero: Delivering Science-Based Targets in the Apparel Sector (2021)

⁴⁰ Changing Markets Foundation, Fashion's Plastic Paralysis: How Brands Resist Change and Fuel Microplastic Pollution (2024)

Additionally, challenges reported in a recent survey by STICA signatory companies include:

- **Limited or lack of knowledge and capacity internally.** Even if many STICA signatory companies have been working with climate action for a number of years, they still report that their owners and C-suite have limited climate expertise and that the financial and human resources available to them for climate action are insufficient. Larger companies, like H&M Group, have a significant number of staff and resources, but most medium-sized and smaller companies do not.
- **Limited influence with priority suppliers.** A majority of STICA members are medium-sized and smaller companies. Although an increasing number of their Tier 1 and 2 suppliers are interested in reducing their emissions, STICA signatories purchase relatively small quantities from them, and thus have less influence on or incentives they can offer their suppliers to help them accelerate decarbonization.
- **Product mix and price sensitivity.** To meet company financial goals while also achieving their climate targets, companies could, in theory, produce fewer products and charge more per product. However, it is difficult in practice for many STICA signatories to easily change their product mix and sell more expensive “premium” products to their current customer bases.
- **Unfair competition.** A number of STICA signatories reported that their companies—which are investing in climate action—are at a disadvantage because worse-performing international companies are not penalized for failing to invest in climate action, or for bad climate action performance, and are still taking market share. It is unclear at this time whether EU legislation will sufficiently address this issue.
- **Potential conflicts between GHG reduction strategies and Just Transition principles.** To reduce their emissions, companies need to assess whether their primary suppliers can reduce their emissions, and if they cannot, whether to source their products elsewhere. However, Just Transition principles (as [outlined by the United Nations](#) and the [International Labour Organisation \(ILO\)](#)) encourage companies to remain with their suppliers, supporting them in the energy transition,

and to stay engaged in the surrounding communities and countries, to ensure long-term commitments and investments in climate mitigation and adaptation. Some STICA signatories perceive these aims—to reduce emissions at the pace and scale required and to continue to source from suppliers and countries that cannot offer sufficient emissions reductions—to potentially conflict with one another, making them difficult to negotiate.

- **Weak business case.** Although EU legislation—such as the Corporate Sustainability Reporting Directive ([CSRD](#)), the Corporate Sustainability Due Diligence Directive ([CSDDD](#)), and the EU Taxonomy regulation—may help strengthen the business case over time, currently STICA signatories report that compliance costs, weak business incentives, and/or the lack of financial penalties and rewards mean that the business case for climate action remains weak.
- **Short-term profit expectations by owners, investors, and shareholders.** Many company representatives have identified this issue as a major obstacle for climate action. Short-term profit expectations drive demand for company growth, which makes reducing total GHG emissions at the pace and scale required very difficult. Profit demands prompt the production and sale of larger volumes, in turn requiring a significant reduction in emissions per produced unit if a company is to achieve its absolute GHG reduction target. In addition, radical shifts in assortment are needed to combine economic growth with emissions reductions, which can prove a challenge for a company’s fundamental business strategy. Companies owned by private equity firms also face competing incentives, because investments are made to increase the value of the company in the short term (with the goal of selling them at a profit), but if these companies choose to reduce their short-term profits to reach their climate targets, their low profitability reduces their value and thus their attractiveness to banks and other potential buyers. Signatories also mentioned that brands negotiate to reduce the FOB (freight on board) prices, leaving suppliers with less room to invest in GHG reductions and relevant technology. In other words, suppliers may not be receiving the return on investment (ROI) they need to invest further in climate action.

KEY SOLUTIONS PROPOSED BY STICA COMPANY SIGNATORIES:

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

- **Companies need to prioritize climate action and build greater internal understanding and capacity, especially in corporate finance departments.** Smaller companies need more resources in the sustainability team, and a climate responsible person should be part of the management team. Financial departments should be given significant responsibility for monitoring and driving climate action. Only 37% of STICA signatories report that their Climate Action Transition Plans are used to guide company financial decisions and actions.
- **All stakeholders should accelerate investments in the development of recycled materials made with renewable energy.** Today, a majority of recycled materials, especially polyester, comes from recycled PET. Companies need textile-to-textile fibers and materials processed using renewable energy.
- **Financial institutions should provide more financial incentives.** Banks and financial institutions should offer lower fees and interest rates for brands, retailers, and manufacturers who have validated climate targets and who are making significant, credible reductions.
- **Governments need to invest in renewable energy in the EU and abroad.** Governments need to accelerate the development of renewable energy infrastructure in both the EU and those countries that specialize in textile and garment manufacture.
- **Governments should ensure fair competition by making international companies subject to the same demands.** These companies should be subject to the same demands and penalties as EU-based companies.
- **Governments should require climate investment by law.** Companies should be required to have a percentage of their budget dedicated to certain climate activities. How this would work and what these activities should be were not specified.
- **Governments should use legislation and taxes to make climate economics work.** Many STICA companies argue that they should be rewarded financially for making progress with their climate goals and potentially be penalized for not achieving them (i.e., companies making good progress should receive tax benefits). Some suggested an environmental tax on virgin materials, or lower tax on products of a higher quality and greater durability. Companies should be eligible for significant VAT reductions for selling second-hand products and for implementing circular business models and/or eco-modulation of fees related to the coming Extended Producer Responsibility (EPR) to ensure circular business models are significantly more profitable and can out-compete current linear business models.
- **Governments should reduce the administrative burden.** As noted above, a significant number of companies believe we need climate-focused legislation, while they are also concerned that the administrative burden that comes with complying with legislation may siphon off resources that could otherwise be used for investing in actions that have a real impact. These companies say there should be fewer pieces of legislation with greater demands rather than multiple pieces of legislation that risk increasing the administrative burden for small and medium-sized enterprises (SMEs).



FINAL ANALYSIS AND GENERAL CONCLUSIONS

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

A FUNDAMENTAL CHALLENGE REVISITED: REACHING TARGETS WHILE GROWING A COMPANY

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

Companies in STICA need to set targets, identify possible opportunities for emissions reductions, and implement them. One common way of looking at possible reductions over time is as an area diagram, as shown Figure 6. In this diagram, we have added a number of the more commonly cited actions that companies can use to reduce GHG emissions and have included the potential reductions from these actions for a fictional “average” STICA company, all grouped into eight categories.

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

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

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

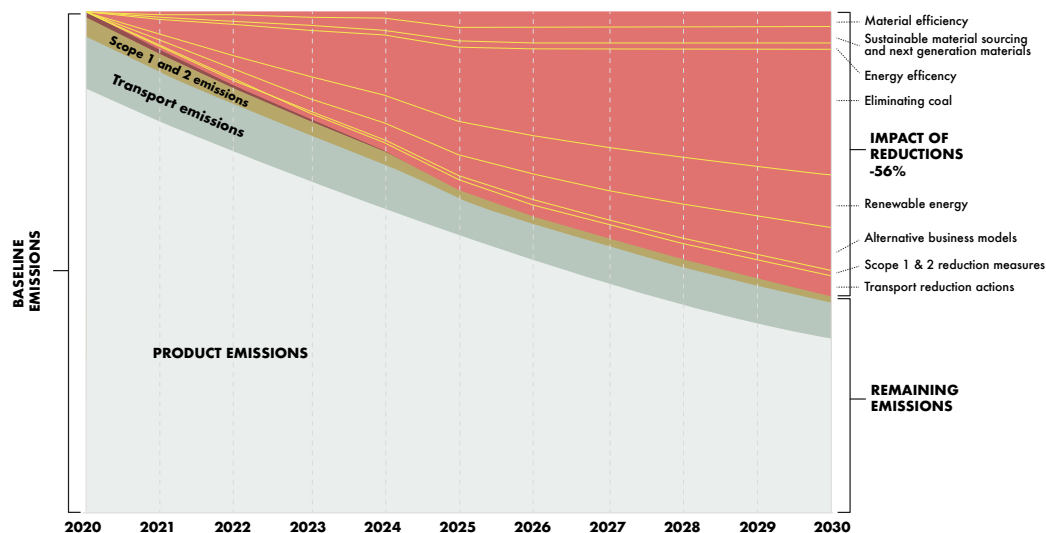


Figure 6. Reduction roadmap for a fictional STICA company, assessing the potential emissions reductions that are achievable from a set of key actions that companies could take

Let us illustrate this in more detail by considering the linear relationship between economic growth and purchased products and assuming a company should reach an absolute emissions reduction of 42% by 2030 from a 2020 base year. A company with 0% growth will have to reduce emissions per unit by 42% to reach the absolute reduction of 42%. A company expecting to grow at a relatively moderate pace of 4% annually would be required to reduce emissions by 60% per unit by 2030 over a 10-year period to reach the absolute reduction of 42%⁴¹. For companies targeting 10% or even 20% annual growth, the percentage of reductions needed per unit could be 80% or 90%, respectively, to keep up with the absolute reduction pace. These levels of reductions are ambitious for 2030, considering the innovation gap mentioned above.

ABSOLUTE REDUCTIONS UNDER DIFFERENT GROWTH SCENARIOS

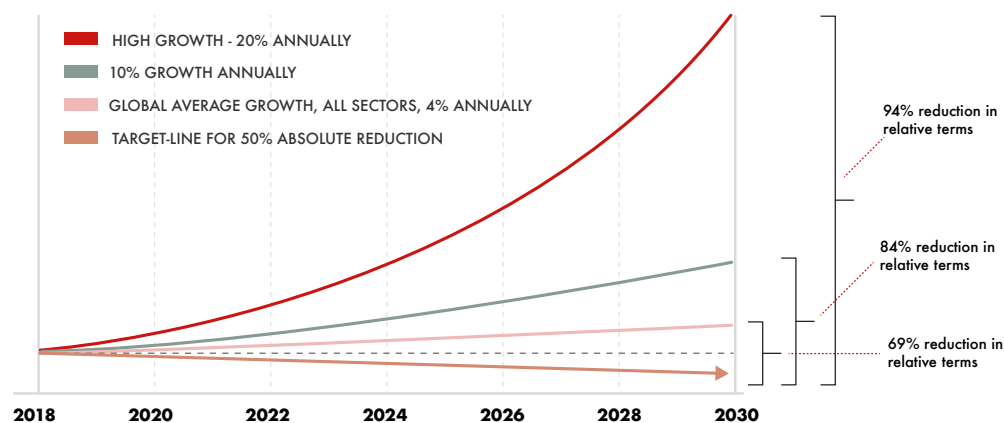


Figure 7. The implications of an absolute target under three different growth scenarios.

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

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

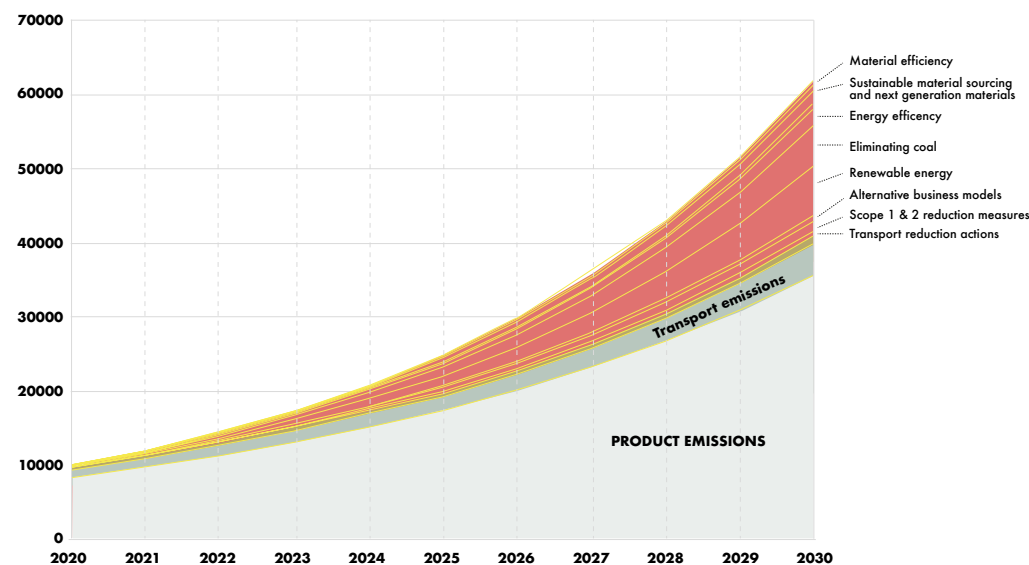


Figure . Emission development for a fast-growing company. The green areas represent remaining emissions after actions have been implemented, while the red areas represent emissions reductions. Even though actions are implemented, absolute emissions increase significantly. For example, we see a reduction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

⁴¹ Year-on-year growth of 4% results in a 48% increase after ten years (100% in the starting year of 2020). The change between 148% and 42% (the “budget”) is 72%.

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

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

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

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

GENERAL CONCLUSIONS

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

- **The individual company data and aggregated data presented in this report has its strengths and weaknesses. Supply chain traceability, transparency, and data quality need to significantly improve to enhance its quality.** For the data presented in this report to become increasingly more accurate, trustworthy, and helpful, STICA signatories must improve traceability in their supply chains and, in turn, collect significantly more primary data for their annual GHG emissions calculations. Calculating GHG emissions using average data from databases can help a company determine general hotspots and indicate a direction of travel, but can also be misleading, providing a false sense of progress. It may also lead to poorer decisions regarding where to prioritize climate action efforts.
- **Many company signatories participating in STICA's Climate Action Program have come a long way in a relatively short time.** The companies in STICA's Company Climate Action Program, especially the SMEs, have been on a steep climate action learning curve over the past few years and are demonstrating leadership when it comes to climate commitments and transparency. In terms of action, 58% also self-report that they are on track to meet their Scope 3 targets. They should be commended for this.
- **It takes time for climate actions and investments to yield results.** In the best case, if a manufacturer were to, for instance, replace a coal boiler with an electric one, and the electricity source was renewable, the emissions would decrease to zero. But more often the process of developing a strategy, engaging supplier partners, agreeing on actions, financing these actions and measuring the results takes longer than anticipated. In cases where brands and retailers are taking meaningful action but they have yet to see the results, it is understandable for emissions to remain at the same levels or even increase before starting to diminish.
- **The progress of a significant number of STICA signatory members is still too slow.** Despite the hard work to date, the pace and scale of the emissions reductions of many companies are not in line with what is required by science to stay within 1.5°C of global warming. For instance, 40% do not have targets aligned with 1.5°C. 42% of the companies self-report that they are not currently on track to meet their Scope 3 targets, and 57% state that their Climate Action Transition Plans do not enable them to reach their Scope 3 climate targets. According to companies' supplier engagement reporting, a majority of suppliers to many of the companies do not actively engage in decarbonization actions, nor do most STICA signatories have contracts with suppliers that include climate-related requirements or financial incentives for climate action.
- **Shareholder and owner demands for short-term financial growth and the lack of sufficient financial incentives make absolute GHG emissions reductions difficult.** The most fundamental obstacle to progress is the underlying misalignment between climate goals and owner/shareholder demands for short-term profits derived from growth in the volume of products purchased or sold. The primary demand by owners and investors for significant short-term financial growth undermines the emissions reductions companies could achieve now and in the future. This “elephant in the room”—which we anticipated when establishing STICA and have written about above—is coming to pass. No matter how much a company is committed to reducing its emissions and transforming its business model, if its success is ultimately measured by its financial growth in the shorter term, it becomes very difficult to prioritize absolute emissions reductions according to the timeframes stipulated by science. In theory, decoupling emissions from company growth may be possible, such as by switching to circular business models like resale and subscription services. In practice, however, this decoupling is extremely difficult in today's markets. As STICA companies tell us, circular business models are currently not profitable enough to out-compete and replace traditional linear business models.

- **Smarter legislation is needed to ensure sufficient financial penalties for not reducing emissions, and sufficient rewards for reducing emissions and transforming business models.** Ultimately, the best way to ensure emissions reductions at the pace and scale required and to accelerate the necessary transformation of the industry overall is to make it too costly to emit GHGs and sufficiently profitable to reduce them. Regulation and legislation are thus critical, as legislation can be designed to penalize or reward companies for their climate actions. A significant number of legislative proposals and directives are taking shape in Europe and in New York State, for example, to address this problem. EU legislation, as currently designed, does not include penalties or rewards for emissions increases or decreases for companies operating in the apparel industry. Rather, the EU will require large companies to disclose their climate impacts and Climate Action Transition Plans. This should, over time, enable watchdogs, investors, and financial institutions to use this information to compare company sustainability performance, hold companies accountable, and invest in companies with better climate performance. The extent to which increased sustainability reporting requirements will drive further decarbonization is yet to be seen.
- **Additional approaches are needed.** STICA signatories include many enlightened companies doing good work, but they are operating in an economic system that rewards economic growth and does not sufficiently incentivize reduced emissions. Even if greater financial penalties and incentives were in place, it is unlikely that this would be sufficient to address the overproduction and overconsumption of resources used to produce and consume fashion and apparel or the GHG reductions required for companies and the industry to stay within the 1.5°C warming pathway. Simultaneously, it is essential that stakeholders explore additional and/or different success indicators for the industry based on concepts such as well-being and sufficiency.

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





CONTACT INFORMATION

For more information about this report or about STICA, please visit the [STICA website](#) or contact **Michael Schragger** at michael@sustainablefashionacademy.org.

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